# Factors affecting Stock Selection in the Transport and Logistics Sector for Retail Investors: A Qualitative Study

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## Abstract

The purpose of this research is to study the factors affecting the selection of stock in the transport and logistics sector of retail investors in the short and long term. In-depth interviewing is used for data collection. The sample of the study is Thai short-term retail investors who invest in transport and logistics stocks with four persons and long-term retail investors with four persons. The results of the study found that short-term investors who invest with the value of the investment not exceeding one million baht there will be short-term speculation based on volume analysis and references from SET index. While short-term investors who invest in a value exceeding one million baht use technical indicators to consider short-term investments and find entry points for speculation. For long-term retail investors who invest not exceeding one million baht, it was found that fundamental factors affect long-term investors, such as dividend payments. While investors who invested more than one million baht found that basic economic factors, fundamental factors, financial statement factors, and other factors affect the decision to invest in stocks in the transportation and logistics sector.

**Keywords:** Investment, Retail Investors, Common Stock, the Stock Exchange of Thailand (SET), Transportation and Logistics
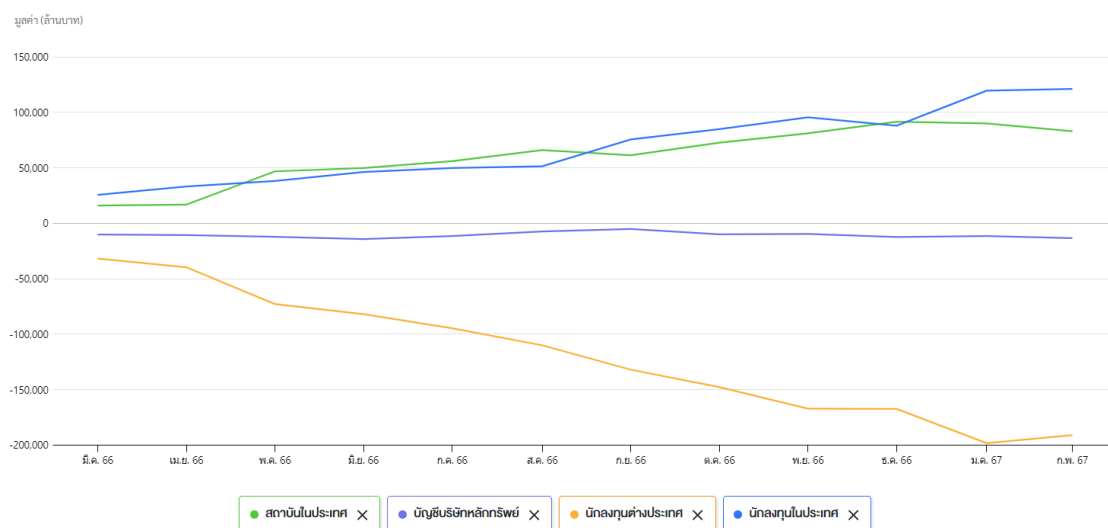
## Introduction

The capital market plays a crucial role in the economy by gathering and distributing resources efficiently to foster economic growth. Provide possibilities for diverse enterprises to obtain funding resources to assist investors in diversifying their investment portfolio and accumulating wealth. The market capitalization to GDP ratio has increased and reached 121% in 2022. (Stock Exchange of Thailand, 2022)

In 2022, the size of the Thai stock market, measured by the market capitalization of the Stock Exchange of Thailand, SET and Mai, has a value of 20.93 trillion baht, with an average annual growth of 19.22% (compound annual growth rate: CAGR) since the Stock Exchange of Thailand was established. The Thai stock market index or SET Index has

moved and developed according to economic conditions and factors both inside and outside the country and stood at 1668.66 index at the end of 2022, with a 6.56% compound annual growth rate. If considering the total return or Total Return of SET Index since 2002 has grown at 12.08% per year (CAGR) (Stock Exchange of Thailand, 2022)

In 2023, even though the Thai stock market will have lower returns than stocks in many countries that have benefited from capital inflows from the trend of falling bond yields and the weakening of the US dollar. However, if looking back in 2022, the SET Index is one of only a few indexes in the world that has produced positive returns. While, considering the period 2022-2023, it will be seen that the SET Index moves similarly to other indexes in the region (Stock Exchange of Thailand, 2023) when considering the accumulated net trading value by investor group in the past 1 year from March 2023. Until February 2024, it was found that the investment value of domestic investors has an upward trend, as shown in Figure 1.



**Figure 1:** shows the cumulative net trading value by investor group between March 2023   and February 2024.

The COVID-19 pandemic has impacted various industries through lockdowns and social distancing measures, leading to a shift in consumer behavior towards online shopping. Online orders have increased by 80%, benefiting the logistics and transportation business (Online Manager, 2020). Consumers are expected to increasingly choose express delivery options. This presents an opportunity and challenge for both large and small organizations, as well as transportation businesses, to plan for handling the growing number of items delivered through online platforms. Logistics service providers require

effective technologies to manage and arrange the daily distribution of goods efficiently. This will help build consumer confidence in receiving prompt, precise, and secure services. The transportation and logistics stocks sector (TRANS) presents an intriguing investment opportunity following the global economic recovery. Currently, the transportation and logistics industry sector is playing a crucial role due to the rising volume of travel. (Stock Exchange of Thailand, 2021)

An analysis of the stock index in the transportation and logistics sector over the last three years revealed a rise during the COVID pandemic and a decline in 2023. In 2024, transportation and logistics stocks are expected to rise according to the uptrend as show in figure 2. This research aims to investigate the factors influencing investment decisions in transportation and logistics stock by retail investors, encompassing both short-term and long-term investments.



**Figure 2:** shows transportation and logistics stock index during 2021-2024.

## Objectives

1. To study the factors Influencing stock selection in the transport and logistics sector for retail Investors engaging in short-term investments on the Stock Exchange of Thailand**.**

2. To study the factors Influencing stock selection in the transport and logistics sector for retail Investors engaging in long-term investments on the Stock Exchange of Thailand**.**

## Related Concepts

### 1. Transport and logistics sector stocks

The transportation and logistics industry involves overseeing the transfer of commodities from one location to another. Since the raw materials movement, work in process, finished goods as well as people travel. Most companies have quite similar business models. The distinction is based on the client demographic and service structures. Therefore, transport and logistics stocks in the Stock Exchange of Thailand are grouped

into 5 categories as follows (Stock Exchange of Thailand, 2022).

1) Airline and airport stocks

Such as stocks AAV, AOT, BA, BAREIT, THAI*, NOK* stocks

This involves air transportation, encompassing airport administration and airline service providers for domestic and international flights. Encompassing both passenger carriers and cargo service carriers. This group plays a crucial part in the economy due to its fast and highly secure transportation services. However, it faces the drawback of high costs per unit and the necessity of investing in extensive infrastructure to sustain the transportation system.

*THAI and NOK are the listed company has operating results or financial positions which is subject to possible delisting (Non-Compliance: NC).

2) Rail rapid transit and expressway stocks

Such as BEM, BTS, BTSGIF**, DMT, TFFIF** stocks.

The company's primary focus is on providing mass transit and expressway services. These firms specialize in providing services to residents in Bangkok and nearby areas who require efficient and quick transportation. Both the rail rapid transit and highway industries require concessions from the government sector. It necessitates a substantial investment and has a long payback period. This commercial operation frequently involves a partnership between the public and private sectors. There are two types of investment models: Public Private Partnership (PPP) and Public Sector Comparator (PSC), where the government invests fully and then contracts the private sector for management.

** BTSGIF and TFFIF are infrastructure funds.

3) Shipping and port stocks

Such as AMA, ASIMAR, III, PRM, PSL, RCL, TTA, VL, PORT, NYT, TSTE stocks.

Marine transportation service businesses, also referred to as shipping businesses, can be classified into different types. Bulk ships are vessels designed for transporting bulk commodities, including coal, steel, and agricultural products. A container ship transports containers and is specifically designed for transport consumer products. Ships carrying crude oil and liquid petrochemicals and businesses related to shipping such as ship construction, ship maintenance, and transportation ship leasing services.

4) Logistics service stocks

Such as B, JWD, KEX, KIAT, KWC, LEO, MENA, NCL, NYT, SONIC, WICE stocks

The logistics service business includes port operations, warehouse rental, customs clearing services, domestic transportation, and cross-border transportation. This service provider offers comprehensive express delivery services for products purchased through e-commerce, parcels exchanged between individuals, and documents for various

enterprises.

5) Land and water transportation service group

Such as ATP30, RP stocks

The company operates in the passenger transportation business. Currently, Thai stock market consists of land transport service providers licensed by the Department of Land Transport, utilizing buses, mini busses, vans, and electric vans. Another group provides water transportation services, offering ferry services to various islands.

### 2. How to analyze stock transportation and logistics

According to The Stock Exchange of Thailand (2022), distinct business considerations influence various transport and logistics stocks. However, there are significant similarities. Investors must focus on the five important points listed below.

1) Type of goods

Each type of freight transport has a unique revenue model and different profit margins. Investors should analyze the distribution of income generated by different products. To examine variables influencing transportation demand, particularly agricultural products, which fluctuate based on seasonal production levels. The company will deliver consumer products to markets nationwide. Hence, it expands in accordance with consumer demands. The increase in economic activity over time is the key factor influencing energy goods like oil and coal, as well as the demand for construction materials and equipment, which depends on the level of construction work and real estate company growth. The final category consists of enterprises associated with travel that have extended to include housing developments along mass rapid transit routes and expressways.

Exploring shipping stocks further reveals a significant factor impacting income, namely the BDI (Baltic Dry Index), which serves as an indicator of shipping revenue. Higher freight leads to increased income. Each ship type is associated with specific freight values for reference, including HR (Howe Robinson Container Index), CCFI (China Containerized Freight Index), and SCFI (Shanghai Containerized Freight Index), which are commonly used for transporting goods in Asia.

2) Oil price

Oil prices are the primary expense of running a business. Whether by air, land, sea, or rail transit, such as the electric train, even if you do not directly utilize oil, The cost of electricity fluctuates in proportion to changes in crude oil prices.

3) Economic cycle

Transportation and travel volume there is a relationship with the direction of economic growth. The characteristics of transportation and logistics stock prices are cyclical stocks it performs well during the economic upturn but become stagnant during

economic decline. Analysis of transportation and logistics stocks it necessitates predictions of future GDP patterns and other crucial economic elements, such interest rates, inflation rate, monetary and fiscal policy, consumer confidence index, industrial sentiment index, and energy price index.

4) Special event

Transportation and logistics stocks are consistently influenced by unique occurrences related to economic conditions and external industries. Because it is a downstream industry that distributes items at various locations across the supply chain. For specific events like war, seizure of goods, international transportation regulation, contract renewals, etc.

5) Asset utilization efficiency

Business model for transportation and logistics, at the beginning, it needs to invest in a substantial number of assets like airplanes, ships, electric trains, warehouses, ports, and more. Over time, it will start to see gains from those investments, which is why it is important to analyze the total asset turnover. Companies use this financial metric to evaluate transportation and logistics equities and assess efficiency in using assets to generate sales. A greater total asset turnover figure indicates better performance by conducting a comparative analysis with other companies in the same industry. Some companies may have a larger total asset turnover due to leasing assets from external sources, as opposed to organizations that invest in their own assets.

### 3. Literature review

From the literature review, there are five factors affecting in the short term and long term of retail investors in the Stock Exchange of Thailand.

1) Fundamental economic factors

This factor assesses the economic situation in various countries. Key trading partners include the United States, China, Japan, and the European Union. Products will see increased demand if they are in good condition. Enhancing exports and repatriating capital will boost the Thai economy and enhance investor confidence. (Pumalee and Teeravaraprug, 2013)

2) Company fundamental factors

Regarding the company's core principles, the content will focus on dividend updates. News about earnings announcements and merger acquisitions, auction success, and effective corporate governance. (Pumalee and Teeravaraprug, 2013)

3) Fundamentals of financial statements factors

This aspect pertains to the company's financial inflow, outflow, and current position. Financial metrics such as return on equity (ROE), earnings per share, net profit margin, and

price-book value (P/BV) are used to display a business's assets, liabilities, revenues, costs, and cash flows from operating, investing, and financing activities. (Visudtiko, 2018)

4) Technical factors

It involves utilizing historical data, such as trends in price changes. Volume of trading intended for assessing upcoming trends. Utilizing an indicator tool and analyzing graphs to assist in making investment choices. (Suthiranart, 2016)

5) Other factors

These factors are external conditions that influence the supply and demand of a company's stock, such as domestic and international political situations, news, stock analysis articles, recommendations from friends, information from the internet, and investors' emotions. Additionally, the Freight Index and Consumer Confidence Index. (Intarasuwan, 2021)

### Factors influencing trading behavior

Paisarn, Chancharat, and Chancharat (2021) analyzed comprehensive survey data and found that the specific attributes and behavioral tendencies that contribute to investor bias. At the same time, the result also reveals that biases are prevalent among investors, with men exhibiting a higher degree of overconfidence compared to women. Experiences are also analyzed as behavioral biases. Investment decisions made by investors exhibit a comparable level of sensitivity to the historical positive and negative returns observed in both stock and conventional funds (Lapanan, 2018). Hoffmann and Shefrin (2014) indicate that retail investors who utilize technical analysis are more likely to engage in speculating regarding stock market trends. This is because their main financial goals involve maintaining more concentrated portfolios, which they tend to sell at a higher rate.

Many studies in the literature review focus on analyzing stock selecting strategies. There are studies on choosing data for strategic decision-making, analysis of economic variables influencing stock selection, data and sources of data used by investors to make common stock investment decisions. However, there is a lack of qualitative research in factors that investors consider when investing in transport and logistics sector common stocks on the Stock Exchange of Thailand both short-term and long-term investments. This research investigates the factors Influence stock selection in the transport and logistics sector for retail Investors both short-term and long-term investments.

### Research Methods

This study is a qualitative research approach that involves conducting in-depth interviews with individuals using open-ended questions to allow interviewees to freely express their opinions and attitudes.

### Sampling method

The researcher selected a specific sample of Thai retail investors engaged in both short and long-term investments that own common stocks in the transportation and logistics sector listed on the Stock Exchange of Thailand (SET) in their investment portfolios. The study involved conducting in-depth individual interviews with eight individuals, consisting of four short-term investors and four long-term investors. Their classification is as follows: 1) short-term investors who have an investment value in common stocks not exceeding one million baht. 2) short-term investors who have an investment value in common stocks exceeding one million baht. 3) long-term investors who have an investment value in common stocks not exceeding one million baht 4) long-term investors who have an investment value in common stocks exceeding one million baht to provide information about factors affecting investment decisions in transportation and logistics sector stocks

### Research Instrument

Utilize in-depth interviews to gather data from sources. Employing open-ended questions to enable the interviewer to articulate a wide range of thoughts and perspectives. Recorded and transcribed individual interviews for data analysis to address the research topics. The interview guide is developed by researchers to enumerate the inquiries or matters to be examined during the interview, encompassing an informed consent document.

### Data Analysis

The researcher provides the code to avoid disclosing personal information. Provide a well-organized summary of information obtained through in-depth interview. Describe the research findings in a descriptive manner.

### Limitations of the Study

Because the sample is a certain group. Using larger datasets may lead to different results in the study. The study findings may differ depending on a range of ideas, experiences, and attitudes.

## Results

Analyzing factors that influence stock selection in the transport and logistics sector for retail investors. The sample group consists of Thai retail investors engaged in short-term and long-term investments in common stocks in the transport and logistics sector on the Stock Exchange of Thailand, with investments ranging from not exceeding to exceeding one million baht. Using qualitative research methodologies through in-depth interviews with open-ended questions. The study involved conducting in-depth individual interviews

with eight individuals, consisting of four short-term investors and four long-term investors. The results were categorized into two categories.

**Factors Influencing Thai Retail Investors' Short-term Investments in Transport and Logistics Stocks on the Stock Exchange of Thailand**

1. Factors used by investors who have an investment value in common stocks not exceeding one million baht in deciding to invest in transportation and logistics stocks as follow; Company fundamental factors, such as news of dividend payments, were found to influence short-term investors. High dividends lead to short-term speculation. News regarding entrepreneurs' activities or stock exchanges, which impact stock prices. This includes announcements of better-than-expected operating results, successful auction bids, obtaining concessions, etc. Volume analysis involves monitoring trading volume (bid-offer) and tracking stock price movements to make assessments. Additionally, short-term investors choose to invest for short-term speculation by monitoring the stock market index (SET index) to see if it is trending upwards or downwards. One element influencing short-term stock investments is the solicitation to purchase stocks through Facebook pages, websites, or recommendations from acquaintances. These are all variables that influence short-term investment.

2. Factors used by investors who have an investment value in common stocks exceeding one million baht in deciding to invest in transportation and logistics stocks as follow; Fundamental economic factors, particularly the economies of global superpowers such as the United States, China, and the European Union. It impacts the broader view of stocks in the transportation and logistics industry, such as the lack of shipping lines or containers during COVID-19. Some companies in the transportation and logistics sectors benefited from this increase. Short-term investing involves utilizing technical elements, like historical data analysis and candlestick charts, to make investment decisions based on stock prices. The historical data displays the opening price, closing price, highest price, and lowest price to aid in making investment decisions. Utilizing technical methods like Moving Average Convergence/Divergence (MACD) to analyze short-term investments and entry points based on crossover, overbought/oversold, and divergences. When the MACD falls below the signal line, it indicates a bearish signal and suggests selling. When the MACD rises over the signal line, it indicates a bullish signal, suggesting a buy opportunity. Overbought or oversold conditions occur when the moving average has significant upward or downward movement. Brokers' stock analysis is another aspect that influences short-term stock investments. Stocks and investment news to aid decision-making. Incorporating data from the Stock Exchange of Thailand.

## Factors Influencing Thai Retail Investors' Long-term Investments in Transport and Logistics Stocks on the Stock Exchange of Thailand

1. Factors used by investors who have an investment value in common stocks not exceeding one million baht in deciding to invest in transportation and logistics stocks as follows. Company fundamental factors affect long-term investors, including information regarding dividend payments. It has a direct impact because it is a long-term investment. Investors will expect dividend returns regardless of fluctuations in the stock price. In addition, basic financial statement elements like the price to earnings ratio (P/E) and price to book value ratio (P/BV) will be considered when determining the purchase point. Earnings per share, a measure of the company's performance, will also be evaluated.

2. Factors used by investors who have an investment value in common stocks exceeding one million baht in deciding to invest in transportation and logistics stocks as follows. Company fundamental factors still affect long-term investors, including information on dividend payments, industry cycles, and individual equities. Financial statement indicators such as income, return on equity (ROE), earnings per share, and net profit margin have an impact on investment decisions. Long-term investments over one year involve considering technical variables and historical data to identify optimal investment opportunities. Various transportation-related elements, including crude oil prices, interest rates, inflation rate, monetary and fiscal policies, war, trade war, shipping conditions, freight rate, and tourist numbers, are considered before investing in companies in the transportation and logistics sector. Furthermore, this group of investors will analyze detailed data from reliable sources, such as the Stock Exchange of Thailand website, to gather further information, including stock valuations. Analysis of technical factors can help in choosing high-quality stocks at suitable prices, timing investing opportunities, and adapting stock portfolios to different situations. This group of investors can utilize financial statement analysis and various financial ratios to assess the business's financial health and make informed investment decisions, which may not always be long-term if market conditions shift. They are prepared to modify their investment portfolio as needed or to persist in investing in companies in other sectors.

## Conclusions and Discussion

A study on factors that influence stock selection in the transport and logistics sector for retail investors revealed that variances in investment terms and the amount of money invested result in different factors being considered for investing. Short-term investors prioritize company fundamentals and technical factors for short-term speculation without analyzing the company's financial statements. It is a short-term investment strategy that relies on online information and advice from trusted individuals to achieve fast profits. This aligns with Srinuan (2016) which found that short-term investors use information from

online websites to make investment decisions. While long-term investors will analyze and choose individual equities, particularly those in the transportation and logistics sectors that are experiencing rapid changes, researching additional aspects that influence investment decisions, such as the freight index, crude oil prices, and domestic and international political situations. These factors directly influence this specific set of stocks (Intarasuwan, 2021). Long-term investors also evaluate fundamental economic factors, company fundamental factors, and basic financial statement aspects when making long-term investment decisions. Utilizing technical analysis to examine industry trends and individual companies can help generate greater investment returns. Long-term investors have noted that when market conditions become volatile, they may not always maintain their long-term investment strategies. They are prepared to modify their investment portfolio as needed or to continue investing in companies across several sectors. Moreover, age is additionally examined in relation to behavioral biases. Older investors generally exhibit lower risk tolerance compared to younger investors. According to Dohmen et al. (2011), it is posited that elderly investors have a finite timeframe within which they can attain their aims and objectives.

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