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THE ROLES OF MARKETING MANAGEMENT IN PORTS, WITH SPECIAL EMPHASIS ON THE EAST AFRICAN SEAPORT OF MOMBASA

BY

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REPUBLIC OF KENYA

A paper submitted to the faculty of the World Maritime University in partial fulfilment of the requirements for the award of a

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The contents of this paper reflect my personal views and are not necessarily endorsed by the World Maritime University.

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October, 1987
To Barbara, Linda and Felix
ABSTRACT

Ports compete not only among themselves but also quite often with nonport providers of services traditionally provided by ports.

This study advocates that the Kenyan port of Mombasa, given its competitive situation should think seriously on ways and means of effectively competing against the Tanzanian ports of Dar es Salaam and Tanga. To do this the study suggests that the port management pay increased attention to marketing techniques. It is appreciated that due to the nature of ports, marketing cannot be treated in exactly the same way as, for example a manufacturing firm.

The study starts by a situational analysis which is rather extensive but necessary. It then moves to a stage of setting objectives of the marketing effort within the overall port objectives and strategies to achieve them. The importance of evaluating the total marketing effort through a marketing audit is highlighted. The study then makes a series of propositions on what the management of the port of Mombasa, in the process of carrying out its marketing efforts could adopt.
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ABBREVIATIONS USED

AMA American Marketing Association
IAPH International Association of Ports and Harbours
ICD Inland Container Depots
ISCOS Inter-Governmental Standing Committee on Shipping
ISO International Standards Organization
TEU Twenty Foot Equivalent Unit: Technique of Quantifying ISO Containers
DWT Deadweight Tonnage
KPA Kenya Ports Authority
THA Tanzania Harbours Authority
PDI Port Development International
CHAPTER 1

INTRODUCTION

Marketing is increasingly becoming necessary in today's competitive situation in the ports environment. Marketing as a concept implies a competitive situation and it is often associated with Western European and American ports where inter-port competition is very strong.

This study is motivated by the fact that marketing has not been afforded enough attention in developing countries' ports. The objective of this study is therefore to examine the methods, concepts and procedures of marketing as a management technique and how it can be applied in the Kenyan port of Mombasa.

For the purposes of this study, marketing is defined as "the management function which organizes and directs all business activities involved in assessing and converting purchasing power into effective demand for a specific product or service to the final consumer or user so as to achieve the profit target or other objectives set by a company"!

This definition is by no means the best nor is it the most comprehensive. The definition however supports the application of marketing to ports in so far as it puts emphasis on the distribution and transportation functions which are part and parcel of the marketing concept. In terms of marketing, a port falls under a service organization and as such must see itself as a provider of services. The reasons underlying the choice of port by shippers and shipowners are often many and varied. The port being between these parties must as a matter of priority take an active role and determine exactly what her customers need and to analyse the factors underlying their decisions. A market research section within the marketing department can be a source of information enabling the port to help its customers find creative solutions to their problems.

The assistance to customers and shippers in particular is very significant given research findings which have established that in most cases, shippers are not aware of the alternatives available to them.

In the East African region the Kenyan Port of Mombasa and the Tanzanian ports of Dar es Salaam and Tanga do share a competitive hinterland where shippers are in a position to choose which port their cargoes will pass through. The shippers under consideration here are in the landlocked countries of Uganda, Rwanda, Burundi, Eastern Zaire and Southern Sudan. The port of Dar es Salaam can and do serve Zambia and other landlocked Southern African countries. For this study, only the shippers in Uganda, Rwanda and Burundi will be considered.

The other area of competition is on ship calls. In particular, large container ships are currently undergoing a process of rationalization which is marked by two major characteristics:

a) restricting round voyage times by reducing the number of ports to call within a given port range

b) the obligation of ports called to offer calls with very quick services, far more than what mere economical reasons would command.

The main point here is that, the port to be designated as the "main port" in the East African region will be that which is considered to be the best overall under the considerations relevant to ship operators. Other factors being constant, the main port will be that which ensures the most rapid turnround of the vessels.

This study begins by examining the position of the Port of Mombasa in meeting its customers' needs in comparison to its main rival ports of Dar es Salaam and Tanga. An analysis of the strengths and weaknesses of the Port of Mombasa and the two other ports aims to eliminate the weaknesses of the Port of Mombasa and to build and expand on its strengths relative to its competitors.

The basis of the argument here is that the Port of Mombasa has got no automatic right to cargoes to and from the competitive hinterlands nor does it have the exclusive right to be "the main port" in this region.
However, there is a need for it to be in a position of competing in these areas effectively.

The study then establish the objectives of the marketing programme as envisaged by the author. An attempt is then made to show the importance of integrating these objectives with the overall organization and to some extent national and regional objectives. Strategies adopted to achieve the objectives of the marketing programme are based on the ingredients or elements of the so called "marketing mix".

"Marketing mix" is the "combination of the elements used in a marketing programme of a specific product or service on a specific market". An adaptation has been made so as to reflect the uniqueness of ports.

The main point here is that each of the elements of the marketing mix must be applied in appropriate proportions because inappropriate combination can affect the whole marketing effort. It is suggested that strategies and objectives must undergo constant evaluation for them to remain effective.

The study ends by a summary of the conclusions reached and recommendations in the context of the findings and experiences gained by the author through visits to ports with formally established marketing departments.
2.1 The Economy and Trade of the East African Countries.

The economies of the countries in the East African region namely Kenya, Tanzania, Uganda, Rwanda and Burundi appear to be both similar and individually distinct. The situation is such that, the exports consist primarily of agricultural commodities while imports are mostly petroleum, machinery and spare parts.

In all these countries coffee appears to be the major source of foreign exchange. In Kenya coffee earns about 25% of the total income in foreign exchange. The figures for Tanzania, Rwanda, Uganda and Burundi are 35%, 65%, 90% and 85% respectively. The other important exports are tea and mineral ores.

The imports to the East African countries are dominated by crude oil. Bulk oil imports represent about 50% of all imports passing through the Port of Mombasa and approximately 60% of all imports passing through the Port of Dar es Salaam.

The major trading partners for Kenya were identified to be West Germany, United Kingdom, USA and Japan. Tanzania trades mostly with United Kingdom, USA, China, Japan and West Germany. Uganda's trading partners are USA, United Kingdom, Spain, France and West Germany.

As for Rwanda, the trading partners are Belgium, Luxembourg, France and Japan, while Burundi trades mainly with France, West Germany, the Netherlands and Belgium.


2.2 Shippers and Shipowners.

The shippers and shipowners normally expect port authorities to meet certain specific demands and the ability of the port to do so is very crucial especially where these users are aware of the alternatives available to them.

In the East African situation the shippers in the landlocked countries of Uganda, Rwanda and Burundi have got the option of directing their traffic to pass through any of the seaports of Mombasa, Dar es Salaam and Tanga. In the beginning of 1987, the Coffee Board of Uganda diverted part of her coffee traffic away from the Port of Mombasa to the Port of Dar es Salaam. Traditionally Uganda coffee has always passed through Mombasa. However, the Port of Mombasa, on the average still handles over 60% of the regions waterborne commerce.

At present, there are about twenty shipping lines calling at the basic East African ports of Mombasa and Dar es Salaam (see appendix 1). Most of these vessels are general cargo carriers. The number of container vessels are increasing. An average of about 30 container ships call at the basic ports of Mombasa and Dar es Salaam every month. Tanga is being used by Beacon Consortium as their third base for their fully cellular container ships.

2.3 The Nature and Basis of Competition.

Ports are often considered to be simple but formidable monopolies. This is especially true in developing nations where a country

4. The Economist June 20, 1987 p. 13

5. R H Wardwell and Veshoky D A: Port of Mombasa - Gateway to East Africa; Ports and Harbours November 1982 p. 18

6. ISCOS: Annual Report for the Year ended 30th June 1984
rarely has got more than two ports. However, even if a port faced no competitions from other ports, challenge can still be posed by air transport and even by inland transport.

The Port of Mombasa can be said to be facing competition in two major areas. First there is the competition for shippers in the competitive hinterlands of Uganda, Rwanda, and Burundi who have the option to direct their traffic to pass through any of the seaports of Mombasa itself, Dar es Salaam or Tanga.

The second aspect of competition involves transshipment. The development of containerization has provided inter-port competition, thus reviving the general decline in the transshipment business.

An examination of figure two reveals that in terms of container throughput, the Port of Mombasa ranks as the biggest in the port range starting from Port Said in Egypt to the Port of Maputo in Mozambique.

An ambitious container terminal project taking place in Dar es Salaam (expected commissioning time is December 1987), will seriously challenge the Port of Mombasa as one of the most advanced ports in terms of containerization.

So far, however, it is only the Port of Mombasa that has been involved in container transshipment in the East African region. Most of these were containers for Tanzania, Zambia and Somalia. Figures available show that in 1980 Mombasa transshipped 699 TEUs and by 1984, this figure had risen to 3,847 TEU. Neither the Port of Dar es Salaam or Tanga registered any transshipped containers in

7. This lesson has been learned by Railway Authorities in many countries who have acknowledged that they are in the transport business and not in rail transport

2.4 Total Cargo Throughput

The analysis of traffic passing through the Ports of Mombasa, Dar es Salaam and Tanga reveal that, the average annual traffic handled at the Port of Mombasa is 6.3 million tonnes, Dar es Salaam 2.4 million tonnes and about 0.25 million tonnes for Tanga (See Tables I - III).

Taking the above statistics and given that about 45% of all traffic passing through the Port of Dar es Salaam is Zambian cargo\textsuperscript{10}, the significance of the Port of Mombasa to East African waterborne commerce can be inferred.

The major reason usually advanced to explain higher volumes of traffic passing through the Port of Mombasa is the existence of a very large and diversified hinterland that generates larger volumes of cargo than the hinterlands of Dar es Salaam and Tanga.

In terms of competition, and with regard to exports, Uganda coffee exports are very significant to both the Ports of Mombasa and Dar es Salaam. Coffee accounts for 90% of Uganda’s exports in value and in terms of volume is about 224,000 tonnes\textsuperscript{11}. Traditionally Uganda coffee has always been exported through the Port of Mombasa. Diversion of some of this traffic to Dar es Salaam is therefore of great interest to the Port of Mombasa.

\textsuperscript{9} Ibid; ISCOS: Annual Report for the Year ended 30th June 1984, p. 16

\textsuperscript{10} Zambia is out of the context of this study. The Ports of Mombasa and Dar es Salaam serve other hinterlands other than the ones being considered in this study

\textsuperscript{11} This has decreased considerably due to political issues
Crude oil by far represents the single largest item in the structure of imports passing through the Ports of Mombasa and Dar es Salaam. In the Port of Mombasa crude oil accounts for about 50% of the imports which average about 4 million tonnes annually. At Dar es Salaam, oil imports account for about 60% of the total annual imports of about 2 million tonnes. Imports at the Port of Tanga are mainly fertilizers.

It is observed that there is increased containerization of dry general cargo passing at Mombasa and Dar es Salaam. Figures available for 1985 show that 1,2 million tonnes of general cargo passing through the Port of Mombasa is now containerized compared to 0,29 million tonnes for the Port of Dar es Salaam. With over 60% of all the region's waterborne commerce passing through it, Mombasa still is the biggest port in East Africa (for comparison see Tables I - III).

2.5 Transit Cargo Through the Port of Mombasa.

The percentage of transit cargo to total traffic passing through the Port of Mombasa is on average about 7%. Uganda is the leading country among the landlocked countries using the Port of Mombasa. Over 50% of all transit cargo passing through the Port of Mombasa is Uganda cargo.

The Port of Mombasa according to statistics available between 1980 and 1985, (see Table IV), has been handling on average, 90% of Uganda's external trade and 82% and 25% for Rwanda and Burundi respectively. It is observed that geographically these countries are closer to the Port of Dar es Salaam than to the Port of Mombasa.

It is further observed that although 85% of dry general cargo handled at the Port of Mombasa is containerized, a very small percentage of this is transit cargo. With plans to put up a container terminal at the border post between Kenya and Uganda at Malaba and others at Kisumu and Eldoret (See Fig. 1) most of this traffic will be containerized.

So far the limitation is that no suitable container terminal or handling facilities are available in Uganda, Rwanda and Burundi.
2.6 Transit Cargo Through the Port of Dar es Salaam.

Though Zambia is not within the context of this study, it is observed that 75% of all transit cargo handled at the Port of Dar es Salaam either originate or are destined for Zambia. Analysis of Table VI, which covers the period between 1980 and 1985, shows that Dar es Salaam handled on average 10% of Uganda's external trade, 18% and 75% for Rwanda and Burundi respectively. It can therefore be said that Burundi is Dar es Salaam's natural market.

With respect to containerization, the THA also plans to set up container depots at locations closer to the competitive hinterlands. Of significance are the ones planned for the Lake Ports of Kigoma on Lake Tanganyika and Mwanza on Lake Victoria.

2.7 Transit Cargo Through the Port of Tanga.

The Port of Tanga currently does not handle any transit traffic. However, with its classification as an outlet of the central corridor states (Burundi, Rwanda, Uganda, Kenya and Tanzania), it is poised to take away cargoes that had previously gone through the Ports of Mombasa and Dar es Salaam. The envisaged route stretches from Lake Victoria along road and rail routes.

This proposed route will have the effect of shortening the distances for Uganda and Rwanda cargo to and from the seaport. It will therefore affect the market shares of the Port of Mombasa in Uganda and Rwanda if other factors are held constant.

It is observed that since the break up of the East African Community in 1977, the Port of Tanga now handles coffee from the Moshi-Arusha Zone that used to pass through the Port of Mombasa.

12. For the Northern and Central Corridor Transit Agreements see Shiundu JJM (1986): "An Analysis of the Inland Transportation Systems for East Africa's External Trade" pp. 139-144.
2.8 Ship Types and Calls.

There are about 20 shipping lines calling at the Ports of Mombasa and Dar es Salaam. The majority of these are general cargo ships which on average constitute over 50% of all ship calls on any given month (see Table V). Dry bulk cargo ships appear to be having a regular frequency of calls on the Port of Mombasa and the reason could be because of the regular flow of both soda ash and bulk cement from the Mombasa hinterland.

Generally, statistics available between 1980 and 1985 show that frequency of ship calls at the Port of Mombasa is higher than at either Dar es Salaam or Tanga. In 1985, the Port of Mombasa handled 6.8 million tonnes of cargo representing 1,500 ship calls; Dar es Salaam handled 2.4 million tonnes of cargo representing 820 ship calls, while Tanga handled 0.29 million tonnes of cargo representing 200 ship calls.

In terms of big container vessels and bulk oil carriers, the Port of Mombasa appears to have an advantage over Dar es Salaam. The entrance channel and turning space in the Port of Dar es Salaam considerably limits the sizes of vessels that can call at this port. The dimensioning factors here are about 200 metres overall length and 10 metres draught. In contrast the dimensioning factors at the Port of Mombasa are 305 metres overall length and 13 metres draught.

Two important developments may affect the number and frequency of ships calling at the Ports of Mombasa, Dar es Salaam and Tanga. The large specialized container vessels that pass through the Mediterranean to the Red Sea may choose to call at very few ports and develop feeder lines north and south of their routes. Given the position the Port of Mombasa has achieved in terms of container throughput in the Port Said-Maputo port range; the Port of Mombasa has got a chance of developing as a "main port" for traffic to Eastern Africa (see Figure 11).

13. Institute of Transport Economics, "Study on Handling of Containers in Tanzania and Neighbouring Countries", Volume 1, p. 3-25
The other development is in terms of setting up of national shipping lines in Kenya and in Tanzania. (The East Africa National Shipping Line formerly owned by the governments of Kenya, Tanzania, Zambia and Uganda was disbanded in 1980). In particular, the Kenya Government has got very advanced plans to set a shipping line. The ships belonging to this proposed Kenya National Shipping Line, will be sailing between the Port of Mombasa and European ports.

14. According to available information these vessels will concentrate on transporting tea and coffee to foreign markets and bring back fertilizer, crude oil and machinery. The Kenya Clearing, Forwarding and Warehousing Association has pledged to support the line.
CHAPTER III

THE STRENGTHS AND WEAKNESSES OF THE PORT OF MOMBASA IN COMPARISON TO HER RIVALS.

3.1 Location.

One of the major elements defining a port's business is its geographical location. The success of the Port of Rotterdam, the largest port in the world has been attributed to its advantageous location in western Europe. Its location at the Estuaries of three major European rivers, the Rhine, Scheldt and Maas and at the northern end of the English Channel - the busiest waterway in the world has enabled it to acquire the mantle of "Gateway to Europe".

Other factors that have helped this port to grow are her position, being equidistant from Europe's major industrial centres - the English Midlands, the Ruhr Valley, northern-France and the Benelux countries with a high income population of about 200 million people.\^{15}

The Port of Mombasa itself is strategically located in East Africa and this is reflected by the fact that it handles over 60% of the region's annual waterborne commerce. This position is being challenged by the Port of Dar es Salaam, which among its aims of an ambitious modernization programme presently taking place, is to become the "Gateway to East Africa".

The Port of Tanga, however, has been hampered by its disadvantageous situation and site conditions. Sandwiched between the bigger ports of Mombasa and Dar es Salaam which have better

\^{15} Hazardous Cargo Bulletin "Gateway to Europe", a survey (1985).
water sites, superior port facilities and more extensive rail and road connections inland, Tanga has effectively been prevented from developing into a major seaport serving a wider area of the East African competitive hinterland.

However, with the designation of the Port of Tanga as an outlet for the Central Corridor States (see 2.7) and its use by the Beacon Consortium as their third base port for their fully cellular container vessels, this position can change very considerably.

In terms of container traffic (see figure 11), the Port of Mombasa appears to have a lead over not only Dar es Salaam and Tanga, but the whole port range from Port Said in Egypt to Maputo in Mozambique. A look at the world pattern of shipping routes also appears to indicate the locational advantage of the Port of Mombasa in the East African region (see figure IV).

In relation to the competitive hinterland, the Port of Dar es Salaam appears to be geographically better positioned. However, most traffic from these areas is still passing through the Port of Mombasa. One explanation for this could be that the Port of Mombasa is reputed to be efficient and has got better rail, road and inland waterway connections (see Freight Forwarding - March 1987 p. 12).

### 3.2 The Port Facilities and Cargo Handling Appliances.

The ability of a port to mount a competitive offensive against her rivals can be influenced considerably by the availability of physical facilities at the port to accommodate the ships and the trade.

Facilities here are considered to include both infrastructure and superstructure. Lack of facilities to handle current types of ships effectively and inadequate provisions for handling of cargo
may serve as a barrier to the development of added ship services or types of trade. The ability to be flexible in adjusting to new developments is often the determining factor for the future of the port and its chances of competing with her rivals.

An examination of port facilities and cargo handling appliances in the Ports of Mombasa, Dar es Salaam and Tanga indicate a considerable variation in terms of quantity and quality. No attempt will be made here to enumerate all the facilities available in these three ports.

The Port of Mombasa is accessible for vessels with length overall of up to 305 metres and a draught of 13.72 metres. The Port can accommodate vessels of up to 100,000 tonnes DWT. A tidal range of 3.96 metres allows the Port to accommodate bigger vessels. In brief the following facilities are available at the Port of Mombasa:-

1) Sixteen deep water berths on a linear quay face. Thirteen of these are general cargo berths equipped with 53 electrical travelling cranes with a capacity between 3 to 20 tonnes. The other three are container berths equipped with modern gantry cranes of 40 tonnes lifting capacity. The container berths have a quay length of 596 m while the general cargo berths have a quay of 2.448 m.

The general berths are supported by transit sheds and stacking ground for storage of yard cargo. The container berths are supported by a stacking area of 45 acres and has a capacity of 250,000 TEUS per annum. In addition the Port of Mombasa has specialized facilities for handling bulk molasses, tallow and edible oils.

2) Two bulk oil jetties; one for crude oil and the other for refined oil products.

3) Three Dry Bulk Wharves with a total quay length of 315 m.
4) One cased oil jetty

5) One explosives jetty

6) One cold store with 8 chambers (1,247 m³)

7) Two lighterage quays with total length 412 m

8) One container freight station within the port area

9) Dry dock and ship repair facilities

The Port of Mombasa in cooperation with Kenya Railways Corporation constructed and operates an inland container depot at Embakasi, Nairobi. A special container train service, known as Railtainer connects this depot and the Mombasa container depot on a daily basis. Because this depot operates as a "dry port" the import and export procedures are exactly the same as at the Port of Mombasa.

The depot has a fenced area of 30 hectares 14 of which are fenced out for unnominated export full containers. There are present at this terminal two rail mounted gantry cranes, six rubber tyred gantry cranes, tractors and trailers for support services.

The Port of Dar es Salaam which can be said to be the second largest port in East Africa has got the following major facilities:-

1) Eleven deep water berths with a total length of 2,016 m.

2) One bulk jetty oil

3) One container terminal consisting of berths 9 - 11 with a quay length of 549 m.

4) Bulk oil jetty
5) Bulk cement loading facilities

6) Coaster anchorage

7) Extensive open stacking areas in addition to 20 transit sheds

8) Mobile and portal cranes of various sizes.

The facilities at Tanga are less impressive and yet distinct. They include the following:-

(i) Two lighterage quays with a total length of 381 metres

(ii) Nine lighter handling facilities

(iii) One multipurpose jetty capable of receiving a 50,000 DWT vessel

(iv) Pontoons for handling containers after they have been unloaded using the ship’s crane

(v) Lighterage quay with Ro/Ro facilities, with a maximum draft of 4 metres

(vi) Transit sheds served by rail and road connections

(vii) Bulk oil handling facilities and one fertilizer jetty

The following observations are made regarding the position of the physical facilities and cargo handling appliances in these three ports:-

a) The range of port facilities at Dar es Salaam and Tanga is still modest in comparison to Mombasa

b) There is a small gap in the availability of cargo handling
facilities at the general cargo berths in Mombasa and Dar es Salaam. There is a wider gap between these two ports and Tanga.

c) An ambitious container project currently taking place at the Port of Dar es Salaam (estimated commissioning time December 1987) will seriously threaten the position of Mombasa as the most modern container port in East Africa.

d) The cargo handling facilities in the general cargo berths at Mombasa are considerably old, though they are in working condition.

e) The cargo handling facilities at Mombasa especially fork lifts and cranes are too diversified leading to maintenance problems.

f) The Port of Dar es Salaam has ordered a very wide range of cargo handling equipment and when this is delivered, it will have a massive haul of very modern equipment. It is also training managerial and technical personnel to manage this equipment.

g) The Port of Dar es Salaam preserves berth No 1 for discharging or loading vessels carrying over 50% of cargo to and from Uganda, Rwanda, Burundi and Eastern Zaire.

h) The Port of Mombasa must constantly monitor her own facility requirements in relation to user requirements while keeping a close watch on developments taking place in Dar es Salaam and Tanga.

16. Port Development International April 1987 p. 28
3.3 Port Productivity.

There is a need for a port operating in a competitive environment to ensure that ships and cargoes are handled more speedily and at lower costs so that shippers and shipowners find this particular port more attractive to use.

Increased productivity within the port will ensure that ships spend less time in port and there are no delays in delivery of goods to receivers.

The available data shows that rates achieved at Mombasa are substantially higher than at Dar es Salaam and the continued reliance upon lighterage tends to depress rates at Tanga. Productivity here is considered in the context of cargo throughput per ship working day and the average cargo throughput per gang/shift in dwt tonnes. In terms of cargo throughput per ship working day, the Port of Mombasa recorded on average about 600 tonnes in 1980 while corresponding figures for Dar es Salaam and Tanga in this period were 400 and 300 tonnes respectively. In 1984, the Port of Mombasa was recording 1,200 tonnes while the two ports recorded an average of 550 tonnes for Dar es Salaam and 400 tonnes for Tanga.

An examination of the average cargo throughput per gang/shift, shows that in 1980 Mombasa recorded about 100,2 tonnes while Dar es Salaam and Tanga recorded 70 tonnes and 60 tonnes respectively. In 1984 the Port of Mombasa recorded 124 tonnes while the figures for Dar es Salaam and Tanga recorded 75,3 tonnes and 62,5 tonnes respectively.

The following observations are made with regard to productivity in these three ports:-

17. Ibid; B. S. Hoyle; Seaports and Development: The Experience of Kenya and Tanzania p. 156
a) There are several factors affecting the increase of or measurement of productivity. Some of these factors are beyond the control of the port authorities.

b) Weather appears to be affecting productivity in the three ports more than any other factor. Heavy rainfall is experienced in the coastlands of East Africa between March and May and between October and December. In 1984 weather accounted for 29.6% of total idle time in the Port of Mombasa (see KPA Annual Bulletin of Port Statistics 1984).

c) Other factors hampering productivity in the Port of Mombasa relate to ship movement, ship preparation, cargo type and labour matters. In 1984, equipment and transfer issues contributed 21.83% and 20.17% of idle time respectively. No figures are available for Dar es Salaam and Tanga.

d) The Port of Mombasa already registers significant rates due to improvements in productivity with averages tonnes per gang hour reaching 15.5 tonnes in general cargo.

e) The introduction of modern port installations and technical innovations in cargo handling methods are poised to increase productivity in the Port of Dar es Salaam.

f) There are efforts in KPA and THA to improve port management techniques. Both these authorities have set up similar institutions with similar names (Bandari College), to train and retrain staff at all levels. The colleges function as regional training centres for countries of East and Central Africa and conduct international courses with help of UNCTAD and other UN agencies.

g) The Port of Mombasa has got a distinct advantage with respect to productivity. The shippers from Uganda, Rwanda and Burundi show preference to the Port of Mombasa despite the geographical advantages of Dar es Salaam and Tanga.
3.4 Management and Labour Relations in Port.

The importance of promoting good industrial relations in the ports industry needs no emphasis. This is particularly important in East African ports which like the majority of developing countries' ports still employ a very substantial labour force.

In the context of port marketing, a port which is prone to labour disputes drives shippers and shipowners away. Labour disputes in the Italian Port of Genoa caused labour productivity to fall significantly in comparison to its Northern European counterparts thus putting it in a very weak position in relation to competition.

In the Port of Mombasa, the unionizable staff belongs to the Dockworkers' Union which is affiliated to the Central Organization of Trade Unions (COTV) at the national level. The management staff does not belong to any union.

In contrast all port workers in Tanzanian ports as well as other parastatal workers are members of Jumuia Ya Wafanya Kazi Tanzania (JUWATA).

Investigations, established that due to the structure of JUWATA and its relations with the political party in Tanzania (Chama Cha Mapinduzi) it is not possible to go on strike. No strike record was available for the ports of Dar es Salaam or Tanga.

The situation in the Port of Mombasa is such that the Dockworkers' Union is relatively strong and occasionally there is idle time attributable to labour matters. There is, however, a very well established system of negotiation and conciliation for maintaining orderly procedures for agreement on terms and conditions of employment and settlement of disputes.

18. PDI July/August 1986

19. In 1984, Labour disputes contributed 1.65% to total idle time
The structure is such that at grass-root level, there are local staff committees, joining up to form area councils with the central joint council at the top. Members of management and workers are equitably represented. The Tanzanian ports of Dar es Salaam and Tanga, however, appear to have a relatively calm labour climate compared to the Port of Mombasa. No marked competitive advantage was, however, evidenced to accrue to these two ports in comparison to Mombasa.

3.5 Levels of Port Prices or Charges.

The price of a product or service is a major determinant of the market demand. Price can and does affect a firm's marketing programme. Generally, it can be said that whereas price is important in a company's marketing programme, in itself it cannot be used solely in explaining a marketing success.

According to a study conducted on behalf of Italian ports, it was established that some 1.5 million TEUS are being lost annually to Northern European ports because these ports use very competitive tariffs to attract Far Eastern trade flows.

At the Port of Rotterdam, the US flag carrier Sea-Land Service is currently trying to make a decision of whether to stay or switch its operations to another North European port. The search for favourable rates appear to be the determining factor. It is noted that "Perhaps the final decision has already been taken at Sea-Land headquarters and it goes without saying, rates will have had the final say".

In the Port of Mombasa, port charges are levied on the basis of published tariffs which tend to be inflexible in nature. Even


though these are stipulations for the possibility of negotiating contracts with individual shipping lines or shippers, this is rarely the practice.

The Tanzanian ports use common published tariffs prepared by Tanzania Harbours Authority, which administers all the ports. The following observations were made:-

a) The Port of Mombasa and the ports of Tanga and Dar es Salaam use published tariffs which are relatively inflexible

b) Charges relating to the ship, such as pilotage and harbour dues were found to be the same

c) Wharfage at the Port of Mombasa is set at 1% of the value of exports and 1.25% of the CIF value of imports. At the ports of Dar es Salaam and Tanga the wharfage is constant at 1.25% of the value of both exports and imports.

d) Bond fees is 1% of the CIF values at all the ports

e) Special rates are offered for late document charges for Uganda, Rwanda and Burundi cargo passing at Mombasa and at Dar es Salaam and Tanga. They are set at a third of the rates paid by domestic shippers in the two countries.

In a survey carried out based on port dues, clearing and forwarding charges for transit coffee exports and spare part imports, passing through the ports of Mombasa and Dar es Salaam, it was established that:-

a) As at December 1985, bagged coffee export at the Port of Mombasa costs 15% less than at Dar es Salaam. In the case of

containerized coffee export, it costs 18% less at Mombasa than at Dar es Salaam.

b) As at December 1985, break bulk spare parts imports cost 4% less at Mombasa than at Dar es Salaam while containerized spare parts cost 9% less at Mombasa than at Dar es Salaam.

It is appreciated that shippers generally will be concerned with the total costs incurred and not only about costs incurred at port. In this context, other things being constant, Dar es Salaam may have an advantage over the Port of Mombasa due to its geographical location with respect to Uganda, Rwanda and Burundi.

3.6 Hinterland Connections.

Due to various developments in maritime transport in general and containerization in particular, a good link between a seaport and the hinterland has become very important. The importance of a good link between a seaport and the hinterland and how it affects a port's competitive position in relation to competing ports can be illustrated by the cases of Rotterdam, Hamburg and Gothenburg which owe much of their success to the excellent hinterland connections.

An examination of the map of Western Europe reveals that the West German industrial Ruhr area is a potential hinterland of all Western European ports due to the perfect hinterland connections existing in Western Europe. 23

It is hypothesized here that the quality of service offered by a port and supported by good connecting transport systems, directly affect the competitiveness of the port in relation to its competitors.

A look at Figure 1, shows how the mainland East African seaports of Mombasa, Dar es Salaam and Tanga are connected to their

23. C.B. Kruk; "Hinterland Connections", 1986 p. 3
competitive hinterlands of Uganda, Rwanda and Burundi. In this analysis only rail, road and inland water transport systems are considered. Secondly the connections are considered in the context of how they connect seaports and the capital cities of Uganda, Rwanda and Burundi, the major reason being that available data shows that Kampala, Kigali and Bujumbura form the major points of collection and distribution for exports and imports originating and destined for these countries.

Following the signing of the Northern Corridor Agreement in Bujumbura in 1985, Mombasa was designated as an outlet seaport for Northern Corridor States comprising Kenya, Uganda, Rwanda and Burundi. The ports of Dar es Salaam and Tanga form the outlet seaports for Tanzania and the above named countries.

The importance of these agreements is that they suggest the most convenient routes for surface transport of cargo between the respective countries and the seaports and also promote their use (see article 1 of the Northern Corridor Transit Agreement).

The Port of Mombasa is connected to its competitive hinterland by rail, road and inland water transport on Lake Victoria. Rail services are run by Kenya and Uganda Railway Corporations that also operate Marine Services on Lake Victoria. Road haulage is run by public and private organizations. In 1980, 85% of break bulk exports passing through the Port of Mombasa arrived by road while 15% arrived by rail.

This position may change as Uganda authorities have decreed that their exports and imports will move by rail transport. The Kenya

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24. Kampala, Kigali and Bujumbura are the major industrial, commercial and political centres of Uganda, Rwanda and Burundi respectively.

25. This figure is not clear because significant volumes of export commodities are railed to warehouses in Mombasa after which they are transported to port by local road services.

government policy also supports rail transport for long distance haul. Rwanda and Burundi are likely to prefer road transport because of non-existence of rail network in these countries and of the existence of strongly established public and private trucking organizations.

A look at the Ugandan case reveals that the commercial centre of Kampala is connected to the seaport of Mombasa by alternative modes of transport combinations involving rail, road and lake transport.

a) Kampala - Mombasa by road covering a distance of 1.149 km
b) Kampala - Mombasa by rail covering a distance of 1.336 km
c) Kampala - Jinja - Kisumu - Mombasa by a combination of rail/lake/rail covering a distance of 1.263 km

Traffic from Rwanda has got four alternatives of arriving at the Port of Mombasa:-
a) Kigali - Mombasa by road, covering a distance of 1.665 km
b) Kigali - Kampala - Mombasa by a combination of road and rail transport covering a distance of 1.845 km
c) Kigali - Bukoba - Kisumu - Mombasa by a combination of road/lake/rail transport covering a distance of 1.682 km
d) Kigali - Bukoba - Kisumu - Mombasa by a combination of road/lake/road transport covering a distance of 1.595 km

An analysis of the position of Burundi show the following connections to the Port of Mombasa:-
a) Bujumbura - Mombasa by road covering a distance of 1.967 km
b) Bujumbura - Kampala - Mombasa by a combination of road and rail transport, covering a distance of 2.147 km
c) Bujumbura - Bukoba - Kisumu - Mombasa by a combination of road/lake/road, covering a distance of 1.897 km

d) Bujumbura - Bukoba - Kisumu - Mombasa by a combination of road/lake/rail, covering a distance of 1.984 km

The Port of Dar es Salaam is linked to her competitive hinterland of Uganda, Rwanda and Burundi by road (not tarmacked) rail and inland water transport on Lakes Victoria and Tanganyika. The Tanzania Central Railway Line linking the Port of Dar es Salaam with the harbour port of Kigoma on the east bank of Lake Tanganyika is the traditional transport route for cargo to and from Rwanda and Burundi. Due to the poor conditions of the Tanzanian road network, the only reliable link between the Port of Dar es Salaam and its competitive hinterlands are by a combination of rail and inland water transport systems. The position is therefore as follows:

a) Kampala - Jinja - Mwanza - Dar es Salaam by a combination of road/lake/rail, covering a distance of 1.672 km

b) Kigali - Bujumbura - Kigoma - Dar es Salaam by a combination of road/lake/rail, covering a distance of 1.732 km

c) Bujumbura - Kigoma - Dar es Salaam by lake and rail transport covering a distance of 1.430 km

In the context of this analysis, the following observations are made:

1) As yet, there is no transit traffic passing through the Port of Tanga. This position may change following the designation of this port as one of the outlet seaports for the central corridor states.

27. There is no bitumized trunk road linking the Port of Dar es Salaam to Uganda, Rwanda and Burundi. However, there are advanced plans to provide one (See freight Forwarder, March 1987 p. 12)
2) There is better transport infrastructure linking the Port of Mombasa to the competitive hinterland compared to the Port of Dar es Salaam. Kenya has got a total of 62.573 km of roads of which 7.518 are tarmacked. Tanzania has 54,000 km of roads of which 2,700 km are tarmacked. While the Port of Mombasa is connected to the hinterland by tarmacked trunk roads, none connects the Port of Dar es Salaam to this area.

3) Geographically, the Port of Dar es Salaam is closer to Uganda, Rwanda and Burundi. Other factors held constant, transit time should therefore be in favour of Dar es Salaam.

4) The policy of Uganda to transport their exports and imports by rail will make the route to Mombasa very competitive. It is estimated by the Uganda authorities that a saving of an equivalent of USD 55 millions will be made. This is based on the fact that rail costs from Kampala to Mombasa are 70% less than by road. To transport one ton of coffee from Kampala to Mombasa by rail costs USD 36 as compared to USD 116 by road.

5) Despite the geographical advantage of the Port of Dar es Salaam, more cargo to and from Uganda and Rwanda pass through the Port of Mombasa. Between 1980 and 1985, on average the Port of Mombasa handled 90% and 82% of Uganda's and Rwanda's waterborne commerce. On the other hand over 75% of Burundi cargo pass through the Port of Dar es Salaam.

6) It is observed that Uganda Railway Authorities have registered a complaint that their traffic experiences delay at the Malaba border post where Kenya and Uganda railways meet.

7) The establishment of a rail based container terminal at Embakasi, Nairobi in addition to the ones planned at Eldoret, Kisumu and Malaba will considerably increase the competitive

power of the Port of Mombasa. However, THA also plans to set up similar terminals at Kigoma, Mwanza and Mbeya. Dubbed as transit container terminals, they will considerably pose a challenge to the Port of Mombasa's strategic lead in this field.

3.7 Containerization.

The competitive aspects of port containerization manifest themselves in various forms. Two major forms are the investment of many ports in national container projects and competition for transhipment business between ports in the same region.

In the East African region relatively few containers were handled prior to 1975. However, rapid development in container traffic has since taken place.

In 1975, the Port of Mombasa handled a modest 1,928 TEU and this figure rose to 120,000 TEU in 1986 representing a growth of 9,134 per cent in twelve years (1975 - 1986). Available statistics show that 80% of total dry general cargo traffic passing through the Port of Mombasa is now containerized (see Table VII). It is noted that a very small percentage of this volume is transit cargo. One reason could be that cargoes destined for Uganda, Rwanda and Burundi are stripped at the port and transported as loose cargo because there is lack of container handling facilities in these countries. With regard to export commodities, a considerable volume of tea is now containerized - 90%. Similar attempts are being made with coffee.

Statistics available regarding the Port of Dar es Salaam and Tanga show that in 1975, Dar es Salaam handled about 100 TEU and this figure rose to 34,000 TEU in 1985. In the Port of Tanga 5,710 TEU were handled in 1985, the port having started handling containers in 1978, with a modest 200 TEU.

As at December 1986, the Port of Mombasa had superior container handling facilities compared to Dar es Salaam and Tanga. However, an ambitious container project which expected to be commissioned
at the Port of Dar es Salaam at the end of 1987 will considerably increase this port's ability to handle containers. The project involves equipment acquisition, civil engineering works, training programmes and investment in support systems.

Despite this development, at its completion the Dar es Salaam terminal will have a capacity of 60,000 TEU which is lower than 250,000 TEU throughput capacity already existing at the Port of Mombasa.

With respect to the through transport concept, the Port of Mombasa has made a remarkable contribution by operating its ICD at Embakasi as a "dry port" with all import and export procedures similar at these two different points. Similar ICD's are planned to be set up at Eldoret, Kisumu and Malaba (see figure 1).

The THA has also advanced plans to set up ICD's at Mbeya, Mwanza and Kigoma. Already there is a container freight station operating at Ubongo (10 km outside the Port of Dar es Salaam).

The implication here is that it appears the Port of Mombasa and THA are attempting to set up ICD's at locations closer to the shippers in the competitive hinterlands of Uganda, Rwanda and Burundi. To the Port of Mombasa ICD's planned for Kisumu and Eldoret are important while for THA, the ICD's at Kigoma and Mwanza are of significance.

With respect to transshipment, no port has categorically established itself as the "main port" in the East African region. In particular the target is the large specialized container vessels that pass through the Mediterranean and which may need to develop feeder lines north and south of their routes.

The Port of Mombasa has already shown its potential to handle transshipment containers. In 1980, it handled a total of 699 TEU

as transshipment containers (including empties). By 1984, this figure had risen to 3,847 TEU. These transshipments were mainly for Tanzania, Zambia and Somalia. No statistics are available to show that Dar es Salaam and Tanga handled any transshipment containers from direct ship calls.

A look at figure 11 reveals the importance of Mombasa in the port range from Port Said to Maputo in Mozambique.
CHAPTER IV.

THE OBJECTIVES OF THE MARKETING PROGRAMME FOR THE PORT OF MOMBASA AND THE STRATEGIES TO ACHIEVE THEM.

4.1 Introduction.

The question of objectives is a very difficult one for a port authority to answer satisfactorily and its response to it is likely to differ according to such factors as to the extent to which the authority is under the ultimate control of other public authorities which might compel it to follow its objectives. Most ports therefore find it very difficult to specify their objectives in any clear and rigorous manner.

The Kenya Ports Authority itself was established in 1978, and today operates as a government parastatal under the Ministry of Transport and Communications. The Port of Mombasa is run on commercial principles but this takes place with the overall set up of the government machinery.

In view of this, the marketing objectives must be set within the general framework of overall port objectives which by extension should be in harmony with national and regional objectives. Reference is made here to the Northern Corridor Transit Agreement which among other things stipulate that the ports should not give preferential treatment to any shipper.


31. The establishment became necessary after the demise of the former East African Harbours Corporation in 1977.
4.2 Port objectives.

In order to obtain the full benefit from the available port assets, it is essential that the port has a responsive and integrated organizational structure that enables it to function efficiently in a competitive business environment.

The departmental objectives must therefore be in harmony with the overall port objectives. In addition to this, the port management should ensure that requirements and objectives of shippers, shipowners, road hauliers and the railways in addition to freight forwarders are compatible with those of the port.

The essence of the above observation is that the trend in many ports is that marketing functions have developed independently from other departments that tend to be operationally oriented. For the efficiency of the port, the function of marketing ought to be seen as a coordinating exercise with senior management responsibility resulting in the pooling of ideas and views of the operational, engineering, financial and personnel management departments.

The main corporate objectives of the Kenya Ports Authority are as follows:

a) To provide by means of the undertaking of the Authority, a coordinated system of ports and facilities related thereto.

b) To identify and satisfy the demand for port facilities and services within the economic ability of the Authority. The Authority undertakes to provide all reasonable facilities for handling and warehousing cargo and other goods.

32. This is an adaption from the KPA Act, Chapter 391 of the Laws of Kenya, pp 8 - 9.
c) To achieve and maintain a high level of labour productivity in all its operations and thus reduce the turn-round time of ships using its facilities.

d) To maintain competitive and stable charges for the use of its facilities.

e) That no particular person or body is given any undue preference or is subject to any undue disadvantage.

The main point here is that a clear knowledge of the corporate objectives is necessary for the formulation of a marketing programme. It can be observed that point (e) above is very restrictive and may be interpreted in such a manner that it inhibits the commercial operation of the port.

4.3 The Marketing Objective.

The main marketing objective of the marketing programme as envisaged in this paper is to increase the competitive power of the Port of Mombasa in comparison to the other East African ports of Dar es Salaam and Tanga. In addition the Port of Mombasa must act as a problem solver to her customers.

The marketing programme should be geared at:

a) Defending the market shares in Uganda, Rwanda and Burundi.

b) Increasing the market shares in container transshipment. The objective here is to become the "main port" in East Africa. To do this the management of the Port of Mombasa should:

1) be market oriented. The port should put the customers in the centre. Customer service should form the basis of the port's work

2) design a flexible customer oriented tariff structure
3) reach out to her actual and potential customers in the competitive hinterlands of Uganda, Rwanda and Burundi, using the strong points of good inland transportation infrastructure: road, rail and inland water transport.

4) design a promotional programme based on creating a mutual trust with customers

5) ensure that the levels and ranges of service the port provides are in line with the changing needs of customers

6) liaise and coordinate with interfacing organizations

7) make the "marketing mix" different from that of competitors.

4.4 Strategies.

4.4.1 Port Development as a Strategy.

Essentially a port is, in marketing terms, a service industry. The provision of the physical facilities should therefore be seen only in the context of enabling the port to provide services to her users.

The importance of port development as a marketing strategy is based on the principle that "one cannot sell unless he has something to sell". However, according to marketing principles and practice, the port management must first determine what customers want and then figure out how profitably it can plan and deliver these services, to satisfy the customers' demands.

Based on the finding of the situational analysis and on the experience of the author gained at the Port of Mombasa and visits to various ports in Western Europe namely Rotterdam, Amsterdam, Flushing, Le Havre, London, Helsingborg and Gothenburg, an attempt is going to be made to determine how the Port of Mombasa can use the strategy of port development to contribute to its marketing programme.
In the situational analysis it was identified that the major areas of competition are to attract shippers in the extranational competitive hinterlands of Uganda, Rwanda and Burundi and to attract ships in general and big container vessels in particular so that Mombasa can become the major or "main port" in East Africa.

With regard to becoming the "main port" for container transshipment, the Port of Mombasa should:

a) deepen the access channel and increase the depths of berths 16 - 18. Currently the port is capable of receiving vessels of up to 100,000 dwt tonnes with dimension restrictions of 305 m length overall and a draft of 13,72 m. Plans should be worked out to receive 3rd and 4th generation container vessels

b) be ready to handle containers out of the ISO range, of larger volumes and weight. Already new containers of 45 and 48 feet long, 9'6" high and 8'6" wide instead of the 40"x8'6"x8" are in use in some routes. Telescopic spreaders will be necessary as well as increasing the lifting capacity to accommodate weight

c) offer facilities for board to board transshipment

d) increase the container storage yard capacity. Topographical reasons limit physical expansion of the present container yard

e) upgrade quality of information available on box movement. Computer systems to monitor and control container movement should be introduced

33. Terminal Information Control (TIC) developed by H.T. Data, a subsidiary of the Port of Gothenburg AB is in use at the Port of Kingston, Jamaica which handles less containers than Mombasa
f) in the long run a special berth dedicated to container transshipment can be put up.

To attract cargoes to and from the extranational competitive hinterlands of Uganda, Rwanda and Burundi, the Port of Mombasa should:

a) designate specific berths dedicated to handling of transit cargo. In the Port of Dar es Salaam there are special facilities for cargoes destined or originating from Rwanda, Burundi and Zaire

b) construct bulk handling facilities for grain and coal

c) speed up the construction of inland container depots at Kisumu, Eldoret and Malaba

d) construct a container freight station outside the port area

e) provide duty free warehousing facilities for cargoes belonging to Uganda, Rwanda and Burundi

f) provide facilities for stacking unnominated and shut out export full containers in the port area

g) provide easy but effective documentation to enable faster clearance of transit cargo.

In adopting port development as a strategy to achieve its marketing objectives the Port of Mombasa should:

1) be flexible. The port should maintain a permanent adjustment ability to new traffic if the economic environment requires it

2) be careful, especially with regard to forecasts. The investment must be decided step by step each step to be evaluated from an economic point of view with regard to certain traffic
3) be ambitious and ready for large developments. The port will need to maintain in reserve large surfaces for port traffic and relevant industrial activities. The Dongo Kundu area provides the Port of Mombasa a chance to expand.

It is observed that:

a) absence of adequate port facilities can present a very serious weakness in a port's marketing programme

b) low port charges and effective promotional programme will not help much if services are poor because of lack of facilities

c) construction of the best facilities backed by competent personnel will by themselves not guarantee that a port will attract more users than her rivals

d) constant attention must be put on monitoring the developments taking place at the ports of Dar es Salaam and Tanga as well as those taking place in the maritime transport industry in general and in shipping in particular.

4.4.2 Improving Port Performance as a Strategy.

The cost of carrying goods by sea can contribute significantly to the landed value of the cargoes and ultimately their price in overseas markets. This is particularly important for exports from third world countries whose prices tend to fluctuate a lot in the world market. Studies have shown that a greater part of these costs are incurred while vessels are in port.34

In the East African region the importance of port performance is seen in the context of the reputation enjoyed by the Port of Mombasa. Philip Hasting's writing in freight forwarder notes that "the reason most cargoes originating from

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34. UNCTAD; "Improving Port Performance: Management of General Cargo Operations", Unit 1, United Nations, Geneva, pp 17 - 20
or destined to Uganda, Rwanda and Burundi pass through the port of Mombasa is because this port is generally believed to be more efficient and less congested than Dar es Salaam".

The Port of Mombasa can further improve its performance and retain this reputation by doing the following:-

a) Improving cargo handling rates per gang hour and per ship day at berth. In 1980 the average tonnes of dry general cargo handled per gang hour was 12.3 tonnes. By 1984 this figure rose to 15.5 tonnes. The average tonnes per ship working day at berth was 669 tonnes and this rose to 964 tonnes in 1984. A continuation of this trend compares favourably with figures obtained in developed country ports.

b) Raising the level and quality of management training, especially of supervising personnel. Lower level workers must not be ignored. Facilities at KPA's Bandari College are useful in this respect. This should be supplemented by overseas courses and visits to selected ports in the developed countries. Essentially there is a need to devise appropriate systems and procedures for recruitment, training, supervision and evaluation of personnel. The workers and their supervisors should be given incentives and be motivated. To back this, there should be good labour policies, with able, experienced staff to handle trade union issues.

c) Ensure the availability and adequacy of mechanical equipment and good maintenance policies. Attempts should be made to standardize equipment while taking advantage of procuring the latest state of the art equipment and retaining the advantages of competitive bidding.

d) Review performance constantly with a view to ensuring that maximum productivity levels are obtained and poor performers eliminated while retaining efficient ones.
e) Review the issue of gang composition in cargo handling in general and in the container terminal in particular

f) Reserve the right to allocate berths

g) Ensure that there is an efficient matching of capacities. Working hours of customs, railways and road transporters should be matched and restrictive regulations of these agencies minimized or eliminated. A liaison and coordinating office should be established between KPA and these agencies.

To further strengthen performance and for purposes of integrating it fully in the marketing effort the Port of Mombasa should:

1) be flexible in her service offerings. Shipper should have greater flexibility in picking on delivering cargo in the port. Arrangement with shipping agents should ensure that vessels start work immediately they arrive

2) Ensure availability of specialized equipment. This is particularly necessary with respect to equipment for handling newsprint. It is suggested that forklifts fitted with clumps be used

3) Establish a reputation of speed and reliability as the cornerstone of her service offerings

4) Cultivate a positive image in terms of minimizing damages and losses and where these occur speed up claims settlement in the best interest of the port and the users.

The essence of this analysis here is to show that high quality of service, other factors held constant can attract shippers and shipowners and minimize transport costs to the benefit of the port and other parties involved.
4.4.3 Price as a Marketing Strategy.

Price is one of the most important elements of the marketing mix that can considerably influence an organization's competitive position and its market share depending on market sensitivity.

In the Port of Mombasa, the Port Authority provides all port facilities in addition to cargo handling services. The term price here is therefore used as an all inclusive element.

The pricing strategy proposed here is aimed at:

a) Winning and retaining shippers in the extranational competitive hinterlands of Uganda, Rwanda and Burundi

b) attracting shipping lines with special emphasis on big container vessels that want to lower their costs by minimizing port calls. The aim is to establish Mombasa as the "main port" for container shipment in the East African region

c) Securing a satisfactory economic rate of return on ports investments. The Port of Mombasa should be in a position to earn enough to finance her future projects and to meet other financial objectives.

For the Port of Mombasa to use price as one of the elements in her marketing programme aimed at creating a competitive edge over her competitors, it is proposed that:

a) the management design a flexible tariff structure that can be adjusted to reflect both costs and market situation

35. A merger between KPA and KCHS took place in 1986 and the new organization, KPA, is now responsible for all activities in the Port of Mombasa.
b) tariffs be set such that port customers minimize the use of assets in short supply and maximize the use of assets which would otherwise remain idle. A case in point here is the cold storage facilities which are not presently used to capacity.

c) care be taken to ensure that full rate of traffic is not diverted to lower rate with the aim of generating a higher volume of business. A basic tariff should cover direct costs and make a contribution to indirect costs. The reduced tariff should at least cover the direct costs.

d) the published tariffs now in use be retained as a basis for any negotiation. However tariffs should be adjusted to keep pace with rate of inflation which in 1987 in Kenya is established to be at 6%.

e) the port management should encourage the signing of contracts with individual shippers and shipping lines. The contracts should be of a given period and subject to revision in addition to meeting certain set conditions.

f) the management formulate the flexible tariffs based on market sensitivity. Reductions on specific tariffs are only necessary when the market is sensitive to price. If tariff is insensitive to price then tariff should remain unchanged.

The use of port pricing as an instrument in the marketing effort of the Port of Mombasa is based on the fact that:

1) Experience has shown that in practice for competitive reasons port facilities have often been priced to attract business.

2) Despite shipping lines equalizing rates for a group of ports in a certain region, conference lines are known to be capable of rearranging their sailing schedules so that more expensive

ports are served less frequently or by less desirable services. In East Africa ISCOS ensures that shipping lines charge the same rates to shippers using the ports of Mombasa or Dar es Salaam.

3) The inland transport rates for cargoes destined or originating from Uganda, Rwanda and Burundi are higher due to longer distance compared to Dar es Salaam. The Port of Mombasa can only vary its rates as it does not have power over rail and road haulage rates.

4) Ports in competitive situations often design price to increase their competitive power. This is seen in the Port of Gothenburg, Sweden and at the Port of Rotterdam.

In the Port of Rotterdam harbour dues for seagoing vessels vary when certain specific conditions are fulfilled. Harbour dues may be reduced when:-

i) seagoing vessels on regular liner services to Rotterdam call at least once a fortnight
   10% on one call a fortnight
   25% on the first or second call in a week
   30% on the third or fourth call a week
   35% on the fifth call a week

ii) seagoing vessels on regular liner services loading cargo during the first call and calling again on the return voyage after visiting one or more overseas ports: 25% reduction on the second call

iii) customers have expressed to the KPA management the need to be accorded preferential treatment with respect to port charges. Request lodged by the chairman of the Eastern

37. Rotterdam Europort, "Port Charges", 1986
Zaire branch of the Chamber of Commerce is a case in point. Similar requests have been made by shippers in Uganda, Rwanda and Burundi who continue to channel a greater percentage of their traffic through the Port of Mombasa despite the burden of distance compared to the Port of Dar es Salaam.

The essence here is that the Port of Mombasa should be ready with policy guidelines on pricing and have a plan of action established to meet user demands.

4.4.4 The Use of Distribution System in the Marketing Programme.

Physical distribution in marketing is essentially a problem in logistics. Logistics as a term was first used in the military where it meant the security of delivery of the needed supplies for the front troops. Today logistics mean "the process of strategically managing the movement and storage of materials, parts and finished inventory from suppliers, through the firm and on to the customers".

For the purposes of this paper, the relevance is that a port is part of the logistic chain in the process of getting goods to customers. It is further proposed that the strategic use of business logistics may enable a port to strengthen its market position by providing more customer satisfaction and by reducing total operating costs.

In this context, the setting up of inland container terminals can be used by the Port of Mombasa as a means of making port services available at locations near the customers. The importance of inland container depots in increasing the competitive power of one port over its rivals can be illustrated by the case of Rotterdam. Dr Lothar L V Jolmes, executive director of the Federal Association of German Seaport Operators

38. BANDARI, "Staff Newspaper of KPA Jan - May 1987, p. 4
observes that "the number of terminals being established on the Rhine to win cargo from Ruhr and other areas of West Germany and route it down to Rotterdam is increasing. But the German ports are now fighting back". The significance of inland container depots is that they indicate the importance of location in marketing. They also reduce shippers' total costs in so far as they provide an efficient and cost effective service to shippers located far away from wet port 39.

The strategy for the Port of Mombasa should therefore be:-

a) Liaise with shipping lines and shippers to promote the door to door concept of containerization based on through Bill of Lading practice. Containers should be picked or delivered at the ICD nearest to the shipper. In this context the proposed Malaba ICD will be very crucial to Uganda, Rwanda and Burundi shippers. In the Bill of Lading the ICD should be shown as the final destination for imports

b) Promote inland container terminals as distribution and consolidation centres. This is especially important where the container cannot be received or delivered directly at the final consignee's door. Infrastructure and facilities in Uganda, Rwanda and Burundi are only very marginally capable of accepting containers

c) Liaise with Kenya Railways to provide adequate, dedicated and competitive rail services between Mombasa container terminal and the ICDs. Arrangements should be made for the provision of truck services at the rail heads

d) Provide a documentation and information network aimed at reducing dwell time of containers in terminals as well as monitoring the container movement

39. Cargo Systems "Hinterland ICDs to cut shippers' costs?" April 1984, p. 65
e) Provide space for repositioning empty containers. A recent conservative estimate stated that costs related to this issue are at least 1,25 billion USD per year.

f) The Port of Mombasa liaise with the authorities in the hinterland to set up container terminals. Terminals to be paid attention to in Burundi and Rwanda are in their respective capitals of Bujumbura and Kigali and in Uganda at the Lake Port of Jinja.

This strategy to work demands that there should be an integrated system in which procedures, ocean and land carriers, inventory control services along with on line container systems, warehousing and customs inspection closely cooperate. The other aspect of distribution strategy for the Port of Mombasa is treated under "other support strategies".

4.4.5 Promotional Strategy.

Promotion is one of the major components constituting a company's marketing mix. The statement "Nothing happens until somebody sells something", expresses rather succinctly the place of promotional activities in today's business scene. Promotion here is defined as "any communication aimed at informing, persuading or influencing the consumer to buy". The major forms of promotion include advertising, personal selling (solicitation), sales promotion and public relations.

It is proposed here that the task of effectively and successfully promoting a port depends on the "promotional mix", that is the most strategic combination of advertising, personal


41. The other components are product/service planning, pricing and distribution
selling and sales promotion that can be devised to reach the
goals of the port's marketing programme.

In line with the systems's approach, the port of Mombasa should
treat all its promotional efforts as a complete subsystem within
the total marketing system. There should be coordination of
personal selling activities, advertising programmes and other
promotional efforts.

Given the foregoing, and the nature of service industries in
addition to the competitive situation among the East African
ports, the Port of Mombasa should:-

a) Put more emphasis on personal selling (solicitation). One
   major advantage of personal selling over other forms of
   promotion is that it is flexible. A sales presentation can be
   adapted to specific situations.

In the Port of Mombasa, selected officers under the direction
of the Principal Marketing Officer should:-

1) call on shipping lines or their agents. Currently there
   are about 20 shipping lines calling at the Port of Mombasa
   and the Tanzanian ports. The task of the officers here is
   to assure the lines or their agents that the situation
   respecting available trade, quality of service and cost
   are such as to justify additional shipping lines

2) call on existing and potential shippers in Uganda, Rwanda
   and Burundi or their agents. The emphasis should be put on
   larger shippers. The case of Uganda Coffee Marketing Board
   is of relevance here. The Board is currently diverting
   part of its coffee traffic to Dar es Salaam away from the
   traditional route to Mombasa. The reasons underlying this
   move is uneconomic (Economist, June 1987, p. 13).

3) liaise with forwarders and brokers. These groups normally
   solicit traffic for their own interests and may be
   indifferent as to which port gets the cargo.
4) join forces with Kenya and Uganda Railways' Corporations in addition to public and private road hauliers in Kenya, Rwanda, Uganda and Burundi with the aim of offering shippers an integrated package of high quality service and competitive rates

5) coordinate promotional activities with Chambers of Commerce and Trade Boards in the respective countries with emphasis on Uganda, Rwanda and Burundi. Other bodies worth coordinating with are government agencies and local authorities

6) Integrate advertising programmes as a back up to personal selling. Advertising, it is noted, does not make sales but makes actual and potential clients aware of what services are available at the Port of Mombasa.

It is suggested that the Port of Mombasa hire an advertising agency to create and monitor campaigns. The agency should be allowed to determine which newspapers, magazines and television or radio programmes would be most appropriate for the campaign that has been designed. The language difference in Rwanda and Burundi should be considered.

c) Treat sales promotion as an instrument of coordinating and supplementing the advertising and sales-force programmes. Sales promotion according to the American Marketing Association is defined as "those marketing activities, other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness".

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42. In Rwanda and Burundi, French is the commercial language, English and Kiswahili can be used

43. Committee on Definitions, A Glossary of Marketing Terms, AMA, Chicago, 1960, p 20
In essence, the sales promotion should be conducted by organizing trade fairs in Kenya, Uganda, Rwanda and Burundi. The practice should be to send special invitations to actual and potential shippers, shipping line representatives, government agencies and cargo forwarders. Top port officials should attend to these clients backed by competent officers who are able to demonstrate the benefits of using the Port of Mombasa.

In terms of Public Relations the Port of Mombasa should:

a) organize an annual Port Day and invite clients and other bodies like universities, schools and government agencies

b) arrange customer conferences in Uganda, Rwanda and Burundi

c) step up dissemination of port information in newspapers and magazines. There is need to cultivate good relations between the media and the port.

The question of how much should be spent for promotion is a very crucial but difficult one. It is, however, important that the total amount to be spent for promotion at a port be related to

1) total investment in the port
2) total revenue of the port
3) reasonable prospects for attraction of trade
4) the general financial position of the port.

The basic factor underlying the above analysis is that the Port of Mombasa after having the facilities and organization to give superior service, remains with the task of informing, persuading and influencing those who could benefit by the use of it.

Indeed market communication bridges the gap that exists between the Port of Mombasa and her customers due to physical distance.
4.4.6 Other Support Strategies.

The trend in most of the world's leading ports today, is that there is an increase of the range of services that a port can offer in response to the requirements of the transport sector and cargo owners.

In the Port of Gothenburg there is already an undertaking to broaden the range of services offered with a view to taking an active role in the total transport flow. The proposal is that activities are to be broadened and integrated both forwards and backwards on the transport chain.

In order to achieve this goal, the port plans to alter its strategy from one of adopting to the customer to a strategy of customer development. The development is to be characterized by:-

1) increased cost efficiency
2) quality of service
3) provision of attractive auxilliary services
4) reduction of tied up capital
5) development and integration of information services
6) increased coordination between industry and port.

In the context of this experience, and given the competition faced by the Port of Mombasa in the East African region, it is suggested that:-

1) The Port of Mombasa embark on measures aimed at attracting port related industries. A feasibility study carried out in 1982 recommended that an integrated Iron and Steel Works be established at Mihongani, a location at the edge of Dongo

44. Examples of ports offering a wide range of services other than traditional port services are Gothenburg, Rotterdam and Hamburg among others.
Kundu. Other industries considered are fish processing, fertilizer mixing and container repair facilities

2) The port rehabilitate old buildings in the port and hire them out for commercial purposes. The Passenger Bagage Hall can be rehabilitated and used as a coordinating centre for government agencies, shipping agents, forwarders, Kenya Railways and trucking agencies. This can improve processing of documents for faster flow of goods and quick turnround of vessels

3) The Port of Mombasa should embrace the concept of transport centre. Instead of sending goods inland, functions such as storing, reloading, marking and packing can be carried out in the port and goods kept in storage until time comes for them to be transported to their final destination

4) The port should set up a cargo service division at the container terminal. The major function here would be to enable the exchange of information as to best time to pick or deliver a container. Generally this division will evaluate specific levels of performance and work with terminal and transport operators in a cooperative manner to solve apparent problem areas and to have stronger links with shippers

5) The port establish a Free Trade Zone. This option has been considered by the KPA management. The preference in this area should be given to export oriented industries. The successful operation of this project depends on the existence of necessary incentives and cooperation with the Customs Department. In addition the Port of Mombasa can offer auxiliary services such as:

a) Pre-delivery inspection especially on imported cars

b) Container repairs, inspection and steam cleaning

c) Stuffing and stripping containers in the container freight station

d) Computer services

e) Consulting

f) Ship planning, preparation of stowage plans and calculating stability figures which are handed on board before sailing.

Finally there is a need for the Port of Mombasa to develop an information system that aids customers to determine the exact whereabouts of their cargo in the port area.

4.4.7 Evaluating Marketing Performance.

At several stages in the course of implementing a marketing programme, the Port Management should carefully evaluate the effectiveness of what has been done or what is planned for the future. Whereas it is important to evaluate each element of the marketing programme, it is suggested here that the ultimate stage would be to evaluate the total marketing effort.

The essence of a total evaluation programme is embodied in the concept of marketing audit. An audit implies a review and an evaluation of some activity. A marketing audit is therefore a systematic, comprehensive, periodic review and evaluation of the marketing function in an organization - its marketing goals, policies and performance.

Regular assessment of performance is necessary to identify deviations from anticipated progress towards objectives. These deviations may result from some inadequacy within the organization or from some external factors over which it has no control (lack of rail wagons to transport coffee from Kampala to the Port of Mombasa as reported in African Business, July 1987, p. 9).

Successes should also be analysed so that the port can capitalize on its strong points. The audit can spot lack of coordination in the marketing programme, outdated strategies or unrealistic goals.

Evaluation, however, must be seen to be having a wider function than identification of discrepancies between actual and planned performance. It should be considered as an offensive tool to facilitate the identification of threats and problems before they arise so that planned changes can be developed.

The Marketing Department of the Port of Mombasa should use evaluation, additionally to illuminate potential opportunities for its development and growth in response to anticipated events. Evaluation is therefore intended for prognosis as well as diagnosis. It is the practice of preventive as well as curative marketing medicine.

In short the management’s job in an evaluation process is to:-

a) Find out what happened - get the facts; compare actual results with budgeted goals to determine the variations

b) Find out why it happened - what specific factors in the marketing programme accounted for the results

c) Decide what to do about it - plan the next periods' programme and activities so as to improve on unsatisfactory conditions and capitalize on the favourable ones.
Summary and Recommendations.

This study has been an attempt to examine the methods, concepts and procedures of marketing as a management technique and its application in the Kenyan Port of Mombasa.

The motivating factor is that most ports in developing countries still do not have formally established marketing departments to carry out their marketing activities. The Port of Mombasa itself created the first formal marketing department in 1986.

One of the most important factors underlying the non-existence of marketing departments in the ports of developing countries is the contention that the ports are monopolists and therefore have little or no competition for their services.

The situational analysis established that the Port of Mombasa is not a monopolist. It faces competition from the ports of Dar es Salaam and Tanga. And of course ports being nodes in the overall transport chain do face competition from other sources.

The shippers in the overlapping hinterlands of Uganda, Rwanda and Burundi have the option to route their cargo to any of the three ports. The ship operators can also decide as to which port they will call regularly. This is especially important for the large container vessels which because of cost consciousness and other factors would limit the number of ports to call.

The study began by a situational analysis. The essence here is that, this approach enables the management in general and the Port of Mombasa in particular to make a thorough analysis to determine where it is and where it is aiming at (see appendix 11, Planning Process).

47. "Implementation of the New Organization Structure of the Enlarged Kenya Ports Authority", special notice No 5 of 1986
In the situational analysis it was established that:-

a) The Port of Mombasa, in terms of cargo throughput, is the largest port in East Africa followed by the ports of Dar es Salaam and Tanga respectively (see tables 1 - 111)

b) The Port of Mombasa handles more containers than any other port in the Port Said-Maputo port range (see fig. 11). Statistics also show that in the East African region, it handles container transshipments in greater numbers than Dar es Salaam or Tanga. In fact there is no data showing that the latter two ports handled any container transshipments between 1980 and 1985 (see tables 11 and 111)

c) Generally shipping lines calling East Africa do call at the base ports of Mombasa and Dar es Salaam. Despite this fact, ships call more frequently at Mombasa and pick up more cargo and deliver same than at either Dar es Salaam or Tanga

d) The majority of shippers in Uganda and Rwanda route their cargo through the Port of Mombasa. A greater volume of Burundi cargo especially exports pass through the Port of Dar es Salaam

e) The Uganda Coffee Marketing Board is increasingly diverting her coffee traffic to the Port of Dar es Salaam

f) Overall, the Port of Mombasa has got a better inland transportation on infrastructure linking it to the competitive hinterland than either Dar es Salaam or Tanga. The shippers in Uganda, Rwanda and Burundi have got more choice in transport modes and routes in reaching Mombasa than the Tanzanian ports

g) Geographically, the Port of Dar es Salaam was established to be better placed to serve Rwanda and Burundi better than Mombasa

h) The Port of Mombasa appears to have better reputation and record in terms of port facilities and cargo handling appliances. The port productivity was found to be higher at Mombasa thus establishing a
reputation of an efficient port

i) The container project and developments taking place in the Port of Dar es Salaam were determined to be such that this port will pose a very serious challenge to the Port of Mombasa as the "Gateway" to East Africa.

j) The Port of Mombasa is being matched by the Port of Dar es Salaam in the context of setting up inland container depots at locations closer to the overlapping competitive hinterlands. For the Port of Mombasa, the most strategic ICD's are those planned to be built at the lake port of Kisumu and at Malaba border post between Kenya and Uganda. In the case of Dar es Salaam the most significant ICD's are those planned to be built at the lake ports of Kigoma and Mwanza.

The study advocated that in formulating a marketing objective, it is important that overall corporate objectives be known for the purposes of harmony.

To achieve the objectives, a series of strategies were selected. The basis of these strategies are the "marketing mix" elements. These elements are product (service) planning, price, place and promotion. For the purposes of this study an adaptation was undertaken to fit a port situation.

In the application of strategies of port development, improvement of port performance, pricing, distribution, promotion and other support strategies, a systems approach was adopted. A system here is defined as "regularly interacting or interdependent group of items forming a unified whole". The basis of this approach is synergism which is defined as "the co-operative action of discreet agencies such that total effect is greater than the sum of the effects taken independently".

The point emphasized here is that the effectiveness of a port's marketing system is increased substantially by carefully synchronizing the separate elements in that system. It therefore follows that a
pricing structure developed without considering the port's promotional programme will not optimize results in either area.

In recognition that competitive situations can change rapidly, the study advocates that the marketing programme should constantly be reviewed with a view to instituting measures to ensure its effectiveness. Herein lies the importance of evaluation. It is suggested that the total marketing effort be evaluated.

The essence of total evaluation is embodied in the concept of marketing audit. The importance of marketing audit is that:-

a) It enables the Port Management to keep abreast of its changing environment

b) It can also be used to analyse successes so that the port can capitalize on its strong points

c) It can spot lack of coordination in the marketing programme, outdated strategies or unrealistic goals

d) It enables management to place responsibility for good or poor performance

e) It can help management to correct misdirected or misplaced marketing efforts.

In line with the objective of this study and given the competitive environment in which the Port of Mombasa operates as has been established by the foregoing analysis, an attempt is being made to put forward a few recommendations.

While the recommendations are based on the findings of this study, they have been influenced by ideas and experiences gained from ports that have formally established marketing departments, principally the ports of Rotterdam and Gothenburg which the author had the opportunity to familiarize himself with. The recommendations can be adopted by the
Port of Mombasa in whole or in parts. The recommendations are as follows:

1) The management of the Port of Mombasa should be market oriented. Customer service should be the basis of the port’s work. To aid management in decision making in its marketing efforts, the management should establish a Marketing Information system. A marketing information system is a "structure designed to generate and process an information flow in order to aid managerial decision making in any phase of a company’s marketing programme."48.

In particular the management of the Port of Mombasa should get more information on:-

(i) Market developments. It is noted here that market and trade practices change very frequently. The decision of the Uganda Coffee Marketing Board to divert part of its coffee traffic away from its traditional route to the Port of Mombasa (see The Economist, June 1987, p. 13) to the Port of Dar es Salaam is a case in point

(ii) Pricing building techniques

(iii) Customer motives, attitudes and decision making procedures

(iv) Competitive situation. To develop a marketing mix different from competition, the Port of Mombasa must constantly monitor developments taking place at Dar es Salaam and Tanga

(v) Methods and procedures of segmenting customers into groups

Generally, marketing should be seen as a coordinating exercise with senior management responsibility in the pooling of ideas and views of the operational, engineering and personnel management.

2) It is very important that a port operating in a competitive environment has got adequate capacity and provide efficient services to ships and cargo to influence these port users to find this particular port more attractive to use.

Given the developments in the maritime industry and subsequent requirements of shippers and shipowners, the ports have found themselves in a position of having to offer a variety of services beyond the traditional port functions.

In this respect and given the findings of the situational analysis, it is recommended that the Port of Mombasa should:-

(i) Optimize the use of existing facilities and systems before developing additional capacity. For example, the Mombasa container terminal has a capacity of 250,000 TEU and the highest figure handled so far is 120,000 TEU (1986)

(ii) Liaise with interfacing agencies to synchronize working hours with particular emphasis on Kenya Railways, customs department and the bonded warehouses

(iii) Build competitive powers by increased commitment to boosting operational efficiency and substantially strengthening of communication links with shippers in Uganda, Rwanda and Burundi

(iv) In co-operation with customers provide new facilities and services. Examples here are the provision of duty free warehouses as those planned to be set up in the proposed free trade zone, computer services, stability calculations and container cleaning and repair facilities

(v) Enhance the efficiency and reliability of inland transportation. The building of inland container depots and service given by the Kenya Railways in the form of "Railtainer" service is a case in point. Further liaison
should take place between the Port of Mombasa and trucking agencies in addition to other government departments like customs and police. The Uganda authorities have reported experiencing bottlenecks in the free flow of goods at the Malaba border post due to customs requirements and procedures

(vi) Improve her service quality in document circuit so that cargoes or ships are not held in port for unnecessarily long periods because of documentation problems.

3. The current tariff structure in KPA is not flexible and does not adequately reflect the port’s cost structure nor the competitive environment in which the port operates. This study suggests that to operate commercially and implement its marketing policies, KPA management must have greater freedom in tariff setting. Briefly the management should:-

(i) Increasingly use separate contracts with individual customers in the context of meeting certain specified conditions and for a specific period of time

(ii) Set higher rates to act as a deterrent against inefficient use of port facilities such as berths and sheds

(iii) Set lower rates where there excess capacity

(iv) Monitor rates charged by THA and then flexibly adjust in its rates to ensure it wins and retains traffic in its priority sectors while earning maximum contribution to its costs

(v) Ensure that pricing policies that can lead to tariff wars are avoided

(vi) Retain published tariffs as basis for negotiations

4. In her promotional activities, it is suggested that KPA management put more weight on personal selling (solicitation). Solicitation
has got an advantage over other forms of promotion in that it is more flexible. Public Relations, publicity and advertisements should be planned to do missionary work for port officers engaged in direct selling.

Sales promotion whose major features are trade fairs and exhibitions should be used to coordinate and supplement other promotional efforts.

The marketing section in general and those officers responsible for negotiations with the customers in particular, should have the authority to commit the port contracts within certain set policies and procedures of the authority.
<table>
<thead>
<tr>
<th>YEAR</th>
<th>IMPORTS</th>
<th>EXPORTS</th>
<th>TRANSSHIPMENT</th>
<th>TOTAL</th>
<th>CONTAINERS TEU</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>5,472</td>
<td>2,037</td>
<td>4</td>
<td>7,712</td>
<td>30,660</td>
</tr>
<tr>
<td>1981</td>
<td>5,627</td>
<td>2,806</td>
<td>3</td>
<td>8,436</td>
<td>44,084</td>
</tr>
<tr>
<td>1982</td>
<td>4,192</td>
<td>2,364</td>
<td>5</td>
<td>6,561</td>
<td>57,645</td>
</tr>
<tr>
<td>1983</td>
<td>4,288</td>
<td>2,196</td>
<td>10</td>
<td>6,494</td>
<td>83,849</td>
</tr>
<tr>
<td>1984</td>
<td>4,474</td>
<td>2,059</td>
<td>16</td>
<td>6,549</td>
<td>92,461</td>
</tr>
<tr>
<td>1985</td>
<td>4,437</td>
<td>1,878</td>
<td>25</td>
<td>6,340</td>
<td>103,362.5</td>
</tr>
</tbody>
</table>

SOURCE: ANNUAL BULLETIN OF PORT STATISTICS KPA, 1985
## TABLE II

CARGO THROUGHPUT AT THE PORT OF DAR ES SALAAM 1980 - 1985

(‘000 TONNES)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>IMPORTS</th>
<th>EXPORTS</th>
<th>TRANSP.</th>
<th>TOTAL</th>
<th>CONTAINERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>1,153</td>
<td>707</td>
<td>-</td>
<td>1,860</td>
<td>9,275</td>
</tr>
<tr>
<td>1981</td>
<td>2,568</td>
<td>772</td>
<td>-</td>
<td>3,340</td>
<td>18,014</td>
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<tr>
<td>1982</td>
<td>1,082</td>
<td>283</td>
<td>-</td>
<td>1,365</td>
<td>26,298</td>
</tr>
<tr>
<td>1983</td>
<td>1,498</td>
<td>602</td>
<td>-</td>
<td>2,100</td>
<td>28,000</td>
</tr>
<tr>
<td>1984</td>
<td>2,496</td>
<td>896</td>
<td>-</td>
<td>3,392</td>
<td>30,540</td>
</tr>
<tr>
<td>1985</td>
<td>2,011</td>
<td>747</td>
<td>-</td>
<td>2,758</td>
<td>34,000</td>
</tr>
</tbody>
</table>

SOURCE: MONTHLY REVIEW OF PORT WORKING - THA
TRAFFIC DEPARTMENT.
### Table III

**Cargo Throughput at the Port of Tanga 1980 - 1985**

(Tonnes)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>IMPORTS</th>
<th>EXPORTS</th>
<th>TRANS SHIPMENT</th>
<th>TOTAL</th>
<th>CONTAINERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>239,966</td>
<td>143,765</td>
<td>-</td>
<td>383,731</td>
<td>500</td>
</tr>
<tr>
<td>1981</td>
<td>155,706</td>
<td>156,157</td>
<td>-</td>
<td>311,863</td>
<td>1,500</td>
</tr>
<tr>
<td>1982</td>
<td>108,684</td>
<td>160,338</td>
<td>-</td>
<td>269,022</td>
<td>2,754</td>
</tr>
<tr>
<td>1983</td>
<td>91,482</td>
<td>96,775</td>
<td>-</td>
<td>188,257</td>
<td>4,473</td>
</tr>
<tr>
<td>1984</td>
<td>107,294</td>
<td>111,614</td>
<td>-</td>
<td>218,908</td>
<td>4,987</td>
</tr>
<tr>
<td>1985</td>
<td>124,552</td>
<td>133,316</td>
<td>-</td>
<td>257,869</td>
<td>5,710</td>
</tr>
</tbody>
</table>

**Source:** Port Managers Monthly Review of Port Working.
TABLE IV

TRANSIT TRAFFIC (UGANDA, RWANDA, BURUNDI)
PORT OF MOMBASA, 1980 - 1985

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UGANDA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IMPORTS</td>
<td>112,103</td>
<td>49,875</td>
<td>86,759</td>
<td>125,335</td>
<td>97,200</td>
<td>60,149</td>
</tr>
<tr>
<td>EXPORTS</td>
<td>115,409</td>
<td>131,847</td>
<td>169,824</td>
<td>155,648</td>
<td>158,903</td>
<td>164,193</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>227,511</td>
<td>181,722</td>
<td>256,583</td>
<td>280,985</td>
<td>256,103</td>
<td>224,342</td>
</tr>
<tr>
<td><strong>RWANDA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IMPORTS</td>
<td>56,592</td>
<td>79,945</td>
<td>89,007</td>
<td>77,498</td>
<td>119,100</td>
<td>56,166</td>
</tr>
<tr>
<td>EXPORTS</td>
<td>30,959</td>
<td>38,826</td>
<td>35,776</td>
<td>37,379</td>
<td>37,464</td>
<td>38,132</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>87,551</td>
<td>118,771</td>
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**SOURCE:** MONTHLY REVIEW OF PORT WORKING, KPA
### TABLE V

**ANALYSIS OF SHIP TYPES CALLING ON THE TWO BASE PORTS OF MONBASA AND DAR ES SALAAM**

<table>
<thead>
<tr>
<th>MONTH</th>
<th>GENERAL CARGO SHIPS</th>
<th>DRY BULK CARGO SHIPS</th>
<th>CONTAINER SHIPS</th>
<th>CARGO/PASSENGER SHIPS</th>
<th>BULK OIL TANKERS</th>
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<td>9</td>
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### TABLE VI

TRANSIT TRAFFIC (UGANDA, RWANDA, BURUNDI)

PORT OF DAR ES SALAAM, 1980 - 1985

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<td>86,545</td>
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**SOURCE:** MONTHLY REVIEW OF PORT WORKING, THA
TABLE VII

DRY GENERAL CARGO HANDLED IN CONTAINERS AS COMPARED TO TOTAL CONTAINERIZED CARGO THROUGH THE PORT OF MOMBASA 1980 - 1985

<table>
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<tr>
<th>YEAR</th>
<th>TOTAL GENERAL CARGO (DWT)</th>
<th>DRY GENERAL CARGO IN CONTAINERS (DWT)</th>
<th>(II) AS o/o of (I)</th>
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<td>1984</td>
<td>2,704,623</td>
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<td>1985</td>
<td>2,563,054</td>
<td>1,240,344</td>
<td>48.4</td>
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</tbody>
</table>

SOURCE: CORPORATE DEVELOPMENT DEPARTMENT, KPA
FIGURE I. East African countries and Pattern of Transport Services.

FIGURE II. African Ports and Terminals: Level of Containerization at the Port of Mombasa.


FIGURE IV: World shipping Routes and Principal Land Bridges.
Strategic Location of the Port of Mombasa.

SOURCE. Lloyd's Maritime Atlas.
APPENDIX I

SHIPPING LINES CALLING AT THE PORTS OF MOMBASA AND THE TANZANIAN PORTS - 1984

BEACON
IGNAZIO MESSINA & CO
MEDITERRANEAN SHIPPING COMPANY
MITSUI OSK LINE
LLOYD TRIESTINO
NIPPON YUSEN KAISHA (N.Y.K LINE)
UNITED STATES LINES (OUT OF SERVICE)
THE SHIPPING CORPORATION OF INDIA LTD
NEDLLOYD LINES
WEST EUROPEAN CONTAINER LINES
ARABIAN MARINER LINES
THE FRENCH LINES SERVICE
LYKES LINES
CHINESE - TANZANIAN JOINT SHIPPING CO.
LAUREL NAVIGATION INCORPORATED
SHIPPING CORPORATION OF ZANZIBAR
PACIFIC INTERNATIONAL LINES
BALTAFRICA
BESTA LINE
TANZANIA COASTAL SHIPPING LINES LTD (TACOSHILI)

* DOAL (DEUTSCH OST. AFRICA LINE)
* CMB (CAMPAGNE MARITIME BELGE)
* SVEDEL/CGM
* ELLERMAN
* HARRISON
* OCL (OVERSEAS CONTAINER LIMITED)
* MSC (MEDITERRANEAN SHIPPING CORPORATION)
* ZIM LINES
* WEC LINES
* LNL
* GOLD STAR
* MESSINA LINE
* LLOYD TRIESTINO
* CONTAINER VESSELS

SOURCE: INFORMATION FROM KPA AND THA AND NEWSPAPER ADVERTISEMENTS.
THE PLANNING PROCESS

**ANALYSE THE SITUATION**
- Where are we, and where are we going?

**DETERMINE THE OBJECTIVES**
- These goals should be specific, realistic and mutually consistent.

**SELECT THE STRATEGIES AND TACTICS**
- How do we get to where we want to go?

**EVALUATE THE RESULTS**
- How are we doing? Did we do (results) what we said we would do (goals)?

PLANNING: A PREROGATIVE TO MARKETING SUCCESS
APPENDIX 3

THE IMPORTANCE OF CUSTOMERS IN A COMPANY'S MARKETING EFFORT.

SOURCE. AUTHOR'S ADAPTATION FROM W.J. STANTON "FUNDAMENTALS OF MARKETING"
A SUGGESTED MODEL OF THE MANAGEMENT ORGANIZATION OF THE MARKETING SECTION OF THE CORPORATE PLANNING DEPARTMENT OF KPA.

1. Bennathan, Esra (1979) Port Pricing and Investment Policy for Developing Countries


4. Cargo Systems, June 1987 "High Politics in the Low Countries"


6. Frankel, E G (1978) Port Planning and Developing "Port Pricing"


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<td>18. Port Development International April 1987</td>
<td>&quot;Dar es Salaam - Time to Deliver Soon&quot;</td>
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<td>&quot;The Port's Commercial Activities&quot;</td>
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<td>&quot;Port Charges&quot;</td>
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<td>22. Stal, C B H (1986)</td>
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