

A student Field Research Paper on Customer Perception of GATI KWE's Logistic Services

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1. BACKGROUND

This Student Research Paper was prepared as part of the course project work of an MBA student who opted for Logistics and Supply Chain Management specialisation in Ballari Institute of Technology and Management, Ballari.

This particular project was taken up by Mr. Srinivas Mitte under the guidance of Prof. K Srinivasa Murthy for one month duration. The purpose of the Project was to help the student gain first-hand experience in carrying out customer research to understand the importance of services delivery to enhance sustainable customer relationship, and also make the student garner the awareness about real-time functioning of a commercial firm involved in logistics.

As part of this project, the student collected secondary information on the company and the logistics industry. In addition administered a questionnaire to 100 customers of the company, collected the data, analysed the data, developed inferences and submitted a report with few suggestions and recommendations to the company.

The following is the detailed summary of the said report.

2. INTRODUCTION

2.1. Logistics Industry:

Logistics incorporates all aspects of planning for and executing the acquisition, transportation, and storage of products and related information. The logistics industry facilitates the trade activities between two or more parties by transporting, storing, and delivering goods through B2B, B2C, or C2C supply chain networks.

Better logistics management is crucial for profitability and competitiveness of companies. Increasingly, companies understand the need of providing excellent customer service and are changing their emphasis to be more client-centric. At the present time, logistics companies implement cargo transportation services by land, air, and water while adapting to the changing nature of economic patterns and digitization.

As one of the backbones of international trade, the logistics industry worldwide was worth over 8.4 trillion euros in 2021 and is expected to exceed 13.7 billion euros by 2027. The Logistics market in terms of revenue was valued at US\$ 8,185 billion in 2015 and is expected to reach US\$ 15,522 billion by 2023, growing at a CAGR of 7.5% from 2015 to 2024. The market in terms of volume was valued at 54.69 billion tons in 2015 and is expected to reach 92.10 billion tons by 2024 growing at a CAGR of 6% from 2016 to 2024. The Asia-Pacific logistics market is the largest in the world, with a market size worth about 3.9 trillion U.S. dollars in 2020 alone.

In the year 2024, the size of the Indian logistics market was around US\$ 317.3 billion. It was estimated that this market would grow to US\$ 484 billion 2029, at a compound annual growth rate of 8.8 percent. India has a higher logistics cost as a percentage of GDP at 16 percent. The Indian logistics sector is valued at USD\$ 354 billion, contributing 18.4 % of the country's GDP. With the easing of FDI norms, the implementation of GST, increasing globalization, growth of e-commerce, positive changes in the regulatory policies, and government initiatives such as "Sagarmala", "Make in India", "Gati Shakthi" the sector is expected to touch \$450 billion by 2026-2027. Even while logistics is becoming more and more well-known in India, reducing expenses and boosting productivity is a great challenge faced by the companies in India. Almost two thirds of all trucks owned and operated in India are owned by carriers with fleets of fewer

than five vehicles, which accounts for over 80% of income. All types of Indian companies are seeking for and employing outside logistics providers more and more in order to save costs and focus on their core competencies.

Over the last two decades, logistics in India has advanced significantly, going beyond basic transportation and storage to include value-added services like cross-docking, reverse logistics, freight consolidation, modern-standard warehousing, and customs clearance.

Indian logistics industry's market is managed predominantly by unorganized players who serve 99% of the market, while the remaining 1% is covered by a huge number of organized companies.

The India Courier, Express, and Parcel (CEP) Market is segmented by Destination (Domestic, International), by Speed Of Delivery (Express, Non-Express), by Model (Business-to-Business (B2B), Business-to-Consumer (B2C), Consumer-to-Consumer (C2C)), by Shipment Weight (Heavy Weight Shipments, Light Weight Shipments, Medium Weight Shipments), by Mode Of Transport (Air, Road, Others) and by End User Industry (E-Commerce, Financial Services (BFSI), Healthcare, Manufacturing, Primary Industry, Wholesale and Retail Trade (Offline), Others).

2.2. About Gati and it's standing in the Industry:

Gati KWE, also known as Gati Express is a subsidiary of Gati, established as a joint venture of Gati with Kintetsu World Express for their express distribution and supply chain business. Gati is a leading logistics and supply chain solutions provider in India. This company has revolutionized the way businesses handle their shipping and transportation needs. Gati was picked as the name to represent direction and speed. In India, Gati is a pioneer in supply chain management and quick delivery. Gati started offering door-to-door transportation services in 1989. Gati joined the market as a door-to-door freight company with a money-back guarantee and a commitment to deliver. Supply Chain Solutions and Express Distribution make up Gati's main businesses. To its clients, it provides whole end-to-end logistical solutions. Gati is the only multimodal logistics firm in India, providing smooth connection by air, road, sea, and train. It is the India's first logistics company to receive ISO 9001 certification.

Gati covers 603 of India's 611 districts, a reach unmatched by any other player. It has a fleet of 4000 vehicles, 94 refrigerated trucks and 6 marine vessels to ensure faster time to markets through well streamlined operations. Gati leverages an extensive technology backbone that allows tracking of shipments online providing real-time delivery information on shipments. Gati has over 2 million sq.ft. of best-in-class mechantronic warehousing space, spanning the length & breadth of India. It delivers a record 3 million packages weighing over 46,000 tons – every month with a dedicated workforce of 2,850 well trained Gati'ites.

Gati offers a host of products & services customised to meet the logistics requirements of its customers. They are Surface Express, Air Express, Gati Courier, Art Express, Cold chain logistics, Global Express, Coast to Coast shipping division, Gift services and Gati Student Express.

With its superior coverage, reach, facilities and capabilities Gati is all geared to provide the best end-to-end logistics services to companies in different industry verticals. The company has over the years has evolved from a desk-to-desk cargo company to a preferred 3PL.

2.3. Major competitors of Gati:

The company over years has built an extensive capability over years to take on competition, both from domestic and international competitors operating in the country. But the competitors are catching up. Since the market for reliable logistics services is increasing new players are entering the market and the established players are consolidating.

Many large manufacturing and service units like Reliance, Mahindra & Mahindra, Future Group have established their own in-house logistics divisions. Now these companies plan to provide logistics services to other companies also. The major competitors of Gati in Express Division are TNT, Safexpress, TCI XPS, AFL, Blue Dart, Delhivery, FedEx, Ekart Logistics, DHL, Ecom Express, Shadowfax, etc.

3. FIELD RESEARCH FINDINGS

For this field research project, the student administered a pre-designed questionnaire to 100 customers of Gati in Bengaluru City. The main

purpose of the inquiry is to understand customer preferences, their relationships with the logistics providers and their level of satisfaction with Gati.

The questions covered diverse topics of how customers became aware about Gati, how long has been their relationship, the reasons for using Gati, how often they use the services of Gati, their opinions about pricing, timely delivery, office and warehouse access and approach, staff response, material handling and packaging, delivery vehicle conditions, and overall impressions as well as satisfaction about Gati's distribution system and services.

- i. Awareness about Gati, reasons for choosing Gati and duration of relationship:

A. *How were you made aware of GATI KWE Logistics?*

Source	% Respondents
TV	2
Newspaper	5
Magazines	8
Word of Mouth	65
Others	20
TOTAL	100

Majority of respondents (65%) mentioned that they became aware about Gati through word of mouth. Next big source of information is through other modes (such as internet and search engines, etc.)

B. *How long have you been making use of GATI KWE services?*

Duration	% Respondents
0-6 months	5
1-2 years	14
2-3 years	25
3 years and above	56
TOTAL	100

More than fifty percent of the customer has been patronizing Gati for a period of time that is more than three years.

C. *Your reason for using GATI KWE services*

Reason	% Respondents
Cost	12
Time	8
Quality	7
Service	72
Packaging	1
Others	0
TOTAL	100

The services provided by Gati have been lauded by a vast majority of customers and they expressed that the service provided by Gati is the reason for their continued relationship with Gati.

- ii. Regularity of use:

How often do you ship your merchandise?

Regularity	% Respondents
Everyday	10
2-3 days	32
Weekly	39
Fortnight	15
Monthly	4
TOTAL	100

Nearly 40% of customers use Gati on a weekly basis and another 40% use more regularly either daily or once in 2-3 days.

- iii. Ease of Access and Approach:

A. *How near were the delivery locations, booking locations, warehouse, and branches from your home?*

Access	% Respondents
Near	43
Close by	55
Far	2
Very Far	0
TOTAL	100

Almost all the respondents (98%) expressed that Gati locations are easily accessible and closer to their own locations.

B. *What is your opinion of GATI KWE Logistics' branch and warehouse?*

Basis	% Respondents
Excellent	76
Good	24
Average	0
Poor	0
TOTAL	100

All respondents opined that Gati branch and locations are good.

- iv. Staff Response:

Regarding staff, how would you rank GATI KWE Logistics?

Staff Response	% Respondents
Excellent	29
Good	32
Average	29
Poor	10
TOTAL	100

More than 60% respondents pronounced that the staffs of Gati are good or excellent. Nearly 30% felt the staffs are average and few (10%) respondents felt unhappy about staff.

v. Adherence to Time:

How well was delivery timetable adhered to?

Adherence to Time	% Respondents
On time	64
Before time	19
After time	10
Very late	7
TOTAL	100

Majority (83%) of customers of Gati expressed that the delivery schedules are met on time or even before time. Only 17% of customers experienced some delays.

vi. Value and Pricing:

Regarding pricing, how would you rank GATI KWE Logistics?

Value / Pricing	% Respondents
Excellent	39
Average	32
Good	19
Poor	10
TOTAL	100

Almost all customers (90%) are happy with the pricing of Gati's services.

vii. Material Handling & Packaging:

A. *What is your opinion of GATI KWE Logistics' handling of goods?*

Handling of Goods	% Respondents
Excellent	36
Good	64
Average	0
Poor	0
TOTAL	100

All customers opined that Gati's material handling is either good or excellent.

B. *What is your opinion of GATI KWE Logistics' packaging?*

Packaging	% Respondents
Excellent	9
Good	86
Average	5
Poor	0
TOTAL	100

Nearly all (95%) customers felt that the packaging done by Gati is good or excellent.

viii. Delivery Vehicle Condition:

What is your opinion of GATI KWE Logistics' vehicle condition?

Condition of the Vehicle	% Respondents
Excellent	23
Good	69
Average	8
Poor	0
TOTAL	100

Most customers (92%) responded that the vehicles used by Gati are good.

ix. Overall opinion about Distribution System and Services:

A. *How do you feel about GATI KWE's distribution system?*

Distribution System	% Respondents
Strongly satisfied	21
Satisfied	33
Neither satisfied nor dissatisfied	42
Dissatisfied	4
TOTAL	100

Only 4% customers are unhappy / dissatisfied with Gati's distribution system. Nearly 40% customers have not specified their opinion and more than half (54%) have expressed their satisfaction.

B. *In terms of service, how would you rank GATI KWE Logistics?*

Overall Service	% Respondents
Excellent	69
Good	21
Average	6
Poor	4
TOTAL	100

Most customers (90%) have ranked Gati's services as good or excellent. Only 4% expressed that Gati services are poor.

4. CONCLUSIONS

Based on this primary field survey of 100 customers of GATI-KWE, we can comfortably opine that customers are happy with the company's services, their distribution system, adherence to delivery schedules, condition of delivery vehicles, material handling and packaging, ease of access to company's locations (booking, warehouse, delivery points and branches). As a result many customers are maintaining continued relationship with the company.

However, only 60% customers have expressed happiness about staff response. So, there is a need to improve that aspect by providing motivation to staff.

In conclusion, GATI-KWE's performance and services are good and perceived well by its customers.

5. LITERATURE REVIEW / REFERENCES FOR SECONDARY RESEARCH

- [1] Mentzer, Flint & Hult (2001).
- [2] The rising service industry prioritizes client pleasure via high-quality service (Liu & Xie, 2013; Xie, Wang & Lai, 2011; Rahman, 2008; Tapiero & Kogan, 2007; Hays & Hill, 2006; Balachandran & Radhakrishnan, 2005).
- [3] Several scholars (Zeithaml, Berry, & Parasuraman, 1993; Woodall, 2001; Chapman).
- [4] The work of Gorla, Somers, and Wong (2010).
- [5] Jia et al. (2013), Lu & Yang (2006), Yao et al. (2010), Yang, Marlow & Lu (2009), and Esper et al.
- [6] Soosay and Kandampully (2003).
- [7] Caceres and Paparoidamis (2007) and Gorla, Somers, and Wong (2010).
- [8] Jayawardhena (2010), Hoang, Igel, and Laosirihongthong (2010), and Rahman (2008).