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Marketing and selling the container terminals of Malmö and Copenhagen

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WORLD MARITIME UNIVERSITY
Malmö, Sweden

**Marketing and Selling the Container Terminal of
Malmö and Copenhagen**

By
SAMUEL O. ORTIZ AMAYA
Colombia

A dissertation submitted to the World Maritime University in partial
fulfilment of the requirements for the award of the degree of

MASTER OF SCIENCE
in
PORT MANAGEMENT

1999

DECLARATION

I certify that all the material in this dissertation that is my own work, and that no material is included for which a degree has previously been conferred on me.

The contents of this dissertation reflect my own personal views, and are not necessarily endorsed by the University.

09 July 1999

Supervised by:

Name: Jan Horck

Office: Lecturer

World Maritime University

Assessor:

Name: Shuo Ma

Office: Professor Shipping and Port Management

World Maritime University

Co-assessor:

Name: Jan-Erik Olsson

Office: Director Marketing & Sales

Malmö Hamn AB

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ABSTRACT

Title of the Dissertation: **Marketing and Selling the Container Terminal of Malmö and Copenhagen**

Degree: **MSC**

This Dissertation is an study that comprises and present an strategy for Marketing and selling the container terminal of the Malmö and Copenhagen Port.

The Work is divided in tree areas, one is the investigation and collection information of each Marketing Department of both ports. The second is the analysis of statistical and economical information of Denmark and Sweden specially in the Oresund area. Finally the Dissertation present an implementation process for the sales to be implemented in the ports, as a tool for increasing the market share in the container business of the region.

Conclusions related to the investigation and. recommendations are made to improve the marketing and sales strategy of M&CP.

Appendices are included in this work. Both, in the economical and in the container market behaviour in the last years in the world and in the region. Those appendices are included as an information for the understanding of the Dissertation.

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CHAPTER 1

INTRODUCTION

The Port Marketing situation in the world has recently changed. Traditionally, the ports have been run by the state. However the privatisation and globalisation of the economy process requires more inter-port competitiveness.

Container terminals are becoming more important every day, and there are new investments for increasing the market share of container handling. A case in point is the project of Le Havre named "Port 2000" which is exclusively designed to increase container terminal capacity and market share in North Europe as well.

For the reasons mentioned above, the topic of this work focused on carrying out and investigation in preparing a marketing and commercial strategy based on a real case. As well as for a specific product of a port, the topic of the project is **"Marketing and Selling the Container Terminals of Malmö and Copenhagen."**

The objectives of this dissertation are the following:

First, to carry out an investigation based on an actual situation, specially the integration of the Malmö and Copenhagen Ports (M&CP) focusing on the Container Terminal.

Second, to prepare work that can be implemented, in some way, in other port in the world. In this case the writers interest is to learn of the experience and structure of the ports studied and practice those in his own country (Colombia).

Third, to analyse the Container Market in the region of influence, and the market share of the ports analysed in it.

Fourth, to learn from the M&CP about their marketing strategy, which means how they are doing their marketing.

Fifth, to analyse the container terminal situation in the ports, for instance by making inventory of the existing facilities and the development of new facilities if such is required, also to carry out the strategic results of this work, if necessary.

Finally, to identify the growth targets in the container business and prepare a commercial strategy to reach them.

In addition, to complement this description the following article published by the Journal of Commerce is quoted. This article emphasises the current competence that ports are facing nowadays.

"The Port of Rotterdam has stolen a lead over its north European rivals by boosting productivity at its showcase Sea-Land Service Inc container terminal by 20% since January" (Bruce Barnard, JOC 11/17/98)

Finally, this investigation will help to understand what the marketing situation of a port is in developed countries. As well as improving the knowledge of the author about marketing and selling strategies, this will support the professional development of the author in the port business in the future.

CHAPTER 2

MARKETING RESEARCH Malmö and Copenhagen Ports

The object of this study is to describe the current structure and situation of the Marketing Department of M&CP. The information collected in this Chapter is required for familiarisation with the organisations and the countries which they belong to. In addition, this information is required for developing the marketing diagnosis. Furthermore, this chapter will identify any problems that may arise during the development of the investigation. When the problems are identified suggestions will be made to solve them.

Finally, this work intends to prove that with the improvement of the Marketing Department there will be a better financial results and an increase in the market share in these two ports.

The Chapter

Chapter number two is divided in to six sections.

First, an analysis of the world container market will be done. Particularly focusing on the investigation in North Europe, Sweden, Denmark, and M&CP. Second, the performance indicators used in M&CP are presented and analysed. Third, the structure

of the primary database of the customers in both ports. Fourth, the secondary databases of the customers M&CP are also analysed. Fifth, the structure of the Marketing Department of each port is included. Sixth, this chapter will consider relevant economic indicators, political decisions affecting the future development of the ports. As well as other indicators that allow a well based and structured forecasting and marketing strategy for the future development of the ports. Finally, other considerations like environmental, and Trade Unions politics will be included.

Chapter two has required mainly the collecting of data (as an information process). The investigation and collection of information was done at the M&CP offices. The information included in this Chapter was provided directly by each port administration.

Indicators such as world economic and container performance indicators, were searched for at the WMU library. The Containerisation International Yearbook has been the main source for the world container information research. The period of analysis is of the last 8 years. In addition this Chapter includes complementary information which is annexed in chart form.

2.1 Market position and share of the M&C Ports in the world

According to the International Container Yearbook (ICYB), the container market has been growing in the last two decades, and it seems that this increase will continue for the good future in the region. There are two indicators that allow for this prediction. The first one, new container vessels ordered up to 500.000 TEU's for this year. Second, the increase in the container market in the last eight (8) years showing a 10% average increase, meaning almost a 200.000 TEU's increase per year.

The integration of M&CP is a challenge for the future of other ports in the world. Due to the integration, one of the two ports will face an important increase in the volume of container handled if the integration is done. With the integration of the container

terminals there will be a potential increase over 300% for Malmö Port, comparing the actual volume of container handled. There will also be an increase of 25% for Copenhagen Port.

The relatively small participation of the Port of Malmö in the container market in the region and in the country (5%), the profitability of the container market in the port is acceptable. If the integration of both ports is not done, there is a lot of room for growth and improvement of the current market share.

The container business has been characterised in the last decade with a rapid increase, as it has been mentioned before. There is a good expectation on the growth of the container market. Even this, there will be a conservative expectation considered in the development of this work. The information considered is needed to predict the future trend of the market regarding the two ports.

2.1.1 The container market in the world

As mentioned before, the growth of the container market shows a permanent increase of an average of 10%. To better understand this a chart showing the figures over the last eight years is presented in Appendix 1.

2.1.2 In Northern Europe

The behaviour of the Container Market in Northern Europe is not presenting the same figures percentage of growth as in the world's figures from a global perspective. It is important to clarify, that according to the chart (see Annex 1) there is a yearly increase of 5% on average and these figures only concern the ports in Northern Europe. If Europe is considered as a whole the percentage is nearly the same as in the world market . i.e. 10%growth.

It is important to consider that the container market is growing less in Northern Europe. This situation may affect the future market of the M&CP.

2.1.3 The container market in Sweden and Denmark.

The container market in Sweden and Denmark is no longer similar to the figures of the world, Europe, and Northern Europe. A very slight increase is seen in the figures of the last eight years. There are also some notorious reductions as in 95/96 in Denmark, and as in 92/93 in Sweden. (see Appendix1).

2.1.4 Malmö and Copenhagen market share.

If we look at Appendix 1, it is clear that there is a relevant decrease in the market share of both ports. The figures in the Appendix 1 indicate variables in every year that has been considered. There has not been a regular growth. It is important to point out the decrease of the market share over some years and zero increase in others. For example, a decrease in Copenhagen in the years 91/92/93 -95/96 and in Malmö almost zero increase during the periods 91/92/93. (see Appendix 1).

Apparently there is no consistency in the container market in the two ports. They are not following the general tendency either in the world or in Northern Europe.

Up to this point, the interest of this investigation is to find a hypothesis of what is happening in the market share behaviour of M&CP. There will be a proposal of what should be done in the future to be more positive. Also to determine which are the variables that influence container market in the two ports. The mentioned analysis and the development of the hypothesis will be carried out in the second chapter of this dissertation.

Apparently there is more correlation to individual results in both ports, as well as each country's economy separately. This hypothesis will be considered in chapter three.

2.2 Port Performance Indicators (PPI)

The objective in this part of the work is to carry out an investigation of the PPI (Port Performance Indicators) of M&CP. This analysis is divided into four areas. Each of these areas are analysed separately and is presented in charts form (see Appendix 2-3)

The following indicators will be analyzed:

- 1 The berth indicators.
- 2 The cargo handling operation.
- 3 The storage operation.
- 4 The quality of services.

The main characteristics of M&CP is that they are feeder ports. The volumes handled in each port are very different. The Port of Malmö handled last year approximately 30.000 TEU's, and the Port of Copenhagen 150.000 TEU' s during the same period.

First, the berth indicators in a feeder port are very special, because there are few calls of feeder vessels during a week. For example, four calls a week in Malmö and 20 in Copenhagen is normal. In such a situation, any delay or wasting time in the operation is easily avoided. This means that at any time a vessel arrives at the port, there is space for it to be served. There is a preplanning call of the feeder vessels, which in time indicates to the port the number of calls and the day they will arrive.

This situation apparently indicates no problems in the ports, but on the other hand the indication of the results, and according to the port administration, there is a high sub-utilisation of the existing facilities, spaces and labour in the container terminals.

The handling operation presents a better performance of the container terminal in the Port of Malmö than in Port of Copenhagen. Some relevant indications of this statement are:

- The gang output per hour is relatively high in Malmö, 25 TEU's compared with 20 TEU's in Copenhagen.
- The average number of gangs per ship is similar in both ports.
- The rate of utilisation of cranes is high in Copenhagen, but this does not indicate that the operation is more profitable. According to Port of Copenhagen the container terminal requires about 25000 additional number of TEU's to breakeven in the financial results. That is to say that at the present time the container operation in the Port of Copenhagen is not profitable.

The storage indicator is not relevant at all, due to the being a feeder port the dwelling time is no more than 2 days in both ports. The frequent feeder service allows the cargo to be moved out of the port quickly and without any delays.

Finally, the indicators of quality of service particularly characterise the ports. The high level of security in Malmö and Copenhagen result in almost zero loss through robbery or other reasons. No casualties have been reported in the last two years.

To conclude, the sub utilisation of the equipment, the increased storage capacity and the high standard of security in the ports, allows both ports to work out a strategic plan for increasing the market share in the container terminals.

With the existing capacity both ports can increase their turnover up to 30% in Copenhagen and more than 100% in Malmö in the short run, without significant investment in both infrastructure and superstructure. These figures are considered if the integration of the container terminals is done in any of the two ports. This means, if the integration takes place in Malmö, there will be approximately 60.000 containers from Copenhagen. On the contrary, if the operation is integrated in Copenhagen, this port will increase its volume by approximately 25.000 TEU's.

2.3 Customer information system (primary data base standard formats)

2.3.1 Malmö

The primary database of the customers of the port is stored in a computer system containing:

Customer code, internal name (port internal information), the official name of the company, and the location. Internally the marketing and sales department has its own classification of customers such as:

Cargo Owners / Forwarding Companies

Ship-owners and Shipping companies.

Shipping agents (feeder agent or Trans Ocean line agent)

The database is handled by the traffic department, and is also used by the accounting department for both financial and operative purposes. There are some companies with the same names and different entry codes. This is because there are different product centers in the same company, and this generates a different income account for the financial system of the port.

2.3.2 Copenhagen

The customers are divided into three departments. One department is the cruise and ferry passengers. The second, the car carriers including dry bulk, oil bulk, and containers, and the third the general cargo, Ro/Ro, special project cargo and container company agent.

The division in these three areas is a political decision of the Marketing Director. It is focused on the shipowners and the segments of the market. The cruise and transport of passenger requires a dedicated service due to the increase in the market in this area. The dry bulk, oil and others, are concentrated in serving the cargo owners, as well as the charter parties which is considered another separated segment of the market in the port. The third department is focusing mainly on the shippers and consignee, that is to say on the small customers that need added value to their services.

From personal observations and meetings with the marketing department, it is clear that the database is well structured.

The Primary database is not utilised for marketing neither for marketing strategy. It is not utilised in the Customer Service department either.

The primary database characteristics of both ports are not used as a tool for marketing and selling the ports. For this reason, it is important to consider that the primary database is not a list of names of companies, it is an instrument to be used as a tool for proactive action to be taken in the market. This is through the permanent contact with the customer. The primary database is not only for contacting the customer when in need of the service, for instance solving problems when they arise.

The importance of the primary database is to allow the company to have a permanent and fluent communication system with all customers including the small ones. For instance, advise the customer on the status of the cargo, bills, or any claim or unexpected situation arising during the operation of the cargo.

On the other hand, the primary database allows the company to promote communication by different ways with the customers. Operating this communication system with the customers and informing them about new plans or strategies developed in the service, it will be an improvement in the relation with them. The most important function of the primary database is to get closer to the customer and obtain their confidence. This situation will permit searching about their company plans and requirements from the port for improvement, to increase the added value to the service.

Finally, it can be said that the primary database is the door of the market. It allows for strategic marketing and a sales plan and to start building up the secondary database.

2.4 Secondary database (asking the customer directly)

The secondary database, of the customers, in both Copenhagen and Malmö is not available to the extent of knowing exactly all the future plans of the customers. It seems to be a close relation among the biggest customers. Also a very well organized marketing strategy is carried out in the ports analyzed. This strategy will be explained in the sales structure of Malmö and Copenhagen.

According to the marketing and sales philosophy, the secondary database is an important resource, which is the result of serious and exhaustive marketing research among all customers, both potential and current.

The secondary database is necessary for the development of the budget of the company, based on the previous investigation internally and from outside resources.

Knowing the volume and the future plans of each customer it will be easier for the port to determine how much income to expect from each customer, and how to handle them, to achieve the budget; for instance, a correct division of the customers (by category, volume, turnover, profit generated, and others). The assigning of customers to the right personnel, and by following up the periodical resulting business given by the customer to the company, is another way of succeeding with the budgeted target.

The secondary database consists of periodical information of the financial income for the port. It also shows some credit benefits, and special instructions of particular requirements from each customer. All this information must be available for the company. Each department that is directly or indirectly involved with the customer should have access to this information.

Another resource utilised for the improvement of the secondary database is the information provided by the governments, through the public information system; for instance the Commercial Chamber, and the Statistical Department.

There are specialised institutes that can also provide some information, which in some cases indicates the performance of companies (customers) and the results of their operations on a yearly basis. This tool is utilised by the organisation to search for new customers (potential). Also, this financial information can be used as a filter that presents the capacity of payment of the company that later on can be required for credit concessions.

Finally, to conclude this point the companies cannot let the secondary database information remain in the memory or files of the personnel responsible for the accounts. It is important to remind them that it is necessarily to have all the information of the customer written and filed in chronological order as the development of the sales strategies are done, for instance, special negotiation, periodical visits, attention to the customers, give-aways, and even information regarding to private information of the

decision maker such as family names, birthdays, hobby, and others the customers is interested in parallel to their business.

2.5 Marketing and sales structure Malmö and Copenhagen

The description of the marketing structure of M&CP will be made separately. First the marketing structure of Malmö will be considered and then the Port of Copenhagen will be analysed.

2.5.1 Malmö

The structure of Malmö Port is divided into three levels of authority. In the first level there is the Managing Director.

The second level is divided into two departments; one is the Marketing/Information department which consists of two employees, the Marketing Director and one assistant, the other department is the Economic/ Financial/ Administration, consisting of 18 employees.

The third level of authority is subdivided into five areas. The production department consists of 120 employees, the operation and maintenance department consisting of 17 employees, the general cargo administration department consisting of 26 employees, the construction and property department consisting of 20 employees and the oil harbour department with 1 employee.

2.5.1.1 Marketing operation system and sales activity

Traditionally the top customers of the port have been attended to directly by the Marketing Director. He provides all the information required and is in permanent contact with them. The customer service is provided by the cargo administration department which assists the customer requirements on a daily basis.

The total present number of customers is distributed by order of the yearly volume of cargo. The total number of customer 130. The marketing strategy for this customer is based on a one-year visit to on which a service contract for next year is signed by the port and the customer.

The distribution of the customer is:

“Top Key” 20 customers are controlled by the Marketing Director as mentioned before.

“Others”, 110 customers co-ordinated by Marketing Director

The basis for the division is informally settled up under the principle of volume where if one customer exceeds 1000 tonnes it will handled by the Director of the department. If not it will handled by the Cargo Administration Department.

The customers in the lower level are assigned to the Cargo Administration Department which is also in charge of the customer service activities for this segment of customers. The top accounts are supported directly by the director of the department.

The so-called minor customers that do not have a representative volume are approximately 100 which are not assigned.

2.5.1.2 Marketing service group

The activities related to the Marketing service group are connected to the head director of the Marketing and Sales Department. For instance, public relation activities, advertising, promotion, planning, among others which are under the responsibility of the same person. The main objective of the mentioned activities are carried out to achieve the budget of the company as well as to maintain and influence the image of the enterprise to measure how it is seen by the customers.

An other important activity done by this department is the business plan, which is prepared every year. The figures of it are presented to the marketing director discussed, revised and advise changes if necessary. During the discussion new business will be considered or the on-going ones.

In addition, the marketing strategy is based on the division of the total market of the port in five areas. Each of these areas is considered separately as production centers, with different levels of income per year (mineral, oil, bulk dry, ferry, remaining which includes containers).

Additional activities such as internal and external information (brochures, press release), advertising (publicity) Attentions to the customers are handled by the Marketing Director as well as the port promotion section (image of the enterprise and how is seen by customers) give away and souvenirs.

Finally, the philosophy of the Marketing service group “is been realistic, conservative, knowing the market of each sector”.

The marketing and sales structure of the port of Malmö is an integral part of the marketing department or vice versa.

2.5.2 Copenhagen

The structure of the Department of marketing and sales in Copenhagen can be described as follows. There are three levels of authority.

- The Marketing and Sales Director.
- The Marketing research consisting of one person and the Sales Assistant with two employees assisting the marketing and sales personnel.

- Third level, conformed by the sales department or units of income, which is divided in three areas named:

- Cruise and ferry passenger sales; one person assigned.

- Car carriers sales dry bulk, oil bulk, container; one person assigned.

- General cargo Ro/Ro Project Cargo (container company agent) one person.

The Port of Copenhagen presents a written job profile for the Marketing and Sales Manager, who will be described as follows:

- For the Marketing and Sales Manager, the main function is to lead the Marketing and Sales departments, to secure that customer's requirements are satisfied
- Make the marketing plan and strategies
- Responsible for making the plans work
- Responsible for the budget of the marketing and other relevant economic reports of the department
- Promote work teams among the people of the department
- Communicate with other ports and other organisations involved
- In charge of the key accounts and responsible of their results
- Do the weekly meetings for sales and marketing department
- Participate in the general manager meeting.
- Make analysis of the statistics
- Participate in seminars, conferences, and other activities
- Allowed to sign documents referring the marketing department

The second level of authority in the Copenhagen port is the Marketing inside analysis. As it was done in the previous paragraph, It is important to mention the main activities of this department, which are listed as follow:

- Marketing analysis has to be done by the Marketing inside analysis they are responsible for periodical revisions of it
- Set up and follow the direction of the sales force. In terms of the level of customer needs satisfaction
- Develop new areas and opportunities for the company in terms of new business or new customer, and to determines the market target
- Evaluate the course of the business and the result of the planning activity, and change the direction of the business if necessary
- Collect information about future projects
- Look closely at the competitors and see what they are, doing, also how are they doing it, as well as find out if they are doing better than us and identify why
- Control, supervise and coordinate the sales force
- Develop new strategies, new products, new business areas, looking other business areas.
- Evaluate the result of the marketing plan (from the different business areas) control and evaluate and be responsible for the decision of what to do
- Prepare monthly reports to the manager in activities concerning the marketing plan
- Be in charge of the IT computer system development and update it
- Participate in the sales meeting and other relevant conferences
- To assist the sales, marketing and sales manager daily activities, as well as to coordinate and support the sales of the different business areas or division of the company.

The department of marketing develops a special program for training, one is call the economy trainee, and other is the student trainee provide to students of the university interesting in have a practical experience in the organization. Among other responsibilities the trainee (in-charge) over the period of one year to do marketing research and analyzed of how the port can improve the business in the port.

Other activities related to his functions are the collection of information, for both the customers and from other ports. Finally the trainee is involve in the strategic plan of the different business areas, specially to those related to the activities with the see.

The third level of authority with three sales areas named:

- Crusies and Ferry , passengers sales
- Car carriers, dry bulk, oil bulk, container sales
- General cargo Ro/Ro project cargo, container (agents of the company)

As the job profile of the above mentioned areas are more or less the same it will be in this case, necessary only, to describe the job profile of one of them. The general cargo group has the following responsibilities:

- Satisfy the customer needs and requirements of the line agents, and other company's related with the port activities, with the goal of increasing the profit
- Make strategic marketing plans for the area and guarantee the success of them, make them happen
- -Participate in the weekly sales meetings
- Work out reports, analyze of statistics
- Participate in all the social activities prepared for the customer of special guests of the company
- Participate in conferences, seminars and other activities related to the area of responsibility
- Activate and motivate the students been training in the department
- Be allowed to sign contracts of up to 50.000 Kr with the customer in this area

2.5.2.1 Marketing Service group.

The director of the marketing department in Copenhagen port is responsible for the sales force. While in Malmö port the sales force structure is an integral part of the marketing department.

To conclude the marketing structure of M&CP it is important to mention two main characteristics noticed during the investigation of this work.

First, is the characteristic of the structure of the marketing department where it is concentrated in a small group, the most relevant of this special structure is the result of the operation in terms of turnover, where almost SEK 1.2 millions are generated by the action of this department.

Second, the structure of the marketing department of Copenhagen is, while different, and by contrast this operation generate DK 1.7 millions.

Among other particular characteristics of each institution it is important to point out some of the areas that, from the writer's point of view, are not considered in these marketing departments.

There is no specific number of customers assigned to the sales personnel. Another important consideration is that there is a strong marketing strategy focus in the main customer, in this case the feeder companies, and some shipping companies and agents.

There is no methodology for the division of the customer. For instance, range by volume, revenue, commodity, and geographical location, among others.

Another important aspect to consider is the fact that there is no customer service department, and the sales actions are more reactive than proactive.

Important and relevant is the well-designed public relations system, both companies spend a lots of effort on the important customers (big customers), searching for special information to detect any problem in the provision of the service, and also to find future business developments to increase the added value of the service.

The Copenhagen port focuses mainly on storage facilities through their free port, and the Malmö port is already offering complementary services to the customer, for instance a regional distribution center, warehousing, and forwarding.

2.6 Other indicators to be considered for planning and forecasting

2.6.1 Economic indicators.

The final part of this chapter presents the economic indicators that may affect the performance of the port. First there will be included the charts of the national indicators such as GDP and GNP. Second the balance of trade will be analysed. Third, the trading partners of the Sweden and Denmark will be included. Fourth it will study the growth of the population and density. Finally, it will consider other factors affecting the performance of the port as a business enterprise, for instance, environmental aspects and trade union.

These economic indicators will be presented separately for each country. This, information will be useful for the beginning of the next chapter of this work. It is important to include it in the first chapter to complement the internal indicators of the companies studied, as well as the economies which they depend on.

The annexes are structured by country, and each structure will provide the following information:

Sweden

GDP (see Appendix 4)

Balance of trade (see Appendix 4)

Growth of population and density (see Appendix 4)

Trading partners (see Appendix 6-7)

Denmark

GDP (see Appendix 5)

Balance of trade (see Appendix 5)

Growth population and density (see Appendix 5)

Trading partners (see Appendix 6-7)

2.6.2 International trade relation Trading Partners

As is well known there will a fixed link between the cities of Malmö and Copenhagen. With the construction of the bridge, the integration of the country to the continent could be a threat for the deviation of the cargo going by vessel to be routed by truck. Taking into consideration the following partner countries of Sweden there seems to be important research to be done here. The main International trade partners of the port are presented in Annex 5.

2.6.3 Other Considerations

2.6.3.1 Trade unions

In Malmö Port there are four different unions in the port which the workers can join. One is related to the people working in office (administrative area) called The Salaried Employees Union (HTF) with 30 persons.

The second is related to the port personnel (operative area), called The Swedish Transport Workers Union conformed by 80 persons. The third is the Swedish Port Workers Organisation with 60 workers (HamnArbetarerforbundet). The fourth union is the Association of Managerial Professional Staff with 25 persons.

The total number of employees of the port is 200 approximately of which 98% belong to the mentioned trades unions. The negotiation with the union are done on a yearly basis agreement, the negotiation is done by open discussion, and consider the trade union point of view and recommendations.

Regarding the Copenhagen port the trade unions are relatively strong, but the relevance of the union is that any inconvenience during the negotiations does not allow any stop in the production process. According to the Copenhagen port, when a problem arises, the workers make their strikes during the break hours, for instance during the lunch break they stop and present their requirements as a way of pressing.

Both Copenhagen and Malmö workers agree about the importance and the consequences of strikes during the operations and their main target is to avoid them at almost any price.

In Sweden there are other ports that belong to the municipality, that in some way receive support from the state or municipality. The Malmö port presents the following owners structure: 50% belongs to the municipality, 50% to the private sector.

There is not special treatment for the port in relation to tax exemptions. This situation differs from the Copenhagen port where 100% belongs to the municipality and is exempt of tax to the government of Denmark.

The Delineation of responsibilities can be summarised as follow. Malmö Municipality is responsible for:

Port of Malmö Co Ltd, which is responsible for the commercial operation of the port.

And the harbour leaseholder responsible for the investments in movable assets, cargo handling equipment, vehicles.

2.6.3.2 Environmental requirements

Both Sweden and Denmark are considered green countries because of their strong polices to protect the environment. Maritime transport is considered the most environmental friendly mode of transport in both countries, because the geographical location apart from the continent for Sweden and the big number of islands making up Denmark, maritime transport has been developed to a very important extent.

Conclusion Chapter 2

To conclude second chapter include the most relevant marketing aspects of the M&CP this allows to the readers to get familiar with the structure of the companies, also the external economic indicators are considered, and other relevant aspects were considered. Up to this point there is a clear picture of the organisations and the countries which they belongs to. The information presented in this chapter is essential for the development of the following chapters.

During the development of the chapter there were some aspects that require an improvement. In those cases a recommendation is presented to emphasise the necessity of a better marketing plan for achieving better results of the company.

The construction of the bridge (Malmö to Copenhagen) will not have any direct impact on the volumes of container moved by each port, because the deviation of the cargo that usually goes to Denmark and Germany is done by truck and this situation will not change. Only the expectation is for an increase in the market because there will be a two major regions integrated, and the volume of cargo involved in the new evolution of this new market will increase.

CHAPTER 3

MARKETING, PLANING AND FORECASTING

It is necessary at this point to make a quantitative method for marketing planning and forecasting the container market in the region, so as M&CP can make better decisions. The objective of this chapter are: first to analyze the container market trends in the region influencing M&CP, and second to present a marketing plan.

The two segments of this chapter will provide a tool for decision making about the new marketing strategy for the future of the container terminals analyzed.

The chapter:

This chapter will be divided into two areas: the first one is the statistical information of the container market and GDP in the region and the second the marketing plan.

In order to analyze the statistics a lineal regression and correlation system is used and some graphics will be presented to understand the correlation of the variables influencing the container market in this region. Combining some variables, for instance, economical indicators and the container market, the relationship between these variables will be established. This will provide a better understanding of the trend in the container market.

On the other hand, the marketing plan will be presented as an alternative solution for increasing the market share of the port in the container sector. Finally, the conclusions of the chapter will be included.

3.1 Planning and forecasting for the container market of M&CP.

The first part of the Chapter will focus on some graphics that will present the correlation of defined variables. For instance, the container market in the world compared with North Europe, GDP and the Container Market in Sweden and Denmark, and balance of trade and the Container Market in the region.

Before writing the specific marketing action plan, it is important to understand the actual volume handled in M&C Ports as well as to get a close idea of the future market. Other consideration is the study and development of new concepts in the container ports market as a specialized development, for instance, of the HUB ports. This concept has changed the future of ports, and divided the market into three categories named feeder port, transit port and hub port.

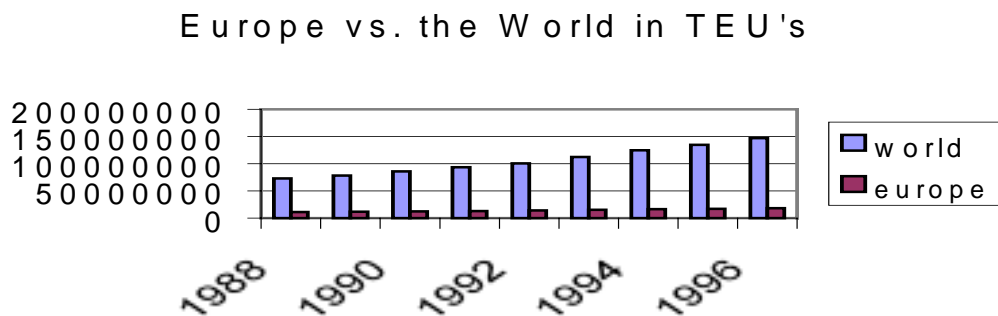
Malmö and Copenhagen are feeder ports. Nevertheless, the container market is expected to increase and will follow the trend of national economy in the sector. If the ports face this increase, it is very important to settle a clear target to guarantee and to be prepared for the competence action and to guarantee the survival and profitability of the container terminals.

Even though, the container market is not expected to have a big increase in North Europe, there are other strategies to increase the market share, to reduce operational costs, implement better services, and increase the area of services of the industry; this by being more regional than local.

One strategy already being considered by both ports is the integration of M&CP. This strategy will provide an important increase in the number of containers handled by the ports, and also repositioning the container market in the region.

Another strategy is to target competitors (other ports) in the region and attack their markets and by covering those customers it is possible to have an important increase in the customer portfolio of the organizations. This strategy is analyzed in the second part of this chapter and is also considered in the implementation of it.

3.1.1 The container market in the world compared with North Europe.



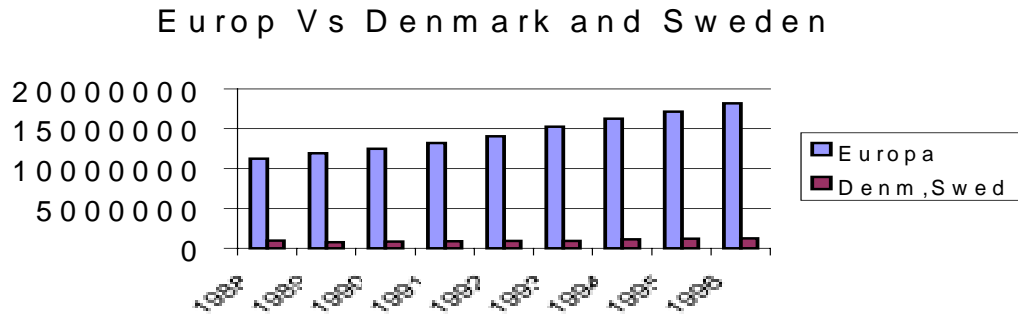
The above graphic shows a very slow increase in the market for North Europe compared with the permanent increase of the world market. This graph helps us to understand the statement about small increases in the container sector in North Europe.

Even though, as it was mentioned before, the world container market has grown in the last decade by almost 10% on average, there is not the same increase for North Europe. There are factors that will predict the increase of the volumes in the area.

The Baltic Sea has been facing a reduction of the traffic due to the crisis in Russia. This problem will be overcome and there will be an injection in the market.

Another indicator is the permanent increase of the European Union negotiations in the region. There will be movement of cargo from one country to another with less limitation of both natural and artificial barriers.

3.1.2 The container market of Europe compared with Sweden and Denmark.



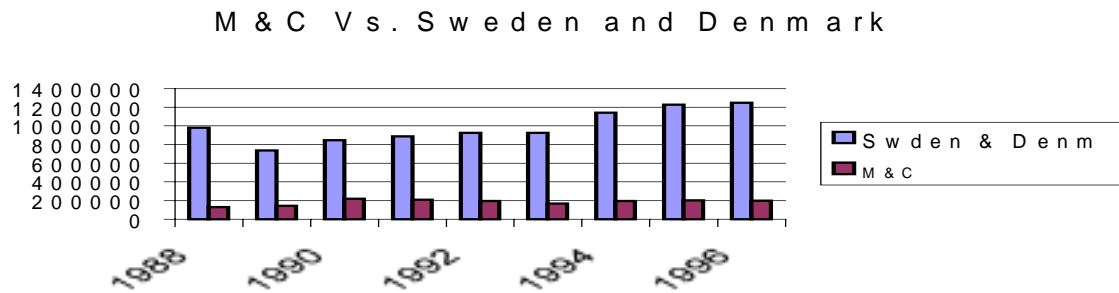
The above graph presents the behavior of the market in North Europe compared with Sweden and Denmark. Sweden and Denmark concentrate their balance of trade based on their economies. They are dependent, one from each other. On the other hand Germany is an important player in the economy of both countries. The cargo going from Denmark and Sweden to Germany is handled mainly by trucks. This volume will increase when the bridge is finished. Because there will be an expected increase in the demand.

Also there is an important consideration of the trade by the influences of Germany's economy in the Sweden and Denmark that probably aloud to predict a reduction in the port demand for this cargoes because of the construction of the bridge. Even though the market will continue growing in both imports and exports especially from the Far East.

There has been an important increase on the economies, especially in Denmark, that has grown in the last year. The reason why the container market is not reflecting this increase is because the transport of the cargo to Germany is mainly done by truck.

3.1.3 The container market comparison of M&CP. vs. Sweden and Denmark

One point to consider is analyzing the reduction of the traffic

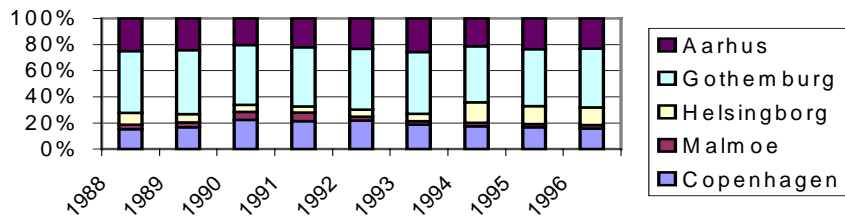


At this point, and after having measured the figures presented in the second chapter of this work, it seems that the M&CP are depending more on their local economies, and will continue like this for quite a long time. The economies based on them are especially of those customers that provide permanent volumes of containers to the terminals.

Being so closely related and having similar influences, it is important to welcome the strategic alliance of both ports. There are other interests, and other reasons, that may affect the integration. Those questions of why not merge with the port of Helsingborg instead; those of why merge with a different country? beside these individual points of view, there is an important fact showing that the integration for the container market seems good for both terminals.

3.1.4 Container Participation in the Oresund region

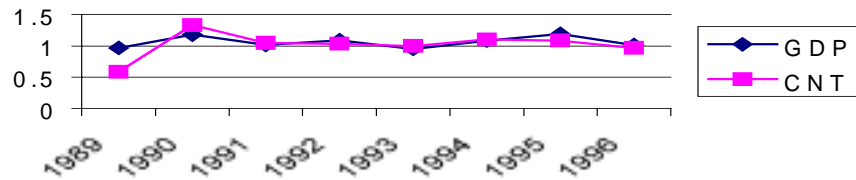
Participation of the Main ports in the Oresund region



Graph 3.1.4 presents the ports participation on the Oresund region where it is confirmed that there is an increase in the share of the container sector. Gothenburg is including to have a measurable way of comparing the increase. The increase of Gotemburg is explained by the specialization of their terminal as a HUB port.

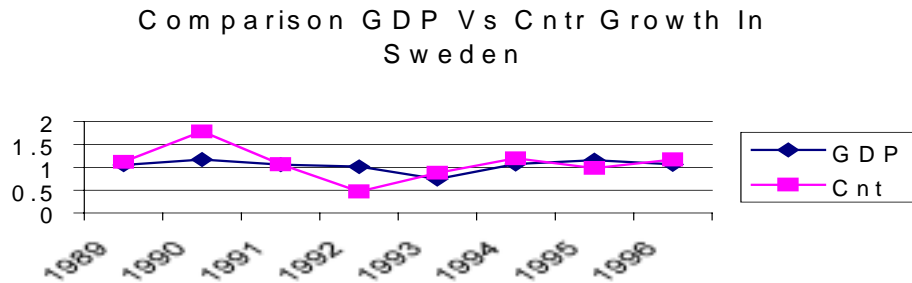
3.1.5 GDP and Container Growth comparison in Denmark

Comparison GDP Growth Vs Container growth in Denmark



Graphs 3.15 and 3.1.6 are related and the container volume has been following the trends of the economies of the ports. One important event is the integration of the Oresund regional economies. There are a lot of expectations in the increase of the market. This situation will provide a new market development and a possible increase in the volume of cargo demanded.

3.1.6 GDP and Container Growth comparison in Denmark



The graph 2.1.6 presents and confirms the postulate of the dependence of the port business in the national growth of the country.

3.2 Marketing plan for M&C Ports

The following marketing plan is a written document detailing specific marketing action aimed at supporting some decisions to be taken in the container terminals of M&CP, as well as defining specific objectives within the framework of an identified marketing environment which is the container market.

The intention of this marketing plan will be to present a strategy of how the marketing department of M&CP should attack a specific line-up of major marketing opportunities. Carrying out those intentions involves the interaction of everybody in the company to develop new responsibilities and to determine who will be responsible for a wide range of activities.

3.2.1 Objectives of the Marketing Plan

The marketing plan has clear objectives and these has to be defined from the beginning of the study. It is important to follow them to secure the achievement of the targets. Here is the list of those objectives of the marketing plan considered of importance.

- Identify long-term trends and their implication on the container market

- Help define the key strategic issues facing the organization
- Open communication among the key players in the organization
- Improve management control by setting objectives and providing measures of performance by controlling the sales and marketing department results.
- Provide a new concept in the development and implementation of the sales activity, as the major tool for approaching the market.
- Increase the aggregated value of the services provided by the port to the market, by direct contact with them, and by the definition of requirement of the customer to provide those in the port installations
- Define the market target of the strategic alliance of the M&CP
- Revise the marketing department structure of the emerging company
- Take advantage of the strategic alliance of the M&C port and consider this alliance as a powerful tools for penetrating the new target market
- Allow one partner to build on the other's experience and achieve substantial savings by using the partner's distribution network

3.2.2 Justification for implementing the marketing planing in the M&CP

A Strategic marketing plan helps an organization to develop a shared vision of its policies, goals, objectives, and activities (Kotler 1997). It defines the organization's planned trajectory for achieving the market share and increasing it in the future.

To be effective, the marketing plan process requires the input of all the organization's stakeholders. It requires collaboration between the board of directors, the sales personnel and upper level managers.

There are several reasons for supporting the implementation of a marketing plan, among which, some of the main ones are presented below.

- The container operation's survival or profitability might depend on marketing decisions or reorientation
- Choosing the right marketing manager is very important for the emerging strategic alliance of the M&C Ports
- A decision of implementing a marketing plan involves committing a high proportion of resources: financial, managerial, physical (construction of something) and others
- Making a particular marketing plan will close off other options that are also attractive
- The new marketing plan takes the organization into market and geographical areas in which it has little experience
- The marketing plan involves long-cycle feedback
- The marketing plan involves defining the Marketing Department's responsibilities in a new way
- The marketing plan will give the Marketing Department a different image and administrative structure

- The integration of M&CP requires, as ever, the biggest challenges and an opportunity for marketing planning to increase both the market share and the profitability of the container terminal operation.

According to J. Westwood (1990) there are a number of different approaches that a company can adopt in planning for the future. In traditional planning, the plans can be differentiated according to the time-scales they cover. The objective of this marketing plan is to be adopted in the short-term but its development has to be carried out in the long-term.

There is no a clear definition of the length of the time covers by the mentioned plan, the time is only projected in accordance with the M&CP's managerial priorities. In any case, the implementation and the achievement of the targets of growth settled by the M&CP has to be focused to assess the future economic and business trends a few years ahead.

3.2.3 The Marketing Plan

This section presents the marketing plan for the new emerging marketing department of M&CP. The objectives and justification for implementing a market plan into the organization has already been considered in the previous session of this chapter. Before starting the development of the strategy, it is important to analyze some considerations.

The strategic analysis for the marketing plan will consider the main steps as follows: First, an analysis of the marketing department-wide mission, objectives, and goals.

Second, the SWOT analysis will be carried out, the organization's strengths, Weaknesses, Opportunities and, Threats.

Three the formulation of the core marketing strategy to achieve the specified goals.

Four, establishing detailed programs and tactics to carry out the core strategy.

Five, the philosophy for the budget implementation and evaluation will be considered.

3.2.3.1 The Marketing department of M&CP, mission, objectives, and goals.

According to Drucker (1998), "Marketing is the whole business seen from the point of view of its final result, that is, from the customer's point of view".

Marketing planning must begin with the consumer, not with the organization. It is necessary to consider outside-inside marketing; this is to plan the company marketing objectives in accordance with those objectives of the customer. This new approach will replace the traditional inside-outside marketing.

In other words, the marketing plan mission is carried out based on the customer requirements and not on any company presumptions. This strategy will avoid failures in the future of the marketing share result of the company.

"The customer is hard to change, the organization is not. The process of changing the organization to accommodate customers ensures that consumer trends will be carefully monitored" (Kotler P. 1998).

Most organizations are not customer-centered. Some lack sufficient financial resources to hire, train, and motivate good employees in direct contact with the public. Such sales people, with a high standard of customer satisfaction orientation has to be recruited by the company, to fulfill the target and the plan.

To conclude the mission objectives and goals of the marketing department of M&CP can be summarized as follows: the provision of a total customer satisfaction based on their requirements and own objectives, by providing the services required with the highest level of quality in the market, supported and provide by the marketing, sales, and customer service team of M&CP.

3.2.3.2 SWOT Analysis.

This analysis will be carrying out for the Port Malmö, and take into consideration its Marketing department from the point of view of the organization's Strengths, Weaknesses (considering the internal analysis of the organization). And the Opportunities, Threats (externally analysis of the company) which be summarized as follows.

Internal Analysis: Considering the internal structure of the Marketing Department and the integration.

- Successful organizations maximize opportunities by identifying attractive markets and developing the organization's strengths required to appeal to those markets.
- The analysis of Opportunities should consider.
- Market size. Large markets are more attractive than small markets.
Market growth rate.
- Surplus building.
- Competitive intensity.

Strengths:

Size and status of the company is well recognized in the region, Malmö is considered the third port in Sweden from the total cargo handled.

The experience and track record (years of experience) of the Marketing Director in the port:

- Regional Coverage
- Quality of the service provide by the marketing department
- Quality of their staff
- Willingness to innovate
- Relationship with the top accounts
- Improved marketing skills
- Computerized services

Weaknesses:

- With the integration it will be necessarily to setup a coordination between regional offices.
- Shortage of personal with sales and well training, for standing the marketing coverage and increasing the sales strategy
- Inconsistent quality standards
- M&CP deal with too many mismatched customers
- Inexperience of new recruits
- No national coverage
- The small customers are not considered at all in the marketing strategy, and there is not a follow up for their present and future needs.

Opportunities:

- Improving the regional coverage by the integration with Copenhagen port.
- Profitability of the container operation in the organization.
- Increase in public spending.
- Increase in the marketing by the integration of the regions.
- The volume of cargo will increase.

- Extend regional coverage.
- Investigate new markets.
- Make better use of our computer system for developing the data base information.
- EU deregulation and regulation for transporting by sea, because it is environmentally friendly.
- Look for a partner in Europe (Copenhagen)
- Area availability for increasing the storage capacity of the containers.
- Availability for providing service to new shipping companies in terms of containers operation and terminal handling.

Threats:

- Down turn of the economy
- Loss of key personnel if the integration is done
- Problems in recruiting right qualify person by each company
- Changing in key market segments
- Increased marketing sophistication by competitors
- The national economy goes into deep recession
- Assumption marketing objectives
- Marketing strategies
- Program (sales)

Besides the SWOT analysis it is important to consider another important tool know as the Marketing Mix. This is to improve the match between benefits sought by customers and those offered by the organization so as to obtain a differential advantage.

The marketing mix is provide in accordance with the financial requirements of the organization, there is necessarily to work with the operational, financial, Marketing, and settle a team where the final price can be defined. It is important first to find the break even point price, this is to define if the company will accept any lose in some areas, and

recover by the provision of other services. For example, attracting the containers handling by ship owner and providing added value to the shippers and consignees.

In terms of PRODUCT the companies have to define the different lines of products or services in this case, to approach the strategic of the Price, we can not provide a service to the container, if we do not have those container in the ports yards. There is way the company has to define the politics regarding to this marketing mix tool

The third element of the Marketing mix is the PROMOTION. There are several ways of promoting the port activities. From our point of view which is the base of the next chapter. Is an strong an aggressive sales strategy. By promoting the port visiting the customer. And not only to sales the actual facilities of the port, but to search the customer needs to crate new products, new services, to the level of price where the company will have a good return in the investment, and by continuously growing in the container market and the customer satisfaction.

There has been mentioned by other Marketing analyst that the marketing mix has also to consider other elements for the implementation of the strategy, it is important to mention, but intrinsic understanding is reflecting that these elements are basic for any activity this is People, Processes, Customer Services.

3.2.3.3 formulation of the core marketing strategy to achieve the specified goals.

Consideration, and recommendation

The integration of the M&CP will require a specific strategy to follow in order to organize the new marketing department. In the previous chapter it the Marketing structure of M&CP was defined. While this investigation was done, the observation carried out aloud to conclude that the Marketing Department of the port of Malmö has an integral department carrying out both Marketing and Sales, while the Copenhagen Marketing Department is divided and isolated from the sales team.

The first recommendation is thus to unify into one department both Marketing and Sales and provide one director with experience in both areas.

The separation of the sales and marketing team can create difficulties for both groups. While the former is out in permanent contact with the customer, the latter is searching and revising figures, when the forecasting and marketing plans have to be carried out by both teams each is looking in a different direction.

Marketing is the provision of services or goods in order to meet the customer needs. On the other hand, it is necessary to find out what the customer wants, and this only can be achieved by asking the customer this question, and also persuade them to give the answer. This activity is done by the sales team who by continuous contact with the customer has gained the confidence and will have a close relation to make a kind of team work between the company and the port.

3.2.3.4 Detailed programs and tactics to carry out the core strategy

Consideration and recommendation

After integrating the sales and marketing department, it is necessary to define a portfolio of services and focus on each of them with a specific target in terms of budget and volume to achieve.

Among these services one of the divisions has to be focus in the container market united with the LCL (less container load) cargo.

This strategy must be oriented to include added value to each of the cargoes handled in the port, through the direct service of the port by providing the space and facilities for the customers to carry out their own goods requirements.

Consideration and recommendation

Establishment of the Customer Service Desk, to provide continuous support to all the customers of the port. It has been observed that the activities of the sales personnel and some times the marketing area, focuses on solving the problems of the customer instead of focusing on the achievement of the targets and budget of the company, through their core activities which are marketing and selling. The sales personnel has to be in personal contact with the customer on a preplanned basis (sales plan).

Consideration and recommendation

Preparing a measurable marketing and sales forecasting for each of the services of the portfolio, will provide an opportunity to follow the results of the marketing strategy, also to focus on those areas where the higher concentration of the turnover of the company takes places.

Consideration and recommendation

Planning the sales activity, will conformed by a matrix on a yearly, and monthly basis and, in the next chapter the description will be given for its implementation.

Consideration and recommendation

Continuous revision and feed back of the marketing strategy, in order to find any inconvenience and non-expected situations that may arise. Also this will provide an opportunity to redefine any politics or reorientate the marketing plan direction.

3.2.3.5 Philosophy for the budget implementation and evaluation

There are 3 ways in which budgets come into existence.

- Mechanical method, the budget is simply handed down as a historical cost percent

- This method consist basically in that the budget builds from the bottom up as lower levels of management estimate what they will need to perform their specific tasks.

- The cooperative method. This is a three-phase method

a. management sends down a loose estimate (based on their corporate objectives).

b marketing planners develop their strategies within the general parameters of the management figure with freedom to recommend exceptions backed up by full details justifying all requests.

Top management fully reviews the marketing plan which calls for a detailed marketing budget and decides on a final approved figure.

The independent approach, where each functional department (the container terminal) involved in the sales forecasting process develops its own forecasts for its own internal uses, independent of all other departments.

The concentrated approach, one department is assigned the responsibility for developing the sales forecasts and all other departments must use the resultant forecasts.

The negotiated approach where each functional area makes its own independent forecasts, but representatives from each functional area get together each forecasting period to reach the negotiated final forecast.

It is well known that a successful marketing strategy considers to have the right product or service in the right place and at the right moment, with a high standard of quality of the service and followed by good customer service and post sales activity.

It is important to clarify the meaning of selling, which is a concept, which involves persuading a customer to give the service order. Even though sales are vital for a company, they are only one part of the marketing process.

The marketing strategy presented here is mainly concentrated on carrying out a well planned (programmed) sales activity, which will include other aspects of marketing, such as, previous activities for selling, the selling itself, and the post selling activities. There is a model included in the next chapter.

For example one company begins their planning process by developing a market-based sales forecast. From this base, the annual business plan is developed. If the market-based sales forecast does not generate sufficient revenue for the business plan the sales forecast is sent back to the in charge, with instructions on how much sales must increase in each market over the initial forecast to meet the plan.

The forecasting person determines how much additional resource needs to be budgeted for marketing efforts that will help to increase sales to the desired level.

The revised sales forecast goes back to planning and continues to iterate until a realistic plan is finalized.

Recognition of Cross-Functional Role

Must understand the planning purposes for which the sales forecasts will be used by the various business functions (marketing, sales, finance, accounting, production/purchasing, and logistics).

Conclusion

Individuals or companies do not control the marketing environment in which ports are operating. There is a continuous change and it is necessary to control them. The only way of having a better result is by a mix of the abilities of the port, the requirements of the customers and the marketing tendencies and future changes.

Any activity requires the marketing operation system, it does not matter if it is profitable or not, but it is important to have a sequence and structure of the activity. When there is a decision to take and someone has to take the decision, it is important to analyze the past performance of the industry or activity involved. It is also necessary to determine and predict what will be the tendency of the activity or market, and finally it is important to define a marketing plan for a better approach of the marketing, through an essential tool of the marketing process, which is the selling activity.

If the enterprise seller, marketing department or any entity follows this procedure there will be a higher probability of success in achieving the objectives.

In this case the mentioned steps have been followed and will be complemented by an action plan for selling the M&CP presented in the next chapter.

CHAPTER 4

ACTION PLAN (Implementation)

Sales Department

The objective of this chapter is to present a sales strategy for the marketing department of M&CP. This strategy is presented as an optional tool for increasing the market share in the container business of the region as well as to create a better structure of the sales force of both companies, establishing clear markets targets, budget development, and other sales indicators to achieve the marketing objectives in the company.

The strategies, which will provide the achievement of the marketing goals, are changing to a new sales structure as a force, to attack the potential market and secure the present market. The sales force has also to be supported by an internal force, which is the customer service desk that will also be described in this work.

The chapter:

The customer is a partner that is the new paradigm of marketing. The main objective of this chapter is to develop an approach of the sales strategy and new philosophy to be implemented in the organization, by restructuring the sales and customer service department in the organization. The chapter is divided into three parts.

First, an introduction of the philosophy and some reasons why the sales structure is necessary are present.

Second, the sales force distribution, planning, coordination, and controlling (measuring the results) the budget.

Third, the structure of the customer services desk.

4.1 Why the sales philosophy of the Sales Department are important

Selling and customer service desks are often described as secondary players in the marketing structure of the organisation. Selling and customer service desks are tools that contribute strongly to marketing performance. The basic requirement is a clear, controlled, measurable and well motivated strategy to achieve the objectives.

According to Kotler P (1988) "Sales promotion departments are not well understood by marketing practitioners." Ports are service providers, the service being considered as an intangible product. Intangible products require a strong corporate image and the only way to secure the credibility of the service and the confidence of the customer is by providing permanent contact. The sales force needs to be a personal provider of the information for the customer. A good example of the permanent contact with the customer in the maritime sales structure, which has been characterised as a very strong, aggressive and continuous sales provider.

The shipping sector is always searching with the customers for new ideas. They have been expanding and implementing new ideas to extend the transport chain for the customers. In the beginning, the shipping industry was only a provider of sea transport. Later on through co-ordination and continuous contacts with the customer they started to increase the service, and the industry went from sea transport to inland transport, multi-modal transport, and LCL cargo providers. As well as door-to-door services, even do some shipping companies are already operating their own dedicated ports.

As mentioned before ports, as an industry, have been reactive and weak in the marketing and sales areas. With the specialization of ports (HUB, Feeder, Transit, Mix), the industry is facing a change in the way of deciding which of the mentioned categories they want to be. With the specialization of ports it will be ease for the company to provide better Financial, Administrative, and Marketing structure. For instance, Malmö, Helsingborg, and Copenhagen are feeder ports, Hong Kong, Rotterdam are HUB ports, Cartagena (Colombia), San Antonio (Chile) are transit ports and, an example of a mixed port is Marsaslow in Malta.

Each market has different customers: ship owners, shippers, consignees, freight forwarders, and stevedoring companies, tug companies among others. No matter who are the customers it is important to have a clear policy philosophy and strategy for approaching the market.

Strategic alliance and joint ventures are different ways to secure market participation. A good example would be the integration of Malmö and Copenhagen, where there will be one force to capture a larger market.

This would avoid the threat of losing strong participation in the market, especially where in those countries, for instance Sweden, Colombia, Chile, USA, among others there are a large number of ports competing one against each other for the same market share, and there are no signs of merging. In this case the marketing strategy and the sales plan become very important.

The large amount of effort, money and logistic coordination for the negotiation of a cargo coming or going abroad to or from a country, is very time consuming and a very expensive activity.

A good philosophy is to establish an effective marketing plan in the company, to provide the product and service to the customer through the permanent contact with him.

Once the philosophy, market target, market segment and the objectives are identified, the port has to provide what the customer needs and requires. To identify these needs permanent contact is required and also the port has to ask to the customer what are these needs.

The customer needs to be told that the infrastructure, superstructure, and the organisation is used by him. For instance: storing, warehousing, customs, freight forwarding, LCL services, consolidation, loading and unloading, distribution of the cargo, to the center of production of consumption, (for feeder ports such as the M&CP status) and any other value added. All this will result in increasing the productivity of the customer, reducing their costs, and providing the time for concentrating and focusing on their activities or their core business.

The port has to be understood by the customer as a partner and the customer will become a partner as long as he trusts the quality of the infrastructure, service and the people serving his industry.

4.2 Sales force distribution

Companies require the continuous flow of information and feedback from continuous operation. It does not matter that the product, the origin or destination of the cargo always is the same. Each operation, each shipment, each order, is a different history every time. When the port provides the service and secures the cargo and it arrives it is essential for the port to follow up the customer, to evaluate the service provided previously, to secure the next shipment, and finally to reduce the impact of pressure put on the customer by competence. The competitors are doing the same to secure their customers.

Considering the customer as a continuous service demander it is necessary to provide programmed contact. Also it is important that the companies sales force is acting as a

proactive force, reducing the problems faced in the past, during and after the operation was completed.

It is important for M&CP to increase the knowledge of each of their customers. Knowing their day-to-day business and creating teamwork, the possibilities on extending the port services and increasing the added value of the service, current or potential, provided by the organisation to the customer.

Distributing the sales force to the customer will increase the interrelation of both organisations. The sales force is one way of selling the port service, and is a way of increasing the activities and services requirements where the port is more efficient.

For instance, the Malmö Port is very efficient in warehousing, national distribution, palletising, packing, storage of goods, inventory control. Freight forwarding is among other activities that can be done by the port organisation upon the request of the customer.

The customer has to understand that sophisticated logistics services is defined as optimizing supply chains to serve them, and the port is the best provider of these. Logistics allow a manufacturer to deliver customized products while still benefiting from the cost savings of mass production provided by the port.

4.2.1 The sales personnel

According to Drucker P (1988) "Sales personnel serve as the company's personal link to the customer. The sales representative is the company to many of its customers and in turn brings back to the company much needed intelligence about the customer."

The distribution of the sales personnel can be done in different ways; here below is presented an approach to the field sales.

4.2.1.1 Field Sales

The sales force can operate geographically with account assignments. The number of customers for a dedicated sales management is approximately 100 customers, if they are located in the same area (city). The number will vary depending on the location of the customers.

Presenting the sales personnel to the customer is very important, the sales force has to be seen by the customer as a sales manager with decisive capacity and with enough training and experience in the sector to help the customer in the port business.

To have an idea of the coverage of the sales personnel here is a list of the different nominations commonly used by the sales market:

saleswomen, salesmen, sales representatives, salesperson, account executives, sales consultants, sales co-ordinator, sales engineers, field representatives, agents, service representative, marketing representatives.

The sales team handles products from multiple business units. This is to save on sales and distribution costs for related products. Synergy can be achieved by using a single sales force. Additional reasons for using a single sales force are an increased emphasis on long-term relationships with customers and the need to co-ordinate sales across divisions to major corporate accounts.

4.2.1.2 Characteristics of the sales personnel

Sales people need to have some basic elements and they have to be trained in both the sales techniques and the product. They need the basic skill of human relation factor, social behaviour, and the sense of service provider to the customer. In summary the sales personnel can be described as:

- Leader not a clerks.
- Sales forecast developers and Users
- Good at understanding of forecasting techniques
- Having full awareness of the role of the forecasting system
- Mentor Trainers
- On-going Trainers

4.2.2 Sales force distribution

The Sales department has to consist of by a number of sales executives that will cover the market target. First it is necessary to establish the classification of the customer.

4.2.3 Market segmentation, distribution of customers

4.2.3.1 Selection of companies with histories as leading in the market, TOP 25.

Current customer previous (market loss) potential customers

Top 25-customer list

Customer	Yearly Volume	Competence	Commodity
NBA	300 TEUs	Port Helsingborg	Spare parts
NYK	200 TEUs	Port of Arhus	Fruit Stuff
IKEA	100 TEUs	Copenhagen	Furniture

The selection and classification of the customer has to be determined by volume of the cargo handled. There are different ways of distributing the market, the most common being the volume of TEUs handled per year.

In the top accounts list the current and potential customers in the area have to be included and well identified. The top accounts have to be in permanent contact. The

sales strategy and planning the contact with these customers is presented later in this chapter.

4.2.3.2 Total market volume and identification

The total market include the entire customer potential real and by volume handled by each customer. It also is important to include the cargo type and the category of the business. Export or import and the season if necessary.

The total market identification is important for the total view of the customer of the port; also this list is required for the distribution of the customers among the sales personnel.

The list has to include the location of the company (address and general information), the commodity, and the person in direct contact who is a decision-maker in the business.

The information is used for distribution of the customers by geographical region, by commodity; origin destination or other classification may be required. Another importance of the list is to provide a clear picture of the business of the company, also the 100% of the market and how much the port is moving, this in order to co-ordinate, control and measure the increase or reduction in the market share of the company. Other information to be included is:

- Customer individual volumes
- Frequencies, periodicity
- Cargo characteristics
- Final destination
- Final customers

The information must be collected during visiting the customers and conducting interviews. (Detailed protocol preformatted of questionnaire should be seeded to each person before the interview is done.)

4.2.3 Sales force planning

Monthly planning.

Customer	Class	Volume	Week 34	Weak 35	Weak 36	Weak 37
General Motor	A	300 TEU	X			X
IKEA	B	150 TEUs	X			
Charcoal	C	50 TEUs	x			

The sales force plan should be carried out by providing the name of the customer, the year volume, and other information required by the company (revenue, person in charge, credit etc)

Planning the number of visits per day, per week and year, it can be established how many customers have to be visited by each salesman.

An example for a sales person can be (if all the customers are in the same area or city)
Total of visits per day 4.

Number per work days a week 4 (one day is reserved for planning the agenda and preparing the information required for visiting the customer). In other words one day in the office is to learn about the customer's business.

It is necessary to include the number of holidays, the vacation period, and determine the number of visits per year.

40 weeks X 4 visits per day X 4 days per week = 640 visits per year

Now if the company considers that the Top account (example 25) should be visited twice a month then:

25 Top account A X 24 visits year = 120

Customer B will be visited once a month, considering 40 customers the result is:

40 customers B X 12 visits a year = 480

This will give a total of 600 visits per year, and there will be 40 visits for potential customers that are not using the port services.

Under this theory the port can distribute approximately 70 customers to each sales man to cover the market.

4.2.3.1 Sales force co-ordination

The yearly program will provide two new elements which are the monthly program and the weekly program. The sales people are required to provide this information in advance and the year plan has to be ready before the year starts.

Every Friday or Monday the marketing team will have a meeting to evaluate and to plan the previous and the coming week, also in this meeting all the information and special requests of customers are considered.

This meeting is important for evaluating the budget and seeing if the company is achieving the target, and why not if this is the case.

4.2.4.2 Budget and sales force control

The leader role of the sales forecasting person inevitably Leads the company to higher standards of motivation and production. It provides a focal point for the discussion of sales forecasts and their use, and to a greater understanding of the role of sales forecasts in business planning.

The responsibility to examine sales forecasting performance can be achieved during the individual meetings each sales person has to get an individual budget in volume or in revenue. The port needs to measure and to know in advance which customers are responsible for giving the income and how much. Also the season if the customer has a special behaviour in his business, for example fruits, coffee etc.

Such responsibility eventually results in the implementation of a consistent and equitable performance evaluation system that rewards all parties involved in developing the sales forecasts based upon the sales forecasting effectiveness.

The company-wide combination of the benefits will result in improved customer service, lower supply chain costs and a reduced risk for the company.

4.2.4.3 Budget assignation

Setting goals for the sales force and motivating sales people to exceed these goals are important. These concerns require accurate demand forecast, finance and accounting are charged with the job of projecting costs and profit levels and capital needs, all based upon a given sales forecast.

The company should set sales quotas for their sales department, specifying what they should sell during the year. On the other hand compensation is often related to the degree of the fulfilment of the quota.

4.3 Customer service Desk

Fixing and repositioning not profitable product lines or strategies of service, for instance customer service, and the sale team distribution.

-The consensus approach, where a committee with representatives from various functional areas and one person in charge develops the sales forecasts, based upon information input from all the functional areas.

4.3.1 Public Relations.

Public relations is another important marketing tool; this concept is not clearly understood by many organisations. For the port industry it is important to consider this activity in the strategies of the company to increase the corporate image. This activity is generally located at a corporate headquarters and is done by the middle management team.

The impact of the port industry in the community has to be very carefully analysed and prepared, in order to reduce any impact caused by an unexpected situation dealing with the port activity; for instance, accidents, contamination, environmental impact, visual contamination among others.

Public relations has to deal with the inside and outside customer: for instance, the stockholders, employees, legislators, community leaders among others.

The most important activities of the Public Relations Department are:

Press relation. It is important to maintain contact with the local, international, and specialized media to promote the company's activities and in some way influence them to include the company news articles and others in their periodical publications.

Finding or creating favorable news about the company its services and people is desirable.

Corporate communication. This activity is focused on external and internal communication, to give official communications. Company can draw the attention of the community by arranging special events, news, conferences, seminar, competitions, anniversaries, and other activities that will increase the corporate image of the company.

Lobbying: Dealing with the legislators and government officials to promote or defeat legislation and regulations. In this way the company is aware of future changes in the government in order to be proactive instead of reactive to the future changes of the industry.

Counseling and advising management about public issues, the company's position and its image in the sector.

Conclusion

The sales force needs to be well trained, it requires special skills and most important of all is that the sales force has to become the image of the port itself. It is important to coordinate control and to establish clear targets for the sales force in order to have a clear goal and a defined target that will guarantee the success of the marketing strategy.

An important factor to be considered is the budget. The sales personnel has to understand that the sales activity is the main provider of income of the industry and it is to be controlled, not to measure their performance but to guarantee that the budget target will be achievable. For this reason periodical meetings and periodical control of the sales individual results are important, first to change the strategy if is necessary, and or to replace the customers if they has been a loss.

CHAPTER 5

CONCLUSION

To finalize this work some conclusions will be presented in this chapter.

There are two different marketing structures in the Port of Malmö and Copenhagen. Each one has been developing different strategies and managerial methods. If one of the two structures has to be selected for the new integration of the ports, there will be no one answer which follows one or the other of the two different strategies. As a result it will be a mixture of the present structures considering the actual structure of the Port of Copenhagen and following the strategies of marketing the Port of Malmö.

Whatever the structure that is selected, it is necessary to establish a clear marketing plan, as well as to divide the budget in to the different centers of production of the ports.

Also the new marketing department has to set up a sales strategy and create a sales team in which the personnel will be in charge of different accounts and customers of the two ports. The division should be done regionally and locally.

The budget responsibility has to be distributed to both the sales and marketing teams, and they have to be responsible for its achievement. The Monthly evaluation of the budget has to be done, and a weekly follow-up of the sales team as well.

The sales activity has to be preplanned on a yearly, monthly and weekly basis. The number of visits per week has to be decided in advance. Constant contact with the customers will open new business.

The new Marketing Department has to create the Customer Service Desk to provide daily support to the customers and the sales team.

The integration of the container terminals should be done in the Port of Malmö because both the present operational and financial figures are positive.

The marketing plan has to be prepared in conjunction with the operational and financial department.

Entering into strategic alliances can be dangerous as a general strategy for globalization. Acquiring a merger with companies in other countries, and establishing a common corporate culture and agenda is demanding, even with a common set of shareholders and board members and a single top management team.

Add to this challenges of optimizing the global structure by reallocating markets, closing some common areas (container terminal) or integrating some of those. It is important to keep in mind that these changes become even more difficult to effect when minority interests need to be protected or an equal partner needs to be placated.

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