

THE EVALUATION OF INTERNATIONAL FREIGHT FORWARDERS SELECTION CRITERIA AND RELATIONSHIP WITH CUSTOMER SATISFACTION AMONG SHIPPER'S PERSPECTIVE IN THAILAND

Salisa Hemmapan

Salisa Hemmapan, Maritime Business, College of Logistics and Supply Chain, Suan Sunandha Rajabhat University, Klongyong Phutthamonthon, Nakhonpathom, Thailand E-mail: salisa.he@ssru.ac.th

ABSTRACT

The purposes of this research are identify factors of freight forwarder quality's services and study how effects shipper's selection of freight forwarder providing services. According this research divided to seven objectives. First, study freight forwarder selection criteria related to six dimensions of SERVQUAL evaluation. Second, study customers satisfaction overall in price and service evaluated for freight forwarders selection criteria. Third, explore important level on six dimensions of SERVQUAL which are analysis of services decision making. Fourth, explore the level of important on overall customer's satisfaction and fifth identify relationship between perceived service under key services quality attributes of shippers and 7Ps evidence in marketing affect customer satisfaction. Sixth, identify the relationship between expected service factors (7Ps) and W.O.M. affect 6 dimension of SERVQUAL Last, Study different of demographic of shipper perspectives.

This research is developed conceptual framework from SERVQUAL, Marketing Mix for finding the results of selection Criteria International Freight Forwarders and relational performance on customer satisfaction and loyalty in Business to Business (B2B). The rapid increase amount of importing and exporting quantities in Thailand made IFFs industry grow up in 3PLs logistics market. This research focus on how to develop marketing strategies in competitive market.

Keywords- Freight Forwarders, Selection Criteria, Decision Making, Customer Satisfaction, 3PLs.

INTRODUCTION

This paper aims to Thai International (TIFFA) indicates the rapid expansion of Thailand's economic going to a large part exporting countries sectors Logistics activities especially Third Party Logistics (3PLs) are considered important role for supporting export and import activities. Consequently freight forwarding industry in Thailand is the way high competition in the market. The 3PLs managements are not only ways to cost saving but also enhance competitive advantage provided variety of service's functions.

Thus, this research examines to identify selection criteria and evaluation finally decision making which is related to customer satisfaction among Shipper's in Thailand. 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. The increasing complexity of global trade practices comprising multi-modal transportation, cargo consolidation at regional hubs, distribution at destinations and multiple documentation have increased the importance of intermediaries providing logistics solution (International Asset Management Company, 2007).

In additions, Freight forwarders assist exporters in preparing price quotations by advising on freight costs, port charges, consular fees, costs of special documentation, insurance costs, and their handling fees. Recommend the packing methods reserve the necessary space on a vessel, aircraft, train, or truck. The cost for

their services is a legitimate export cost that should be included in the price charged to the customer (Vishwash, 2007).

Table 1

Number of International trade Value (Import and Export value) 2010-2015.

Year	Export (Million Baht)	Import (Million Baht)
2011	6,707,988.27	6,982,719.15
2012	7,078,420.21	7,786,132.18
2013	6,909,741.17	7,657,345.59
2014	7,313,066.40	7,403,898.06
2015	7,227,160.85	6,906,078.41

Source: Thai Customs Department, 2016

Thai Customs Department, 2011-2015 has shown the record that Thailand has been increase a number of import and export products quantity 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 IFFs firms in 3PLs market.

Statement of Problems: As above introduction refers to transportation or 3PLs business has been increasing and enhancing competitive advantage. Therefore decision making of their customer is very important to make more understanding because it can refer to measurement customer's satisfaction (Pizam, Neumann and Reichel 1978). In addition, among international trade company which means customer decision making to select Freight Forwarder Company is very important because import-export processing has complicate of process and need connective performance (J. & Wong, V., 2001). The problem can be occurs at all time, so they need to have any firm who can provide high quality service and perform as a working professional. Thus, this problem is how classified the best of Freight Forwarder Selection Criteria measure customer satisfaction and customer expectation among shippers perspective. The results, if international freight forwarders fully understand the needs of shippers or customer satisfaction they would be in better position market share and right position to satisfy the increasingly competitive market (TIFFA, 2010).

LITERATURE REVIEW

In this part will include 6 sections and states with internal trade business and the factors as International Freight forwarding industries, Selection Criteria, SERVQUAL 6 dimensions, Customer Satisfaction, Expected Service and Perceived Service. Introduce the basic concept of logistics collaboration and definitions of measurement relevant to orchids supply chain in Thailand. The logistics collaboration includes demand forecasting, inventory management, warehouse and storage, order processing and transportation management there are several activities that stake holders can collaborate and develop in business from upstream to downstream. (Chattrarat Hotrawaisaya, 2014). Vishwash, 2007 indicated about the role of freight forwarder in the execution of export that a freight forwarder is a third party logistics provider. As a third party provider a forwarder dispatches shipments via asset-based carriers and books or otherwise arranges space for those shipments. Carrier types include waterborne vessels, airplanes, trucks or railroads. Freight forwarders typically arrange cargo movement to an international destination. Also referred to IFFs, they have the expertise that allows them to prepare and process the documentation and perform related activities pertaining to international shipments. Some of the typical information reviewed by a freight forwarder is the commercial invoice, shipper's export declaration, bill of landing and other documents required by the carrier or country of export, import or transshipment. 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

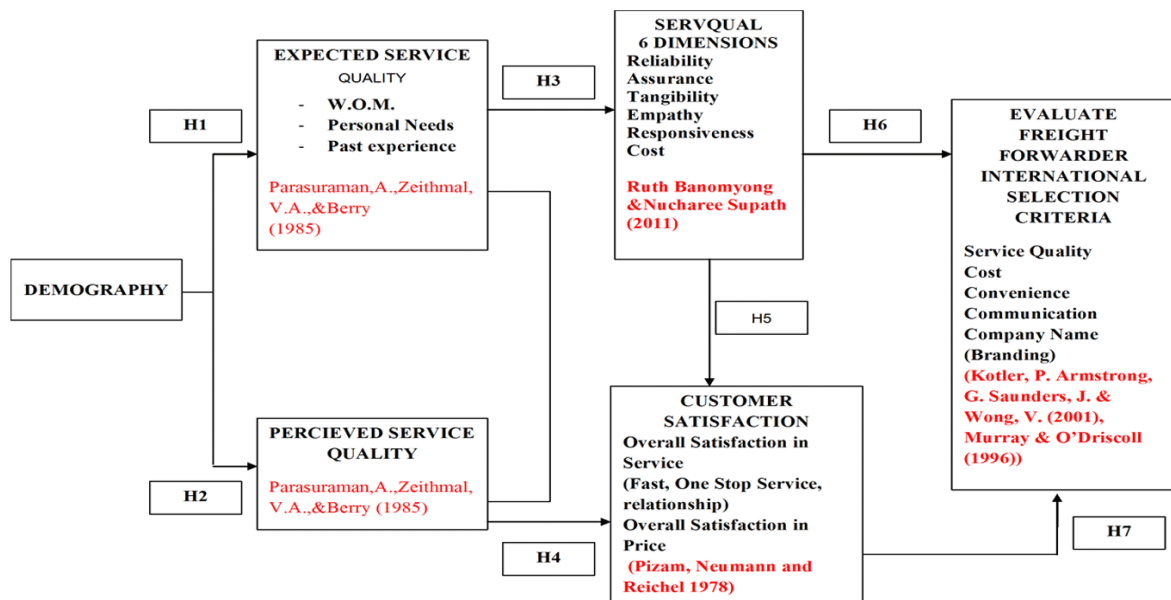
several criteria modes such as freight charges, transit time, SERVQUAL and customer satisfaction. SERVQUAL (Parasuraman et al., 1988) is the most popular service quality measurement. Basically carrier selection studies shall be classified into three categories viz., shipper-only studies, carrier versus shipper studies and carrier versus export & import shipper studies. Shipper-only studies are uni-dimensional studies which study the perceived importance of selection criteria only from shippers' perspective. Carrier versus shipper studies are bi-dimensional studies which study the perceptual difference of various criteria between carriers and shippers. Nyeck, Morales, Ladhari and Pons, 2002 stated the SERVQUAL is a measuring tool “ remains the most completes attempt to conceptualize and measure service quality” and also defined “main benefit to the SERVQUAL measuring tool is the ability of researchers to examine numerous services industries such as healthcare, banking, financial services, and education”.

Focusing on transportation industry, SERVQUAL is measurement service quality is the result of the discrepancy between customer s expectations on services and their perceptions actually received (K. Yousapronpaiboon, 2002). The theoretical foundations, in early 1980s to 1990s had several studied disaffirmation paradigm related to discrepancies between prior expectation and actual perceptions of performance service quality future more (Parasuraman, Zeithaml and Berry, 1994 and 1998).

METHODOLOGY

The methodology of this paper can be separated into 2 parts, first part is develop conceptual framework on the Figure 1 in order to determine which international freight forwarders services attributes. The conceptual framework of this study is to identify how we can measure in order to understand customers' requirement and expectation of service quality and related firms can implement and develop to CRM and build loyalty of customer base on customer satisfaction in term of quality and price available. Moreover, 3PLs business can create the competitive advantage strategy by using the information from this research as the benefit.

Figure 1 : Conceptual Framework



Hypotheses are based on the theories discussion in related on this research articles. (H1): Expected Service Quality is dependent on firm demographic. (H2) : Perceived Service Quality is dependent on firm demographic. (H3): There is significant relationship between Expected Service Quality and SERVQUAL 6

dimensions. (H4): There is significant relationship between Perceived Service Quality and Customer Satisfaction. (H5): There is significant relationship between Customer Satisfaction and SERVQUAL 6 dimensions. (H6): There is significant relationship between Evaluate Freight Forwarder International Selection Criteria and SERVQUAL 6 dimensions. (H7): There is significant relationship between Evaluate Freight Forwarder International Selection Criteria and Customer Satisfaction.

The 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 6 divided parts. The results of analysis from primary research by using questionnaires to be a tool of the data collection method. The total sample size in this study consisted of 400 international trade companies in Thailand including importer and exporter firms, addition the questionnaires were designed appropriate with respondents who has decision making power or authority to select 3PL provider services. The data analysis is presented in five sections as follows: Demographic of the respondents, respondents on level of important and level of satisfaction, the results of statistical analysis for Expected Service Quality and Perceived Service are dependent on demographic, regression analysis, the result of statistical analysis for Expected Service Quality are dependent on SERVQUAL included between Perceived Service Quality and Customer Satisfaction and regression analysis, the results of statistical analysis for evaluation freight forwarder international selection criteria are dependent on SERVQUAL and Customer Satisfaction.

CONCLUSION AND RECOMMENDATIONS

This study had demonstrates level of important and level of satisfaction to the respondents. The results of statistic for expected service quality and perceived service and firm demographic. The analysis the relationship between expected service quality and SERVQUAL. Also analysis relationship between perceived service quality and overall customer satisfaction.

Firm Demographic: This study found that all firm demographic which are department of international trading, position level, number of employees in company, number of countries are international trading and types of manufacturing are related to expected service quality. While only two characteristics which are department of international trading, and number of countries are international trading that are related to perceived service quality.

Expected Service Quality: This study found that expected service quality which are service, price, place, promotion, process, people, physical evidence and word or mouth had the relationship with all factors in SERVQUAL which are reliability, assurance, tangibility, empathy, responsiveness and cost.

Perceived Service Quality: The study found that perceived service quality which are service, price, place, promotion, process, people and physical evidence has no significant relationship with customer satisfaction.

SERVQUAL 6 dimensions and Customer Satisfaction: This study explored that SERVQUAL 6 dimensions that reliability, assurance, tangibility, empathy, responsiveness and cost had the relationship with customer satisfaction.

Evaluate Freight Forwarder International Selection Criteria: This study found that evaluate freight forwarder international selection criteria which were service quality, cost, convenience, communication and company name /loyalty had the relationship with SERVQUAL 6 dimensions which are reliability, assurance, tangibility, empathy, responsiveness and cost. While only 2 factors which are convenience and communication had the relationship with customer satisfaction which are overall customer satisfaction in service and overall customer satisfaction in price.

Recommendation to International Freight Forwarders Company: International Freight Forwarder Company should provide the best service (over standard in SERVQUAL) and should provide the quickly response or set up KPI in any matter related matter and solves all customers' problems also attempt to build customer loyalty among shippers or build good relationships with customer and International Freight Forwarders should enhance distribute channel for customer convenience purpose.

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