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## A study on the influencing factors for exporters in choice of selecting the freight forwarders

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### Abstract

Logistics is the management of the flow of goods between the point of origin and the point of consumption in order to meet some requirements, of customers or corporations. The resources managed in logistics can include physical items, such as food, materials, animals, equipment and liquids, as well as abstract items, such as time, information, particles, and energy. The logistics of physical items usually involves the integration of information flow, material handling, production, packaging, inventory, transportation, warehousing, and often security. The complexity of logistics can be modeled, analyzed, visualized, and optimized by dedicated simulation software. The minimization of the use of resources is a common motivation in logistics for import and export.

A freight forwarder, forwarder, or forwarding agent, also known as a non-vessel operating common carrier (NVOCC), is a person or company that organizes shipments for individuals or corporations to get goods from the manufacturer or producer to a market, customer or final point of distribution. Forwarders contract with a carrier to move the goods. A forwarder does not move the goods but acts as an expert in the logistics network. A forwarder contracts with carriers to move cargo ranging from raw agricultural products to manufactured goods. Freight can be booked on a variety of shipping providers, including ships, airplanes, trucks, and railroads. It is not unusual for a single shipment to move on multiple carrier types. International freight forwarders typically handle international shipments. International freight forwarders have additional expertise in preparing and processing customs and other documentation and performing activities pertaining to international shipments.

**Keywords:** Freight forwarders, Documentation, International Shipments.

### 1. Introduction

#### Logistics

Logistics is science of planning and carrying out the movement and maintenance of force those aspects of operations that deal with the design and development, acquisition, storage, movement, distribution, maintenance, evacuation, and hospitalization of personal; acquisition of construction, maintenance, operation and disposition of facilities; and acquisition of furnishing of services.

#### International Logistics

The negotiation, planning and implementation of supporting logistic arrangements between nations, their forces and agencies. It includes furnishing Logistics support (major end items, materials, and or services) to, or receiving Logistics support from one or more friendly foreign governments, international organization or military force. It also includes planning and action related to the intermeshing of a significant element, activity, or component of the military Global logistics is a full services customer broker, freight forwarder and international trade consulting firm specialize in helping small and mid –sized business manager their all aspects of international trade, ensuring goods reach their destination on time and in good condition.

#### Statement of the Problem

The study was undertaken in order to know about the factors influencing the choice of cargo carrier and the Role played by the intermediaries in the shipping industry.

#### Objectives of the Study

The following are the constituted objectives

- To study about the transportation services provided by the forwarders.

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- To recognize about the factors influencing the choice for freight forwarder in Global
- To know the satisfaction level of the customers.

**Scope of the Study**

The main purpose of this study is to find out the services needed to the customers by the Freight Forwarders.

**Research Methodology**

**Methods of Data Collection**

The data has been used which is collected through questionnaire, reports and internet.

Primary data collected through questionnaire method.

Some of secondary data are collected through books journals and internet.

**Statistical Tools Used**

The statistical tools used for this study are

- Simple percentage
- Chi-square test.

**Period of Study**

The period of the study is for 6 months from June to November 2014.

**Area of the Study**

The data has been collected from the exporters at Coimbatore.

**Limitations of the Study**

Even though the study was successfully completed it had the following limitations.

- The study is only about transportation process.
- The study is confined to the particular area only and this is not applicable to other areas.

**Literature Review**

Paul Sundar Kirubakaran Vol 1, No 8 (2012), The goods are moved from the manufacturers to the customers/consumers by the freight forwarders with their effective utilization of the road/sea/air transportations. The key concept in freight forwarding is the delivery of the cargo till the destination point or at the doorsteps of the consignee. Most of the manufacturers are rely on international freight forwarders to perform the operations to bring the goods to their end users. The international freight forwarders act as bridge between the manufacturers/exporters to the destination of the consumers. Alex Lennane, 07.03.2014, Posted in The Load Star, Freight forwarders are urging the new government in India to improve the country’s logistics infrastructure as soon as possible. Calling on all stakeholders to help the government with what will be “a massive task”, Bharat Thakkar, immediate past president of the Air Cargo Agents’ Association of India, said public-private partnerships (PPPs) would be the best way to achieve results quickly. “India’s infrastructure requirements are humungous, and the government alone cannot be expected to make it in the time frame,PPP is a must. However, timely completions must be achieved, as major delays are hurting our economy big time. Two years ago, the Air Promotion Logistics Board was formed, but now the forwarders’ association is calling for faster change across all transport modes. “It’s about time all stakeholders worked in tandem, without pointing fingers, as 2014/15 will be a most crucial year for the global economy”.

**Analysis and Interpretation**

The Table Showing the Satisfaction Level of Service Rendered By Freight Forwarders

Particulars	Highly Satisfied	Satisfied	Dissatisfied
1. Documentation	85	40	-
2. Seaworthy Packaging	40	75	10
3. Ocean freight computation	100	25	-
4. Routing	110	15	-
5. Insurance	35	20	70
6. Transit Time Calculation	95	30	-
7. Freight Rate	115	10	-
8. Prompt Service	85	40	-
9. Safety of Goods	90	35	-
10. Post Shipment Service	80	45	-

Source: Primary data

**Interpretation**

From the above table, out of the total respondents taken for the study, 85% of the respondents are highly satisfied with the Documentation and Prompt services rendered by the company. 100% of the respondents are highly satisfied with the ocean freight computation service rendered by the company. 110% of the respondents are highly satisfied with the routing service rendered by the company. 95% of the respondents are highly

satisfied with the transit time calculation service rendered by the company. 115% of the respondents are highly satisfied with the freight rate service rendered by the company. 90% of the respondents are highly satisfied with the service of keeping the goods safety. 80% of the respondents are highly satisfied with the post shipment service rendered by the company.

The Table Showing the Freight Charges Bearer By the Customer for Air, Sea and Road Transportation

Freight Rate	Air Transportation		Sea Transportation		Road Transportation	
	No. Of Respondents	Percentage (%)	No. Of Respondents	Percentage (%)	No. Of Respondents	Percentage (%)
10 – 1000 USD	35	28	40	32	40	32
1000 – 5000 USD	40	32	50	40	65	52
5000 – 15000 USD	50	40	35	28	20	16
<b>Total</b>	<b>125</b>	<b>100</b>	<b>125</b>	<b>100</b>	<b>125</b>	<b>100</b>

Source: Primary data

**Interpretation**

Out of the total respondents taken for the study, 40% of the respondents pay 5000 -15000 USD for Air transportation, 40% of the respondents pay 1000 - 5000 USD for Sea transportation, 52% of the respondents pay 1000 - 5000 USD for Road transportation.

**The Table Showing the Satisfactory Level Of Customers**

**Null Hypothesis**

The customers are satisfied by the service rendered by the freight forwarders.

**Alternate Hypothesis**

The customers are not satisfied by the service rendered by the freight forwarders.

S.No	O <sub>i</sub>	E <sub>i</sub>	O <sub>i</sub> -E <sub>i</sub>	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup>	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup> /E <sub>i</sub>
1	30	31.25	-1.25	1.56	0.05
2	40	31.25	8.75	76.56	2.45
3	25	31.25	-6.25	39.06	1.25
4	20	31.25	-11.25	126.56	4.05
Total	125	125	-10	244	7.8

Calculated Value= 7.8

Table value = 3 at 5 % (0.05)  
= 7.714725

Table value at 5% level of significance for 3 = 7.714725

Calculated value = 7.8

**Hence Alternate Hypothesis Is Accepted**

The customers are not satisfied by the service rendered by the Freight Forwarders.

**Findings, Suggestion and Conclusion**

**Findings**

1. The freight forwarders provide the following facilities to the customers in International trade, Documentation, Sea worthy packaging, Ocean freight computation, Routing, Insurance, Transit Time Calculation, Freight rate, Prompt service, Safety of goods, Post shipment service.
2. 70% of the customers are not satisfied with the Insurance facility provided by the freight forwarders.
3. 10% of the customers are not satisfied with the seaworthy package given by the freight forwarders.
4. 115% of the customers are highly satisfied with the freight rates offered to them.
5. 110% of the customers are satisfied with the routing procedures followed by the freight forwarders.
6. 52% of the customers bear freight charges between 1000 – 5000 USD for the Road Transportation.
7. 40% of the respondents pay 1000 – 5000 USD for the Sea Transportation.
8. 40% of the respondents pay freight charges between 5000 – 15000 USD for the Air Transportation.

**Suggestions**

1. The freight forwarders can improve proper insurance facilities for the customers especially who undergo Sea Transportation, since there are chances of more risk in this mode.
2. The Freight forwarders can give suggestions for the effective packaging materials used for Sea Transportation since the sea voyage can cause damages in the cargo.
3. Many customers usually bear a huge freight rates for their shipments, the freight forwarders can provide suggestions to minimize the freight rates by using efficient mode of

transportation.

4. The freight forwarders can improve themselves by providing various new facilities for the customers for completing their shipments in proper way.
5. The customers can be informed about the new policies and regulations provided by the government for effective trade.

**Conclusion**

A performance of freight forwarders in logistics sector becomes inevitable at this liberalized, privatized and globalize system, with a view to sustain its performance and profits than to compete with private sectors. In this study such an effort has been taken to analyze the maximum aspect of the operating and freight forwarder performance further it is understood that the present performance of companies is good enough to meet its future requirement in all aspects. If the freight forwarders implements the suggestions given in this study, their performance will be better in future also.

**Reference**

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