

Analysis of The Elements of Logistics Customer Service In Freight Forwarding

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Abstract. Logistics is as service industry that relies heavily on people to execute operations in order to provide a better perception to customers through customer service. In stiff competition, customer service will make a big difference between competitors. A qualitative study using in-depth interview analyse the effectiveness of implementing three elements of logistics customer service, i.e., pre-transactions, in transactions and post-transactions, particularly in the international freight forwarding activities to understand the three elements of customer service transactions. The result shows a strong relationship and impact between the elements, although most of the topics in these elements are not relevant to freight forwarding industry.

Keywords : logistics, supply chain, customer service, customer service transactions, freight forwarding

Abstrak. Logistik sebagai industri jasa yang sangat bergantung pada manusia untuk menjalankan operasinya guna memberikan persepsi yang lebih baik kepada pelanggan melalui layanan pelanggan. Dalam persaingan yang ketat, layanan pelanggan akan membuat perbedaan besar di antara para pesaing. Studi kualitatif dengan menggunakan wawancara mendalam menganalisis efektivitas penerapan tiga elemen layanan pelanggan logistik, yaitu pra-transaksi, dalam transaksi dan pasca-transaksi, khususnya dalam kegiatan pengiriman barang internasional untuk memahami tiga elemen transaksi layanan pelanggan. Hasilnya menunjukkan hubungan dan pengaruh yang kuat antar elemen, meskipun sebagian besar topik dalam elemen tersebut tidak relevan dengan industri pengiriman barang.

Kata Kunci : logistik, rantai pasokan, layanan pelanggan, transaksi layanan pelanggan, pengiriman barang

1. Introduction

The purpose of logistics customer service is to meet customer needs regarding order delivery time, delivery reliability, ordering convenience and good communication. Logistics customer service can be described as the basis of the entire logistics system, which forms the standards and conditions for the operation of the entire supply chain. Due to the complexity of logistics processes and the relationship between customers and manufacturers, logistics customer service is an ambiguous concept that can be interpreted from different perspectives (Kulyk et al., 2017). A complete supply chain involves the integration of many nodes and paths in the process to ensure that the link between supply and demand is not broken. Many scholars define the logistics customer service work phases in three elements or three stages, namely pre-transaction, transaction, and post-transaction, which are believed to be the key success factors for customer service to do a good logistics job (Sarder, 2021)(Gizaw et al., 2021) (Kulyk et al., 2017) (Christopher, 2011).

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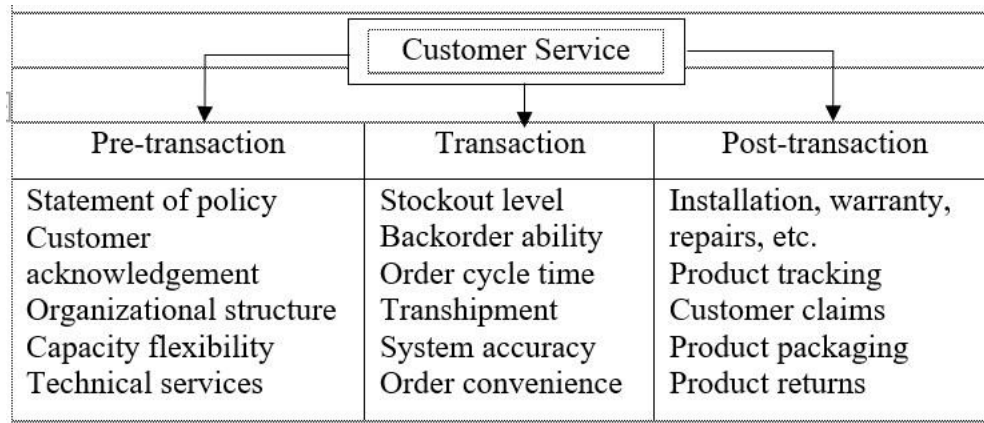


Figure 1. The Elements of Customer Service (Sarder, 2021)

Given the complexity of supply chain processes, ensuring the most appropriate implementation of these three elements of customer service is critical to organization's success in serving valuable customers. Gizaw (2021:10) reveals that these three elements of customer service have a positive and significant impact on customer satisfaction, such as the quality of contact staff in the pre-transaction process and product availability and consistent products delivered in transaction process. Interestingly according to his findings, a high level of satisfaction was achieved by the post-transaction element, then the transactions and pre-transaction elements. Kułyk (2017:13) answered that for pre-transaction services, more than 56% of respondents emphasized a written delivery policy, in the transaction more 73% required a delivery time limit and delivery method, and in the post-transaction 86% of respondents stated the importance of the complaint handling process. Since freight forwarding is part of the supply chain, which is only related to certain nodes and paths in the chain, the researcher examines whether all elements of customer service can be done correctly by freight forwarders.

The purpose of this study is to reveal whether the stages of logistics customer service elements are suitable for freight forwarding service, as well as to understand the relationship between each element to achieved the expected results. We can also determine which activities or element are most suitable for freight forwarders. This research provides a clear picture of the theory behind logistics customer service elements and how they work in practice, with a focus on freight forwarding services as part of the overall supply chain.

Global trade activities rely heavily on international transportation that connects goods, people and countries to drive business growth and regional prosperity (Huang et al., 2019). International trade and globalization have given importance to the growing demand for international shipments operated by global carriers like Maersk, MSC, etc. in sea transportation, and Cargolux, KLM, etc. in air transportation. The use of multimodal transportation and intermodal transport is facilitated and managed by freight forwarding companies. The need of freight forwarding service arises when customers stop being involved in the freight shipping process and entrust the task to specialized transport companies (Skiba & Karas, 2022). Freight forwarders are called global logistics players,

because they connect at least two different countries. The International Federation of Freight Forwarders Association (FIATA) defines its regulations as follows: An International freight forwarder is a person or a firm who collects goods according to customer instructions and are not carriers themselves (Zhang et al., 2021). Furthermore FIATA (2007) adds that Freight Forwarding Services are all services related to the transportation, consolidation, storage, handling, packaging or distribution of goods as well as supporting and advisory services related to these matters, including but not limited to customs and fiscal matters, declaring goods for official purposes, providing insurance for goods and collecting or obtaining payments or documents relating to goods (Skiba & Karas, 2022). Even under these conditions, international freight forwarders can carry out activities related to the transport contract, such as warehousing (including storage), customs declaration, receipt and collecting of payment (Zhang et al., 2021). The role and activities of freight forwarding are very necessary and are an integral part of the supply chain and logistics in order to ensure goods in the form of raw materials, spare-parts, and finished products can reach customers from suppliers in timely manner, which are completed with accurate documents and information, as well as current cash flow. The function and responsibilities of freight forwarder are varied, ranging from transportation of goods by sea, air, and land, to customs clearance and other formalities. International freight forwarders play a significant role in small and medium- sized container loads, as well as in conducting business transactions more economically and efficiently (Huang et al., 2019). Freight forwarder is a very customer-intensive service sector and connects buyers and sellers, creating economic value by effectively delivering products to customers (Shang & Lu, 2012).

The freight forwarding industry is a human-driven service industry, where the majority of employees have direct and / or indirect contact with customers (Schramm, 2012). The nature of freight forwarding activity is business-to-business (B2B), so personal contact is very important (Gil-Saura et al., 2018). The role of customer service in a freight forwarding company is very important and very critical, because it has an intense relationship with the owners of the cargo in updating the status of the cargo, starting from preparing the documentation, to shipping reservations, to shipping, to monitoring, to after sales servicing, to customer complaint handling and claim management. According to Donna Krap, customer service requires specific skills such as listening and communication skills, technical writing skills, problem solving skills, and teamwork (Knapp, 2015). Logistics customer service performance is often checked by dividing its components or elements into three stages to reflect the nature and timing of specific service delivery, such as: (1) the pre-transaction components, which occurs before the actual transactions occurs; (2) transaction components that are directly related to physical transaction or physical distribution function, and (3) post-transaction components that include post-delivery steps and generally support the product used (Gizaw et al., 2021) (Kulyk et al., 2017). Kulyk also added that logistics customer service must adopt skills or capabilities to meet customer needs and expectations in terms of order time, timeliness, flexibility and timeliness of delivery, availability of products in stock, completeness of delivery and ordering convenience, as well as in terms of communication with company, staff competence, after-sales services, in addition to the three main elements of customer service (Kulyk et al., 2017). To support the three elements above, customer service must have customer service

skills which include the ability administer documents. The main skills that customer service must have are listening and communication skills, technical business writing skill, problem solving skill, and teamwork (Knapp, 2015).

Table 1 The element of customer service according to (Christopher, 2011) and re-managed by researcher.

Customer Service Elements	Example of Activities	Descriptions
Pre-transaction	Written statements of service policy	Is it communicated internally and externally? Is it understood? Is it specific and quantified where possible? What is method of ordering? Is it a convenient way to order? What is request response time?
	Accessibility	Are we easy to contact/do business with? Is it convenient? Is there a single point of contact?
	Organisation structure	Is there a customer service management structure in place? What level of control do they have over their service process?
	System flexibility	Is there an adequacy of organisational structure? Can we adapt our service delivery systems to meet particular customer needs?
	Order cycle-time	What is the elapsed time from order to delivery (delivery time)? What is the delivery reliability/variation?
Transaction	Inventory availability	What percentage of demand for each item can be met from stock? What is stock or product availability?
	Order fill rate	What proportion of orders are completely filled within the stated lead time?
	Order status information	How long does it take us to respond to a query with the required information? Do we inform the customer of problems or do they contact us?
	Availability of spares	What is condition of goods? What are the in-stock levels of service parts? What is product replacement procedure?
Post-transaction	Call-out time	How long does it take for the engineer to arrive and what is the 'first call fix rate'?
	Product tracing/warranty	Can we identify the location of individual products once purchased?

Customer Service Elements	Example of Activities	Descriptions
	Customer complaints, claims, etc.	Can we maintain/extend the warranty to customers' expected levels? What is return procedure? What is repair procedure? How promptly do we deal with complaints and returns? Do we measure customer satisfaction with our response? What is the level of invoicing accuracy?

Research conducted by Kulyk reveals that the organization's written policy (the pre-transaction), the delivery time (the transaction) and handling of complaint (the post-transaction) are the most important elements of the level of service at all stages (Kulyk et al., 2017). However, according to them, the adaptation of logistics customer service elements to the customer's expectations and needs should be done at each element of the service process, starting with the first element, pre-transaction, during the transaction, and that is often overlooked in enterprises, post-transaction, in its completion stage. Therefore, in this study, the description of each element should be consistent with the scope of freight forwarding work.

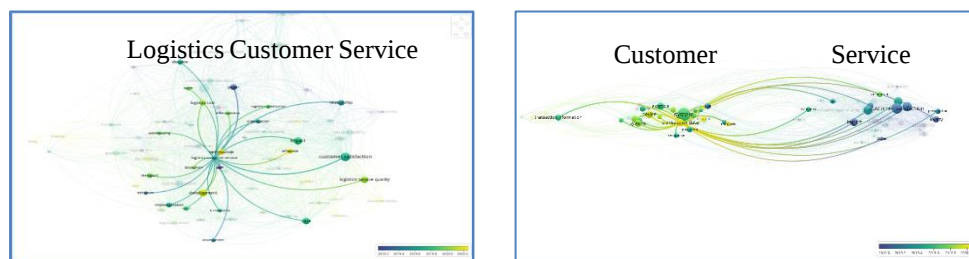


Figure 2. VOSviewer Outcome of Logistics Customer Service and Customer Service Transaction.

Despite the references of logistics customer service and customer service transaction are a lot, the ones that relate with elements of customer service are very few.

2. Method

This study uses a qualitative method to demonstrate an understanding on the implementation of the three elements of logistics customer service. The technique used here is an in-depth interview, which can reveal basic motivations, beliefs, attitudes and feelings about the topics (Wright et al., 2021). According to Wright et al (2021:111) (Yin 2014), however, there are drawbacks to using interviews, such as problems with bias in participant responses, poor memory of events and experiences, inaccurate information, and interviewees providing answers. Interview techniques consist of non-structural, semi-structural and structural techniques (Rachmawati, 2007), where each technique is described in the following table.

Table 2 Kind of interview techniques (Rachmawati, 2007).

Method	Description	Pluses	Minuses
Non-structural interview	Begun with keywords, agenda or topic list	Interviewer and interviewees are free to question and to answer. Result unlimited information.	High drop rate, i.e., non-useful data. Longer time, need to control
Semi-structural interview	Prepare a flexible interview guideline	Moderate degree of freedom to express opinion from interviewees Drop rate is relatively low	
Structural interview	A clear and strictly interview guideline, similar to a quantitative survey.	Drop rate is very low	Limit a flexibility for both interviewer and interviewees.

This study will use semi-structural interviews with open questions. Target respondents are senior staff in customer service or in customer service roles.

3. Discussion and Result

In-depth interviews were conducted with three senior freight forwarding customer service managers to understand these three stages or three elements of logistics customer service job. Two said that most of the topics in each element are unknown, especially in the freight forwarding activities. The other one, due to his different core service, tried to accommodate his observation with the questionnaires. The characteristics of freight forwarding activities are mostly transactional, which although related to tariff agreement, each single shipment will be treated differently.

All agrees that the most important part of the pre-transaction is the company policy. The company's policy defining the terms and conditions appears on the price offering, while neither the customer nor customer service pays much attention to this. A bit different perception raised by one participant that include Incoterms into the company's term and condition. In common practice, the terms and conditions are available upon request, if applicable. FIATA issues global terms and conditions for freight forwarder associations in all countries, such as ALFI (Asosiasi Logistik dan Forwarder Indonesia). Seeing the importance of terms and conditions, customer service is forced to socialize and communicate with customers. Two said that they do not notify new customers the written Standard Operating Procedure (SOP), timely, which part of the Operating Regulations. Most of customer service knows the company's products or services fairly well, but does not know exactly what prices are offered to customers and what costs they entail, or simply surrender this to sales support team. Knowing the prices doesn't really matter to customer service. Some companies

designate their customer service team as one department, while others place it under the operations team. Workflow between divisions must be clearly defined and monitored to ensure a smooth service process. The communication matrix, which includes the escalation process, is presented to all customers as agreed, and they have a clear picture of where any inquiry or concerns are addressed. Three agrees that customer service must be accessible in 24 hours a day, seven days a week, and can be contacted by mobile phone or WhatsApp. They also see the flexibility in their organization to meet customer's need and ready to adjust their capabilities, if necessary, but still under some acceptable limit.

In the transaction element, most of the topics listed on logistics customer service are clearly irrelevant to the freight forwarding. Like the physical distribution. Most of the time, international freight forwarder only deals with two points, namely the port of loading / unloading and the customer's warehouse or factory, with a limited quantity of cargo, and only in some cases does the shipment have to stop at the transit point. When asked about the availability of stocks, two respondents answered that they had nothing to do with inventory, procurement, and order fulfilment. The other one relates these things with consumable stocks for project, such as gloves, helmets, etc. Respondents do not know the order cycle time; however, they can tell that the normal shipping lead time is about 2-3 days after arriving at the port, and this is available for more than 90% of total imported shipment. Other says it requires same day delivery in Jabodetabek area, 2-3 days to outside Jabodetabek, and around 14 days to ship outside Java. Due to the limited number of daily shipments per customer, a tracing and tracking system is not strictly necessary. Only if they ship using vessel, they simply access shipping line's trace and track facility. This system will benefit the customers in several ways, but often they only rely on customer service to notify them or to update the delivery status or position of the cargo if only the shipments are important or urgent to them. In the case of regular delivery, no notification is made. All respondents agree that this element cannot be ignored because it is closely related to the previous element and without the pre-transaction process, this transaction element cannot be carried out properly.

As in the previous element, some items of the post-transaction element were considered of little relevance to freight forwarding activities and mostly related to logistics as a whole. Customer service never asks for feedback on regular basis and tends to wait until the sales team comes back with customer reports as to whether their service is good or not. If only there is no new order coming, customer service then contact the customers to ask for the feedback. Customer service never checks the status of the goods at the customer's premises, takes care of the availability of spare parts and contact the technicians for after sales service, except for the project that relies on capability and availability of technicians. Managing customers' complaint and claim are rarely listed in customer service SOP or KPI (Key Performance Indicator). However, they all try to respond to their customers as soon as possible after the complaint is received and all issues are resolved within 1 x 24 hours. Regarding pending customer payments, customer service never checks with the customers and let this thing getting done by sales or collection team. All respondents agree that this element is highly dependent on the previous two elements, namely the pre-transaction and

transaction elements, and that pre-transaction element plays the most important role in determining the success of the service.

Table 3. Summary of interview result.

Elements	Description	Respondents' scores			Avg	Avg
		1	2	3		
Pre-transaction	Written statements of service policy	50	50	50	50	70
	Understanding product & price	0	0	0	0	
	Organization structure	100	100	100	100	
	Accessibility	100	100	100	100	
	System flexibility	100	100	100	100	
Transaction	Physical distribution	25	25	50	33	46
	Inventory availability	0	0	0	0	
	Order fill rate	100	100	100	100	
	Order status information	50	50	50	50	
Post-transaction	Feedback	0	0	0	0	26
	Availability of spares	0	0	0	0	
	Product tracing / warranty	0	0	100	33	
	Call out time	0	0	100	33	
	Customer complaints	50	50	50	50	
	Customer claims	50	50	50	50	
	Account receiveable	25	25	0	17	

4. Conclusions

Three elements of logistics customer service are currently not relevant with freight forwarding and needs extensive modifications and adaptations to cope with freight forwarding activities. About 70% of subjects performed differently from typical logistics customer service during this pre-transaction element. Achieving most subjects at this element requires written terms and conditions, SOP and KPI that customer service truly understands. At the transaction element, only 46% of the subjects were clearly similar to other logistics activities. Therefore, several freight forwarding activities, such as receiving order, placing orders, space reservation, preparing shipping documents, implementation stage, pre-notification stage and exception management should be added to the transaction element. The post-transaction element situation is even poorer than the transaction element, while only 26% or even less of the logistics customer service elements can be completed in freight forwarding. Feedback should be asked verbally and very frequently. SOP for handling complaints and claims should be in place and ensure that the entire team understands the importance of responding the incidents as soon as possible. Engineers or technicians are rarely called upon in this industry unless the company is assigned as a control tower or 4PL to manage end-to-end transportation activities and liaise with multiple logistics service providers under the company's responsibility.

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