

Land Transportation Research 2015



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Research Objective

To assess the impact of empty return load trucks on the land transportation sector in Malaysia

Background Research

Empty back haul (percentage of empty return load trucks worldwide where data is available)

- Hong Kong 46%
- Holland - 40%
- UK - 29%
- USA - 28%
- Germany - 25%

Source - European Environment Agency:

<http://www.eea.europa.eu/publications/ENVISSUENo12/page029.html>

Source - NPTC National Private Truck Council USA:

http://www.nptc.org/index.php?option=com_content&view=article&id=538:benefits-of-fleet-optimization-center-march-2009-issue&catid=24:fleet-owner&Itemid=534

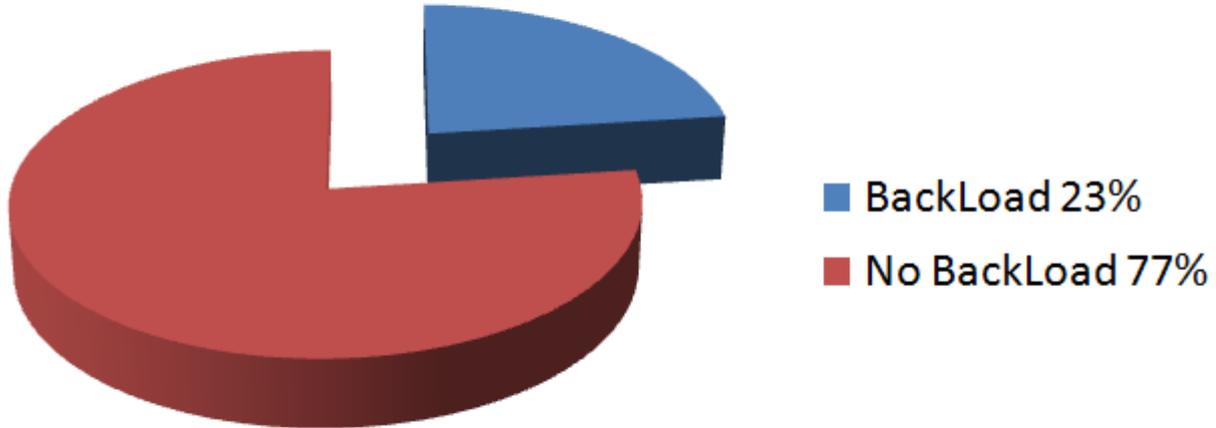
Source - Hong Kong Transport Department:

http://www.td.gov.hk/filemanager/en/publication/gvtcs2003_e.pdf

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FOR EVERY MOVE YOU MAKE

Empty Truck Back Load Survey



Total No Trucks In Survey In 1 Month Period	1103
Total No Of Trucks Without Back Load Same Period	849
Total No Of Trucks With Back Load Same Period	254
Percentage Of Trucks Without Back Load	77%

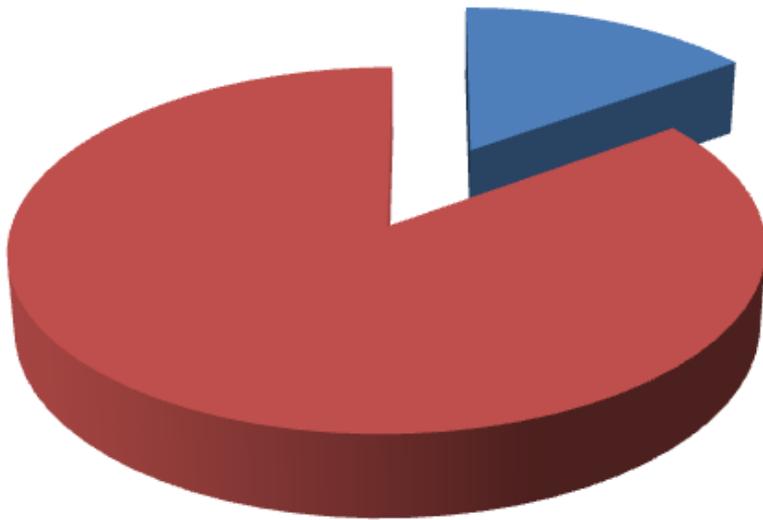
Summary Of Survey

- 77% of deliveries suffer empty truck backload
- 84,900kms (minimum) driven by 849 empty trucks/month
- 169,800kms will be driven delivering goods on these routes where our survey respondents are driving back to their base empty
- Extrapolated figures for 1,000 small Co's would be 849,000 kms driven by empty trucks every month in Malaysia
- Extrapolated figures for 10,000 small Co's would be 8,490,000 kms driven by empty trucks every month in Malaysia
- 93% of small Co's have previously been a sub-contractor to larger company while 51% choose not to anymore.
- Of the sub-contract jobs 160 had empty backload, that is 85%

#NOTE# These figures are for the minimum 100km delivery scenario, real world distances will be much higher.

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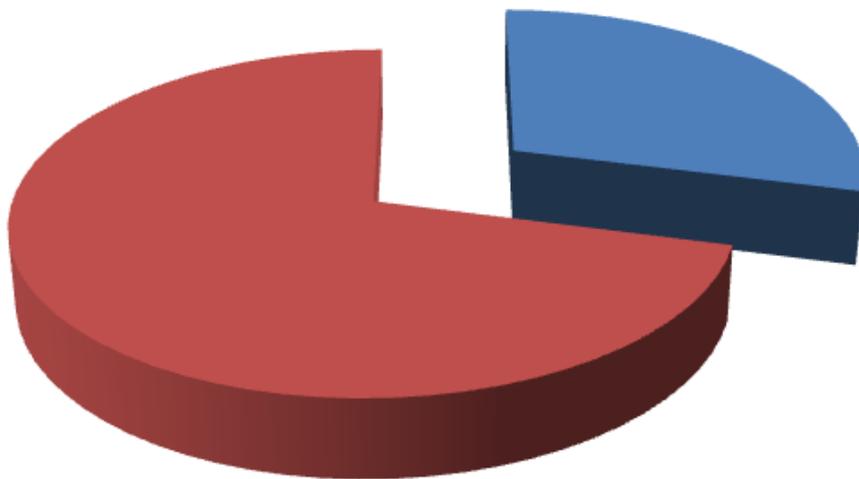
FOR EVERY MOVE YOU MAKE



- Sub Con Haulier With Back Load - 15%
- Sub Con Haulier Without Back Load - 85%

Sub Con Hauliers Empty Back Load Stats

Total No Trucks In Survey Work As Sub Con	188
Total No Of Sub Con Trucks Without Back Load	160
Total No Of Sub Con Trucks With Back Load	18
Percentage Of Sub Con Trucks Without Back Load	85%

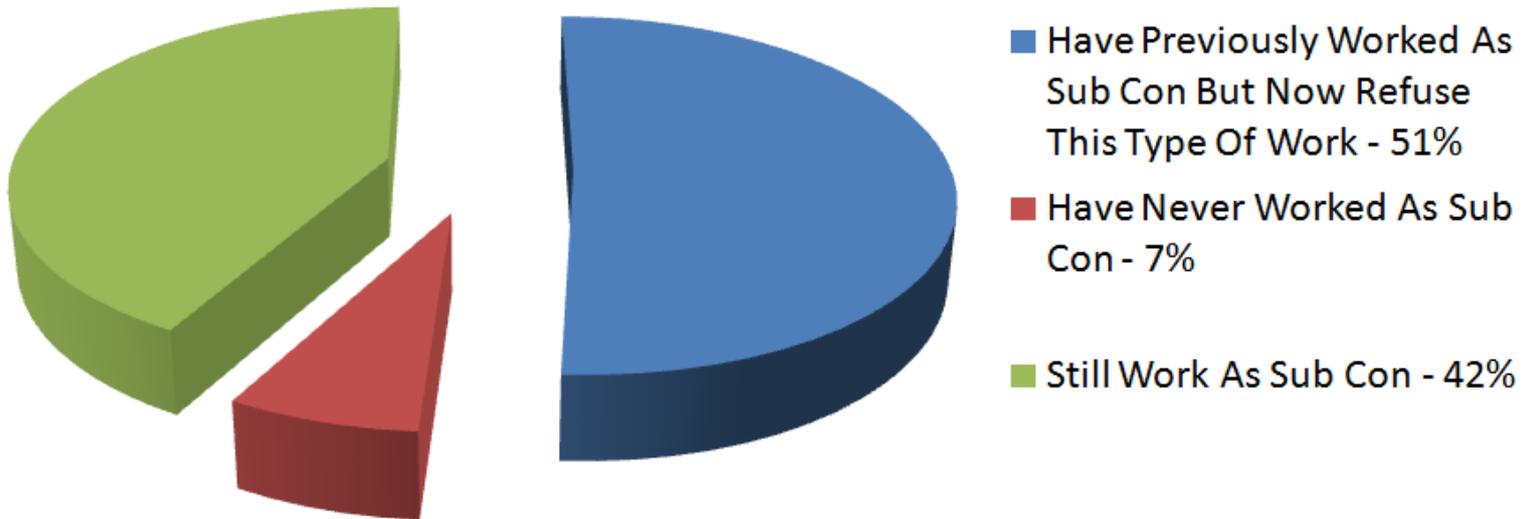


- Non Sub Con Haulier With Back Load - 29%
- Non Sub Con Haulier Without Back Load - 71%

Non Sub Con Hauliers Empty Back Load Stats

Total No Trucks In Survey Direct, Not Sub Con	915
Total No Of Non Sub Con Trucks Without Back Load	656
Total No Of Non Sub Con Trucks With Back Load	259
Percentage Of Non Sub Con Trucks Without Back Load	71%

Small and Medium Hauliers Operating As Sub Contractors To Larger Players



Number Of Small or Medium Hauliers In Survey	100
Hauliers That Have Previously Worked As Sub Con But Now Do Not	51
Hauliers That Still Work As Sub Con To Larger Players	42
Hauliers That Have Never Worked As Sub Con and Never Will	7

The significance of this data is the 51% of hauliers that have previously worked as sub contractors to larger players but now refuse to for the reasons stated.

Addressing their needs of getting goods into their vehicles for return journeys would encourage them to reassess their position on sub-contract work.

A large proportion of this group would again add their names to the approved sub-contractors lists of larger players if the probability of obtaining back loads were to increase significantly.

This will lead to an increase in the number of truckers available for large players on any given day.

Early Research Trends

We found that the very large transportation companies in Malaysia seldom suffer from empty return loads and claim less than 5% empty return journeys. So we asked how they achieve this, here is what we found.

A typical large player set up is; A main hub in Klang valley with further hubs in Penang and Johor (some have more but this is the basic set up).

Example scenario on any given day:

If they have volume of goods to be carried equivalent of 40 trucks going to Johor but only goods for 25 trucks on the return journey then they will send only 25 of their own trucks and use hauliers from their list of approved sub-contractors for the balance of 15 trucks.

Further to this some large players use only small players for certain routes because they know it is difficult to get backloads.

This does not solve the empty backload scenario, it just passes the problem to smaller players with less resources to deal with it.

Because of this we decided early on to concentrate our research on small transport companies only.

#NOTE# The large hauliers we requested information from informed us they only record back load data for their own fleet. So because they do not record whether their sub-contract hauliers obtain back loads it is not practical to include their data as it is not a true reflection their full operation.

Survey Questions

100 Small or Medium Co's Surveyed

1. How many trucks does your company own?
2. On average, how many deliveries per month do you do in excess of 100km (distance not including return journey)?
3. On average, how many empty truck return journeys per month on these in excess of 100km deliveries?
4. What percentage of these deliveries in excess of 100km are sub-contract to larger company?
5. Why do you choose not to do sub-contract work to larger Co's?
6. Did you ever do sub-contract work for larger Co?

Results Of Survey

1. Total of trucks owned - 329
2. Deliveries over 100km - 1103
3. Empty truck returns - 849 (77%)
4. 188 (17%) of these deliveries were sub contract to larger Co's while 42% of Co's surveyed currently sub-contract to larger Co's
5. On sub-contract work margins are very small so if no backload we are lucky to break even or make small profit - Also blame late payment (these were majority answers)
6. 93% have previously done or currently do sub-contract work

#NOTE# These figures are for the minimum 100km delivery scenario, real world distances will be much higher.

Study Conclusions

The inefficient running of empty trucks eats into a limited driver resource that has been an issue for a long time in Malaysia but never properly resolved.

In the UK the proportion of empty back loads dropped from 33% to 29% over a period of 16 years. The main reasons cited as contributing to this were the expansion of load matching services (freight exchanges) and hauliers making greater efforts to get return loads.

Small and medium hauliers are discouraged from operating as sub contractors to larger players with the main reasons being:

- 1. Difficulty in getting back loads on these jobs**
- 2. Small profit margin**
- 3. Late payment**

The first two points can be addressed by following the methods used in the UK & Germany where load matching services have proven successful in reducing the number of empty return load journeys.

Solving the empty back load issues in Malaysia will lead to a reduction in goods vehicle journeys without impacting the total volume of goods to be delivered on any given day.

If small & medium hauliers believe they have a good opportunity at getting goods for their return journey they will be far happier to accept more sub contract work from the bigger players.

Similarly, backloading stops a truck travelling in the return journey direction; Meaning every successful back load increases by one the number of available drivers on any given day.