

Impact of Customer Relationship Management (CRM) on Freight Forwarding Services in Tin Can Island Port Container Terminal (TICT) Limited Apapa Port Lagos, Nigeria.

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Abstract: This study examined impact of customer relationship management (CRM) on freight forwarding services in Tin Can Island Container Terminal (TICT) Limited Apapa Lagos. The study used importers in the study area as population of study, they were selected using simple random sampling technique to select 50 importers. Data were collected from both primary and secondary source. Primary data was collected through use of modified questionnaire that incorporated questions such as such as satisfaction with level of services rendered, cost implication of freight forwarding operations in the port, promptness of cargo delivery to consignee and level of pilferage of cargoes were administered to respondents.. While secondary data was sourced from published articles. These data were subsequently analyzed through multiple regression statistical tool with the aid of statistical package for social sciences (SPSS). The results revealed that customer satisfaction, cost of service and level of service in the terminal are statistical significant, thus, confirming that cargo destined for Nigeria are diverted to neighbouring West African countries port, operational delay, corruption and sharp practices still abound in Nigeria ports.

Therefore, the study recommended that efficient port system will generate revenue for the government and other stakeholders and create employment opportunities. Government and concessionaires (terminal operators) should imbibe the habit of customer friendly operations which will generate the much needed revenue to the government and terminal operators.

Keywords: Customer Relations Management, Importers, Customers, Cost, Level of Service.

1. INTRODUCTION

A freight forwarder or forwarding agent is a person or company who arranges the carriage of goods and the associated formalities on behalf of an importer. The duties of a freight forwarder include booking space on a ship, providing all the necessary documentation and arranging customs clearance. With increased globalization and proliferation of logistic service providers, many freight forwarding companies are beginning to recognize the importance of the ability to retain existing customer, rather than

attracting new one. Because they contribute much more revenue than new customers (Jonathan. 2002). Freight forwarding is a service used by companies that deal in international or multi-national import and export activity. While the freight forwarder doesn't actually move the freight itself, it acts as an intermediary between the client and various transportation service provider.

A new concept, named Customer Relationship Management (CRM), focuses on retaining, satisfying and developing relationship with valuable customers, was propounded in the mid80s Payne and Frow, 2005. Thus, Light (2001) is of the opinion that it evolved from business processes and the increased emphasis is on improved customer retention and relationship through the effective management of customer relationship.

Bull (2003) demonstrated that CRM is a complex combination of business and technological determinants. According to Stanley (2002), Customer Relationship Management (CRM) is a combination of business process and technology that seeks to understand a company's customers from multiple perspectives to deliver identification conversion, acquisition and retention.

Lu and Shang (2007) explored the CRM perceptions in freight forwarding services from managerial perspectives. They had come out with six dimensions of CRM namely, customer acquisition, customer response, customer knowledge, customer information system, customer value evaluation and customer information process.

Their study discovered that customer response dimension was the most important dimension compared to others as this dimension are related to the communication with customers, customers problems and complaints and the way services are provided to the customers. Customer information processes consists of two sequential aspects namely: customer data acquisition (services rendered for each customer) and data interpretation, which transforms the data into customer information Campbell, 2003.

Customer relationship management (CRM) is a concept that enables an organization to tailor specific products or services to each individual customer. In its most sophisticated form, CRM may be used to create a personalized experience that will give the individual customer a sense of being cared for, thus opening up new marketing opportunities based on the preferences and history of the customer Wilson et al. 2002.

Ramaseshan et al. 2006 described operationally CRM as the process for achieving a continuing dialogue with customers, across all available points, through differentially tailored treatment, based on the expected response from each customer to available marketing initiatives, such that the contribution from each customer to overall profitability of the company is maximized Kumar and Reinartz, 2006. CRM is the strategic process of selecting customers a firm can most profitably serve and of shaping the interactions between a company and these customers with the goal of optimizing the current and future value of the customers for the company. Many freight forwarding companies are now trying to control the tools of Customer Relationship Management (CRM) in order to increase the level of shipping patronage.

CRM represents a customer oriented business strategy for increasing customer satisfaction and customer loyalty by offering more responsive and customized service to each customer. A customer's relationship with a freight forwarding company involves prices, services, scope of service, schedule, customer relations, company history, convenience, brand name, and value-added services. There will be no significant differences between two freight forwarding companies within the same strategic alliance group for a customer considering the factors of price, service, scope of service, schedule and convenience. As a consequence, the main distinguishing factors for customers comprise company history, brand name, customer relations, and value-added services Wong, 2007. In particular, customer relationships are considered to be an important marketing tool facilitating customer retention, development of potential customers, and enhancement of corporate competitive advantage. CRM is often associated with the use of information technology to implement relationship marketing strategies (Payne and Frow, 2004).

Hence, this study seeks to explore a feasible way of accessing the impacts of CRM on freight forwarding companies in Nigeria using Tin Can Island Container Terminal Limited Apapa, Lagos as a case study. With the improvement in efficiency of

complaint handling, staffs can zoom in on service problems quickly and price problem as well. This is likely to lead to more customers satisfaction which is the main target and cause an increase in customer retention. Besides, it has the benefits of streamlining customer handling, process and leading to more enlightened employees. In fact, the benefits of cultural change in the company that comes with CRM implementation cannot be overemphasized.

2. Literature Review and Conceptual Understanding

Anderson et.al (2002) defines Customer Relationship Management as a comprehensive approach for creating, maintaining and expanding customer relationships. In other words, CRM does not belong just to sales and marketing and it is not the sole responsibility of the customer service group. CRM must touch all areas of commercial operations and freight forwarding services which is a way of doing business as well. There will be a negative effect on freight forwarding services if CRM is delegated to one area of the organization such as operations department only. Secondly, key word in the definition is "approach." According to Webster Dictionary, approach is a way of dealing with something. While CRM is a way of thinking about the dealing with customers. Infact, it was believed that planning for CRM, is a benchmark for every other areas of the organization. Any organization structure (freight forwarding services) that doesn't serve to create, maintain or expand relationships with customers doesn't serve the organization. Finally, the author mentioned the words "creating, maintaining and expanding." CRM is about the entire customer cycle. The organization can understand and predict customer behavior while marketing efforts, armed with customer intelligence, are more successful at both finding brand new customers and creating a vital ground for the existing customers. Therefore, CRM not only affected one organization externally but internally as well. According to Tricia Fox (2000), customer relationship management is the establishment, development, maintenance and optimization of long term mutually valuable relationships between consumers and organizations. CRM focuses on understanding the needs and desires of the customer and is achieved by placing these needs at the heart of the business by integrating them with the organization's strategy, people, technology and business processes has a positive impact on freight forwarding company in the aspect of customer patronage.

There is need for the company to investigate their customers' needs, build relationships with both existing and potential customers or key and non-key customers and company will have to satisfy their needs (Rootman, 2006). Summarizing CRM, it can be deduced that CRM have an impact on freight forwarding services, companies management has to study industry's best practices, understand how CRM fits into the context of the general business strategy of the freight forwarding company, assess current CRM capabilities, find a good reason why CRM system will have impact, create and execute a plan in which should be defined how to achieve the goal and how to execute the plan.

Customer satisfaction and relationship is the aim of every business operations and objective which aim on the creation of worth for customers and managing customers' needs and expectation George et al, 2012. The availability of good qualitative services and meeting of customers' needs are critical points in the growth and development of every business establishment. Berkowitz, 2006 is of the opinion that the whole essence of business operations is customer satisfaction. Paramount to achieving sustainable organization performance is the delivering of high quality of services.

Concept of customer relationship management

The term CRM as posited by George, 2012 is a process of knowing customer needs making use of quality communication knowledge so as to ascertain and maintain customers' satisfaction. It also seeks to stimulate customers' behavior. Thus, leading to increase in organizational financial base, because the company will know customers to choose and those to leave. The primary aim of CRM is to identify and render tailored services to every customer. CRM empowers business outfits to deliver qualitative actual customer service. Berkowitz, 2006 defined CRM as the task made by organizations to improve cost effective and long term

relationship with customers for both customer and organization. CRM can be looked at in three perspectives, namely: information technology perspective, business strategy perspective and customer life cycle perspective (Wali and Nkpurukwe, 2008).

CRM is the process of customer acquisition, customer retention, customer extension and the delivering of competitive advantage Wali and Nkpurukwe, 2008. CRM is aimed at creating an emotional connection with customers and consumer of products or services, understanding customer needs and performance analysis of customer's loyalty (Peppard, 2000).

CRM is the function of building trust, bond or connection between an organization and a customer with the aim of influencing a repeat purchase Ozuru and Kalu, 2009. CRM deals with customer's data management and the management of customer touch in order to achieve customer loyalty by building and maintaining profitable customer relationships and offering superior customer value and satisfaction (Odesola and Usman, 2012). CRM can also be viewed as a business strategy which discovered profitable customers and intending customers and devoting time and attention to expand such relationships with the customers identified (Kotler and Armstrong, 2008).

Concept of customer life cycle management

One major difference between customer relationship management and customer life cycle management is the element of time. Customer relationship management can be an act at one particular contact point with the customer while customer life cycle management is a measurement over a long period of time. It was also discovered that customer life cycle management is a static entity and is more based upon a single measurement without practicing CRM, however, a company can take various measurements of its customer life cycles and find ways to improve or manage them better (Edward, 2002).

Concept of customer satisfaction

Entrepreneurial principles are to create satisfied customers. Customer satisfaction is multi factorial and believed to be part of whole consumer behavioural model (Drucker,1954). Consumer behavior changes overtime and it is influenced by many factors. Major factors that greatly influence customer satisfaction include customers/consumer anticipated beliefs about a product or service prior to contact (Hallowell, 1996). Customer expectations are the consumer's anticipated beliefs about product or service. Behaviours consists of customer's evaluations, inner feelings/emotional feelings and action tendencies towards a product or service that has grown over a long period (Bolton, 1998). Customer intentions are the actions that consumer/customers make about future action towards the company producing the product/service.

However, the necessity to having long term customer satisfaction and retention and achieving the benefits of customer satisfaction is to focus on the development of high quality goods and services (Anderson et. al., 2000). Thus, for a company to be fruitful in a long term, they must focus on feedback gained from customer who utilizes their services. This can be achieved by providing greater goods and services. However, to achieve a better result, it is very important to suit or re – arrange the product and services itself in order to meet customers needs rather than improving the way the goods were delivered (Fornell et al.,1996). Although it very clear that increasing customer satisfaction is valuable to a manager, how it is qualified is less clear. Customer satisfaction has been studied from the view of the individual customer and what drives their (i) satisfaction is an industry wide view which varies from company to company (Igbokwe, 2006).

Concept of Service quality

Customer satisfaction and service quality have positive influence on the development of customer loyalty, corporate profitability and product market share. Furthermore, quality of customer experience is the ingredient to success and profitability. In view of the above, an increasing number of government and individual companies focus on service quality in customer experience when building management procedural steps (Kofler, 2007) common "SERVQUAL" scale used in quantifying service quality can be applied in port with other related industries (Ugboma et al., 2004). Ha, 2003 of the opinion that improvement in qualitative

information flow, improvement in service and information applicability for ports (Dabiholkar et. al.,1996). He also stated that managers needs to take into account of the tangible dimension of service quality in their respective companies/outfit.

3. Materials and Methods

The population was importers in the terminal of study, the sample was taken from the total population by randomly selecting 50 importers in the terminal, the study looked at impact of customer relationship management on freight forwarding services in Tin Can Island Container Terminal, Apapa Port Lagos. Data were collected through primary source. The study hypothesis was later analyzed through inferential statistics (multiple regression statistical tool). This was done with the aid of computer software package for the social science (SPSS).

Multiple Regression Model Specification

$$Y = a + b_1X_1 + b_2X_2 + \dots + b_nX_n + e$$

Where;

Y = Dependent variable (Importers or customer satisfaction)

a₀ = Slope/Intercept

b₁ – b_n= Regression co – efficient

x₁ – x_n = Independent variables

e = error term or residuals

X₁ = Cost of service

X₂ = Quality or level of service

3.1 Variable definition and measurement

The models were measured using multiple regression tool. The dependent variable customer satisfaction is denoted by Y and the independent variables namely cost of services rendered is denoted by X₁ and quality or level of services rendered by X₂. Customer satisfaction is defined as the satisfaction customers derive from the services rendered to them by freight forwarders. Furthermore, cost of services is defined as the cost implication of doing business in the study area and level of service is defined as promptness of cargo delivery to consignee, quick ship turnaround time. In other words, it is also the effective and efficient cargo handling processes.

Questionnaires were administered to importers and freight forwarders in Tin – Can Island port to elicit information such as satisfaction with level of services rendered, cost implication of freight forwarding operations in Nigeria, promptness of cargo delivery to consignee and level of pilferage of cargoes were administered to respondents. These questions were rated using five point likert grading scale, they existed in nominal scale of measurement. To make them amenable to parametric test they were transformed into ratio scale of measurement. Furthermore, the questions were analyzed using statistical package for social sciences (SPSS).

4. Result and Discussion of Findings

Table.1 shows the results of regression analysis on impact of customer satisfaction on freight forwarding operations. Table 1 revealed F – value of 152.945 and P – value of 0.000 at 0.05 level of significance. Therefore, it is observed that there is significant relationship between customer satisfaction and freight forwarding operations (cost of service and level of service) in the terminal.

Table.1 Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
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1	.675 ^a	.821	.765...	.51126
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a. predictors: Constant, service quality, cost b. Dependent Variable: Customer satisfaction

Source: Authors field survey, 2019.

With regards to the formulated hypothesis, the inferential analysis as obtained in table1 reveals that adjusted (r^2) of 0.821 which is about 76.5% variation of customer satisfaction is being accounted for by service quality and cost of operation in the regression model. With p-value of 0.000 and f-value of 152.945 respectively, this shows statistical relationship between factors enhancing freight forwarding operations in Tin-Can Island port and customer satisfaction in the study area. The percentage has positive variation because service quality and cost are significant. However, the remaining 25% as observed here might be attributed to other factors such as industrial strike, traffic problems in the terminal and act of God which is inform of rainfall. These problems sum up to affect freight forward operations in the terminal.

Table 2. Test of statistical Significance

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	130.377	3	41.439	146.469	.000 ^o
Residual	26.976	96	.281		
Total	157.353	99			

b. Dependent Variable: Customer satisfaction.

Source: Authors field survey, 2019.

To established the contribution of independent variable on dependent variable, reference is made to regression co-efficient (table 2) and the regression equation is of the following form where $Y = a + b_1x_1 + b_2x_2 + \dots + b_nx_n + e$ Where;

Y = Dependent variable (customer satisfaction)

a_0 = Slope/Intercept

$b_1 - b_n$ = Regression co – efficient

$x_1 - x_n$ = Independent variables

e = error term or residuals

X_1 = Cost of service

X_2 = Quality or level of service

Using unstandardized regression co-efficient constant is 0.241, and beta co-efficient of cost is 0.402 and level of service is 0.552. This implies that level of service is the highest contributor in determining the impact of customer satisfaction on freight forwarding operations. It could also be noted that cost of service also contributed to influencing customer satisfaction on freight forwarding operations in the terminal. Furthermore, these two variables (cost of service and level of service were also found to be statistically significant at $P < 0.05$ confidence level.

Hence, the hypothesis which states that there is no significant relationship between customer satisfaction, cost of service and level of service is rejected. Thus, confirming that cargo diversion from Nigerian Port to neighbouring port is still evident. Operational delays was the most prominent, followed by corruption and sharp practices, port pricing policies, tariff rate and inconsistent government policies were found to have accounted for deplorable level of service in the terminal which in turn increased the cost of

shipping in Nigeria. In support of this argument Chigozie et al, 2018 stated that the amount of cargo (cars) being moved into Nigeria through some clandestine means from Cotonou and Lome ports far more outweighed those in the terminal and other ports in Lagos zone.

Table 3. Regression Co-efficient

Model	Un standardized Coefficients		Standardized Coefficients	T	Sig
	B	Std. Error	Beta		
(Constant)	0.256	0.172		1.489	0.14
Cost	0.418	0.090	0.435	4.646	0.000
Service Quality	0.577	0.114	0.475	5.079	0.00

a. Dependent Variable: customer satisfaction

Source: Authors field survey, 2019.

5. Conclusion and Recommendation

Based on the analysis of findings, it was revealed that there exist relationship between customer satisfaction, cost of service and level of service in the terminal. The study also found out that government and terminal operators need to find a competitive pricing policy that will discourage importers from diverting cargo destined for Nigeria to neighbouring countries.

In the light of the above, the study recommended that an efficient port system enhances positive economic benefits resulting in the creation and retention of productive employment and generation of income in the economy. Concessionaires and the government should imbibe the habit of customer friendly operations in the terminal which could in turn generate the needed revenue for the economy and make the port a more viable venture.

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