

A study on the logistics service capabilities and issues of Freight Forwarding industry

in Thoothukudi

Dr.S.Sridevi

Alagappa University

Abstract

Freight forwarders are intermediary companies engaged in Logistics. Their undertaking is to deal with all functions involved in transport after the purchase procedure of product is finished. The primary intention of the present work are to assess the corporate characteristics of the companies in the freight forwarding industry in Thoothukudi in terms of company size and business focus, perceived service performance by the freight forwarders in Thoothukudi and the perceived challenges faced by the freight forwarders in Thoothukudi. In addition, this work manifests the profile of freight forwarding companies that are dynamic in the Thoothukudi market, breaking down their field of specialization with respect to different services. For the point of this work, a survey questionnaire was got filled in by 20 organizations of the area, covering generally 5% of the organizations in the market. The interpretation is that Thoothukudi freight forwarding companies mainly get their business from Europe countries. There is a scope for the freight forwarding companies in Thoothukudi to improve upon their operational efficiency. And the major challenges faced by the freight forwarder are strikes and improper survey.

Keywords: Freight Forwarders, Service capabilities, Challenges, Export-Import

Introduction

To move enormous amounts of merchandise across the country and around the world, nations rely upon their freight transportation system. A freight forwarder is an individual or organization that dispatches shipments by means of asset based carriers or arrange spaces for those shipments. India is relied upon to observe significant development in freight forwarding market provided freight companies broaden their business to other strategic fragments. VOC Port Trust being one of the 12 major ports in India, second largest port in Tamilnadu and fourth largest

container terminal in India, its traffic handling has registered a rapid growth. Thoothukudi freight forwarding market is rapidly being supported by improved warehousing framework and development in containerized freight, which requires a strong freight network. Among the segments, air and sea freight together contribute most extreme to the market as far as worth. Freight forwarding is legitimately affected by the global business scenario. The companies who really remain with their qualities and do value additions will keep on being outperformers and the rest should work more earnestly to keep their head above water. Freight forwarders and multimodal transporters serves to interconnect different modes of transport – rail, road, air, water – and subsequently improve proficiency and speed of goods movement.

Literature review

1. Challenges in urban freight transport planning – a review in the Baltic Sea Region

Maria Lindholm, Sönke Behrends (2012)

Freight transport in urban territories is as yet not surely known and there is no approach gone for the investigation and arranging of such zones. To accomplish urban supportability, new models for the administration of urban freight developments are required, in which neighborhood experts assume a star dynamic job. The point of this paper is to add to lay the preparation for planning methodologies to conquer the difficulties associated with reasonable urban freight transport. This paper depends on a various contextual analysis breaking down the ebb and flow condition of urban freight transport and momentum arranging rehearses in urban communities around the Baltic Sea. While the urban communities contrast in size, economy, and political and social structures, the vehicle division assumes a solid job in all urban communities. Inside and out freight interviews with open and private partners were directed and supplemented with a few all encompassing meeting sessions and report examination. Possibilities and inadequacies in urban freight transport arranging are displayed and the outcomes demonstrate that freight transport is progressively significant for local intensity while freight traffic is a developing danger for urban supportability. Thusly, the urban setting is an obstruction for productive freight activities. In any

case, both neighborhood specialists and transport administrators disregard the issues that emerge from freight in urban zones. A general mindfulness is expected to comprehend that a more profound reconciliation of freight transport and urban manageability methodologies can be helpful for both the proficiency of freight transport systems and for neighborhood maintainability. City specialists need more logistics capability to encourage the required incorporation among private and open on-screen characters.

2. Current Challenges for Intermodal Freight Transport and Logistics in Europe and the United States

Konstantinos G. Zografos, Amelia C. Regan (2004)

The ebb and flow issues and provokes identified with the enormous scale usage of multi-purpose freight transportation frameworks in the United States and Europe are tended to, and open research issues and difficulties are distinguished. As blockage and natural effects keep on exacerbating, multi-purpose transportation will keep on expanding in significance. In this manner, it is important to set up an examination motivation for an inside and out investigation of multi-purpose freight and logistics issues in the European Union and the United States.

3. Profiling international freight forwarders: an update

Paul R. Murphy, James M. Daley (2001)

Gives results from an ongoing observational investigation of US based global freight forwarders (IFFs). Contrasts IFF socioeconomics and those from past exact research and finds that the IFF business is as yet commanded by little organizations and that IFFs keep on enhancing their income bases. Presents data concerning contemporary issues influencing the sending business and finds that IFFs for the most part see the Internet as a supplement to, instead of a substitute for, EDI.

4. Efficiency of freight forwarder's participation in the process of transportation

RaimondasBurkovskis (2010)

Freight forwarder s investment during the time spent moving products enables his customers to deny pointless administrations and get focussed on the primary abilities of an organization. At nearness, there is no normal meaning of the term

'freight forwarder' or indistinguishable legitimate guideline of obligation and capacities; thusly, the issues of bringing together the worldwide procedure of merchandise development are defied. This decreases the productivity of action and causes extra issues in the field of universal exchange. Later on, freight forwarder's job in logistics inventory network will rise and the customers will request the entire bundle of logistics administrations. Along these lines, extraordinary notice ought to be given to invigorate ventures into the new freight forwarder's administrations.

5. Freight forwarding in Greece: Services provided and choice criteria

George Kokkinis, AthanassiosMihiotis, Costas P. Pappis (2006)

Freight forwarders are delegate organizations engaged with Logistics. Their errand is to deal with all capacities engaged with vehicle after the purchase procedure of product is finished. The fundamental targets of the present work are to assess the criteria on which creation organizations pick specific freight forwarders, to bring up the components that influence quality and to separate administrations gave in different client classifications. Moreover, this work displays the attributes of freight sending organizations that are dynamic in the Greek market, breaking down their field of specialization in regards to different administrations and the profile of their labor, just as estimating the degree of data innovation utilization in their activities. For the point of this work, a poll was attracted up and sent to an example of 98 organizations of the part, chose chiefly for their size and their area. Twenty four surveys were returned, covering generally 10% of the organizations in the market. The organizations were approached to assess the different decision criteria in regards to the transporters they worked together with and the criteria on which they are chosen by their clients. The end is that Greek freight sending organizations think about that quality is more significant for their clients than expense and that little organizations appear to assess the cost of administrations offered, the offering of unique benefits, individual treatment and experience as moderately more significant as huge organizations do.

6. The Use of IT in Freight Forwarding in the UK

Glenn Hardaker, Robert R. Trick, AishahA.Sabki (2007)

An overview embraced in May (2006) dissected UK organizations of different sizes, for example little, medium and huge, so as to have an agent test of freight sending organizations. The reaction gave a decent sign of its effect on freight sending, a significant piece of the appropriation framework. The surveys were commonly finished by overseeing chiefs, CEOs and data frameworks administrators. The examination attempted focuses on the development procedure of freight and specifically how IT has influenced the freight sending industry in the UK as far as the innovation utilized, the impact on staff at all levels inside such an association and a firm's aggressive position in the commercial center.

7. Measurement of logistics service quality in freight forwarding companies

MiloradKilibarda, Svetlana NikolicicMilan Andrejic (2016)

The motivation behind this paper is to decide how clients from various market fragments survey the nature of freight sending administrations, contingent upon the structure of administrations, just as the common connection between the freight forwarder and the clients. The philosophy for estimating the nature of logistics benefits in freight sending organizations is created. Based on the proposed philosophy, the experimental research was led. The examination incorporates 120 logistics experts managing import and fare exchange streams who in this way utilize the administrations of freight organizations.

8. Customer Relationship Management and Firm Performance: An Empirical Study of Freight Forwarder Services

[Kuo-Chung Shang](#), [Chin-Shan Lu](#) (2012)

This examination observationally recognizes client relationship the executives (CRM) and looks at its effects on firm execution with regards to cargo forwarder administrations. Utilizing information gathered from an overview of 144 cargo sending firms in Taiwan, an auxiliary condition demonstrating activity was led to distinguish critical CRM measurements and their impacts on the apparent money related execution. Results demonstrated that CRM measurements, for example, client reaction and benefit connection are found to have altogether beneficial outcomes on the apparent monetary exhibition parts of benefit and development rate. This look into examines critical CRM as well as proposes a model for

observational examinations to interface CRM and firm execution. As far as we could possibly know, this investigation is one of the first to look at CRM in the cargo forwarder administrations. The model might be utilized as a venturing stone for exact research in transportation benefits on CRM. The comprehension of connections between client reaction, data innovation, learning the executives application, benefit cooperation, and authoritative execution may give some insight with respect to how cargo sending organizations can alter client relationship creation procedures to continue their exhibition.

9. Studying Demand for Freight Forwarding Services in Ukraine on the Base of Logistics Portals Data

Vitalii Naumov, Oksana Kholeva (2017)

A strategy for considering a progression of solicitations on freight sending administrations with the utilization of the data coordination gateway apparatuses has been proposed. On the base of test studies results for the Ukrainian street transport showcase, appropriations of the solicitation stream parameters have been grounded and numerical attributes of interest for administrations of Ukrainian freight sending organizations have been resolved.

Need for the study

Due to the rising expectation of customers for logistics, it has become very logical to hypothesize that freight forwarders in Thoothukudi would seek to supplement the features of their services, if needed, in order to remain competitive. So, it is highly sensible to conduct a study on freight forwarding industry in Thoothukudi for the sake of industry players and the users of their services. On the whole, this study seeks to answer the following research questions.

Research questions

1. What are the corporate characteristics of the companies in the freight forwarding industry in Thoothukudi in terms of company size and business focus?
2. How do freight forwarders in Thoothukudi perceive their service performance?
3. What are the perceived challenges faced by the freight forwarders in Thoothukudi?

Methodology

A detailed survey questionnaire was employed to collect information from freight forwarders in Thoothukudi District pertaining to their demographic profile, corporate characteristics, prevailing export import scenario, custom clearance operations, challenges faced, ability to provide different types of logistics services and service performance. A total of 500 freight forwarders were identified from the membership list of the Tuticorin Custom House Agents' Association in Thoothukudi. The questionnaire was directly got filled in by the target respondents who were assumed to have good knowledge of the organizational characteristics and business features of their companies. Only one response from each company was tried to obtain.

Table1: Major destinations countries for export and import

Major destinations countries for export	Percent
Europe	77.8
South East Asian countries	11.1
Gulf countries	11.1

Major destinations countries for import	Percent
Europe	44.4
South East Asian countries	22.2
Gulf countries	33.3

VOC Port Trust is one of the 12 major ports in India, second largest port in Tamilnadu and fourth largest container terminal in India. From the above tables it can be inferred that, the top import destinations of Thoothukudi are Europe (44.4%), Gulf Countries (33.3%) and South East Asian Countries (22.2%). And the top export destinations of Thoothukudi are Europe (77.8%), Gulf Countries (11.1%) and South East Asian Countries (11.1%). So it can be concluded that Europe grabs the major part in export and import destinations.

Logistics service capabilities of the respondent companies

Null hypothesis: The service capabilities of the respondent companies are not fair enough.

Alternate hypothesis: The service capabilities of the respondent companies are fair enough.

Service Capabilities	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Import shipments cleared and delivered as per schedule	6.825	8	.000	2.11111	1.3978	2.8244
Export shipments cleared and shipped as per schedule	10.000	8	.000	1.66667	1.2823	2.0510
Customs clearance a transparent process	12.095	8	.000	1.77778	1.4388	2.1167
Receive adequate and timely information when regulation change	8.083	8	.000	2.33333	1.6676	2.9990
traders demonstrating high levels of compliance	8.102	8	.000	2.11111	1.5102	2.7120

From the above table it is known that, $p < .05$. Therefore, it can be concluded that the population means are statistically significantly different. If $p > .05$, the difference between the sample-estimated population mean and the comparison population mean would not be

statistically significantly different. It is to be noted that the "Sig. (2-tailed)" value is ".000", this actually means that $p < .0005$. It does not mean that the significance level is actually zero. Since p value is less than the critical value, null hypothesis is accepted. That is, the various service capabilities of freight forwarding companies are not fair enough.

Challenges faced by freight forwarding companies

Challenges faced by freight forwarding companies	Mean	Std. Dev.
Non availability of trailers & trucks	3.22	.83
Stuffing	3.77	.99
Natural calamity	3.87	.35
Strikes	4.66	.98
Routing & scheduling	3.22	.97
Improper survey	4.44	.52
Less than truck load	4.33	.70
Loading & unloading	3.33	.99
Non availability of documents	4.22	.66
Accidents	4.33	.70

Based on the mean score Strike (4.66) is the main issue that is experienced by freight forwarder (respondents) and the next is problem of improper survey (4.44), another one is because of lower load than truck capacity (4.33), and accidents (4.33), also due to non availability of documents (4.22). Then other issues which pose challenges to the freight forwarders are risks arising due to Natural calamity (3.87) and Stuffing (3.77). And next comes the problem of Loading and unloading (3.33), Routing and scheduling problem (3.22) and the Non-availability of trailers and trucks (3.22). From this, it can be concluded that main problem faced by the freight forwarder are due to improper survey and strikes.

Conclusion

Freight forwarders are the travel agents for the freight. The issues looked by forwarders is identified in strikes and improper survey and it is clear by the statistical data points that it is a direct result of lacking capabilities like Import shipments cleared and delivered as per schedule, Export shipments cleared and shipped as per schedule, Customs clearance a transparent process, Receive adequate and timely information when regulation change and

traders demonstrating high levels of compliance. To beat these issues the freight forwarders must timely update themselves with the rules and regulations and custom clearance process must be made transparent. Innovations are improving at this point. Freight forwarders must be extremely cautious in accepting shipments from exporters and importers.

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