



Abstract

Delmege Forsyth & co. (Shipping) limited is one of the leading shipping agencies in Sri Lanka with over 100 years of experience and international reputation. As a shipping agency the case company currently operates in an oligopolistic market environment where few number of shipping lines dominating the industry. As a result of rapid development of sea ports and shipbuilding in locally and globally, nowadays the shipping industry is getting into a monopolistic market where mega vessel carriers started to dominate the market with lowest unit freight rates.

Currently case company operates as a local agent for a Singapore base feeder vessel operator known as Regional Container Lines. The latest trends in shipping (as mentioned above) is not healthy for feeder vessel operators. Because of that RCL is losing their business accordingly. And also it is effecting the revenues of the case company too. To face this situation case company is trying to diversify their business. Because it is essential to be dynamic for an organization to survive and to be competitive in the market.

This study has been done to suggest a business model for the case company to improve their future profitability through the approach of vertical integration. Adoptability of some selected profit making value added logistics services will be tested throughout this paper. AR model, MA model and ARMA models has been used to do the forecasting.

Internal sales data of past five years was analyzed to gain profound view to performance. The study has done mainly using quantitative methodology. However it also contains some qualitative elements, such as unstructured interviews with the employees of case company. About 90% of employees have been interviewed for positioning and setting targets to the case company.

Key words:

Shipping Agency

Profitability

Value Added Logistics

Shipping Line

Vertical Integration