

Maritime services location decisions-an empirical analysis and implications

Abstract

Maritime services prefer to locate in places where factors indicating the business environment, such as its tax and legal systems, are attractive. However, when there are competing regions to choose from, it is important to understand the impact of each of these factors at each alternative location and whether the negative impacts of one factor may be offset by the positive impacts of other factors. This study analyzes the preferences of maritime services selecting from three potential business locations in Asia (Shanghai, Hong Kong, and Singapore) and the possibility of factor substitution. A stated preference survey is designed to collect the choices of industry leaders facing five major factor options, and discrete choice models are applied to analyze the alternative- and company-specific impacts of these factors. The estimated alternative-specific parameters are consistent with the socioeconomic and legal backgrounds of the three locations, and the company-specific parameters indicate that it is not necessary for maritime services to be located near their clients, namely, shipowners. Finally, the factor trade-off analysis can help each location to identify possible policy changes that may improve its competitiveness.