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AGARWAL PACKERS and MOVERS LIMITED: RELOCATING EMOTIONS

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We do not just move household goods; we also move owners’ emotions and memories associated with those goods. We care!

Ramesh Agarwal, founder and director, Agarwal Movers Group

In September 2018, the leadership team of Agarwal Packers and Movers Limited (APML) gathered for a meeting at the company’s headquarters, located in the heart of New Delhi, India. The team, led by Ramesh Agarwal, the founder and director of APML, had plans to raise funds via an IPO route for investing in the expansion of its physical and technological infrastructure.

Since APML’s inception in 1987, the founder had been trying to create a healthy brand recall, establish customer loyalty, and build a sound financial base. However, in the 18 months leading up to the intended initial public offering (IPO), APML had to not only maintain its leadership position but also create a robust service differentiation in a sector that was experiencing a commoditization of product offerings. It was this challenge that warranted deliberation by APML’s leadership team before initiating the public offering process.

The projector screen in the meeting prominently flashed two key questions: How could APML create and maintain a service differentiation in an industry characterized by low entry barriers and limited pricing flexibility? How could the company deliver quality service and retain customer loyalty?

The PACKERS AND MOVERS INDUSTRY

The transportation and logistics sector in India had witnessed rapid growth in the past few years, which could be attributed to an augmentation of the government of India (GoI)’s infrastructure outlay to support economic development, as well as increased exports to international markets and the development and use of digital technologies in logistics management systems. According to the *Economic Survey 2017-18* conducted by the Ministry of Finance, this sector was growing at a compound annual growth rate of 10.3 per cent, with an estimated worth of US$215 billion[[1]](#footnote-1) by 2020.[[2]](#footnote-2) This was also evident from the improved ranking of the Indian logistics sector in the World Bank’s Logistics Performance Index[[3]](#footnote-3) from 54th place in 2014 to 35th in 2016. Further, the GoI’s initiatives, such as the inclusion of the unorganized logistics sector in the harmonized list of the infrastructure sub-sector,[[4]](#footnote-4) as well as the creation of an independent logistics division under the Ministry of Commerce, had been generating a constant flow of investment into the sector.

The packers and movers (P&M) industry was a vital component of the transportation and logistics sector and catered to the relocation needs of both individuals and corporations. Besides facilitating the movement of household and commercial goods within the city, the country, and overseas, P&M service providers also offered automobile carrier and warehousing services. Dominated by small independent operators, the P&M industry was unregulated and unorganized, with no centralized mechanism to track its growth. According to one estimate, the industry was worth $207.6 million in 2017 and was projected to witness double-digit growth in the coming years.[[5]](#footnote-5) The lack of regulatory control had resulted in the unlawful mushrooming of phony operators working with ad hoc infrastructure such as rented trucks, unstandardized packing material, and untrained contracted labour—without any efforts to provide service quality. Driven by several socio-economic developments in the country, there had been a recent upsurge in the market demand of professional and well-equipped P&M services. A study conducted by an aggregator of local services reported a 44-per-cent increase in searches within P&M categories on their platform by millennials in India.[[6]](#footnote-6) The economic growth of the country, the result of an increase in a middle-income population with enhanced purchasing power and rapid mobility across the country for better work opportunities, had spurred the demand for professional relocation service providers. Furthermore, growth in the nuclear households and high-rise living among the urban populations were the socio-economic trends supporting the need for an organized P&M sector in the country.[[7]](#footnote-7)

COMPETITIVE LANDSCAPE

Apart from the independent operators, many established corporate groups and start-ups had entered the P&M space to take advantage of the rising market demand and the GoI’s infrastructure and tax reforms. PM Relocations[[8]](#footnote-8) was one such popular company; it focused on domestic services. Besides goods packing and moving services, the company also offered home search, immigration, and similar customized services related to relocation. EZMove[[9]](#footnote-9) was a technology platform that generated quotes and provided online booking services for a selection of genuine relocating service providers. Established in 2015, BoxMySpace[[10]](#footnote-10) was a start-up that offered on-demand warehousing services for household and office goods. Launched in 2015, Pikkol was a Bangalore-based relocation service provider. With a fleet of 300 company-owned trucks and 1,200 trained movers, Pikkol invested in the development of an analytics-based back end and logistics network. Other recognized names were Maple Logistics,[[11]](#footnote-11) DTDC Packers and Movers,[[12]](#footnote-12) and Tiger Cargo Movers & Packers.[[13]](#footnote-13) The start-ups backed by massive funding and equipped with digital technologies to offer personalized customer services were transforming the landscape of the Indian relocation services industry.

While international movement services formed a vital component of the P&M industry, most companies continued to expand in domestic movement services, especially within Tier 2 and 3 cities,[[14]](#footnote-14) after witnessing stagnant growth in Tier 1 cities. “Relocation services are eyeing Tier 2 and Tier 3 cities such as Chandigarh, Ahmedabad, Cochin, and Baroda for the next stage of growth. Lesser real estate costs and [an] untapped talent pool reduces the overall cost of operations in these cities,” noted Agarwal. Besides diversity in the targeted service areas, the P&M companies also varied in terms of their targeted clientele. While the bulk of these companies addressed individual moving requirements, several companies served as relocation service providers for the employer-assisted moving of staff and office assets. Under long-term contracts, these companies assisted their clients’ business expansion plans by facilitating smooth and time-sensitive moves.

AGARWAL PACKERS and MOVERS LIMITED

APML, the flagship unit of Agarwal Movers Group, was the most recognized name in the Indian P&M industry. Established in 1987, it was among the few professional P&M operators that met the requirements of quality management (ISO 9001: 2015) and road traffic safety (ISO: 39001:2012) standards. It offered national and international moving, relocation, and automobile transport services. Since its inception three decades earlier, the company had become a $90-million conglomerate with a market value of $221.56 million.[[15]](#footnote-15) In 2015–16, when the company declared an earnings before interest, taxes, depreciation, and amortization of $6.23 million, it was growing at a compounded rate of 18 per cent annually.[[16]](#footnote-16) The company had invested in a robust logistics infrastructure with 1,000 self-owned carriers and 2.1 million square feet (sq. ft.) of warehousing space. Notwithstanding its 30-year legacy, APML had been swift in the adoption of high-tech logistics solutions such as radio-frequency identification technology and satellite-based GPS. It launched two mobile applications (apps)—APML Suvidha, to offer a hassle-free, end-to-end customer experience including booking, tracking, payments, and sharing feedback, and APML Sathi, to on board business partners and penetrate the deeper pockets of the country. Its well-connected logistics network, coordinated through 102 branches, had been serving 1,264 locations across the country and 182 countries worldwide.

A recent addition to APML’s portfolio was Trucking Cubes—customized containers to provide private and direct shipping solutions for clients. Apart from investing in the development of physical and technological infrastructure, the founders of APML were also engaged in several philanthropic schemes for the betterment of society. Some notable activities including establishing free driver shelters on the highways (known as Driver Seva Kendras[[17]](#footnote-17)); contributing to Ekal Vidyalaya Foundation;[[18]](#footnote-18) and providing training in professional packing and moving practices to individuals who were economically disadvantaged. Additionally, to strengthen its market reputation and stay abreast of recent industry trends, the company joined industry associations such as the International Association of Movers and All India Transporters Welfare Association.

Agarwal was a seasoned entrepreneur with a background in the Indian Air Force (IAF). After experiencing first-hand the frequent requirement of IAF officers to relocate to different air force bases, Agarwal had the idea to enter the relocation services business. In 1987, the company started operations with two trucks financed by a local investment company. Later, in 1993, GE Capital funded the expansion of APML’s fleet, which stood at 12,000 vehicles as of September 2018. Agarwal, a visionary leader and able administrator, chose his team carefully, which included specialists in supply chain management, engineering, process design, digital marketing, and accountancy. Aimed at nationwide expansion, APML opened company-owned service centres in 680 districts of the country. The opening of APML’s office in Singapore to boost international operations was the realization of Agarwal’s long-term vision of creating global footprints. In 2015, CX Partners, a private equity firm, invested in APML’s expansion plans. “We plan to reach every part on the globe, which requires investment. We are looking for a strategic partner to fund the expansion of our Trucking Cube business,” Agarwal expressed.

APML’s SERVICE PROCESS

Challenging the makeshift practices prevalent in the P&M industry, APML developed standard operating procedures (SOPs) for both back-end and front-end service processes to enhance the customer experience. At APML, the SOPs for packing and moving cargo to domestic and international destinations involved the following steps.

Booking the Service

The company developed a simple and convenient interface for promptly addressing customer inquiries digitally (by means of a digital form on the company website) using the APML Suvidha[[19]](#footnote-19) mobile app and by means of countrywide toll-free numbers. APML was listed with renowned home-services aggregators such as IndiaMART InterMESH Ltd., Justdial, and UrbanClap. A helpdesk with live chat was available 24-7 for real-time response to customer inquiries.

Assessing Customer Needs

Once a demand inquiry was generated, the customer care team arranged for a field officer or surveyor to visit the client’s location for an assessment. These surveyors used proprietary analytics-based tools to determine the required packing material, workforce, and carrier size. A quotation was generated based on these calculations, together with insurance needs.

Issuing a Quotation

Once a client agreed to the specified terms and confirmed their booking via the online platform, an invoice was issued along with appointment details. A client manager was assigned to serve as a single point of contact for any updates on the shipping status after booking. These managers handled four to five bookings at a time.

Packing and Loading of Goods

Under the supervision of the client manager, a trained team of packers packed the articles as per the SOPs. The research and development (R&D) division of APML had pioneered several innovations in customized packing material such as lightweight cardboard boxes for light-emitting diode (LED) and liquid crystal display (LCD) television screens; carton boxes for crockery; canvas bags for books; and special carriers for packing idols, plants, and pets. “Our packing innovations have brought down our freight charges, replacing cartons with easy-to-use bags brought down the cost from $1 per carton to $0.53 per bag,” said Agarwal. Once the shipment was packed and payments had been made, it was loaded on a double-door carrier and fitted with trolleys for lifting packages. Apart from a fleet of 1,200 such company-owned carriers, the company had 70 automobile carriers customized for the safe movement of automobiles.

Transportation and Storage

Before moving the shipment, a duly signed itemized list of packed items was shared with the client as a sign of accountability for the service. The company used a multimodal transportation system comprising roadways, railways, airways, and seaways. The Trucking Cube was another innovation introduced by APML for clients who wanted dedicated space to ship their goods but did not want to pay for a full truckload. These cubes, available in different sizes, allowed for the movement of goods without transhipment,[[20]](#footnote-20) thereby reducing not only the logistics costs but also the claims payable against damages. Additionally, the company also offered a home storage service, for any period of time, for customers who were not in the position to accept the delivery of goods. The warehousing space of 2.1 million sq. ft. was maintained using modern warehouse management techniques to ensure the security of goods.

Tracking Delivery Status

The company invested in digital technologies such as a vehicle tracking system and 24-7 helpdesk to update clients about their shipment status.

Unpacking, Feedback, and Claim Settlement

Upon the goods reaching the destination, the field team facilitated the unpacking and arrangement of household goods to the client’s satisfaction. In addition to online customer feedback on different aspects of service quality such as customer care responsiveness, the reliability of the field team, and the quality of tangibles (e.g., packing material), qualitative client experience insights were solicited by the customer care representative. The company offered freight on value and a guaranteed claim settlement within 21 days of delivery.

AGARWAL PACKERS and MOVERS LIMITED: SERVICE WITH A Difference

Segmentation and Targeting

The Indian P&M industry was undergoing a transformation from an unorganized sector characterized by open-body trucks, low-quality packing material, and untrained labour towards a high-tech business with an infusion of logistics technologies, the advancement of packing techniques, and SOPs. With competition becoming intense, APML followed a carefully drafted segmentation of the market. First, instead of becoming complacent after three decades in the business, APML embraced digital technologies in the integration and automation of service processes. Second, APML realized early on that rising economic activities and growing workforce mobility across boundaries were the key drivers for growth of the P&M industry in India.

Despite a presence in both business-to-consumer and business-to-business (B2B) segments of the relocation market, APML focused its efforts primarily on expanding the contractual relationships with corporations for commercial movements and employee mobility. Further, besides flat-rate pricing, the company offered zero transshipment and quicker damage-claim settlement to corporate relocation customers. The B2B clients of APML comprised information technology (IT) and IT-enabled services giants such as Infosys Limited and Convergys Corporation, automotive manufacturers such as Hyundai Motor Company and Maruti Suzuki India Limited, and national and international banks such as HSBC Holdings plc and the State Bank of India. Several public sector undertakings, such as Steel Authority of India Limited and NTPC Limited, had also enlisted APML’s services for the inter-unit transfer of goods. To maintain a growing clientele for international movement, APML registered patents in international financial centres in the United States, Europe, Canada, and Australia. Its international cargo services comprised vehicle shipping, risk coverage, and storage and expediting services. Domestically, the company earmarked Tier 2 and Tier 3 cities for expansion in order to take advantage of the improved business opportunities and low operational costs compared to saturated metropolitan cities.

Positioning

With a proliferation of well-funded tech start-ups, the Indian home services marketplace, including the P&M industry, was increasingly competitive. To attract new customers, these new entrants increasingly showcased their digital user-interface and user-experience (UI/UX) design by employing machine learning, big data, and the Internet of things. APML differentiated itself by blending its strengths of physical and technological infrastructure with its image as a dependable and considerate carrier for mobility needs. APML’s market positioning was backed by a robust R&D effort. The team continuously adjusted their relocation solutions according to customer feedback. For instance, some of the personalized solutions for packing introduced by the team were the Mandir[[21]](#footnote-21) package, which provided special packing of idols, as per the Hindu customs; the books package, which used fabric bags for carefully packing books to avoid damage; the wardrobe carton (to transport expensive clothing in ready-to-wear condition); ventilated cabins for pets; and plant carriers. The company’s customer-centricity was also reflected in the real-time notification of shipment status, analytical tools for making cost estimation as realistic as possible, and uncomplicated damage-claim settlement policies.

The ROAD AHEAD

The Indian P&M marketplace was undergoing a transformation that had been triggered by taxation reforms, a rise in corporate culture, and the advent of efficient digital technologies in the country. APML was the P&M market leader, focused on meeting the corporate needs of employee mobility and commercial moves. To sustain its market leadership in a highly competitive environment, the Delhi-based company had plans to raise funds via the IPO route for investing in the expansion of its physical and technological infrastructure. To maintain the brand recall it had established over a period of 30 years, APML was nimble in introducing innovations to the service processes—from booking to dispatch. Further, the founder’s active participation in societal welfare activities also contributed to a favourable corporate image. With consideration towards the environment, the R&D team introduced canvas storage bags and reusable fabric-based packing sheets.

Additionally, in its efforts to provide social and economic empowerment to ex-service personnel, the company launched the APML Sathi[[22]](#footnote-22) mobile app, whereby the company encouraged defence veterans to become franchisees of APML services. To add to existing infrastructure, the company invested in warehousing space in four different locations across the country. Taking advantage of the uniform tax regime after the implementation of a goods and services tax, APML started offering virtual warehousing[[23]](#footnote-23) solutions to corporations. To enhance customer experience, the company introduced chat boxes for real-time shipment status updates and employed machine learning to retrieve qualitative and qualitative feedback from online and offline sources.

Despite all of the company’s strengths, however, APML’s core team still had to decide whether they were ready to go public.

1. All dollar amounts are in U.S. dollars unless otherwise stated. [↑](#footnote-ref-1)
2. Ravinder Goyal and Shashvat Singh, “Indian Logistic Sector: On the Path of Transformation,” National Institution for Transforming India, Government of India, accessed July 13, 2018, http://niti.gov.in/content/indian-logistics-sector-path-transformation. [↑](#footnote-ref-2)
3. The Logistics Performance Index was an international benchmarking matrix for scoring countries on the efficiency of the movement of goods across or within borders. [↑](#footnote-ref-3)
4. A guide developed under the Indian Ministry of Finance to facilitate a coordinated approach towards infrastructure development. [↑](#footnote-ref-4)
5. “Relocation Industry Should Be Given Industry Status, Says Rahul Pillai,” The Policy Times, July 20, 2017, accessed September 14, 2018, https://thepolicytimes.com/relocation-industry-given-industry-status-says-rahul-pillai/. [↑](#footnote-ref-5)
6. “Local Services Market Study: Packers & Movers Category,” Insights Success, September 1, 2016, accessed July 21, 2018, www.insightssuccess.in/local-services-market-study-packers-movers-category/. [↑](#footnote-ref-6)
7. “Indian Middle Class Aggregate Purchasing Power Will Result in the Creation of One of the Largest Markets in the World-Gold 2048,” *Business Standard*, May 17, 2018, accessed July 25, 2018, www.business-standard.com/article/news-cm/indian-middle-class-aggregate-purchasing-power-will-result-in-the-creation-of-one-of-the-largest-markets-in-the-world-gold-2048-118051700589\_1.html. [↑](#footnote-ref-7)
8. PMRelocations.com (website), accessed July 14, 2018, www.pmrelocations.com/. [↑](#footnote-ref-8)
9. EZMove (website), accessed September 21, 2018, https://ezmove.in/site/. [↑](#footnote-ref-9)
10. BoxMySpace Warehouse (website), accessed September 22, 2018, http://boxmyspace.com/. [↑](#footnote-ref-10)
11. Maple Logistics Pvt. Ltd. (website), accessed June 14, 2018, www.maplelogistics.com. [↑](#footnote-ref-11)
12. DTDC Movers (website), accessed June 21, 2018, www.dtdcmovers.in [↑](#footnote-ref-12)
13. Tiger Cargo Movers & Packers Pvt. Ltd. (website), accessed June 23, 2018, www.tigerpackers.com. [↑](#footnote-ref-13)
14. Indian cities were classified by level of development and cost of living. [↑](#footnote-ref-14)
15. “Agarwal Packers and Movers Ltd. (APML): Launched Virtual Transportation/Warehouse (Post GST),” in *BW Businessworld*, June 10, 2017, accessed July 14, 2018, www.agarwalpackers.com/pdf/agarwal-packers-and-movers-GST.pdf. [↑](#footnote-ref-15)
16. “Agarwal Packers and Movers Ltd. a Glance: An Overview,” Agarwal Packer and Movers Ltd., accessed July 15, 2018, www.agarwalpackers.com/apmat\_glance.html. [↑](#footnote-ref-16)
17. APML Driver Seva Kendra (website), www.apmdriversevakendra.com/index.html. [↑](#footnote-ref-17)
18. A non-profit organization that promoted education in remote rural and tribal villages. [↑](#footnote-ref-18)
19. *Suvidha* meant “convenience” in Hindi. [↑](#footnote-ref-19)
20. ‘Transshipment’ involved transferring goods from one form of transport to another, or shipping goods to an intermediate destination. [↑](#footnote-ref-20)
21. A *mandir* was a Hindu temple. [↑](#footnote-ref-21)
22. *Sathi* was a Hindi word for “friend.” [↑](#footnote-ref-22)
23. Virtual warehousing offered flexibility in the physical storage and distribution of inventory, as per business requirement. [↑](#footnote-ref-23)