

CHAPTER V

CONCLUSION

This chapter will primarily comprise of six sections. The first section is a conclusion of the questions and problem for this thesis, the second section is a conclusion of problem finding and directions of improving. The third section is implication for the thesis which composes of an implication for theory and for management practice. The fourth section is contribution to the thesis, the fifth section is future research and recommendations of the thesis and the last section is the conclusion of the study.

5.1 Conclusion

The research aimed at measuring the significant selection criteria used in evaluation. Before going to those steps, several testing were set and measured by statistical testing to conceptualize the scope of tool. This study found significant criteria for improvement.

A comparison between Evaluation Matrix and Competitive Matrix (Chart 4-9) shows that LCAG service performance is not meeting customer expectation at least two of six variables rated highest in importance by customers, Product Portfolio and Price Performance. On Customer Service(1), Transport Management(3), Claim and Complaint Management(4) and Proactive Information(5) can be maintained or improve due to there's a potential to increase a competitive advantage. These factors should be emphasis when communicate to customer due to It is strength of LCAG. However, there is a suggestion for Price Performance(6) that it will be the greatest opportunities for building a competitive advantage when it is improved while Product Portfolio(2) must be urgently improved due to locate in high importance cell, but in contrary that it is a major weakness of LCAG in a perception of customer. Furthermore, there is significant information in Product Portfolio indicated that three group of customer mostly concerned is service reliability and quality with overall weighting at 39.06%, service variety at 24.48%, efficiency and accessibility of tracking system at 21.15% and the least concerned is value added service at 15.31%. These results show where LCAG should put their endeavor in to improve their service quality in this critical attribute.

Moreover, the performance evaluation matrix and the competitive position matrix can be used together to guide the development of an enterprise strategy for a competitive advantage. It is important to emphasize that a company's strategy needs to be designed giving full consideration to the basic strategy of the company and also the cost involved when there is a change in strategy. Within the customer service package, it maybe possible to lengthen a delivery time and monitor for certain customers and use the additional planning time to provide these customers with higher levels of space availability and more consistent delivery. This may improve service without increasing costs and may thereby improve profitability. If the improvement in service leads to increased sales, profits will increase further.

In situations in which customers would prefer lower levels of marketing services in exchange for higher levels of customer service, the firm's marketing mix should be adjusted. However, to jump into that direction is not recommended. It is also required further marketing research to answer these questions. Of course, the power structure within the firm determines the extent to which this is possible.

In consideration, the thesis problem answered, the top three indicators that carriers should pay attention to are Price Performance, Transport Management and Customer Service. Furthermore, this research conduct air carrier a non-complicated and practical methodology to identify the most crisis elements of their service according to their quality measurement. A suitable and moderate to service quality improvement plan will be carried on. On the other hand an acceptable cost to improve should also be considered. Moreover, the results of this study will be useful for educational field, air service providers' policy achievement as well as the Thai economy.

5.2 Establishing Customer Service Levels^{*}

One of the most important is an audit procedure are the actual establishment of service performance standards and the ongoing measurement of performance. Management must set target service levels for segments such as type of customer, geographic area, and channel of distribution. It must inform all employees responsible for implementing the customer service level and develop compensation schemes that encourage attainment of the customer service objectives. Formal reports that document performance are a necessity. Finally, management must repeat the entire procedure periodically to ensure that the customer service package reflects current customer needs. In fact, it is the collection of customer information over time that is most useful in guiding cooperate strategy.

There are a number of keys to successful implementation of a customer service audit. It is necessary to get input from all level of enterprise, manager, marketing and sales manager, but not sales people. And the strategy must be converted to operational details with which employee can identify. If goal is to obtain better performance on an aspect of customer service, determine what has to improve to make it happen. It is at that level where performance must be measured.

A commitment from the top is essential. The customer service audit should not be considered a study, but rather a cooperate study. This will facilitate implementation of finding. Typically, there are a lot of implications for marketing and sometimes for manufacturing, so if the top management is not committed to make the firm customer focused, then it may not be possible to implement programs based on the finding of the survey. There maybe a number of things that cannot be accomplished on it's own.

^{*} Ibid., p.28.

5.3 Summarize for Implementation: Keys to success

There are suggestion set of key success in quality improvement from Strategic Logistic Management by Stock, J.R., and Lambert, D.M. as following ;

- Data collection requires considerable time and effort
- Analysis covering the total marketing mix minimizes second-guessing
- The focus should be on gaps that provide the greatest opportunities
- Gaps may be caused by real or perceived causes – responses vary
- Current customers provide easier opportunity for more business than new customer
- Converting strategic implications to operational outcomes facilitates implementation
- Change takes time
- Commitment from the top is essential
- The marketplace is dynamic and thus requires ongoing monitoring

5.4 Implications for the thesis

5.4.1 Implication for theory

The major theories which already explained in Chapter II were applied to this thesis as regards to airfreight quality. In the Thai market, there has never been a research in airfreight service quality neither a customer expectation from an air carrier. The various theories created in other countries by Parasuraman et al. (1985), Bitner (1993), Lambert, D. and Stock, J. (2001) and further study from cooperated organization were applied and added. By original set of selection criteria, researchers found from actual survey market that which criteria should be relevant to current studied market. Moreover, researcher adjusted the existing methodology for criteria analysis. The former literature concentrated in ranking of means of each selection criteria. In this study, researchers also considered the proportion of rating scale, in terms of scope of study. This thesis explores different size of agent by dividing them into three groups. Not only an agent's satisfaction, but also expectation was also considered to find out the real need of the market. By the reason that this is a study in the Thai market, so explanation about industry characteristics would be useful for further study, moreover the degree of effort given from air carriers to their customer will show how services matched to air freight forwarder needs.

5.4.2 Implication for policy

Due to air service quality is heavily relying on ground service within the airport. In terms of government policy, this study will result in supporting the government policy, strongly involved in the performance of ground handling services. The majority criteria will also be used by air carrier, and consequently they can choose the right efficient strategic tools to increase their competitive advantage or focus and target their customer who needs fit with their strength. They will develop and improve their services in the right direction to fit with the market whilst the policy achievement of government is supported. On the other hand, the implication of thesis finding will make more efficiency to overall logistics flow; it means the overall

performance will be improved at the same time. The right provided service which match to their customer's needs will be selected efficiently. The unnecessary logistics cost due to inefficient logistics process will be eliminated, as well as the higher performance of air carrier and agency will be improved accordingly.

5.4.3 Implication for service provider

By profiling agent as segments basing on actual needs, action of air carrier can be more focused in improving their service performance to match with their customer's needs. Air carrier would develop their strength in some criteria, which others never done before. This will sustain air carrier provider in market in long term.

5.4.4 Implication for Individual level

Researcher has gotten the intensive knowledge of researching. Market knowledge, especially in methodology as well as airfreight industry, is learned. Moreover personal discipline has been improved in terms of responsibility to the achievement of thesis finding.

5.5 Contributions to the thesis

A contribution of researcher has been put in process of this research in various perspectives. Highest energy in during processing this thesis has been taken out during a whole period of studying times. Cost in researching were contributed to various process such as documentation, questionnaire, thesis paper, transportation cost for finding out various related document and to go to various university such as Kasetsart University, Chulalongkorn University, King Mongkut's Institute of Technology North Bangkok, Research institute of Thailand, and airfreight agency offices. Time has been also contributed by researcher, long hours a day after working time has been effort during a period of studying, and a period of time was contributed to interview the target of thesis.

5.6 Future Research

Several issues can originate the future research. In the future some suggestions are;

1. To enhance more solution and see an overview in the market to improve service performance, the same procedure should relay to LCAG competitors. In case of LCAG and its major competitors were rated at virtually the same level of performance on any attribute, it can be seen that those factors do not represent the same potential for improvement. In case of LCAG presents in a higher position than its competitors which is located in a medium importance cell, then those can be reduced unless there is a segment of profitable customers that views this attribute to be high in importance. If such a segment exists, that attribute should be stress for this segment.

2. In the past in airfreight market, a lot of air carrier has competed by using the pricing tools. This happening will be dangerous for this industry due to their customers, in this thesis means airfreight agency, actually has various important factors in their mind besides the prices. Service providers should focus more and customize their efforts to improve their service to segments of customer which have their own mind set of their requirement. Furthermore, air carrier should regularly monitor their performance along the time. Current strength would be weakening in the future whereas the weakness of competitors would be strengthen in the future. Business environment has changed all the time, therefore airlines should adjust themselves to match with market. Nowadays, the airfreight industry is much more complex than before, much more intense competition is occurred along the time. Several air carriers, mostly are large companies, has created vertical and horizontal expanding by making partnership with other parties to cover all possible demand of the market.

3. To find out what is a significant sub-factor and affected to a satisfaction, results will be useful in term of service activity improvement. Actions plans of provider can be more focused directly to the factor influencing the customers' needs.

4. To find out if it is necessary to create a various package of strategies for each group of customer which will be benefit to both side, air carrier's action plans can more focus to the factor related to selection criteria, agency or shipper will also get the benefit from better services of air carrier.

5. Air carrier competitiveness analysis is an interesting topic, this kind of research may retrieve the finding material from this thesis in terms of significant criteria as key indicator for evaluating service provider competitiveness.

6. The same kind of analysis as this thesis would be conducted but different in industry and sectors, or in difference business environment. Even the same industry and sector would be analyze by the same methodology but different in the period of time which the study are being conducted.

5.7 Recommendations

Air carriers and air freight agencies should improve their efficiency in the most possible way. Unnecessary cost should be eliminated; efficiency of logistics activities and other related activities should be improved. On the other hand, the working process and the market knowledge should be much more considered. Both parties should be concerned in their cost but integrated with efficiency issues.

A result of research shows that, there are three major aspects that customers pay a lot of attention to are Price Performance (28.19%) which is a feeling of customer to service comparing to money that they buy airfreight service, Transport Management (24.47%) which is an efficiency of flight performance and follow by Customer Service (24.28%) which represented the output of transport system and the place component of the firm's marketing mix. Customer satisfaction results when the company performs well on all component of the marketing mix. Therefore, there is

also an indication that airfreight service should also put their attention in development and increase their performance in these issues.

Conclusion

The thesis has been initially conducted by the research problem and research questions. Then the research design was planned, qualitative were applied in exploratory research and quantitative research were applied to major research. In major study, two questions were set to answer the research questions as well as to set the scope of frameworks. The final finding expected from this thesis is the suggestions to improve the service for LCAG, testing the significant difference is not concerned due to it's not a sampling, but population. The results shown, LCAG has some room for improving. The most urgent is Product Portfolio, second priority is Pricing issue while the rest is in a secondary requirement. Therefore the areas of development are indicated. On the other hand, customer's suggestion and opinion is included in the survey and show in Appendix 7. Frequency and mean (per each significant selection criteria) comparison among selected area were analyzed. The evaluation is ranked by agent who deal with LCAG and experienced in this industry. Another evaluation was on expectation side, the same population as in questionnaire survey. The evaluations show a reliability of the questionnaire 97.18%. The limitations and possible situations influencing the non-applicable of tools are list as following;

1. The evaluation has been launched to authorized agents of LCAG, so the solution of the research is the best for LCAG. Therefore, there is a limit to some existing air carrier.
2. Other factors, such as the negotiation power of agency or personal relationship, would influence a selection decisions, so the solutions provided by the tools is possibly deviated from actual situation.

As the above explanations, although the result is not 100% predictability, but the major of evaluations shows predictability. This is proposed to air carrier to provide options based on assumptions and searchable data in market. Even though the tools can propose the solutions, the final decision depends on air carrier itself.

Recently, an interest group brought together some 30 airlines, freight forwarders and ground handling agents who try to create standards in air transportation founded Cargo 2000. A unique goal of implementing, a new quality management system for the worldwide air cargo industry has been set. Their objective is to implement processes, backed by quality standards that are measurable and supported by data, thereby improving the efficiency of air cargo, enhancing customer service levels and reducing operational costs.* Those quality measurements are

1. Goods confirm onboard
2. Freight accepted in good condition at destination
3. Freight and document ready for forwarder to pick up

* WWW.cargo2000.com[2006, 4 Febuary]

4. Flown as book

The recent measurement trend shows that airfreight industry is going to the right path of customer requirement and increase service quality to improve customer satisfaction.

Besides this major finding, this thesis also provides the basic knowledge of airfreight industry in Thailand, separately service by services, which has never been proposed before. This research provides various service offers in the market, however the reader should also concern the limitation of thesis before utilizing thesis finding to avoid mistakes from improper applying.