

Guidelines to Develop Air Freight Forwarders in Thailand

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Abstract

This research aimed to study the guidelines to develop the service business of air freight forwarders in Thailand. The methodologies included documentary analysis and interview with the 9 related persons; 6 heads of the air freight forwarders and 3 university lecturers from the School of Logistics and Supply Chain Management on the topic about factors affecting air freight forwarders. The guideline has been developed from PEST analysis, 5 force model and SWOT analysis. The results found that the major factors affecting the air freight forwarders were global business competition, one stop service, deregulation of international business, open sky policy of commercial airlines, growth of online technologies and consumer behavior changes. Therefore, the air freight forwarders have to develop the multi-skills of their human resources, particularly transportation and logistics technology, such as applying ERP system, EDI, etc. Moreover, Thai government needs to support the air freight forwarders in terms of loan allocation, revenue and taxation and essential infrastructure related with the air freight business. The integration of complete works was suggested to increase air freight service competition, especially speed and cost saving of air freight such as alliance strategy, merger and acquisition with international companies from emerging countries such as China.

Keywords: Air Freight, Logistics and Supply Chain, Business Development

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Introduction

Nowadays freight forwarders increase more service activities due to numbers of factors such as an increase of import and export business, tastes of consumer changes, and building new airports for transporting both people and products [1]. Because of import and export business growth, freight forwarders which facilitate services such as custom broker, forwarding, transportation provider, logistic service and business consultant, are much important as assisting the international businesses. In addition, these service businesses generate large incomes to Thailand and itself from the related transportation services.

Even though, the freight forwarders grow and increase more volumes of sales and service. There are some problems of business that needs more research. The problem characteristics are complicate and hence the solutions to improve the business potential are questionable. Therefore, this research aims to study the problems of the air freight forwarders and search for the guidelines to develop air freight forwarders in Thailand.

Research Objectives

1. To analyze PEST and forces of air freight forwarders in Thailand.
2. To study SWOT of air freight forwarders in Thailand

3. To explore the guidelines to develop air freight forwarders in Thailand.

Research Significance

To develop the guidelines for service business of air freight forwarders in Thailand.

Air Freight Forwarders and the Service Nature

Air freight forwarders are acting as agents in managing air logistics process, which involves numbers of activities such as documentation, shipping, packing, administrating, coordinating, clearing, etc. Therefore, once international business in a country grows, the service will be more demanded, particularly when the final users change their purchasing behavior and use more online technology to order goods from abroad. The air volumes have been added (Lai, K. and Cheng, T. 2004; Burkovskis, R.2008).

However, to run air freight forwarders in Thailand is not an easy task. These service businesses have to depend on the environment they are in and including human resource they employ. Air freight forwarders in each country may have different kinds of problems due to different forces, which can be from environment and themselves as strength and weakness.

Research Methodology

This qualitative research combines documentary research and interview method in

collecting data. The secondary data document was selected from the government sources and freight forwarders websites. 9 key informants, both 6 heads of the air freight forwarders and 3 university lecturers were interviewed to collect

the information of PEST and forces and SWOT analysis and find the guidelines in the study [4]. The researcher used content analysis to discover the results in this research. These are the profiles of key informants.

Table 1: Key Informants for the Interview

Position (Business Experts)	Organization	Responsibility Area	Experience
1. Marketing Manager	DHL Company, Thailand	Worldwide	10 Years
2. Senior Sales Manager	Kerry-Apex (Thailand) Co.,Ltd.	U.S.A.	14 Years
3. Sales Executive	UMAC Express Cargo, Inc.	Middle East and Europe	9 Years
4. Senior Sales Executive	Max world Logistics Co.,Ltd.	Middle East and Europe	16 Years
5. Senior Sales Executive	Apac Logistics (Thailand) Co.,LTD	Worldwide	25 Years
6. Ground Handling Manager	Airports of Thailand Public Company, Ltd.	Worldwide	25 Years
Position (Academic Experts)	University	Specialization Area	Experience
7. University Lecturer	Rajamangala University of Technology Suvarnabhumi	Cargo and Logistics	10 Years
8. University Lecturer	Suansunandha Rajabhat University	Logistics and Supply Chain	10 Years
9. University Lecturer	Aviation Personnel Development Institute (APDI), Kasem Bundit University	Airline Technology and Innovation	8 Years

Research Results

The researcher summarized the results of the study from the interview with experts. The results of questions were as follow:

1. What are problems of air freight forwarders in Thailand, based on PEST and Five Forces?

Problems from PEST Analysis are:

P-Political: political stability, open sky policy, terrorism

E-Economic: emerging countries, global economic slowdown, oil price increase, currency fluctuation.

S-Social: lifestyle and trends of people expenditure changed.

T-Technology: Social Media online influencing import purchasing. Individual customers purchase online via internet.

Major forces of freight forwarders in Thailand are from threats of substitute such as on-line and off-line, bargaining power of suppliers such as oil price fluctuation, bargaining power of customers such as more purchasing powers, particularly from the powerful customers or organizations.

2. What is SWOT of Air Freight Forwarders in Thailand?

S-Strength: strategic location, good climate and enough land

W-Weakness: low human resource ability and unskilled technological literacy, poor Infrastructure and connectivity.

O-Opportunity: more international entrepreneurs and new customers who buy imported products from e-commerce.

T-Threat: oil price increase, currency fluctuation, political instability, trade barriers.

3. What are the guidelines to develop air freight forwarders in Thailand?

The guidelines to develop air freight forwarders in Thailand were divided into 3 stakeholders as follow:

Freight Forwarders

1. Using Technology: Freight forwarders should adapt itself to the digital age. Technology can reduce the transportation and operation cost. It should avoid the unnecessary cost by planning and management. Track and Trace should be applied and used for customers.

2. Learning Culture and Marketing: In order to survive in the market Thai freight forwarders should change the organization culture into marketing and learning culture, rather than traditional and operational culture. The customers have more choices and they are encouraged to switch the freight forwarders by information.

3. Building Relationship with Stakeholders: Freight forwarders should build relationship with the suppliers, such as airlines to lower its transportation cost and also to customers for buying large amounts. Rather than waiting for the order, the freight forwarders should integrate with the holistic process of logistics and supply chain in forecasting and booking.

4. Collaborating and integrating of holistic supply chain: In order to flow the transportation and minimize cost.

5. Developing Human Resource: Staffs who work should have specialization and can apply necessary technology, such as, EDI, E-commerce. In addition, they can suggest services to the customers at all time.

Government:

1. Deregulating and increasing more speed for export-import: The government should reduce time cycle in doing international business, particularly documentation. The process could lessen time by electronic way. The relevant organizations should collaborate more with the supply chain system. This will benefits Thai agricultural products which are easy to be perishable.

2. Developing good infrastructures connecting air transportation: This means multiple modes of transportation and documentation at the spot should be

connected and the fee for infrastructures should be low.

3. Increasing more foreign investment and special economic zone; This will increase more productivity and demand. Moreover, it creates employment.

4. Encouraging and promote the SME to do international business; This can help an increase of more demand of new players who use freight forwarder service. The government should support the new entrepreneurs to compete in the international market.

Airline and Operators

Airlines and operators should maintain and repair the aircrafts within the period and cycle as A-Check, B-Check, C-Check and D-Check in order to reduce waste time. They should plan the administration plan for parts and JIT (Just-In-Time Maintenance) in order to reduce the cost and have the warehouse to keep the spare parts since the air transportation needs stability and speed.

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Conclusion and Discussion

Numbers of reasons affect air freight transportation both internal and external environment. The service business should aware of them and collaborate with the stakeholders to solve the problems of air freight forwarders to increase the economies of scales and speed. The alliance strategy and human resource development should be implemented.

Recommendation

Since the government is the key to help this business as it related with national macro environmental factors such as economic, political and legal and social factors. The future research regarding this topic should involve with the roles and initiatives of Thai government in helping the air freight forwarders while the international business are growing.