NEW SERVICE PRODUCT DEVELOPMENT MODELS IN POST COVID 19 LOGISTICS COMPANIES

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Abstrack

In addition, logistics service providers in Indonesia absolutely require a novel method for the development of new products or services in order to survive and even continue expanding in the face of increasing fierce competition from local and international businesses. We require a model that is in line with the characteristics of the industry and business in order to be able to carry out this procedure in an effective and efficient manner. There is a problem with the industry-appropriate concept because the existing concepts for new products and services are different. As a result, the goal of this study is to develop a novel product/service development model that can be used in the logistics services sector. The research was carried out by interviewing companies that provide logistics services and then connecting these companies with existing ideas. As a result, a brand-new, industry-appropriate product/service development model is developed. Products and services related to logistics vary greatly based on the requirements of each customer. The stages of identifying customer needs, requirement analysis, service design, service selection, service implementation, market launch, and performance evaluation in the process model for developing new service products for logistics service companies are based on research on logistics service companies and studies on existing conceptual models.

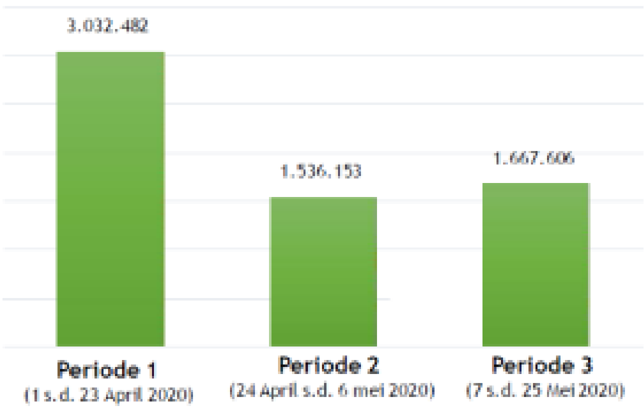
Keywords: Logistics Development, Logistics Services, Consolidation

Intoduction

The logistics system in Indonesia has been impacted in a number of ways by the Covid-19 pandemic and regulations that are more commonly referred to as PSBB (Large-Scale Social Restrictions). The increase in the number of Indonesian freight trains during the pandemic is depicted in Figure 2. The transportation of goods is not covered by the majority of policies that restrict movement, but a number of obstacles, such as breakdowns in the supply chain, have reduced rail freight transportation (Directorate General of Land Transportation, 2020).

Truck transportation also experienced a drop in demand during the pandemic. Mayasari, 2020 states that the Indonesian Truck Entrepreneurs Association (Aptrindo) estimates that the decline in demand has reached sixty percent. In a similar vein, the amount of goods transported by sea decreased by 2.31 percent between March 2020 and April 2020. According to Azka, 2020a, the volume of sea freight transport in March 2020 was 25.49 tons, while the volume in April 2020 was 24.91 tons. The same is true for air freight transportation. The Indonesian Logistics and Forwarders Association (ALFI) claims that demand for air cargo volume has decreased by 15% (Azka, 2020).

Image 1
Total load of Indonesian freight trains



Source: Directorate General of Land Transportation (2020)

An item that a business sells to customers is called a product. According to Ulrich (2019), product development is a series of actions that begin with the recognition of a market opportunity and culminate in the production, sale, and delivery of goods. According to Alsem (2020), a product is a product that is sold in a market to meet a particular need. In contrast, Kotler (2020) defines a product as anything that can be sold to a market for consideration, purchase, use, or consumption in order to satisfy a need or desire. More specifically, Lovelock (2020) says that a service product is made up of all the physical and non-physical (intangible) aspects of service performance that add value to customers. Planning new products is an essential part of every business, and it applies to both services and physical goods. Companies that plan new products well combine efficient organizational designs for managing these new products with a step-by-step process for doing so.

Over time, these businesses are able to improve product design thanks to experience and learning. The requirements for customer value are crucial for identifying new product development opportunities. Market segments that offer the company opportunities for new products can be identified and analyzed. Effective management of new product planning necessitates extensive research into both existing and potential customers as well as the competition. A product's value to a customer is the sum of its benefits and all costs to the customer. The quality of the product's user experience in relation to the value expected by the customer is a measure of customer satisfaction. Value delivery outcomes are better when expectations and usage experience are more closely aligned.

It is not necessary for a new product to be a technologically advanced solution to be successful; rather, it must provide superior value to customers (Craven, 2021). Companies generally set out to create new products with the following goals in mind. First, to meet new needs and build the company's reputation as an innovator by offering products that are newer than the ones that have come before them. The new product strategy is an offensive one in this instance. Second, to stay competitive with the products that are already on the market by offering products that can bring new levels of contentment. The form could be alterations or additions to existing products or product lines. The new product strategy is a defensive one in this instance.

In Crawford, 2019, Booz, Allen & Hamilton lists the following categories of new products: products that are brand-new (new to the world), in this case new products made possible by innovations that open up new markets; new product lines that enable the company to for the first time enter previously untapped markets; products that are new additions to existing product lines or products that are new additions to existing product lines (such as new packaging sizes or flavors); product improvements are the introduction of new versions or model products that have been improved to replace existing products. Improvements to existing products are referred to as product improvements.

Product enhancement can be accomplished through the addition of new models or features, modification of processing requirements, and modification of product content or elements; repositioning, in which new markets or market segments are served by existing products; new products that offer the same level of performance at a lower cost are examples of cost reduction. The new product development process, according to Tzokas, Hultink, and Hart (2003), includes idea generation, concept development, business case building, product development, market testing, and market launch. A company's conceptualization, design, and commercialization of a product are all part of a product development process. The following five requirements must be met for a product development performance to be successful (Ulrich, 2019). First, the quality of the product, or how good it is because of the effort put into it: if the product is durable enough and dependable enough to meet customer requirements. Market share and customer willingness to pay reflect product quality in the end. Second, the product's cost, which includes the product's manufacturing cost. These costs include incremental costs associated with producing each product as well as expenditures for supplies and capital equipment. Product costs determine the amount of profit that can be recouped from a given selling price and sales volume. Third, development time, or how quickly the team finishes working on the product. The company's responsiveness to competition and technological advancement, as well as the speed at which it reaps the benefits of teamwork, are all influenced by development time. Fourth, development costs, specifically the amount of money required by the business for product development. Most of the time, development costs make up a big part of the money you need to make a profit. Fifth, development capabilities, or the capacity of groups and businesses to develop products more effectively in the future as a result of their involvement in various product development endeavors. A company asset, development capability can be utilized in the future to develop products more efficiently and economically.

The following considerations ought to be emphasized in the design of a service offering: how the various components of the service are delivered to the customer, the nature of the customer's role in the process as a whole, the length of time it takes to deliver, and how much and what kind of service is provided. Standard products, customized products (products tailored to the needs and desires of specific customers), and standard products with modifications are all strategies that businesses can employ when designing products. The following are each strategy's goals: Standard product for mass production to boost the company's economies of scale; product that is customized in order to compete with manufacturers of standard products, which are made in mass quantities; Standard product modified to combine the advantages of the two aforementioned strategies. An in-depth examination of product and market perspectives, as well as environmental and technological shifts, is required for these three strategies to be successfully implemented. An increase in growth, market share, and profit are the anticipated outcomes of this strategy. The company is also able to gain experience in developing new product standards and keep close contact with the market through the standard product modification strategy.

The literature review leads us to the conclusion that various concept models exist for the creation of novel goods and services. This raises the question of which model for developing new products or services would work best for businesses in the logistics service sector. This study aims to develop a new product/service development model that can be used by businesses in the logistics service sector. In order to find a solution to this issue, research was carried out on the process of developing brand-new goods and services for a number of businesses that provide logistics services, and these findings were then connected to existing ideas. The idea of creating new products or services will likely benefit from this research.

Research methods

Descriptive research methods, including in-depth interviews, were used to collect the data. Primary and secondary data are the sources of the data used. Interviews provide primary data, whereas literature and internet research provide secondary data.

The three top local logistics service providers, whose headquarters are in Surabaya and have numerous branch offices in areas with systems that are already qualified and carry out service processes with information system models, are the subjects of the research. They are engaged in logistics services (Logistics Service Providers) or Third-Party Logistics Services (3PLs).

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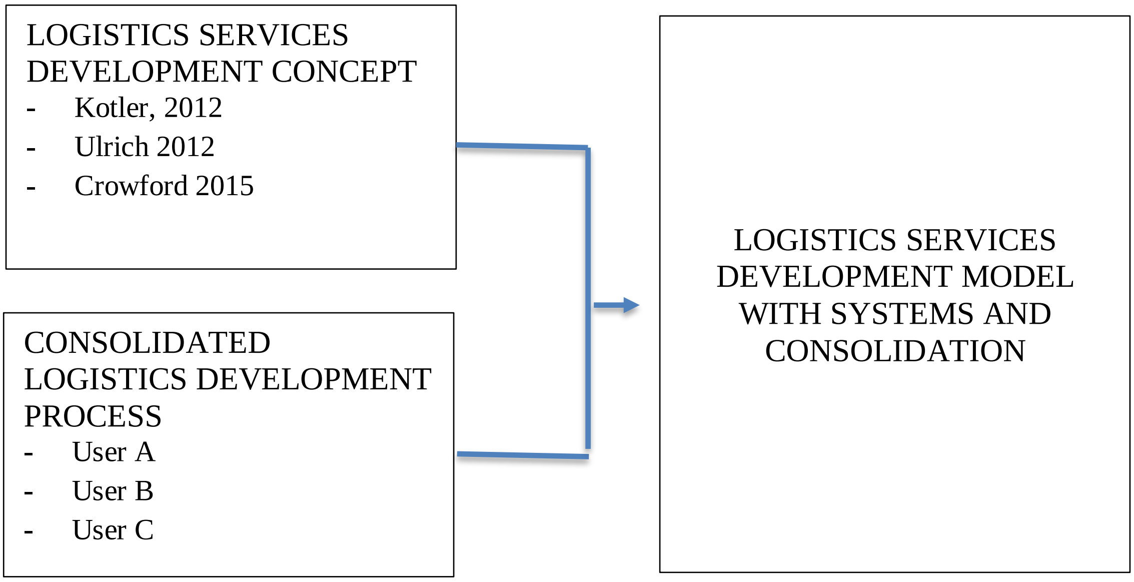
Figure 2
Mindset



Source: Researchers 2022

A party appointed by the owner of the goods to provide services such as warehousing, document preparation, customs clearance, packaging, and labeling is what is meant to be referred to as consolidation in services. Supply chain management, delivery and customs clearance, distribution management, import logistics, and outbound distribution are typically managed by logistics service providers (Branch, 2020).

Results and Discussion

In consolidation, a person or party in place of the two main people or parties who are bound by an agreement, contract, law, etc. is the general definition of three users. For a shipping company like SPIL, this definition can be used. a business that acts as a link in a supply chain between two major players. The sender or recipient, who are the first and second users, are replaced by the third user, who is in charge of managing the flow of goods.

Figure 3
Consolidation Preferred Location

Source: Researchers 2022

Consolidated logistics, according to Simchi-Levi (2013), is when a company outsources some or all of its material management and product distribution tasks to third parties. Physical material flows, cash flows, information flows, and resource flows are all part of logistics as an activity. The physical flow of material can be broken down into three distinct streams: the main flow, which includes everything from the raw materials to the finished product that customers buy; the flow of services or parts after the sale; return flow of items that were once part of the main flow (such as obsolete, damaged, or used goods).

As a result, a company's ability to plan, control, and carry out the four distinct flows is referred to as "logistics." Stock and Lambert (2017) say that logistics management is a part of the supply chain process that plans, does, and controls the flow of goods, services, and information from the beginning (origin) to the end (consumption) effectively and efficiently to meet customer demands.

Figure 3
Parameters of Inbound and Outbound Logistics

Parameter	Inbound Logistics	Outbound Logistics
Definition	Inbound logistics is the receiving of raw materials or products from a supplier to a warehouse	Outbound logistics are the actions required to get the final goods delivered to the end-user
Who all are involved?	Supplier, manufacturer, distributor, or product holder > Company, brand, retailer, or third-party logistics company	A company, brand, third-party, or retailer > Customers
Steps involved	Materials management, material sourcing, and warehouse receiving	Shipping orders to end-users, and customer service involving deliveries

Sources: https://razorpay.com/learn/inbound-and-outbound-logistics

Based on research on the three users of logistics services, the following stages of the service development process are nearly identical. First and foremost, the development of logistics services typically begins with solutions that can be provided to prospects or customers to facilitate the effective and efficient processing of their logistics activities (customized). In order to be able to provide these solutions, logistics companies typically conduct their own research into the pattern of prospect/customer company logistics activities by prospecting, visiting, using the internet, and other methods, or by responding to tender invitations by obtaining a complete

Request for Quotation or Terms of Reference. from customers or prospects. Project goods delivery activities, such as importing goods from Makassar to Surabaya, temporarily storing them in warehouses, and gradually distributing them to customer factories in East Java, as well as activities involving goods distribution from other company factories to various delivery points throughout Indonesia, are examples of possibilities. As a result, this initial stage may be referred to as the stage of identifying customer requirements.

In the following stage, the existing opportunities need to be investigated for more specific specifications so that they can be followed by the design of various alternative operational patterns for possible logistics activities. The kind of goods, the total quantity of goods in each shipment, the total quantity of goods in a given period (per day, per month, or per year), the frequency of shipments in a given period (per day, per month, or per year), the dimensions of each item (length, width, height, and weight), when the goods are ready to be shipped and must arrive, whether or not they require temporary storage, the scope of the requested logistics activities (such as door to door, port to door, door to port),

At intervals of a certain length, such as every three months or every six months, this procedure is typically carried out in conjunction with various parties involved in or interested in logistics activities in order to evaluate the performance of the operating pattern or service design that has been established. Problems like delivery delays, lost or damaged goods, incorrect delivery, and so on are typically the source of concern. However, there is also an insurance company that can solve these issues. Supported by information technology consolidation systems, the process continues to be effective and efficient, but human resources who do not understand the standard operating procedure run the risk of making mistakes. The goal is to keep or raise the quality of the logistics activities in question. However, it is not ruled out that operating patterns or service designs might need to be changed to raise the quality of logistics services. This stage could theoretically be referred to as the performance evaluation stage.

Conclusion

Conceptually, each of the various product or service development process models, according to Ulrich, Crawford, and Kotler, has distinct stages in detail, despite having some stages that are similar in general. Although the scope of specific activities is the same or slightly different in some of these cases, the differences are merely in the terms used.

The process model for developing new service products for logistics service companies includes the stages of identifying customer needs, requirement analysis, service design, service selection, and service implementation. It is based on studies of existing conceptual models and the findings of research on the three users of logistics companies. launch of the market and evaluation of performance

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