

**Air Cargo Terminal Customer
Satisfaction Survey 2012**

Asia Airfreight Terminal Co., Ltd.

Content

1. Summary Report for Asia Airfreight Terminal Co., Ltd. prepared by Cimigo
2. Service Improvement Initiatives prepared by Asia Airfreight Terminal Co., Ltd.



**Air Cargo Terminal Customer Satisfaction
Survey 2012**

**Summary Report for
Asia Airfreight Terminal Co., Ltd.**

Prepared for: Airport Authority Hong Kong

Date: 31 July 2012



Background & Research Objectives

Background

The Airport Authority Hong Kong has tracked customers satisfaction levels for the services and facilities provided by Asia Airfreight Terminal (AAT) and Hong Kong Air Cargo Terminals Limited (Hactl) as well as their customers' expectations on a regular basis. The Authority has commissioned Cimigo to conduct the survey in April 2012.

Research Objectives

The survey was aimed at soliciting customer feedback on the provision of services by two Cargo Terminal Operators (CTOs). The objectives of the survey are:

- to gauge satisfaction levels for the air cargo terminal services and facilities among various types of customers;
- to compare results with past surveys and identify any changes in perception of service levels over time; and
- to better understand the needs of different types of customers and collect suggestions for further service enhancement by the CTOs.



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Research Design - I

Fieldwork Dates

Survey fieldwork was conducted between 5 April and 11 May, 2012.

Target Respondents

The survey covered the following CTO customers:

- operation managers of Airlines, Freight Forwarders and Truckers, or persons in similar job functions working in back offices
- staff of Freight Forwarders and Truckers working in the operational areas of the CTOs

Data Collection Methods

To maximize response, data were collected from the various types of customers through the following approaches:

- Online survey/ Telephone interviews with operation managers/ staff in back offices
- Face-to-face interviews with staff working in the operational areas of CTOs



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Research Design - II

Sampling

➤ The effective sampling composition was as follows:

| | TOTAL | Airlines | Freight Forwarders | Truckers |
|-------------------------|--------------|-----------------|---------------------------|-----------------|
| Telephone interviews | 249 | - | 191 | 58 |
| Face-to-face interviews | 138 | - | 46 | 92 |
| Online survey | 57 | 57 | - | - |
| TOTAL | 444 | 57 | 237 | 150 |

Research Design - III

Scope of Evaluation

➤ Depending on the customer type, respondents were invited to provide ratings on different combinations of service areas in accordance with the services they used, as shown in the following table:

| | Airlines | Freight Forwarders | Truckers |
|---------------------------|-----------------|---------------------------|-----------------|
| - Cargo Terminal Services | ✓ | - | - |
| - Facilities | ✓ | - | - |
| - Transshipment | ✓ | - | - |
| - Cargo Security | ✓ | ✓ | - |
| - Cargo Protection | ✓ | ✓ | - |
| - Use of IT | ✓ | ✓ | ✓ |
| - Safety | ✓ | ✓ | ✓ |
| - Customer Services | ✓ | ✓ | ✓ |
| - Import | - | ✓ | ✓ |
| - Export | - | ✓ | ✓ |

Notes

1. Since the two CTOs are different in scale, facilities and customer base, direct comparisons of ratings between the operators are not expected.

2. Rating Scale: A 10-point rating scale is used to represent importance and satisfaction levels for various aspects of services, where

7-10 points represent 'important' or 'satisfied',

5-6 points represent 'average' or 'acceptable'

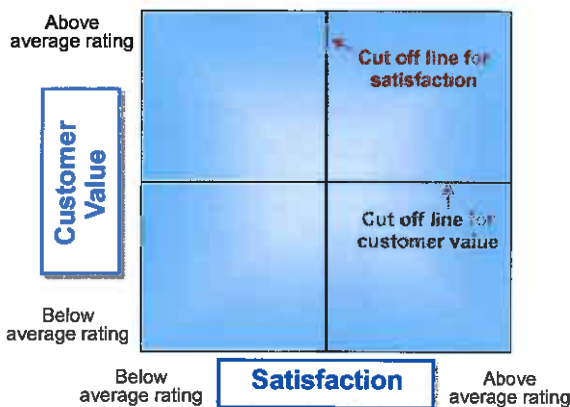
1-4 points represent 'unimportant' or 'dissatisfied'



Notes

3. In the Quadrant map for comparing importance with satisfaction, the cut-off lines denote the average performance of customer value for service areas and the average performance of satisfaction for a certain customer group.

Take Freight Forwarders as an example, the average performance of customer value for the service areas is the simple average of importance ratings for all service areas:



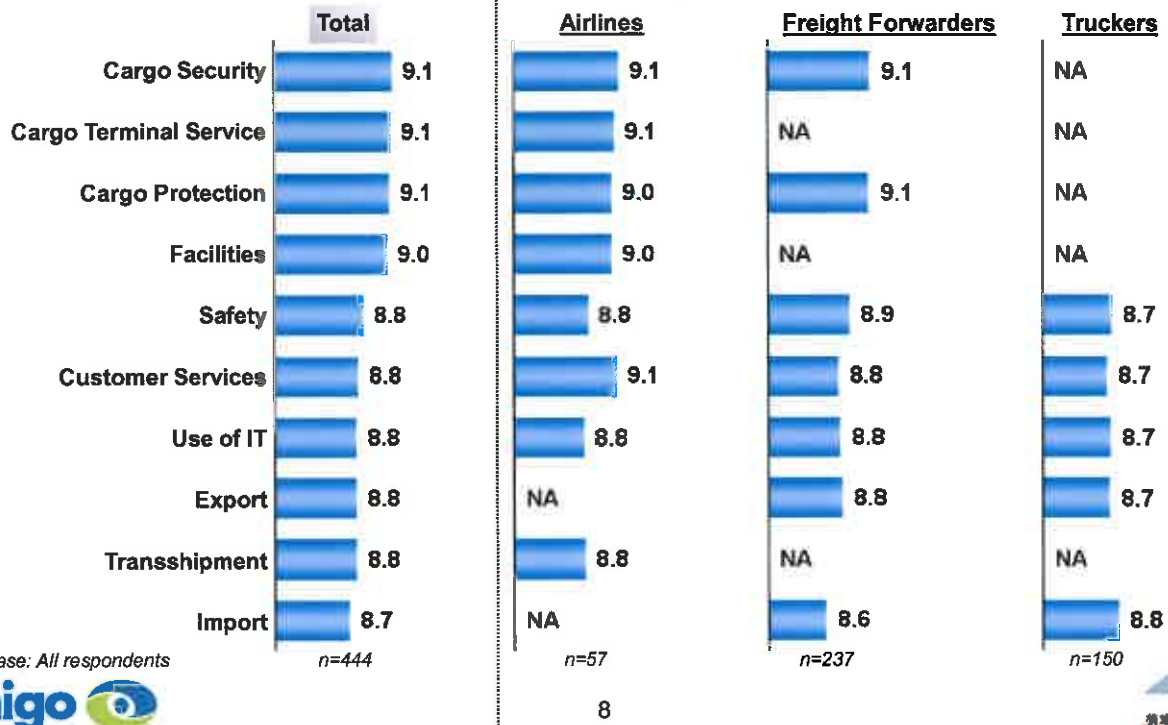
| | |
|--------------------|-------------------|
| Cargo Security: | 9.1 points |
| Cargo Protection: | 9.1 points |
| Safety: | 8.9 points |
| Use of IT: | 8.8 points |
| Customer Services: | 8.8 points |
| Export: | 8.8 points |
| Import: | 8.6 points |
| Average: | 8.8 points |

As each user group has its own set of service areas, the cut-off lines for each customer group will be different.



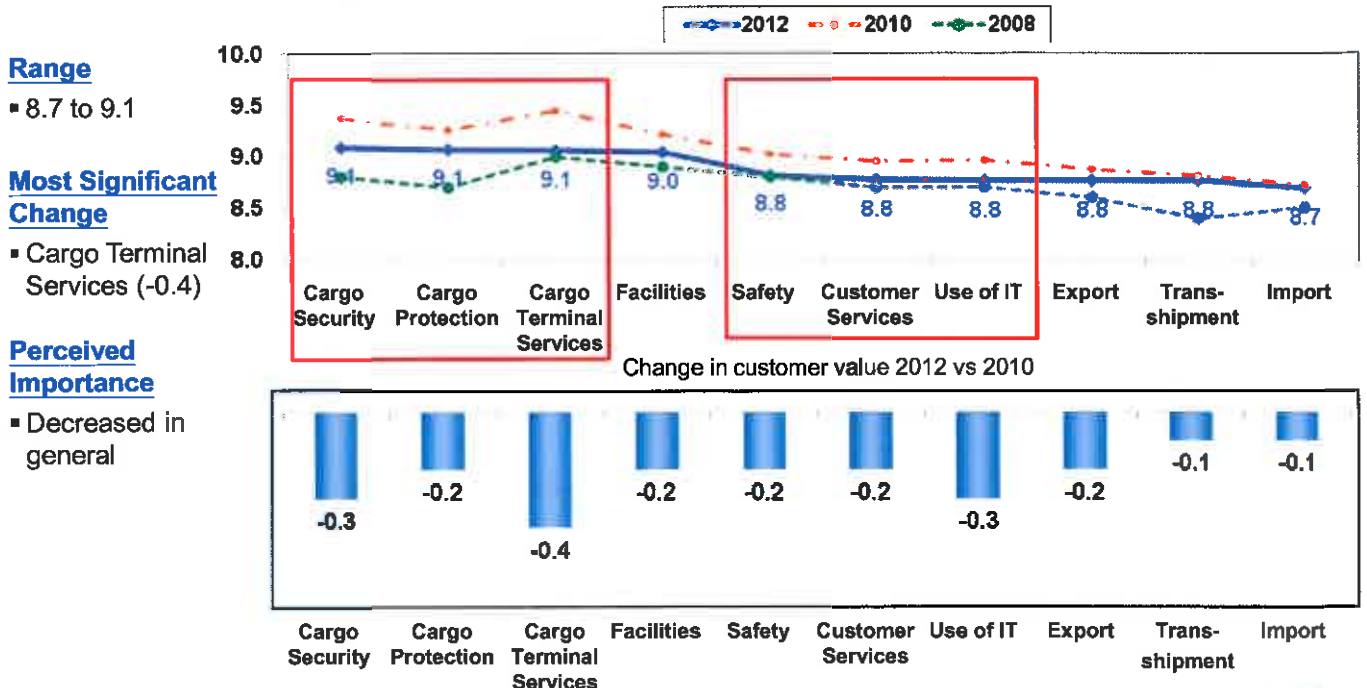
Customer Value of Service Areas by User Type

- Airlines ranked Cargo Security, Cargo Terminal Services and Customer Services as the most important service areas.
- Cargo Security and Cargo Protection were considered to be the most important aspects of CTO services by Freight Forwarders.
- Import was comparatively most important among Truckers.



Customer Value of Service Areas - Overall

- A general decline in importance was observed across all service areas, especially Cargo Terminal Services, Cargo Security and Use of IT. These areas were rated lower than in 2010.
- Cargo Terminal Services recorded the most significant drop in importance.



Base: All respondents n=444

Significant change between 2012 and 2010 findings



Customer Value of Service Areas - Airlines

- Both Cargo Security and Cargo Protection were perceived to be less important than in 2010.
- Changes in importance of Customer Services and Transshipment were marginal.

Range

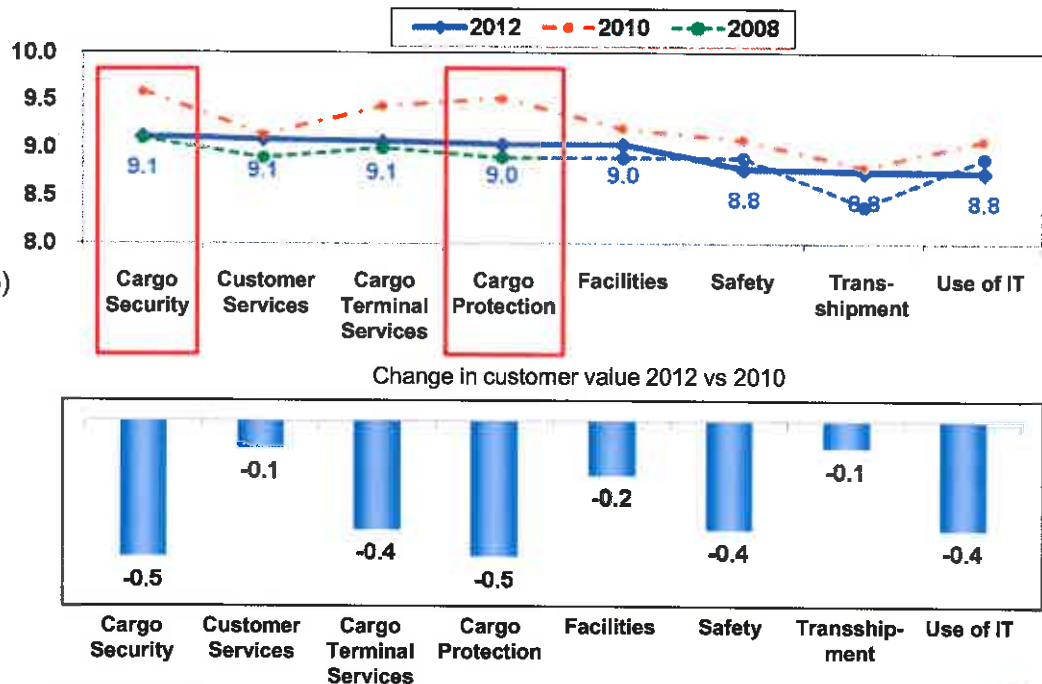
- 8.8 to 9.1

Most Significant Changes

- Cargo Security (-0.5)
- Cargo Protection (-0.5)

Perceived Importance

- Decreased in general



Base: Airlines n=57

Significant change between 2012 and 2010 findings
10



Customer Value of Service Areas - Freight Forwarders

- Cargo Security and Use of IT were perceived to be less important than in 2010.

Range

- 8.6 to 9.1

Most Important

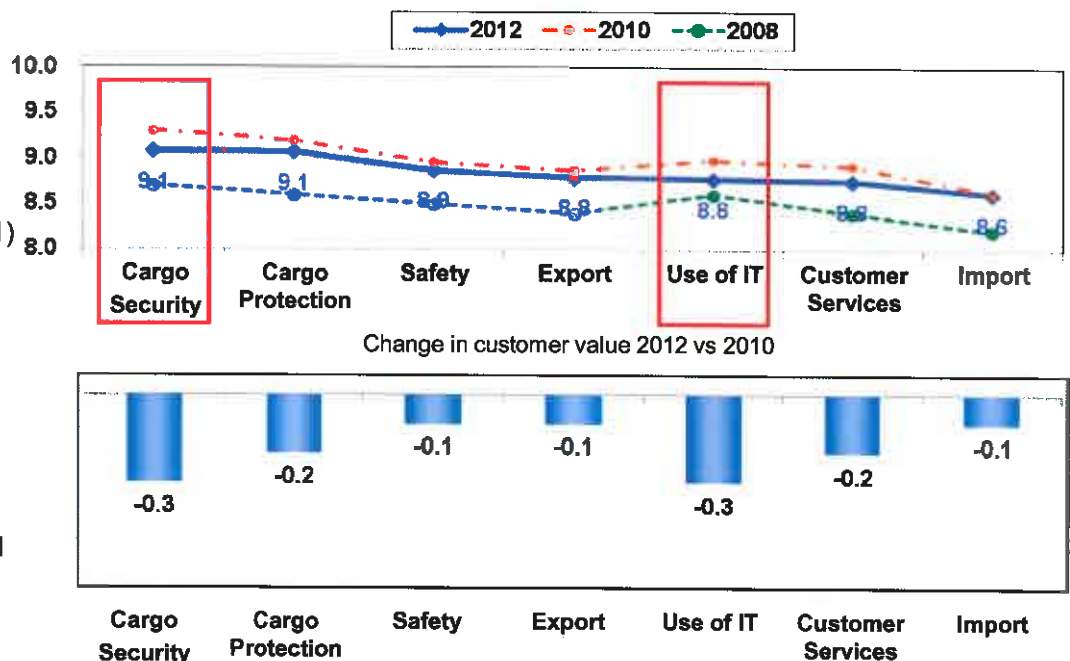
- Cargo Security (9.1)
- Cargo Protection (9.1)

Most Significant Changes

- Cargo Security (-0.3)
- Use of IT (-0.3)

Perceived Importance

- Decreased in general



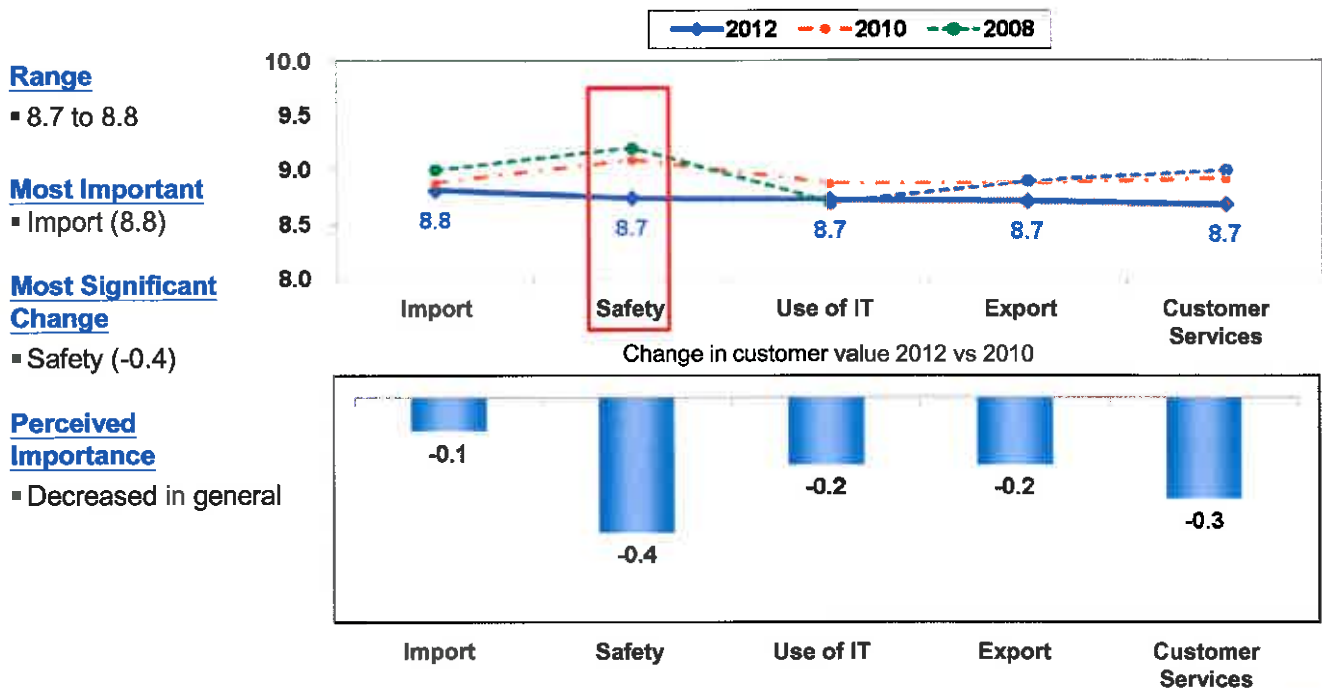
Base: Freight Forwarders n=237

Significant change between 2012 and 2010 findings



Customer Value of Service Areas - Truckers

- Perceived importance on all service areas was almost the same. Safety recorded the biggest decline in importance (from 9.1 in 2010 to 8.7 in 2012).



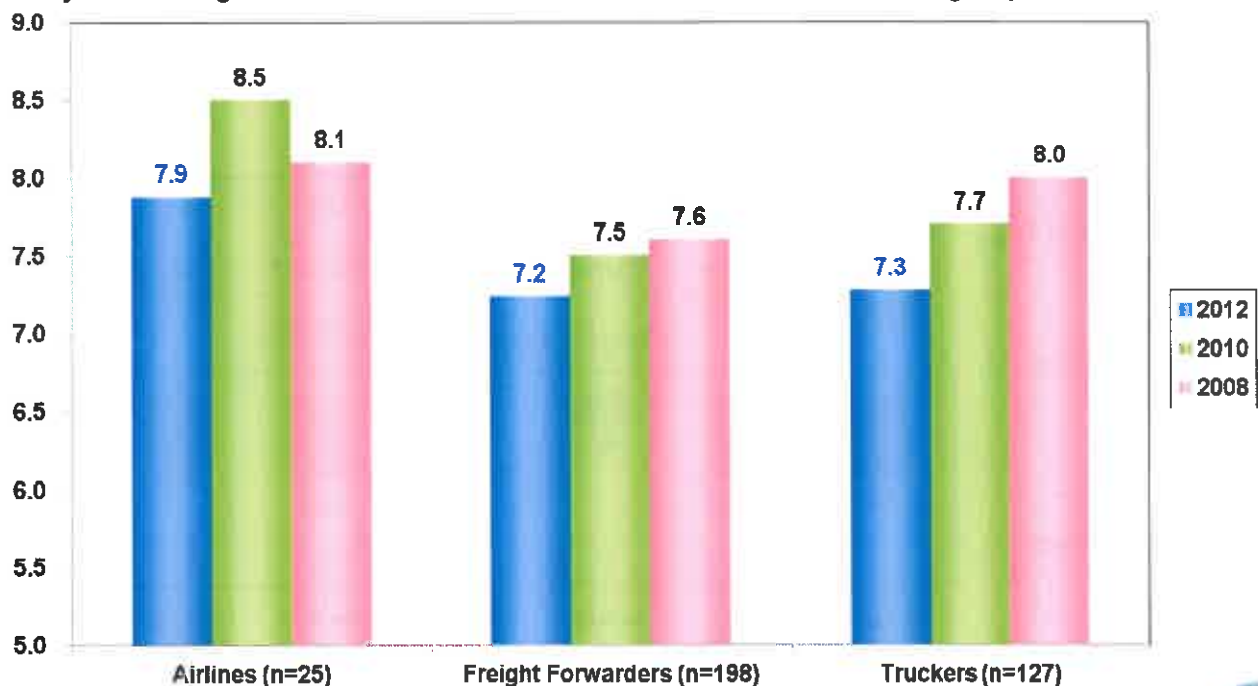
Base: Truckers n=150

Significant change between 2012 and 2010 findings
12



Overall Satisfaction with AAT

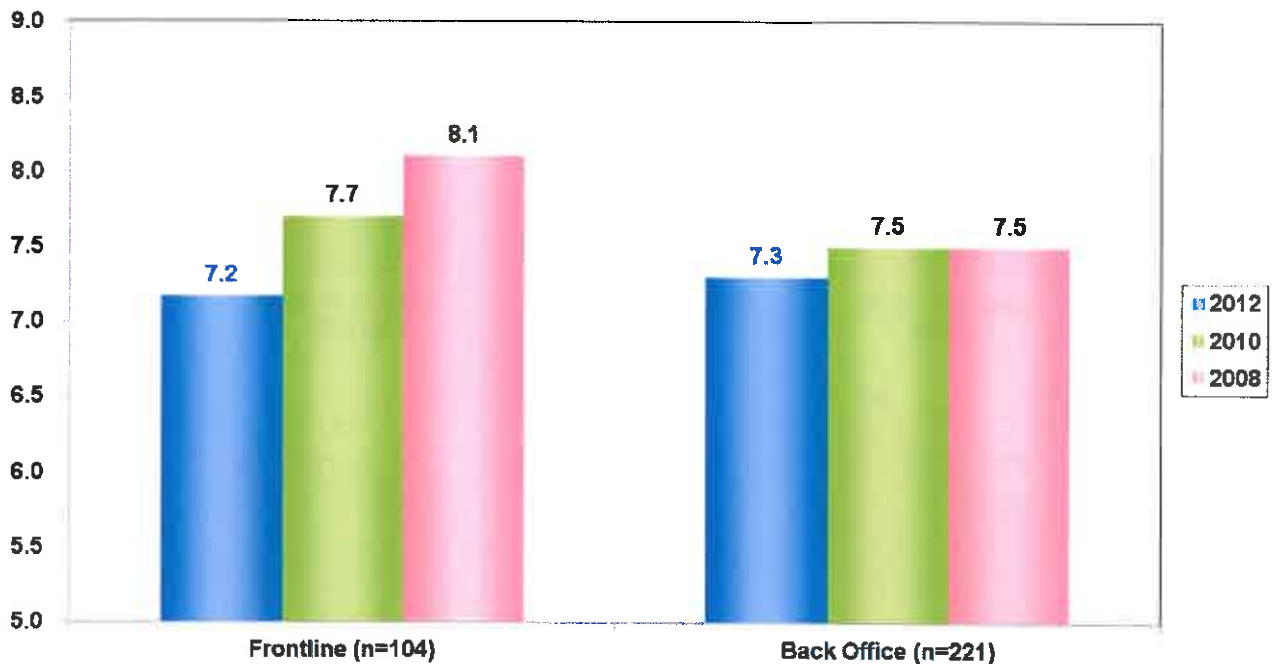
- Satisfaction scores with AAT recorded a decline this year across the three customer groups. Airlines (7.9) remained the most satisfied among the three types of customers.
- The satisfaction level of Freight Forwarders and Truckers declined continuously over the years. Freight Forwarders remained the least satisfied customer group.



Overall Satisfaction with AAT

- Frontline vs. Back Office

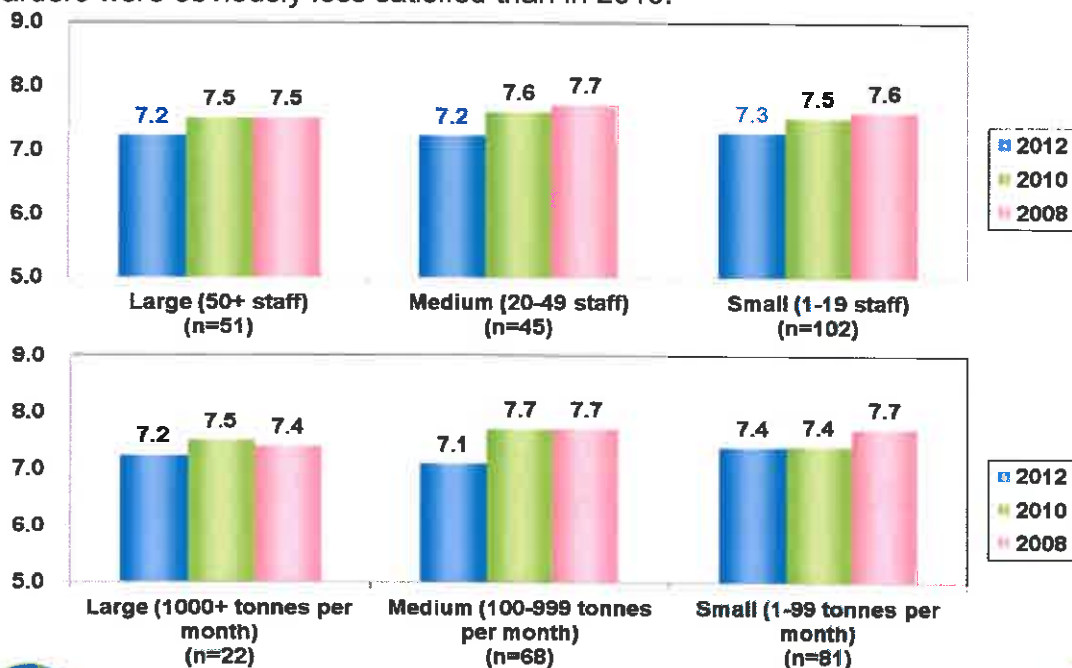
- The satisfaction level of Frontline staff declined over the past years. Back Office staff was less satisfied than in 2010.
- Back Office staff was marginally more satisfied than Frontline staff in 2012.



Overall Satisfaction with AAT

- Freight Forwarders by company size

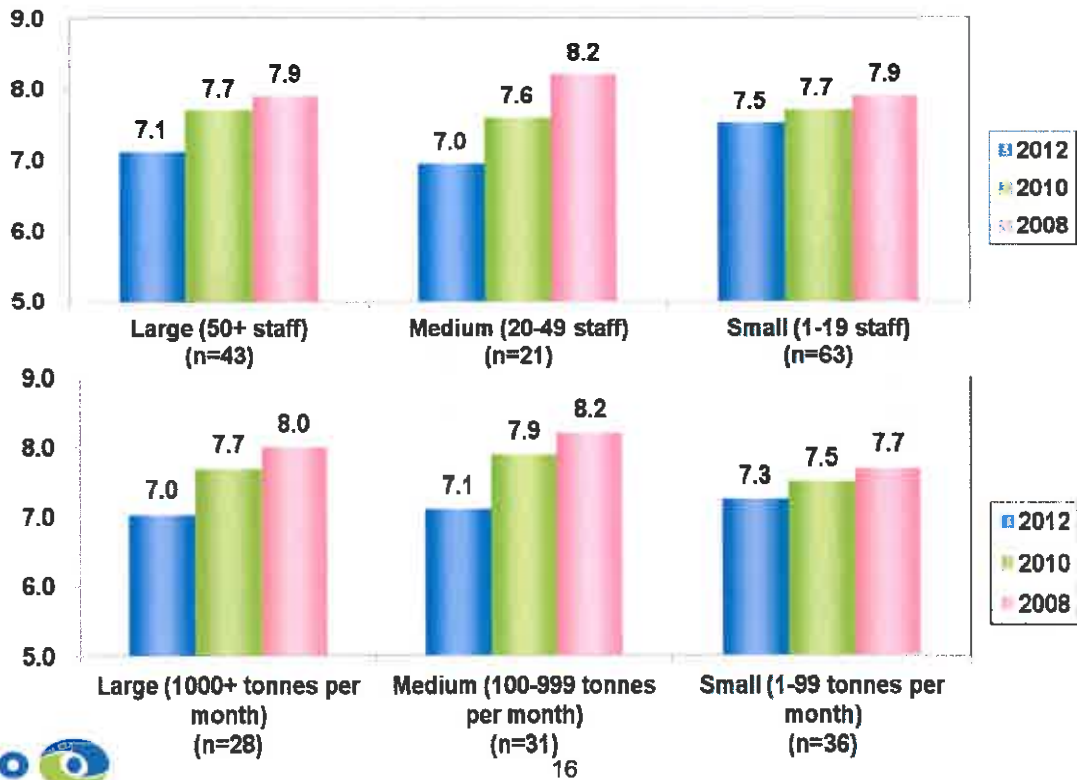
- There was no significant difference in the overall satisfaction of the different groups of Freight Forwarders. All groups (by employee numbers) were less satisfied than in 2010.
- Small Freight Forwarders (in terms of both tonnage handled and employee numbers) were more satisfied than medium and large Freight Forwarders. Medium Freight Forwarders were obviously less satisfied than in 2010.



Overall Satisfaction with AAT

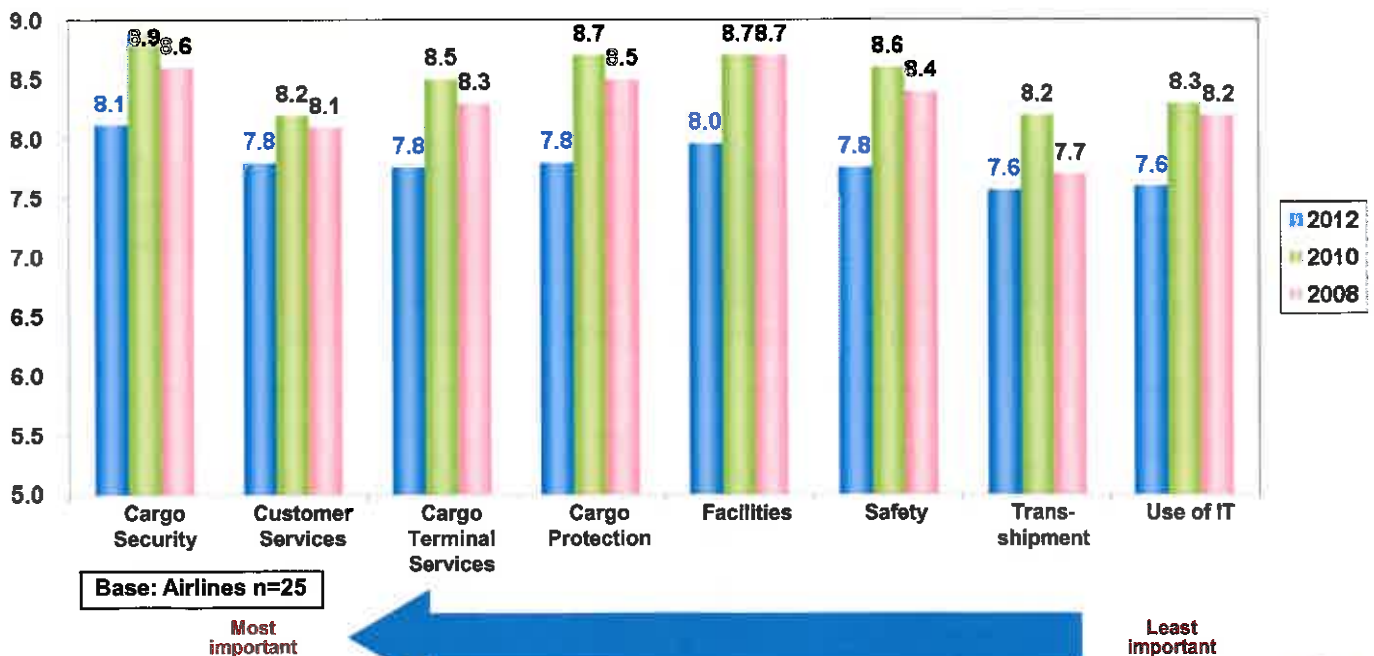
- Truckers by company size

- Overall satisfaction of truckers of different sizes recorded continuous decline, with large and medium Truckers recorded the most obvious decline.



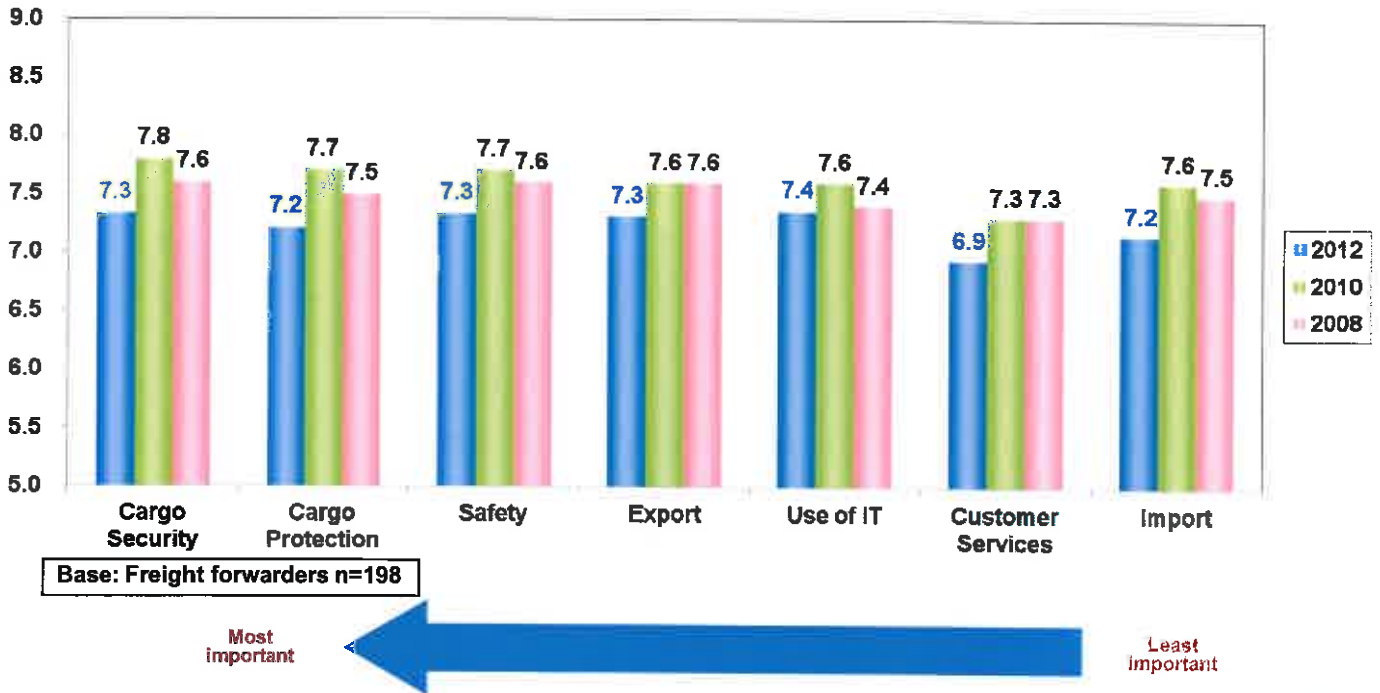
Satisfaction with AAT by Service Area - Airlines

- Satisfaction levels declined across all services areas, from the range of 8.2-8.9 in 2010 to 7.6-8.1 in 2012.
- Cargo Security (8.1) continued to be the most satisfying area.
- Airlines were least satisfied with Transshipment (7.7) and Use of IT (7.6).



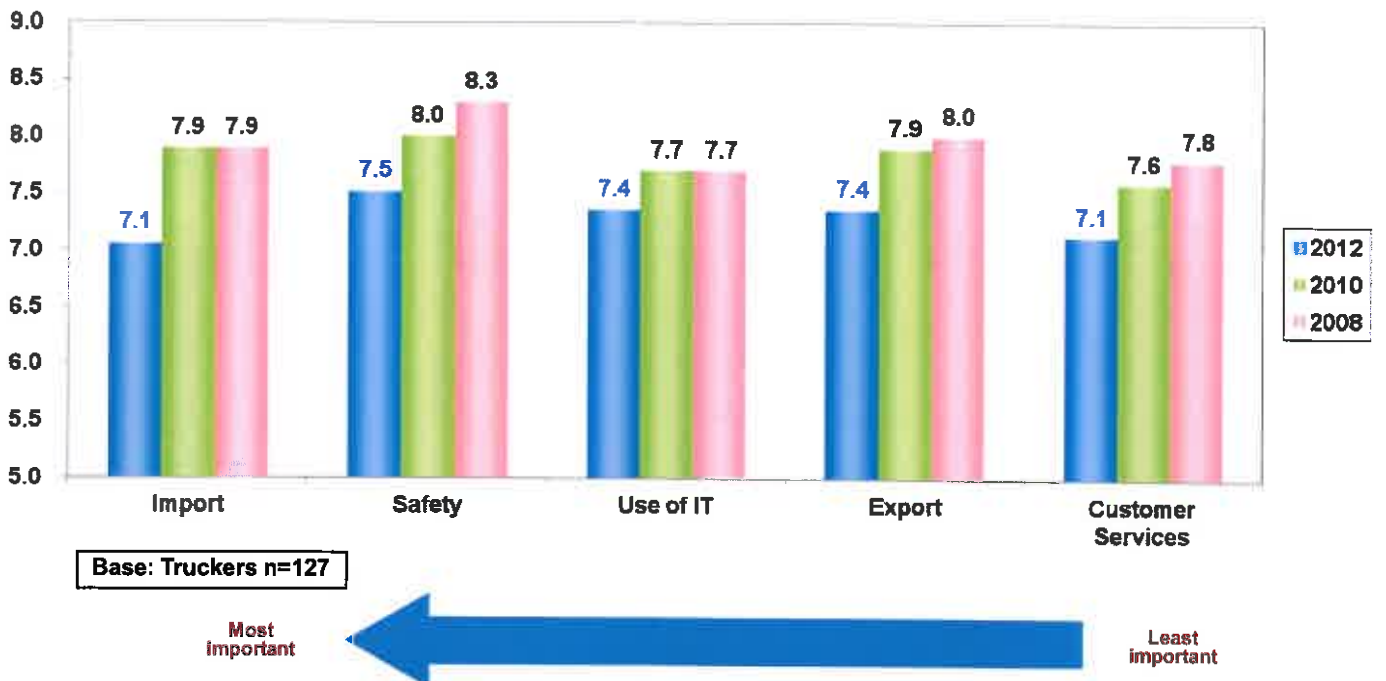
Satisfaction with AAT by Service Area – Freight Forwarders

- Freight Forwarders were less satisfied in all service areas than in the previous years.
- Customer Services (6.9) continued to be rated the lowest and Use of IT (7.4) was the most satisfying service area.



Satisfaction with AAT by Service Area – Truckers

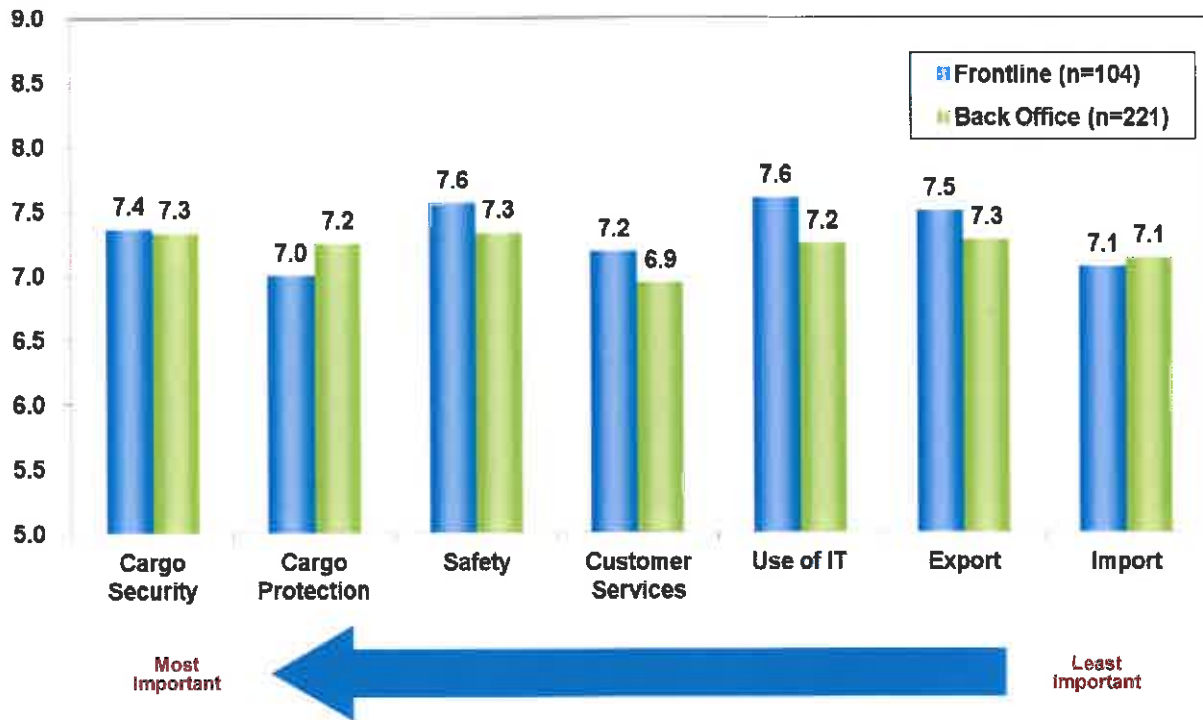
- Truckers' satisfaction in all service areas recorded continuous decline.
- Safety (7.5) remained to be the most satisfying area as in previous years.
- Customer Services (7.1) and Import (7.1) were the least satisfactory service areas.



Satisfaction with AAT by Service Area

- Frontline vs. Back Office

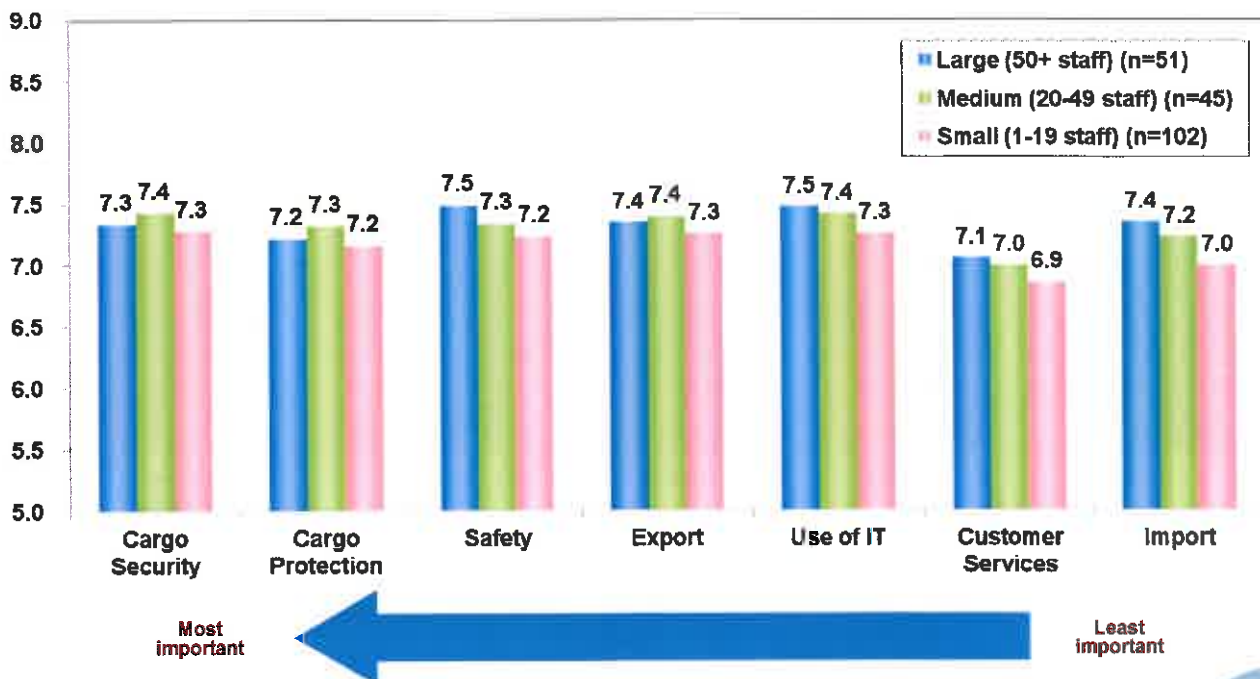
- Except for Cargo Protection, Frontline staff were more satisfied than Back Office staff.



Satisfaction with AAT by Service Area

- Freight Forwarders by company size (by employee numbers)

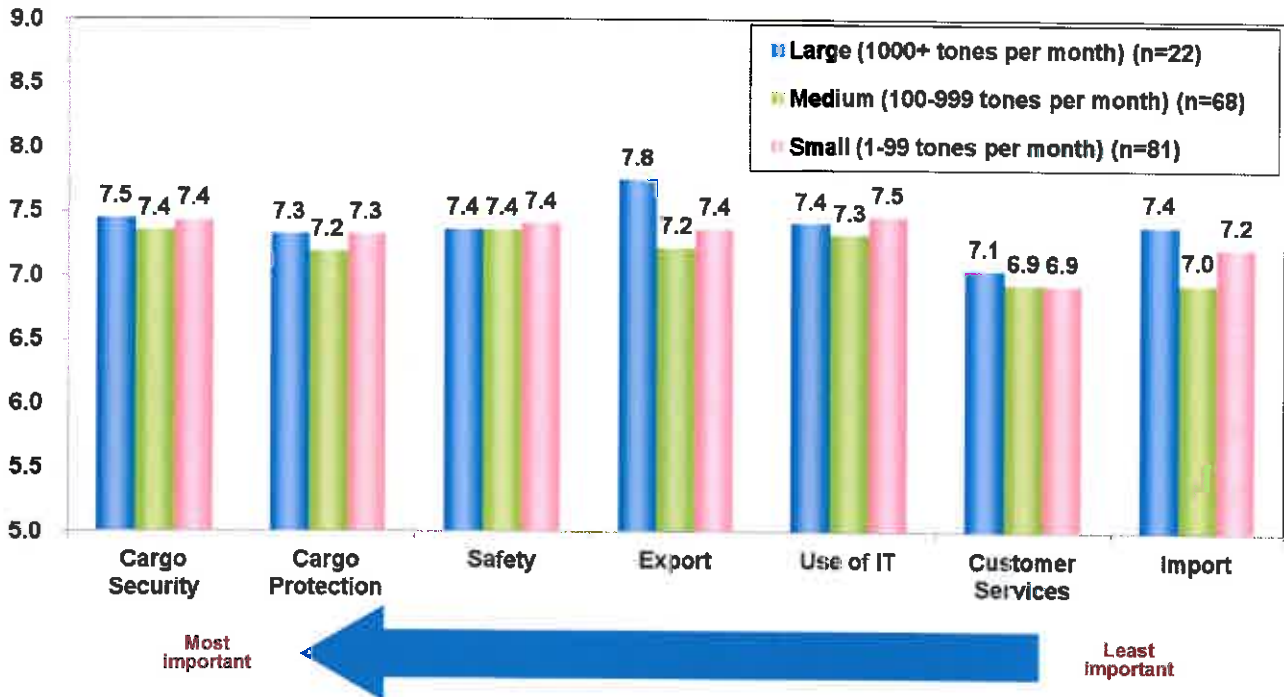
- The difference in satisfaction levels among Freight Forwarders of different sizes were not obvious.
- Customer Services was the area that recorded the lowest level of satisfaction for Freight Forwarders of all different sizes.



Satisfaction with AAT by Service Area

- Freight Forwarders by company size (by tonnage handled)

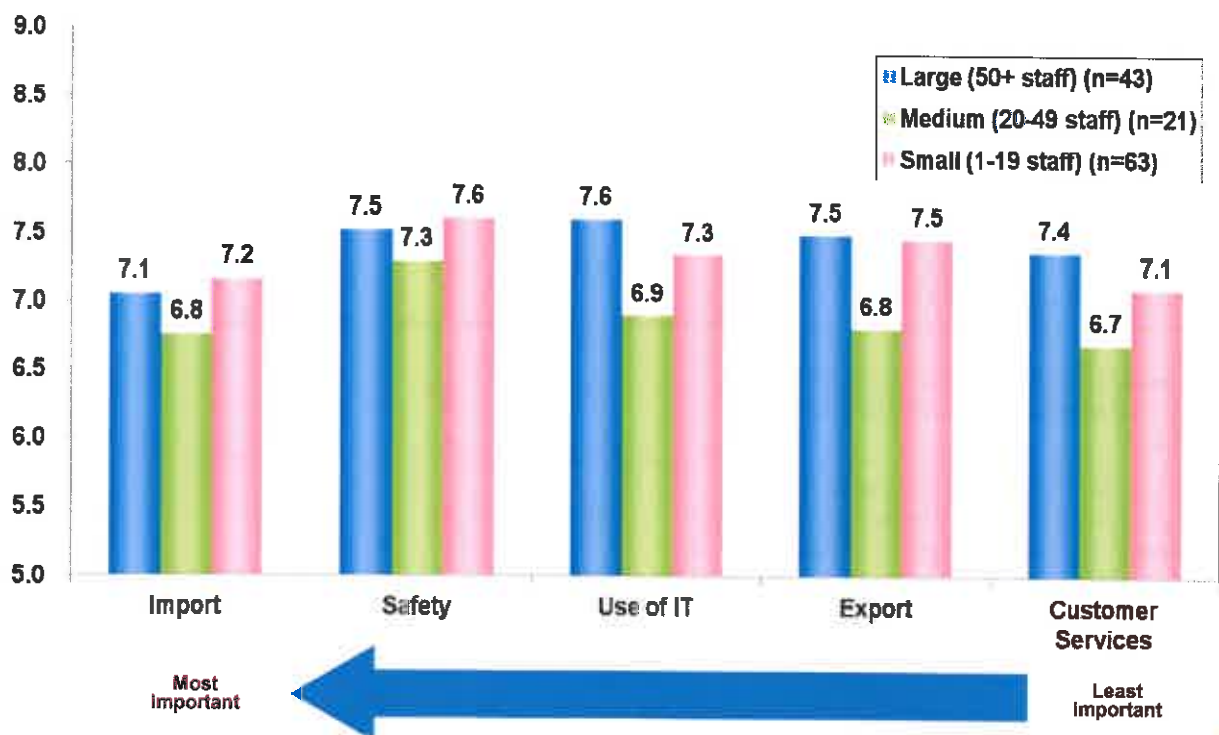
- Large Freight Forwarders were more satisfied with Export (7.8).
- Customer Services was the least satisfactory area for Freight Forwarders of all sizes alike.



Satisfaction with AAT by Service Area

- Truckers by company size (by employee numbers)

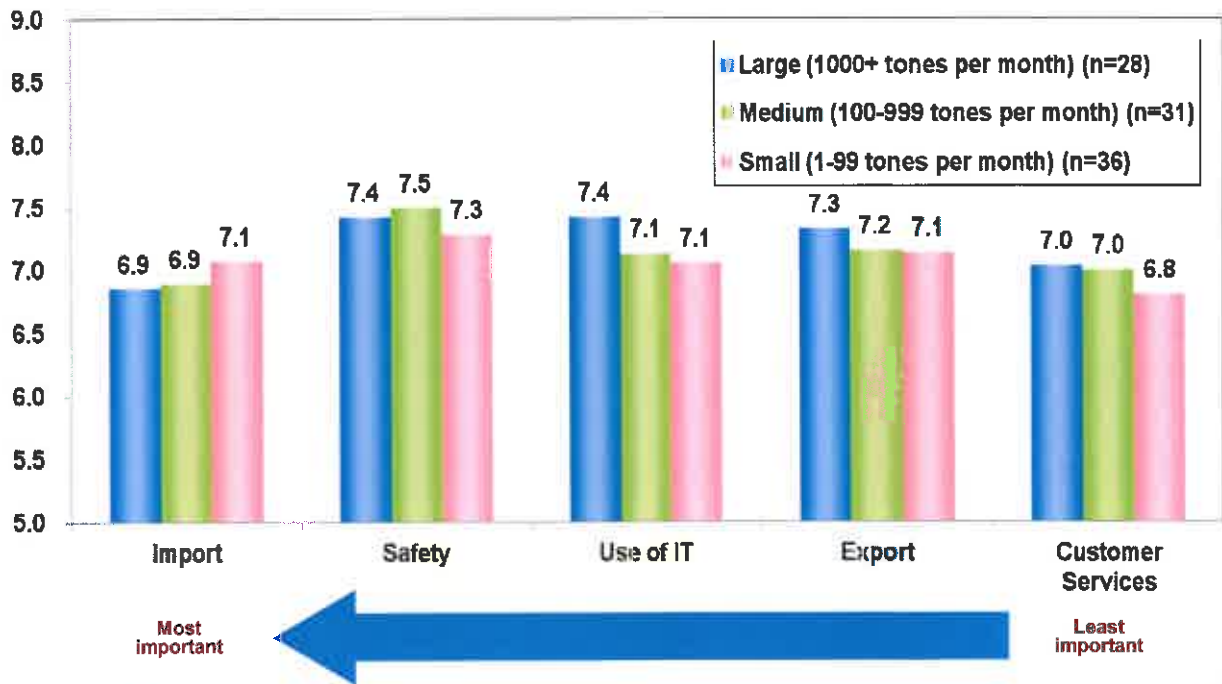
- Safety was the most satisfactory service for Truckers of different sizes.
- Medium Truckers was the most dissatisfied group.



Satisfaction with AAT by Service Area

- Truckers by company size (by tonnage handled)

- Import was the most important but the least satisfying service area for large and medium Truckers.
- Small Truckers were the least satisfied with Customer Services (6.8).



Awareness of Performance Standards

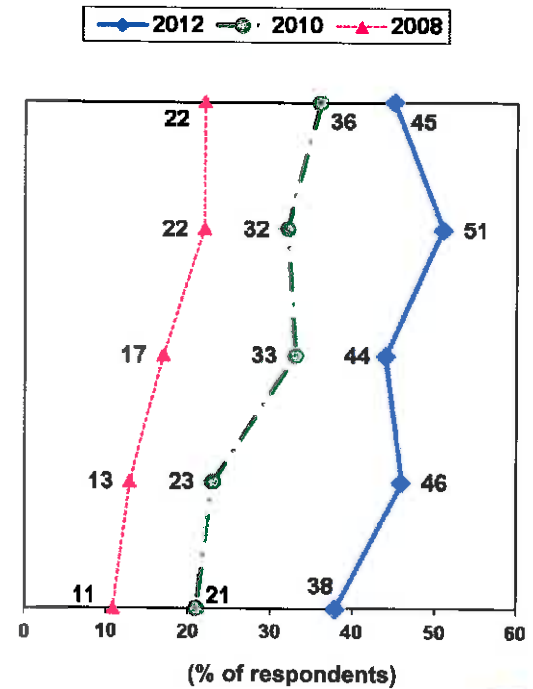
- Around half were aware of the existence of performance standards but only one-fifth or less could tell the targets pledged by the CTOs correctly.

| | % of respondents aware of the standard (%) | Target (min) | % of those aware can tell the target correctly | Mean of the perceived standard (min) |
|--|--|--------------|--|--------------------------------------|
| Import: The queuing time at the truck park/ truck control office (after getting SRF) to truck dock assigned | 45 | 30 | 20 | 59 min |
| The waiting time of consignee/ trucker, after submitting SRF at the import collection points, to receiving the first piece of cargo | 51 | 30 | 20 | 75 min |
| Export: The queuing time from entering the check booth at Hactl/ entrance at AAT to truck dock assigned | 44 | 30 | 15 | 64 min |
| The waiting time of consignor/shipper/trucker, after registering at the CTO reception points, to being served for the first piece of cargo | 46 | 15 | 4 | 57 min |
| The waiting time of a truck after submitted URF (for Hactl) / EIR (for AAT) at the ULD collection points, to receiving the first empty ULD | 38 | 30 | 13 | 75 min |

Awareness of Performance Standards

- Awareness of the existence of performance standards was the highest in 2012.

| | CTO's target (min) |
|--|--------------------|
| Import: The queuing time at the truck park/ truck control office (after getting SRF) to truck dock assigned | 30 |
| The waiting time of consignee/ trucker, after submitting SRF at the import collection points, to receiving the first piece of cargo | 30 |
| Export: The queuing time from entering the check booth at Hactl/ entrance at AAT to truck dock assigned | 30 |
| The waiting time of consignor/shipper/trucker, after registering at the CTO reception points, to being served for the first piece of cargo | 15 |
| The waiting time of a truck after submitted URF (for Hactl) / EIR (for AAT) at the ULD collection points, to receiving the first empty ULD | 30 |



Perceived Performance Standards

- Among those who claimed to be aware of the performance standards, only one fifth or less could tell standards correctly.
- Awareness of the actual standard for waiting time of the first piece of cargo at the CTO reception points appeared to be the lowest, with only 4% being able to recall the target.

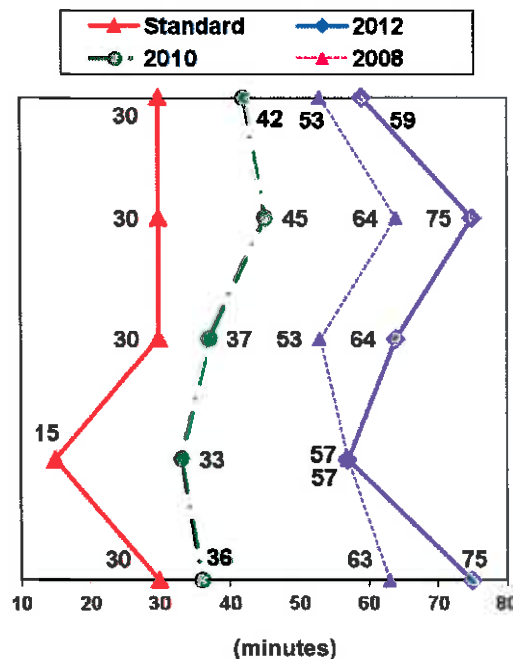
| | CTO's target (min) | % of perceived standard is | | | |
|--|--------------------|----------------------------|----------------|--------------------|------------|
| | | Lower than target | Same as target | Longer than target | Don't know |
| Import: The queuing time at the truck park/ truck control office (after getting SRF) to truck dock assigned | 30 | 14 | 20 | 29 | 37 |
| The waiting time of consignee/ trucker, after submitting SRF at the import collection points, to receiving the first piece of cargo | 30 | 13 | 20 | 38 | 29 |
| Export: The queuing time from entering the check booth at Hactl/ entrance at AAT to truck dock assigned | 30 | 15 | 15 | 27 | 44 |
| The waiting time of consignor/shipper/trucker, after registering at the CTO reception points, to being served for the first piece of cargo | 15 | 5 | 4 | 49 | 42 |
| The waiting time of a truck after submitted URF (for Hactl) / EIR (for AAT) at the ULD collection points, to receiving the first empty ULD | 30 | 9 | 13 | 27 | 51 |

Base: Those who claimed they are aware of respective standard service time.

Perceived Performance Standards

- The differences between perceived performance standards and CTO's targets were still large and were the most significant difference since 2008.

| |
|--|
| Import: The queuing time at the truck park/ truck control office (after getting SRF) to truck dock assigned |
| The waiting time of consignee/ trucker, after submitting SRF at the import collection points, to receiving the first piece of cargo |
| Export: The queuing time from entering the check booth at Hactl/ entrance at AAT to truck dock assigned |
| The waiting time of consignor/shipper/trucker, after registering at the CTO reception points, to being served for the first piece of cargo |
| The waiting time of a truck after submitted URF (for Hactl) / EIR (for AAT) at the ULD collection points, to receiving the first empty ULD |



Conclusions - General

- Customer value of service areas**
 - Compared with 2010, the customer value of all service areas declined for all customer groups. Airlines and Freight Forwarders considered Cargo Security to be the most important service area whereas Truckers considered Import to be the most important.
- Awareness and perception of performance standards**
 - Awareness of the existence of the five performance standards ranged from 38% to 51%, which were significantly higher than in 2010.
 - The perceived standards remained longer than the target time pledged by the CTOs.
 - The biggest discrepancies found between the perceived standard and CTO's target were for 'waiting time after submitting SRF at the import collection points to receive the first piece of cargo' and 'waiting time after submitting URF (for Hactl) / EIR (for AAT) at the ULD collection points to receive the first empty ULD' (75 minutes vs CTO's target of 30 minutes).

Conclusions – AAT

1. For overall satisfaction, Airlines remained as the most satisfied group (7.9 vs 7.2 for Freight Forwarders and 7.3 for Truckers). Their satisfaction with AAT in all service areas declined in general.
2. Compared with 2010, the overall satisfaction for all customer groups were lower. Airlines were still the most satisfied group.
3. Compared with 2010, both the Frontline and Back Office staff were less satisfied in all the service areas.
4. Back Office staff were slightly more satisfied in Cargo Protection than Frontline staff.
5. Among Freight Forwarders and Truckers, small companies were the most satisfied group.

Conclusions – AAT

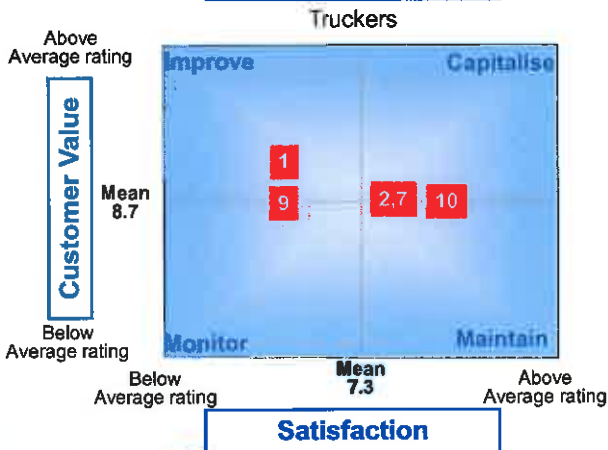
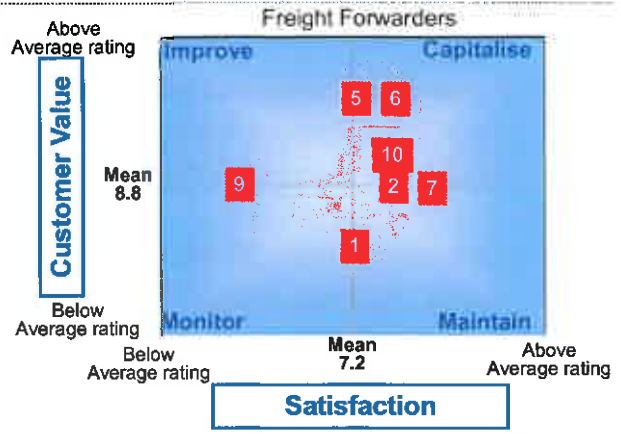
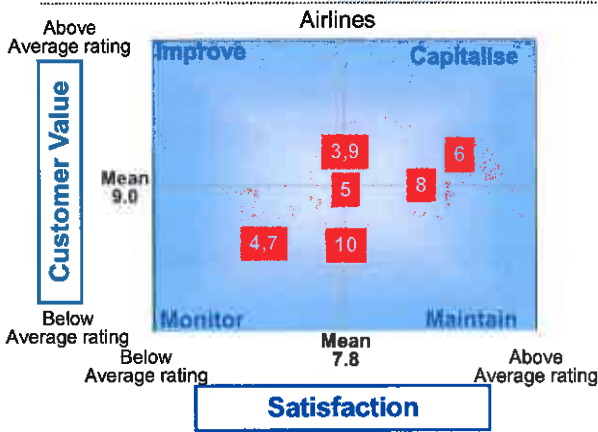
6. Satisfaction scores for the various service areas by customer type are summarized as follows:

| | Airlines | Freight Forwarders | Truckers |
|---|---|--|---|
| Most satisfactory | Cargo Security (8.1) | Use of IT (7.4) | Safety (7.5) |
| Least satisfactory | Use of IT and Transshipment (7.6) | Customer Services (6.9) | Import and Customer Services (7.1) |
| Most declined | Cargo Protection (-0.9) | Cargo Security and Cargo Protection (-0.5) | Import (-0.8) |
| Largest gap between perceived importance and satisfaction | Cargo Terminal Services and Customer Services (1.3) | Cargo Protection and Customer Services (1.9) | Import (1.7) |

Note: Service areas highlighted in bold blue colour are:

1. Ranked among top 3 most important areas for Airlines or Freight Forwarders, or
2. Top most important area for Truckers

All Service Areas (Importance vs. Satisfaction) – AAT



1. Import
2. Export
3. Cargo Terminal Services
4. Transshipment
5. Cargo Protection
6. Cargo Security
7. Use of IT
8. Facilities
9. Customer Services
10. Safety

Note:

1. Customer value is based on perceived importance of various service areas of each user type.
2. Average satisfaction is based on AAT's performance in respective service areas.



Recommendations for improvement – AAT

| Service area | Summary Performance | Comments and suggested improvement from respondents |
|-------------------------|--|---|
| Cargo Terminal Services | <ul style="list-style-type: none"> One of the important areas for Airlines with slightly below average satisfaction rating | <ul style="list-style-type: none"> Properly handle the cargoes; minimize the chance of wrongly forwarded; short shipped and un-located the cargoes. |
| Customer Services | <ul style="list-style-type: none"> This was one of the least satisfactory areas, AND Moderately important area as perceived by Freight Forwarders and Truckers | <ul style="list-style-type: none"> Allocate more staff to answer telephone calls The hotline staff need to provide prompt response to those customers leaving voice messages on the hotline especially for those about complaints / cargo damage / cargo loss |
| Import | <ul style="list-style-type: none"> This area was considered to be the most important but least satisfactory among Truckers. | <ul style="list-style-type: none"> Improve the queuing time at truck park/truck control office (after obtaining SRF) to the truck dock assigned Improve the efficiency of import cargo release such as speeding up / optimizing the truck dock assignment nearer to cargo for release, simplifying the release process, enhancing the manpower deployment and staff efficiency. Enhance staff's helpfulness and friendliness |



Cimigo 



Our Ref EDO-L032/12

By Fax & Post

22nd October 2012

Ms. Maria Luk
Assistant General Manager, Aviation Logistics
Aviation Logistics Business
Airport Authority Hong Kong
HKIA Tower, 1 Sky Plaza Road
Hong Kong International Airport
Lantau, Hong Kong.

Dear Maria

Re: AAT Service Improvement Initiatives for Air Cargo Terminal Users Survey 2012

Further to our meeting on 24 Sept 2012 to go through the report details, we have summarized our action plans to address the concerned areas of Cargo Terminal Services, Transshipment, Cargo Protection, Use of IT, Customer Service, Safety, Import and Export as below for your information.

Cargo Terminal Services

Action plan:

- (1) AAT had recruited more staff (approx. 10% additional headcount) in April 2012 to address the issue of relatively high turnover during the 1st Quarter of 2012 and all new joined staff had been trained according to the training program.
- (2) AAT has strengthened the training programme in June 2012 for all staff including contractor, and the training courses were conducted by trainers with adequate experience of terminal operations.
- (3) To enforce 100% of Handheld device usage for handling inbound and outbound shipments by 1st Quarter of 2013, to ensure accurate shipment information is captured and avoid typo errors.
- (4) A staff retention scheme has been introduced since early 2012 for retention of key talents and loyal staff members.
- (5) A six-month "Officer Trainee Programme" has been initiated from August 2012 which is aimed at developing a new batch of energetic staff for succession planning in a formal way. (The Programme consists of on-the-job training, Procedures Training, Systems Training, Customer Services and Management skill, etc.)

Transshipment

Action plan:

In view of the fact that the survey report contained no concrete comments from the respondents,

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Accredited School



AAT had interviewed our airline customers with frequent in-house and/or inter-terminal transshipment. The interview result reflected that most airlines were satisfied with AAT's transshipment performance. They were less satisfied with HACTL's performance in handling transshipment cargo from HACTL to AAT. Besides, the airlines noted that the standards for inter-terminal transshipment are measured on the overall transaction time but are not segregated into the performance of the 2 CTOs. Hence, it was not clear in the survey which CTO was not performing to standard. Hence,

- (1) AAT will monitor the performance of our transshipment operation and communicate with the airlines concerned for further improvement if any.
- (2) It is suggested that AAHK requests the Consultant to acquire more specific feedbacks from the respondents in future surveys.
- (3) It is suggested that AAHK reviews the need to monitor of the CTOs' performance in transshipment cargo handling, especially after the 3rd CTO has started its operation.

Cargo Protection

Action plan:

- (1) AAT will give holding replies and updates at regular intervals to the parties concerned even when a case is still under investigation for a long period. A set of standards on handling customer enquiries on cargo irregularity cases was developed and implemented in Sept 2012.
- (2) The enhancement of surveillance system at AAT terminals had been completed in March 2012. Additional CCTVs have been installed to ensure the footage of cargo handling process can be captured and the resolution of CCTV upgraded to improve the quality of image.

Use of IT

Action plan:

- (1) AAT will complete the upgrade of IT equipment in Q1 of 2013 to improve the performance, efficiency and stability of AAT's Cargo Management System (CMS) and AAT Internet Management System (AIMS).
- (2) AAT plans to enhance the AAT Mobile Apps and AAT website in 2013 to facilitate the handling of customer's enquiries via electronic means. e.g. "Online Service desk".

Customer Services

Action plan:

- (1) As commitment to our service delivery, new sets of internal standards for our Tracing team (on handling complaints and enquiries of cargo damage/cargo loss) and our Service Counter team (on handling of general enquiries) were developed and implemented in Sept 2012.
- (2) AAT plans to enhance the AAT Mobile Applications in 2013 to provide information in response to frequently asked questions.
- (3) AAT will develop the push notification mechanism to dispatch the latest Company news and development to subscribers in Q1 of 2013.
- (4) A Training Consultant was appointed to conduct "Coaching and Counselling Skill Training" in September and October 2012 in order to strengthen our staff's customer service skills.

- (5) To strengthen our role in providing total airfreight solutions to our airline customers, AAT has designed a new function "Airlines Corner" in AIMS in July 2012 to facilitate airline cargo analysis with latest aviation news. This will also be a communication platform for AAT to share our news, important notice and event updates

Safety

Action plan:

- (1) AAT has incorporated "Safety (Injury case involving AAT and other terminal users)" as one of the KPIs for performance measurement. The KPI will be monitored constantly and linked with the Company's bonus scheme.
- (2) To enhance safety awareness, LCD monitors have been installed at G/F of T2 Lift Lobby, 1/F of C&ED Hall and 1/F Customer Service Counter to display the video about the OHSAS and Airport Ground Safety related information/messages since Jan 2012.
- (3) In addition, a Safety and Health Committee has been established, which consists of representatives from AAT, our ground operation and facilities management contractors, to ensure safety hazards or threats are identified, analysed and assessed by the accountable Manager and safety controls are implemented properly.
- (4) For better communication, an open reporting system has been developed since May 2012, AAT staff can report any potential hazards or threats to management for safety accident prevention.

Import

Action plan:

- (1) AAT has reviewed the entire import cargo delivery process and proceed with system change in Q1 2013 to provide one-stop cargo collection service to streamline the overall process and reduce the overall transaction time.
- (2) In order to ensure the smoothness of the entire cargo operation, AAT will enhance our system by Q2 2013 to provide RHOs with the most updated ULD handover status via electronic means. This allows greater transparency in the speed and number of units handed over / received.
- (3) Our import operations were affected earlier this year due to exceptionally high turnover in this section. We have since recruited aggressively and given the new staff adequate training. Now, staff in import section is well trained and capable to handle import shipment competently.

Export

Action plan:

- (1) AAT has implemented the "Empty ULD Release Scheduling Program" for major freight forwarders since May 2012 in order to even out the work load during the peak period and ensure better truck dock utilization. Hence, Freight Forwarders can have the empty ULD release instruction from airlines earlier for preparation.
- (2) AAT has already aligned the manpower deployment to the arrival pattern of pre-pack cargo and flight schedule. More manpower will be deployed during the peak hours. For last-minute cargo, we will also communicate with the airline concerned to alert them on the situation and speed up the cargo acceptance process if it wants to uplift such last-minute cargo.

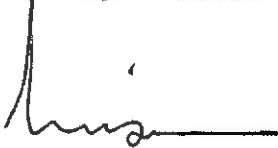
- (3) AAT has introduced a set of real-time monitoring tools in Sept 2012 to help AAT staff in monitoring the entire export operations process from Cargo Acceptance to flight completion. This allows them to take necessary actions when necessary to ensure target service performance can be achieved.

We value every comment to help us improve and enhance our service excellence. According to the above action plans and our commitment to the air cargo industry, we are confident in providing higher standards to the industry.

Should you have any queries, please do not hesitate to contact us.

Thank you for your kind attention.

Yours sincerely
Asia Airfreight Terminal Co., Ltd.



Wilson Cheung
General Manager –Customer Services

c.c. ED Office, GM, GMCD, GMFA, GMSS - AAT