

AN ANALYSIS OF LOGISTICS COST DRIVERS IN THAILAND

Puthipong Julagasigorn, Ruth Banomyong and Paitoon Varadejsatitwong

Centre for Logistics Research (CLR), Thammasat Business School

Thammasat University

ABSTRACT

Purpose: Logistics cost is an important indicator used in Thailand logistics development plan. In order to increase the country's national competitiveness, it is important to minimise national logistics cost. The purpose of this manuscript is twofold (1) identify and analyse Thailand logistics cost drivers and (2) propose to policy makers a guideline to reduce national logistics cost based on a cost structure approach.

Design/methodology/approach: A survey was conducted and 6,020 businesses covering all regions of Thailand responded. The developed questionnaire asked about firms' logistics cost structure. Cost drivers for each key logistics components, namely, transportation, warehousing, inventory holding and logistics administration cost, were identified. A comparative analysis of identified logistics cost drivers between business sectors was done.

Findings: Cost drivers for main business sectors in Thailand were identified. Insurance and tax were the main cost drivers for inventory holding cost in all sectors. For transportation, warehousing and logistics administration cost, cost drivers varied significantly between sectors.

Research limitations/implications (if applicable): The analysis of cost drivers did not considered the effect of firm size in each business sector. Future research should identify and compare cost drivers between small, medium and large firms.

Practical implications (if applicable): Policy-makers may employ this approach to identify and analyse national logistics cost. With information from secondary data source, insights obtained from the cost structure approach may help policy-makers in developing and planning strategies for reducing national logistics cost.

Originality/value: This manuscript propose an approach to analyse national logistics cost with the cost structured methodology.

Keywords: Cost structure, National logistics cost, cost driver, macro-logistics, logistics policy