Case Study on Customer Support Key Metrics for Logistics Service Industry

Sourav Dhal[*]

Senior Associate Consultant, Supply Chain, ITC Infotech, Bangalore, India
*Corresponding author: sourav.dhal@itcinfotech.com

***Abstract*: Large commercial vehicle aggregators or transport service providers in the logistics space, are expected to be riddled with challenges spanning operational field issues to resource allocation. Indian commercial transportation industry, estimated to be $2 Billion by 2030, has seen a flurry of startups in this space changing the rules of the game. Majority of these companies operate on an online platform base. Hence, they have a strong backend product development team.**

Commercial transportation is witnessing a seismic shift, change in ownership models, CAPEX to OPEX, emergence of big fleets, driver's outlook to comfort, safety, infotainment facilities to support liveability on the truck, involvement of vehicle aggregators linked through technologies, availability of driver's skill levels to handle technologies, need for connected truck concept and mobility management, including driver monitoring support for service providers and recipients.

***Keywords*: Abandoned calls, Customer satisfaction, Logistics service provider, On call resolution, Repeat tickets, TAT, Tier-1 support.**

1. Background

In such a renewed setup, it is imperative that the customer support team would be under remarkable pressure to confirm a resolution TAT, resolve the customer issues within TAT, and communicate back to the aggrieved parties. Customer experience; issue resolution promptness and quality, is a significant differentiator in deciding market share which is estimated to be at 215 billion USD among similar online platform-based logistics service providers, by 2020.

There is no way to improve customer service without continuous improvement of current processes. Customer Service improvement initiatives should meticulously focus on:

- Step 1. Clarify Project Objectives and Outcomes
- Step 2. Define Organizational Context
- Step 3. Define Current State Processes
- Step 4. Analyze Current State & Technology Gap
- Step 5. Define Future State Improved Processes
- Step 6. Create Action Plan and Implement Recommendations

Administrative management and information systems will play key role in implementing such changes to see substantial improvement in customer satisfaction. With their alignment, the right offer to the right customer can be extended at the right price, at the right time and through the most appropriate channel.

In the following section, we will discuss few of the major KPIs that can be referenced to measure the effectiveness of overall customer support. We will touch upon ways to improve these metrics, which can be common to companies across the industry, irrespective of the business model in place.
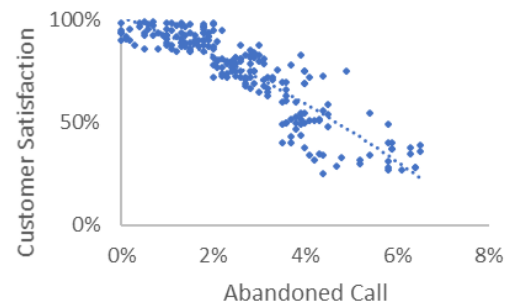
2. Business Metrics

A. Abandoned Calls

Fig. 1. Customer Satisfaction vs. Abandoned Call

As evident in Fig. 1, when abandoned calls are in the lower range, customer satisfaction is consistent. Different organizations have their way of defining abandoned calls, e.g. depending on the threshold time limit of answering a call, waiting time, etc. In this case abandoned calls are unanswered calls with a waiting time greater than 3 minutes. Customer satisfaction is referenced on benchmark scoring on multiple parameters, e.g. average call time, waiting time, on call resolution, resolution time, etc. Similarly, in Fig.2 we can infer that cost per call is higher to maintain a lower rate of abandoned calls, as it would require engaging more work force around the clock working in shifts.

Therefore, the optimum range for the abandoned calls as a percentage of connected calls is close to 2.2%, going below this would significantly increase the cost per call with marginal impact on customer satisfaction. With adequate staffing and weekly roster planning, the abandoned calls can be brought down significantly.
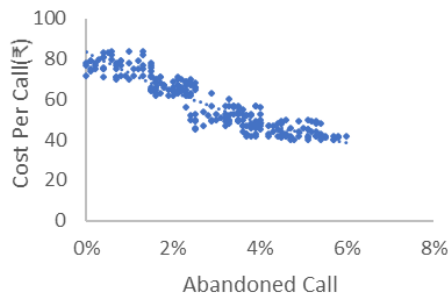
International Journal of Research in Engineering, Science and Management
Volume-3, Issue-8, August-2020
journals.resaim.com/ijresm | ISSN (Online): 2581-5792 | RESAIM Publishers

202
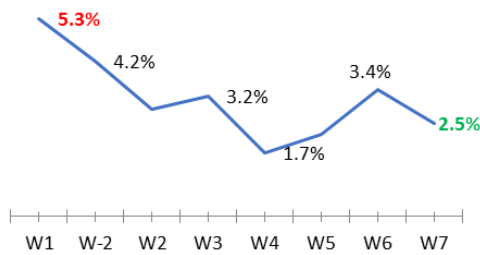
Fig. 2. Cost per Call vs. Abandoned Call

Fig. 3. Abandoned calls (% of Connected Calls)

B. Right channel adoption

Companies that deliver excellent customer support do so in the channels where their customers are. In practice, vehicle service providers are present in multi-channel support mode for customer clarification, issue escalation or general enquiry etc. The typical channels are:

a. App platform (Supply Side)
b. App platform (Demand side)
c. Vendor's ground operation team
d. Customer support (Inbound Call)
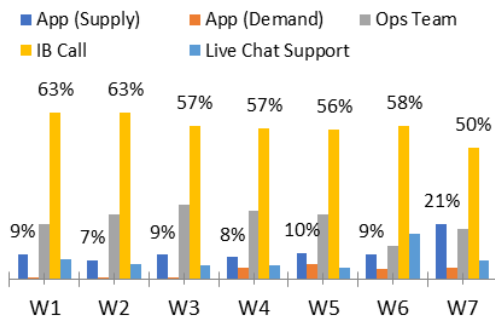e. Live Chat Support

Fig. 4. Right channel adoption by customers

Adoption of correct channel by customers for reaching out to service provider has both monetary as well as TAT impact for solving that category of issue. Ideally, companies would want their customers (both fleet owners and consignees) to reach out through the dedicated app platforms.

But as expected, due to the nature of problems in a logistics setup, customers (fleet owners, consignor & consignee) would

always be curious for a prompt turnaround of the problem and would reach out to the support center mostly via phone calls. In this regard, contribution of inbound (IB) calls brought down to 50% by end of week-7.

Contribution of FOS or local ground operations team, as a channel for escalation, remains the same; since they are the one closest to the customers on ground and in most cases have developed an informal working relationship.

C. Repeat Inbound Calls

There would be cases where customer had called multiple times for the same issue relating to an order. This could be primarily because of two reasons – breach of communicated TAT by service provider for the raised issue or impatience on customer side.
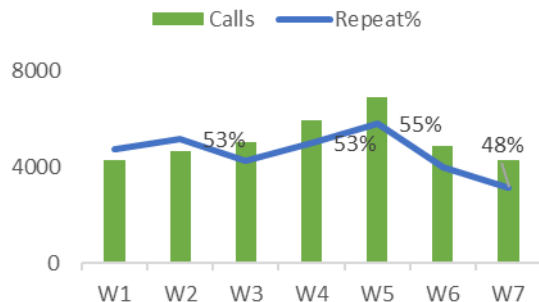

Fig. 5. Repeat IB calls (% of Connected Calls)

The repeat callers could be as high as 60% in an IB customer support center handling roughly 2500 calls in a day. By clearly communicating the TAT respective to the issue type on first call, and keeping the customer updated with the resolution stage via text message/app notification, the repeat % can be brought down considerably.

D. Call to Order Ratio

The improvement in right channel adoption by stakeholders (supply app platform by fleet owners and demand app by customers) and decrease in repeat call percentage would also lead to lower Call-to-Order ratio. This is effectively same as bringing down the amount of resources engaged by business per active order in system.
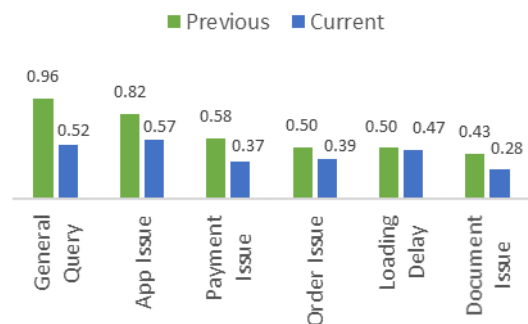

Fig. 6. IB Call-to-Order Ratio

For important categories of customer issues that land up at

International Journal of Research in Engineering, Science and Management
Volume-3, Issue-8, August-2020
journals.resaim.com/ijresm | ISSN (Online): 2581-5792 | RESAIM Publishers

203

tier-1 customer support, this metric could be satisfactorily brought down. Thereby, directly reducing the cost associated with handling each call. The core operational issue in such types of businesses, as you would expect, will have a higher inflow of incoming calls. E.g. loading delay for vehicle waiting at consignor

Furthermore, companies are exploring chat bots to replace the human chat support, which can have up to staggering 30% reduction on the current costs. Chatbots can help businesses save on customer service costs by speeding up response time, freeing up agents for more challenging work, and answering up to 80% of routine questions. This has been a recent phenomenon across customer support in various industries starting from FMCG, pharmaceutical, automobile to courier services.

3. Customer Experience Metrics

A. TAT of Priority Issues

The issues raised at tier-1 customer support, if for some reasons are not resolved, are then escalated as tickets to the tier-2 support. The reasons could be lack of access at tier-1 level, need of additional technical, accounting details, etc. that would require information flow from other departments.
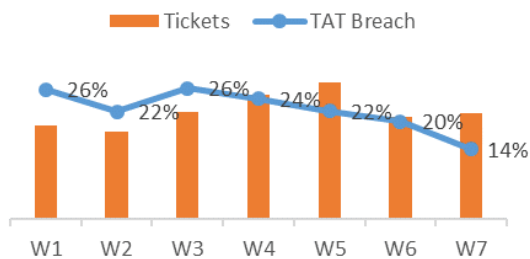
Fig. 7. TAT Breached (% of tier-2 tickets)

By understanding the inter-dependencies of various functions, the bottleneck can be identified in each issue category leading to a high TAT. By technological intervention on requisite app platforms and on the ground execution improvement, the TAT figure for major issue types can be agreed internally and TAT breach can be monitored for the same.

B. Repeat Tickets

Similar to the repeat inbound calls at tier-1, there are repeat of tickets at tier-2 for the same issues. This again can be attributed to the TAT breach and lack of visibility at tier-2 level on status of pending tickets.

By limiting access to raising tier-2 tickets to a smaller internal team and dash boarding of all pending ticket status with time stamps, the duplication of tier-2 tickets can be avoided and brought down to 10% of the total raised tickets. Ideally, the repetition should be zero barring few issue types where tickets are knowingly duplicated with an updated understanding of the customer concern. There are numerous service providers online

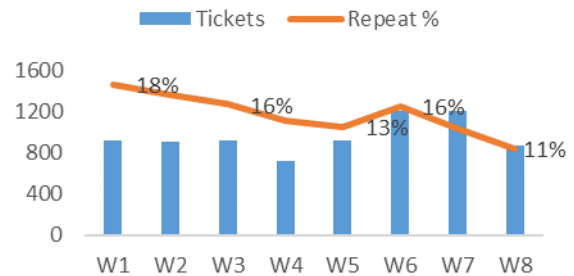in this domain providing end-to-end platforms from managing tickets to escalations matrix.

Fig. 8. Repeat L-2 Tickets (% Total tickets)

C. Ticket to Order Ratio

Lower the escalation & ticket issuance per confirmed order in system, better is the customer satisfaction.
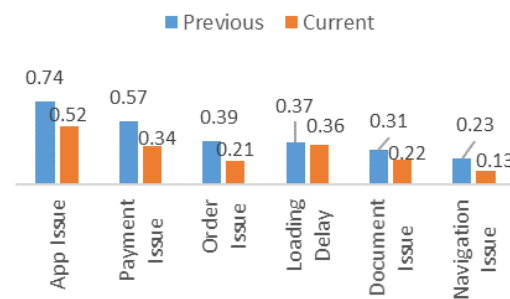
Fig. 9. L-2 Ticket-to-order Ratio

For major on ground challenges like, "vehicle waiting for loading", this metric does not go down significantly as it is the highest recurrent issue as per the IB call contribution. However, for issues related to the product side such as App platform and UI, this metric can significantly be brought down by enhanced co-ordination between operations and product team, thereby adhering to the benchmark TAT as well.

Now these are few of the major business and customer experience metrics that can be used as reference to gauge the current state of customer support in a logistics service provider business. There needs to be an overlap between these two types of metrics, and any improvement in customer support must be viewed simultaneously through these lenses.

We will briefly discuss two-issue types based on the above approach.

Under payment issue types, performance-based bonus payment to transporters is one category. Now there would be both IB calls that land up at tier-1 customer support as well as tier-2 tickets being raised. By providing better access to the IB agents to the transporter ledger, past order and payment history, improved UI on the supply app platform detailing reasons of non-payment, majority of these calls can be avoided. This leads to improvement in all three metrics – OCR (On Call Resolution), Call-to-order ratio and Ticket-to-order ratio.

International Journal of Research in Engineering, Science and Management
Volume-3, Issue-8, August-2020
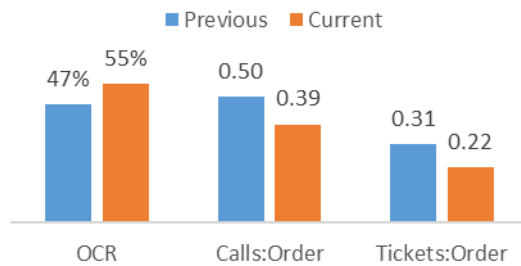**journals.resaim.com/ijresm | ISSN (Online): 2581-5792 | RESAIM Publishers**

204

Fig. 10. KPI for bonus payment

Similarly, for another major sub-issue under the app issue category, relevant product changes in the backend basis customer feedback, updated business understanding and improved live chat support can move the same three metrics in the correct direction.
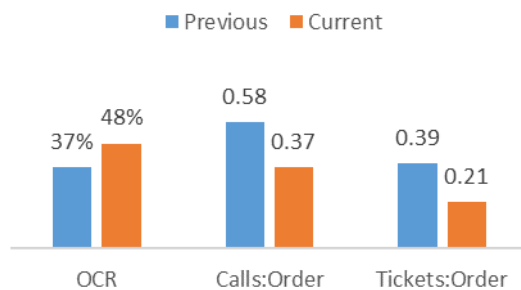

Fig. 11. KPI for user app issue

In addition to the key metrics discussed above, the other more usual measures to enhance customer support are,

1. Selecting appropriate personnel committed to working in customer services, such as persons with prior experience of working in BPOs and others.
2. Constant training of customer service staff.
3. Defining a customer service policy and developing a service manual.
4. If the solution is delayed, keep the customer informed of the progress of the solution.
5. Involving the sales and operations team in customer service so that they show an interest in the services that are provided to meet the customer needs. This can preserve your relationship with them.
6. Constant call monitoring at tier-1 level and periodic quality audits.
7. Analyzing data and turning it into information for decision making and process improvement.

4. Conclusion

A recent study, on Material Handling and Logistics, reports only 3% of respondents believe their existing technology supports an improved customer-focused logistics experience. In addition, 67% are actively pursuing ways to increase customer service throughout the order fulfillment process. Furthermore, half of respondents cite need to decrease operational costs and improve profit margins as key to enhancing customer service. Unfortunately, these goals can conflict with goals of better customer service, like decreasing costs for consumers. As a result, more companies must understand what customers truly want.

Higher customer satisfaction and experience often translate into long term customer loyalty and an improvement of strategic business objectives. Customer expectations are constantly on the rise, but by spending time to care for, and nurture their needs, logistics service providers can be in a great place to deliver an exceptional customer experience, both now and in the future.

Abbreviations

[1] IB – Inbound
[2] OB - Outbound
[3] OCR – On Call Resolution
[4] TAT – Turn Around Time
[5] KPI – Key Performance Index
[6] FOS – Feet on Street
[7] UI – User Interface

References

[8] https://www.comm100.com/blog/customer-experience-improvement-strategies.html
[9] https://www.nfosearchbpo.com/outbound-inbound-callcenter-sevices.php
[10] https://www.ibm.com/blogs/watson/2017/10/how-chatbots-reduce-customer-service-costs-by-30-percent/
[11] https://www.mhlnews.com/global-supply-chain/customer-experience-now-top-priority-supply-chain-operations