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Evaluating the quality of sea-freight services in a forwarding firm

Case study: Blue Water Shipping, Finland

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Abstract:

The fluctuation in Finland's foreign trade situation as the consequence of the 2008 financial crisis has created many difficulties for the local freight-forwarders in maintaining their customer loyalty. Constantly evaluating and improving the service quality to fulfil the customer satisfaction can be seen as a smart strategy for these companies to gain sustainable competitive advantages.

Service quality, in fact is not easy to evaluate because its characteristics are very special compared with the physical products. Among many proposed methods, the gaps model has been popularly used in the service quality assessment due to its trustworthiness and accuracy. SERVQUAL is a specific instrument developed from the gap model, provides an exhaustive framework to analyse services on five dimensions: tangibles, reliability, responsiveness, assurance and empathy. (Zeithaml *et al*., 1990)

The purpose of this thesis is to evaluate the quality of sea freight services provided by Blue Water Shipping in Finland by finding out whether BWS's current services result in customer satisfaction or not. The evaluation is conducted by using the SERVQUAL model as the guideline for generating the interview questions. The author approached this thesis topic in form of a case study, structured in a deductive frame together with a usage of both quantitative and qualitative data. Primary data was taken from semi-structured, in-depth interviews and email surveys, which targeted to only Finnish clients of the case company. There were six companies participated in the research.

The result shows that BWS's customers were relatively content with the services they had been provided. However, the quality of BWS's sea-freight services had not received a complete satisfaction from the customers so instant improvements were strongly required. Based on this result, the author was able to provide relevant suggestions for the company's future enhancement. Furthermore, this research could be considered as new way of applying the simplified SERVQUAL version with a combination of qualitative and quantitative data to evaluate the service quality.

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1 INTRODUCTION

1.1 Background

No country nowadays can survive on its own without doing international trade. Any fluctuation in imports and exports could reflects the bigger picture of the whole economic situation, especially with a small country like Finland when its foreign trade in recent years accounts for over one third of total GDP (GlobalEDGE │ your source for global business unit, 2017). Over the past 15 years from early 2000s until now, Finnish trade has experienced many significant changes with both opportunities and challenges.

According to Bank of Finland, both import and export industries oscillated constantly, reaching its peak in early 2008 before plunging uncontrollably in the next 2 years. From 2010 onward, Finland has inchmeal recovered from the recession, however, value of export and import has not been able to return to their golden age. Many exporting firms in Finland lost their market share as the consequence of weak cost competitiveness due to the downturn of high technology's products and the decline of domestic labour's productivity. From many economists' points of view, Finnish import and export industry could hardly achieve tremendous growth in the near future when the current condition is not supportive like the earlier development period in the past. (Bank of Finland, 2015)

This difficult international trade situation creates many challenges to related business, whereas logistics and freight-forwarding firms are among those suffering the most. The fact that volume and frequency of import as well as export shipments do not show a visible increase (Finnish foreign trade 2016-Figures and diagrams, 2017) raises the competitiveness in the forwarding market higher than ever. In order to sustain the business and gain competitive advantages, companies nowadays not only need to actively seek new clients all the time but also consider maintaining existing customer loyalty as key strategy. According to many researchers within the relationship marketing field, one of the most well-known decisive factors for achieving customer loyalty is customer satisfaction (Flint, Blocker, & Boutin, 2011; Mittal & Kamakura, 2001; Tsai, Tsai, & Chang, 2010). Hence, there is an urgent need for all freight-forwarding firms, especially

small and medium ones to evaluate their current service quality, analyse customer satisfaction level and make continuous improvement in order to exceed customer expectation.

In this thesis, Blue Water Shipping in Finland (BWS) is chosen as the case company for deeper analysis on quality of freight services. The author has strong motivation to conduct this research after five months internship in BWS, observing the severe customer attrition in sea freight department. As the matter of fact, sea freight nowadays is still the most common mode of transport compared to road, rail or airfreight. Therefore, the focus of this thesis is solely on sea freight industry.

1.2 Research objectives, question and relevance

The purpose of this thesis is to evaluate the quality of sea freight services provided by Blue Water Shipping in Finland by finding out whether BWS's current services result in customer satisfaction or not. The evaluation is conducted by using the SERVQUAL model as the guideline.

The research question in this study is set: "How do the customers feel about the quality of Blue Water Shipping Finland's sea-freight services?"

The research topic is significant because service quality is an important factor that can create competitive advantage for any company in this difficult situation of international trade. Throughout the background study, the author realizes that many researches on this topic have been conducted for different markets in the world such as Serbia, China, Thailand, etc. (Kilibarda, *et al.,* 2016; Lu & Dinwoodie, 2002; Banomyong & Supatn, 2011); however, not many targeted Finland. Besides, regardless of some giants in the industry with financial strength and great resources to invest in a structured quality evaluation system like DB Schenker, Kuehne Nagel or DHL, many others still underestimate or ignore this part. Therefore, the thesis could be considered as a good example for not only Blue Water Shipping but also other freight-forwarding firms, especially SMEs operating in Finnish market to have clearer awareness about the essentials of ser-

vices quality for their sustainable growth; which method they could use for evaluation and how they can enhance their customer experience.

1.3 Demarcation

Firstly, the thesis solely concentrates on analysing operational service quality of a forwarding firm so other factors like cost competitiveness, sale strategy or management quality is neglected. Secondly, the scope of empirical research is limited within sea freight department so other logistic functions of the case company such as road and airfreight are excluded. Thirdly, with a purpose of being more competitive in Finnish market, target group for studying is Finnish customer particularly even though company also has businesses and networks with many over sea agents and partners. Moreover, the fact that the author is currently living in Finland and had chance to liaise directly with many Finnish clients during the internship time make it easier and more convenient to conduct the research. Besides, the author decided not to use the whole SERVQUAL model and the instruction for its application as originally suggested by Zeithaml, Parasuraman, and Berry (1990, pp.175-205) due to the small scale of the chosen case as well as limited research time frame. In fact, the sea freight department of BWS is fairly new and small with only around 30 regular Finnish customers. This scale is not big enough to apply the whole SERVQUAL model which usually requires about hundreds inputs. Thus, the SERVQUAL model in this context plays a role as the guidance only for the formation of interview questions and service quality statements.

1.4 Research structure

There are two main parts in this study: the literature review and the empirical part. In order to make the reader familiar with key concept, in the theory part general-to-specific pattern is followed whereas overview of "service" and "quality" are presented separately and then eventually explaining the "service quality" as a whole concept. After that, the author introduces different approaches to evaluate service quality and the importance of service quality assessment toward business development. Five gaps analysis and SERVQUAL measuring instrument are studied more thoroughly because these will be the key tools used to answer the research questions. In addition, with an aim to help

the readers to gain a general understanding about this study's environment, an overview of sea freight industry and freight forwarding business is presented. In this literature review part, the author tried to use the most reliable sources, which have been popularly applied in many studies until now. Although some sources are quite old but their accuracy and applicableness are undeniable.

In the empirical part, the author concentrates on analysing the case company Blue Water Shipping: overview of company and sea freight department's backgrounds, types of services they are providing and sea freight services evaluation based on SERVQUAL model. After that, the author discusses the result, proposes ideas for improvement and suggests further researches to enhance the outcome.

The detailed structure of this thesis is organised as below:

1	• INTRODUCTION
2	•LITERATURE REVIEW OF "SERVICE QUALITY" CONCEPT, GAPS ANALYSIS AND SERVQUAL MODEL
3	•FREIGHT FORWARDING AND SEA-FREIGHT INDUSTRY
4	•RESEARCH METHOD
5	•CASE COMPANY: BLUE WATER SHIPPING OY FINLAND
6	•DISCUSSION AND CONCLUSION

Figure 1. Thesis structure

2   LITERATURE REVIEW

2.1 Service quality concept

2.1.1 Service

Service is one of two fundamental economic components, beside goods that have existed for many decades. In Standing room only: Strategies for Marketing the Performing Arts, service is defined as "any act of performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product" (Kotler & Scheff, 1997 p.193). Similarly, Information Infrastructure Library gives definition for service as "a means of delivering value to customers by facilitating outcomes customers want to achieve without the ownership of specific costs and risks" (ITIL® glossary and abbreviations English, 2011).

Nowadays, the role of service is becoming more and more important, contributing great share in economic progress of any nation. Looking back the history of all developed countries, their economies shared the similarity of shifting from agriculture to industry and then to service business (MSG management study guide, 2007). This shift has drawn attention from many modern economists as well as researchers to make in-depth studies about service's significance, characteristics and controlling methods. As stated by Kotler and Scheff (1997), service could be seen as a special product and its characteristics are unique which can be described as below:

- Intangibility: This basic feature makes service different from a physical product. While a product has an actual existence, which allows us to touch, to hold, to taste, to smell, etc., service in contrast is intangible. In fact, customers could not check and consume a service until they proceed with the purchase, which in turn creates difficulties and hesitance for consumers when making their buying decision. The main sources of information for considering a service are price, brand, advertisement and previous reviews.

- Variability: Or inconsistency in other words, refers to the uniqueness of each service. There are no services could be alike compared with the physical goods

in mass production with standardized features and automated process. The quality of services varies significantly depending on provider, time, location and circumstances even though name and description of services can be identical.

- Perishability: It is impossible to store, preserve or return services for future usage or sale. They are produced and consumed completely at the time being provided to the customers. For example, the transport service is over when customers reach their required destination, even though there might be still empty seats on the taxi.

- Inseparability: this characteristic of service refers the fact that service cannot be separated from its providers. The simultaneity between process of providing and consuming services with presence of both customer and provider make it hard to predict and control the service delivery. If the providers could not manage services effectively in solid process, they could easily dissatisfy the customers.

Above are four main characteristics of services approved by many researchers. Some other studies also showed different angles of services such as heterogeneity, variable pricing rules or fluctuating demands (Chand, 2017). However, they all have correlation or just are further explanation of those four discussed characteristics.

2.1.2 Quality

Quality is a complicated concept that has long been discussed and popularly used in majority of life activities but not many people could fully understand what the quality actually is. Depending on each product types, manufactures, demand and supply, the quality concept could be approached and evaluated by different criterions. Among variety of clarification for this concept, all specialists agreed that the quality of service relates closely with degree of customer satisfaction (Gerald Suarez, 1992 p.3)

Philip B. Crosby, an expert on quality management, identifies quality as "conformance to requirements" even though requirement and customer's expectation may not be corresponding in all cases. He also suggests that there should be tangible, measurable and clear targets for companies to assess the quality even though it is very difficult to achieve. He believes that only with measurable characteristics, products or services

could be "designed and turned out to give satisfactions at a price that the user will pay" (Gerald Suarez, 1992).

Analogous to Philip Crosby's perspective, Juran defines quality as "fitness for use". In Juran's quality handbook (1998), the authors indicate that factors of products and services that can fulfil customer demand and create customer satisfaction would define the quality of those products and services. From this meaning, the quality enhancement would result in higher income and at the same time higher cost. However, within the same context, Juran and Godfrey discover another important angle of quality, which is "freedom from deficiencies - freedom from errors that require doing work over again (rework) or that result in field failures, customer dissatisfaction, customer claims, and so on." In other words, when quality of goods and services are improved, companies could avoid losing money on errors, rework, inspections or reinvestment in resources, etc. These two characteristics of quality seem to be confusing and contrary but after being analysed thoroughly, they in fact correlate and support to each other at some parts. By acknowledging these critical features of quality concept, managers could set out appropriate strategy to control the quality effectively. (Juran & Godfrey, 1998 pp. 26-27)

Products features that meet customers' needs	Freedom from deficiencies
High quality enables companies to:	Huge quality enables companies to
Increase customer satisfaction	Reduce error rates
Make products saleable	Reduce rework, waste
Meet competition	Reduce customer dissatisfaction
Increase market share	Reduce inspection, test
Provide sales income	Shorten time to put new products on the
Secure premium prices	market
The major effect is on sales	Increase yields, capacity
Usually, higher quality costs more	Improve delivery performance
	Major effect is on costs
	Usually, higher quality costs less

Figure 2. The meaning of quality (Juran, 1998 p.27)

Nevertheless, only understanding quality concept and its characteristics do not insure successful quality management. It needs to be aware that quality is formed by different stages and affected by various factors and they all require consistency and strong linkage. Only one small substandard detail could ruin the whole customer's experience toward quality of those goods or services. Therefore, in order to control the quality easier and more efficient in global scale, in 1951 the International Organization for Standardization (ISO) created the first standard ISO/R 1:1951 (called Recommendations at that time). After that in 1987, ISO 9000 was published, representing the first official Quality management system. Until now, ISO has issued over 21912 International Standard which is applicable in almost all business and technology aspects, including designing, productions and service delivery. (International Organization for Standardization, 2017)

2.1.3 Service quality

The above studying about service and quality as two separated concepts provides exhaustive background to answer the question "what is service quality?" For clearer definition, Lewis and Booms advises: "Service quality is a measure of how well the service level delivered matches customer expectations. Delivering quality service means conforming to customer expectations on a consistent basis."(1983 p.99) In line with this thinking, Zeithalm, Parasuraman, and Berry in their publication of "delivering quality services" in 1990 also state that:

> Service quality, as perceived by customers, can be defined as the extent of discrepancy between customers' expectation or desires and their perceptions. […] Service-quality perceptions stem from how well a provider performs vis-à-vis customers' expectations about how the provider should perform.

Also in this study, Zeithalm and her colleagues suggest four factors that affect customer expectations, namely "word-of-mouth communications", "personal needs", "past experience" and "external communications". Firstly, customers tend to take what they hear from the others into consideration and from that shaping their own expectations. For example, people would set very high hope for the service quality if they hear many goods reviews or receive recommendation from their friends. Secondly, whether the customers have high or low expectations depends significantly on their personal demands, characteristics and situations. With the same service, some persons may require

better outcome, faster responsiveness or greater variety of options while the other customers could have moderate degree of what they want to achieve. Thirdly, previous experience is among determinant factors formulating customer expectations. Those who have more experience with the same services in the past seemed to be more careful when choosing the service providers. They know what general standards of those services are, important factors they concentrate on or strength and weakness of different services companies. It would be more difficult for the customers who have less experience or have not even tried those services previously because they do not know how the services will be delivered to them or what kind of additional features they could request. Last but not least, customer expectations are influenced remarkably by external communications factors. These external messages could be delivered directly or indirectly to the customers through different channels from advertisement, television commercial, brochure, leaflets or customer consultation. One important element included in external communications is price. "You get what you pay for" (The free dictionary.com, 2017), the price usually provides purchasers an idea of those services quality level that in turn determines their expectations. (Zeithaml *et al.,* 1990 pp. 19-20)

Besides, dimensions of service quality also need to be identified in order to support further studies on service quality management and evaluation. Generally, there are ten factors that customer should consider when assessing a particular services, which are tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication and understanding the customers. These dimensions are not always separated but dependent on each other in some circumstances. Particular criteria for the service quality assessment also differ from services to services, from case to case but ten dimensions are comprehensive and applicable in a wide range of services. (Zeithaml *et al.,* 1990 pp. 20-22).

The customer views of service quality will be described in below figure:

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┌──────────────────┐  ┌─────────┐ ┌─────────┐ ┌─────────┐ ┌──────────────┐
│ Dimensions of    │  │  Word   │ │Personal │ │  Past   │ │  External    │
│ Service quality: │  │   of    │ │ needs   │ │experience│ │communica-    │
│                  │  │ mouth   │ │         │ │         │ │tions         │
│ Tangibles        │  └─────────┘ └─────────┘ └─────────┘ └──────────────┘
│ Reliability      │
│ Responsiveness   │
│ Competence       │       ┌──────────────┐
│ Courtesy         │       │  Expected    │
│ Credibility      │       │  Service     │        ┌──────────────┐
│ Security         │       └──────────────┘        │  Perceived   │
│ Access           │                               │  Service     │
│ Communica-       │                               │  Quality     │
│ tion             │       ┌──────────────┐        └──────────────┘
│ Understanding    │       │  Perceived   │
│ the customer     │       │  Service     │
└──────────────────┘       └──────────────┘
```
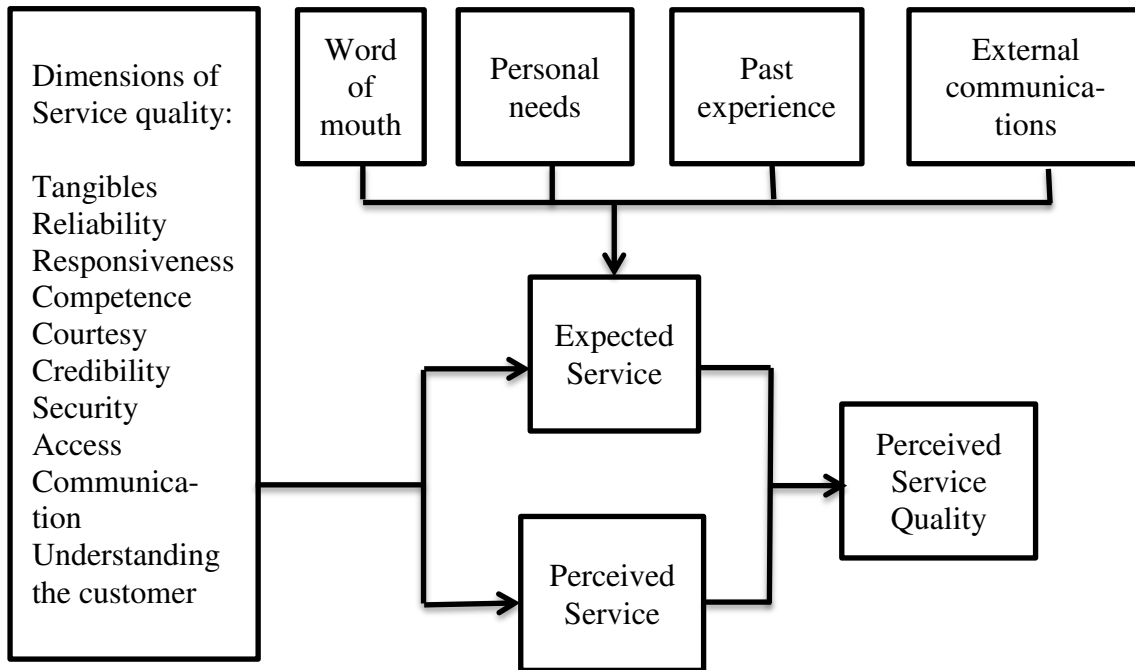
Figure 3. Customer assessment of service quality (Zeithaml et al., 1990 p.23)

2.2 Service quality measurement

2.2.1 Service quality assessment

Service quality is one of the most substantial issues of global economy nowadays. In Finland, the share for service sector in the economic structure increases gradually over the past decades, accounting for 70.2% of total gross value added in 2016 (Stat.fi, 2017). The shift from production to service economy requires much more researches on how to manage the service properly and how to improve its quality exhaustively. In order to construct appropriate service management and improvement strategies, we need to know at first what methods could be used to approach and measure the quality of service. It is not easy to answer this question due to the unique characteristics of services.

Examining many studies on the service quality, Zeithaml, Parasuraman, and Berry (1985 p.43) discovered three notable points. Firstly, the goods quality is much easier to measure than that of service quality. The lack of tangible evidences like shape, colour, smell, dimensions, etc. prevents the customers having concrete criteria for judging the services. They instead have to depend on limited cues from service providers such as

physical facilities, equipment, personnel or price of service. Beside the customers, this intangible characteristic of service also creates many challenges for service companies to understand their customer's perceptions on the quality. The second theme comes directly from definition of this concept, which suggests the collation between actual service performances with customer expectation creates the perception of service quality and determines methods for the service quality assessment. Lastly, the evaluation of service quality always involves both service outcomes and service processes. The customers judge the quality of any service as the whole experience from the first point meeting the service providers, manner during the process of service delivery until the end when generating the final service result. In more details, basic elements of service quality include "physical quality" which refers to tangible features of the services like equipment or facilities; "corporate quality" which are image or profile of the providers and "interactive quality" which means interactions between customers and company's service staffs. (Zeithaml *et al.*, 1985 p.43)

Understanding these unique characteristics of services, the researchers have developed many customising methods in order to evaluate services more effectively. According to Seth, Deshmukh and Vrat (2005), from 1984 to 2003, there were 19 different models proposed by the specialists, namely:

- Technical and functional quality model of Christian Grönroos (1984)
- Gap model of Zeithaml, Parasuraman, and Berry (1985)
- Attribute service quality model of Haywood-Farmer (1988)
- Service quality's synthesised model of Brogowicz, Delene and Lyth (1990)
- Performance only model of Cronin and Taylor (1992)
- Ideal value model of Jan Mattsson (1992)
- Evaluated performance and normed quality model of Teas (1993)
- IT alignment model of Berkley and Gupta (1994)
- Attribute and overall affect model of Dabholkar (1996)
- Model of perceived service quality and satisfaction of Spreng and Mackoy (1996)
- PCP attribute model of Philip and Hazlett (1997)
- Retail service quality and perceived value model of Sweeney, Soutar and Johnson (1997)

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- Service quality, customer value and customer satisfaction model of Oh (1999)
- Antecedents and mediator model of Dabholkar, Shepherd and Thorpe (2000)
- Internal service quality model of Frost and Kumar (2000)
- Internal service quality DEA model of Soteriou ans Stavrinides (2000)
- Internet banking model of Broderick and Vachirapornpuk (2002)
- IT-based model of Zhu and Song (2002)
- E-service quality model of Santos (2003)

Among these 19 models, up to eight models were built up on the foundation of gap analysis of Zeithaml, Parasuraman, and Berry (Seth, Deshmukh and Vrat, 2005 pp.913-949). This statistic has proved the trustworthiness and the precision of the gap model in evaluating the service quality. Until now, there are many practical researches and theses had applied this model to assess the service quality of various business sectors in many different markets. For example "elucidating perceived overall service quality in retail banking" (Hamzah *et al.,* 2017); "measures that matters: service quality in IT service management" (Cronholm & Salomonson, 2014) or "Service quality measurement in the banking sector in South Korea" (Cui *et al.,* 2013).

2.2.2 Gaps model

Initiated by Zeithaml, Parasuraman and Leonard Berry (1985), the gap model (which is also called "five gaps model") illustrates an exhaustive method for evaluating the service quality through considering all factors that determine this quality concept and taking consumer's opinion as the core for all comparisons. In "A conceptual model of service quality and its implications for future research", the authors indicated five major gaps which companies need to measure and minimize as much as possible to meet customer expectations. Those five gaps are:

- Gap 1 is the difference between actual customer's expectation and perceptions of the managers about what their customers could expect. It means that the managers do not fully understand the requirements from the customers for their services. They may perceive their customers' expectation in wrong direction or in a

shortage of details due to poor market research or ineffective internal communication.

- Gap 2 is the distance between management perception and the real standards or specifications of the service quality. This gap may relate to the incompetence and incapacity of the management in putting what they had studied about customers' expectation into real effect.

- Gap 3 is between the service quality specifications and how the service being delivered to customer in the reality. This gap could exist if the staffs are lack of proper training and knowledge to perform the service standard. Besides, this gap could also derive from the shortage of appropriate technology and operating system.

- Gap 4 is called service delivery-external communication gap since it describes the discrepancy between delivered services and what is promised to customer through company's communication channels. These channels could be promotional campaigns, advertisements or TV commercials. The customer could easily lose the trust in the companies' reputation if the content in these communication tools is different from the reality

- Gap 5 is the gap between customer's perceived services and expected services. This is the last as well as the most important gap and it is influenced significantly by the above four gaps. The smaller the difference between customer expectation and reality is, the more satisfactory the service would be. Thus, final goal of any service provider is minimising this gap as much as possible.

The gap model is illustrated in below figure:

CUSTOMER

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┌─────────────────┐    ┌─────────────────┐    ┌─────────────────┐
│ Word-of-Mouth   │    │ Personal needs  │    │ Past experience │
│ Communication   │    │                 │    │                 │
└─────────────────┘    └─────────────────┘    └─────────────────┘
              │                 │                      │
              └────────┐        ▼        ┌─────────────┘
                  ┌─────────────────┐
                  │ Expected service│
                  └─────────────────┘
                    Gap 5     ↕
                  ┌─────────────────┐
                  │ Perceived service│
                  └─────────────────┘
─────────────────────────────────────────────────────────────────
PROVIDER
                  ┌─────────────┐  Gap 4  ┌─────────────────┐
                  │ Service     │ ◄─────► │ External com-   │
                  │ delivery    │         │ munications to  │
                  └─────────────┘         │ Customer        │
                    Gap 3  ↕              └─────────────────┘
       Gap 1      ┌─────────────┐
                  │ Service quality│
                  │ specifications │
                  └─────────────┘
                    Gap 2  ↕
                  ┌─────────────────┐
                  │ Management Percep-│
                  │ tions of Customer │
                  │ expectation       │
                  └─────────────────┘
```
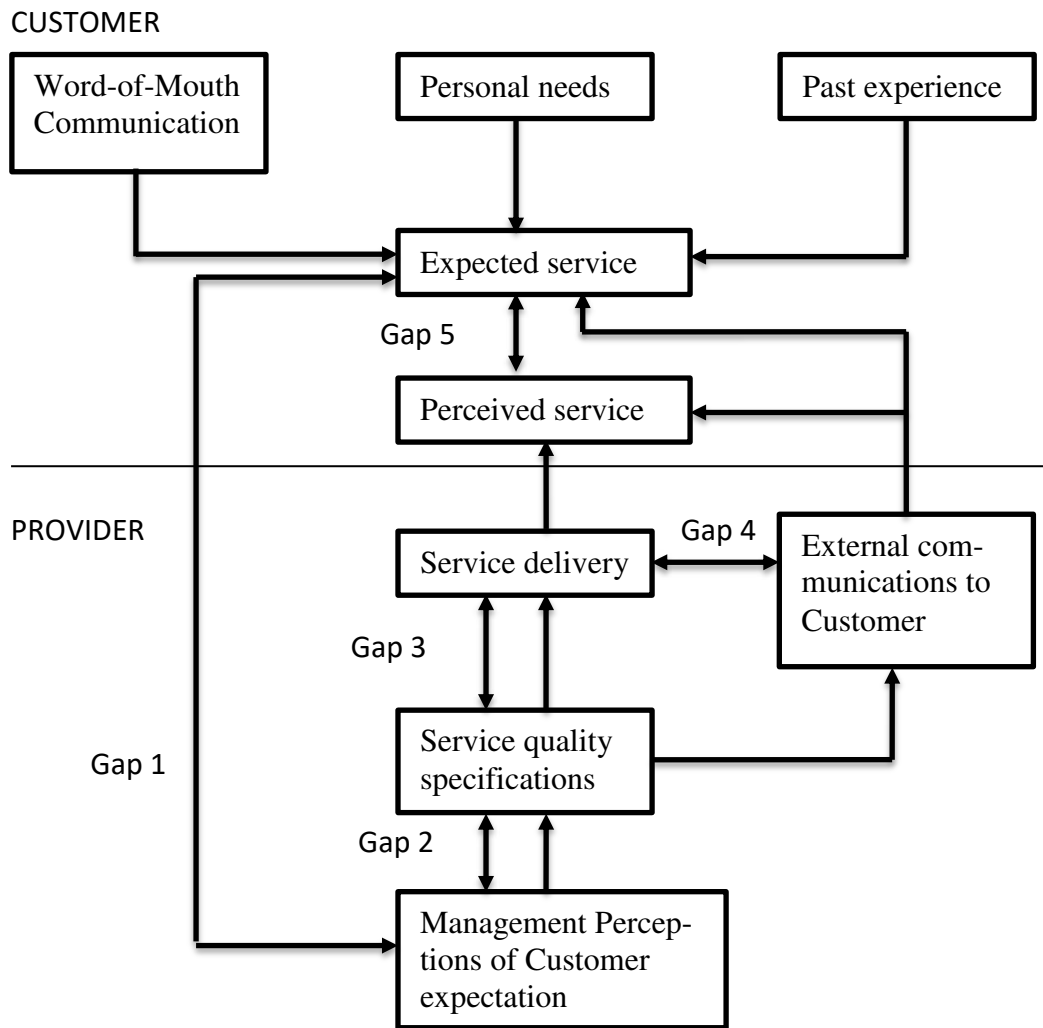
Figure 4. Gap model of service quality (Zeithaml et a.l, 1985 p.44)

2.2.3 SERVQUAL instrument

From the gap model, a more specific multidimensional scale was designed to measure the quality of service by assessing customer perceptions and expectation, namely SERVQUAL (Zeithaml *et a.l*, 1988 p.175). The SERVQUAL scale provides the basic framework that consists of various perception/expectation statements or questions for each of the five service-quality dimension. The strengths of using this scale lie on its comprehensiveness, appropriateness, validity and applicableness in the wide variety of services.

Originally, there were ten general elements included in the instrument for the customer to use when evaluate the quality of any services, being labelled as tangibles, reliability,

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responsiveness, competence, courtesy, credibility, security, access, communication and understanding the customer (Zeithaml *et al.*, 1988 p.20). Examples are shown in below table.

Table 1. Original ten dimensions for evaluating service quality (Zeithaml *et al.*, 1990 pp.21-22)

Dimension and definition	Examples of specific questions raised by customers
Tangibles: Appearance of physical facilities, equipment, personnel, and communication materials	- Are the bank's facilities attractive? - Is my credit card statement easy to understand?
Reliability: Ability of perform the promised service dependably and accurately	- Does the stockbroker follow my exact instructions to buy or sell? - Is my credit card statement free of errors?
Responsiveness: Willingness to help customers and provide prompt service	- When there is a problem with my bank statement, does the bank resolve the problem quickly - Is my stockbroker willing to answer my questions?
Competence: Possession of the required skills and knowledge to perform the service	- Does my brokerage firm have the research capabilities to track market developments? - When I call my credit card company, is the person at the other end able to answer my questions?
Courtesy: Politeness, respect, consideration, and friendliness of contact personnel	- Does the bank teller have a pleasant demeanour? - Does my broker refrain from acting busy or being rude when I ask questions?
Credibility: trustworthiness, believability, honesty of the service provider	- Does the bank have good reputation? - Does the firm guarantee its services?
Security: Freedom from danger, risk and doubt	- Is it safe for me to use bank's automatic teller machines? - Is my card safe from unauthorized sale?
Access: Approachability and ease of contact	- Is it easy for me to get through to my broker over the telephone? - Is the service facility conveniently located?
Communication: Keeping customers informed in language they can understand and listening to them	- Does my broker avoid using technical jargon? - When I call my credit card company, are they willing to listen to me?
Understanding the customers: Making the effort to know customers and their needs	- Does someone in my bank recognise me as regular customer? - Is the service firm willing to be flexible enough to accommodate my schedule?

Subsequently in 1990, the same authors developed more simplified SERVQUAL model with only five dimensions remained (tangibles, reliability, responsiveness, assurance and empathy) after realizing the significant correlation among items representing many of previous ten dimensions. Thus, the definition for each of five dimension require some adjustments in order to cover all characteristics of services.

Table 2. SERVQUAL dimensions (Zeithaml *et al*., 1990 p.26)

Dimension	Definition
Tangibles	Appearance of physical facilities, equipment, personnel, and communication materials
Reliability	Ability of perform the promised service dependably and accurately
Responsiveness	Willingness to help customers and provide prompt service
Assurance	Knowledge and courtesy of employees and their ability to convey trust and confidence
Empathy	Caring, individualized attention the firm provides its customers

All SERVQUAL statements are devided into five criterias as above, require the customers to rate each statement in a scale from 1-5 or from 1-7 with the number 1 usually refers to disagreement or nagative opinon. Even though these five dimensions form a skeleton for this scale, when neccessary could be modified or supplemented to fulfil different requirements of a company. Some example sections can be added into this instrument are demographics (position, age, gender), business sale performance (income and expenses) or overall impressions about the quality of the service (problems, suggestions, etc).

Utilizing SERVQUAL statements allow the researchers to collect requisite and essential datas for the evaluations of customer satisfaction. Depending on the aim of each research, the approach methods to these datas could vary so there is no fixed way to compute SERVQUAL score. In "A conceptual model of service quality and its implications for future research", the authors suggested some ways of applying SERVQUAL scale to calculate customer satisfactory scores, customer expectation and perception gap scores, examine customer segments with differing quality perceptions or assess quality perceptions of internal customers, etc. (Zeithaml *et al.,* 1990 pp.176-205)

These computing ways usually require large number of numeric data which could be optimized with quantitative surveys.

Regardless of its effectiveness in evaluating the service quality, SERVQUAL model still contains many limitations. Ambiguity of "expectation", "perceptions" and "satisfaction" concepts; "minor role of communication" or "dynamic nature" of the service sector when everything changes persistently are major factors need to be reconsidered before applying the model in any business field (Mauri *et al*., 2013 pp.138-140). In the last three decades, there have been many attempts to solve the original model's limitations (Urban, 2009; Durvasula, Lysonshi & Madhavi, 2011; Calabrese & Scoglio, 2012; etc.) and so far bringing some positive results. However, their precision and trustworthiness have not been verified. Besides, those new methods were applied only in some specific sectors which raised the question of their applicableness in wider scale. Therefore in this study framework, the author decided to use the simplified SERVQUAL version 1990, which is the most widely used and reliable method until nowadays.

3 FREIGHT FORWARDER & SEA-FREIGHT INDUSTRY

In this chapter, an overview of freight forwarding and sea freight industry is presented with an aim of helping the reader to have a clearer understanding of the thesis's context.

3.1 Freight forwarder

Freight forwarding is an important factor in the international movement of physical products with a long history of development since the example of this service was first established in 1836 (Sites.google.com, 2017). According to the International Federation of Freight Forwarders Associations FIATA (Federation Internationale des Associations de Transitaires et Assimiles), the complete definition of a freight forwarder was given to which

> The freight forwarder is a company that provides services of freight forwarding on behalf of a cus-
> tomer. These include transport, regrouping, storage, management, packaging and the distribution
> of cargos as well as auxiliary and advisory services regarding issuing and managing documents,
> customs facilitations, declaring cargos to the authorities, the insurance of merchandise, collect-ing
> and paying freights (Kokkinis *et al*., 2006 p.65)

The freight forwarders are the logistic intermediaries that on behalf of the shipper or the consignees (which can be individuals or corporations) organize the movement of cross-border shipments from the origin point of manufacturing to the destination point of distribution. Currently there are four types of freight forwarding: airfreight, sea freight, land freight and rail freight depend on the main mode of transport used for the conveyance.
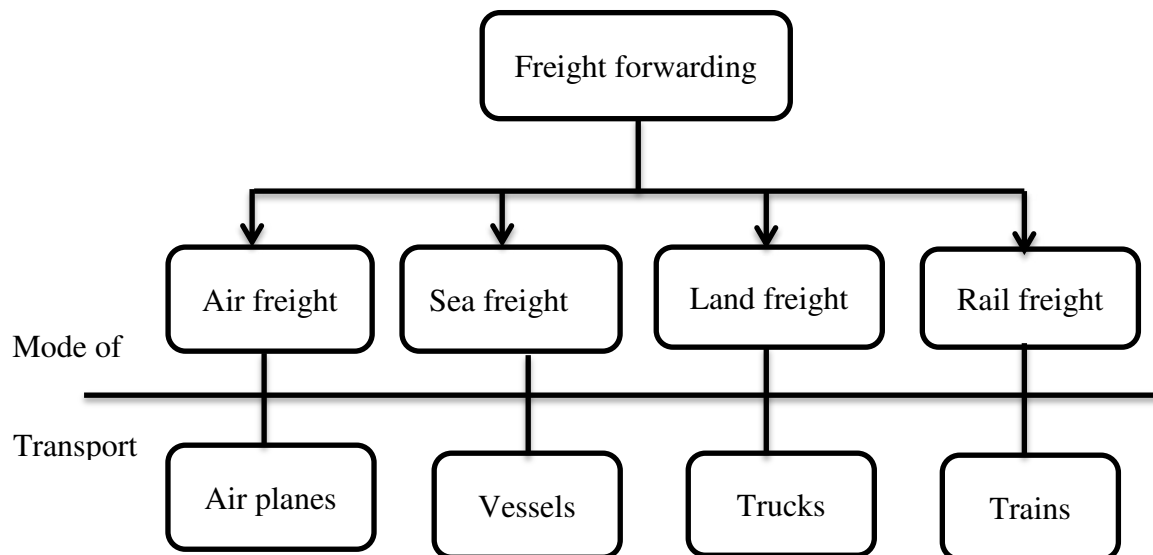
```
                        ┌─────────────────┐
                        │Freight forwarding│
                        └─────────────────┘
                                 │
          ┌──────────────┬───────┴───────┬──────────────┐
          ▼              ▼               ▼              ▼
     ┌─────────┐   ┌─────────┐     ┌──────────┐   ┌──────────┐
     │Air freight│  │Sea freight│    │Land freight│  │Rail freight│
     └─────────┘   └─────────┘     └──────────┘   └──────────┘
```

Mode of

Transport

```
     ┌─────────┐   ┌─────────┐     ┌──────────┐   ┌──────────┐
     │Air planes│   │ Vessels │     │  Trucks  │   │  Trains  │
     └─────────┘   └─────────┘     └──────────┘   └──────────┘
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Figure 5. Types of freight forwarding

 However, the freight forwarders usually do not own transportation means like vessels, airplanes or trains. Instead, they often have agreements with multiple actual carriers (shipping lines, airlines, etc.) to arrange the movement of goods by sea, air, road, rail or combined services depend on the requirements of customers. Due to this reason, the freight forwarders are able to book cargo spaces quicker and obtain more competitive freight prices. Besides, the strong network with different carriers also allows the freight forwarders to have the flexibility in determining effective cargo shipping solutions while maintains the competitiveness through variable cost structure. (Kokkinis *et al*., 2006 pp.64-65).

Initially, the freight forwarders provide only basic services of arranging the delivery of physical products from the sending point to the receiving point on behalf of the cargo's owner. The services include local and international freight transport, custom declarations and forwarding (Mäkilä, 2016 pp. 8-9). Nowadays, the freight forwarders are multi-functional, offer larger range of additional services with an aim of increasing the competitiveness in the market (Weiss, 2002 p.147). They can provide comprehensive logistic solution package, cover all phases and procedures involved in the international freight. Even though many freight forwarders use subcontractors to outsource additional services, some big players equip their own fleet vehicles and warehouse to control a complete logistic flow.

Those additional services vary from cargo preparing (consolidation, handling, packaging, etc), custom broker (custom declaration, documentation like bill of lading, certificate of origin, etc.), warehousing to distribution of goods after the delivery. Besides, the freight forwarders also act as consultant in international trade and supply chain fields by providing advices related to legal and fiscal aspects such as import and export regulation, ports' expenses, procedure and documents needed for custom clearance, reliabilities and insurance (Kokkinis *et al*., 2006 p.65).

The involvement of the freight forwarders in international trading procedure is increasingly significant due to its convenience, effectiveness and cost efficiency. As an expert in logistics, the freight forwarder could assist the customer to determine which transportation route is shorter and more economical, how to pack and label the cargo properly to prevent possible damages, what types of documents and information need to be prepared for clearing the customs and when latest shipments ought to be delivered to avoid unexpected charges.

When dealing with an international shipment, it is important to follow strictly the Incoterm and the payment term especially when there is an involvement of the letter of credit. In these cases, the forwarders also act as the insurers to ensure the payment for the exporter. Once the shipment is booked, the forwarders have responsibility to track and trace the shipments and inform the customers regularly. Regardless of the fact that the freight forwarders often provide comprehensive service package, the customers have freedom to decide specifically which services they may need based on their own requirements. (Baluch, 2006)

3.2 Sea-freight industry

Sea freight (which is also called ocean or ship freight) is one of the four major types of freight forwarding beside airfreight, land freight, rail freight. According to the international chamber of shipping (Ics-shipping.org, 2018), the traffic handled by the international shipping industry accounts for about 90% of the total world trade, proving the significant role of this mode with the import and export industries. Nowadays, shipping is still the most efficient and economical mean of international transportation for the

majority of goods (Imo.org, 2018). Without the contribution of the shipping industry with the international movement of foods and products, national suppliers are hardly able to fulfil the essential demands and requirements for the economic growth (Ics-shipping.org, 2018).

When choosing the sea freight for importing or exporting, goods are consolidated inside the shipping containers and transported by sea under the services of the shipping lines. There are two options to ship the goods via sea: full container load (FCL) and less than container load (LCL). With FCL, the shipper is able to make full use of the whole container while with LCL, the shipper can share the space in a container and consolidate his goods with the others' (iContainers, 2018).

Edmonds (2017) indicates that even though sea freight is much slower in the comparison with airfreight or courier, it has many competitive advantages in order to be the most popular mode of transport for the importers and exporters. Firstly, sea freight provides more capacity with much lower price, which allows the shipper to convey larger quantity of goods in one shipment. Thus, other modes of transport are mostly used for smaller shipments, high value products or cargoes that require faster transport like perishable cargoes. Secondly, there are fewer restrictions for goods transported by sea than by air. Generally, almost everything could be shipped by sea while gases, flammable, toxic or corrosive items, magnetic substances, oxidizers and biochemical products and public health risks, etc. are not accepted as air cargoes. Thirdly, regarding safety and regulation aspects, sea freight is the safest and the most environmentally mode of delivery. International regulations and standards had been introduced early within the industry and strictly complied by all shipping operations due to the highly physical risks in the deep-sea area.

In order to manage effectively these general regulations and safety standards, it is vital to have an organisation that is responsible for developing a complete framework for the shipping industry and ensuring the compliance of all members. Therefore, International Maritime Organisation (IMO) – a specialised agency under United Nations- was established in March 17th, 1948 to fulfil that purpose. IMO provides an international platform to discuss, approve and implement all regulatory frameworks of safety, security and environmental performance related to the international shipping industry. Nearly 70 years

of operation, IMO had contributed significantly to the sustainable development and prosperity among nations and people. (Imo.org, 2018).

In Finland, the sea freight industry plays a key role in the economic development since its contribution to the imports is over 80% and to the export is about 90% (Ministry of Transport and Communications, 2014 pp. 5-7). Even though the international seaborne transport experienced a slight decrease over the period from 2010-2015, the total number of sea cargoes of both export and import yearly is always over 86 million tons. Within only 11 months from January to November 2017, international cargoes already reached 88.65 million tons (Satamaliitto, 2018).
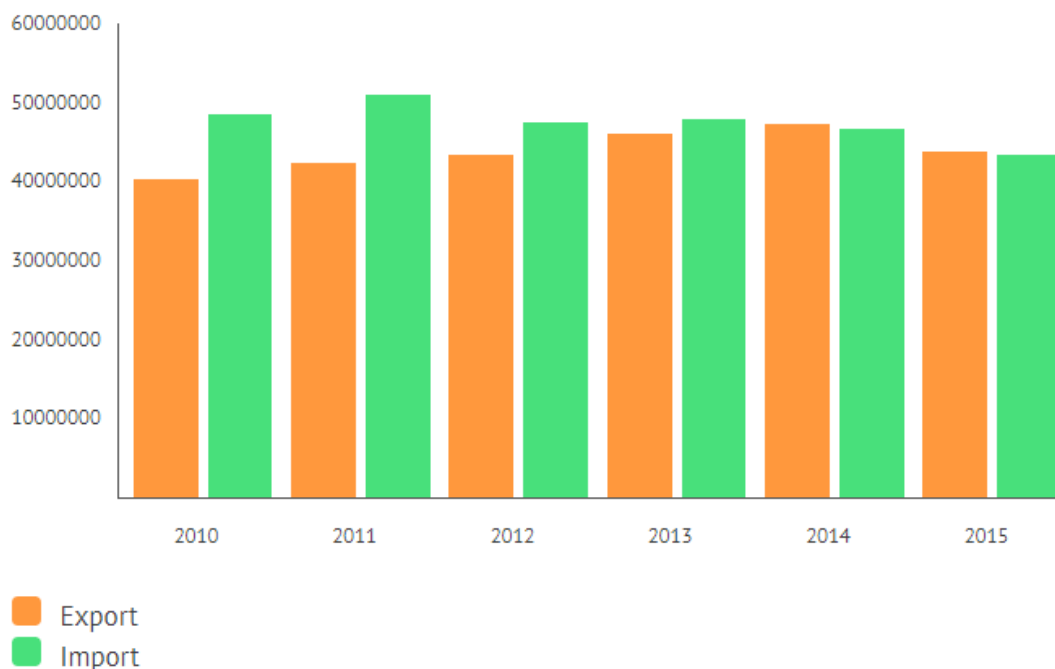
Figure 6. International transport, export and import, 2010-15 (Satamaliitto, 2018)

Due to the high dependence of Finnish economy on the international shipping industry, maritime connection has been invested significantly to ensure the effectiveness, reliability, safety and environmental friendliness for sea routes. Moreover, adverse weather conditions and special location of Finland such as cold winter and long distance to the EU' main markets create more pressure on the maritime industry to reduce overall logistic costs. According to Ministry of transport and communication of Finland (2014 pp. 5-7), the strategy for the maritime industry until 2022 is utilizing the high-quality transport and communication networks to tackle with all foreseen challenges of climate

change, economic recession and energy crisis. The government will also take more actions in the international negotiations to support the Finnish sea transport.

4 METHODOLOGY

In this part of the thesis, the author presents in details the methods used to investigate the research question. The research method is described in a logic structure from an overview of research approach to process of collecting secondary and primary data, followed by method to analyse and interpret the result.

4.1 Research approach

The author approached this thesis topic in a form of a case study, structured in deductive frame and together with a usage of both quantitative and qualitative data. According to Eisenhardt (1989, p.534) the case study approach is a research strategy that involves various data sources like interview, questionnaire, archive and observation. This strategy could be useful and optimized especially when examining "the dynamics within single settings" in order to reach different aims of description provision, theory testing or theory generation. Besides, the case study can consist of one or many cases; and the levels of analysis are differentiated and numerous within a single case or being embed in various cases (Eisenhardt, 1989 pp.534-547). In this thesis, a single case of company Blue water shipping was utilised to test the effectiveness and applicableness of the SERVQUAL model in evaluation of the sea freight's service quality.

In addition, the structured applied for the analysis and testing of the theory was deduction or top-down method in which conclusion for specific case is formulated based on general theory (Kananen, 2011 p.40). Firstly, the readers were given an overview of sea freight and freight forwarding industry, relevant information and knowledge about service quality concept together with details of suitable model for service quality assessment, which in this case is SERVQUAL model. After providing all general information, the author studied the case study more thoroughly in collation with the discussed theory.

Also in this research, the author took advantage from the combination of both qualitative and quantitative data to investigate the research questions with an aim of gaining much deeper explanation out of verbal data while achieving the descriptiveness and accuracy from numeric results.

4.2 Data collection and analysis

In this thesis, the author used both primary and secondary data to analyze the research topic. Secondary data was collected from reliable printed as well as electronic sources like books, journals, articles and other relevant sources which in turn form the cornerstones and implication related to the case whereas primary data was taken from survey and interview targeted to BWS's clients.

The frame of interview question was decided as semi-structured in order to get more varied and deeper information. The semi-structured interview combined both rigorous standardized set of questions and open, un-prearranged questions (Crow and Edwards, 2013). This method allowed the interviewer to bring up new ideas and explore further information depending on the answers of the interviewee while remaining the uniformity and reliability for the research. The target information was divided into three categories, which are backgrounds of BWS's Finnish clients, level of satisfaction toward sea freight services and suggestion for improvement. The level of customer satisfaction part was based on SERVQUAL scale, which included multiple service quality statements that grouped in five dimensions: tangibles, reliability, responsiveness, assurance and empathy; requiring the respondents to give the opinion in scale from one to five (one is highly disagree and five is highly agree). As already mentioned, the author did not make full use of gap model and SERVQUAL instrument suggested by Zeithaml, Parasuraman, and Berry (1990, pp.175-205); but utilised them only as a guideline for generating interview questions and service quality statements.

The survey and invitation for an interview were sent out to all 30 sea- freight clients recommended by the manager of BWS on November 9[th] 2017. The author spent about 10 weeks (09/11/2017 – 19/01/2018) to collect data and only six companies accepted the invitation which is not enough to generate precise conclusions. Many companies

were not willing to participate in the evaluation and some of them did not even respond to the request. The two main reasons given by BWS's clients were lack of the time since most of businesses are usually very busy at the end of the year or they did not want to share information that may affect the partnership situation. Besides, all companies who accepted the interview/survey were small and medium-sized enterprises (SMEs) even though BWS's customer list includes many conglomerates, which is understandable since big companies do not usually take part in this kind of survey. Within six companies that the author collected data from, only three allowed to have interviews while the rest answered the qualitative survey through emails. The identities of some interviewees were hidden due to their anonymous requirements and companies' confidential issues.

- November 10th 2017: phone interview with Christopher Sandberg from Verkkokauppa.
- November 23rd 2017: email survey from a freight purchaser of company X
- November 28th 2017: email survey with Maaria Taipalus from Veljekset Keskinen Oy
- December 12th 2017: email survey from an import secretary of company Y
- December 13th 2017: phone interview with Jesse Valo from Lemmikki Oy
- January 19th 2018: survey through email from logistic manager of company Z

Regarding the data interpretation and analysis, the author had already grouped and labelled all data collected from interviews and surveys in five predetermined categories: tangibles, reliability, responsiveness, assurance and empathy. This data was then reported and contextualized in a coherent form and a consistent structure in order to answer the research question. In more details, the author illustrated all numeric data in the form of tables and graphs. The mean and the mode of the grouped data were also calculated in order to give the readers a clearer overview. All qualitative answers from the respondents were reviewed and compared to each other based on their actual verbal meaning to explore whether these evaluations are consistent or contradictory. Besides, the collected responses needed to be collated with the secondary source in order to test the effectiveness and applicableness of theory model in the logistic context, especially within sea-freight industry.

5 CASE STUDY: BLUE WATER SHIPPING, FINLAND

5.1 Company overview

Figure 7. Blue Water Shipping's head quarter in Esbjerg

Blue Water Shipping A/S is a global provider of transports and logistics services. Founded in 1972 by Kurt Skov with the head quarter office in Esbjerg, Denmark; the company has grown stronger in its more than 45 years within the logistics and freight forwarding industry. Today, BWS is represented with over 65 offices and more than 1500 specialists worldwide, offering comprehensive and tailor-made solutions to different shipping and modern supply chain requirements. Company's main business areas are:

- General cargo: Handle regular logistics and transports of a wide range of industrial and consumer goods by road, sea, air, rail and combined transport. Services vary from door-to-door delivery, return logistics, warehousing, pick & pack, cargo on hold and complete integrated solutions.

- Port service and agency: having strong relationship with a huge number of port calls in the world, BWS is able to provide full scales of port services to vessel owners and crew staffs, including custom clearance, cargo handling, storage, port documentations, and chartering for short-term and long-term.

Port Services & Agency

- Oil, gas and industrial projects: facilitate customised transports and logistics for oil, gas, industrial and mining projects. Services vary from handling the movement of small courier package to the whole oilrigs.

Oil, Gas & Industrial Projects

- Wind logistics: BWS specialises in one-stop-shop solutions for both onshore and offshore wind projects. The services cover the delivery of turbines, cables, foundations and other components from the production plant to the site, followed by conveyance on short or deep- sea areas.

Wind Logistics

- Reefer logistics: is suitable for global transport of all food and other temperature-controlled products. BWS has a large fleet of modern vehicles together with special reefer containers that allow the customers to have customised services from port-to-port to door-to-door delivery, from single to combined transport while still maintaining required temperature.

Reefer Logistics

- Marine logistics: Provide complete solution for the cruise and marine industry including 24/7 one-point-of contact, port agency, storage, stevedoring, etc. Besides, BWS is also specialised in handling the whole supply chain of all necessities for cruise ships from purchasing, distributing to warehousing.

Marine Logistics

Blue Water Shipping Oy is a subsidiary of Blue Water Shipping A/S in Finland, established in 2008. Currently, company has around 50 employees locate in two business sites at Vantaa and Turku with the main business sectors are general cargo and outbound transport. Besides, BWS Finland also offers full service package of freight forwarding, customs clearance and international transport.

Beside road and air transport, sea freight has always been BWS's core business since its contribution to the total revenue has remained significant over the past 10 years. BWS Finland offers comprehensive and optimised logistic solutions by sea for the customer, with specialisation in FCL and LCL of all good types from standard cargo to chilled and frozen products. In addition, the company can also handle non-containerised load, break bulk and consolidation requests. With strong networks with partners worldwide and being a member of WCA (World Cargo Association) – the biggest and most powerful association of independent freight forwarders, BWS Finland can also facilitate cross trade and free hand shipments. Standard progress for sea freight import and export shipments is demonstrated in figure 8.

Until the end of August 2017, BWS handled sea freight services at both sites Turku and Vantaa with seven people in total. However, due to the loss of some loyal customers and the weak service performance throughout the year, company had laid off two employees and closed down the sea freight department in Vantaa. Currently, the whole function is operating only in the Turku office.
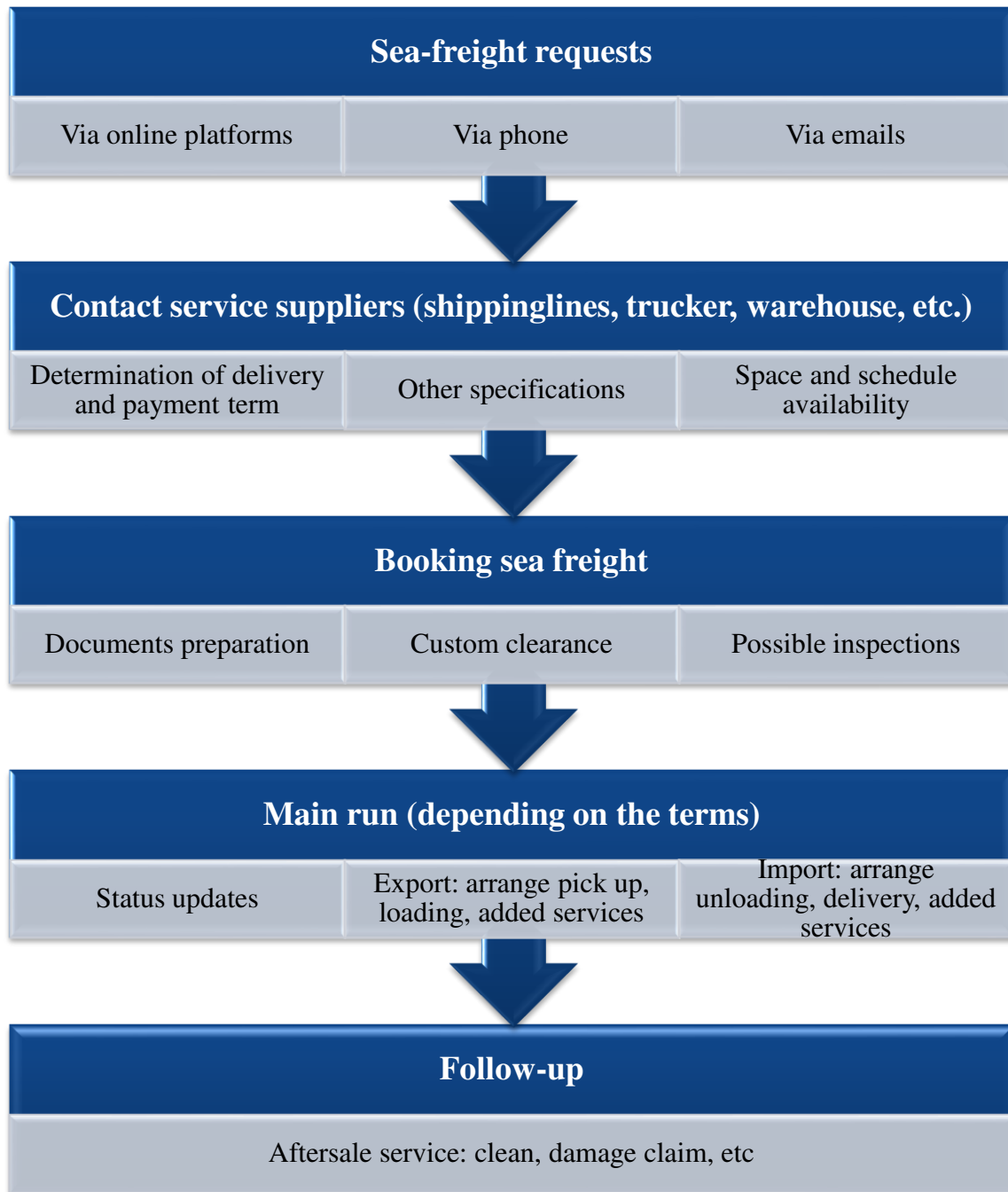
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┌─────────────────────────────────────────────────────────────────┐
│                     Sea-freight requests                         │
├───────────────────────┬───────────────────┬─────────────────────┤
│  Via online platforms │     Via phone     │     Via emails      │
└───────────────────────┴───────────────────┴─────────────────────┘
                                 ▼
┌─────────────────────────────────────────────────────────────────┐
│  Contact service suppliers (shippinglines, trucker, warehouse,   │
│                            etc.)                                 │
├───────────────────────┬───────────────────┬─────────────────────┤
│ Determination of      │                   │ Space and schedule  │
│ delivery and payment  │ Other specifications│    availability    │
│ term                  │                   │                     │
└───────────────────────┴───────────────────┴─────────────────────┘
                                 ▼
┌─────────────────────────────────────────────────────────────────┐
│                     Booking sea freight                          │
├───────────────────────┬───────────────────┬─────────────────────┤
│ Documents preparation │  Custom clearance │ Possible inspections│
└───────────────────────┴───────────────────┴─────────────────────┘
                                 ▼
┌─────────────────────────────────────────────────────────────────┐
│              Main run (depending on the terms)                   │
├───────────────────────┬───────────────────┬─────────────────────┤
│                       │ Export: arrange   │ Import: arrange      │
│   Status updates      │ pick up, loading, │ unloading, delivery, │
│                       │ added services    │ added services       │
└───────────────────────┴───────────────────┴─────────────────────┘
                                 ▼
┌─────────────────────────────────────────────────────────────────┐
│                         Follow-up                                │
├─────────────────────────────────────────────────────────────────┤
│        Aftersale service: clean, damage claim, etc               │
└─────────────────────────────────────────────────────────────────┘
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Figure 8. BWS's sea-freight progress

5.2 Service quality measurement

5.2.1 Questionnaire

As already discussed in the methodology part, the target group of this questionnaire is BWS's sea freight customers who have had used the company's services in the last three years, disregarding the group of subcontractors, partners and over sea agents.

Throughout this questionnaire, the author gets rich data that express the customer's opinion on the quality of BWS's sea freight services.

The questionnaire consists of three parts: background (questions 1-3), customer's satisfaction level (questions 4 - 6) and suggestion for improvement (question 7). Background questions focuses on the exploring general information of the BWS's clients, partnership situation and the role of the interviewee in the sea freight's service flow. The question number four includes 20 statements generated from SERVQUAL guideline. These 20 statements are divided into 6 groups: tangibles (statement 1–2), reliability (statement 3-6), responsiveness (statement 7-9), assurance (statement 10-14), empathy (statement 15-17) and overall evaluation (statement 18-20). The design of the first 17 statements bases mainly on the SERVQUAL model but the content is customised according to the current conditions and requirements of BWS after analysing characteristics of their customers. The author adds the last three statements asking the customers about the overall service quality of BWS's services and whether they continue using the services and recommend to the others or not. The purpose of the next two questions 5 and 6 is investigating thoroughly all problems that customer is currently facing and the reasons behind the scores they give to each statements in the previous question. After that, customers give suggestions for BWS to improve their service quality in the last question.

With an aim of having rich data and detailed opinions from the customers, six out of seven questions are designed in the form of open-ended whereas only the question four (including 20 statements) is scale rating in order to obtain clearer and more precise evaluation. Besides, the form of the interview is semi-structure so some additional questions were added depending on the flow of the interview. The detailed questionnaire could be found in the Appendix 1.
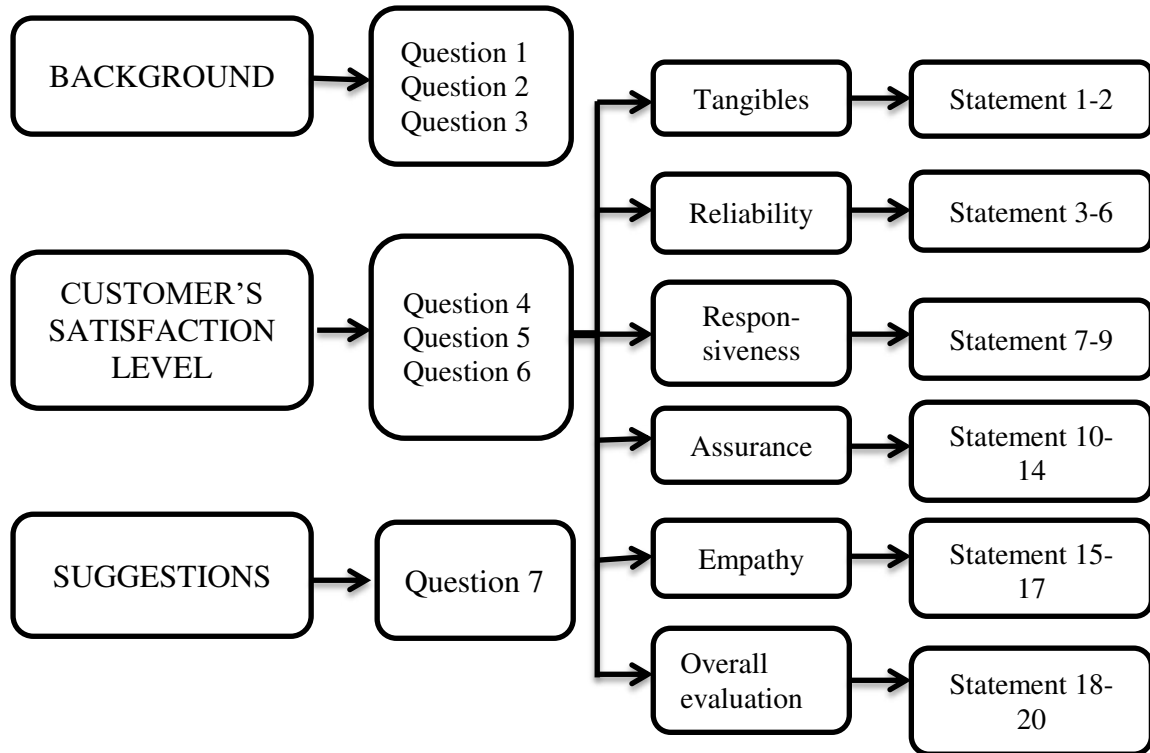
Figure 9. Structure of the questionnaire

5.2.2 Background information

The background part consists of three questions that aim at obtaining basic information of the interviewee and the relationship between BWS and its customers. The first question is about the job position of interview's participants because the author wants to make sure that the interviewee has enough authority, knowledge and information in regards to the research topic. Depending on the job position and the level of involvement in the logistic operation, answers of the interviewees can affect the result of this study.

Table 3. Job positions of the interviewee

N.r	Interviewee	Company	Position
1	Christopher Sandberg	Verkkokauppa Oy	Freight planner
2	X	X	Freight purchaser
3	Maaria Taipalus	Veljekset Keskinen Oy	Import assistant
4	Y	Y	Import secretary-Logistics
5	Jesse Valo	Lemmikki Oy	Founder/CEO
6	Z	Z	Logistics manager

As can be seen from the table 3, all participants in the interview were working in the logistics and freight area. They were responsible for planning and buying the freight from the third parties. In this particular case, they all had daily operational contact with BWS's sea freight department so they would have more insights of the services than the ones who take care of other functions.

The second question is about partnership situations between BWS and its customers. All companies had at least two years working with BWS. There was one customer started using BWS's services since it was established in Finland in 2008. The partnership duration could partly reflect the relationship between two parties whether the customers have been satisfied with BWS's services or not. Besides, with a minimum time of two years working together, the customers could have more precise and objective evaluation towards BWS' services quality.

The situation when BWS built up business relationship with these customers varied from company to company. Haft of the customers got in touch with BWS through company visits. The sale representatives of BWS often actively contacted with potential customer and make introduction of different services and price list during the company visit. These customers chose BWS because of the company's suitable services and affordable prices. Two other customers arranged the tender yearly in order to get the best freight prices among different freight forwarders and BWS had the most reasonable offer at that time. In addition, BWS was also a well-known forwarder for many years and the locality created the convenience for these Finnish clients. Only one customer knew BWS through their partner's recommendation. Even though six interviewees' opinions

could not represent that of the whole BWS's customer group, it still proved that the sale department of BWS had been working effectively and the price strategy was relatively suitable for many customers. However, the question of BWS's services quality still needs to be investigated more because BWS had not received many recommendations from the clients.

All of the clients who participated in the survey were using multiple freight forwarders for their logistics demand since BWS's offers were not competitive enough in all sectors. Regarding the sea freight, the customers usually used BWS only for one service of FCL or LCL. Besides, they also decided their service providers based on the geographical location so in some cases, BWS only facilitated shipments that came from or went to some specific countries. The frequency of the shipments was also different among these customers. Verkkokauppa had the greatest number of shipments with BWS among these six companies when it had imported goods from far east (China, Thailand, etc.) from three to four times per month. During the peak season like Christmas, the number of shipments could be much higher. There were two other clients had two shipments per month in average with BWS while the rest had very random schedule. This shipment frequency index not only reflected the accuracy of the service evaluation but also questioned the service quality whether it was one of the reasons why some companies did not make regular booking with BWS or not. Customers that rarely had cooperation with BWS may not have had full access to the services or their opinion could be more subjective than the others who had frequent demand.

5.2.3 Service quality measurement

In this measurement part, data was collected through 20 scale-rating statements, which were divided into six sections. SERVQUAL model was applied to be the guidance for the structure of these statements.

5.2.3.1 Tangibles

As already discussed in the theory part, the 'tangibles' refers to all physical facilities, equipment, personnel, and communication materials. From personal observation as well as discussion with BWS, the author chose only company website and online booking

services to evaluate the quality. In the sea freight industry, a logistics service provider does not usually have much physical equipment like containers, trucks, trailers, vessels, etc. since its main task is coordinating among the customers, truckers and the shipping lines. Thus, facilities like office, warehouse or appearance of the staffs also are not importance factors that can affect the overall judgement. The majority of operating time is through website, emails and online booking portal so these features need to be controlled carefully.

Table 4: Evaluation of the "tangibles" factor

Criteria	Companies'ranking						Mean	Mode
	Verkko-kauppa	X	Veljekset Keskinen	Y	Lem-mikki	Z		
Company web-site/web booking Compass is easy to use	4	5	x	3	3	x	**3.75**	**3**
Company web-site/web booking Compass is relia-ble with infor-mation (shipment status, tracking, etc.) updated regu-larly	2	2	x	3	x	x	**2.33**	**2**

Among six companies attended the interview/survey, there were only three could give a full rating for the "tangibles" factor of BWS's sea freight services. The reason was that the other companies had not used the website and online booking portal of BWS so they were not able to give the evaluation. Earlier, all of the booking and operational tasks were handled through phone calls and emails. From the end of 2016, BWS Oy started applying a tailor-made IT solution, Compass, for booking online, tracking and tracing the shipments from production site to delivery. BWS promised to provide customers with "detailed overview of real-time information" (Bws.net, 2018). However, some clients still preferred using the old system and working procedure to handle the operation. They felt that it was easier to use and more convenient for them than switching to the new system Compass, which required much time to get adapted. These customers also requested individual freight offer every time they want to book a shipment. In this case,

using the web booking portal was not a good choice. Besides, with the company did not have regular shipments, creating a new account and learning how to use a new system was not necessary.

Concerning BWS website & web booking portal whether they are easy to use or not, there were four companies provided the evaluation with the average rate was 3.75 and the mode was 3. In general, these four companies agreed that the idea of new IT solution is good and the website seems easy to use. Those customers who rated 3 and 4 felt that they had not used Compass that much so that they did not understand fully all functions of the new tool. Besides, they still found the old procedure of contacting through phone call and emails more convenient for them. There was only one customer gave the maximum score with complete satisfaction from the easiness and simplicity of the new system.

In the respect of the reliability and updates of shipment's status, the new system received huge dissatisfaction from the customers who gave the rate. Thus, the mean score was fairly low at just 2.33. These customers complained that they have not received enough tracking information of their shipments and the status in Compass had not been updated regularly. This obsolete information had created negative influences on the customer's freight planning and production progress. Especially with customers who had switched completely to Compass, the demand for the accuracy and effectiveness of this new IT tool was very high.

5.2.3.2 Reliability

The 'reliability' in the SERVQUAL model means "ability of perform the promised service dependably and accurately" (Zeithaml *et al*., 1990 p.26). In logistics industry, especially within freight forwarding sector, reliability has long been a very crucial criteria for choosing the service provider. On behalf of the shipper or the consignee, the freight forwarders need to take full responsibility for the cargo and assure the smoothness and punctuality for the transportation. Thus, the reliability and credibility of the freight forwarder can determine the duration of the partnership. The research result in general showed that BWS's customers do not have complete trust on BWS's services.

The authors decided four issues to evaluate the "reliability" factor: on-time delivery, keeping promise, mistake avoidance and errors free evolvement. These were basic demands of customers concerning the international transportation of their cargoes. On-time delivery was the issue placed at first because this is the core mission of a logistics firm. As can be seen from the chart below, there were only two clients rated the "on-time delivery" of BWS at 5 while the mode was just 3. Surprisingly, all customers had actually experienced the late delivery before but how they evaluated the services were different. Those clients who gave the rate 5 explained that even though BWS transported goods to them later than expected many times but the main problems usually came from the lateness of the shipper or the delay of the vessel, which belongs to the shipping lines' responsibility. Thus, they agreed that it was not BWS's fault for the late delivery. However, with other customers, either they did not know why the deliveries were late so they blamed everything on BWS or they actually expected more responses from BWS when problems happened. Despite the fact that the lateness in the delivery was not under BWS's responsibility, they hoped that BWS could have coordinated more effectively or found alternative solutions.
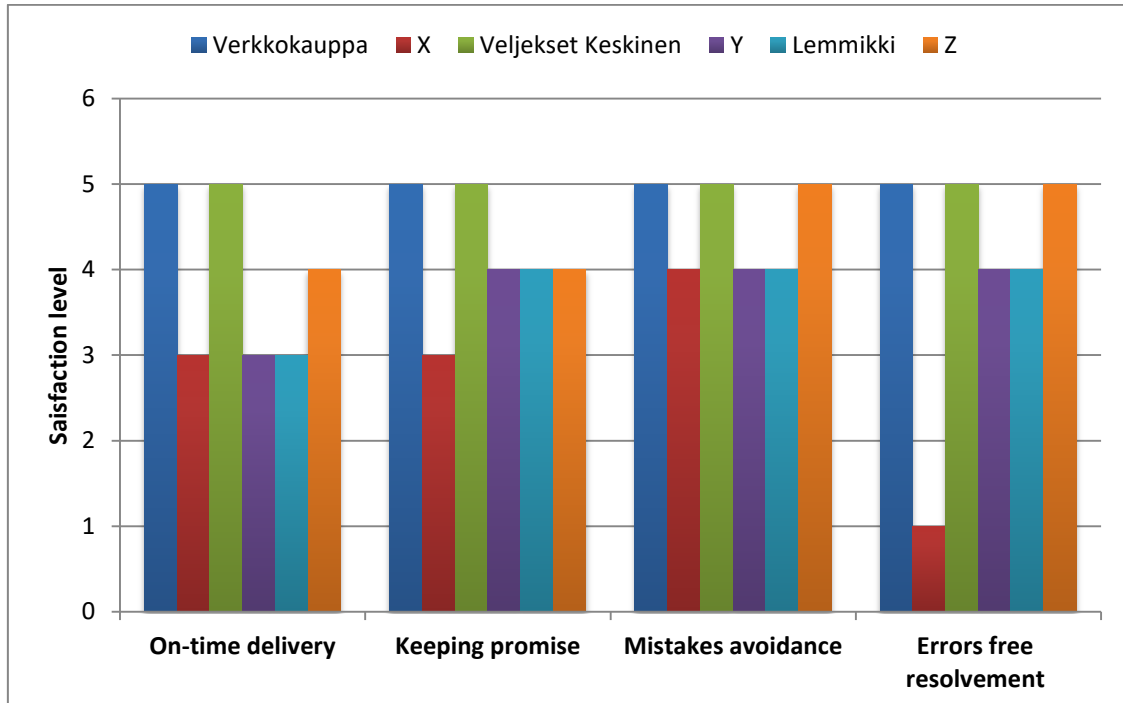

Figure 10. Evaluation of the "reliability" factor

The second aspect to examine is keeping the promise and following strictly the agreement. Promises and agreement mostly relates to the price, shipping schedule, mode of

transport, etc. The average rate of this element was 4.17 which was not too low, but expressing the fact that some customers were still dissatisfied with BWS's services. Company X complained that BWS later informed the change in vessel schedules that affected their company's production planning. Sometimes, due to the low capacity of the vessel, BWS did not manage to load the cargoes on the expected ship, which in turn caused the delay. However, all other customers believed that BWS had tried their best always to keep their promises so they rated this element at 4 and 5.

Thirdly, mistake avoidance is also one important criterion to evaluate the quality of sea freight services because it also reflects the competences, skills and the carefulness of the staffs. All customers were relatively happy with the services they received. They commented that there were not any big mistakes during the time they collaborated. Thus, this element was rated at 4.5 in average. However, there were still some small mistakes in the documentation, which led to the necessity of the last point: whether BWS is effective in providing free correctness or not. In fact, mistakes in the documentation in logistic industry happen very often since it involves much different information that requires high carefulness from the handlers: time, dimensions, shipping terms, commodity code, etc. Even small changes sometimes can raise the cost significantly and also take much time to correct. Whether the changes or mistakes come from the customers or the freight forwarders, the ability to resolve them free and satisfactorily becomes vital criterions. All clients except the company X gave high rate to this factor of BWS's services and the mode was 5. However, company X rated BWS at 1 only which means that they were really disappointed. They complained that there were a few times they want to change some information but it did cost greatly. In fact, there has always been a deadline to have free correctness on the documentation until the shipping line issues the manifest for that specific ship. Manifest is a cargo document that lists all cargoes, vehicles and passengers which would be transported on the vessel, for the use of customs and other officials. Thus, after the manifest is issued, all changes will cost.

5.2.3.3 Responsiveness

The next factor being examined is the 'responsiveness', which refers the speed and willingness to provide quick services of the forwarders. Logistic is a fast-moving industry so timing has become decisive element contributes to the competitiveness of a service

provider. Every single step in the conveyance journey needs to be planned thoroughly and the communication among different parties is required to be extremely fast and efficient.

Therefore, the first and vital element in this part is quick and efficient response. BWS received relatively high rate when the mean was 4.33 and the mode was 4. There was not any company gave the rate lower than 4. BWS had always tried to respond within one to two working days. With urgent matters, the response was even much faster and there were usually email read receipts sent out immediately. Both emails and phone call worked well so the customers could receive the answer within very short time. Figure 11 illustrates the research result of the customer's satisfaction level toward "responsiveness" factor.
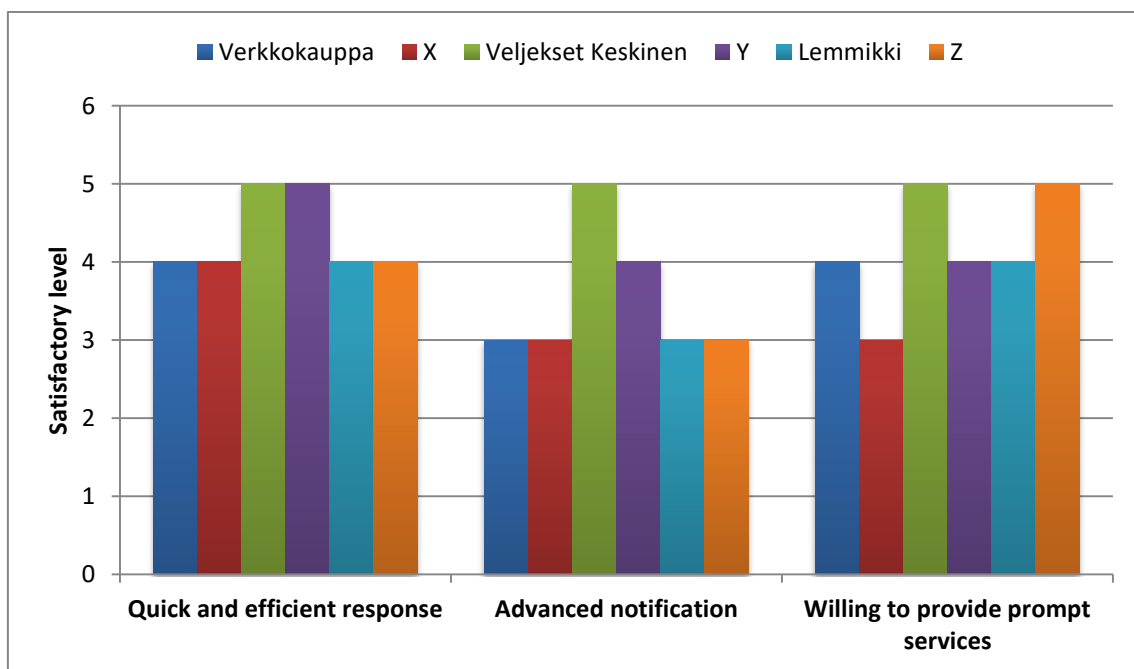
Figure 11.Evaluation of the "responsiveness" factor

In contrast with the first element, BWS received many complains from the customers for the advanced notification. They commented that they did not receive enough information about the status of the shipments and many times the notification came quite late. That was why the average rate for this element was just 3.5 and the mode was 3. Customers blamed the new IT tool, Compass, for this late notification. Since the Compass did not update timely all information, customers faced many difficulties in prepar-

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ing the documents or getting better freight price. Although some clients preferred having notification online, they thought that notification through email was still acceptable. However, even with this traditional communication channel, they had not been updated regularly. The fact that BWS's sea freight department was closed down in September was one of the main reasons behind this issue. The lack of human resources as well as unsmooth transition between Vantaa and Turku office had caused the lateness in updating shipment's situation.

Lastly, the "willing to provide prompt services" element was rated better than the "advanced notification". In average, customers rated this at 4.17. There were two customers rated at 5, three rated at 4 while there was only one rated at 3. They assessed BWS as easy to work with and always willing to assist when needed. Within their ability and network, BWS had always tried to provide services to their customers as soon as possible. However, also due to the transition of two offices, the services had not been provided promptly like before, which in turn diminished their trust on BWS's services.

5.2.3.4 Assurance

Assurance is the factor that covers "knowledge and courtesy of employees and their ability to convey trust and confidence" (Zeithaml *et al*., 1990 p.26). It is undeniable fact that assurance places significant influence on the credibility of a forwarding firm, determining initially whether the partnership could be established or not. Assurance in this study was reflected in five angles after consulting with BWS's staffs. The detailed research result is illustrated in the table 5.

Table 5: Evaluation of the "assurance" factor

Criteria	Companies'ranking						Mean	Mode
	Verkko-kauppa	X	Veljekset Keskinen	Y	Lem-mikki	Z		
Provide accurate service at first time	4	3	5	4	4	5	**4.17**	**4**
Resolve all complaints/solve problems satisfactorily	4	2	5	4	4	5	**4**	**4**
Complete trust on BWS that they have enough job knowledge and experience to handle shipments	4	4	5	5	3	5	**4.33**	**5**
BWS staffs are always polite and helpful	5	5	5	5	4	5	**4.83**	**5**
Feeling safe when making transactions and their invoices/documentations are correct	5	3	5	5	5	5	**4.67**	**5**

Undoubtedly, the ability of providing accurate services at the first time contributed greatly to the assurance of a service provider since it creates first impression to the customers. In this sector, BWS received 4.17 in average with the mode was 4. In general, this was quite a good rate but there was still one customer rated at 3 only. Unfortunately, there were some problems in the coordination between BWS and the trucker, which led to the delay when loading the goods to the vessel. In spite of the fact that it rarely happened, the first impression clearly affected the general judgement of the customers.

The assurance was also evaluated through the competence of "resolve all complaints problems satisfactorily". Similar to the last sector, in general customers rated BWS services quite high with three of 4 and two of 5. However, company X rated only at 2, which raised the concerned regard the service's quality of BWS' sea freight department. This had reduced the average score for this factor to 4. Company X complained that BWS had not been able to solve the problems effectively, which had led to the long de-

lay, high demurrage or detention costs. Especially when there was a good's damage, it took long time to investigate the reasons and whose responsibility it was, which made the customer disappointed with the services.

The next element to be assessed is the trust of BWS's customers on its professional knowledge and experience to handle the shipments. This is extremely important element because if the customers have scepticism about competences and experiences of BWS's staffs, they will have hesitation in booking regular shipments or start searching for other forwarders. The level of trust that customers gave to BWS was 4.33 in average with two customers rated at 5 and two customers rated at 4. Lemmikki did not have high trust on BWS's services because BWS was not capable of handling shipments of life species from Peru for them. They complained that BWS did not know everything that was required so they could not calculated the total cost. Despite the low rate from Lemmikki, all other customers were quite positive and they had strong belief on the knowledge, skills and experience of BWS's staffs.

Next, the politeness and helpfulness of the staffs are also essential parts of the "assurance" factor. This received very good evaluation from all customers, with the average rate is 4.83 and five out of six customers gave the maximum score. The interview's participants explained that they did have any problem with BWS's attitude since all staffs had been very friendly, polite and helpful in all circumstances. They considered all requirements from the clients carefully and handled the shipments with professionalism.

Last but not least, the "assurance" factor is also reflected from the safety of money transactions and the correctness of financial papers. In general, BWS got high level of satisfaction from the customers for this element. Five companies rated at 5 which made the average rate to be 4.67. They believed that the safety of money transaction was the bank's responsibility and there was not much BWS could intervene. Besides, BWS was also a member of WCA, the world's largest and most powerful network of independent freight forwarders. All members of WCA have rights and responsibility to comply association's regulations, including requirements for safety in transaction. In contrast to these five customers, company X rated this element of BWS's services at 3 only. Their reason was that they have received wrong invoices from BWS for a few times with mis-

takes in the freight charges, terminal fees or additional services' charges. At the end, BWS managed to correct all mistakes but this issue still made the customer unhappy.

5.2.3.5 Empathy

The last factor in the SERVQUAL model to evaluate BWS's sea freight services is the "empathy". The "empathy" here refers to "caring and individualized attention the firm provides its customers" (Zeithaml *et al*., 1990 p.26). Although this factor is not the core value of a service provider, it creates significant positive impact on the decisions of the customers. By giving special care and customized services, forwarding firms could strengthen the partnerships with their loyal customers and increase the retention rate. Besides, this could also be considered as a plus point to attract potential customers. Detailed research results are found in table 6.

Table 6: Evaluation of the "empathy" factor

Criteria	Companies'ranking						Mean	Mode
	Verkko-kauppa	X	Veljekset Keskinen	Y	Lem-mikki	Z		
Willing to assist and have flexibility when providing on-demand, additional services	5	3	5	4	4	5	**4.33**	**5**
Understand and provide customized, specific need for you	5	4	5	4	3	4	**4.17**	**4**
There is at least one employee who is fully in charge of your shipments at all time	5	5	5	4	3	5	**4.5**	**5**

The first "empathy" element is the willingness of BWS to assist and have flexibility when providing on-demand, additional services. In fact, freight forwarding is the business that involves many different steps and huge amount of paper work as well as communication. Moreover, each freight handler usually takes care of various shipments at the same time and the follow-up is required on daily basis. Thus, applying a standard procedure in this business is necessary to keep everything running smoothly and effi-

ciently. Adding extra services and special services may consume a lot of time and increase total workload so not all companies are willing to provide these services to the customers. For this element, BWS was rated at 4.33 in average, which is a good evaluation in general. Customers were quite happy with working attitude of BWS's staffs because they found it easy and flexible when asking for additional or special services from BWS. Besides, customers were aware that they should have requested this special care far in advance so BWS could have had time to plan and make arrangement. Again, there was still one company gave the rate at three only. It was explained that BWS was not able to provide the shipping schedule as they expected or having the delivery immediately after the vessels came to dock. The difficulty here is BWS could not control all services if they were under responsibility of the shipping lines and the truckers.

Secondly, the "assurance" was evaluated based on the ability of understanding customers' needs and offering customized services. The customers in many cases do not aware of all available and possible services they could receive. Thus, a forwarder has missions of consulting and suggesting the best offers to the customers based on their type of cargo, frequencies of shipments and other requirements. BWS received average rate at 4.17 with the mode was 4. Lemmikki gave lowest rate this time among all customers due to their problems with their life species shipment from Peru. BWS did not manage to facilitate this shipment successfully because they were lack of experience with this type of cargo.

The third and the last criterion to examine the "empathy" factor of BWS is whether there was at least one employee fully in charge of each customer's shipments all the time. Customers especially the loyal ones preferred having only one to two persons taking care of their business since it is more convenient, comfortable and easier for them to control the business. They did not want to work with different persons because new handler may not know all of customer's special requirements and it could take time for them to adapt with new working styles. Moreover, when there are problems, it is better to pass the requests to one person only which helps to avoid conflict and miscommunication. For this element, the mean was 4.5 and there were four customers gave maximum score. The other two clients faced many difficulties in dealing with different contact person. This problem came from the lack of human resources in the peak seasons

like summer or Christmas time and the unsmooth transition when one office closed down. Customers were not informed much about all the changes and new forwarding staffs did not know about all requirements. This actually created much frustration and dissatisfaction from the customers.

5.2.3.6 General evaluation and opinions

Besides evaluating five factors in SERVQUAL model, the author added three more statements at the end to have an overview picture of customers' opinion on BWS's sea freight services. The results are shown in table 7 and figure 12.
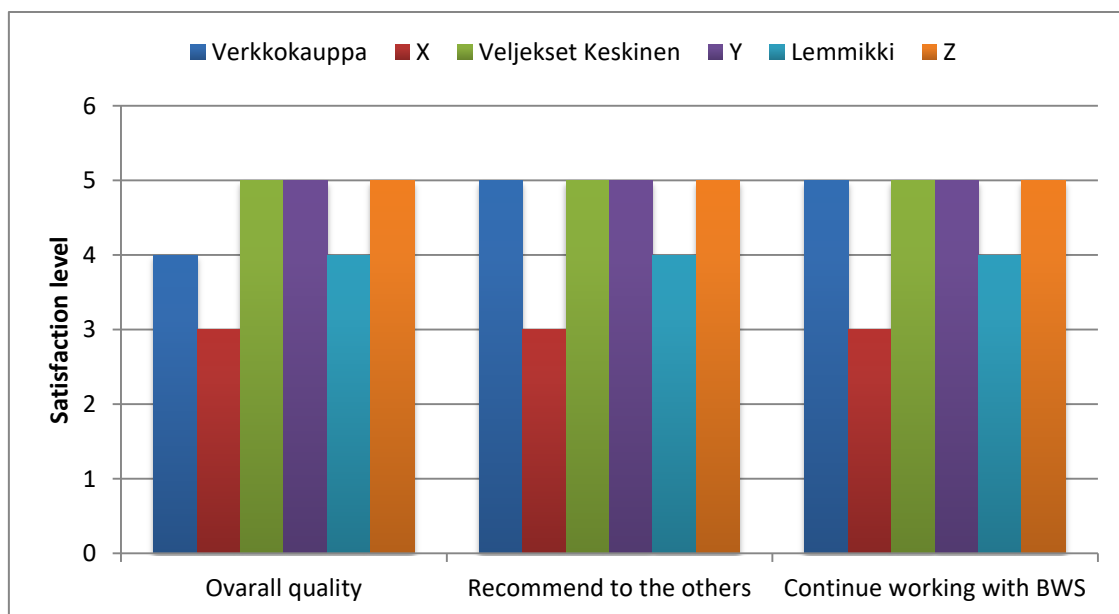
Figure 12. Satisfaction level of the customer

Overall, customers were quite happy with the services they received. With three customers rated 5, two rate 4 and one rated 3, BWS received 4.33 in average which was not a low result. Four companies completely agreed to recommend BWS's services to their best friends/relatives if they worked in the same field while the others were still reluctant. They commented that they could suggest only the services they were satisfied with or they would need more time to observe and evaluation whether BWS could have much positive changes in the future. Similarly, those companies rated 5 to the previous question said that they would definitely continue working with BWS. They felt that the current services were good enough in compare with the competitive prices that BWS could provide. Despite some small issues, there had not been any big problems hap-

pened with their shipments and they had strong belief in the future improvements of BWS's sea freight department. Reversely, the other two clients actually had higher requirements for BWS's services and there should not have been any excuses for lower services performance than they expected. If BWS still let the same problems happen or could not provide them with special services in the near future, they would consider switching to other forwarders.

Table 7: General evaluation

Criteria	Mean	Mode
Overall quality of service performance	4.33	5
Will recommend BWS to your best friends/relatives	4.5	5
Will continue to work with BWS	4.5	5

5.2.4   Suggestions for improvement

With one same purpose of improving the sea-freight services in the futures, all customers had been actively provided valuable recommendations to BWS. Depending on individual agreements as well as real situations, the expectations from each company varied slightly but intersected at the most important point: the information flow.

It was widely agreed that the mother company should invest more in optimizing the new IT tool and web-booking portal. The effort of building an automated and transparent IT system had been well recognized by all customers but many problems still existed. Unreliable tracking status and obsolete information had prevented the smoothness in the operational flow and created unwanted delay. These issues need to be solved immediately to avoid longer dissatisfaction of the loyal customers.

Besides, some customers expected that BWS could develop a simplified booking portal or continue utilizing traditional communication channels like emails or phone calls. Many small and medium size companies may not be equipped with modern technology, which can support the integration with BWS's new IT systems. Moreover, the fact that frequency of some customers' shipments was small made it unnecessary for them to

start using a new and complicated IT solution. Thus, an easy to use and simple communicational channel would be more beneficial to the customers' operational control.

In the addition to above ideas, customers also expected BWS to have more active role in the communication among all parties involved. As the professional transport coordinator, BWS should make sure to track information constantly from the trucker and the shipping lines in the matter of dimensions and weight details, loading and unloading schedule and other unplanned issues. Customers expected to be noticed about all details and changes as soon as possible so that they can acknowledge the upcoming events or have preparation for proper adjustments if needed.

The other important factor that BWS should take into consideration is human resources. With a company operates in the services business, the human element plays an extremely vital role in bringing the satisfaction to its customers. Thus, building a team with strong passion, professional attitude and excellent specialized skills should be among the top strategies of BWS. BWS should provide better training and enhance the knowledge exchanges between different functions so that the employee could have more comprehensive picture of the forwarding business. The fact when the employees are lack of relevant knowledge and updated information can generate many doubts among the customers about the credibility of the company, which in its turn leads to the customer attrition.

Furthermore, the managers of BWS should implement better strategy for allocating the capital and resources in order to achieve more sustainable development. Currently, the prompt expansion of the company together with the great increase in the number of international offices does not correspond with the improvement of the service quality. The consequence has been observed that many offices were closed down subsequently due to the lack of financial resources, which undoubtedly brought many inconveniences to the customers. In these situations, BWS should manage better transition and provide much detailed information to the customers in order to avoid unwanted confusion and other negative effects. Human resources should also be planned more thoroughly to assure the quality of services is maintained under any circumstances.

6 DISCUSSION

By utilizing the SERVQUAL model as a guideline for the research's questionnaire, the author had successfully accomplished the purpose of this study, which is evaluating the quality of sea freight services provided by Blue Water Shipping in Finland. The answer for the research question "how do the customers feel about the quality of Blue Water Shipping Finland's sea freight services?" was also discovered. Generally, the customers were relatively content with the services they had been provided. However, the quality of BWS's sea freight services has not received a complete satisfaction from the customers and there are still many elements needed to be improved.

Based on the research result as well as the customers' suggestions, the author was able to provide relevant solutions to enhance the BWS's sea freight services. Details are illustrated in figure 13.

Tangibles
- Enhance IT solutions
- Diversify communication channels to satisfy different groups of customers
- Invest in marketing materials to push the company's images.
- Improve transportation fleet and logistics center (warehouse, repair depot, etc.) to be more independent from the subcontractors.

Reliability
- Strengthen the relationship with shipping lines and truckers to get better space options with more competitive price and to receive more regular updates
- Actively communicate with all parties and provides constant updates to the customers.
- Always double check all documents to avoid unnecessary mistakes.
- Apply JIT (just-in-time) method to improve the logistic flow and reduce extra costs.

Responsiveness
- Update the shipment status regularly in the web portal and through email conversation
- Invest in human resoures to provide better care and faster response to the customers.

Assurance
- Provide training and coaching to the employees to enhance their specialized knowledge and skills
- Building development strategy which is sustainability oriented.
- Expanding the network with other forwarders, investors, subcontractors, etc. to gain mutual benefits.

Empathy
- Diversify the type of services to provide more options to the customers.
- Focus on developing the human resources not only to suffice the demand but also being able to provide more personal care and customized services.
- Enhance the employee's wellness and promotion program to motivate them
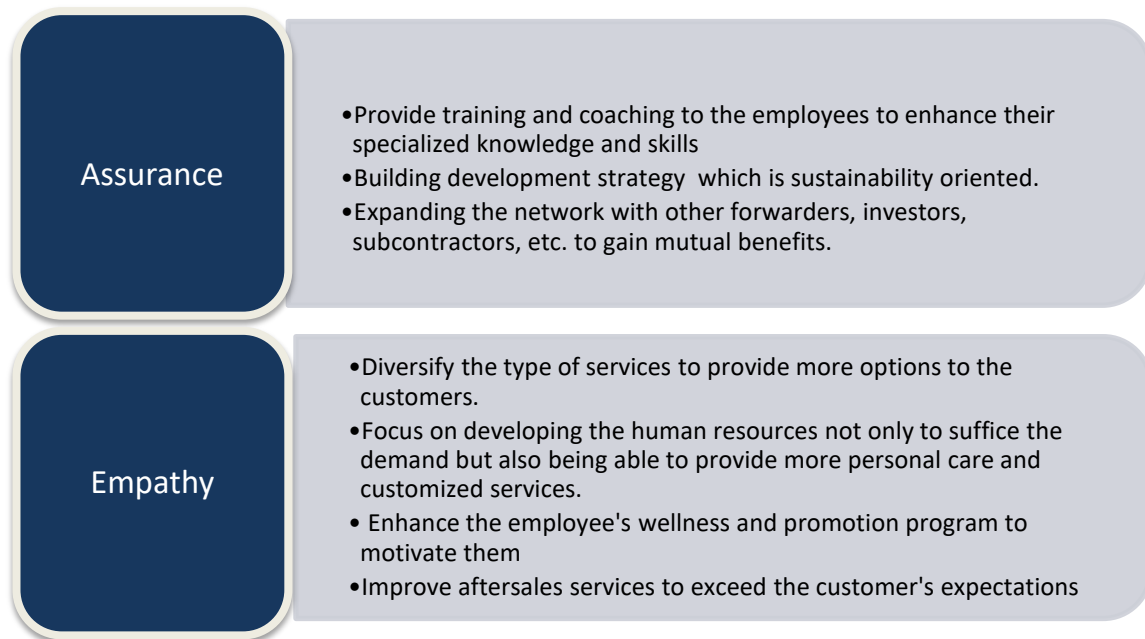- Improve aftersales services to exceed the customer's expectations

Figure 13. Recommendation for BWS's future development

Nevertheless, there are still some debatable issues around the research result. Firstly, it was difficult to achieve an absolute accuracy in the result from the scale-rating question. As already discussed in the above theory part, services have many unique characteristics like intangibility, variability, perishability and inseparability, which hinders the customers from providing proper reviews. Besides, there are facts that the customer's evaluation is subjective and the level of expectation of each customer is different, it is not precise to assess all rates in one same standard. Some customers gave high rate even though they had experienced many issues with their shipments in the past. They understood that the problems were not fully BWS's faults and they appreciated that BWS had tried their best to handle the situations. However, some others required better care from BWS and expected nothing else but perfect services, which resulted in lower rate. Moreover, since the interview and survey were conducted individually, it reflected only personal views but not the whole organization's opinions. Some persons might be tougher and more careful in giving the rate than the others. Therefore, depending on the position as well as the level of involvement of that person in the logistic operation, the evaluation's accuracy could be affected.

The second issue is about determining the research group. Regular and non-regular customers should have been separated when analysing the data in order to have more pre-

cise result. Regular customers had longer time collaborating with BWS so they would have better understanding of BWS's competences and responsibility. Hence, these customers tended to provide thorough evaluation after considering all related factors. In the opposite, the judgment of non-regular customers was based mainly on the first impression or just a few experiences. Their evaluation had trend to be more subjective and extreme, either very good or very bad.

Thirdly, it was noticed that there was inconsistency in some answers, which affected the overall result of this study. There were two customers gave higher rate for the overall evaluation in compared with the rate for each element of the service. Exceptionally there was a case that the overall quality of BWS's sea services was rated at maximum score but the customer did not feel fully satisfied with any service's factor: tangible, reliability, responsiveness, assurance or empathy. This issue raised a suspicion in the actual customer's satisfaction level and the trustworthiness of their answers.

Finally yet importantly, the relevance and effectiveness of the SERVQUAL statements needs to be reconsidered in order to assure the reliability of this research. Generating from the author's own study as well as discussion with the case company, these statements however had not been compared with the customer's opinions. The perception of BWS about its service quality might not be same with the evaluation's standards of their customers. Hence, the risk those chosen statements could not reflect a comprehensive result did exist.

Above issues had raised doubts over the actual effectiveness and trustworthiness of SERVQUAL model in evaluating the service quality. Throughout the study, competitive advantages of SERVQUAL scale were unquestionable. It was relatively simple, intelligible and contained significant communicative force. Besides, its outline was easy to follow which provided rational guideline for the companies' actions in service improvement. However, as already discussed in the literature review, limitations of this method had long been a controversial issue among scholars during over 30 years of its development, such as ambiguity of "expectation", "perceptions" and "satisfaction" concepts; "minor role of communication" or "dynamic nature" of the service sector when everything changes persistently (Mauri *et al*., 2013 pp.138-140). Within the scope of this study, SERVQUAL would not be beneficial for the case company if the qualitative

data had not been utilized. In the original SERVQUAL scale, large amount of numeric data is required which can help to generate a broad overview and prevent erroneous generalizations but cannot explain thoroughly the meaning of the phenomenon. Moreover, due to the unique essence of the service as well as the relativity of the customers' evaluations, it is not easy to create a standard model that could be applied in all circumstances. Thus, results from SERVQUAL instruments now will be correct only when the natural settings remain unchanged and the relativity of the human factor is ignored.

7   CONCLUSION

Continually evaluating and improving the service quality are prerequisites for a sustainable development of any business, especially when the competitiveness level is elevated higher than ever. How can companies collect genuine customer's opinions and which method should be used are always among the top challenges. "Service" is unique with many special characteristics (intangibility, variability, perishability and inseparability) while "quality" is still an ambiguous concept, which makes the assessment to the "service quality" very difficult. Being able to cover all five aspects of the service (tangibility, reliability, responsiveness, assurance, and empathy), gap model and SERVQUAL scale has been widely used and proved as the easiest and most effective tool to tackle the above challenges.

With an endeavour to illustrate how to apply SERVQUAL model in sea freight industry and how it can be customized to small and medium-sized freight forwarders, sea freight services quality of Blue Water Shipping, a global logistic provider, was evaluated. The evaluation was demarcated in sea freight department only, with target group was Finnish clients and neglect all other factors but operational aspect. Taking advantages of both quantitative and qualitative data collected from SERVQUAL-based questionnaire, the author found out that BWS's customers were relatively happy with the sea services with the level of satisfaction was around four. This also means that the complete satisfaction from the customers has not been achieved and many improvements are highly required.

Notwithstanding, the above result is not completely accurate due to some limitations of SERVQUAL model and difficulties in the research process. Firstly, there were only six companies participated in the interview/survey, which accounts for only 20% of total BWS sea freight's customers. This small number of respondent is definitely not enough to generate a comprehensive conclusion because it cannot well represent the whole group's opinion. Moreover, beside those customers who provided very detailed answers with sincere advices, a few of them fulfilled the online survey with quite short answers for the open-ended questions and lack of explanations for the scale-rating statements. This had created many difficulties for the author to collect and interpret data.

For future researches, these limitations have to be minimized. In order to have larger samplers, target group can be expanded not only within Finnish customers but also international clients and over sea agents. Insistence on conducting phone, Skype or face to face interviews instead of email surveys can ensure benefits of having more valuable data. Besides, categorizing the customers into different groups based on their duration of cooperation and frequency of shipments is needed when analysing the data to increase the result's precision. Customer's expectation and company's perception of the service quality should also be taken into consideration carefully before creating SERVQUAL statements. Lastly, the author suggests future studies on solving current SERVQUAL limitations and building instructions for applying both qualitative and quantitative data when using the gap model. For the case company specifically, more researches on the pricing policy and the management strategies could bring many advantages to the measurement of customer's satisfaction.

In conclusion, the study had successfully reached its goal and managed to find the answer for the research question. The author strongly believes this study could result in the case company's future improvement, not just within its sea freight department but with all other functions as well. This research approach has also opened a new way of using SERVQUAL scale for evaluating the service quality.

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APPENDICES

APPENDIX 1: BWS'S CUSTOMERS SURVEY

Dear Customer,

I am doing a research about sea-freight services' quality of Blue Water Shipping, Finland. I really do appreciate if you would take your time to complete this questionnaire. The result is used for my thesis and for further improvement of Blue Water Shipping's sea services. Your identity can be hidden if required.

Thank you very much!

Question 1: **What is your current position in your company**?

....

Question 2: **How long has your company worked with BWS**?

....

And **how did you know about BWS** (recommendation, tender, company brand, etc.)

....

Question 3: **Are you currently work with only BWS as a forwarder or you are working with multiple logistics providers?**

....

Please advise in which sector you work with BWS (/LCL/FCL/courier shipments, etc.)?

....

How regular you have shipment with BWS?

....

Question 4: **Please rate your opinion on a scale 1 – 5. (1 --- Strongly disagree, 5 --- Strongly agree)**

Nr	Dimensions	Criteria	Rate
1	**Tangible**	Company website/web booking Compass is easy to use	
2		Company website/web booking Compass is reliable with information (shipment status, tracking, etc.) updated regularly	

3	**Reliability**	Always deliver goods on time	
4		Keep and follow promise/agreement	
5		Try to avoid mistakes and accident	
6		Free resolve when there are errors in documentation	
7	**Responsiveness**	Always quick and efficient respond to customer demand.	
8		Always notify in advance about shipment progress (pre alert, etc.)	
9		Always willing to provide prompt services	
10	**Assurance**	Provide accurate service at first time	
11		Resolve all complaints/solve problems satisfactorily	
12		You have complete trust on BWS that they have enough job knowledge and experience to handle your shipment	
13		BWS staffs are always polite and helpful	
14		You feel safe when making transactions and their invoices/documentations are correct	
15	**Empathy**	Always willing to assist and have flexibility when providing on-demand, additional services	
16		Understand and provide customized, specific need for you	
17		There is at least one employee who is fully in charge of your shipments at all time	
18	**Others**	Overall quality of service performance	
19		You will recommend BWS to your best friends/relatives	
20		You will continue to work with BWS	

Question 5: **Why did you give high/low score for the statement number …**
(depend on the respondent's answer).

....

Can you give me some examples?

....

Question 6: **Could you please name other problems you used to face when dealing with BWS**

....

When BWS closed down their office in Vantaa, do you have any difficulties?

....

Did BWS manage the transition smoothly and not bring any inconvenience to you?

....

Question 7: **Could you please give some recommendations/suggestions to improve logistics service quality in BWS?**

....

*** Thank you so much for your help again! ***

APPENDIX 2: INTERVIEW TRANSCRIBED

Interview with Christopher Sandberg (CS)

10 November 2017, phone interview

Interviewer: Phuong Nguyen (PN)

PN: **Hello. Firstly, I would like to say thank you so much for accepting my interview. The main purpose is focusing on your general opinion about BWS's sea – freight services. I will start with some background questions. Could you tell me what is your current position?**

CS: I am currently freight planner at Verkkokauppa. Basically, I am taking care of all the issue concerning transport from Asia to Finland.

PN: **How long does Verkkokauppa have partnership with BWS and how did it start?**

CS: It was from spring 2016. I was arranging yearly tender for various freight forwarders in Finland in order to get the best freight rate. BWS was among those companies I requested and they offered affordable rates in good transportation time. I decided to choose BWS for our tender since it has been a well-known freight forwarder in Finland and it has local office here in Helsinki so it will be more convenient for us when cooperate. Both brand and location of BWS attracted us.

PN: **At this moment, are you working with only BWS as a forwarder or you are working with multiple logistics providers?**

CS: We work with several freight providers: one for FCL, one for LCL and of course one for courier shipments

PN: **How regular you have shipments with BWS?**

CS: Usually, three to four times per month. Depending on the season, can be more or less.

PN: **During the time working with BWS, what is your opinion in general toward their services quality?**

CS: In general, I feel satisfied with their services. Here I want to focus only to the service but no other aspects like price, management or company strategy, etc. I feel that they are small enough to give us a personal care and attention but big enough to have good agent network abroad.

PN: **Is there any problems in their services that you want to mention?**

CS: The software Compass that we are using now for booking and saving custom clearance documents is not working very well now. The idea is great that it can help to reduce the workload when I could have a place to save all necessary documents as soon as I receive them from the shippers. Besides, the basic things that I care about is what is coming at what time so I can get all the documents in time so that I can make the booking well in advance and then the shippers just need to put the shipments on sea. Since the Compass does not update so well this information, I am worry that someday we might get shipment to Helsinki without our notice. We used to get quite updated information from Compass but not currently. I do not feel that several updates per email is the right way to go or for us at least we prefer having it online.

You probably knew about the fact that BWS closed down the sea freight department in Vantaa. I do not have a fact but I feel that it used to work better because I got better information about what is left and what is on the way. Perhaps better updates than now. It must be just temporary or just my imagination because it is hard to know how many

shipments has been arranged since the change happened. I think it will take time for the Turku's people to take control of these tasks.

PN: **Ok, next I would like you to rate your opinion on a scale 1 – 5. (1 --- Strongly disagree, 5 --- Strongly agree)**

CS:

Nr	Dimensions	Criteria	Rate
1	**Tangible**	Company website/web booking Compass is easy to use	4
2		Company website/web booking Compass is reliable with information (shipment status, tracking, etc.) updated regularly	2
3	**Reliability**	Always deliver goods on time	5
4		Keep and follow promise/agreement	5
5		Try to avoid mistakes and accident as much as possible	5
6		Free resolve when there are errors in documentation/information	5
7	**Responsiveness**	Always quick and efficient respond to customer demand.	4
8		Always notify in advance about shipment progress (pre alert, etc.)	3
9		Always willing to provide prompt services	4
10	**Assurance**	Provide accurate service at first time	4
11		Resolve all complaints/solve problems satisfactorily	4
12		You have complete trust on BWS that they have enough job knowledge and experience to handle your shipment	4
13		BWS staffs are always polite and helpful	5
14		You feel safe when making transactions and their invoices/documentations are correct	5
15	**Empathy**	Always willing to assist and have flexibility when providing on-demand, additional ser-	5

		vices	
16		Understand and provide customized, specific need for you	5
17		There is at least one employee who is fully in charge of your shipments at all time	5
18	**Overall evaluation**	Overall quality of service performance	4
19		You will recommend BWS to your best friends/relatives	5
20		You will continue to work with BWS	5

*CS's comments:

- Nr1: I have not used it that much but I open it every time I make the booking and it is pretty easy to use

- Nr 3 and 4: I am well-known that if the vessel is delays then they cannot do anything about that. Nothing was delayed because of their actions.

-Nr 13: It has never been a problem.

PN: **Could you please give some recommendations/suggestions to improve logistics service quality in BWS?**

CS: The only big issue here is the Compass system. It is a very good idea and IT solution but it does not work, as it should. In addition, when they make big changes that affect customer like shutting down the office in Vantaa and change it to Turku, the management should be more active and telling how it will affect us: who is the contact person, what is the address to send documents, etc. I do understand that it was a surprise even for them since it was a new situation but it will be more convincing for the clients if you get the full package: what is happening, what is the new operational procedure, what is the new contact information, etc.

PN: **Can you tell me a bit more about how the transition went and did it bring much inconvenience to you**?

CS: They had some kind of IT problem recently. They apologised that our email address was not in BWS's posting list so that they could not inform me earlier that the office had shifted to Turku. We have worked with Turku people from the end of September and so far, the information flow is the only problem. All the shipments went well and I

had new contact person from BWS handling all the issues in Finland. Therefore, I still really believe in their services.

PN: **That was also the last question for my interview. Thank you so much for your time and wish you a nice weekend!**

APPENDIX 3: INTERVIEW TRANSCRIBED

Interview with Jesse Valo (JV)

13 December 2017, phone interview

Interviewer: Phuong Nguyen (PN)

PN: **Hello. Firstly, I would like to say thank you so much for accepting my interview. The main purpose is focusing on your general opinion about BWS's sea – freight services. I will start with some background questions. Could you tell me what is your current position?**

JV: I am the owner of the Lemmikki and at the same time, I am responsible for all procurement in the company, including freight purchase.

PN: **What kind of products you are importing?**

JV: Almost everything relates to pet. We use BWS with shipments of dog food, cat food, etc.

PN: **How long does your company have partnership with BWS and how did it start?**

JV: Almost 2.5 years. One of their sale representatives -Ville Sulonen- visited our store and gave his contact details to us. We felt that their services and price is suitable for us.

PN: **At this moment, are you working with only BWS as a forwarder or you are working with multiple logistics providers?**

JV: We are working with several logistic providers now. We keep using different forwarders for shipments coming from different countries/areas. BWS mostly facilitates for all shipments coming from UK, both FCL and LCL. One time we requested a shipment from Peru but it could not happen because of so many problems so we requested services from other forwarder. We are importing life species for example tomorrow we have one shipment coming from Thailand.

PN: **How regular you have shipments with BWS?**

JV: Twice a month.

PN: **Is there any problems in their services that you want to mention?**

JV: There are no problems with their people or the price. My biggest concern is that they delay all the time with the shipments from UK to Finland. For example, they informed us the ship should have left on Friday so we could get the goods in our warehouse on Tuesday or Wednesday. Afterwards, they informed us that the ship left on Sunday so we received the cargo the week after on Friday. It took longer and longer time than what we expected. If the waiting time were a bit longer, I would consider switching to other forwarders that can make the delivery in much shorter time.

PN**: Did it happen regularly?**

JV: Yes, always like that. They have changed the ship schedule from Friday to Sunday every week. I do not know if BWS has anything to do with this or the shipping lines take full control of the schedule.

PN: **Does it mean BWS did not deliver the service to you on some certain days as they already promised?**

JV: No, it is not like that. The procedure is always like this: as soon as I receive the information from the supplier's factory in UK about the earliest possible loading time, I will forward all the information to BWS and they will handle the work from there to here. Usually they do not promise any time that the good will be here. They will only send us the information one or two days before the shipments arrive. We often receive the arrival notice saying that: "the ship had already been here in Helsinki, Finland. We will deliver to you tomorrow or the day after".

When the goods is picked up from the factory on Wednesday for example, it should go on that week shipment so I do not need to know separately when was the loading time, when the ship would dock, etc. What I want is that I give them all the data that on this specific day I need the shipment out from a certain factory in UK. I want to be sure that someone will collect my goods and deliver to us in the week after that. That is enough for me. I do not really need too detailed information. However, with recent schedule, sometimes we need to wait for two weeks until we can get our containers.

PN: **Do you have any difficulties with the current operational procedures with BWS?**

JV: No, not at all. I have no problems with the contact person in BWS – Ville Sulonen. Ari was the person who took responsibility for the UK market but he is not working for BWS anymore so I am currently corresponding only with Ville. He will assign the tasks too somebody else who knows what to do. Usually Tarja takes over the case. Of course,

it will be much easier if there is one person takes care of everything but current procedure is fine.

PN: **Do you use the Compass system to make the booking?**

JVL: I do not use that one because I find it is much easier to use the email.

PN: **Ok, next I would like you to rate your opinion on a scale 1 – 5. (1 --- Strongly disagree, 5 --- Strongly agree)**

JV:

Nr	Dimensions	Criteria	Rate
1	**Tangible**	Company website/web booking Compass is easy to use	3
2		Company website/web booking Compass is reliable with information (shipment status, tracking, etc.) updated regularly	x
3	**Reliability**	Always deliver goods on time	3
4		Keep and follow promise/agreement	4
5		Try to avoid mistakes and accident as much as possible	4
6		Free resolve when there are errors in documentation/information	4
7	**Responsiveness**	Always quick and efficient respond to customer demand.	4
8		Always notify in advance about shipment progress (pre alert, etc.)	3
9		Always willing to provide prompt services	4
10	**Assurance**	Provide accurate service at first time	4
11		Resolve all complaints/solve problems satisfactorily	4
12		You have complete trust on BWS that they have enough job knowledge and experience to handle your shipment	3
13		BWS staffs are always polite and helpful	4
14		You feel safe when making transactions and their invoices/documentations are correct	5

15	**Empathy**	Always willing to assist and have flexibility when providing on-demand, additional services	4
16		Understand and provide customized, specific need for you	3
17		There is at least one employee who is fully in charge of your shipments at all time	3
18	**Others**	Overall quality of service performance	4
19		You will recommend BWS to your best friends/relatives	4
20		You will continue to work with BWS	4

*JV's comments:

- Nr 1 and 2: I think the idea of Compass is good but I feel it is easier for me with the current procedures; I do not need to go to the systems and upload everything there. I just need to forward all details to Ville. That is why I cannot judge how reliable it is.

- Nr 3: Delaying is the main problem I am facing now but I am not sure whether it is BWS's or shipping lines' responsibility.

- Nr 4: Yes, they tried their best always.

- Nr 5: Never have any big accidents.

- Nr 6: Never happen anything like that

- Nr 8: I do not have opinion about it at all. I actually told Ville that I do not need that much information since I am getting already 200 emails a day. I do not want to do anything excess if avoidable.

- Nr 11: Never happen anything like that. Few times have to ask where the goods is but somebody would solve it and inform me.

- Nr 12: With the regular shipments of pet products from UK, they are doing fine. However, with the life species shipments, I think they do not know what to do. It was the shipment from Peru: local BWS's agent did not know everything what was needed so he could not calculate the total price for me. Thus, the supplier could not trust and give the fish to BWS

- Nr 15: Almost every time I make the booking, things happen as I wish since I proceed everything far in advance. I cannot have some requirements like I have shipment ready today and I want it tomorrow.

- Nr 16: Because of life species shipments. That is something needed to work but I must discuss the whole process with Ville or someone else at the origin side about all requirements.

- Nr 18: Disregarding the fish shipment, I will give a four. Because that fish shipment is the only one I have tried with BWS so far. I do not want it to affect the whole judgement

- Nr 19: Sure. With the one I know I will give the recommendation but with the other one or with the transport of life species, I cannot say now.

-Nr 20: Quite likely. If the delay is not something BWS can do, I will call Ville and discuss.

PN: **Could you please give some recommendations/suggestions to improve logistics service quality in BWS?**

JV: No, not really. I am looking forward to the shipments of life fishes coming from abroad. I will try with Ville sometimes if the origin suppliers do not really know what they need to do.

PN: **I have no more questions to ask. Thank you so much for your time and wish you a nice evening!**