



Post Office Service Innovation: Responding to Competitive Challenges

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ABSTRACT

This research aims to describe post office service innovation in Indonesia and analyze the factors that influence post office service innovation in Indonesia. Qualitative descriptive analysis technique, where the data that has been collected after analysis is then concluded and the research carried out seeks to describe, explain and describe the efforts made by PT. Pos Indonesia in facing competition. PT Pos Indonesia (Persero) continues to innovate in providing logistics and financial services that are responsive to technological developments and market demands. In facing the industrial revolution 4.0 and millennial preferences for technology, PT Pos Indonesia has launched various service innovations, including Contact Center Oranger, Magenpos, Agenpos B2B, Financial Services, and Air Retail Cargo. Despite significant innovation, information regarding products and services still requires improvement within the post office to provide better understanding to customers. Therefore, further efforts are needed to provide more detailed education and information at service locations. With these innovative steps, PT Pos Indonesia shows its commitment to remaining relevant in the digital era, providing more efficient services, and meeting consumer needs. Continuous innovation efforts and increasing information to customers are the keys to PT Pos Indonesia's success in facing competitive challenges in the logistics and financial industries.

Keywords: Competitive Challenges, Post Office Service Innovation, Innovation, Service.

1. INTRODUCTION

The post office is a public service provider that has been present in Indonesia for a long time. The post office has played an important role in meeting people's needs, from sending letters, packages and money, to various other logistics services. However, in recent years, post offices have faced the challenge of increasing competition from private delivery companies. These companies offer faster, more efficient, and more affordable services. Innovation in post office services is an urgent need that arises as a response to increasingly fierce competition in the realm of technology and communications. Over time, there has been a significant increase in demand for delivery and communication services. Meanwhile competition is not only limited to traditional courier companies, but also with online platforms that offer similar solutions. In this digital era, package and letter delivery services face a number of complex challenges, involving delivery speed, operational efficiency and technology integration. Innovation is a big challenge for every organization, including public service providers (Mayangsari et al., 2018).

Post offices, as key service providers in this field, face pressure to continuously innovate to meet customer expectations and compete effectively in an ever-changing market. In this context, it is important to understand that innovation is not only about developing new technology, but also about transformation in business processes and services that can provide added value to customers. Some of the main challenges faced by post offices is the need for speed of delivery. In today's competitive business environment, customers expect fast and safe delivery. With the rise of express courier services and online delivery, post offices must strive to improve their operational efficiency to offer faster delivery. In addition, technology integration that enables real-time shipment tracking is also key in meeting customer expectations. Operational efficiency is another factor that post offices pay attention to. In an effort to optimize logistics and distribution processes, innovation may involve the use of automation technology, including the use of robots and automated systems to reduce processing time and increase delivery accuracy. Smart system integration can also help in more efficient inventory management and route planning.

Digitalization is a major trend in the shipping and communications industry. The development of electronic mail

and online communication platforms has changed the way people communicate. Meanwhile, the use of physical mail tends to decline. Therefore, post offices must adapt to these changes in consumer behavior and find new ways to stay relevant. Innovation here may involve the development of secure and efficient e-mail services, as well as integration with digital platforms that allow customers to easily access and manage their services.

The development of more sophisticated tracking systems is also an integral part of innovation in post office services. Modern customers want complete transparency regarding the whereabouts and delivery status of their shipments. Therefore, more advanced tracking technologies, perhaps involving the use of Internet of Things (IoT) sensors, can provide more accurate and real-time information regarding the location and condition of shipments.

One innovative aspect that can be implemented is optimizing delivery routes. Using smart algorithms and data analysis, post offices can identify the fastest and most efficient delivery routes. This can not only reduce delivery times, but also save operational costs and reduce environmental impact. The integration of Internet of Things (IoT) technology in post office operations can bring great benefits. IoT sensors can be used to monitor shipment conditions, such as temperature, humidity and shock. This is especially important for shipping goods that are sensitive to environmental conditions. This way, customers can be assured that their goods will arrive in optimal condition.

Innovation is not an end goal, but a continuous process. The key to successful innovation is a commitment to continuously adapt to technological developments and changes in customer needs. By integrating innovative solutions, post offices can achieve operational efficiencies, increase customer satisfaction, and remain competitive in an ever-evolving market. As part of digital transformation, post office service innovation can be a strong foundation to ensure business continuity in this challenging era. The Pos Aja application innovation has brought many benefits to customers. This application has succeeded in providing features that make the process of sending goods easier, such as storing frequently used delivery addresses, picking up goods, choosing the time and place to pick up goods, as well as choosing an O-ranger courier according to customer preferences. Apart from that, another advantage lies in the choice of payment methods, including Cash On Delivery (COD) and non-COD which are connected to the PosPay product, giving customers flexibility in choosing a payment method that suits their needs (Muharromah et al., 2024).

To answer this competitive challenge, post offices need to innovate their services. Service innovation can be carried out in various aspects, such as products, processes and organizations. Product innovation can be done by developing new services or improving existing services. For example, a post office can develop an express package delivery service or an online money transfer service. Process innovation can be done by increasing service efficiency and effectiveness. For example, the post office can use digital technology to track package deliveries online. Organizational innovation can be carried out by changing the organizational structure or organizational culture. For example, the post office could set up a special team to handle service innovation.

2. LITERATURE REVIEW

2.1. Innovation

Innovation is the process and/or result of developing the utilization/mobilization of knowledge, skills and experience to create or improve new products (goods or services), processes and/or systems, which provide meaningful or significant value (especially economic and social). Innovation can be defined as something new, different from what already exists. Innovation can take the form of ideas, concepts, methods or tools. Innovation can be carried out in various fields, such as business, technology, education, health and government. Innovation according to Dhewanto (2014) is a new combination of production factors created by entrepreneurs and innovation thinking is an important driving force in economic growth. Schumpeter's concept of innovation involves product innovation, process innovation, market innovation, use of raw materials and obtaining these raw materials in ways and innovation in organizations. Several factors influence service innovation according to Suwarno (2008), can be analyzed into two, namely, the internal environment and the external environment. The internal environment is the environment within an organization that influences performance, including vision, mission, facilities and infrastructure, human resources, organization, management, finance and marketing. Meanwhile, the external environment includes the macro environment and micro environment. The macro environment includes demographics, socio-economics, technology, politics and socio-culture, and the micro environment includes customers and competitors. Innovation is something

that is newly created and different from the previous one (Yaqin, 2018). According to Zuhul (2013), innovation has a very broad aspect because it can take the form of goods or services, processes, marketing methods or organizational methods that are new or have undergone renewal which is a way out of problems that have been faced by the organization.

2.2. Service

Service is an activity or sequence of activities that occurs in direct interaction between a person and another person or physical machine, and provides customer satisfaction. Services are basically activities offered by organizations or individuals to consumers, which are intangible and cannot be owned. Pasolong (2007) says that service is defined as the activity of a person, group and/or organization either directly or indirectly to meet needs. Ratminto & Winarsih (2005) defines public service as an activity or series of activities that are invisible (cannot be touched) that occur as a result of interactions between consumers and employees or things provided by service providers that are intended to solve consumer or customer problems.

2.2. Public Sector

Public service is defined as providing services (serving) needs people or society who have an interest in the organization in accordance with the basic rules and procedures that have been determined. The public sector is often understood as something related to the public interest and the provision of goods or services to the public which are paid for through taxes or other state revenues regulated by law. So the existence of the public sector cannot be avoided, society needs regulations that regulate the use of public goods, so that the public sector plays a role in regulating these public goods so that they can be distributed to all of society fairly and evenly. According to Mardiasmo (2018) explained the definition of the public sector as an entity whose activities are related to efforts to produce public goods and services in order to fulfill public needs and rights. From the two definitions regarding the meaning of the public sector itself, it can be concluded that the public sector is an activity or anything related to the public interest which is closely related to efforts to provide public goods and services in order to meet public needs which are paid for through taxes or other state revenues. regulated in a legal regulation. Public services must always change following developments society, because society is dynamic. In this case, the government must negotiate and collaborate with various community interests. So that public services have the quality that society expects. Public services are carried out in a series of integrated activities that are simple, open, smooth, precise, complete, reasonable and affordable.

3. RESEARCH METHODS

The analysis formulated in this research uses qualitative descriptive analysis techniques, where the data that has been collected after analysis is then concluded and the research carried out seeks to describe, explain and describe the efforts made by PT. Pos in providing service facilities. The analysis process as proposed by (Marzuki, 2002), is an attempt to find answers to questions regarding formulations and lessons or things that we obtain in research projects. The aim of analytical activities in research is to narrow and limit the findings so that they become data that is orderly, structured and more meaningful. The steps taken in analyzing the data are as follows, according to (Marzuki, 2002) among others :

- a. After the data was obtained, both observation, interviews and documentation, the data was classified.
- b. Then the data obtained is tabulated in tables according to the research focus to make it easier to read or interpret.
- c. Next, the data is analyzed, interpreted and attempted to draw conclusions and the meaning or results obtained from these data.

Thus, data analysis is the process of analyzing data that has been collected, described and interpreted to draw conclusions so that valid results can be obtained.

4. DISCUSSION

PT. Pos Indonesia as one of the state-owned companies in Indonesia continues to carry out its duties and functions in the field of postal services to meet the needs of the community through developing services that are in line with

advances in science and technology (IPTEK) as a form of loyalty to its customers. Pos Indonesia in serving its customers, both on a national and international scale, is not limited only to the world of postal services, but also to the world of finance. The products owned by PT. Pos Indonesia are divided into 4 categories, namely Letters and Packages, Financial Services, Logistics Integration and Retail. Of the four groups above, letters and postal mail have the most types. Pos Indonesia is not the only delivery company in Indonesia, there are several other companies operating in the service sector. The high demand for sending letters and packages cannot be separated from competition for several goods supplies. However, in reality, currently PT Pos is still unable to compete, because the service they provide is not optimal. Not only demand, but also the interaction between demand and supply has important implications for innovation dynamics (Edler & Georghiou, 2007).

One of the focuses of PT Pos Indonesia (Persero) is to carry out digital transformation with the aim that this state-owned company in the logistics sector can continue to adapt and provide the best service and convenience for the community. In the last two years, the manifestation of Pos Indonesia's digital transformation has been seen through the use of applications. The two superior applications in digital services owned by Pos Indonesia are PosAja and PosPay. PosAja, as the first application, provides special services for package or document delivery services, while PosPay acts as a Giropos account-based payment platform. Both, PosAja and PosPay, provide various features that really make things easier for people in matters of sending goods and finances. With the support of service areas spread across 54 thousand points throughout Indonesia, as well as complete financial transaction facilities, especially for bill payments, and service integration with post offices, Pos Indonesia digital devices can be relied on and used by all levels of society.

In its efforts to carry out digital transformation, PT Pos Indonesia has designed seven transformation strategies involving several aspects. First, there is a business transformation carried out with efforts to increase market share in shipping services, finance and logistics businesses. Second, the transformation of products and networks from physical to digital, which involves fundamental changes in presenting products and managing networks. Third, transforming business processes from manual to digital, by digitizing business processes in an integrated manner within the company. Fourth, technological transformation is directed at providing ease of service to customers. Fifth, Human Resources (HR) transformation by changing the company's paradigm towards humans, considering humans not only as resources, but also capital that must be nurtured and developed as the main asset for the transformation process. Sixth, organizational transformation, and seventh, cultural transformation to form a digital culture within the company.

The importance of business transformation is reflected in Pos Indonesia's efforts to expand market share in the fields of delivery services, finance and logistics business. The transformation of products and networks towards digital forms indicates a positive response to changes in technological trends and consumer behavior. Transforming business processes from manual to digital helps improve operational efficiency and internal responsibility. In addition, technological transformation is key in meeting customer needs and providing better services. HR transformation pays attention to developing the skills and potential of employees, turning them into valuable human capital to achieve transformation goals. Meanwhile, organizational and cultural transformation creates an environment that supports and encourages change towards digital. By adopting digital technology through the PosAja and PosPay applications, PT Pos Indonesia has proven its readiness to transform into a more modern direction. The integration of financial and logistics services in one platform shows the effectiveness of the transformation strategy implemented by the company. Additionally, the emphasis on digital culture and HR development ensures that the company has a strong foundation to adapt to future changes. Overall, Pos Indonesia's digital transformation is a progressive step that responds to changing consumer demands and technological changes. By combining responsiveness, sensitivity and motivation in its digital services, Pos Indonesia not only keeps up with the times, but also becomes an active actor in shaping change in the logistics and financial industry in Indonesia. PosPay provides mobile financial transaction service facilities that can be accessed anytime and anywhere (Salsabilla, 2022).

PT Pos Indonesia (Persero) is innovating by launching several services to make it easier for people to use PT Pos services, responding to the era of industrial revolution 4.0 and millennials' preferences for technology. The concept of innovation is increasingly developing, increasingly competitive and highly volatile subject to the pressure of rapidly changing consumer needs and desires (YuSheng & Ibrahim, 2019). Some of these service innovations involve Contact

Center Oranger, Magenpos, Agenpos B2B Courier, Agenpos B2B Financial Services, and Air Retail Cargo Services at Agenpos. Contact Center Oranger provides free pick-up services via call center 1500261, making it easy for sellers, MSMEs and the general public. Users simply need to provide pickup information, either by telephone call or by stating the Pos Order Number (PON) which can be obtained through registration on the Pos Indonesia website. Magenpos, or M-Agenpos, is a native Android-based mobile application that provides payment services, instant money order payments and courier services. This application allows customers to use Pos Indonesia services without having to come to a post office outlet, because the service can be carried out at the customer's location. Agenpos Business to Business (B2B) is an agenpos developed in collaboration with business partners who have many channels connected online. Partners provide virtual network connections (VPN), while PT Pos Indonesia provides infrastructure and Courier Service application systems using application programming interfaces (API). Agenpos B2B Financial Services is a Pospay channel partnership service. Since 2002, PT Pos Indonesia developed the Online Payment Point Pos System (SOPP Pos) application, becoming One Stop Payment Services Biller, and collaborated with ± 380 Billers in 2018. This service optimizes the effectiveness and efficiency of Pospay services, expands the service network, provide ease of service to the community, increase revenue contribution, and improve PT Pos Indonesia's bargaining position.

Air Retail Cargo Services at Agenpos is a solution for people's business needs, offering hub-to-door services for general cargo and special cargo types such as corpses. This service differentiates itself by using air transportation via plane, with rates that take into account the weight and type of goods. Apart from these innovations, the Post Office also markets the newest products, namely Oranger and Air/Ground Retail Cargo Services. In selling its products, the Post Office collaborates with companies such as banks and the Tax Office. The products and services provided include letters and packages, financial services, logistics integration, money transfer rates, and retail products such as Antam Gold. Considering all the innovations through which competitive advantages can be obtained for products and diversification is the focus (Boycheva, 2017).

Although this innovation provides many choices for customers, interview results show that customers do not receive adequate information at the post office. Complete product and service information can only be accessed via the post office website. Further efforts are needed to provide information to customers directly within the post office so that they can fully understand the range of services offered by PT Pos Indonesia.

5. CONCLUSIONS AND SUGGESTIONS

5.1. Conclusion

From the service innovations that have been launched by PT Pos Indonesia (Persero), it can be seen that this company is actively adapting to technological developments and market needs. Innovative steps such as Contact Center Oranger, Magenpos, Agenpos B2B, Financial Services, and Air Retail Cargo show Pos Indonesia's seriousness in providing services that are more efficient and in line with modern consumer trends. The use of digital technology, such as mobile applications and online integration, shows Pos Indonesia's commitment to providing easy access to customers. The free pick-up service through the Oranger Contact Center reflects efforts to provide more personal and efficient service to customers, especially traders and MSMEs. Collaboration in the form of Agenpos Business to Business (B2B) shows that Pos Indonesia is trying to expand its network and increase the affordability of its services. The position as One Stop Payment Services Biller involves many business partners, creating a strong and diverse ecosystem. However, it should be noted that despite significant innovation, information regarding products and services is still not fully conveyed well within the post office. Further efforts are needed to provide education to customers regarding the range of services available.

5.2. Suggestions

PT Pos Indonesia is increasing education for customers at the post office. Service officers can provide more detailed information regarding the products and services offered by PT Pos Indonesia. This can help customers better understand the benefits and advantages of the services they can access. Carrying out strategic collaborations with more business partners, including financial institutions and other service providers, can expand reach and provide added value to customers. This can create a stronger and more comprehensive ecosystem. Carry out routine monitoring and

evaluation of the quality of services provided. Customer feedback and service performance analysis can be used to continually improve processes and ensure customer satisfaction.

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