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# THE PERCEPTION OF LOCAL CHARGE TRANSPORTATION COST AMONG THAI ENTREPRENEURS EFFECTS ON REPURCHASE SERVICE OF FREIGHT FORWARDERS

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## ABSTRACT

Many companies operated overseas transportation which deal with complexities operation in processing. The purpose of the research is identified perception value, variable costs of transportation and customer satisfaction influence on repurchase service of Freight Forwarder Company [1]. The perception value consists of perceive cost and perceive quality [2]. The objectives of the research (1.) to study perceived cost and perceived quality of entrepreneurs. (2.) to study variable costs of transportation and customer satisfaction. (3.) to study relationship influence on repurchase service of Freight Forwarder Company.

This research is quantitative method. Instrument of this research is a questionnaire used to collect data from 227 entrepreneurs involve export and import business in Bangkok, Thailand.

Model of this research divided to 9 hypotheses and results following; Hypotheses 1, perceived cost of entrepreneurs is dependent on firm demographic. Hypotheses 2, Perceived quality of entrepreneurs is dependent on firm demographic. Hypotheses 3 Perceived cost of entrepreneurs is not effect on variable costs of transportation. Hypotheses 4 Perceived cost of entrepreneurs is effect on customer satisfaction. Hypotheses 5 Perceived quality of entrepreneurs is effect on variable costs of transportation. Hypotheses 6 Perceived quality of entrepreneurs is effect on customer satisfaction. Hypotheses 7 Customer Satisfaction is effect on variable costs of transportation. Hypotheses 8 variable costs of transportation is effect on repurchase services of Freight Forwarder in Thailand and. Hypotheses 9 Customer Satisfaction is effect on repurchase services of Freight Forwarder in Thailand

**Keywords:** Perception Value, Repurchase, Variable costs, Freight Forwarder

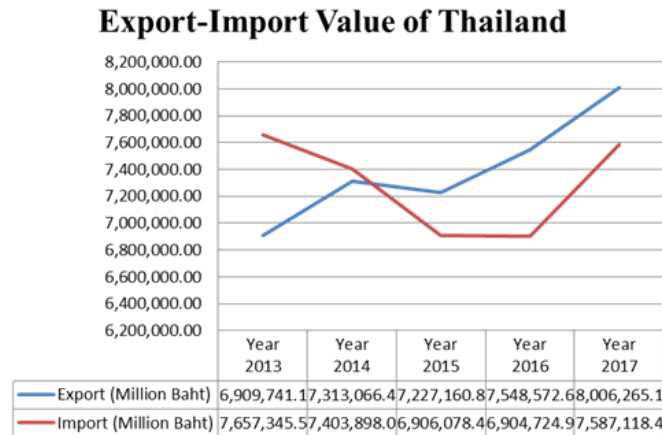
## INTRODUCTION

The remaining competitive in International Transportation business must increasingly rely on quality of services with acceptable price. Selecting of outsource Company is one of the most important to success in the business, the primary logistics acted as agent for cross national trade has traditionally been the Freight Forwarder [3]. In complexities of overseas transportation processes need quality of services and reasonable price in the competitive market. The processes become a number of costs especially variable cost which is uncontrollable cost able to decrease entrepreneur's profit margin [10].

Thailand has been increased a number of import and export value and also shippers and consignees firms into international traders in the market, nowadays. International Trading process has many logistics activities and supply chain, so it is not surprise if Thailand has been going to be a large number of Freight Forwarder Company in 3PLs market [4]. The strong freight forwarding industry is imperative if the country is to capitalize on emerging opportunities as well as enhancing the efficiency of vulnerable industries. In year 2011 TIFFA

(Thai International Freight Forwarders Association) has large members of international freight forwarder in Thailand under the vision: “To promote engagement in enterprises related to International Freight Forwarders”. Researcher gathered 217 companies name members of international freight forwarders in Thailand for this year (2017), these amount is part of international freight forwarders in Thailand that means still has large amount of the firms in the market.

**Table 1: Number of International trade Value (Import and Export value) 2013-2017.**



Source: Thai Customs Department, 2018

This research aims at study perception value, variable cost and customer satisfaction impact on repurchase service of Freight Forwarders Company. Researcher study which costs are affect to repurchase service decision making. In additions, Freight forwarders assist entrepreneurs in preparing price quotations by advising on freight costs, port charges, consular fees, costs of special documentation, insurance costs, and their handling fees. The cost for their services is a legitimate transportation cost that should be included in the price charged to their customer. However, many entrepreneurs are not aware of the variable costs that effect to their satisfaction and make decision to repurchase services. This problem will make decrease their profits because of inefficiency setting price. So perception value of cost and quality is important to do international trade [9]. While many freight forwarder companies attempt to build brand royalty for keeping their customer by providing quality of service and offering reasonable price. There is important of customer satisfaction. This research study both of influences impact on repurchasing[5].

**Statement of Problems:** As above introduction refers to international transportation or Freight Forwarder business has been increasing and enhancing competitive advantage. Therefore decision making of their customer is very important to make more understanding and perception because it can refer to measurement customer’s satisfaction (Pizam, Neumann and Reichel 1978). Criteria measure customer satisfaction and customer perception value among entrepreneurs perspective. The results, if freight forwarders fully understand the needs of entrepreneurs or customer satisfaction they would be in better position market share and right position to satisfy the increasingly competitive market [6].

### OBJECTIVES OF RESEARCH

1. To study perceived cost and perceived quality of entrepreneurs.
2. To study variable costs of transportation and customer satisfaction.
3. To study relationship influence on repurchase service of Freight Forwarder Company

## LITERATURE REVIEW

In this part will include 6 sections and states with internal trade business and the factors as International Freight forwarding industries, Demography of entrepreneurs, Selection Criteria, Perceived cost, Perceived Benefit, Transportation Services cost and Customer Satisfaction.

Vishwash, 2007 indicated about the role of freight forwarder in the execution of export that a freight forwarder is a third party logistics provider.

V. Kannan, S.K. Bose and N.G. Kannan, 2011 studied about an evaluation of ocean container carrier selection criteria; case of an Indian shipper's perspective and indicated that there were several criteria modes such as freight charges, transit time, SERVQUAL and customer satisfaction. SERVQUAL (Parasuraman et al., 1988) is the most popular service quality measurement [7]. Shipper-only studies are uni-dimensional studies which study the perceived importance of selection criteria only from shippers' perspective [8]. Carrier versus shipper studies bi-dimensional studies which study the perceptual difference of various criteria between carriers and shippers. Nyeck, Morales, Ladhari and Pons, 2002.

Somphol Vantamay, 2012 review of the comprehensive concept of perceived product quality, impacts, factors affecting perceived product quality, determinants and consequences of perceived product quality, its dimensions. In his article is Understanding of Perceived Product Quality. In this article, perceived product quality is defined as the consumer's perception of overall components of the product -- both the tangible and intangible characteristics. It is so different from actual quality that it can powerfully affect the profit margins, brand power and market share, brand equity, perceived value, returns on investment (ROI) and profitability.

## LIMITATION OF RESEARCH

1. Entrepreneurs in term are importer and exporter companies who are customers of international freight forwarders in Thailand.
2. Manufacturing and trading industries, shipper's perspectives within Bangkok,
3. 3PLs provider services among ocean freight forwarders.

## CONCEPTUAL FRAMEWORK

The main study on this research is to study the influence of perception value and customer service effect on repurchasing of freight forwarder. The conceptual framework of this study is to identify how can measure in order to understand customers' perception, transportation costs and customer satisfaction related build loyalty of customers.

Researcher identified 9 hypothesis as following.

H1 Perceived cost of entrepreneurs is dependent on firm demographic.

H2 Perceived quality of entrepreneurs is dependent on firm demographic.

H3 Perceived cost of entrepreneurs is effect on variable costs of transportation.

H4 Perceived cost of entrepreneurs is effect on customer satisfaction.

H5 Perceived quality of entrepreneurs is effect on variable costs of transportation.

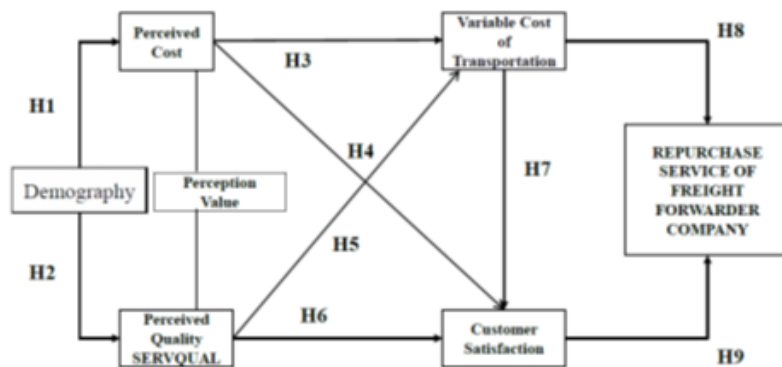
H6 Perceived quality of entrepreneurs is effect on customer satisfaction.

H7 Customer Satisfaction is effect on variable costs of transportation.

H8 variable costs of transportation is effect on repurchase services of Freight Forwarder in Thailand and.

H9 Customer Satisfaction is effect on repurchase services of Freight Forwarder in Thailand

Figure 1 Conceptual Framework



## METHODOLOGY

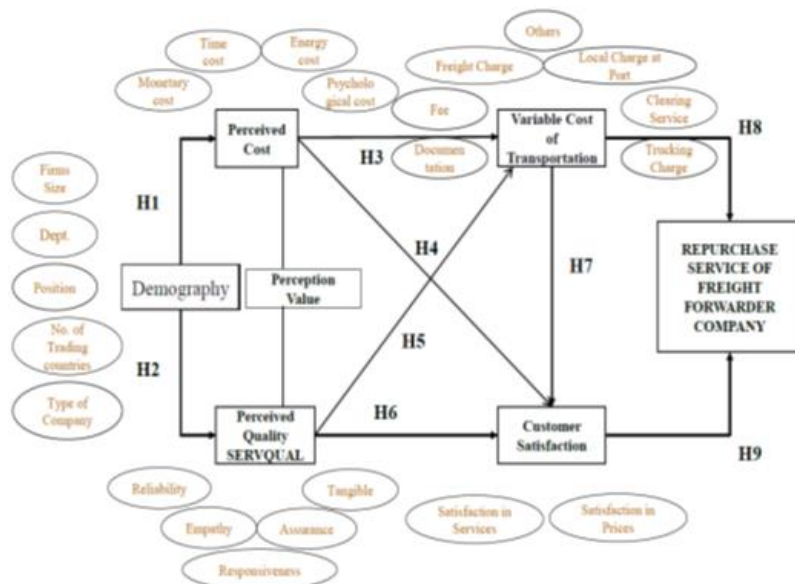
The methodology of this paper are separated into 3 parts, first part is develop conceptual framework on the Figure 1 in order to determine relationship between variables and depend variables in this research. The conceptual framework of this study is identified to how can measure in order to perception of value, variable cost of transportation and customer satisfaction of influenced to repurchase Freight Forwarders selection.

Second part of methodology is collection tools conducted survey by questionnaire was developed base on relevant to the objectives and conceptual framework of this study by separating to 5 divided parts with Linkert Scale will used for the respondents indicate their own attitudes by checking rate scale of importance and satisfaction with statements.

The results of analysis from primary research by using questionnaires as a tool of the data collection method. in this study consisted of 217 international trade companies in Thailand including importer and exporter firms.

Third part is hypotheses testing results use t-test (Equal variance assumed) analysis in regression, because in the Levene's Test, the significance level more than .05. Additional, in this part, the researcher will use Levene's Test to decide whether use ANOVA analysis or Brown-Forsythe test for each hypothesis.

Figure 2 Hypotheses.



## **RESULTS OF RESEARCH**

This study has demonstrates level of important and level of satisfaction to the respondents of results of statistic for Perceive cost of entrepreneurs and Perceived service quality and firm demographic. The analysis the relationship between Perceived cost of entrepreneurs and variable costs of transportation including analysis relationship between variable cost and customer satisfaction of entrepreneur effect to repurchase of freight forwarder.

H1 Perceived cost of entrepreneurs is dependent on firm demographic.

H2 Perceived quality of entrepreneurs is dependent on firm demographic.

H3 Perceived cost of entrepreneurs is not effect on variable costs of transportation.

H4 Perceived cost of entrepreneurs is effect on customer satisfaction.

H5 Perceived quality of entrepreneurs is effect on variable costs of transportation.

H6 Perceived quality of entrepreneurs is effect on customer satisfaction.

H7 Customer Satisfaction is effect on variable costs of transportation.

H8 variable costs of transportation is not effect on repurchase services of Freight Forwarder in Thailand and.

H9 Customer Satisfaction is effect on repurchase services of Freight Forwarder in Thailand.

## **CONCLUSION**

As the results; this research can be described that perceived cost is not necessary in decision making to repurchase of services but perceived quality in term of SERVQUAL is necessary in decision making to repurchase including customer satisfaction also important to repurchase decision making. In addition, awareness of variable cost of transportation is effect on repurchase decision making of freight forwarder means costs still are more important.

## **RECOMMENDATION AND DISCUSSION**

Recommendation for entrepreneurs: as this research study the results of significant relationship between perception local charges and transportation services cost and customer satisfaction of Thai Entrepreneurs Influence on repurchase of Freight Forwarder in Thailand that entrepreneurs should aware local charge and others transportation charge before export or import shipment to overseas because perception all costs can helps to set price and control costs avoid reduce profits margin. In the other hand, although perception of the costs are not significant relationship selection of freight forwarder but 3PL provider services should suggest and provide information each cost to customers. Recommendation for research: in the next research, researcher should study more cost of risk in transportation to overseas and create new model relate cost.

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