

DISTRIBUTION CENTERS OF AMERICA (DCA)

New Study Finds Regional Warehouseers More Responsive to Customer Requirements



**2005 Survey of Consultants & LSPs
Identifying What's Important in Selecting Warehousing Services
And Comparing Regional to National Providers**

*Conducted by Carrollco Marketing Services
Michele Carroll, M.I.B.S., Dr. Mark Moore & Andriy Mysyk*

Distribution Centers of America (DCA) commissioned a 2005 survey of consultants and Logistics Service Providers (LSPs) to refresh findings as to what's important in selecting warehousing service providers in the US, and comparing regional service providers to their larger, national competitors. The findings add dimension to the 2002 study of manufacturers' sponsored by DCA and conducted by Ohio University Assistant Professor of Marketing Christopher R. Moberg and Thomas W. Speh, of Miami University.

The findings add dimension to the 2002 study of manufacturers sponsored by DCA. Speh and Moberg found 'service responsiveness,' and 'quality of management' were the two most important attributes for large manufacturers, and they graded regional providers higher than nationals on both. These two attributes are also among the most important factors to consultants and LSPs selecting warehouse service providers in 2005, with 'systems and investment in technology,' falling between them. Consultants and LSPs noted that systems as a factor, is frequently outweighed, in the final decision, by local management strength and 'alignment to client culture and vision' — all perceived as distinct service advantages of regional warehousing and logistics providers.

As 'ethics,' ranked prominently in importance to manufacturers, 'trust,' emerged as critical to consultants and LSPs.

What's Most Important to you in selecting a Warehousing Services Provider?

1. Responsiveness to my customers' service requirements (11/21)
2. Systems/ investment in technology (9/21)
3. Quality of management (7/21)
4. Cost (6/21)
5. Specific channel/market knowledge (5/21)

New Study Finds Regional Warehouseers More Responsive to Customer Requirements (cont'd)



When asked which type of service provider consultants and LSP's prefer to work with, the loud and clear response from a strong majority of respondents, is 'It depends' on the specific customer situation, needs and priorities.

Preference: National vs. Regional

The loud and clear answer from nearly all respondents is, **'It depends.'**

- **Regionals are preferred by a strong majority 'all things being equal,'**
 - **Because they're more responsive to my clients' service**
-
- National providers are preferred when customers seek to consolidate operations, work with fewer providers and gain more centralized control
 - Regional providers are preferred by consultants and LSPs more often – for reasons of responsiveness to customer requirements, flexibility and alignment to the culture and vision of the outsourcing customer.

There is still nothing better than the service provider that knows his locale, has systems to run the operation efficiently and people you can trust. While a national *may* have those characteristics in a given location, consultants and LSPs most often prefer to work with regional providers who *are* these things – by definition.

Sample & Methodology:

- 63 Telephone contacts with 167 individuals at 141 companies
- 21 completed interviews
- 16% of subject matter experts (SME) Pool
- SME defined as member of the Council of Supply Chain Management (CSCMP), CSCMP Directory of Consultants, Warehousing & Education Research Council (WERC), and data drawn from relevant trade journals
- Distilled by phone contact to firms actively involved in service provider selection in 2005.