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Research Article

DIMENSIONS OF CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES FROM THE SHIP AGENCY PERSPECTIVE: AN EXPLORATORY STUDY

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ABSTRACT

Customer focus, satisfaction, and value are among the key determinants in establishing customer relationship management. With the effects of increasing competition and negative environmental developments e.g., Covid-19, companies' interests on Customer Relationship Management (CRM) activities have increased. This study explores some dimensions that are frequently used for establishing CRM such as customer focus approach, customer value and customer satisfaction from the ship agency perspective. According to the findings, agencies claim that they frequently have difficulties to achieve customer satisfaction, they adopt many strategies for CRM (e.g., telephone calls, e-mails, offering promotions, visits), they consider hiring staff of sales department carefully, they customized their services for customers, and they challenge competition and gain lower profits because of it. Surveys and feedbacks are frequently used by agencies for evaluating customer satisfaction.

Keywords: *Ship Agencies, Customer Relationship Management, Customer Satisfaction*

1. INTRODUCTION

With the changing nature of today's economy, final consumers are now having a wide variety of household products in their purchase decisions. This abundance of choice made the competition fiercer and urges both manufacturers and intermediaries to deliver the product at the right time, right quality, and the right price. As we know that sea transportation handles more than three quarters of the worldwide cargo movement, the speed, quality, and cost of sea transport become critical.

From a maritime perspective over 15 major types of partners are strongly involved in maritime procedures and although there is enormous volume of information (structured and unstructured) been transferred, only in specific cases vertical or horizontal collaboration exists (Keradinidis *et al.*, 2012). In this highly complicated market shipowners need successful mediators to conduct business relationships and fix ordinary problems. Ship agencies can play as mediators.

A shipping agency can be defined as the business rendering delivering shipping services in the name of the shipowner with the right and obligations for each party specified and signed by the involved parties in the so-called agency agreement (Moshi, 2000: 5). In this business, ship (port) agencies are conducting those services. A ship agent is a person or firm who transacts all business in the name of and under the direction of a ship owner or charterer. The ship agent is generally considered as the organizer that will do everything within his/her power to make sure that this happens in the name of the ship owner or operator (Keradinidis *et al.*, 2012). These issues include to deal with bureaucratic problems such as customs or ordinary problems or miscommunication due to language difference. Ship agencies can be categorized as liner agent, ship broker, charterer' broker, sale and purchase broker, and port agent (Moshi, 2000: 5).

2. CUSTOMER RELATIONSHIP MANAGEMENT

With the outcomes of globalization seem clear, concept of customer relationship management in business has been referred to as the new "mantra" of marketing. It has been reported that many multinational companies have developed CRM products that do everything from track customer behavior on the Web to predicting their future moves to sending direct e-mail communications (Winer, 2001).

As service providers, ship agencies usually and have to use CRM applications. From marketing perspective port agencies, as a marketing institution, have a responsibility of goods to be in the right place, right time, and the right price (Çolak, 2007: 24). Ship agencies are essential in maritime business. The shipowner needs a representative who will take care of his ship in ports in abroad with good knowledge of local situation, such as marketing and port conditions and is capable of handling all the necessary work for the shipowner (Moshi, 2000:8). CRM can be defined as a customer's relationship with a shipping company involves prices, services, scope of service, schedule, customer relations, company history, convenience, brand name and value-added services

(Pereira *et al.*, 2018). In the following sections, some concepts which are correlated with CRM such as customer satisfaction, customer value and customer focus marketing will be briefly explained.

Customer satisfaction

Satisfaction can be defined as the feeling of being happy or disappointed by someone that arises because of comparing the perceived (product or result) against their expectations, whereas customer satisfaction is an after-purchase evaluation where the chosen alternatives are at least the same or exceed expectation (Santoso *et al.*, 2021). CRM and satisfaction are highly correlated cause it is suggested that the overall goal of relationship programs is to deliver a higher level of customer satisfaction than competing firms (Winer, 2001). A company that able to manage CRM well will lead to increased customer satisfaction (Santoso *et al.*, 2021).

Customer value

It is suggested that customer value is a strategic weapon in attracting and retaining customers and has become one of the most significant factors in the success of both manufacturing businesses and service providers (Wang *et al.*, 2004). According to Gale (1994), customer value is market perceived quality adjusted for the relative price of organization's product. Customer's opinion of organization's products (or services) as compared to that of its competitors (as cited in Graf & Maaf, 2008). Customer value is essential for every service organization as creating customer value increases customer satisfaction and the customer experience. It also increases loyalty, market share, price and efficiency and reduces errors (Mahajan, 2020). Performance of CRM activities of any organization is strongly related with creating customer value cause the fundamental objective of CRM is to ensure steady streams of revenue and maximization of customer lifetime value (Wang, 2004).

Customer focus marketing

Customer focus can be defined as to create value to customers continually. It is one of the main components of market orientation that provides strategic superiority (Baş *et al.*, 2016). Companies need to develop their strategies based on a customer focus. This kind of focus is required for customer retention which can be seen a key outcome for organizations. According to a study a little as a 5% increase in retention had impacts as high as 96% on the net present value delivered by customers (Winer, 2001). Customer focus is essential in shipping industry, as one study in shipping industry suggested that companies should actively provide tailored customized services and shipping programs to enhance customers' loyalty and satisfaction (Chen *et al.*, 2018).

3. METHODOLOGY

This study is based on determining customer relationship management practices of ship agencies. The universe of the study is the ship agencies who has a commercial website in Turkey. To achieve this goal, all shipping agencies in Turkey were searched through internet search engines, and 55 total shipping agencies were determined as the universe of the study. Due to highly restricted period of Covid-19, it is decided to collect data by e-mail by using a semi-structured

questionnaire which was sent to 55 ship agencies in the period from the 1st-10th of May 2021. To increase the sample size, another reminder e-mail was sent between 11th to 15th of May to those agencies. There were 7 shipping agencies who responded all the questions. Thus, 7 shipping agencies were determined as the sample of the study.

4. FINDINGS

In this part ship agencies' responses relating with the challenges, they experience about customer focus approach, strategies to improve customer relations, details of customer focus marketing and challenges of building customer value are going to be presented.

Port agencies' answers to including challenges about maintaining customer value can be shown in Table 1.

Table 1. Challenges of customer focus approach of ship agencies

Statements	n
-Customer can easily switch to another agent	1
-Customers might perceive some of our commitments as 100% certain	1
-Lack of customer planning	1
-Difficulties to achieve customer satisfaction	3
-Confusing customer focus with doing exactly what they tell us to do	1
Total	7

According to Table 1, ship agencies generally complain about the difficulties to achieve customer satisfaction. For instance, one agent clarifies this issue:

"We should have a customer focus for offering services and determining price. Various and independent demands and requirements of ship owners make it difficult for forwarders to provide customer satisfaction." (Ship agent 6)

Even if customer satisfaction is a key goal for almost all the organizations, one participant claims that it is nearly impossible:

"Our customer focus strategy just means as customers satisfaction. The only strategy we have is to facilitate customers' work. The challenge of it is, to satisfy people is nearly impossible. They always find something to complain about." (Ship agent 3)

Table 2. Strategies to improve customer relations

Statements	n
-7/24 contact with telephone and e-mail	1
- Observing customers and building sincerity	1
- Offering privileges e.g., discounts or reservations	1
- Offering priorities such as face-to-face conversation with video conferencing tools	1
- Face-to-face meetings e.g., lunch or visit	1
- Determining customer requirements before contact	1
- Empathizing with customer to be solution-oriented	1
Total	7

According to Table 2, ship agencies have various strategies to improve customer relations. One agent gives special attention to customized CRM:

"CRM is the same at all businesses all over the world. The more sincerity you manage build; the more customers you will persuade to work with you. Because every customer came to your office is different, you must modify your attitude for each of them. Additionally, you have to observe, know your customer and build sincerity based on these observations." (Ship agent 3)

Table 3. Priorities for hiring to sales department

Statements	n
-Obeying the law	1
-Prioritizing qualified applicants (e.g., high skilled of communication, command of English, compatible with office working conditions)	1
-Prioritizing applicants who meet HR market requirements	1
- Experienced and future goal-oriented applicants	1
- Applicants who can easily communicate with customers	1
- Applicants who can express themselves well	1
-Applicants who are active, presentable and have analytic thinking	1
Total	7

According to Table 3, ship agencies have various priorities relating to hiring including obeying the law and promoting high qualified applicants. One agent claims that human resource is the key to improve customer relations:

"Sales department is the most important department in every shipping company. Because this department initially contacts the customer and provides the continuous commercial relation, staff in this department should establish the best dialogue with the customer. For instance, the staff member has customized qualifications according to the region (e.g., Excellent command of Arabic for companies mostly trade with the Middle East) and staff members who mostly contact with their customers at working office should care more about their physical appearance or personal care." (Ship agent 1)

Similarly, another agent points out the importance of the sales team:

"It is very important that the sales team member easily communicate with the respondent. We always care about this issue." (Ship agent 4)

In Table 4, responses of ship agencies relating with customer focus marketing can be seen. One agent did not respond to this question. According to the Table 4, ship agencies adopt various strategies for conducting customer focus marketing including offering customized services, improving services, offering services quickly and conducting market research. For instance, one agent claims that:

"We have different strategies for different customers. If the customer requests the most suitable freight, we look for shipowners mainly offer good freight. If the customers care for service quality and fast delivery, we look for a shipowner with high quality services." (Ship agent 2)

One agent points to the importance of market

research:

"For the prospective customer, first we make research about the customer and his/her requirements e.g., price discounts we can offer or operational solutions. Then we conduct marketing activities". (Ship agent 1)

Table 4. Details of customer focus marketing

Statements	n
-We apply different strategies to different customers according to their demands	2
- We determine our service offering then we build target market and improve our services	1
- It is aimed to offer best service in line with every customer's request	1
- We offer service with information as soon as possible	1
- We collect data relating with the customer then offer promotion to him/her	1
Total	6

Table 5. Challenges for building customer value

Statements	n
-Lower profits due to fierce competition	4
- Customers' insistences to postpone previous payments	1
-Negative effects of Covid-19 Pandemic	1
- Unpolite behaviors of some customers	1
Total	7

In Table 5, some challenges of ship agencies relating with building consumer value can be seen.

About half of the agencies claim that fierce competition makes their profits lower.

One agent clarifies pricing issues with the competition and input costs:

"Price is the most important part of our job. Even though you offer the best service, unless you don't offer a good price, you can not convince your customers. There are lots of ship agencies actively working in maritime transportation in these days, so the competition is harsh, and it makes profits lower. Additionally, in shipping business inputs costs are highly unstable (e.g., oil), thus the freight you offer to your customer might be changed day-by-day. This issue might cause customers to complain. Another common problem with the price is demurrageⁱ. Such incidents from customers' wrong scheduling error might increase cost due to demurrage. In such incidents sales representative must convince the customers, otherwise customer loss is possible." (Ship agent 1).

"Every customer has a different style. Some

customers might use strong language and this style can effect negatively to the relationship. We adopt negotiation needed in such cases". (Ship agent 7)

Table 6. Methods to evaluate customer satisfaction

Statements	n
-By customer feedback after service offering	2
- By telephone/e-mail survey after service offering	2
- We don't. If they continue to work with us, it means that they are satisfied	1
- We demand our customers to contact with us for negative feedback	1
- We regularly ask our customers our services and to state complaints if any.	1
Total	7

In Table 6 evaluations of port agencies for customer satisfaction can be seen. Customer feedback and surveys are common methods. One agent only focus on negative incidents if it is any.

One agent claims that telephone surveys are useful:

"After service offering, we contact to the customer both telephone and e-mail to compensate -if any-inadequate service is given." (Ship agent 5)

Another agent claims that they don't use statistical methods. Here he/she clarifies why:

"We evaluate service quality by asking directly to them whether they are unsatisfied with our services. Because we have strong relationships with our customers, I don't think statistical methods to evaluate their attitudes would be useful." (Ship agent 3)

"For both port and address delivery cargos, we send our customers a survey after the operation is completed. We organize business improvement meetings based on these survey data to offer better service." (Ship agent 4)

4. CONCLUSION

This study aims to explore customer focus, challenges, relationship improvements and customer value, priorities for hiring to sales department and satisfaction evaluation strategies of the shipping agencies. According to the findings, ship agencies usually face difficulties to achieve customer satisfaction. As the research has shown that there is strong, positive relationship between customer satisfaction and profits (Winer, 2001), if shipping agencies want to make sustainable profits, they should fix those difficulties first. They use various tools and strategies to improve customer relations, such as 7/24 availability (telephone and e-mail), offering discounts, face-to-face or online meetings/lunches and empathizing with the customers. As e-mail is proved to be a very cost-effective approach to customer retention (Winer, 2001), ship agencies' relying on e-mail communication should be appreciated. For companies' HR hiring strategies, it is seen that they mainly focus on applicants' qualifications such as experience, communication skills or English command. In this highly competitive market (both for

external and internal customers) this finding is understandable. For the details of customer focus marketing, ship agencies usually offer customized services, and they wish to offer to best service they can. The idea of customization is that it has turned customers into product makers rather than simply product takers (Winer, 2001). From this point of view, agencies let their customers help to make their service rather than just to take. As price is suggested to be an important pillar of customer value (Choo *et al.*, 2012), ship agencies complain about the fierce competition which is suggested to have a considerably negative effect on prices. Additionally, effects of Covid-19 and payment postpone requests affect customer value also negatively. Evaluating customer satisfaction is a key outcome. According to the findings, ship agencies regularly use customer feedbacks, telephone, or e-mail surveys after service offerings. Only one agent claim it is unnecessary to evaluate customer satisfaction and other one evaluates only for negative conditions.

For future studies other dimensions such as loyalty, word-of-mouth and repurchase intention can be explored, quantitative methods (mass surveys) can also be used to generalize findings.

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ⁱ Demurrage is a fine or charge that is levied by a courier or freight provider if they do not take their goods away from a port or terminal within a predefined amount of

time (<https://www.tradefinanceglobal.com/freight-forwarding/demurrage/>).