



## **AIRLINE LOGISTICS AS A PREFERRED GLOBAL LOGISTICS SUPPLY CHAIN WITH REFERENCE TO EXPORTERS IN COIMBATORE DISTRICT**

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### **Abstract:**

Forecast of Airline volume for India made in the report suggests that the domestic and international Airline throughput is expected to grow by eight to ten times the present level in the next twenty years. Catering to the growth of this magnitude would involve expansion of infrastructure facilities, simplification of procedures and adoption of Information Technology/ Automation besides development of Human Resources in the sector. Out of the competitive analysis made on airline logistics service utilized by two export companies, it was observed that few areas like reliability, availability, transit, expenses, customer service, and supply chain are to be standardized to bring the best out of these services. The two Exporters have shared their experience regarding the usage of Airline Logistics for their Export and import activities. Apart from few setbacks, Airline Logistics proves to be an effective measure for International operations.

**Key Words:** Human Resources, Reliability & Supply Chain

### **Introduction:**

Airline Logistics play a vital role in the economic development of a nation. Airlines, Airline terminal operators, Ground Handling service providers, Integrated Express Service Providers, Forwarders, Domestic Cargo Transport service providers and Custom House Agents are the key players in the entire Air Cargo supply chain. Thus the Airline industry presents a wide variety of service providers coming together to move goods both domestically and internationally with a single minded purpose of faster and efficient delivery. These business entities in Airline logistics industry in turn interact with a number of cross border regulatory agencies the principal among them is the Customs establishment. Speedier services in the Airline supply chain facilitate large number of business entities to become more competitive. Globally, more than one – third of the value of goods traded internationally is transported by air and therefore Airline industry is considered as a barometer of Global Economic Health. From the point of view of Airline industry, Air Cargo Services contribute near about 20% of their revenue. India's international Air Trade to GDP ratio has doubled from 4% to 8% in the last twenty years.

### **Air Cargo Logistics Operations:**

The air cargo industry incorporates an industrial supply chain, which includes airlines, customs, ground services, air cargo forwarders, brokers, domestic transportation, air cargo terminals, distribution centers and integrated international express services. Of these, air cargo terminals are critical in the air cargo supply chain. A typical air cargo terminal has three main users –airlines, air cargo terminal operators and forwarders/cargo-agents who are the principal contributors to the revenue of air cargo terminals. The demand for air freight is limited by cost, typically priced 4–5 times that of road transport and 12–16 times that of sea transport. These values differ from country to country, season to season and from product to product and for different volumes also. Cargo shipped by air thus have high values per unit or are very time-sensitive, such as documents, pharmaceuticals, fashion garments, production samples, electronics consumer goods, and perishable agricultural and seafood products. They also include some inputs to meet just-in-time production and emergency shipments of spare parts. As the volume of air freight grows, there is a natural progression from passenger aircraft to chartered cargo planes of increasing size and ultimately to scheduled cargo services

### **Objectives of the Study:**

- ✓ To study the emerging of role of airline logistics.
- ✓ To study the reliability of airline logistics with reference to supply chain management.
- ✓ To make a competitive analysis of two export companies who use airline logistics.
- ✓ To analyzing the areas requiring improvement is airline logistics services.
- ✓ To suggest measure.

**Research Methodology:** A research design in the overall plan or program of research. A research design or model indicates a plan of action to be carried out in connection with a proposed research work.

**Area of Study:** The area of the study is limited to Coimbatore city. It is popularly known as Manchester of south India, is situated in the western part of the state Tamil Nadu.

**Scope of Study:** This study will help to evaluate the present position of airline logistics among the existing companies. The study helps to identify the important reason why companies are preferring airline logistics. Simply the study makes a chance to the firm to delight their customers, ultimately for the existence and earnings in present corporate competition by way of adjusting their services according to the customer needs, if necessary and also to know the strength, weakness, opportunity and threat of the firm.

**Analysis and Interpretation:**

**Ranking of the Areas Requiring Improvement:**

Attributes	R1 (Rank of Thiraviyam Coco Product)	R2 (Rank of Green Global Logistics)	D2 = (R1-R2)
Reliability	1	3	4
Availability	3	1	4
Transit	2	2	0
On – Time	3	4	1
Expenses	6	6	0
Customer service	4	5	1
Supply chain	5	7	4

Source: Primary Data

Rank Correlation Coefficient = 0.75

The Rank Correlation Co-efficient signifies a positive correlation of Ranks between the two companies on their utilization of Airline Logistics.

**Overall Utilisation Level of Airline Logistics:**

Attributes	Thiraviyam Coco Products	Green Global Logistics
Freight spending % distribution on owned or leased fleet	10%	15 %
Freight spending % distribution on truck load	15%	18%
Freight spending % distribution on less than truck load	3%	10%
Freight spending % distribution on air freight	2%	5 %
Freight spending % distribution on ocean	25%	40%
Freight spending % distribution on rail	4%	10%
Freight spending % distribution on parcel	4%	2%

Source: Primary Data

**Interpretation:**

- ✓ Thiraviyam Coco Company has 10 % on Freight spending distribution on owned or leased fleet overall utilization level of airline logistics.
- ✓ Thiraviyam coco company has 15% on Freight spending distribution on truck load overall utilization level of airline logistics.
- ✓ Thiraviyam coco company has 3 % on Freight spending distribution on less than truck load overall utilization level of airline logistics.
- ✓ Thiraviyam coco company has 2 % on Freight spending distribution on air freight overall utilization level of airline logistics.
- ✓ Thiraviyam coco company has 25 % on Freight spending distribution on ocean overall utilization level of airline logistics.
- ✓ Thiraviyam coco company has 4 % on Freight spending distribution on rail overall utilization level of airline logistics.
- ✓ Thiraviyam coco company has 4% on Freight spending distribution on parcel overall utilization level of airline logistics.
- ✓ Green global logistics has 15% on freight spending distribution on owned or leased fleet overall utilization level of airline logistics.
- ✓ Green global logistics has 18% on Freight spending distribution on truck load overall utilization level of airline logistics.
- ✓ Green global logistics has 10% on less than truck load overall utilization level of airline logistics.
- ✓ Green global logistics has 5% on Freight spending distribution on air freight overall utilization level of airline logistics.
- ✓ Green global logistics has 40 % on ocean overall utilization level of airline logistics.
- ✓ Green global logistics has 10 % on rail overall utilization level of airline logistics.
- ✓ Green global logistics has 2 % on Freight spending distribution on parcel overall utilization level of airline logistics.
- ✓ Both the Companies have spent major freight in Ocean than other attributes.

**Number of Carriers Managed by Airline Logistics:**

Logistics Company	No. of Carriers
Thiraviyam Coco Product	3
Green Global Logistics	5

Source: Primary Data

**Interpretation:**

Number of carriers managed by airline logistics by Thiraviyam coco product has 3 number of carriers. Number of carriers managed by airline logistics by green global logistics has 5 Number of carriers. The Thiraviyam coco products have managed major number of carriers compared to green global logistics.

**Points of Contact to Manage in Supply Chain:**

Logistics Company	Points of Contact
Thiraviyam Coco Product	3
Green Global Logistics	9

Source: Primary Data

**Interpretation:**

- ✓ Point of contact to managed in supply chain in airline logistics for Thiraviyam coco product has 3 number of supply chain.
- ✓ Point of contact to managed in supply chain in airline logistics for green global logistics has 9 number of supply chain.
- ✓ Points of contact to manage in supply chain is more in green global compared to Thiraviyam coco products.

**Annual Freight Spending (\$):**

Attributes	Thiraviyam Coco Product	Green Global Logistics
Annual Freight Spend	\$ 80000	\$ 100000

Source: Primary Data

**Interpretation:**

- ✓ Annual freight spend of Thiraviyam coco products \$80000
- ✓ Annual freight spend of green global logistics \$ 100000
- ✓ Green global logistics has spend more annual freight.

**Auditing Various Services of Supply Chain:**

Attributes	Services
Thiraviyam Coco Product	Ocean
Green Global Logistics	Truck Load

Source: Primary Data

**Interpretation:**

- ✓ Thiraviyam coco products auditing various services of supply chain in airline logistics for ocean.
- ✓ Green global logistics auditing verious services of supply chain in airline logistics for truck load.

**Hours Annually Spend:**

Attributes	Thiraviyam Coco Product	Green Global Logistics
Load Planning	700 Hours	600 Hours
Rate Shopping	Less Than 10 Hours	Less Than 5 Hours
Shipment Tracking	Less Than 10 Hours	Maximum 15 Hours
Freight Bill Reconciliation	Less Than 50 Hours	Maximum 3 Hours
Other Areas	Less Than 10 Hours	Maximum 7 Hours

Source: Primary Data

**Interpretation: Thiraviyam Coco Product**

- ✓ Thiraviyam coco products has load planning in airline logistics for 700 hours.
- ✓ Thiraviyam coco product has rate shopping in airline logistics for less than 10 hours.
- ✓ Thiraviyam coco product has shipment tracking in airline logistics for less than 10 hours
- ✓ Thiraviyam coco product has freight bill reconciliation in airline logistics for less than 50 hours.
- ✓ Thiraviyam coco product has other areas in airline logistics for less than 10 hours.

**Green Global Logistics:**

- ✓ Green global logistics has load planning in airline logistics for 600 hours
- ✓ Green global logistics has rate shopping in airline logistics for less than 5 hours
- ✓ Green global logistics has shipment tracking in airline logistics for maximum 15 hours
- ✓ Green global logistics has freight bill reconciliation in airline logistics for maximum 3 hours
- ✓ Green global logistics has other areas in airline logistics for maximum 7 hours.
- ✓ Loading planning is more in Thiraviyam coco product.

**Annual Freight Expenses on Gross Sales:**

Attributes	Thiraviyam Coco Product	Green Global Logistics
Annual freight expenses on gross sales	20 %	40 %

Source: Primary Data

**Interpretation:**

- ✓ Thiraviyam coco product Annual freight expenses on gross sales in airline logistics for 20%.
- ✓ Green global logistics annual freight expenses on gross sales in airline logistics for 40%.
- ✓ Annual freight expenses on gross sales more in green global logistics.

**Findings:**

- ✓ Green global logistics has 15% on freight spending distribution on owned or leased fleet overall utilization level of airline logistics more than Thiraviyam coco product.
- ✓ Green global logistics has 18% on Freight spending distribution on truck load overall utilization level of airline logistics more than Thiraviyam coco product.
- ✓ Green global logistics has 10% on less than truck load overall utilization level of airline logistics more than Thiraviyam coco product.
- ✓ Green global logistics has 5% on Freight spending distribution on air freight overall utilization level of airline logistics more than Thiraviyam coco product.
- ✓ Green global logistics has 40% on ocean overall utilization level of airline logistics more than Thiraviyam coco product.
- ✓ Green global logistics has 10% on rail overall utilization level of airline logistics more than Thiraviyam coco product.
- ✓ Thiraviyam coco company has 4% on Freight spending distribution on parcel overall utilization level of airline logistics more than green global logistics.
- ✓ Green global logistics has 5 numbers of carriers more than Thiraviyam coco product.
- ✓ Green global logistics has 9 number of supply chain more than Thiraviyam coco product.
- ✓ Annual freight spend of green global logistics is \$ 100000 more than Thiraviyam coco products.
- ✓ Thiraviyam coco product has load planning in airline logistics for 700 hours more than green global logistics.
- ✓ Thiraviyam coco product has rate shopping in airline logistics for less than 10 houes more than green global logistics.
- ✓ Green global logistics has shipment tracking in airline logistics for maximum 15 hours more than Thiraviyam coco product.
- ✓ Thiraviyam coco product has freight bill reconciliation in airline logistics for less than 50 hours more than green global logistics.
- ✓ Thiraviyam coco product has other areas in airline logistics for less than 10 hours more than green global logistics.
- ✓ Green global logistics annual freight expenses on gross sales in airline logistics for 40% more than Thiraviyam coco product.

**Suggestions:**

- ✓ Airline logistics services have to make their protocols flexible to enable to export companies to utilise their service to the maximum.
- ✓ The points of contact to manage in supply chain has to be improved in Airline logistics services.
- ✓ Annual freight charges have to be reduced.
- ✓ Annual hours spend on load planning has to be reduced.
- ✓ The freight expenses has to be reduced.
- ✓ Government has to plan in its foreign policy regarding the Freight charges and time of operations of Airline logistics to encourage exports in our country.
- ✓ Small and start-up companies are to be provided with the sharing services in logistics operations to reduce the freight charges.

**Conclusion:**

Out of the competitive analysis made on airline logistics service utilized by two export companies, it was observed that few areas like reliability, availability, transit, expenses, customer service, and supply chain are to be standardized to bring the best out of these services. The two Exporters have shared their experience regarding the usage of Airline Logistics for their Export and import activities. Apart from few setbacks, Airline Logistics proves to be an effective measure for International operations.

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