



## THE MEANING OF LOGISTICS CAPABILITIES IN ACHIEVING THE MARKET SUCCESS BY A COMPANY

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**ABSTRACT. Background:** The symptom of the market success by a company is to reach the expected market effects (e.g. market share, customer satisfaction, customer loyalty) as well as economic ones (e.g. profits, rentability, return on capital). As a result, the company may achieve a stable and long-term competitive advantage as well as strengthen its market position.

**Methods:** The abilities to use existing resources, which play an important role in achieving a market success, can be divided into operational and dynamic ones. The logistics abilities are one of the most important ones for a company. The comparison of these two kinds of logistics capabilities are presented, compared and evaluated.

**Results:** the role of logistics capabilities in achieving a market success by the company in light of the results of research carried out in the world, including Poland, was discussed, evaluated and confirmed.

**Conclusions:** The influence of logistics capabilities on the market success of a company was confirmed. The development of an effective strategy and organization solutions in the logistics seems to be the most important process associated with the use of potentials (capabilities as well as resources and competencies) and leading to achieving a market success of a company.

**Key words:** logistics, abilities, capabilities, market success.

### INTRODUCTION

According to the principles of so-called Resource-Based View, the conditions for achieving a market success by the company are: having valuable and unique resources, which are additionally difficult to copy by competitions as well as having the abilities to use them in order to achieve targets. This allows the company to offer products and services, which not only correspond to the expectations of customers but also are more beneficial (better seen), in comparison to the competitors' offer. Resources and capabilities as well as competences developed on their basis, are the potential of a market success of a company. A.Sennheiser and M.Schnetzler [2008] discussed this problem and indicated the close relationship between the potentials of a success and so called factors of a success. According to them, the success factors are, on the one side, the competences, consisting of individual abilities, and on the other side, the resources of a company, which form together the basis for the potential of a market success. A.Sennheiser and M.Schnetzler [2008] stress that the previous identification of appropriate logistics capabilities is the condition of the development of logistics potential of a market success. The aim of this paper is the assessment of the role of logistics capabilities in achieving a market success by the company in light of the results of research carried out in the world, including Poland.

## THE ESSENCE OF THE CAPABILITY

Overall, the capability of a company is a set of its individual abilities, which enable the fulfilment of its tasks [Prockl 2007]. The main feature (indicator) of the capabilities of a company is its orientation to achieve desired effects (i.e. planned and not random ones), which are obtained by purposeful and coordinated ways of the active involvement of resources. The sample definitions of capabilities are presented in the Table 1.

The capabilities of the company are oriented on an active and efficient use of resources in order to achieve the assumed targets. The active character of the engagement of the resources is reflected in the fact that they are assigned to individual tasks, where they are useful or even indispensable. However, the efficiency of the use of resources is manifested in the creation of an offer of products and services for the customers (creating the appropriate value for a customer) as well as in achieving the expected (planned) market and economic effects by a company. This can lead to achieving a competitive advantage and a market success by the company.

## OPERATIONAL CAPABILITIES VS. DYNAMIC CAPABILITIES

The concept of Dynamic Capabilities is the development of the concept of resources approach. The operational capabilities and dynamic capabilities can be distinguished within this concept (Fig. 1).

Table 1. The definitions of capabilities  
 Tabela 1. Definicje zdolności

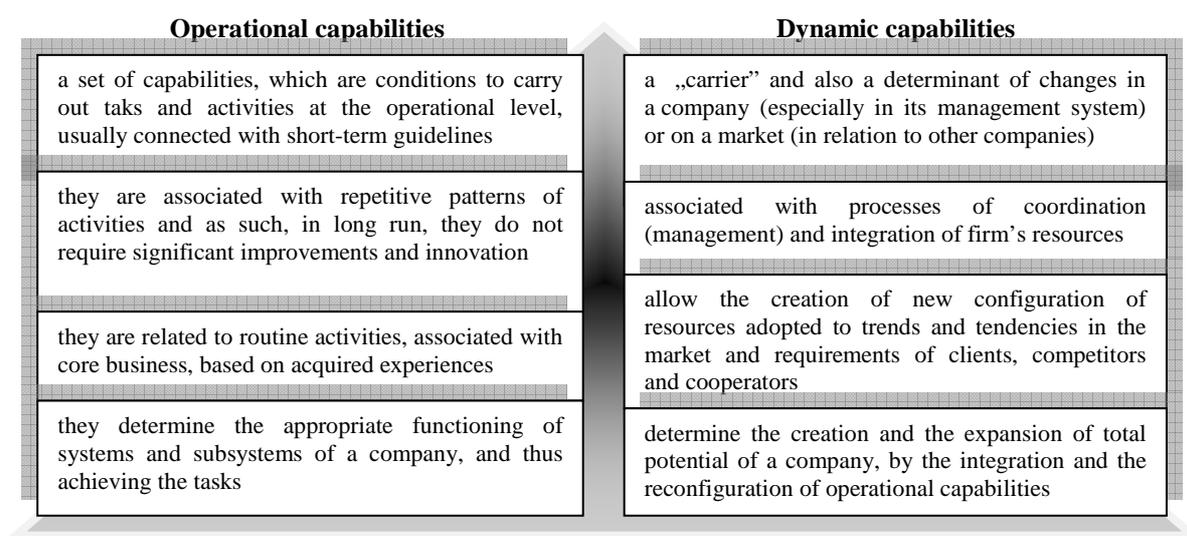
Authors	Definition of capabilities
C. Brush, P. Greene, M. Hart	Capabilities are abilities of a company, which allow utilizing its resources in order to achieve desired effects.
P. Daugherty, H. Chen, D. Mattioda, S. Grawe	Capabilities are the “sets” of abilities of a company to collect, integrate and use the resources. The resources can be defined as repetitive “patterns” of operations, associated in the use of the resources to create, produce and/or offer products on the market.
G. Day	Capabilities are a complex “set” of abilities and accumulated knowledge, which are the condition of the appropriate coordination of activities of a company and the use of its resources.
R. Grant	Capabilities are the abilities associated with a set of resources, which enable to execute specific tasks or activities.
U. Ljungquist	Capabilities are the processes (sets of activities) of mutual interaction of resources (tangible and intangible), which are characteristic (unique) for a company
S. Sharma, H. Vredenburg	Capabilities are the coordinating mechanisms, which enable the most efficient and competitive use of tangible and intangible resources of a company

Source: own work based on Brush, green, Hart 2001, Daugherty et al. 2009, Day 1994, Grant 1991, Ljungquist 2007, Sharma, Vredenburg 1998.

The operational capabilities of a company consist of all routine operations associated with the core business of a company [Teece, Pisano, Shuen]. The routine activities are performed based on experiences acquired in the previous activities of a company and as such are certain repetitive patterns of a conduct, often do not require the significant improvements. Nevertheless, the operational capabilities determine the survival and functioning of a company, and therefore they are indispensable

for the appropriate fulfilment of current activities and tasks. The operational capabilities can be defined as a set of abilities to use the existing resources to achieve current, often routine purposes.

On the other hand, the dynamic capabilities are related to the integration and the reconfiguration of the resources, as well as to their acquisition or disposition by a company. It enables actively to adapt to changes on the market or even to create them. The dynamic capabilities can be described as strategic activities and mechanisms, by which a company can create new configuration of resources (resource bases) under condition of the emergence of new markets, their diversification, development and decay [Eisenhard, Martin 2000]. At the same time, the dynamic capabilities determine the structure, the integration and the reconfiguration of operational capabilities, creating the conditions for achieving the market success by a company.



Source: own work based on: Teece, Pisano, Shuen 1997, Eisenhard, Martin 2000, Prockl 2007.

Fig. 1. Operational capabilities vs. dynamic capabilities  
 Rys. 1. Zdolności operacyjne vs. zdolności dynamiczne

## OPERATIONAL AND DYNAMIC CAPABILITIES AND MARKET SUCCESS OF A COMPANY

The logistics capabilities result from the integration of logistics resources and individual logistics abilities. As mentioned above, the abilities consist of specific skills. The logistics skills are the developed procedures for the development of logistics “qualifications”. These skills enable to collect, integrate and use the logistics resources to achieve the expected market and economic results. In this sense, the logistics skills determine the use of logistics resources (sets of resources) to achieve the agreed targets and tasks.

The logistics resources of a company can be involved in the fulfilment of such tasks like to offer logistics services in line with expectations of customers or to provide the required level of logistics service. To achieve these objectives, it is essential to develop the appropriate logistics capabilities, which enable to offer customers the right goods in right places, in right time, in appropriate quantity and quality, at right costs and together with right information. It can be noticed, that the logistics capabilities enable the identification of customers’ preferences as well as the submission of a market offer, which provides the solution to their problems, by adapting the logistics services to customers expectations, securing the required service level, providing the goods under conditions, which are adequate from the standpoint of customers, etc.

Logistics capabilities can be developed both in the real sphere and in the adjustable sphere. The capabilities associated with the real sphere can be connected with such processes as transport, warehousing, handling, packaging and labelling. The capabilities associated with the adjustable sphere concern the processes of the management of the flows of goods and information within a company and a supply chain.

The logistics capabilities can be also divided into operational and dynamic ones. The logistics operational capabilities include routine activities associated with current logistics tasks and related to short-term guidelines of the company, such as e.g. “the registration of an amount and a structure of incomes from logistics services, estimations of levels and structures of stocks or the estimation of the effectiveness of the utilization of warehouses. In this sense, the logistics operational capabilities allow to use the existing potentials of the market success of a company.

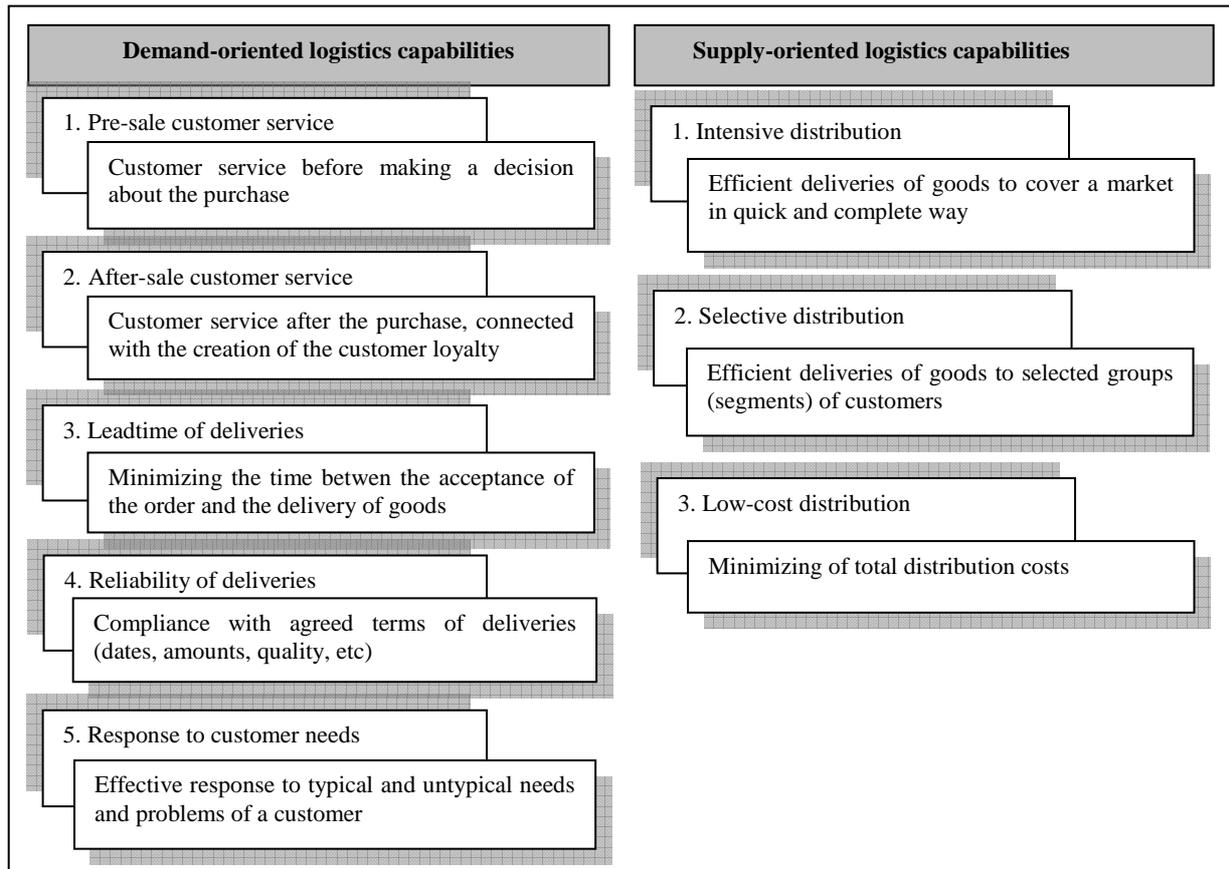
The logistics dynamic capabilities are oriented not exactly on the use of existing potentials of the market success of a company, but on their long-term development and growth. These capabilities are a kind of “carrier” of changes, occurring both in management systems of a company as well as in the market. The dynamic logistics capabilities allow more effective (in comparison to operational capabilities) use of logistics resources of a company by the “creation” of new, more innovative configuration, which allow better adjustment to market changes.

## **LOGISTICS CAPABILITIES AS DETERMINANTS OF MARKET SUCCESS OF A COMPANY ON THE BASE OF RESEARCHES CONDUCTED BY E.MORSH, C.DRÖGE AND S.VICKERY**

The interesting researches related to the assessment of the possibilities of the utilization of logistics capabilities to achieve the competitive advantage and a market success by a company, were conducted by E. Morash, C. Dröge and S.Vickery [1996]. The researches were conducted using the method of the phone interview, based on the questionnaires sent previously by e-mail. 65 top managers took part in this survey, operating in the companies of the furniture industry, having over 10 Mo USD of revenues in a year. The scale from 1 (the least important) to 7 (the most important) was adopted to evaluate each logistics capability. Both the values and the changes of the values of indicators ROA, ROI and ROE were taken as the basic indicators of a success. The results of those researches suggest that the analysis of the logistics capabilities of a company can lead to distinguishing those capabilities, which have the strategic significance for the achievement of expected market and economic effects. The strategic logistics capabilities in the research of E. Morash, C. Dröge and S.Vickery were divided into two groups: demand-oriented capabilities (i.e. from the perspective of the preferences and expectations of customers) and supply-oriented capabilities (from the perspective of companies, which offer products and services on the market (Fig 2)).

The logistics capabilities, seen from the perspective of customers, allow to offer the expected level of logistics services, primarily by identifying the preferences and expectations of customers, providing the required speed and reliability of deliveries, and consequently, developing the solutions, which enable effective to react on the needs of customers (solving the customers’ problems). The concentration of a company on the development of this group of logistics capabilities can lead not only to prepare more clear logistics offer for customers (who will want to learn it closer and therefore to make more conscious choice) and to build long-term relations with customers, based on mutual trust and loyalty.

The development of adequate logistics capabilities of a company, seen from the perspective of the supply, is the condition to secure the required level of the logistics service. These capabilities are related mainly to design and secure the proper functioning of the distribution systems according to market (customers’) expectations and solutions used by competitors. It requires the choice of such distribution strategy, which lead not only to the fulfillment of customers’ needs and expectations but also to the achievement of measurable benefits by a company.



Source: Morash, Dröge, Vickery, 1996.

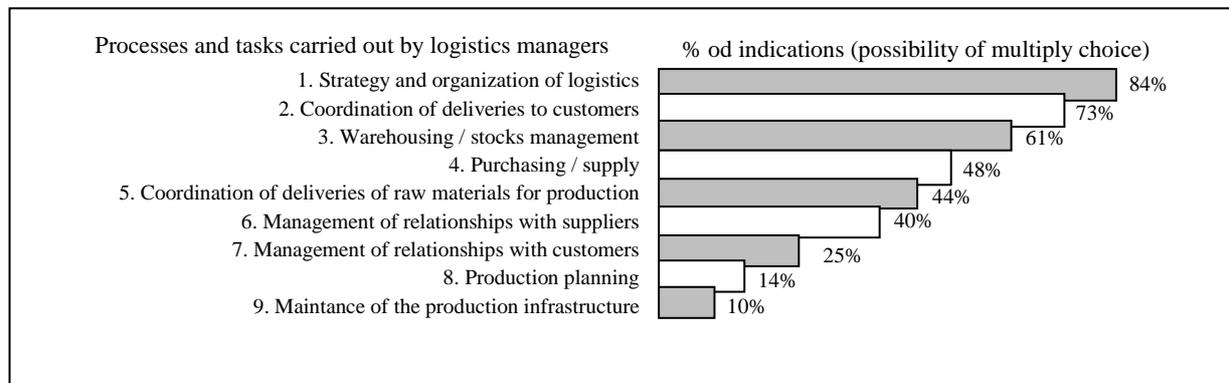
Fig. 2. Strategic logistics capabilities in researches of E.Morash, C.Dröge and S.Vickery  
 Rys. 2. Strategiczne zdolności logistyczne w badaniach E.Morash, C.Dröge and S.Vickery

The results of researches conducted by E. Morash, C. Dröge and S.Vickery indicate, that the strategic logistics capabilities can influence the market success of a company [Morash, Dröge, Vickery 2004]. This is especially true in case of demand-oriented capabilities. According to questioned managers, the most important ones among them are: reliability of the deliveries (average value 6,34), after-sale customer service (6,13), effective response to customers' needs (6,02), rate of deliveries (5,88) and pre-sale customer service (5,62). The supply-oriented capabilities are considered by questioned managers as the less important in achieving the success by a company. The average values were: intensive distribution 5,47, selective distribution 4,87 and low-cost distribution 4,61.

## SUMMARY AND DIRECTIONS OF FUTHER RESEARCHES

The influence of logistics capabilities on the market success of a company was confirmed in many previously conducted researches [Defee, Frigate 2010]. Beside the evaluation of the direct relationships between logistics capabilities and a market success of a company, the recognition of these capabilities can be based on the evaluation of logistics processes and tasks, whose fulfilment affects changes in the management system of a company. The improvement of this system can lead to the achievement of the market success of a company. The attempt of the identification of the most important processes and tasks, for which the logistics managers are responsible, was taken in researches of the Department of Logistics and Marketing of Opole University (Fig. 3) as a grant "Logistics determinants of the management of a company". The research was conducted in years

2010-2011. 111 companies took part in this research. They represent five sectors: mining, processing industry, media industry, building industry and commerce.



Source: own work based on research of Department of Logistics and Marketing of Opole University.

Fig. 3. The most important processes and tasks carried out by logistics managers  
 Rys. 3. Najistotniejsze procesy i zadania realizowane przez menedżerów logistyki

According to surveyed companies, the logistics managers concentrate on the strategy and the organization of the logistics (84% of indications), the coordination of deliveries to customers (73%) as well as the warehousing and the effective stocks management (61%). The development of an effective strategy and organization solutions in the logistics seems to be the most important process associated with the use of potentials (capabilities as well as resources and competencies) and leading to achieving a market success of a company. The directions of further researches can focus on the identification of logistics capabilities and their influence on the market success on the one side, and on the other side on the development of the logistics, understood as a result of the integration of resources and logistics capabilities of a company.

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## **ZNACZENIE ZDOLNOŚCI LOGISTYCZNYCH W OSIĄGANIU SUKCESU RYNKOWEGO PRZEZ PRZEDSIĘBIORSTWO**

**STRESZCZENIE. Wstęp:** Przejawem sukcesu rynkowego przedsiębiorstwa jest zrealizowanie oczekiwanych efektów rynkowych (np. udział w rynku, zadowolenie klientów, lojalność klientów) i ekonomicznych (np. zysk, rentowność, zwrot z kapitału). W rezultacie, przedsiębiorstwo może zdobyć trwałą i długofalową przewagę konkurencyjną oraz wzmocnić swoją pozycję rynkową w porównaniu do konkurentów.

**Metody:** W osiągnięciu sukcesu rynkowego ważną rolę pełnią zdolności wykorzystania posiadanych zasobów, które można podzielić na zdolności operacyjne i zdolności dynamiczne. Wśród zdolności przedsiębiorstwa istotne znaczenie posiadają zdolności logistyczne. Wykonano porównanie tych dwóch rodzajów zdolności wraz z ich oceną przydatności.

**Wyniki:** Rola zdolności logistycznych w osiągnięciu sukcesu rynkowego przez przedsiębiorstwo w świetle badań przeprowadzonych zarówno na świecie, jak i w Polsce, została poddana dyskusji, oceniona i potwierdzona.

**Wnioski:** Wpływ zdolności logistycznych na osiągnięcie sukcesu rynkowego przez przedsiębiorstwo został potwierdzony. Rozwój efektywnej strategii i rozwiązań organizacyjnych w logistyce wydaje się być najważniejszym procesem związanym z wykorzystaniem potencjałów (zarówno zdolności jak i zasobów i kompetencji) prowadzących do osiągnięcia sukcesu rynkowego przez przedsiębiorstwo.

**Słowa kluczowe:** logistyka, zdolności, sukces rynkowy.

## **DIE BEDEUTUNG DER LOGISTISCHEN FÄHIGKEITEN IN DER ERREICHUNG DES MARKTERFOLGES DER UNTERNEHMEN**

**ZUSAMMENFASSUNG. Hintergrund:** Die Erscheinung des Markterfolges des Unternehmens ist die Erreichung der erwarteten Markteffekten (z.B. Marktanteil, Kundenzufriedenheit, Kundenloyalität) und ökonomischen Effekten (z.B.

Gewinn, Rentabilität, Kapitalverzinsung). Als das Ergebnis, das Unternehmen kann dauerhafte und langfristige Wettbewerbsfähigkeit gewinnen, wie auch seine Marktposition verstärken.

**Methoden:** Die Fähigkeit, die vorhandenen Ressourcen zu nutzen, ist sehr wichtig für die Erreichung des Markterfolges. Diese Fähigkeiten können in die operativen und dynamischen Fähigkeiten eingeteilt werden. Und die logistischen Fähigkeiten sind sehr wichtig zwischen allen Fähigkeiten des Unternehmens. Der Vergleich dieser zwei Arten von logistischen Fähigkeiten wird vorgestellt, verglichen und ausgewertet.

**Ergebnisse:** Die Rolle der logistischen Fähigkeiten in der Erreichung des Markterfolges der Unternehmen in den Ergebnisse der weltlichen und polnischen Untersuchungen, wurde diskutiert, bewertet und bestätigt.

**Fazit:** Der Einfluss der logistischen Fähigkeiten in der Erreichung des Markterfolges der Unternehmen wurde bestätigt. Die Entwicklung einer wirksamen Strategie und organisatorischen Lösungen in der Logistik scheint der wichtigste Prozess, mit der Ausnutzung der Potentialen (Fähigkeiten sowie Ressourcen und Kompetenzen) gebunden, zu sein und zur Erreichung eines Markterfolgs der Unternehmen zu führen.

**Codewörter:** Logistik, Fähigkeit, Marketerfolg.

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