

# Sustainability of Freight Forwarding: A Monumental Shift of Consumer Behavior

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**Abstract** - With the rise of e-commerce around the world, it is apparent that marketing strategies specializing in third party logistics become one of the needs to ensure the competence of the companies in delivering their services to their consumers. One of the tactics that companies use is to partner with third party logistics companies that will be able to efficiently deliver their products to the respective consumers right on time. Due to the strict health protocols given by the government concerning the rise of COVID-19 cases in the Philippines, Filipinos are left with no choice but to trust online shopping or e-commerce to buy the products that they need. This also prompts the demand of the consumers to gain access to products and services that they desire in just a few minutes. The sudden growth of e-commerce also opens difficulties in terms of the companies of outsourcing their products to their consumers.

**Keywords:** E-commerce, Logistics, Customer Service, Delivery, Marketing.

## I. STATEMENT OF THE PROBLEM

According to a survey conducted by Rakuten Insight, at least 31 percent of respondents stated that they purchased several times a month online during the COVID-19 pandemic in the Philippines along as of May 2020. Even prior to pandemic, the Philippines has a consumer-driven economy where 72% of economic output it attributed to private consumption. Due to the COVID-19, consumers tend to shop online due to the strict protocols imposed by the government concerning the people's health. This changes how Filipinos now recognize online shopping and this also changes the workforce of e-commerce. The goal now is to ship products in the time that they have given to each consumer.

Like Company XY, FX Company is pretty much a domestic name, and like many of the most successful freight companies, FX has been through its periods of pain. In fact, during 2000s, FX Company's leadership began to have a severe uncertainty which focuses on the company's ability to deliver for its over-the-road service. FX Company's sales are diminishing and with the trend of e-commerce, it is obvious that certain marketing strategies are necessary to help the company align itself to the needs of their consumers.

Gone are the days when consumers go to stores to shop and wait for the long queues in stores. Majority of the consumers take their time to go through various online platforms — especially with add-ons, such as next or same-day delivery, smart automation, day-sales convenience, and discounts.

In the case of FX Company, the golden era of modernity and marketing did not sustain their title as the number one and world class Freight Company in Asia. The company suffered from a range of logistics difficulties, including cash cycle, discrepancy in supplier terms and conditions, mishandled management and services that were inefficient causing consumers to give bad reviews. FX Company was not able to keep a high number of users and customer dependability and to adapt on the shifting market demand to retain and increase profitability.

## II. CAUSES OF THE PROBLEM

FX Company has performed its best to provide for the needs of their companies and to keep on the demands of their customers, but the concerns regarding the company's price and the upgrades on their services are some of the hindrances for them to keep up with companies in the same field.

### Price Competition

Rising-commerce sales have led to a surge in logistical support. Online businesses saw a remarkable growth that has resulted in a massive leap in the demands for the freight forwarding services. Thus, competitors widen their horizons. Large-scale and small-scale companies become more aggressive. Seeing the rising demands of e-commerce, these companies try to come up with better service price and offers to its consumers.

On the other hand, FX Company did not develop their pricing strategies that steered to slow increase in profit. As a result, FX Company was not able to tie-up with large e-commerce sites which can stimulate development on the trend competition.

### **No Upgrade in Services/Delivery**

When selling a service, creating a good customer experience is extremely significant. The total experience of a consumer has a large impact on the value of a service. Although FX Company tried its best to adapt to the needs of its consumers using online application, the company's processing in terms of its tracking system, handling of complaints, delivery services, customer hotlines are quite unsatisfactory. These distress the branding through the so called, "word-of-mouth" marketing. An increasing number of negative delivery experiences and reviews plague FX Company's reputation and brand image having a customer rate of 3 out of 5 stars.

### **III. COURSES OF ACTIONS**

The combined effects of strong industry competition and increasing costs underscore the importance of profitable freight and pricing strategies.

Handling at least 30,000 to 50,000 packages daily, FX Company identifies the difficulty in tracking shipments. FX Company optimizes its warehouse management and distribution environment. The company resolves to better utilized resources which may help improve their efficiency, inventory, labor performance, and order accuracy.

The company also implements In for Consulting Services (ICS) to execute the right modules and customizations to ensure that the solution's capabilities aligned with the business needs of its customers. Furthermore, FX Company can now meet specific customer needs, such as meeting government regulatory requirements. The ability to deliver real-time SMS updates to its customers helps the company to keep their customers informed about their products.

As a response to the changes that modernity when it comes to e-commerce has imposed, it is crucial for FX Company to delve into the main concerns that they have in their company and investigate how they can still improve their services to compete with companies and gain back the trust from their consumers.

Through its launch of the online platforms for online payment, booking, and package pick-up and delivery in 2014 and through entering the global arena of logistics, FX Company tries to compete with other companies specializing in deliveries of various products, partnering as well with different sports teams, an international logistics company, and even the government to be recognized by the people.

The optimized warehouse management operations, along with the ability to give customers real-time information, allow

the sales department to better market FX Company's distribution capabilities. Reducing manpower costs by 30 percent, improving profitability and maintained market leadership by improving sales, warehouse management, and customer delivery operations, reducing the time to respond to customer inquiries from hours to minutes, increasing delivery capabilities by maximizing the efficiency of delivery trucks, and improving marketing abilities by positioning warehouse and distribution management as value-added services are the benefits of their actions.

Two of the things that FX Company must examine are its internal and external managements. With the internal management, it is vital that the company must resolve its mishandled management strategies and styles to further provide the best service they can give to their consumers. The company's management in terms of its policies must follow consistency and firmness and must also be timely. Strategies must be studied and researched before they are imposed. The marketing strategies in terms of its 4Ps: price, place, product, and promotion must be focused on by the company as well. These should be considered by the company as ways to progress their services to their consumers.

### **IV. CONCLUSION**

Third party logistics services are a highly competitive business and may be easily replaced by other freight service provider who can easily deliver the needs of their customers. Interaction and commitment from value customer is indispensable to succeed in this business. FX Company, though they tried their best to put their company on the modern market by putting their service using the online platforms, the struggle to fully commit to the new environment of e-commerce looks daunting to the company.

There is a necessity for FX Company to address the complications that they experience internally with their management services and externally as well as they communicates with other companies and customers alike.

FX Company still needs to create a strategic plan to get back to the field. The need to be consistent in managing their services is something that FX Company should explore as well.

### **V. RECOMMENDATIONS**

To improve customer satisfaction and invite more businesses, FX Company needs to focus on being more competitive and on being timely. The competition in the freight forwarding business turns into a purge of existence nowadays.

Focusing on how FX Company can expand their promotion through social media campaigns and advertisements to extend FX Company's name to different demographical background may help their company to create a noise, which may result for them to also stand as a competitor to different e-commerce companies such as Shopee, and Shein among others.

In a situation where everybody is trying to provide better service and pricing offers, FX Company must act wisely. They must take the initiative to digitize and focus on the current market trend especially on competitors' price optimization to meet the expectations of clients. The implementation of advanced technology systems like end-to-end software in real-time tracking and auto-alerts could effectively support and enhance the efficiency and efficacy of their services. This can also create an improved communication and standard updates that would help strengthen the communication of the company to its consumers.

FX Company should also ensure addressing the concerns of enraged and displeased customers in any way possible. Customer services staff must be actively involved in platforms like Facebook, Twitter, Gmail, and hotlines. This will give FX Company a winning edge.

In most businesses, variations of a dynamic pricing structure are among the best options for developing pricing strategies with the flexibility to meet the needs of individual customers and differing cost-based situations.

Freight forwarding pricing can be complex and dynamic, which makes it difficult to create quotes fast enough to improve customers' experience. Nevertheless, industry experts have taken the initiative to digitize this process so that forwarders can meet modernity, be more competitive and give their sales a boost.

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