

A comparative study of Evaluating Logistics performance of two companies – VRL & NAVATA

P Shaik Sha Vali, K Srinivasa Murthy

¹*MBA Student, Ballari Institute of Technology and Management, Ballari*

²*Professor of Practice, Ballari Institute of Technology and Management, Ballari*

I. BACKGROUND

This Student Research Paper was prepared as part of the course project work of P Shaikshavali, 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. P Shaishavali under the guidance of Prof. K Srinivasa Murthy for one-month duration between the semesters. The purpose of the Project was to help the student gain first-hand experience in carrying out field research and also make the student garner the awareness about real-time functioning of a commercial firms involved in logistics.

As part of this project, the student collected secondary information on the two logistics companies (VRL and Navata). In addition, he administered a questionnaire to 100 customers of these companies, collected the data, analysed the data, developed inferences and submitted a report with few suggestions and recommendations to the institute as well as to these companies.

The following is the detailed summary of the said report.

II. INTRODUCTION

2.1. Logistics Industry:

The logistics industry plays a critical role for enterprises and the economy. In our interconnected world, it serves as essential gateways for international trade and business. A robust logistics sector ensures efficient movement of goods and services, contributing significantly to economic growth.¹

Better logistics management is crucial for profitability and competitiveness of companies. At the present, logistics companies implement cargo transportation services by land, air, and water while adapting to the changing nature of economic patterns and digitization.

Logistics incorporates all aspects of planning for and executing the acquisition, transportation, and storage of products and related information. In India, the logistics sector was projected to contribute around 14.4% to GDP in 2022 and serves as the primary livelihood for over 22 million individuals.

Transportation involves moving products from one place to another. Freight movement in India is predominantly reliant on road transportation, accounting for 66% of goods moved in ton-kilometres, followed by rail (31%), shipping (3%), and air (1%).

As a country with a substantial geographic presence and the world's largest population, the logistics industry in India faces some unique challenges. In comparison with other BRICS countries, India spends a substantial amount on logistics. The average logistics cost per GDP among BRICS countries was at 11 percent. However, in the case of India, the cost share per GDP was 16 percent as of 2024. The high cost of logistics is due in part to an inefficient modal mixture as the road segment dominates the sector. The combination of inadequate road infrastructure, a fragmented warehousing market, urban congestion, insufficient ports, and limited freight railway networks further impairs the efficiency of the industry.²

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

¹ <https://www.theceo.in/industry/logistic-industry-in-india>

² <https://www.statista.com/topics/8985/logistics-industry-in-india/>

billion 2029, at a compound annual growth rate of 8.8 percent. 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 Shakti” 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.

2.2. About VRL³:

Founded in 1976, VRL is public listed company on NSE & BSE Exchange with a Market capitalization of INR 49.22 billion (as on 30.06.2024), VRL has grown into a nationally renowned logistics and transport company which is also currently the largest fleet owner of commercial vehicles in India. VRL has pioneered in providing a safe and reliable logistics network in the field of parcel service, ensuring last mile delivery even in remote locations. VRL integrated hub-and-spoke operating model which enables optimal aggregation of consignments from a diversified customer base across multiple industries and locations.

VRL’s Services are spread across 24 states & 5 Union Territories.

- VRL has a diverse customer base of Corporate, SMEs and traders with exclusive focus on B2B services.
- VRL provides 3PL and Warehousing Solutions nation-wide.
- VRL has state-of-the-art vehicle maintenance facilities with performance enhancing technological innovations.
- VRL employs a dedicated in-house software with own servers and real time data for analysis and MIS.

- VRL also has own fuel stations at key locations and tie up with IOCL.

General Parcel forms the core of VRL's business and involves pan Indian movement of consignments of varying size and weight across the country on a Less than Truck Load (LTL) godown to godown Basis. The Company also provides the option of door collection and door delivery to the customers at a cost.

VRL also offers courier services for time sensitive documents and packages mostly within the State of Karnataka. Additionally, 130+ major out-of-Karnataka locations are being serviced through tie-ups with other operators.

2.3. About Navata⁴:

Navata Road Transport, a road logistics service provider, established in the year 1982, now occupies a place of pride among the leading Road Transport Organizations in South India. Navata is spread across a network of 668 branches in Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Pondicherry, Maharashtra, Gujarat and Odisha with ambitious expansion plans throughout India.

While Navata’s primary strength lies in the efficient transportation of shipments through adherence to world-class standards, they have also developed extensive expertise in offering comprehensive logistics solutions. This includes making spacious warehouses available across Andhra Pradesh and Telangana, as well as in cities like Chennai, Salem, Bangalore, and Hubli. Navata provides end-to-end services such as storage, door pickup, door delivery, and tailored administrative support to meet clients’ diverse needs.

Warehouses and distribution centres are essential components of the NAVATA hub-and-spoke model. Navata excels in delivering customized warehousing solutions. Today, Navata proudly operates multiple secure, multi-customer, large-scale warehouses strategically located across the southern states, enabling them to handle storage requirements for clients regardless of the size of their consignments.

All of the Navata’s warehouses are staffed by the highly skilled, and experienced team who oversees operations around the clock. The company has

³ https://vrlgroup.in/vrl_group_home.aspx

⁴ <https://www.navata.com/about-us.php>

implemented advanced inventory management systems, top-tier security measures, specialized storage solutions, and quality material handling equipment to ensure the seamless movement of goods.

Strategically located in cities such as Visakhapatnam, Tirupati, Kurnool, Cuddapah, Anantapur, Nellore, Rajahmundry, Warangal, Karimnagar, Chennai, Bangalore, Nizamabad, Hubli, Salem, Pune, Surat, and Ahmedabad, these transshipment hubs support warehousing, consignment sorting, as well as loading and unloading operations. Navata's fleet, which includes approximately 350 closed-body vehicles, ensures safe and reliable service delivery.

III. PURPOSE AND OBJECTIVES OF THE RESEARCH:

Logistics performance captures how effectively and efficiently logistics activities manage the movement of goods, services, and information throughout the supply chain to satisfy customer requirements. Evaluating logistics performance involves examining how adeptly a company coordinates the flow of products, data, and resources across its supply network. Evaluating logistics performance is crucial for businesses as it directly impacts customer satisfaction, cost efficiency, and overall competitiveness.

This type of evaluation typically focuses on key areas such as transportation, warehousing, inventory management, and order fulfilment. By assessing key performance indicators (KPIs), companies can identify areas for improvement in their supply chain, leading to faster delivery times, reduced costs, and enhanced customer experience. Establishing a solid system for measuring logistics performance enables companies to fine-tune their supply chain processes, elevate customer satisfaction, and secure a stronger position in the marketplace.

Companies are increasingly leveraging their logistics capabilities to secure a competitive edge by reducing delivery lead times and ensuring product availability. Therefore, there is a strong need to study and compare how different organizations manage their logistics operations.

This comparative study of two companies will help identify the various strategies and practices they

adopt, uncover best practices, and highlight existing gaps.

The objectives of this comparative study are to analyse and compare their logistics operations from customers' perspective, to evaluate the efficiency and effectiveness of logistics activities, esp. transportation, to assess the impact of logistics performance on customer satisfaction and overall business performance in both organizations, and to recommend strategies for improving logistics performance based on the comparative analysis. The study compares the logistics performance of the two selected companies, focusing on key operational areas such as transportation, order fulfilment. The scope encompasses an analysis of critical performance indicators including delivery speed, cost efficiency, reliability, and customer service levels.

IV. RESEARCH METHODOLOGY:

For this study the data is collected using both primary and secondary methods. The secondary data is collected through few articles in newspapers and magazines, and through online research. Primary data is collected through administering a pre-designed questionnaire. The sample size is 100 regular customers in Ballari using transportation services for their business. The questionnaire had about 20 questions, a combination of open-ended, multiple-choice and close-ended. The questions were limited to use of transportation services, reason for preferring a particular company, market visibility, tracking performance, responsiveness towards enquiry, perceived quality of service, level of satisfaction, complaint resolution, cost, speed/time taken for delivery, packing and storage practices, comparison of delivery performance, reliability and consistency. The analysis of data collected through administering the questionnaires compares the performance of these two companies on the specified parameters.

V. FIELD RESEARCH FINDINGS:

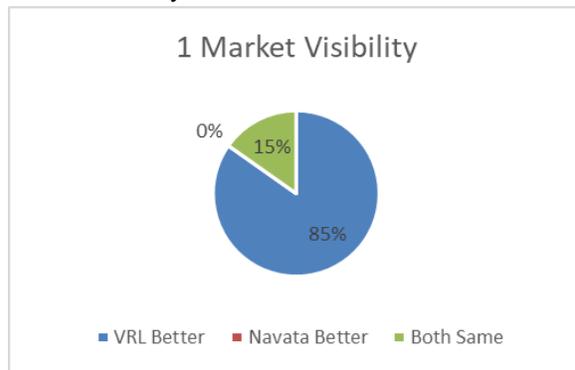
Out of the 100 random respondents administered with the questionnaire, nearly 92% used the services of either or both VRL & Navata. 8 percent did not use either VRL or Navata.

The Table below gives the number of respondent on each of the parameter compared:

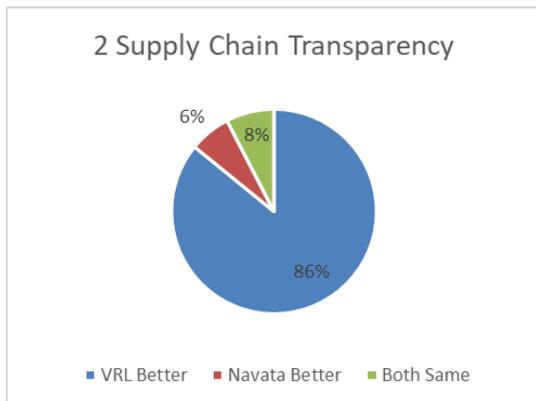
Table 1: Compared responses on both companies' performance

Parameter	VRL Better	Navata Better	Both Same
1 Market Visibility	78	0	14
2 Supply Chain Transparency	79	6	7
3 Ability to Track and Trace	84	1	7
4 Use of Technology	69	8	15
5 Responsiveness to Customer Enquiries	76	8	8
6 Perceived Quality of Service	76	8	8
7 Complaint Resolution	75	8	9
8 Cost	72	8	12
9 Streamlined Operations / Ease of Operations	83	8	1
10 Delivery Performance	79	10	3
11 Speed of Delivery	82	8	2
12 Delivery Reliability	75	12	5
13 Consistency in Performance	80	8	4
14 Packing and Storage Practices	80	10	2
15 Overall Customer Satisfaction	80	8	4
Number of Respondents (92)			

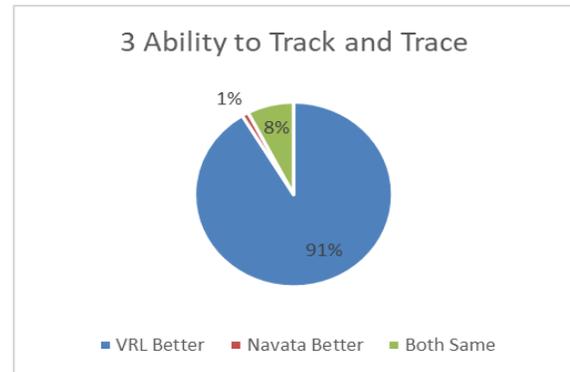
5.1. Of those who used either companies, as many as 85% of participants believe that VRL offers better market visibility compared to Navata, whereas 15% were neutral and no one said Navata is better than VRL in terms of Visibility.



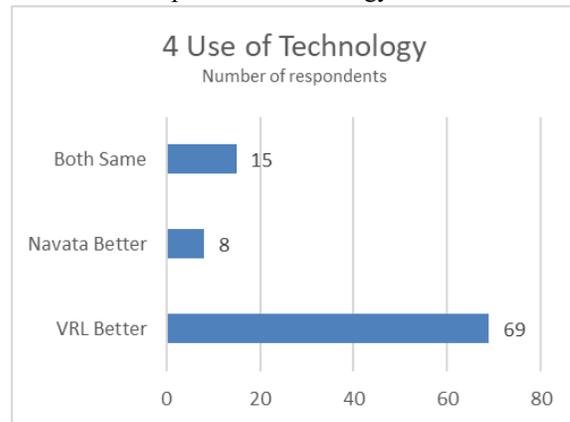
5.2. Out of those used either companies, 86% maintained that VRL is better in terms of transparency in its supply chain processes compared to 6% who felt the Navata is better. Remaining 8% felt that both companies are equally good in providing transparent supply chain solutions.



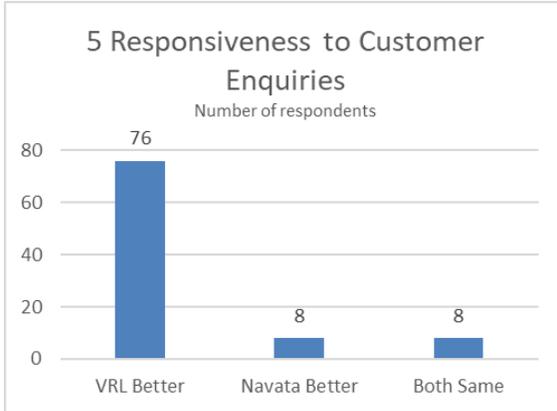
5.3. When asked about the ability to track and trace products, nearly all (91%) indicated that VRL's ability to track and trace products is more effective compared to Navata, only 1% felt Navata is somewhat better. Remaining 8% were undecided.



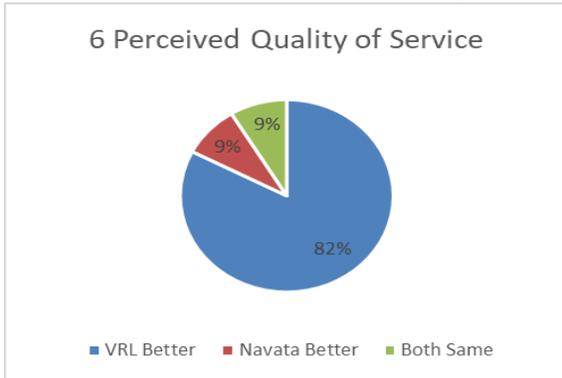
5.4. Around 75% of participants expressed high satisfaction with VRL's use of technology to enhance supply chain visibility. Only 9% customers said Navata use of technology is better. 16 percent felt no difference between the companies in technology.



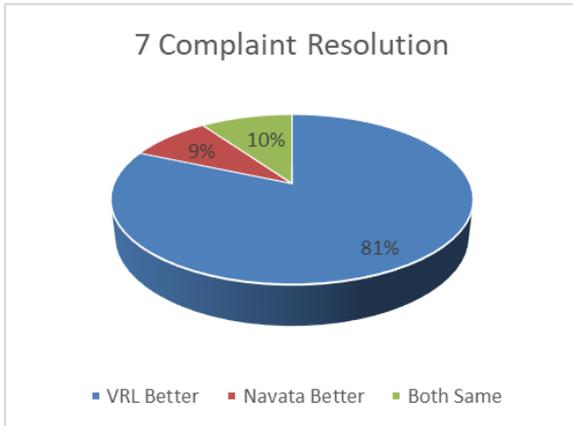
5.5. About 83% of those surveyed stated that VRL is better in providing responses to customers' enquiries. Whereas 9% felt Navata is better and another 9% couldn't differentiate between both companies on this parameter.



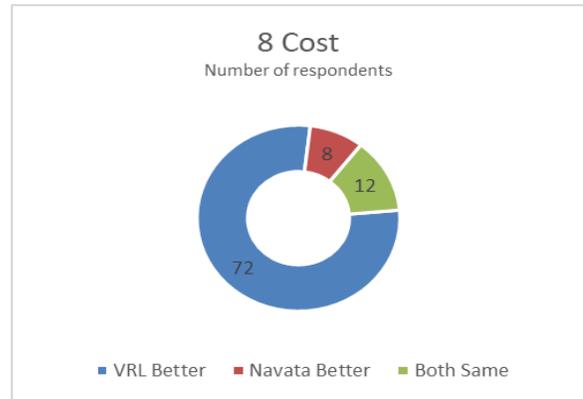
5.6. Regarding quality of service provided, 82% of respondents showed high satisfaction with VRL’s logistics operations, whereas only 9% felt Navata is better. Another 9% felt both the companies are comparable on quality.



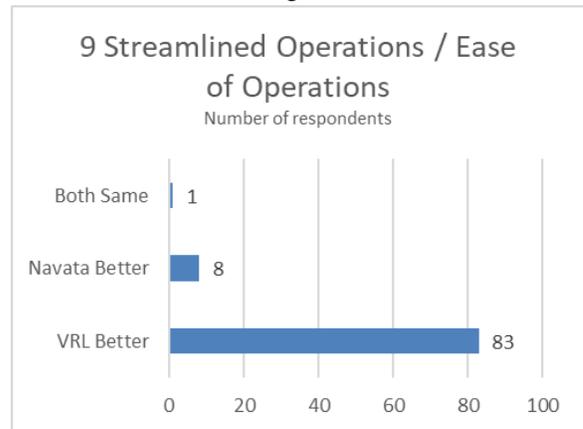
5.7. A majority (81%) of respondents said VRL’s complain resolution is better than Navata. At the same time only 9% felt otherwise and 10% could not find much difference between the two companies.



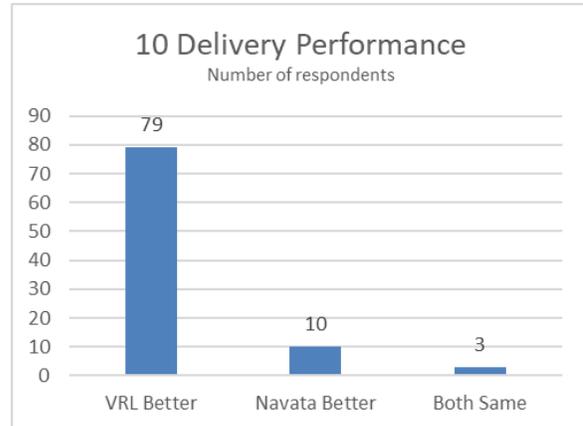
5.8. On the cost front, more than 78% respondents expressed VRL is better. While, only 9% favoured Navata and remaining 13% were unable to decide.



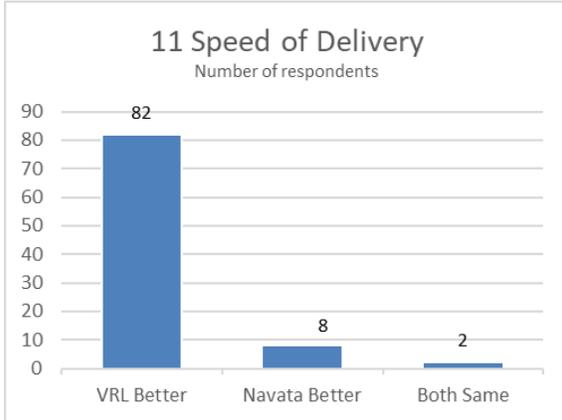
5.9. On the ease of operations too VRL fared better with 90% favouring VRL.



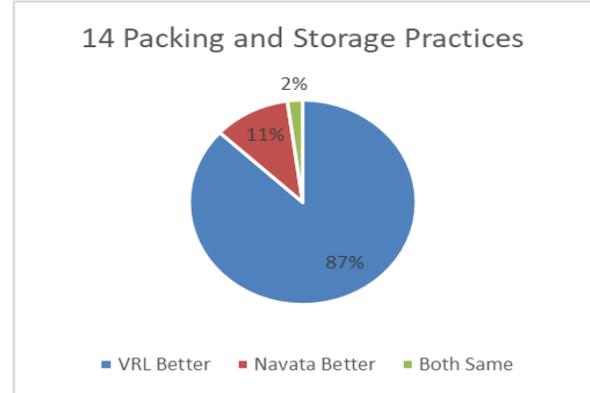
5.10. On the performance on delivery also VRL is perceived better than Navata with 86% expressing that.



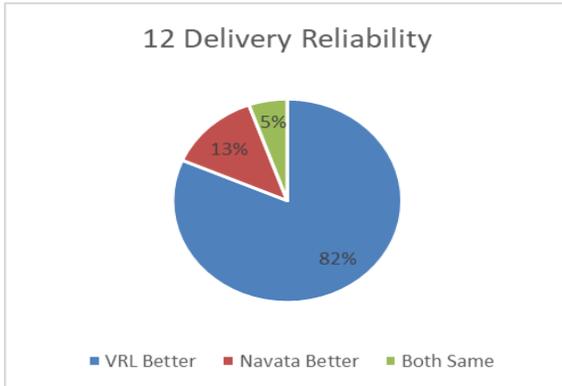
5.11. Even on the speed of delivery VRL out performs Navata 89% to 9%.



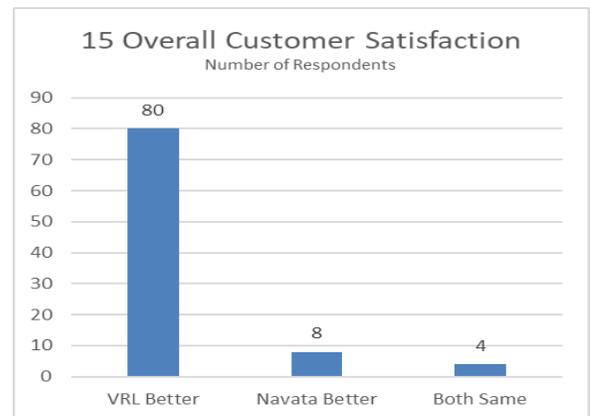
5.14. VRL does better with respect to packing and storage practices with 87% favouring it.



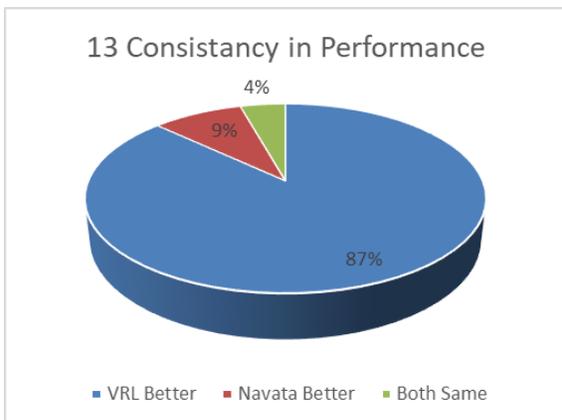
5.12. With respect to delivery reliability also 82% said VRL is better compared to Navata. However, 13% felt Navata is better.



5.15. Finally, VRL out performs Navata on overall customer satisfaction with 87% respondents satisfied as against only 9% respondents satisfied with Navata.



5.13. Again, on consistency in performance too, 87% expressed that VRL is better. Whereas 9% said Navata was better and 4% felt there is no difference between the two.



VI. CONCLUSIONS & SUGGESTIONS:

CONCLUSIONS:

The analysis of the questionnaire responses reveals that the majority of the respondents have a strong preference for VRL over Navata on various parameters relating to logistics services.

Most respondents appreciate VRL's superior market visibility, transparency, use of technology, and ability to track and trace products efficiently. The high levels of satisfaction in cost, customer service quality, responsiveness, and complaint resolution further highlight VRL's commitment to customer-centric operations.

VRL's streamlined logistics operations, faster delivery times, and consistent delivery performance

have significantly contributed to higher customer satisfaction levels.

Overall, the findings indicate that VRL is perceived as a more efficient, transparent, and customer-friendly logistics company when compared to Navata, suggesting a competitive advantage in the logistics sector.

SUGGESTIONS:

For VRL:

- i. Promote VRL's strengths in supply chain transparency, tracking, and delivery, the company should highlight these features in marketing and client communications.
- ii. Enhance supply chain technology: Although 75% felt better with VRL's technology usage, there's room to explore further improvements.
- iii. Invest in cost-saving innovations: with improved cost efficiency, continuous adoption of lean logistics and automation can further enhance operational savings.
- iv. Leverage positive customer feedback: The high satisfaction rates (above 75% in most areas) can be used for testimonials, brand trust building, and market expansion strategies.
- v. Benchmark against other competitors: Given that VRL is mostly preferred over Navata, VRL should study competitor gaps with others and maintain this edge through innovation and service quality.

For Navata:

As Navata is faring poorly on almost all logistics performance parameters, it would be better for them to look at the root causes for the same and analyse the specific reasons for the same and make amends and take necessary steps to mitigate these issues before they turning into major risks.

In addition, it might be better to assess, if these issues are more local or spread across different geographical locations and accordingly take necessary corrective measures.

VII.LITERATURE REVIEW / REFERENCES FOR SECONDARY RESEARCH:

- [1] Andersson, P., Aronsson, H., & Storhagen, N. G. (1989);

- [2] Kunadhamraks, P. and Hanaoka, S. (2008);
[3] Barad, M., & Sapir, D. E. (2003);
[4] Fichtinger, J., Ries, J. M., Grosse, E. H., & Baker, P. (2015);
[5] Jane, C. C. (2011);
[6] Hammes, G., De Souza, E. D., Rodriguez, C. M. T., Millan, R. H. R., & Herazo, J. C. M. (2020);
[7] Faria, R. N. D., Souza, C. S. D., & Vieira, J. G. V. (2015);
[8] Chejarla, K. C., Vaidya, O. S., & Kumar, S. (2022);
[9] Rashidi, K., & Cullinane, K. (2019);
[10] Hanaoka, S., & Kunadhamraks, P. (2009);
[11] Agrawal, S., Singh, R.K. and Murtaza, Q. (2016);
[12] Dong, M., & Chen, F. F. (2005);
[13] Santos, L. de O., Nunes, D. R. de L., Melo, A. C. S., Carneiro, M. P., & Martins, V. W. B. (2020);
[14] Shamsuzzoha, A. H. M., Ehlers, M., Addo-Tenkorang, R., Nguyen, D., & Helo, P. T. (2013);
[15] Adamczak, M., Domański, R., Cyplik, P., & Pruska, Ż. (2013);
[16] Özceylan, E., Çetinkaya, C., Erbaş, M., & Kabak, M. (2016);
[17] De Souza, E. D., Kerber, J. C., Bouzon, M., & Rodriguez, C. M. T. (2022);
[18] Trappey, A. J., Trappey, C. V., & Wu, C. R. (2010);
[19] Chen, C. (2008).