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# A STUDY ON FACTORS THAT INFLUENCE CUSTOMER SATISFACTION WITH FREIGHT FORWARDING SERVICES

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## Abstract

Customer satisfaction in freight forwarding service is influenced by factors such as on-time delivery, effective communication, quality of service, cost, customer support and warehouse facilities. The main aim of this study is to understand the various parameters of customer expectations in freight forwarding service. It also states that determine the factor influencing customer satisfaction in freight forwarding services. The scope of the study is to determine the various factors that will help freight forwarding services to increase customer satisfaction. Primary quantitative methods have been followed for collecting and analysing reliable and relevant data associated with the research context. The study offers perception into the element that matters most to a customer and it can assist businesses in creating strategies that effectively match customer expectations and provide them with a competitive edge. The study was limited to three months only and restricted to only freight forwarding service companies. Overall the study advances our understanding of customer satisfaction dynamics in the goods forwarding sector which adds to the body of knowledge on logistics and supply chain management.

**Keywords:** customer satisfaction, freight forwarding, logistics and couriers.

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## Objectives

- To understand the freight forwarding services offered by freight forwarding companies.
- To analyse the factors influencing the customer satisfaction in freight forwarding companies.

## Limitations:

- The study was limited to only three months period of time
- The study was carried out only with freight forwarding service.
- Due to privacy policies of the companies accessing to the documents were confidential.

## Introduction

Freight forwarding services are the intricate processes of controlling and overseeing the transportation of goods from one location to another. Intermediaries called freight forwarders or forwarding agents carry out this role by facilitating contact between shippers and carriers. These goods forwarding companies work to ensure timely delivery and the best possible condition for goods while in transit by utilising a variety of modes of transportation (air, sea, rail, or road) and handling numerous logistical aspects such as documentation, customs clearance facilitation, insurance coordination, and other support services. They maintain a good connection with stakeholders, including shippers and carriers alike, by continually complying to regulatory regulations and practices, which ensures competent norms in line with industry standards. An essential component of every effective and efficient products transportation service is ensuring the highest possible degree of customer satisfaction. The provision of excellent services that are individually tailored to address individual needs, as well as the maintenance of this essential quality—"customer-first"—represent the most important duty for transport-oriented organizations. When consumers feel valued

in every way, loyalty is increased for goods moving companies. If forward-thinking goods agencies want to maintain high customer satisfaction levels, they must take a number of important steps, such as improving communication. Regular, thorough updates on the status of shipments promote transparency between shippers and receivers and speedy resolution of any problems or concerns, which strengthens trust. In addition, providing customized solutions based on each client's relationship with them, including individually tailored transportation options, flexible pricing options, and additional priceless services like transit-related property handling and storage procedures

It is imperative for freight forwarding firms to uphold a clear and straightforward level of communication with their valued clientele throughout the entire shipping process. This includes providing timely updates regarding the shipment's current status while being attentive to any inquiries or concerns that may arise from their customer base. Maintaining reliability in delivery plays an integral role since clients entrust these organizations with safely transporting their merchandise, and any hiccups during transit could lead to potentially harmful financial repercussions. Additionally, offering transparent pricing that remains competitive is crucial, as it represents reasonable estimates that align precisely with the services provided. The promotion of transparency and sincerity within an enterprise cultivates a sense of reliance among its patrons who hold the belief that their investment is justified to the fullest extent. These companies must offer bespoke solutions as each cargo carries unique demands that may require flexible arrangements. Finally, maintaining professionalism proves pivotal in creating a stellar relationship between shippers and freight forwarders alike. The proper observation of industry regulations coupled with cutting-edge technology ensures efficiency within operations while also allowing for courteousness tempered by

comprehensive knowledge leading to higher levels of skilled customer service bringing greater contentment downstream amongst our cherished customers.

### Review of literature

(Z. Wenyong, Z. Jing, and C. Hongxiang. 2010)<sup>1</sup> The paper may examine several criteria for measuring service quality, such as on-time delivery, damage-free delivery, and communication with customers. It may also explore various strategies for gathering and analyzing data on service quality.

(Gil-Saura, I., Berenguer-Contri, G., & Ruiz-Molina, E. 2018)<sup>2</sup> The study focuses on the relevance of perceived value and service quality in generating satisfaction and loyalty in goods forwarding B2B interactions. To boost customer satisfaction and loyalty, the authors recommend that organizations in this area focus on enhancing both perceived value and service quality.

(Nurwahyudi, N., & Rimawan, E. 2021)<sup>3</sup> The study points out the significance of analyzing customer satisfaction in the freight forwarding industry. To discover opportunities for improvement and sustain high levels of customer satisfaction, the authors recommend that businesses utilize a combination of Seroquel, IPA, and FMEA approaches.

(Vasanth, S. 2018)<sup>4</sup> the study, customers were generally satisfied with freight forwarder organisations' services on a variety of criteria, including communication, dependability, flexibility, responsiveness, and cost-effectiveness. The survey also identified a number of areas where the companies' services may be improved, such as responsiveness, flexibility, and cost-effectiveness.

(Miremadi, A., Ghalamkari, S., & Sadeh, F. 2011)<sup>5</sup> The study presents useful statistical methods for data analysis and identifies various elements that influence customer satisfaction, such as service speed, service quality, information availability, and security level.

(Balci, G., Caliskan, A., & Yuen, K. F. 2019)<sup>6</sup> The paper provides the significance of relational bonding methods in the container shipping sector and their impact on customer happiness and loyalty. It can be valuable for shipping, logistics scholars, practitioners, and container shipping company management interested in boosting customer satisfaction and loyalty.

(Riitho, V. K. 2018)<sup>7</sup> The paper gives useful insights into the relationship between service quality and customer satisfaction in Kenya's container shipping business from the perspective of a goods forwarder. It can be valuable for shipping and logistics scholars and practitioners, as well as container shipping line managers interested in enhancing service quality and customer happiness.

(Shin, Y., & Thai, V. V. 2015)<sup>8</sup> The paper offers insightful information on the impact on customer satisfaction, relationship maintenance, and loyalty in the shipping business. It might be valuable for shipping and logistics scholars and practitioners, as well as shipping company managers who want to improve their CSR practises and develop deeper relationships with their customers.

(Musunguzi, N. 2009)<sup>9</sup> The paper provides elements that determine client loyalty in Uganda's goods forwarding business. It can be valuable for shipping and logistics scholars and practitioners freight forwarding company managers interested in enhancing client loyalty through service quality, trust, and word of mouth.

(Gigi, G. S., Balajee, S. K., & Rakesh, K. 2020)<sup>10</sup> The essay provides aspects that influence customer satisfaction in the goods-moving sector. It might be valuable for shipping and logistics scholars and practitioners goods forwarding company managers interested in boosting customer satisfaction and loyalty.

(Rimawan, E. 2021)<sup>11</sup> SERVQUAL, IPA, and FMEA are three methods used in the freight forwarding sector. Based on the

study's findings, the author suggests that the goods forwarding company work on enhancing reliability, responsiveness, and empathy to boost customer satisfaction.

Anh, N. D. (2018)<sup>12</sup> The study provides useful insights into the level of client satisfaction with the air freight forwarding services supplied by an FDI company in Vietnam. The findings may be valuable for logistics companies in Vietnam and other countries interested in assessing customer satisfaction and improving service quality.

(Shylender, A., & Kavitha, S. F. 2015)<sup>13</sup> The study provides on the elements that influence customer satisfaction in air freight services in India. The findings can help air freight service companies in India and other countries improve the quality of their services and customer satisfaction.

Priya, S. M., & Valliammal, M. 2019)<sup>14</sup> The report finishes with recommendations for improving the company's operations and customer satisfaction, such as better coordination among divisions and investment in contemporary technology and goods shipping equipment.

(Benedict, A. B., & Emmanuel, G. A. 2021)<sup>15</sup> It demonstrates a negative

mismatch between consumer expectations and perceptions of airline service quality in Nigeria, and customers are dissatisfied with cargo airline service quality. According to the report, cargo airlines should evaluate and improve service quality parameters to match the demands of customer satisfaction.

### Research Methodology

The research is carried out by studying primary and secondary data. The secondary data is analysed from various articles, magazines and research thesis which is considered as authentic data. With that insight, the primary data collection has been carried out by questionnaire method. The questionnaire consisted of questions that state the various variables that are pertaining to last mile delivery. The Sample size of the research is 110. The sampling technique followed is Convenience Sampling. All the authentic samples are used for statistical analysis through SPSS. The tools used in this research paper are Chi-Square and ONEWAY ANOVA

## Data Analysis and Interpretation

### 1.1 Chi-Square test

Chi square test is executed to discover the existence of significant relationship among the variables.

Influencing Variables	Male	Female	Total	Chi-square	df	Sig
Prompt Information About Shipment	45 (40.0)	9 (8.1)	54 (48.6)	4.438	4	0.35
Clear Instruction By FFC	45 (46.8)	10 (9.0)	55 (55.8)	5.906	4	0.206
Fees Transparent Without Hidden Charges	36 (32.4)	11 (9.9)	47 (42.3)	1.923	4	0.75
Provided With Reliable Shipping Services	51 (45.9)	13 (11.7)	64 (57.6)	1.275	4	0.886

Accurate Up to date Information On Tracking System	55 (49.9)	10 (9)	65 (58.5)	3.781	4	0.436
Ease Of Documentation Procedures	57 (51.3)	8 (7.2)	65 (58.5)	12.931	4	0.012
Variety Of Payment Methods	57 (51.3)	11 (9.9)	68 (61.2)	6.242	4	0.182

### Inference

From the above table it is understood that the study has a significant value of 0.35 for prompt information about shipment on which 40% from the male and 8.1% from female. 0.206 significant value for clear instruction by freight forwarding service which is 46.8% from male and 9.0% from female. 0.75 significant value Fees Transparent without Hidden Charges for by freight forwarding service which is 33.4%

from male and 9.9% from female. 0.886 significant value Provided with Reliable Shipping Services which is 45.9% from male and 11.7% from female. 0.436 significant value Accurate Up to date Information on Tracking System which is 49.9% from male and 9% from female. 0.012 significant Ease of Documentation Procedures value which is 51.3% from male and 7.2% from female. 0.182 significant value Variety of Payment Methods which is 51.3% from male and 9.9% from female

Influencing Variables	18-20 n = 21	21-25 n = 59	26-30 n = 15	31-40 n = 7	>40 n = 9	Total	Chi-square	df	Sig
Prompt Information About Shipment	4 (3.6)	32 (28.0)	9 (8.1)	5 (4.5)	4 (3.6)	54 (48.6)	20.927	16	0.181
Clear Instruction By FFC	8 (7.2)	35 (31.5)	5 (4.5)	3 (2.7)	4 (3.6)	55 (49.5)	17.756	16	0.338
Fees Transparent Without Hidden Charges	11 (9.9)	24 (21.6)	6 (5.5)	3 (2.7)	3 (2.7)	47 (42.3)	9.606	16	0.886
Provided With Reliable Shipping Services	9 (8.1)	39 (35.1)	8 (7.2)	3 (2.7)	5 (4.5)	64 (57.6)	16.949	16	0.389
Accurate Up to date Information On Tracking System	12 (10.8)	36 (32.4)	9 (8.1)	2 (1.0)	6 (5.5)	65 (58.5)	12.57	16	0.704
Ease Of Documentation Procedures	13 (11.7)	33 (29.7)	5 (4.5)	6 (5.5)	3 (2.7)	60 (54)	23.511	16	0.101
Variety Of Payment Methods	12 (10.8)	35 (31.5)	10 (9)	5 (4.5)	6 (5.5)	68 (61.2)	7.733	16	0.956

## 1.2 Chi-Square test

Chi square test is executed to discover the existence of significant relationship among the variables.

### Inference

From the above table it is clear that 0.181 significant value is derived from the factor prompt information about shipment is leading to the influencing variables. 0.338 significant value is derived from the factor Clear Instruction by FFC is leading to the influencing variables. 0.886 Significant value is derived from the factor Fees Transparent without Hidden Charges is leading to the influencing variables. 0.389

Significant value is derived from the factor provided with Reliable Shipping Services is leading to the influencing variables. 0.704 Significant value is derived from the factor Accurate Up to date Information on Tracking System is leading to the influencing variables. 0.956 Significant value is derived from the factor Variety of Payment Methods is leading to the influencing variables.

## 1.3 Analysis of Variance (ONE WAYANOVA)

ANOVA is implemented to find the existence of significant variance between Level of Satisfaction on flexibility and Influencing variables on customer satisfaction

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	F Value	Sig
Prompt Information About Shipment	1.6000	2.8571	3.4828	3.5714	3.1786	3.427	0.011
	0.89443	1.23146	1.18384	1.21959	1.36228		
Clear Instruction By FFC	1.4000	3.0000	3.4828	3.4571	3.5357	4.745	0.001
	0.54772	1.17670	0.98636	0.98048	1.31887		
Fees Transparent Without Hidden Charges	1.6000	2.8571	3.0000	3.4571	3.4643	4.219	0.003
	0.89443	1.02711	1.03510	0.95001	1.31887		
Provided With Reliable Shipping Services	2.4000	3.1429	3.5517	3.6286	3.7857	2.094	0.087
	1.67332	1.02711	0.98511	0.97274	1.37051		
Accurate Up to date Information On Tracking System	1.4000	2.7857	3.4138	3.9429	4.1786	12.639	0.000
	0.89443	1.25137	1.01831	0.87255	0.90487		
Ease Of Documentation Procedures	1.8000	3.0000	3.3793	3.8000	4.3929	10.556	0.000
	1.78885	1.24035	0.94165	0.79705	0.95604		
Variety Of Payment Methods	1.2000	2.9286	3.7241	3.8286	4.0357	7.462	0.000
	0.44721	1.43925	1.19213	1.15008	1.20130		

## Inference

From the above table it is clear that 0.011 significant value is derived from the factor prompt information about shipment is leading to the influencing variables of Level of Satisfaction on flexibility and Influencing variables on customer satisfaction and the f value for the same is 3.427. 0.001 not significant value is derived from the factor Clear Instruction by FFC is leading to the influencing variables of Level of Satisfaction on flexibility and Influencing variables on customer satisfaction and the f value for the same is 4.745. 0.003 Not significant value is derived from the factor Fees Transparent without Hidden Charges is leading to the influencing variables of Level of Satisfaction on flexibility and Influencing variables on customer satisfaction and the f value for the same is 4.219.

0.087 Significant value is derived from the factors provided with Reliable Shipping Services is leading to the influencing variables of Level of Satisfaction on flexibility and Influencing variables on customer satisfaction and the f value for the same is 2.094.

0.000 Not Significant value is derived from the factors Accurate Up to date Information On Tracking System is leading to the influencing variables of Level of Satisfaction on flexibility and Influencing variables on customer satisfaction and the f value for the same is 12.639.

0.000 Not Significant value is derived from the factors Ease of Documentation Procedures is leading to the influencing variables of Level of Satisfaction on flexibility and Influencing variables on customer satisfaction and the f value for the same is 10.556.

0.000 Not Significant value is derived from the factors Variety of Payment Methods is leading to the influencing variables of Level of Satisfaction on flexibility and Influencing variables on customer

satisfaction and the f value for the same is 7.462.

## FINDINGS AND CONCLUSION

From the analysis the findings of the test done with different statistical tools are stated.

- The paper aims to understand the factors that influence customer satisfaction in freight forwarding services.
- The study found that on-time delivery, effective communication, quality of service, cost, customer support, and warehouse facilities are the main factors that affect customer satisfaction.
- The study also highlights the importance of offering transparent and competitive pricing to customers.
- The research provides insights into what matters most to customers and can help businesses create strategies that meet customer expectations and provide a competitive advantage. However, the study was limited to three months and only included freight forwarding service companies.

## Conclusion

The conclusion of the paper is that customer satisfaction in freight forwarding services is influenced by several factors, including on-time delivery, effective communication, quality of service, cost, customer support, and warehouse facilities. The study provides valuable insights into customer expectations and can help businesses develop strategies to improve customer satisfaction and gain a competitive advantage. The findings of the study were based on quantitative methods and statistical tools, and the research adds to the body of knowledge on logistics and supply chain management.

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