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The establishment of industrial branding through dyadic logistics partnership success (LPS): the case of the Malaysian automotive and logistics industry

by

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Abstract

Logistics partnerships across dyadic and triadic relationship networks have been the basis of extensive research in the extant literature. It is well understood that competitive advantage within logistics and distribution and within supply chains are driven by value-adding aspects of not only the core competencies of each tier in the network, but also via tangential supporting factors. It is also well understood that there is a strong relationship between logistics and distribution and marketing functions, particularly in product-based organisations. In addition to deepening our understanding of how successful partnerships throughout the source–make–deliver continuum can be optimised this research also seeks to identify how a supporting element in terms of industrial branding and marketing can lead to relational sustainability. Hence this paper outlines the relationship between logistics partnership success (LPS) factors and the inherent link to industrial branding establishment and business sustainability within the Malaysian automotive industry (specifically, car manufacturers). Adopting a multiple case study approach, findings suggest there is a strong association between logistics service performance (LSP) provided by the third party logistics provider (TPLP) and the development and support of a mutual brand image for both the TPLP and the car manufacturer. We contribute to the extant literature on logistics partnership and industrial branding through linking LSP with the creation and maintenance of an industrial branding strategy for both parties in the context of the Malaysian automotive industry.

Keywords
Industrial branding, dyadic logistics partnership, logistics partnership success (LPS), logistics service performance (LSP).
1. Introduction

Within many contemporary business contexts, there is increasing recognition that firms need to develop and maintain close and long-term relationships with their third party logistics providers (TPLPs) (Daugherty, 2011; Golicic and Mentzer, 2006). This is partly due to the high cost of the logistics activity and that most channel members (suppliers, manufacturers, wholesalers and retailers) do not possess the capabilities or the expertise required to undertake this activity in-house (Daugherty, 2011; Leeuw and Fransoo, 2009). Firms believe that success is not only derived from the product offered, but critically from its relationships with channel members. Without a foundation of solid relationships, it is likely that any attempts to effectively control supply chain activities will flounder (Lambert, Knemeyer, and Gardner, 2004). More recently, it has been argued that not only has relationship building contributed towards supply chain effectiveness but that it is also related to the strengthening of the brand image amongst the key players in the supply chain (Davis, Golicic, and Marquardt, 2009). This in turn will enhance profitability, and thus sustain the relationships that have been formed (Scott, 2005).

Strong brands may be considered key sources of sustainable competitive advantage in business-to-business environments (Gordon, Calantone, and Di Benedetto, 1993; Kumar, Bohling and Ladda, 2003). Industrial branding presents a company image by emphasising the added value or benefits of its critical success factors such as its distribution activity. The strength of a brand is dependent on how attributes such as effectiveness in distribution are marketed (Kotler and Armstrong, 2010). It has been argued that industrial branding could be conceptualised from the perspective of the industrial buyer (Mudambi, Doyle, and Wong, 1997). Industrial buyers are considered to be more rationally concerned with determinants such as product performance, product quality, delivery, service and price (Shipley and
Howard, 1993). While there has been some investigation into the nature of the buyer–TPLP relationship (also known as the logistics partnership), there is still a void in respect of how parties could establish dyadic relationships and achieve mutual benefit in terms of establishing their respective company images. Reflecting recent calls for further empirical research to be undertaken to improve our understanding of logistics partnership sustainability, this research concentrates on the contributing factors to successful industrial branding co-creation from a dyadic perspective in pursuit of logistics objectives (Daugherty, 2011; Deepen, Goldsby, Knemeyer and Wallenburg, 2008; Kotler and Armstrong, 2010; Marquardt, Golicic and Davis, 2011). In fact, knowledge of branding practice in B2B service contexts that relates to logistics partnership success is still limited (Davis, Golicic and Marquardt, 2008; Marquardt, Golicic and Davis, 2011).

Hence, it is proposed that branding can be supported and sustained by the use of an external party - such as a TPLP - for instance when the product is delivered by the TPLP in a way that the customer (industrial buyer) understands, desires, and is willing to pay for.

The paper is structured as follows. Our conceptual discussion starts with a review of the extant literature regarding the concepts of the contributing factors in a dyadic logistics partnership between a buyer and TPLP and then investigates what comprises a successful dyadic partnership. On this basis, we build on the analytical framework for successful dyadic partnerships and industrial branding development. After describing our research context and methodology, we discuss the findings of five empirical case studies. We conclude with theoretical and managerial implications, present the limitations of the study, and suggest new avenues for future research directions.
2. Literature review and research questions

2.1 Contributing factors to logistics partnership success

A substantial body of work recognises that the use of TPLPs to perform inbound and outbound logistics in the distribution activity is becoming widespread worldwide as most organisations are realising that they require vast improvements in their logistics to ensure the improved effectiveness of their supply chain (Leuuw and Fransoo, 2009). We are in agreement with the view expressed in past research recognising that supply chains can be strengthened through establishing longer-term and mutually-beneficial relationships among members in the supply chain (Bowerson, Closs, and Cooper, 2010; Ellram and Cooper, 1990). Therefore, it appears that developing a long-term relationship with a TPLP is vital in supply chain (product-centric) delivery activities, since the TPLP becomes an inherent part of the chain. However, it can be argued that research focusing on TPLPs in terms of developing a successful logistics partnership with its partner is still lacking and underdeveloped (Daugherty, 2011 and Marasco, 2008). Little insight has emerged from previous work as to what factors shape logistics partnership success (LPS). In this paper we wish to explore successful dyadic logistics relationships, looking at industrial branding from a dyadic perspective.

As far as the relationship with the TPLP is concerned, this is the area where the least amount of research has been conducted. Previous research has attempted to explain the establishment and maintenance of the dyadic relationship (Paulraj, Lado, and Chen, 2008) and whilst Ackerman (1996) has given several reasons why logistics partnerships can succeed
based upon relational values, the key underlying factors remain to be on-time delivery performance; and a lack of understanding from each party regarding the logistics objectives to be achieved. However, these arguments have largely been based upon conceptual and assumption-based notions rather than on empirical research. Lambert, Emmelhainz, and Gardner (1999) also developed a model of the partnering process in logistics partnerships, noting that the relationship or partnership becomes strong and succeeds when there are strong drivers for mutual benefits, joint planning, two-way communication, risk and rewards sharing, trust and commitment, and a contract which is produced in a style that facilitates the liaison between the two parties.

Notwithstanding the above research by Capgemini et al. (2007) and Lieb and Bentz (2005) agree that there tends to be a change in the nature of the TPLP relationship when coordinating forces as identified by Lambert et al. (2004) are driven by both financial and relationship factors (Rese, 2006). In a study by Wallenburg et al. (2010) concentrating on the improvements gained by users of logistics service providers in Germany and the United States, a scale was established for the measurement of improvements such as the contribution to cost-cutting and overall performance improvement. This is in a similar vein as Lambert et al. (2004). Also, as suggested by Langley (2008) and Wallenburg et al. (2010), proactive improvements by logistics service providers might be low in frequency and volume, and this may be one reason why logistics partnerships such as TPLPs routinely fail. This aspect of logistics partnership success is rarely developed in the literature, and hence is another reason why the authors wish to expand and explore the key contributing factors of partnership success in the wider logistics context. We argue that as past studies have paid greater attention to the customer (for example, Chen et al. 2010; Knemeyer and Murphy, 2004; Sinkovics and Roath, 2004; Wallenburg, 2009), the literature lacks a complete investigation
regarding the perspectives of both dyads in the logistics partnership. Hence, further research on this subject is necessary and timely.

Against this background, and at the same time, there has been a call from Daugherty (2011) and Marasco (2008) for future research to explore the factors and processes that bond partners and strengthen the chain relationship. This reflects the fact that there remains a serious need for both buyers and providers of logistics activities to better understand the nature of their relationship. Therefore, there is strong motivation on the part of the researchers to understand the key contributing success factors of the logistics partnership between the buyer and the TPLP. Following this line of reasoning, a first research question can be formulated as follows:

**RQ1: What are the factors that affect successful dyadic logistics partnerships?**

2.2 The outcome from LPS and industrial branding creation

It is envisaged that having identified what constitutes a successful logistics partnership the study will implicitly highlight the benefits to be gained by both parties. In today’s competitive business environment, customers in the business-to-business (B2B) arena have more information, access to more choices, are more sophisticated and, as a result, have higher expectations than ever before. For the marketers of industrial products, the end result of this highly competitive environment has put forth a greater effort to create some form of product differentiation to avoid their products being viewed as commodities. To cope with these challenges and to avoid this commoditisation, an increasing number of B2B marketers are seeking to brand their products to differentiate themselves from their competitors.
Thus, to conclude, by forging a successful business relationship with their buyer, the TPLP also gains and could differentiate itself or increase its company visibility when serving large companies and increase its reputation based on testimonials (Davis, Golicic, and Marquardt, 2009). Hence causing a positive relationship between logistics performance and branding strategy.

Logistics services in the supply chain can be considered a commodity, with hundreds of thousands of logistics companies (i.e. carriers, warehousing firms and TPLPs) competing to provide similar services to many of the same customers. Most firms typically use a small number of unknown providers (Baker, 1984; Fuller, O’Conor, and Rawlinson, 1993; Gordon, 2003). As customers search for potential providers in this highly competitive marketplace, logistics service providers must find ways to differentiate themselves and their service offerings in order to help them compete. Next, the question is how the brand can be established? In B2B context, there are very few studies relating to branding in the logistics context when compared to other service contexts, such as banking etc.

While “virtually all discussions of branding are framed in a consumer marketing context”, branding is as important and valuable to B2B marketers as it is to consumer marketers (Webster and Keller, 2004, p. 388). The brand acts as a guarantee of quality,
increasing customers’ confidence in their expectations being met (Dall’Olmo Riley and de Chernatony, 2000). Studies of branding more often examine brands associated with physical goods, compared to service brands. Branding is “just as relevant to services” as it is goods, given the difficulty in differentiating products that lack physical differences and the intense competition inherent within service markets (Berry, 2000, p.128). However, differences in the nature of goods and services lead to differences in branding. Marquardt, Golicic and Davis (2011, p.48) in their paper present the difference between B2B and B2C in a form of good example; the locus of physical goods brand is the product itself (e.g., Oreo cookies), while the locus of a service brand is the company, rather than the service (e.g., H&R Block). In another word, B2B services are high on experience and credence attributes, making such purchases less tangible and more complicated compared to the purchase of goods (Armstrong and Kotler, 2007). Under such conditions, effective brand management is crucial to firm success (Zeithaml, 1981).

A growing body of evidence supports the importance of brands and brand management for business sustainability across multiple industries (Gordon, Calantone, and Di Benedetto, 1993; Kuhn, Albert, and Pope, 2009; Sinclair and Seward, 1988). Although there is an increasing amount of literature on B2B brands, little is known regarding branding in the context of logistics services. Furthermore, as recently as 2008, a call was made for empirical demonstration of the brand in a supply chain relationship (Glaser, 2008). In a supply chain relationship, such as the logistics service context, every interaction between a firm and its stakeholders becomes an input to brand image. A service brand communicates a commitment to providing a certain kind of experience; as a result it is critical that logistics service firms ensure that everyone in the organisation understands the importance of delivering consistent,
predictable, high quality performance to the customer (Webster and Keller, 2004). To sum up, this literature suggests that industrial branding could be established from a successful logistics partnership. Consequently, the second research question in this paper can be put forward as follows:

**RQ2: Is industrial branding creation an outcome of a successful logistics partnership?**

### 2.3 LPS and industrial branding creation

There is a growing body of evidence supporting the notion that brands and brand management are important for B2B marketers (Marquardt, Golicic and Davis, 2011). Establishing industrial branding in a B2B context is associated with superior service in order to differentiate commodity-like products and avoid potentially devastating price wars (Levitt, 1980). It is agreed that customer perceptions of service, co-produced by multiple providers, can have important branding implications since service delivered by a third party can affect the brand strength and/or image of the focal firm (Simonin and Ruth, 1998). This is supported by Morgan, Deetel-schmelz and Moberg (2007) who found that post sale business services provided to the customer are likely to play an important role in building a firm’s brand image and equity, whether those services are provided by the firm or its partners. Past research examining services brands also proposed that brands are more often successfully attached to the parent firm than to an individual product (Berry, 2000; de Chernatony and Riley, 1999; Gray, 2006).
However, past research has not discovered how a successful dyadic partnership could contribute to industrial branding creation. It is important to highlight that in a logistics partnership between a TPLP and its customer, both parties are aiming to gain mutual benefit as a result of the win–win situation between them. Therefore, there is a question mark on how, actually, logistics partnerships can help both parties establish their industrial branding for mutual benefit and effect.

While research on branding in B2B service networks is lacking, researchers have begun to examine service quality, customer evaluations of service, and branding from an industrial perspective (Davis, Golicic and Marquardt, 2009; Marquardt, Golicic and Davis, 2011). Bolton et al. (2003) took an important first step in studying customer service evaluations by business customers, finding that both the functional and technical qualities of service delivery influenced business customer evaluations. It has also been recognised that the strength of a service brand is primarily driven by attributes of the firm such as the quality of the service, the people standing behind the service and supplier/customer relationships (Berry, 2000; Gordon, Calantone, and di Benedetto, 1993; Mc Donald, de Chernatony, and Harris, 2001). Indeed, Glaser (2008, p. 726) specifically argued for the importance of the brand in the context of the supply chain in that “the brand is the one mechanism that unites both the supply and demand sides”. While differences between B2B and business-to-consumers (B2C) brands clearly exist, there are also similarities as “industrial markets are characterised by their buyers, not their product” (Webster and Keller, 2004, p. 391). This issue can be formulated as a further research question, as follows:

**RQ3:** How can dyadic logistics partnership success contribute to industrial branding creation?
3. Research context and methodology

For the purposes of this paper, we subscribe to a qualitative research methodology by employing a multiple case study method. This is in line with advice from Martinez and Poole (2004, p. 236) that “a qualitative approach is the appropriate methodology as the starting point in theory building”. We concur with the suggestion of Meriam (1998); a qualitative approach is required when the research objective is to understand phenomena or to interpret the uniqueness of an event. In practice we undertook a comprehensive review of the literature to identify gaps, and then linked them to study the success of logistics partnerships to develop and enhance the theory. This approach is therefore a departure from “traditional” research carried out in the fields of logistics and strategic marketing / branding where more quantitative measures are sought from a deductivist perspective. For this reason, this enquiry into logistics performance and branding is also novel.

We chose to use multiple case studies because as identified in the extant literature, it is a method well suited to understanding logistics partnership success in order to secure a clearer understanding of the observable phenomena (Aastrup and Halldorsson, 2008; Ellram, 1996; Flyvbjerg, 2006; Naslund, 2002), where indeed the case study approach is derived from the “desire to understand complex phenomena” (Yin, 2003, p. 2). For the purpose of increasing the reliability of this research, we followed the well-established methodological guideline of a case study protocol (Eisenhardt, 1989) and as suggested by other researchers
3.1 Context

The focal case is the Malaysian automotive and logistics industry and its dyadic relationship between the car manufacturer (CM) and TPLP. This context provides us with a fruitful setting to study dyadic logistics partnerships around a common issue, and enables us to make new theoretical insights on the logistics partnership from an Eastern perspective which are rarely explored. This is vital as there is little prior research into B2B branding from an Eastern perspective especially of logistics which is a key element of ‘place’ in the marketing mix (as compared to Western hemisphere business practices and norms). Conversely, the use of a TPLP for both inbound and outbound logistics in the West is usually the same provider.

Moreover, our focus of the current research is on the outbound aspect as it pertains to the transportation of high value products – cars - directly to the end customer, which will affect customer satisfaction and company reputation. Due to this distinctive aspect within the Malaysian automotive industry, it is justified that it could offer new insight for the theory of logistics and supply chain management concerning the issue of logistics and branding from the Eastern perspectives. The combination of several gaps and problems found in the literature and real issues in industry also enhance the TPLP theory and demonstrate the novelty of this research. It could be declared that this research fulfils the call from previous research for more research from different aspects, angles and methods in logistics relationships (Bourlakis and Melewar, 2011; Marasco, 2008).
The automotive industry is important to the Malaysian economy; according to the deputy prime minister of Malaysia “the car industry in Malaysia needs to be energised and revitalised” (Yassin, 2009). He adds that the industry must focus on operations and cost efficiency to reduce cost, increase productivity and sell more through innovative marketing strategies. Moreover, he announced Malaysia’s position as one of Southeast Asia’s largest passenger vehicle markets accounting for about half a million vehicles sold annually. The automotive industry is recognised as a significant and strategic industry in the manufacturing sector since, when compared with other industries in that sector, it can be seen that it has significantly boosted the industrialisation process, thereby making a very positive contribution towards achieving Malaysia’s aim of developed status by 2020 (MITI, 2008). The automotive and logistics context is chosen because it is an appropriate context to answer research questions given the prior discussions around buyer-supplier dyads, development of logistics relationships, the importance of industrial branding and reputation building – and a paucity of empirical research in the area.

Fundamentally, the industry chosen, known as the “industry of industries” in the twentieth century, is considered one of the most globalised industries, today, in each region (Dicken, 2007) – and hence is a fitting context also for the research questions.

With regard to the logistics issue, as in many other countries, globalisation has led many Malaysian companies to use TPLPs in order to focus on their core competencies. Given the growth market of Malaysia and its focus on industrial developments, the trend for third party logistics provision to be featured in all types of industry is vitally apparent in Malaysia. In fact in Malaysia, 99 per cent of the use of TPLPs is largely for domestic operations (Sohail and Sohal, 2003). That said, the Malaysian automotive industry does make heavy use of
TPLPs when compared to other industrial sectors; one reason for this is the fact that automotive manufacturing companies need to concentrate on their core activities which involve producing and assembling cars.

The Malaysian logistics industry is recognised as part of the service sector and, as announced by the Malaysian minister of trade and industry, it should receive special attention in order for it to support other industries in the supply chain process, especially concerning warehousing and delivery (Mohamad, 2010). It should, however, be noted that the logistics industry in Malaysia is highly fragmented, with multiple players operating across nearly all market segments. Indeed, Mustafa and Potter (2009) observe that the trend in Malaysia is to concentrate on outsourcing of logistics activities, so it is not surprising that almost all market segments are represented. This situation may well have occurred in response to the Malaysian government’s acknowledgement of the importance of the logistics industry to the overall development of the country’s economy, and to the subsequent attractive incentives it has offered to eligible companies undertaking integrated logistics services that cover the entire supply chain.

Such integrated services include the procurement of software and hardware, warehousing, distribution (transportation and freight services), packaging activities and customs clearance (MIDA, 2007). However, despite the obvious importance placed upon the industry, it is notable that there is a lack of research and development within it when compared to other (and especially Western) countries. Furthermore, whilst both practitioners and academics in Malaysia are aware of the crucial role played by logistics in the supply chain, the fact remains that research efforts are few (Md Ali et al., 2008). While, there has
been extensive research on TPLPs from the Western context, only two papers – from Sohail and Sohal (2003) and Sohail, Bhatnagar and Sohal (2006) – focus on TPLPs in Malaysia.

While previous studies provide a useful overview, we believe that their predominantly deductive, survey-based methodologies are in need of augmentation with inductive, interpretive case study research as there is a difference between the practice of Eastern and Western TPLPs and also little prior research into B2B branding especially of logistics, as explained at the beginning of this section. As such, the authors restrict the present study to the unit of analysis within a dyadic relationship, between the CM and TPLP in the Malaysian automotive context. Each perspective provides us with rich contextual data.

3.2 Data

Given that at present, there are a total of twelve car manufacturers and assemblers (both domestic and foreign) operating in Malaysia, this was the basis for selecting the sample for the study. Both car manufacturers and car assemblers were considered as part of the sample selection exercise. It should be noted that the basis of the selection of these companies is their market share within the industry. Additionally, the TPLPs involved in this research are their key TPLPs.

The research uses multiple data sources such as semi-structured interviews, observation and documents such as logistics service performance (LSP) evaluation reports from the organisations involved to gain the broadest possible range of information from a range of perspectives to ensure coverage and to facilitate triangulation (Yin, 2003). We ensure that what the interviewee says concurs with what we observed and what is stated in the document.

The main source of data for each case was the semi-structured interviews, supplemented with company related documents, observations and photographs. Altogether,
15 interviews were conducted in 10 organisations representing five dyadic relationships, which are hence interpreted as five separate case studies (see Table 1).

**Insert Table 1 here**

Previous research shows added value is derived from interviewing more than one person or multiple respondents in one firm (Goffin, Lemke and Szwejczewski, 2006; Krause, 1999) as it can provide more insight or information into the phenomena. Hence the authors explored these five case studies in order to ensure a deep understanding of the phenomena to be investigated, and to maximise the chances of reaching theoretical saturation concerning the CM-TPLP relationship, as well as to improve the opportunity for generalisation to a wider context. In order to achieve validation and verification, interviews were subsequently arranged with two respondents from each organisation. However, for various acceptable reasons, some of the cases could only secure one interviewee from each organisation.

The interview protocol used for the semi structured interviews followed the thematic structure as in Table 2.

**Insert Table 2 here**

All the interviews were conducted in Malaysia with representatives of national and multinational CMs and TPLPs. Each interview was of a maximum duration of one hour, and all interviews were digitally recorded and subsequently transcribed immediately. Interviews were conducted to gain the perspectives of both the CM and TPLP. Each interview was conducted on a one-to-one basis and contributed to a rich dialogue between the data, concepts and researcher perceptions when conducting the analysis. The interviews were completed in English as people involved in the business sector in Malaysia are recognised to be proficient

in the English language (Lim, 2001). During the interview process, we acted as a neutral medium through which questions and answers were transmitted in order to avoid or reduce data bias (Irani, 2002). Hence translation and interpretation bias was mitigated, as far as possible, at source.

We are in accord with the claim by Shaughnessy and Zechmeister (1994) that interviewer bias often results from the use of probes and follow up questions used to clarify and elaborate unclear or incomplete answers. Consequently, in trying to clarify the respondent’s answers, we ensured that we did not introduce any new areas of investigation, being alert to the feedback from respondents; we also avoided giving overt signals, such as smiles and nods (Irani, 2002).

In addition, the researchers took advantage of the opportunity to observe the natural working environment during the interviews and took note on how the TPLPs worked for their respective partners, e.g. the interviewees allowed us to visit the loading area to observe how the loading process was executed and we were able to take photographs. This was a useful point of triangulation to the empirical data captured and is encouraged when the environment for study allows it (Irani, 2002). During the interview, documents such as logistics service performance evaluation forms were shown by some of the interviewee as part of their explanations. Given company confidentiality this information cannot be presented as part of this paper.

3.3 Data analysis

Given the complex unit of analysis (dyadic relationship) our data analysis consisted of a number of iterative steps. The first step involved transcription of interview responses. Since all the interviews were recorded for the repetition process of data analysis and interpretation
data, the data can be guaranteed as stable or consistent. The second step involved transferring all the textual data (including notes from observations and photographs) to CAQDAS (Computer Assisted Qualitative Data Analysis Software) software – in this respect, nVivo9 was used to manage and organise the data systematically while conducting the coding process (Bazeley, 2007; Lewins and Silver, 2007).

This involved matrix coding and text queries in the software in order to help us consider what the interviewees said about key contributing factors and outcomes. Before the coding process, we undertook peer debriefing where data were discussed with colleagues during the analysis stage to avoid bias in interpretation of the data in order to maintain internal validity (Lincoln and Guba, 1985). The coding was then completed by a member of the research team who is experienced in qualitative study. During the coding process conducted by single rater, we coded the data in which we read line-by-line through the text data repeatedly in order to break down the data, develop coding and make connections between each construct via the process referred to as data reduction (Miles and Huberman, 1994). However, since we initially established an interview protocol, our coding process was guided by the interview themes developed earlier.

Data was subsequently analysed using the thematic QCA (Qualitative Content Analysis) approach as advocated by (Miles and Huberman, 1994; Kolbarcher, 2006) when the context of the data collection and research design is based upon interpretive methods where the qualitative research instruments such as interviews and observations are concerned.

Within-case analysis was firstly conducted followed by cross-case analysis, where similarities and differences amongst the cases were then identified. In this step, when the theoretical saturation was reached, the researchers were then gathered and identified all the

Key factors and outcomes that contributed to benefit both the CM-TPLP in the context of the aim of identifying LPS (and the subsequent linkage to the industrial branding quotient). It is important to note that in order to sustain the methodological trustworthiness of the study, the authors wished to maintain consideration of credibility, transferability, dependability and confirmability of the data throughout the coding-to-analysis process (Lincoln and Guba, 1985).

4. Findings

Noting the research methodology shown, and noting constraints of presentation, summarised findings from the empirical study are now presented in terms of the thematic flow per research question as shown in Table 2.

4.1 Exploring RQ1

In response to the first research question, it was found that LSP is a key contributing factor to a successful logistics partnership between a CM/TPLP in the Malaysian automotive industry. This is in the sense that as far as the logistics context is concerned, as the customer searches for potential providers for logistics services within the marketplace, the TPLP must create a compelling value proposition as an important part of managing their relationship with the CM (in order to retain it). All five cases emphasised the importance of LSP with a parameters of support, delivery time, product quality and a “route” for the successful delivery of goods between CM and TPLP. All interviewees agreed that these factors were already within their contract agreements, deviation from which would lead to penalties and termination of the contractual relationship.
In fact, the experience with LSP incorporates the quality of the provider’s performance, as well as the relationship between the provider and customer which will create trust, and as a result, show the key difference between the providers (Marquardt, Gol cic and Davis, 2011). Accordingly, positive customer experience can lead to relational sustainability. Additionally it was found that LSP is measured on a monthly basis and evaluated on an annual term as one respondent commented. The four key parameters under LSP are now detailed further.

Support

Our findings show the first theme reflected the LSP is support. Support, here, means the number of car carriers that the TPLP should provide every day as stipulated in the contract of agreement between the CM and TPLP. The CM considered support is the main factor to maintain the relationship. This is important in the context of CM and TPLP relationship because, for instance, if the delivery of cars needs to go ‘outstation’ and will not be back within one day, the lack of a car carrier would not cause a problem to the CM. In a representative example of Case 1, one CM emphasised the reason that they are loyal to TPLP A is because they are big players and do not have any problems with the support factor. Failure in providing enough number of car carriers will cause a failure in partnership. One of the respondents from this case commented:

“The support services are vital because our daily load is abundant. So if they can only give us little support, then we would have to find other contractors.”

This identifies the importance of support and the link to the LPS. If the support was provided by TPLP without fail, this will create trust among CM towards TPLP. As mentioned earlier, in the B2B context, the customer is relying on their experience with the provider. In
this case, if the CM is happy with the experience with this TPLP, they will not have a problem to sustain the relationship. One of the CM stated:

“It is clearly stated that if they fail to do certain things, we have the right to terminate them. Everything is very transparent in this sense.”

According to one of our CM interviewees, the CM required approximately 20 car carriers per day, depending on the production volume. One interviewee clarified:

“This means that today, for instance, in our plan they are required to give us 20 car carriers as the factory here will release cars. And we also need 20 trucks for tomorrow, so they will have to send out 20 trucks.”

This quotation identifies the importance of LSP in the logistics partnership. Although the extant literature suggests that in any successful partnership the provider must follow and fulfil the CM needs, in the automotive logistics context it is not proven that this is vital for successful logistics partnership in the outbound delivery. On the contrary, delivery time and the quality of the product when it reaches the end consumer is another key factor.

Delivery time

As discussed earlier, in the industrial branding context, experience of the customer with their provider may help to establish and sustain a partnership (through reputational and other branding factors). In logistics partnerships, delivery time is a key determining factor (and in automotive logistics this is the number of days needed to transport cars to dealers). Long delay times have a downstream effect on the customers of the CM leading to reputational damage (and hence loss of brand affiliation), noting the corporate reputation definition of Lai et al. (2010, p. 458) as the “overall impression reflecting the perception of a
collective stakeholder group”. As such, increasing reputation will have a positive impact upon customer satisfaction leading to increased trust between customer and the provider. Thereby increasing the potential of industrial branding impacting upon CM and also TPLP.

From our findings, the delivery load should be delivered within 24 hours for local distribution (within the Klang Valley in Malaysia as the specific example). The deadline given to the TPLP is that if they take the cars out one day, they must deliver by the next day. Marks will be deducted from the TPLP if they are not able to perform as requested. However, the delivery time is different depending upon location and outstation deliveries have different delivery lead times. One CM interviewee explained:

“For instance, if we get the cars today; the cars will be delivered by tomorrow, 24 hours delivery for the whole of Malaysia. If [the location is] Johor, we will take two days to transport the cars. If [the location is] Kedah, we can get the cars delivered today because the factory is in Kedah. Well, the location is important as well. For cars heading to the East Coast, if they are from Gurun, Kedah, the delivery will get there tomorrow.”

One interviewee explained:

“If they take the cars out today, they will have to deliver by tomorrow. If there is a delay, we will give them a demerit point [as this effects our delivery performance to the customer]. This is how we measure their performance.”

This statement emphasised the importance of the TPLP satisfying their CM through delivery time in order to positively influence the logistics partnership.

Product quality
Interviewees also emphasised product quality as an important parameter in LSP, referring to the quality of the car after delivery and including any damages to the car such as dents, scratches, missing items and accidents during delivery or during loading and unloading. However, in this case study, both parties agreed that there are not many cases of missing items and accidents happen rarely. To deal with this, the interviewees explained:

“If the cars show signs of scratches or dents, then the issue will have to be settled here first. If the cars with scratches or dents leave this place without letting us know, then the TPLP will have to be responsible.”

The interviewees emphasised that the cars received by the dealer must be in the same quality as the cars being produced. One of the CM interviewees explained to us:

“For me, the most important factor is the transfer of goods. . . I want my goods to be in the same condition when they get to my dealers.”

In order to ensure that the driver did not cause simple defects to the car, the CM can set a rule such as drivers of the car carriers are not allowed to wear any jewellery (such as rings for example) to avoid any damage to the car such as scratches. One of the TPLP interviewees explained: “The drivers are not allowed to wear rings and jewellery.” (which was subsequently corroborated by observation).

**Route**

Routing of the delivery appears to be a factor the findings. As far as possible, the CMs interviewed noted that avoiding passing through restricted areas near schools or hospitals was part of the success of the LSP. In turn, the CM requests the TPLP to follow their routes. Any
failure to follow the route would result in a penalty as this would adversely affect the delivery time and in turn, reputation of the CM/TPLP relationship (indirectly) to the end customer.

Noting these factors identified, it can be seen that for factor associated with the CM/TPLP relationship there is a linkage to industrial/corporate branding and reputation as a result of logistics performance and partnerships.

4.2 Exploring RQ2

From our findings we suggest that the creation of industrial branding for the CM and TPLP could be achieved from the success of the logistics partnership (hence LPS). This is due to the uniqueness of the logistics context, where the downstream customer can evaluate their experience of the logistics outcome as a function of one (or more) of the four factors identified in the previous section. From the findings in all cases, the interviewees agreed that the CM will benefit from the increase in their respective company’s branding reputation when the partnership is a success. This is achieved when they have excellent logistics services, such as no defects to the cars and cars delivered to the customer on time, as scheduled. This will increase the customer sales satisfaction index and decrease the customer complaint index and, from here, the CM’s company branding will rise (if only in experience and hence trust terms). At the same time, as claimed by the respondents in our findings, we found that when CM’s brand image is increased, the TPLP’s brand image also increases. This is in contrast to the literature which typically highlights only the customer perspective on changes to brand and image. By extension therefore, the company reputation of the TPLP will increase when customers become aware that they are providing a good quality service to a reputable customer (in this case, CM).
Further according to our findings, the branding of the CM and TPLP could be established when the TPLP shows a sustainable LSP. As one of the CM interviewees described:

“If the TPLP demonstrates sustainable performance gradually, their value factor will increase. With our TPLP, our customer will believe that we can deliver their cars on time.”

This comment indicates consistency in delivery will create trust to the CM’s customer which will then will reduce customer complaints and increase CM’s brand image. On the other hand, the TPLP explained to us that if their partner performs, the TPLP also performs. This comment reflects mutual benefit to the TPLP from the CM/TPLP relationship, as highlighted in this response:

“If the CM’s performance is outstanding this year, you can say the same of its TPLP.”

Another interviewee clarified that:

“If the delivery is good, they will back us up. Our reputation is maintained. They will recognise that our company provides good service to both outlet and the final customers. They help us promote our brand.”

The above comments illustrate the TPLP’s effort to achieve CM’s satisfaction and responded to their customer. In this instance, the TPLP helps CM to promote their brand through LSP. Overall, we may conclude that increase of the brand can be established when there is an improvement in the LSP provided by the TPLP. This was stressed by interviewees from both the CM and TPLP sides. For instance, when the TPLP is excellent in providing a logistics service to the CM, the CM will experience excellent distribution activity. Consequently, there are fewer delivery complaints from the outlet and also from the end customer. This indicates trust and commitment value is developed based on LSP which then
helps both parties strengthen the relationship. This is aligned with Cretu and Brodie (2007), where it is noted that industrial buyers are not only influenced by tangible attributes like price and quality, but also with intangible features such as trust. One respondent noted about their (TPLP) relationship with their CM that:

“We can improve our customer’s satisfaction index. From the customer’s point of view, our outlet is our customer, they will know that we handle our distribution well and the delivery service is also a plus.”

4.3 Exploring RQ3

From the analyses of the five cases, we found that industrial branding was recognised according to the LSP provided by the TPLP. This is achieved when there is an improvement in the LSP whereby the customer complaint index automatically decreases. In line with earlier studies (Mudambi, Doyle and Wong, 1997; Shipley and Howard, 1993) our findings indicate that branding in the business-to-business environment is related to what they provide and how they differentiate their product from other competitors. Our findings from the above discussion in section 4.1 and 4.2, confirm that when the LSP is efficient and follows what has been stated in the contract, the CM partnership will be a success. This automatically helps both parties increase their branding in the market and helps their respective companies to sustain within the business.

Our findings also suggest that industrial branding is linked to logistics partnership success between the CM and TPLP. This was stressed by the interviewees who believed that when the partnership is a success their company’s brand will improve. When their customers are happy with the LSP and no defects occur at delivery, (resulting in few complaints) this
will automatically increases the CM’s company reputation. One CM interviewee explained to us:

“Failing to meet our demand will cause a complaint from the customer and, in turn, it will affect our company reputation.”

Therefore, we may conclude that should the logistics partnership be a success, the company will experience improved LSP from the TPLP as well as a reduction in customer complaints. This was evident in case C from the following quote:

“Another thing that should be mentioned is our customer complaints. We need to consider customer service here. In fact, I notice that in the last five years, the number of complaints is decreasing. We have effective deliveries, we have efficient supply. All these explain why the number of complaints is low.”

This statement emphasised the importance of satisfying customer demand including an assessment of brand creation and how this is developed.

5. Discussion and Conclusions

In summary, the findings from this empirical study have shown a number of inter-related factors exist to support LPS and LSP between CM and TPLP in the Malaysian automotive logistics context. In relation to the three research questions posed we now suggest the following, which is also highlighted in the updated conceptual model in Figure 2. This highlights the additional factors which make up LPS and LSP – and furthermore identifies the relationship between industrial branding (reputation) and LSP as identified from the findings.
• **RQ1**: Our findings are in line with earlier studies showing that delivery time is an important parameter of LSP – but that support, route and product quality are clearly still important parts of a successful logistics partnership.

• **RQ2**: The findings demonstrate that logistics partnerships can help both parties in the CM/TPLP partnership to establish their industrial branding. Subsequently, this industrial branding will help both parties to sustain their businesses in terms of both specific company loyalty as well as the end-to-end CM/TPLP customer perception of the combined brand. This is in line with what has been recommended by Chabowski, Mena and Gonzalez-padron (2011) who suggest that developing long term relationships can increase overall organisational performance (for instance, in terms of profitability and sales growth). This is also borne out by Bansal (2005) who also suggests that a firm’s reputation can be supported by aspects of business sustainability which include partnerships (as in this case).

• **RQ3**: The role of LSP is fundamental for the purpose of creating industrial branding in the distribution channel context as the brand represents a multidimensional promise of value that includes more factors than simply the performance of the physical product. Clearly, the CM’s image (brand) can be enhanced by good performance on the part of the TPLP since delivery deadlines being met with overall good service enhances the CM’s reputation and prestige. This has been discussed by Mudambi *et al.*, (1997) who note that branding can be conceptualised from the perspective of the industrial buyer, as well as from other perspectives. In this matter, industrial buyers are thought to be more
rationally concerned with determinants such as product performance, product quality, delivery, service and price (Shipley and Howard, 1993). In addition to the performance of the physical product, a second factor integral to the success of a brand is the ability of the manufacturer to deliver the needed products and services in a timely manner, often through an intermediary (TPLP). However, intermediaries on their own will not necessarily understand the manufacturer’s strategy to differentiate the product or to create a unique identity for that brand in the desired customer segment and, therefore, enable communication of the benefits of that product to the end user (McQuiston, 2004). Therefore, through partnership with the TPLP, both parties may realise that their customer may define the value of the product by the way a customer responds to their specific need at a specific point in time. Subsequently, the TPLP must respond to their partner’s customers in a reliable, timely and efficient manner, enhancing the promise of the brand’s value in the customers’ minds and endeavouring to deliver this value in LSP. Hence the reciprocal relationship from industrial branding back to LSP can be observed.

The authors wish to conclude with several observations relating to theoretical as well as practitioner implications and avenues for future research.

5.1 Theoretical implications

This study was guided by the current need to integrate the marketing and operations issues in order to understand the link between successful logistics partnerships with industrial branding and business sustainability. We contribute to the earlier literature on logistics partnerships and industrial branding in the logistics context (Davis and Mentzer, 2009; Lambert, Knemeyer and Gardner, 2004) by looking at the factors for successful logistics
partnerships and issues that could strengthen their industrial branding. Consequently, we are able to show the interlinkages between factors of LSP in the distribution activity provided by the TPLP and the creation of industrial branding for both CMs and TPLPs.

Alongside Davis and Mentzer (2006), this paper is among the first that combines LSP literature and branding to better understand the creation of industrial branding to the TPLPs and their industrial customers. Our results extend TPLP literature with the emphasis on three key factors under LSP, namely delivery time, product quality and support (number of car carriers) for a successful logistics partnership in the automotive industry. Our results also confirm that LSP has a strong influence in creating the TPLP’s branding, in addition to that of their customer (Daugherty, 2011).

5.2 Managerial implications

Practitioners should also recognise the importance of their TPLP in performing their marketing activity (distribution) to ensure their product reaches customers on time. We have proved that the importance of the service provided by the TPLP will increase company branding through customer evaluation of the logistics activity. Consequently, the business of both parties in the dyadic logistics partnership (CM and TPLP) could be sustained in the industry.

Our findings suggest that B2B service providers should first pay attention to developing and differentiated value proposition that focuses on customer’s experiences. They should ensure favourable customer experiences with the company brand with the goal of enhancing the brand meaning with customer through differentiate themselves from other provider through excellent LSP. Following these steps will help TPLP to sustain in the partnership, thereby increasing brand name.
Certainly a strong brand name can be crucial to organisational success and business sustainability. Additionally, the strength of the brand takes on greater importance when that brand could be affected by a partner firm, in this case, the TPLP. Industrial organisations are, therefore, advised to be aware of the brand image and the strength of that image, and to consider likely ramifications should a partner firm deliver poor service to a customer. The focal firm also needs to be aware of the strength of the brand relationship with partner firms. If the focal firm has faith in the partner firm and the customer perceives the link to be weak, the focal firm may take steps to build that relationship.

5.3 Limitations of the study

At least two main limitations were identified in the current analysis. The first concerns the contributing factors for industrial branding. This research does not include any other operational factors that may influence the success of logistics partnerships and consequently affect the industrial branding in addition. The second concerns the context of this study. This study looks at one particular industry, namely the automotive industry from an Eastern perspective, Malaysia. Therefore, continued research should also look at other important industries and other countries. A comparison study between two industries, or between two countries, Eastern and Western, might offer better understanding and interesting findings.

5.4 Future research directions

By investigating a dyadic logistics partnership success by establishing industrial branding, we have taken an important step in furthering theory development in this new area of research. Clearly, the next step in the research process involves further development of industrial branding in a wider logistics context and different industry. The current research

also provides grounds for future research to confirm the propositions derived from a quantitative study. Furthermore, the findings from this research could be generalised to other countries facing similar challenges, especially Thailand and Indonesia as Malaysia, Indonesia and Thailand are known as the top three markets of the automotive industry in Southeast Asia (Bursa, 2009 – Asean automotive market). This is supported by Stock (1997), who suggests a strong theoretical foundation taken from various contemporary researches; development and findings are potentially relevant to the examination of various logistics. A difference exists between Thailand and Malaysia in that Thailand is more focused on the export market, whereas Malaysia is more focused on the local market as Malaysia has its own national car makers (Wad, 2009). The findings from this, Malaysian case, could be used as a reference to Thailand to understand further their working relationship with their providers in the global context even though they might have some differences or opportunities for improvements.

References


