

ABSTRACT

The main purpose of this study is to understand the factors regarding sea freight cost reduction by making a long term contract with ocean liners in a freight forwarding company. The objectives are: 1) to reduce the sea freight cost using the long term contract purchasing method. 2) To find a root cause that reduces the sea freight cost exporting from Bangkok to Shanghai port. This will help ABC shipping group reduce customer losses and also get more benefits.

The fact that sea freight has a significant impact on the supply chain is now widely accepted. Its cost is a major component of total cost. This study focuses to reduce the sea freight cost. Sea freight cost has a high commonality in the freight forwarding industry from upstream to downstream. The logical approach of eliminating the needlessness contributes to reducing the total supply chain cost.

The results show that using the long term contract purchasing from ocean liners could reduce the sea freight cost of a freight forwarding company. In this research it only focuses on the Shanghai port, furthermore ABC will try to make a long term contract in all of its export ports to reduce the sea freight cost and achieve the officer price which is more competitive than competitor's.