KYMENLAAKSON AMMATTIKORKEAKOULU

University of Applied Sciences

International Business

Irina Popenko

INFLUENCE OF MARKETING LOGISTICS ON THE CONTAINER TRANSPORTATION BY ROAD-, WATER- AND RAILWAYS IN EUROPE

Bachelor’s Thesis 2010
The central idea of the thesis is to reveal and analyse the appearance of marketing logistics in the world of transportation, in particular when implemented by three main ways of hauling containers: road, rail and water.

The problem identified and stated in the thesis is the lack of coordination and discordance in appliance of marketing logistics in transportation enterprises. Whereas in the result of the work it is presented that smooth “commonwealth” of marketing and logistics, mutual agreement in working processes play an important role for companies in taking decisions, concerning robust attitude to environment with accordance to ecological, qualitative measures which under huge supervision and control in programs of European Union.

This work also gives insight into the process of containerization and observes the common obstacles of logistics companies, describes the concrete application of marketing tools and measures particularly transportations. Excellent scenarios in the thesis are demonstrated on the examples what makes possible to estimate the significance of liberalization and “multimodalism” in transportation process.

This allowed fulfilling the objective of the thesis – to conclude the ecology respectful, high-qualitative, contemporary appropriate proposals and recommendations for company behavior, directions to develop and advance taking into account threats and opportunities, trends, situation nowadays in the world.

The result of that research work proves that the aim of each logistics company - to consider value-adding necessity to all transport operations for company, home country and European success and well-being (goodwill).
# TABLE OF CONTENTS

TIIVISTELMÄ

ABSTRACT

1 INTRODUCTION

2 MARKETING LOGISTICS
   2.1 History of Marketing Logistics
   2.2 Marketing Mix and its appliance in logistics companies
      2.2.1 Product
      2.2.2 Price
      2.2.3 Promotion
      2.2.4 Place
      2.2.5 People
      2.2.6 Processes
      2.2.7 Physical Evidence

3 CONTAINER BUSINESS IN FINLAND
   3.1 Description
   3.2 Container carriers
      3.2.1 Road carriers
      3.2.2 Sea carrier
      3.2.3 Rail carrier

4 COMPONENTS OF MARKETING LOGISTICS
   4.1 Value-Adding
   4.2 Branding
   4.3 Customer Relationship
   4.4 Quality
   4.5 Pricing strategy

5 COMPARISONS OF THREE COMPANIES
   5.1 Containerization
   5.2 Competition among companies
6 TRENDS NOWADAYS

6.1 Examples on the rail transport 43
6.2 Possible changes in road and sea transportations 45
  6.2.1 Climate changes 46
  6.2.2 Outlook of on-going projects in Europe 47
    6.2.2.1 Seine-Scheldt Project 47
    6.2.2.2 Marco Polo Programme 48

7 EXCELLENT SCENARIOS 50

7.1 Liberalization in logistics 50
7.2 Intermodal transportation 52

8 CONCLUSIONS AND RECOMMENDATIONS 54

8.1 Conclusions 54
8.2 Recommendations 56

REFERENCES

APPENDICES

Appendix 1. Port of Kotka
Appendix 2. Questionnaire
Appendix 3. Brands of the companies
Appendix 4. Environmental impacts of goods transported by different modes
During years and till the beginning of the last year the container turnover has been growing all over the world. People are producing and demanding more and more products. This cause need for transportations and work for the companies working with it. At the same time it gives a birth to the new turns of container circulation.

During last year container turnover was falling gradually due to the period of economic downturn. Nowadays there are appearing “green shoots” in “it’s” and real spring 2010, and the container’s flow is being revitalized and it is expected to grow.

From year to year more and more companies appear throughout the world, as well as technologies, rules and competency for the growth control. For the five years from 2004 to 2008, container turnover has increased two-fold in Finnish port Kotka, which reflects the overall situation in Finland (Appendix 1: Port of Kotka). It means that capacity for handling all the time growing quantity needs to grow and develop (Port of Kotka. 2008. Annual Report 2008, 8).

Difficulties in real life are usually a combination of many challenges, which are met by all companies, whose work concerns logistics. In the particular sphere of logistics – the main obstacle of containerization is nowadays distribution the containers inside Finland. (Hilmola 2007, 4)

This obstacle is described by two main factors:

- Road transportation (export to Russian Federation): bottlenecks on the south borders (the queue of the trucks once reached 50 km (Helsingin Sanomat, 2006))

- Rail transportation: in 2006 only 5% of more than 100 000 tons of containerized cargo were carried by rail, as it has a lack of rail transporters and suitable stock for transporting the cargo.

Those companies whose business is concentrated on container hauling are suffering from its amount/lack, competitiveness by other means of carrying, but
at the same time there is unbalanced traffic e.g. in direction Finland – Russia or vice or versa in container transportations.

The table 1 shows this situation mentioned above.

Table 1. Division of cargo between Finland and Russia to modes of transport (numbers are in %), (Himola 2009, 6)

<table>
<thead>
<tr>
<th>mean of transport</th>
<th>Russia - Finland</th>
<th>Finland - Russia</th>
</tr>
</thead>
<tbody>
<tr>
<td>sea</td>
<td>54</td>
<td>86</td>
</tr>
<tr>
<td>rail</td>
<td>22</td>
<td>6-7</td>
</tr>
<tr>
<td>road</td>
<td>9</td>
<td>6-7</td>
</tr>
</tbody>
</table>

The main idea of the thesis is based on particular companies in order to study the breakdown of the container stream among them (as representatives of different modes carriers), its reasons and consequences. However, in thesis will be researched main marketing aspects of three container carriers characterizing their values and objectives, their comparison and cases of best practices, which are already in use by other container carriers.

This unbalanced situation on the market is a result of several factors. First of all, it is important to consider advantages which can be promoted and developed and obstacles which are causing this unstable situation in each type of container carrier.
Table 2. Comparison on advantages and disadvantages of transport modes (Prolongeau 2004, 115)

<table>
<thead>
<tr>
<th>Mode</th>
<th>Roadways</th>
<th>Railways</th>
<th>Waterways</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advantages</td>
<td>Flexibility</td>
<td>Benefits in political measures and legal incentives</td>
<td>Benefits in political measures and legal incentives</td>
</tr>
<tr>
<td></td>
<td>Short transit time</td>
<td>Large volumes</td>
<td>Large volumes</td>
</tr>
<tr>
<td></td>
<td>Less handling</td>
<td>Competitive pricing</td>
<td>Competitive pricing</td>
</tr>
<tr>
<td></td>
<td>Door-to-door</td>
<td>Long distances</td>
<td>Long distances</td>
</tr>
<tr>
<td></td>
<td>Direct transport</td>
<td>Low-polluting</td>
<td>Low-polluting</td>
</tr>
<tr>
<td>Disadvantages</td>
<td>Restrictions in driving</td>
<td>Need of loading/unloading works and cargo handling</td>
<td>Need of loading/unloading works and cargo handling</td>
</tr>
<tr>
<td></td>
<td>Increase of legal restrictions</td>
<td>Dependency on the road transport mode as a final transporter</td>
<td>Dependency on the road transport mode as a final transporter</td>
</tr>
<tr>
<td></td>
<td>Small volumes</td>
<td>Not flexible (not door-to-door)</td>
<td>Not flexible (not door-to-door)</td>
</tr>
<tr>
<td></td>
<td>Saturation infrastructure, not recommended</td>
<td>Limited and heterogeneous infrastructure in Europe</td>
<td>Limited and heterogeneous infrastructure in Europe</td>
</tr>
<tr>
<td></td>
<td>for a long distances</td>
<td>Long transit time</td>
<td>Long transit time</td>
</tr>
<tr>
<td></td>
<td>Dependency on the customers and borders</td>
<td>High rate of damage</td>
<td></td>
</tr>
<tr>
<td></td>
<td>between countries</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Price less competitive</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Means of transport pollutant</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 2 indicates the advantages and disadvantages of each carrier and makes at the same time the comparison of them.

The column of rail transport mode indicates that it is still not very competitive and still mostly oriented towards the domestic market. This has led to low service quality and few services provided.

For all transport modes there are nowadays common problems such as:

- Rising fuel and energy costs
- Strict environmental regulations
- Safety regulations

All customer channels start with customer needs and end with customer satisfaction. Connection of these two points depends in some cases on work of marketing channel, including:

- Financing
- Physical movement
- Storage
- Ordering
- Value added activities
- Complaint handling
- Information management

Some challenges which all three transport modes have are the absence or poor application of marketing in supply chain management.

This thesis will discuss – the connection between marketing and logistics and identify its influence on volumes of containers distributed among carrier companies.

2 MARKETING LOGISTICS

Logistics managers nowadays have to do a better job of communicating, marketing and logistics in order to position logistics in its proper role in today’s business environment. Before the logistics principles were mainly based on
liquidation of obstacles and problems. However, this time is over, and now proactive methods are used wider than before. Marketing is integrating into the logistics world, and meanwhile thereby bringing success to the yesterday “bare” logistics.

This concept of “marketing” logistics borrows from the traditional concept of marketing. In other words, it includes identifying the customers, identifying their needs, and combining the firm’s resources to meet those needs. However, the concept of logistics marketing goes further and applied wider, allowing companies making a growth of their businesses. (Andraski, 1996)

2.1 History of Marketing Logistics

Marketing logistics is a form of integration of marketing to the logistics sphere. Marketing tools applied in logistics through different methods.

Earlier logistics existed on its own and accomplished especially transportation functions (unfortunately it still exists in some companies). This means that logistics is not supported by any other accompanying services, thus it is satisfying the demand of a small particular amount of customers.

Further on, implementation of marketing co-participation with logistics in the form of “marketing departments in companies” had been increasingly developed and applied to the practice. In a short time, it has shown its results in customer growth customer loyalty and eventually in company stable financial growth. As a result, marketing departments have appeared in the transportation sphere.

Nevertheless, still marketing existed by itself and was not contributing to the logistics processes. Instead, logistics was developing its own way (Min & Mentzer, 2000, 766).

There seemed to be a need to reduce and eliminate redundancies, unnecessary steps and processes increase dramatically, therefore the term “marketing
logistics” was first used in the mid of 1980s by the Wilson Group to attempt to convey a more comprehensive view, or description, of the processes than what was provided by terms such as distribution or logistics.

Marketing logistics encompasses all the transactions and processes involved between the production time and the consumer purchase stage, which should be managed accordingly.

In order to compete on today’s market effectively, all the activities between producer and retail point of purchase must be organized, coordinated, staffed and managed as a single process, not a series of vertical organizations or complicated schemes. (Wilson, 2007, 98) It concerns the overall performance of marketing logistics in the business and its functions (role in the business).

2.2 Marketing Mix and its appliance in logistics companies

The concept of the marketing mix is not new, but its appliance to the marketing logistics can have very perspective development. Logistics companies are producing a service, which means to have an intangible output that it is more difficult to sell. To be successful, a logistics company must be close to the customer and tirelessly and flawlessly provide services as a repeated process.

As marketing, the marketing logistics concept can be also presented with 7 P’s: Marketing mix 4 P’s and extended Marketing Mix (7P’s), focusing on Product, Price, Place, Promotion and Processes, Physical evidence and People, as elements of the logistics marketing mix.

Marketing mix is used as a tool in the companies to help to define the main strategy. Below will be described all the concepts of marketing mix P’s from 4 to 7. In practice each of them has its own appliance: each of seven concepts in particular and how they are presented in logistics as marketing tools.
2.2.1 Product

Product itself exists in the logistics companies as a service. However, it is still intended to a particular customer and has the same characteristics, such as quality, brand, functionality, packaging etc., which meet the needs of the customer. All logistics services as a “product” shall be reliable in order to compete on the market. This reliability includes: on time deliveries, door-to-door services, order filling, carriage without damages or losses, accurate invoicing and documentation.

Andraski (1996) divides the logistics’ services to three categories:

- Traditional logistics services
- Evolving logistics services
- Ultimate logistics services

Traditional logistics services are called as “reliable” and are described as basic services, which all strong firms in this area need to possess if they want to survive nowadays on the market.

Evolving logistics is giving to the services “responsiveness” to different factors, which can be directed to the increasing the market share or upgrading the services to be more sensitive to customer needs.

Ultimate logistics “product” is a service which is made up of more efforts by managers of the company trying to innovate their services depending on particular customer or suitable due to some reasons, giving the company long term competitive advantages.

These different stages of upgrading the logistics services are used more or less by companies in order to fulfill their objectives but they all are as a marketing tools used to compete on the market.

2.2.2 Price

Price plays an important role in logistics. The price of the product or service
provided by the company has direct impact on the profitability and revenue. That is why price shall be a conscious decision and formed by pricing strategy. For this reason, logistics executive should know “price drivers” thanks to which the price will stay sensitive to the reaction of the customers. As the customers are highly dependable not only on the service but also on the price of this service, the logistic manager should be also highly attentive to the market prices, changes, drivers of logistic price.

2.2.3 Promotion

Logistics as any other kinds of business spheres can be promoted by different marketing tools. However, in logistics the main focus - is to highlight the most important among its characteristics such as visibility externally but also internally (inside of the company for the other departments), precaution and proactive methods of solutions and investments, innovation etc. The main advantages which the company considers as important can be promoted, because thanks to this measure it can win new customers or new market shares.

2.2.4 Place

In the traditional marketing mix, place refers to logistics, location, and market coverage, but in marketing logistics, the meaning of place is in the question of facilitation relations between the company and its customers. Andraski (1996) names three important keys of place:

1. The logistics must be visible to the customers only at the resulting stage; the backroom operations are unnecessary information to the customer, which can complicate the process even more.
2. What the customer wants to know is information about the shipment. A lot of successful organizations make this information easily accessible, visible and available to their customers at any time the customer wants to know it. For example, companies give the login and passwords to the customer to their internal database or customer can just have the number of the container or accompanying its document (e.g. B/L) and find its location easily at the website of the shipping company. (For example, in container shipping company
CMA-CGM one can login with the personal customer password, but at Hanjin Shipping you can see information available with the number of B/L or booking number or container number.

3. Success to logistics companies is given by its location. That is why companies try to expand internationally to be more close to their customers, having offices in their countries. It is very important as it is giving a lot of simplifications to the customer:
   - to contact, in the same country on the same language
   - to find the office, manager
   - to collaborate (more often trust and liability are stronger to the national carrier than the carrier of another country)

2.2.5 People

People are the most crucial component of the extended marketing mix. People in the logistics companies are internal customers as workers, employees, management and external customers as consumers. They all add significant value to the service offering by the company. The logistics executive must provide his workers with enthusiasm to work, friendly working environment, delegation of responsibility, use “pressure up” instead of “pressure down” concept and be first of all a team leader who believe in the performance of the whole team, but not individual. Consumers make their judgments based on the staff that interacts with them. (Kotler, 2005, 19)

2.2.6 Processes

Process is an essential part of all logistics companies, because it consists foremost of flows of activities, procedures and all movements which company provides. Process is used to assist the company in delivering the service. It combines all kinds of processes for making logistics more marketing effective, such processes as: transportation planning, customer management, supply chain management, inventory management, sales, scheduling, warehouse, processes for handling the order etc. (The Times 100)
2.2.7 Physical Evidence

Physical evidence is the output of the company, the final stage of the service, presented and visible to the customer. That is why physical evidence is an essential ingredient of the marketing mix for the companies, which are providing services as logistics. Consumers will make perceptions based on their sight of the service provision. (Booms & Bitner 1981)

![Diagram](image.png)

Figure 1. Marketing logistics value (McKay B., 2009)

3 CONTAINER BUSINESS IN FINLAND

3.1 Description

Container business is growing very fast causing the necessity of the capacities to hold on it in frames of management and controlling. Finnish logistics is known as technically reliable and highly sensitive to even small changes. Maybe because of this fact it is developing hand in hand with the world pace. Containerization process is represented by activities of the local ports with operating there shipping lines, transportation companies (road container carriers) and quickly expanding network of railways.
In the figure 2 very high percentage (87.7%) of goods traffic in Finland belongs to the road-transportation carriers which give them a very remarkable priority. At the same time, railroads and waterways take just 9.8% and 2.5% respectively, and thus face big competition with road carriers.

Matching the two other pictures of the Port of Kotka (Appendix 1) and Structure of Finnish Trade (figure 3) allows mentioning the trend of annual growth of containers (TEU). However, during these years the proportion of tons of the cargo is divided with small changes in volumes almost the same as in 2006 or 2007 (the picture above). Therefore, the conclusion is that there seems to be changes in volumes, it is apparently growing, but it stays the same proportionally among these carriers. That shows the stagnation in the competition among these competitors.
Consequently, big amounts of transferred tones results to overflow and transmissivity on the roads, ports, customs, of course, it results to ecological problems (because of the CO₂ emissions). There are different reasons, why Finland intends to unload the roads and improve ecology and also technology by turning the transportations to intermodal, according to the Annual Report of the Port of Helsinki (2008). The report mentions that one of the main targets is to integrate rail traffic more effectively into transport chain. YTL (Yleinen Teollisuusliitto, the General Industrial Association of the Confederation of Finnish Industries) declared that if the competitiveness of use of intermodal transport will be provided companies would be eager to change their way of transportations nowadays; “so far the proportion of deliveries using combined transport solutions is only about one percent, while in Central Europe intermodal traffic accounts for about a fifth” (Annual Report of Port of Helsinki, 7), calling Finland as a developing country in its use of intermodal transport.

Further in this thesis will be researched and compared the activities and marketing logistics tools applied in the companies operating with different modes of transporting containers. Research and description of each type of the
carrier company is made for visualization of their activities, advantages/disadvantages, priorities in their work from point of view of marketing.

3.2 Container carriers

In order to provide the research of appliance marketing tools (described before) in logistics is taken three examples – companies with three different mode of transportation the containers: road-, water- and railways.

3.2.1 Road carriers - Nurminen logistics

Nurminen logistics is a well-known Finnish based company, which operates since 1886, collecting logistics know-how during three centuries. Family business expanded very wide from Finland the company is also presented in Russia, Baltic and other CIS countries.

Product

Nurminen logistics has two operational business units, which provide different services. Nurminen Cargo provides cargo handling (transportation by road and rail in trailers, containers), forwarding (documentation, freight services), warehousing and terminal services, Nurminen Heavy’s services concern transportation of large or heavy items and tailored services, finding special solutions for particular customer need. It means that it tries to provide the customer with different solutions ordinary/extraordinary and from shipping by road, rail (has ferry connections) also store, load, form necessary documentation. Full range of services provided by Nurminen logistics enables the company to take care of the needs of the customers and resolving their challenges. Hand in hand with the services, Nurminen implements quality standards (“Nurminen logistics’ business idea is to offer and deliver high quality logistics services that strengthen the competitiveness of its customers” (Nurminen, 2008, 9), such as ISO9001, ISO 14001, OHSAS 18001, AON, SQAS. These standards are fully applied in daily operations which can and
should be seen in every business areas Nurminen is involved in (Appendix 2).

Price

Dealing with heavy or large cargo often can cause extra expenses for their transportation. By helping the customer planning in advance the transportation Nurminen cuts the costs significantly what results to the customer in cost savings. However, this (knowhow of solving the challenges) and also operator reliability and other related services are included in the “core product”, transportation. The price is not the prior factor, even if it is important, and has not been significantly changed during the time, as Nurminen has never planned to be a price leader on the market.

Promotion

Nurminen Logistics promotes itself as a reliable partner with wide range of high-quality services tailored to customer needs. A lot of attention in company is paid to the satisfaction of their clients and new solutions meeting new demands. Nurminen logistics doesn’t perform itself as an environmentally friendly partner even though they fulfilled the requirements of quality standard ISO 14001:2004 and providing special activities to minimise the effects on the environment: aware the personnel, recycling the waste and other aspects. Customers, and especially new partners, more and more pay attention on the eco-friendly side of the company, it becomes a new market trend to care about the environment and possible decrease of the harm made to it.

Place

Nurminen Logistics’ main market areas are Finland, the Baltic Sea region, Russia and other CIS countries. Therefore, it is easy to explain why company has headquarters in Finland, as it was being established in Finland, and subsidiaries in Russia, Latvia, Estonia, Lithuania, and Sweden.

Nurminen has its offices throughout Finland and of course, in the main ports of
Finland on the Baltic sea such as in the terminal Mussalo in Kotka, terminal Vuosaari in Helsinki, Hamina terminal dealing with containers came by sea and transporting it further, and in the cities close to Russian border, as Vartsila, Vainikkala, Lentiira, as one of the main market for Nurminen is Russian market. This way it can embrace the main territories being in the most convenient place for itself (Nurminen) and at the same time suitable and favourable to their customers. The choice of the locations of the offices of Nurminen is based near its main working areas and intended to be close to the market where it operates.

Nurminen researches constantly new areas for opening new offices (as in 2010 there will be a new diversified logistics centre in Hamina harbour, which is intended also to provide Olympics 2014, which will take place in Sochi, Russia, with logistics services), also closing some offices, as it happens to office in Nuijanmaa (May, 2009) and reorganising (in Imatra, Niirala and Joensuu). From January this year Nurminen starts operations in Vuosaari harbour Helsinki, when it was just opened, serving the previous and new customers, and providing full-service in harbour’s logistics area.

People

This marketing tool, as people, consists of two groups:
- External customers or clients of the company
- Internal customers or employees.

It means that the company should take into consideration both of them and work with them accurately and hard.

Nurminen considers all its clients important. They are not correlating them to a customer pyramid. Their loyal key customers represent more than 100 customers, what is quite big amount. Nevertheless, annually Nurminen makes survey of the customers and attract new ones by trade missions and sales campaigns provided by their sales department.

Employees are not a less important factor for the company. As survey in 2008
shows, Nurminen Logistics staff is satisfied with their work and working environment. (Nurminen, 2008, 4). Nurminen believes that skilled and trained personnel are the guarantor of strong competitiveness and help to establish new relationships with prospective customers.

Nurminen tries to build positive minds of employees at work and helps them to develop their personal and strategic working skills.

At Nurminen company personnel is closely connected to their customers that is why they understand that the opinion and satisfaction of one can reflect on another.

Processes

The first process to describe and the most important is handling the cargo (or containers). Nurminen Logistics transports containers by road (has own fleet 35 trucks) and rail (thousand of railway wagons owned by Nurminen), working in cooperation with VR Cargo (Leading transportation company of freight and passenger on rail in Finland). Several processes exist to provide the transportation, such as pre-haulage, planning, securing, of the loads, warehousing, cargo consolidating, trucking. Being a traditional trucking company and concentrating on the core business, some of the services are given to the subcontractors of Nurminen.

Other processes are held in warehouse: unloading/loading, storing, securing, heating, placing and other, and forwarding: such processes as making clearance, customer procedures, warehouse documentation, statistics, and transit documents. The processes are closely connected to services the company offers externally and the working atmosphere combines all the internal processes at the company.

Physical Evidence

Physical evidence, which Nurminen logistics is performing to its customers, has
its valuable position as well in the operations. Customers of the Nurminen are provided with on-line data, for example, warehouse inventory record observation, transport track and trace, electrical solutions regarding documentation. As it is seen the information is available at any time (on-line) and more each customer has own forwarder who is assigned to handle his shipments (Nurminen, 2008, 12). In the end of the transportation after unloading the containers, the customer receives a report of the work carried out. Nurminen keeps his customers aware about the work it is doing with their cargo, so that the customer is knows about the time and the result of the transportation, it is exactly what the customer should and would like to know.

The resulting strategy in Marketing Logistics sector for the Nurminen after describing the marketing tools of 7 P’s applied can be that it provides quality logistics services tailored to the needs of their customers, such that very much concentrate on them and are influenced by their opinion.

The strategy, which Nurminen declares, is “to grow both organically and through selective mergers and acquisitions”.

Considering the answers given in the questionnaire, the strategy used at Nurminen is differentiation strategy (Porter), as they try not to be not a traditional trucking company, but instead one providing new extra service, such as rail transportation.

3.2.2 Sea carriers - Hanjin Shipping

Established in Korea, Hanjin Group is worldwide well recognized global logistics provider which operates in very diversified spheres, presenting at the same time full services and meeting demands of the customers. The main operating areas are divided into domestic and international services parts, which are represented by: deliveries, warehousing, stevedoring, maintenance, forwarding, 3PL, worldwide express, overseas business, and shipping. Hanjin Shipping is one of the subdivisions of the group which handles container
transportations on the international level. It was launched in 1967 and now it is one of the 10 world biggest companies.

Product

First of all, Hanjin Shipping concentrates on the container service. To improve their position on the market in this business area and to reach strong competitiveness among other shipping companies they have applied the system of working with the big quantities: large volumes (3.5 million TEUs) by enormous capacity of ships (more than 5,000 TEU and 7,500 TEU-class vessels). This is the main advantage of shipping transport mode in compare with others, as rail or road. Core sectors at Hanjin Shipping are: direct shipping, port and terminal services, warehousing, real estate leasing, shipbuilding and repair, ship sales and purchasing, port and terminal operation and development, total logistics, software business, information and telecommunications, renewable and environmental energy, and natural resources development. These services are adding value to the whole shipping process, as Hanjin Shipping is not only ocean-bound transporter, but a total logistics provider.

Price

One prerequisite of taking a leading position on the market is to have differentiated product: service and/or price. Service has been described before, has a right at Hanjin to be called differentiated, as it is at least has unlike than other shipping companies, own repairing yard for use by themselves and as a service for another companies. Price is very important as well, being one of the criteria by which consumers make the choice of their suppliers.

It follows, that the crucial choice for the company is to choose the pricing strategy and to set the prices on the services.

The factors, which Hanjin is taking into account, are:

- Needs of customers (case-sensitivity)
- Customer loyalty
Market prices
Demand and supply
Commodities (that means that the price must finally cover the cost of production to earn profit)

What also makes the impact on the changing the price at Hanjin Company - it is different deviations and modifications in the world market: external factors. (Andraski, 1996)

Promotion

Hanjin Shipping’s main priority is to satisfy all diversified requirements of their customers. To do this, they promote at their company factor of visibility at their work. The customer being loyal to Hanjin can easily access to real-time information through their state-of-the-art network and information system. Hanjin Shipping, Sustainability report of 2008 Hanjin describes their steps towards environmental friendly perspective. Positioning themselves as a “green” partner they increase the interest of the customers, government and other companies (shareholders, partners). Sustainable management also comprises social responsibility and ethical business, which are intended to reinforce attitude and behaviour of the employees.

Place

Hanjin Shipping is the biggest shipping carrier in Korea, where it has its head-office and the main operational unit. From this starting point Hanjin expanded its network to 4 regional headquarters, 200 overseas branch offices, and 30 local corporations. In picture 4 below is shown how transportation volumes transporting by Hanjin are growing from one year to another prevailing on the routes of Asia – America.
People

Top priority in Hanjin is given to the customers. Reacting in time to customers’ demands, delivering the highest standard of logistics service bring to the company profitability.

The President and CEO of Hanjin Shipping J.W. Park in the interview said: “our goal is to contribute to our customers’ value creation”. This is very important if the company purpose is to improve their business with dependency on the customers, the best solution is to create with them relationship on “win-win” basis, in order that everyone is satisfied. Hanjin with this reason, is continuously implementing new solutions, as cutting-edge IT systems with providing e-services, trying to satisfy all kinds of requirements of their customers.

The personnel of Hanjin help to develop environmental-friendly and ethical business. To train their staff Hanjin launched a training program in order to improve productivity, management, job performance abilities.

Personnel management has key strategies: job-based and ability-oriented control, performance- and merit-based evaluation system, core competence-oriented individual development programs, and not less important, self-realisation of each person working for Hanjin.
Ethical management at Hanjin is supposed to unite the people, by thinking ethically and studying special ethics education programs. This ethical orientation is also works against of corruption, preventing it with monitoring systems.

Processes

All processes at Hanjin Shipping are customer-oriented. This is evidenced by strives by Hanjin to improve and diversify their services. They try to provide comprehensive container service, including on-dock rail service, trucking and barge service for inland transportation. The whole process of logistics system is handled by expanded third party logistics business, used at Hanjin. This allows to improve the process of transportation and logistics and also to cut the costs.

E-service, excellently created and implemented at the company fits very well to the logistics business of Hanjin. It gives the focus to their processes and customers – visibility. E-service package includes web-visibility, e-invoices, direct EDI-connection, storage, handling, custom service and other logistics services provided by Hanjin. This IT system, which connects ground and on-board information, allows their customers to keep an eye on their business at real-time and subsequently makes their own business independent on their supplier, being acknowledged - be more proactive, safe the costs and increase revenues.

In order to support decision-making process at the top-management level, Hanjin Shipping created special committees, which specialize at business planning and financing, rewards and punishment of employees including the crew, management of money and costs-inspections, and scheduling.

Physical Evidence

First of all, at Hanjin Shipping physical evidence is visibility of services that it provides to the customers. The customers have access to the information on
which step of supply chain their request for transportation or cargo is. Secondly, information about which the customer and partners are aware is environmental-friendly, safe, qualitative solutions applied at the company’s policies on everyday basis. As a result, there is the reverse trust and confidence from clients to Hanjin Company. Third are the reliability features of Hanjin Shipping, which come out when Hanjin constantly looks for new changes, happening in the world, for the demands and challenges of its clients and tries to shorten these gaps, to satisfy the needs, to change the system, open new transportation lanes.

All these characteristics give the vision of the company. To be more exact, marketing part of the strategy of Hanjin Shipping is – logistics intended, primarily, to the customer demands being diversified and responsive. The goal is to provide up-to-date service which will be front-reaching: to be one step ahead and to keep rivals behind.

3.2.3 Rail carriers - VR Cargo

VR Group Ltd, the parent company of VR Cargo, provides real estate, financing, communications, training and administration services. VR Group Ltd (established in 1995) is owned entirely by the Finnish state. VR Group consists of 31 companies, such as restaurant services, information services, also VR Track (truck maintenance and construction), VR Ltd (rail transport services for freight and passenger carryings), VR Cargo (freight services) and others.

Product

VR Cargo provides freight services not just concerning rail transport. Thanks to the VR Group it can offer versatile package of logistics services in domestic and international freight transportations. VR can handle rail and road transportations (multimodal), as well as warehousing and storage, loading onto trains or trucks and forwarding. Depending on the customer needs VR tries to help their customer with advising the most convenient and cost-effective ways of transporting. All the services can be divided into 3 groups:

1. Basic services, such as loadings, transports, projects, combined
transportations (containers, trucks, trailers), transit shipping, logistics information management.

2. Electronic services, such as improvement of flow of information, reducing errors and manual paper work, fast execution of processes.

3. Information services, such as information bulletins, news, transport instructions and regulations, maps, transport documents, managements and sending transport documents, ordering of transports, tracking shipments, where some of them are available on-line only for authorized users.

VR Cargo develops new and other supplementary services to as far as possible to completely satisfy their customers.

Price

Price is an important factor for the all businesses. Internally VR Group tries to win new customer market share and decrease costs by relocating and opening new offices in better places easier reachable and closer to the customers, emerging and collaborating closely with other companies to provide the full range of services being one supplier, even going environmentally friendly using “green electricity”, everything what can decrease costs not only for the company but also for the customers are constantly investigated and implemented to their business.

The prices proposed to the customers don’t significantly depend on their importance to the company and not remarkably changed during last years, which means that the company is quite stable and the prices are very well considered.

Promotion

The new way of promoting began at the beginning of the year 2008, when VR switched to using green electricity. VR is a major consumer of electricity and therefore it was very important to prevent the environmental risk.
These changes gave a new “green” direction for the company as well as the new image to promote themselves. Environmental friendliness is shown via green colour of the main letters “VR”, which mean actually State Railways (Valtion Rautatiet), and these changes reflected on the web-page (www.vr.fi), in the publications and advertising, at railway stations.

This change to an environmentally friendly vision is especially now on time, because it is the period when it became very crucial for the companies to pay big attention to environmental changes and global warming, and for those, who want to prevail on the market.

In connection to this, VR presents itself not only as a partner offering reliable, efficient total service packages, but also one doing so in an ecofriendly way.

Place

“The place” indicates chosen location of the company as well as its market situation. First of all, the main location of VR Group is Finland, as the most amount of offices and railway net is in domestic area. The main business locations are in Helsinki, Kouvola, Tampere and Oulu. As for the international operations, VR Cargo has Eastern transport routes and access to Europe. There is an expansion to the Russian market (the most important partner is Russian Railway RZD), CIS countries, where it can offer extensive service packages. As well cooperation with East Asia especially with Korea and China has been developed and is giving the growth to volumes of container traffic.

Market share of freight carrying inside Finland has been consistently 25% for several years, which is highly comparable to other European countries, where an average is 16% of the railway freight market. However, still Finland yields positions to their European competitors as being situated further away of their markets.
People

As it is in a previous subchapter in order to receive the working tool as “people” illustration, there is a need to divide it into customers and employees.

One of the 5 values of VR is called closeness to customers. This means that customer factor is one of the priorities in the work of VR. VR Cargo has from 5 to 20 key customers and also attract new customers continuing in proposition of the new ways of deliveries and different modes of transport (as multimodal – truck + train). The company is quite sensitive to new trends, demands, behaviour of its customers, and as a consequence it plan operations according to the needs and changes. To predict the changes and improve cooperation VR tries on-time receive feedback and summarises the regular surveys from its customers. Continuous dialogue with customers helps to identify their needs and request is providing the basis for developing services and used as a development tool.

For better work with customer and understanding their demands VR carries out the personnel training. Altogether VR employs 12,500 people. Each employee is responsible for the results and quality of his own work. One of the key success factors is committed and skilled personnel. Therefore, VR provides and enhances long-term employment. It understands that success of the company depends on the skills and wellbeing of its employees.

Processes

The main process for VR is transportation: on road and on rail, carrying both domestic and international freight. The last main process which VR Group has made in order to enforce their logistics services is the decision to merge rail and road operations. VR Cargo now works together with the company partner handling road transportation processes. As they operated separately before, they could not provide this service as multimodal transportation, and only working together on this service they are attracting more customers.
In the main processes, VR Cargo includes supplementary services to serve better their customers, such as storage, container transportation (from single containers to entire container trains and tank containers), lifting, forwarding, customer declaration, issuing of documents, telecommunication and electronic services, to get the whole package of services.

Physical Evidence

The looks and awareness which VR Cargo wants to present is a safe, high-quality and environmentally benign transport and logistics provider. It improves constantly the services, considering “safety” as the most important key value. VR has quality models, such as ISO 9001, ISO 14001, which are applied to everyday processes, and keeping environment as a priority factor. In addition, VR Cargo has recently implemented ecological and green values.

As Marketing Strategy at the VR Cargo can be distinguished the “Serving the customers in a best way with all services that may be needed to satisfy their transportation needs, being environmental responsible and reliable partner”.

4 COMPONENTS OF MARKETING LOGISTICS

4.1 Value-adding

International competition always impacts on the logistics market. In frames of this competition firms are constantly facing new challenges, understanding that it is time to be not only proactive but it is essential to have competitive advantage over others. Value-added logistics is based on the professional capabilities, expansion to the new markets, and knowhow. Participants, providers of the services who get quite diversified communication are building the value chain, in which each participant adds its own value to the final service or product. (Hämäläinen, 2007, 45)

In this case all logistics companies are parts of supply chain system value. Each
company, in order to succeed, can start with analyzing its specific activities, where it can create a competitive advantage. It is useful to model the firm as a chain of value-creating activities.

According to Porter (1998, 44) the goal of these activities is to create value that exceeds the cost of providing the product or service, thus generating a profit margin.

Adding value to the processes brings to a competitive advantage only in case if it is a constantly ongoing action and it is implemented at all stages of the logistics procedure.

Going back to the marketing mix, each component of it adds value to the value-chain of “building” the service. Each company has its own values, on which they more concentrate when providing the service to their customers. (Porter, 1998, 45)

At Nurminen logistics value-adding in the container transportation services is reached by a solution of using its own railway platform wagons. This process is done for transportation their containers if needed by rail, and is constantly improving by active marketing and sales, key account marketing and networking. From the Innorail point of view, creating value-added logistics by networking, making international networks, consisting of diversified service providers, being proactive in communication, gives the company distinctive competences. These actions are resulting eventually to the value-chain, in which each link of it will bring value to the final service (Hämäläinen, 2007, 45). At Nurminen logistics all activities for bringing value to the service are controlled by sales management with support of IT technologies. Competitive advantage of providing these activities is in Nurminen’s reliability, capability and competence.

The main value-adding purpose of VR Cargo is to provide full package of services – one-stop service, which brings company a competitive advantage. Thus, they add value by dint of safe and on-time deliveries, lifting,
documentation, customs services and on-line tracking search to the process of handling containers. These activities are coordinated within the transportation process.

For Hanjin Shipping the value-adding process is made up of e-service package, which is focused on customer needs in supply chain management.

Hanjin Shipping, Nurminen and VR Cargo use outsourcing for providing extra ancillary services and services helping the working process, as at Hanjin it is software provider or at VR Cargo for documentation.

4.2 Branding

Branding is the marketing tool. It helps the company to create the image for the customers. The services, which company provide and adding services (extra) can be reflected in its brand. Branding is the essential part of the successful business as it helps to position the company from a good side.

Consequently branding as a marketing tool can be applied in a marketing logistics, through which companies can attach interest of new customers, represent their services, quality perspectives.

There is still a need for further research in the field of logistics when considering marketing effects. The brand effects on logistics are not so widely researched. As has been noticed, brand management is a tool to upkeep a brand, and brand success is dependent on how consumers feel about the brand. That feeling encompasses many aspects, and one of them is availability, which distribution and logistics should ensure. Moreover, the brand management point of view needs research into how to take care of logistical options and, on the other hand, the requirements of brand management (Hemilä, 2004).

Brand is not the number one to pay attention on, but brand of the company shall correspond the level of quality of the service and match with the customer demands. In the opinion of Maklan and Knox (1997), branding is not closely
developed with a customer value. To contribute to cooperation marketing management can provoke the role and size of customer value through improving competences and capabilities of the company as marketing assets. In many cases logistics - in order to be reliable and cost-efficient - shall be in a good connection with brand management.

Nurminen logistics, (Appendix 3) is a family company, taking its name from its founder, John Nurminen. During years company has grown, changed its structure and profile, and the brand has changed with it accordingly, keeping respect to its history, though. Although Nurminen is a well-known in Finland company, there is still an impression that on the branding stage, it is still staying on the level with other Finnish trucking companies, as in Finland there are plenty of transportation companies with the family names of their owners (just some of them: Niemenen Logistics, Pynnönen Logistics, Ahola Transport, Kuljetus Kaukonen Oy, Kuljetus Nokkanen Oy, Kuljetus Kaupinen Oy). Branding is the method of positioning the company’s values and main characteristics. In this case Nurminen wants to promote its availability, reliability, customer related services.

VR Ltd (Appendix 3) is the monopolist company in Finland, as it controls all the services connected to railways. As already mentioned before, railways nowadays are mostly developed inside of the countries and the brand is usually has the national character, as VR has. VR – meaning from Finnish “State Railways” (Valtion Rautatiet) corresponding to VR, not SR. It can be explained that originally the company during many years was operating only inside of Finland and was intended to be clear for its national customers. Nowadays the situation has changed and as it was mentioned before (VR’s 7P’s: place) VR is working hard to operate on the international markets.

Even though the name has recently been changed in accordance with new “green” waves in the world (that railways are considered as the most environment-friendly means of transport), from blue colour to green and supposed to reflect ecological and green values.
Hanjin Shipping’ brand, presented in the Appendix 3 as well, has a blue colour, which symbolises the colour of the sea, letter H, as the first letter of the company name. Also Hanjin H represents a crane and a hook (on the emblem), which both have maritime meanings. This brand is very well-known in the world, as it is mentioned on each “blue” container and ship of the company. The symbol was never changed in the company, even though (how it was made in VR Cargo) starting developing and implementing the “green” policy, it hasn’t impacted on the company branding anywhere. And the brand of the company is just partly presented as a value (Jobber, 2007).

4.3 Customer Relationship

Marketing relationship is a key ingredient in successful organizational marketing. It comprises activities made towards current customers and retaining them as well as attracting new ones. These activities are extremely important in logistics. Therefore, it should be applied as a tool of marketing logistics campaign, providing in the company. Its core activity is the maintenance of relations between company itself and its suppliers and customers, intermediaries or partners.

In logistics a lot of movements are based on mutual agreements with other companies, creating partnerships or just interaction moments (in business-to-business), so that good management of customer relationships will be a key objective.

Nowadays, almost all middle-sized and large companies use CRM software, which helps them to organize better and control the processes concerning their customers, as it is made at VR, Hanjin and Nurminen companies. Concerning Hanjin Shipping, their launched vision for ten years ahead (till 2017) has a part, which is intended to improve existing service and to increase customer satisfaction. For that they changed their ageing customer relationship management (CRM) system to Oracle Sieble CRM platform, which gives them possibility to integrate sales and service processes and under-take in depth customer analysis. As a result, both sales and customer service staff have a
better understanding of client needs and market trends (Oracle, 2008).

Another very important point is to give to the customer on-line and constantly available recent data about transportation, location of the cargo or other processes. This information is provided by Nurminen by making records in the warehouses, electronic documentation, but also keeping in touch with the most important clients by regularly meeting them. VR Cargo has an Intranet system and Hanjin has almost the same e-service, to which the customer can log in with login name and password given to him.

Other methods of measurement customer satisfaction and evaluation of the service of the company provides, include surveys and questionnaires. At Nurminen they gather this information in questionnaires annually by external consultant company, and VR Cargo measuring customer satisfaction as well each year in surveys. As a distinction Hanjin Shipping and VR Cargo provide their customers with an opportunity to give feedback through their web pages, what allows easily reach their suppliers and at any possible for them time.

There are a lot of means of keeping the customer and finding new ones, but the principle stays the fact of appliance of these means and their consequent right researched and correctly made issues (changes) (Martin, 1998).

4.4 Quality

The key aspect in organizational and operational processes presents also the emergence of total quality management. Quality is the factor which impacts on the choice of the logistics provider. It can be even the main definition of companies search, made by customers, evaluating supplier’s products and services. In logistics quality evidence can be the implementation of the practice of just-in-time, reliability, safety, door-to-door delivery, QR, ECR and so on. Especially companies, from the marketing point of view, are well represented, if they are granted with the quality award, such as ISO standards, Malcolm Bridge, EFQM and based on it local Finnish Quality Award.
Important is to determine if there is a good working relationship between quality management and logistics performance, resulting to the reliable qualitative customer service (Anderson 1998). As example, high-quality logistics services allow goods to overcome time and space constraints. The effect of the qualitative service occurs through customer perceptions, which consists of four dimensions:

- order accuracy
- order condition
- order timeliness
- order quality (Mentzer 2001, 82–104.)

Customer satisfaction issued into ongoing relationship with the supplier. This satisfaction depends not only on high-quality logistics services, but it is relatively connected to the providing the customer with information technology tools. This combination of information technology and high-quality provided services influences directly on customer satisfaction and loyalty. (Bienstock 2007)

It is clear that the impact of quality is large on services, which are provided through the seller buyer relations, in logistics chain. The buyer will always have quality requirements, which shall be satisfied by the service-provider.

However, it is not only the customer who has requirements. Usually whole economy and the interests of the company are not the same (e.g. transport on week-end, transport by rail instead of busy road etc.). Therefore, company shall be organized and prepared at any time to fulfil the demands and claims.

Legeza (2002, 24-28) lists quality requirements of logistics processes:

- optimum combination of jobs (tasks) and facilities
- optimum packaging and load unit
- optimum logistics chain
- optimum route and time
- minimum transfer of goods
- minimum warehousing event and time
- organizing and managing logistics activities in environment-friendly
way (minimum noise, outside of housing estates, by-passes, etc.)

These requirements indicate the quality key factors of the logistics operations, which ensure smooth and optimal performance.

The most common standards implemented at the enterprises in transportation are ISO 9001 and ISO 14001. These standards are applied at VR Cargo on day-to-day basis for safeguarding the transportation process. These and also OHSAS (Occupational Health and Safety), AON and SQAS standards are applied in daily operations at Nurminen Logistics at all business areas.

Hanjin Shipping has also met the relevant ISO-standards (ISO14001 in 2001, ISO 9001) and OHSAS18001 and ISM Codes (Legeza 2002).

Basing on Porters theory (1998, 45) of competitive strategy companies are competing on one of the three basic strategies. One of them is cost management, which is based on quality and prices.

4.5 Pricing Strategy

Logistics management is closely connected with pricing strategies, as it is forming the prices on a pricing competition among other rivals. Furthermore, suppliers’ purpose is to minimize their own logistics costs in order to compete on the market for attracting new downstream customers (retailer, clients). This connection is built on the dependency between lowest prices supplier can afford and the costs of product (or service) and inventory. At the same time this price shall be higher than service and inventory costs together for generating the revenue and to avoid “dumping”. Certainly, each supplier can offer different prices to different customers, because of several factors: order quantities, frequencies, mutual benefits and other. An example can be that sea transportation has its advantage in reducing inventory costs by carrying large volumes of consolidated consignments at low costs (Sitro 2006).

Suppliers can determine the price to be offered on following two main pricing
strategies, which are: long term profit maximization strategy (PMS) and short
term sale promotion strategy (SPM).

PMS is used to maximize the profit and it is usually intended for a long-time
implementation and use by the supplier.

On the other hand, SRM is used wider by suppliers in order to increase their
market shares, to expand internationally, to enlarge their sales and attract new
customers or gain better reputation among existing ones. This sales promotion
strategy is generally using two means of working: advertising and price
promotions. Nowadays in logistics - because suppliers and customers are
constantly changing their relationship patterns (as power) - price promotion is
now more fully applied than advertising (Xia 2004, 5).

These strategies implemented by companies in their own ways differ from each
other by having their own characteristics, is it was demonstrated in previous
chapter on examples of different carriers.

Nurminen logistics, as they consider each customer very important to them
from new to old one, does not differentiate the price between them. They pay
more attention on the solutions which they are proposing to them, that they will
be competitive enough and solving the problems on the behalf of the client. In
this case, as price is not the main factor but creating the value to the provided
service is a primary aim, Nurminen has more long-term pricing strategy with
the maximization of profit.

VR Cargo does not concentrate a lot on changing the prices during the years
and among their customers as well. Pricing strategy appears when they prepare
the package of services for the particular customer, at this moment the price
differs within the amount of services sold. This strategy more resembles long-
term profit with partly borrowing from sales promotion strategy. It means that
company grows internationally – expanding its markets and searching for new
customers.
As Hanjin Shipping has very a strong tendency to differentiate the prices, according to the demand of the customer, the service he/she was provided and subdivision of the customer (in customer pyramid). Their pricing strategy has a very important role in the company, as far as they try to forecast the market and to predict the demand. Hanjin has a strong belief that the pricing strategy shall be changed with the world pace.

Their strategy is fully fitted to the SPM short-term sale promotion strategy, which is applied at that moment and supposed to be changed in another one.

5 COMPARISONS OF THREE COMPANIES

The fact of being transportation companies is not only one link, which connects all the described before companies together. The most important idea of taking these three companies is to describe their supply chains and applied to it marketing tools in some cases deeper in some less and especially as transporters of containers. Precisely containers, due to the fact that container as transport unit has become the most simple and cost-efficient “package type” for the transported cargo.

As Levinson (2006, 1-2) writes: “What is it about the container that is so important? Surely not the thing itself. A soulless aluminium or steel box held together with welds and rivets, with a wooden floor and two enormous doors at one end, the standard container has all the romance of a tin can. The value of this utilitarian object lies not in what it is, but in how it is used. The container is at the core of a highly automated system for moving goods from anywhere to anywhere, with a minimum of cost and complication. The container made shipping cheap and changed the shape of the world economy.”

Container is one of the most effective means itself for transportation of goods. It already gives good qualities and opportunities to the companies transporting goods especially in this kind of units. Moreover, containers are very common and easy to handle and transportable by different means of transportation:
waterways, roadways and railways and they also allow easy change of mode from road and sea and rail. Afterwards, all these container qualities are resulting to the company’s profits and winning prerogatives. The container doesn’t only decrease the freight costs but also saves the time for transportation. It enables to make the handling quicker and to spend less time in storage, what reduces the transit time from manufacturer to customer. The best examples in container business are showing such big well-known companies as Toyota and Honda, in the container combination with computer technologies. It is used by them so that container made it practical to develop just-in-time manufacturing, in which a supplier makes the goods it customer wants only at the time, the customer needs them and then, supplier ships them, in containers, so that they will arrive at the specified time. Such precision, has led to massive reductions in manufacturer’s inventories and correspondingly huge cost savings. (Levinson 2006, 10)

5.1 Containerisation

Nowadays, containerization is developing very fast finding its implementation in different spheres and in versatile transportations. Rail transport got its advantage with the appearance of the container trains as it excluded the problem of the gauge track size (Whitchurch, 2009). The idea of double-stacking container on the rails, proposed in 1977, allowing the suppliers to save money, has become more widely spread nowadays especially in the countries as China, USA, Australia and India.

As can be seen in figure 5, the global containerized trade from 2001 to 2011, according to data from Global Insight, Inc., is forecasted to grow and to reach 134 million TEU, what is 2.3 times as much as it was in 2001, 58 million TEU.
Finally rail, road and sea transportation companies being similar as container transporters, but so different in the ways they are doing it. Each of these types has its positive and negative sides (drawbacks) in its process of handling container: rails have different gauge sizes in different countries, which makes internalization of the company difficult, as for roads there are limits for the weight of containers with the transport unit different in each country that does not allow to move heavy cargo (or with special permission) and of course no possibilities to increase the volume of transporting cargo, as double-stocking in rail mode, and as for sea shipments, there exists for instance 10000 per year (Podsada, 2001).

These companies which are taken as examples of container handling by different transportation modes also approve that the pros and cons of their chosen methods of transportation: rail, road or sea and that it is closely connected to marketing.

5.2 Competition among companies

Descriptions given in previous chapters about all three types mode of container
transportations: sea, road and rail are illustrating the appliance by them marketing mix of 7 P’s, which is looking differently among them all. In order to understand and compare the use by them these marketing tools it will be useful to take again the table (which was given before the company descriptions) and to see the differences.

Disadvantages and advantages (Table 3) illustrate what is made better or worse, what shall be more highlighted and drawn attention to by the companies’ managers.

Table 3. Advantages and Disadvantages of particular companies’ representatives of researching transport modes

<table>
<thead>
<tr>
<th>Mode Index</th>
<th>Roadways</th>
<th>Railways</th>
<th>Waterways</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nurminen Log.</td>
<td>VR Cargo</td>
<td>HJS</td>
</tr>
<tr>
<td>Advantages</td>
<td>Place =</td>
<td>Place = covers all</td>
<td>Processes =</td>
</tr>
<tr>
<td></td>
<td>Flexibility,</td>
<td>territory of origin,</td>
<td>E-service, benefits in</td>
</tr>
<tr>
<td></td>
<td>Transit time</td>
<td>partnership with</td>
<td>political measures</td>
</tr>
<tr>
<td></td>
<td>shorter, Door-to-</td>
<td>extension to Russian</td>
<td>and legal incentives</td>
</tr>
<tr>
<td></td>
<td>door</td>
<td>market, long</td>
<td>Place =</td>
</tr>
<tr>
<td></td>
<td>Direct transport,</td>
<td>distances</td>
<td>Long</td>
</tr>
<tr>
<td></td>
<td>a lot of offices,</td>
<td>Promotion = Low-</td>
<td>distances,</td>
</tr>
<tr>
<td></td>
<td>future-directed</td>
<td>polluting,</td>
<td>internationalization,</td>
</tr>
<tr>
<td></td>
<td>(Olympiad)</td>
<td>environment-</td>
<td>operates on</td>
</tr>
<tr>
<td></td>
<td>Product = Less</td>
<td>friendly</td>
<td>important routes</td>
</tr>
<tr>
<td></td>
<td>handling</td>
<td>Price = Competitive</td>
<td>Promotion =</td>
</tr>
<tr>
<td></td>
<td>People = relatively</td>
<td>pricing, large</td>
<td>environment-</td>
</tr>
<tr>
<td></td>
<td>small company-</td>
<td>volumes, use of</td>
<td>friendly, low-</td>
</tr>
<tr>
<td></td>
<td>staff is connected</td>
<td>“green” electricity</td>
<td>polluting, branding,</td>
</tr>
<tr>
<td></td>
<td>to each other,</td>
<td>Product =versatile</td>
<td>visibility</td>
</tr>
<tr>
<td></td>
<td>clients on a highly</td>
<td>package of services,</td>
<td>Price: Competitive</td>
</tr>
<tr>
<td></td>
<td>importance</td>
<td>supplementary</td>
<td>pricing, large</td>
</tr>
<tr>
<td></td>
<td>Processes = cooperation</td>
<td>services</td>
<td>volumes, important</td>
</tr>
<tr>
<td></td>
<td>with rail partner</td>
<td>Processes = cooperation</td>
<td>People = culture,</td>
</tr>
<tr>
<td></td>
<td>Ph.evidence = online data,</td>
<td>with</td>
<td>trainings, priority to</td>
</tr>
<tr>
<td></td>
<td>awareness of the</td>
<td>road partner, benefits</td>
<td>customers, “win-</td>
</tr>
<tr>
<td></td>
<td>customers</td>
<td>in political measures</td>
<td>win” relationships,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>and legal incentives</td>
<td>ethical management.</td>
</tr>
<tr>
<td>Disadvantages</td>
<td>Processes</td>
<td>Processes</td>
<td></td>
</tr>
<tr>
<td>--------------</td>
<td>-----------</td>
<td>-----------</td>
<td></td>
</tr>
<tr>
<td><strong>Price</strong> = Price less competitive (not prior factor), small volumes transported in compare with other modes</td>
<td><strong>Processes</strong> = Need of loading/unloading works and cargo handling, dependency on the road transport mode as a final transporter, rate of damage higher</td>
<td><strong>Processes</strong> = Need of loading/unloading works and cargo handling, dependency on the road transport mode as a final transporter</td>
<td></td>
</tr>
<tr>
<td><strong>Processes</strong> = Restrictions in driving, increase of legal restrictions, dependency on the customers and borders between countries</td>
<td><strong>Place</strong> = not flexible (not door-to-door), situated far from other European markets, transit time longer</td>
<td><strong>Place</strong> = Not flexible (not door-to-door), limited and heterogeneous infrastructure in Europe, transit time longer</td>
<td></td>
</tr>
<tr>
<td><strong>Promotion</strong>: as branding, as it is not environmental friendly (means of transport pollutant), saturation infrastructure, not recommended for a long distances</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To compare Table 3 with the Table 2 (page 7), it can be seen that in some ways there are the similarities, and the companies approve the advantages and disadvantages of their transport modes.

As a conclusion there are some tools implemented by the companies which can have not only positive sides, but also which give the disadvantages. For instance, the one is promotion in road transportation: as it is quite pollutant mean of transport it makes already difficult to promote the company’s image.

6 TRENDS NOWADAYS

In the world of logistics and transportation the changes appear very fast, pulling with them new obstacles or challenges and causing ideas and decisions generating by the companies to survive and succeed in these new environment. As well as in marketing logistics there appear other tools and opinions, new
practices and regulations which shall be taken into account and used in the transportation operations. Furthermore, news at any continent is also influencing the logistics sphere as well. For instance, the founded production line in China is on the doubt positions at the moment. Manufacturing in India and China is now under discussion, with the idea of pulling it back to Europe, because container costs and fuel costs are favouring local production.

Roy Lenders, vice president of global supply chain management (Capgemini) announces that “trend is evident with a number of companies who are now setting up factories in Eastern Europe to move at least part of their manufacturing back.” First of all, the reason of it is the increase of material costs, growing costs of oil, whereas the last leads to the transportation costs growth. Secondly, about the same topic there is an opinion of Scott Price, DHL Express CEO for Europe, who tells about great need for access to rail for cargo shipments. "The ability of the logistics industry to get access to rail in a consistent way is very hard. For me to be able to get a guaranteed 100 rail cars for six nights a week for a year, well, I have a better chance of winning the largest lottery in history. There is a huge challenge to extending rail lines. Deutsche Bahn did extend a rail line from Leipzig to Frankfurt, and we see that as a great signal there is an awareness of the issue." – telling Price (McCurry, 2008). In fact, German railway provider DB has the biggest rail network and transported volumes in Europe, (Deutsche Bahn: Freight carried– 378.7 million tonnes, 113. 634 volumes sold (million tkm), (DB, Annual report 2008, 2). Germany itself has been one of the most successful countries with its railway sector, thanks to privatization step towards revitalization of rail sector, what appears to be the right decision made by German administration. (Szekely, 2009, 4)

6.1 Examples on the rail transports case

The ongoing period of twenty first century shows the tendencies of the globalization growth and liberalization as the main forces in the European business environment. It has forced companies and even European governments to apply lean strategies to revitalize and adapt their business models under the
pressure. Especially railway industry has been picked out by EU policy to be the core facilitator for sustainable development toward the future. (Szekely, 2009, 8)

The Community of European Railway and Infrastructure Companies (CER) published the report “Railways and the environment: building on the railways' environmental strengths”, in which it is positioning the railways as the most efficient and environmentally friendly way to move goods and have their potential to reduce the environmental impact of transport and improve atmosphere condition. As well as the modal shift of transportations towards railways is supposed to meet the targets set by EU on climate protection and reduction of greenhouse gas emissions. The community is also appealing for the making the measures to get traffic off the roads on to rail (CER, 2009).

At that point plenty road-haulers will meet a lot of obstacles in case the EU commission will start applying measures toward rail attractiveness. The CER advocates for the charging the prices, which are reflected from the real costs caused by polluters. In their report they base their arguments on the facts, which are first of all, the pollution caused by the transport (CER, 2009).

![Figure 6. Impact on ecology by different transport modes](image)

The figure 6 indicates that 27% of the pollution in the world is caused by the
use of transport and 72% of this pollution brings road transport whilst sea and
inland waterways less but still 15% and the least are the railways, with the
indicator just 1.6%. There is evidently a need in order to preserve the
environment to change this emission of CO$_2$ gases by changing this breakdown
structure: what means reducing the utilization of road transport. (Szekely, 2009,
7)

Especially that road transport has another index, which is higher than railways’,
is the noise, which it is causing thus hesitating the people living nearby the
transport infrastructure (Szekely, 2009, 13). “One technology being employed to
significantly reduce noise made by freight trains is composite brake blocks. ‘K-
blocks’, also known as ‘whispering brakes’, are now being fitted to all new
freight wagons in accordance with the ‘Noise TSI’ (Technical Specifications for
Interoperability). K-blocks reduce noise at source by 8-10 decibels (dB) which,
to human ears, sounds like cutting the noise by half.” (Szekely, 2009, 14). This
practice is installed in Switzerland, bringing the refund 93 euro from a complete
freight train with composite brake blocks. The Dutch infrastructure has recently
implemented the same system. Japan has implemented the “green” diesel
locomotive, which uses both a diesel engine and regenerative brakes to charge
an electric battery. (Szekely, 2009, 17)

In its turn France decided to unload the roads leading to the capital – Paris –
from the heavy road vehicles by laying the railways till the freight terminal
(situated nearby the capital), so that the “last mile” is then ensured by road
vehicle until the final store in Paris. SNCF – Railway Company in France is
collaborating with the road transporter – Geodis on order to arrange these
transportations, where Geodis is responsible to provide the daily suppliers of
stores in full loads, “last mile”. This new way of supplying the stores in the
capital, will reduce 10000 trucks entering it (Magniez 2009).

6.2 Possible changes in road and sea transportations

As mentioned earlier, changes occurring in the world and making their impact
to the transportation sphere can be very different and sometimes unpredictable.
Some of these variations are becoming the reason of big shifts in the transport infrastructure, which is gradually affecting all the including to it organisations, companies, policies and other structures.

6.2.1 Climate change

Climate change is the most important factor nowadays that shall be mitigated. With this motto of environmental protection perform most of the organisations not only “green” movements, but freight transport organisations, as CER (Community of European Railway and Infrastructure companies), IATA (International Air Transport Association), IMO (International Maritime Organisation), IUR (International Union of Railways), IRF (International Road Federation), IRU (International Road Transport Union) etc. and in some cases companies themselves. The interest organisations of the transportation, which they present, as air-, road-, rail and waterways, protect the rights of carriers and developing new rules and ways for improving the one or another mode of transportation.

In Europe this tendency is set by European Union first of all, performing new targets or programs aimed to improvements. One of the challenges EU faces in freight transportation is to deal in the nearest future with an increased freight transport demand. This challenge absolutely leads to several measures which shall be taken in order to satisfy the growing demand and at the same time to predict the transportation sphere from unfavourable consequences not only in transportation, but also in another spheres, as environment. For this reason, the EU has set other targets, such as:

- reduce environmental emissions (mainly CO₂),
- reduce dependency on fossil energy,
- reduce accidents,
- avoid congestion and other negative impacts on the environment and population. (Helmreich, 2009)

The European Union has faced a dilemma between transport modes and policy makers on how to reduce the gap between transport growth and environmental
needs in Europe (UIC, 2009).
Road is the main emission source, and the emissions caused by road transporter are growing.

Railways are expected to expand from their 5% in 2005 to 10% in 2050, especially because this type of transport causes less emissions by the use of green electricity (renewable sources).

Water transportation is also adding emissions to the atmosphere, but still less than road transportation and more than rail transport. They have been accented by the attention of EU as alternative transport to roads, the same as railways (Helmreich, 2009, 8-10).

To present more clearly the understanding possible “shift” for each mode of transportation which the EU is planning to carry out in future an example is given in the attachment. It shows that one transportation route can be executed by different transport modes with variable impact on the environment. (Appendix 4.)

6.2.2 Outlook of on-going projects in Europe

Previously given example demonstrated that the railways are not so highly spread to compete in the distances with other transport modes, as the rail network is not developed as good as other transport modes are. This leads to the extensions of time of the transportation by rail. In this connection, for example, French government has put prime tasks for railways development:
- shifting from road to rail and waterways, with the modal share of rail freight increased to 25% by 2012
- development of two new rail freight corridors from Paris to the south and south-west for combined traffic
- shifting long-haul and transit truck operations from road to rail
- and investment to high-speed network (Krohn, Ledbury and Schwarz 2009, 9).
6.2.2.1 Seine-Scheldt Project on the example of France

Environmental concerns in France, especially the need to reduce CO₂ emissions, are also driving major infrastructure projects. One of them is held in North of France, Seine Nord Europe (French section of the larger European Seine-Scheldt waterway project), which will link hinterlands of France, Belgium and the Netherlands to major seaports, as Le Havre, Rotterdam, thus creating navigable network across northern Europe, as it is shown in figure 7. This project intended not only to offer regular river shuttles but also to rail shuttles to maritime ports. This will give birth to new logistical solutions and give better connections between land and exits to ports. Nicolas Bour, head of the Seine-Nord Europe project, says, that “the French section of the Seine-Scheldt project, could allow the transfer of almost 5 billion tons/km (8 billion tons/mile) from roads to waterways – the equivalent of 25 percent of the European Commission's annual target for the Marco Polo program.” (McCurry 2008)

Figure 7. On the map is marked the French part of Seine-Scheldt Project

6.2.2.2 Marco Polo Programme

Marco Polo is the Europe funding programme for projects seeking ways to shift freight transport from the road to sea, rail and inland waterways, runs from 2007 to 2013. Fewer amounts of trucks on the roads are supposed to decrease the
pollution, congestion, make more reliable and efficient transportations. The European Commission forecasts that the growth of waterway traffic could remove up to 500,000 trucks from European roads by 2020, and up to 1.2 million by 2050 (EU Marco Polo 2007-2013).

As a result, greenhouse gas emissions could be cut by 220,000 to 280,000 tons of CO$_2$ by 2020, and by 570,000 tons by 2050, also European commission counted on the social and economic benefits for Europe worth nearly 1 billion euro.

One project in Europe already received grant from Marco Polo is Belgian railways – ARAGO. Their railways are connecting port of Antwerp and Barcelona, and passing through France. Before (in chapter 5) was mentioned the obstacle of the railways which can companies can face – is different size of rail gauges. This was one of the difficulties which ARAGO has hurdled, as the gauges are different between France and Spain. Some companies have chosen this way of dispatching their cargo, as they became sure, that this way if better, faster, more efficient and safer. As a good example for the other companies ARAGO approved the fact, that there is a potential for developing long-distance rail freight, and obstacles encountered on the way can be overcome (ARAGO 2006).

This year, a decision was made by Marco Polo to grant 46 projects. Most of the projects are intended to expand rail network and to increase sea connections between countries and their frequency. One of the projects is prepared by Finnish company - Spedition Services Finland OY with Spedition Services Ltd UK. The project called IGOR is going to launch the new shipping service between Antwerp (Belgium) and Hamina (Finland), in combination with a rail link from Hamina to Saint-Petersburg (Russia). This kind of transport organization using sea- and rail transportation is an example of developing more and more nowadays type of transportation called intermodal, which will be more analysed and described in the next chapter (Marco Polo, 2009, 19).

To summarize everything above, it is necessary to conclude that the
environmental awareness of investors, suppliers and customers is growing. For
the companies it was and remains the most important to handle profitable and
perspective operations. By putting all efforts into searching new environmental-
friendly solutions in supply chain, companies will not only benefit financially,
but will also highlight their awareness of global challenges, what will increase
the awareness of corporate social responsibility and will directly lead to the
improvement of their public image (EcoTransIT).

7 EXCELLENT SCENARIOS

The seamless and perfect cooperation between marketing and logistics can be
expressed in different ways. Probably, even some practices, demonstrated by
companies and applied to their supply chains, show new and reliable mutually
beneficial interaction between marketing and logistics, and introduce in this
way new theories for further developments in this area.

7.1 Liberalization in logistics

As it was mentioned before, some successful companies, which have been
implemented successfully either practices or other well-performing tools,
thereafter are presented as examples to other companies working in the same or
similar conditions. Exactly for this reason, it costs to pay attention to other
companies’ practices and to study these cases properly in order to learn their
experiences, benefit through upcoming ideas and improve own processes.

One of the examples can be liberalisation processes in France and Germany in
“railway business world”. Liberalisation in Germany is more accepted as a
concept of rail sector revitalization whereas in France the reliance upon
government financial support is still very high and all the researches there are
intended to develop high-speed rail trains. However, still the sector of railway
transportations has been better evolved than in France, apparently because while
Germany was putting efforts to improve freight rail cargo, France has been
emphasized too far to its passenger network. Nevertheless, French SNCF is now
looking at the strategy of DBAG (German railway provider) which is directed
to expand market share, by acquiring rail operators from another countries in
Europe. At the moment, according to authors (Kirchner, Volkenandt, Auner
2007) of several researches about European liberalisation process -
liberalisation index LIB shows that France is in the “delayed” group of
countries, whereas Finland, for example, is in the group of “on schedule”,
having a little better situation and Germany is in the group of “advanced”
following only the UK.

At the same time, according to another index COM (competitive dynamics),
there are some rivalrous impulses on railway market in France, as its score is
better compared for example with Slovenia, Spain or to that of Finland
(Kirchner 2007).

As a conclusion, the liberalisation process, having the character of privatization,
in Germany turned the railway company into the dominant position enterprise
on the rail market, resulting in great success in terms of enabling competition
both within the rail segment and intermodal transportation networks, as it is
shown on the picture 8. “The process is managed in a way that this kind of state
of matters can easily produce a situation where certain dynamic factors
empower unconsciously the market power of DBAG”. In France the
liberalisation process in the freight transport has been given a start point, by
establishing the Railway Regulatory Commission for ensuring the fair market
access for all railway operators. But despite this effort road transport still
dominates the freight market (Szekely, 2009, 14).
Liberalisation in case of France is also setting new course for development intermodal rail –, road – port solutions in order to conquer the time and distances. It can be considered that liberalizing railway industry is the purpose of enhancing intermodal transportations. As railways is the superior sustainable mode of intermodal transport, it is cheaper than its air and quicker than road competitors (Szekely, 2009, 8).

Liberalisation, involved in freight logistics operations, gives more opportunities to the players of that market, such as suppliers, providers or operators, by enhancing the efficiency and competitiveness, contributing to economic development of all users of freight logistics services.

7.2 Intermodal transportations

Intermodal transportation represents services where one or more carrier provides the short-haul pick-up and delivery service and another haulier provides the long-haul part. In other words, it is kind of transportation which is organised by more than one mode of transportation to move goods from origin to destination point at a single journey.

Intermodal or combined transportations started to be implemented in 1970s but
still it accounts for only a small share of freight market. The reasons can be very different, basic and common one is that companies are looking for “seamless” transportation, meaning that they are interested only that their shipment can make a delivery fast, safe, reliably and inexpensively. They forget about other possibilities which can improve their established, used during a long time and slightly changed way of transportation. (Harper and Evers 1993)

Nowadays, in Europe demand for intermodal transportations is constantly growing until last year and the beginning of economic downturn. But from the 2003 till 2008 freight volumes of Road-Rail freight carriers grew by 32 percent and on the international level – by 43 percent (VR Cargo 2009).

The reasons to the growing interest nowadays to intermodal transportations are very diverse.

Initially, regulations by the governments of the countries are the primary sources which are setting directions for the researches and other structures. Europe Union countries have a modern tendency to promote by different means environmental and safety issues. For instance, according European organisation CER, taking a container off the road and putting it on a long-distance freight train, using trucks only for short pre- and post-carriage links, cuts energy consumption by almost half; whereas linking road and rail modes reduces by more than 50% greenhouse gas emissions (Krohn, Ledbury and Schwarz, 2009, 27).

The second reason towards the use of intermodal transport is to replace all other modes disadvantages by adding one mode’s advantages to the transportation chain. It means, that the cons of one transport mode can be eliminated if instead there will be applied another transport mode’s pros. It can be applied in the case of delivery by water or rail haulier being terminal-to-terminal operators and moving along their rights-of-way, failing in final deliveries to the customer, where this lack can be fulfilled by road carrier (Bloomberg, LeMay and Hanna, 2002, 108).
Finally, using intermodal transport enhances volumes, stimulating rail infrastructure investments across regions in Europe.

Consequences of this intermodal method can reduce cargo handling, improves security, reduce damage and loss, allow to shorten the transit time. Indeed, these qualities facilitate profit company profits and reduction of expenses. (EIA, Annual report 2008)

CMA CGM is the French company, which is third-largest among ferry carriers all around the world. Working in a partnership with IFB company, inter ferry boats, which provides integrated transport solutions by rail, barge and truck, approves facts of advantageous implementation of the “intermodalism” at the company.

Eugène Vanfleteren, CEO CMA CGM (Vanfleteren, 2008) confirms it by arguments, such as:

- “the combination of rail transport with terminal capacity on strategic places in the ports is an important asset”,
- “new solutions for logistic challenges confronted with on a daily base”,
- “development of intermodal transport and IFB provides proven added value to that objective”,
- consultation together for the development of the existing and or new rail terminals from different point of view.

IFB services are frequent and high-quality rail transports laid between the ports providing its best the customers. The alliance of the important values of both companies permits very regular rail connections between the main operating ports of Antwerp and Zeebrugge and their different terminals. Annual volume transported between these ports by IFB for CMA CGM accounts to 120 000 TEU.

This cooperation work is the best example which results in a win-win situation between two strong companies and shows in some extent the necessity of different transport modes to complement each other (Vanfleteren, 2008).

The key to success in execution of competitive, coordinated, reliable services
intended to continuous movement of goods by two or more means of transport is not a less important factor of well-organised communication. It needs to give timely and accurate exchange of information between parties involved. What was before (i.e., in the beginning of intermodal transportations formation) considered as a disadvantage, can be now solved with the use of EDI, which facilitates and provides new opportunities in the area of logistics information management. This gives an opportunity to link all the players involved to the transportation process – carriers, forwarders, container terminals, authorities, eventually resulting to the good robust invisible coordination work among them under the organisation of movements of goods (Reed, 2009).

Concluding all the arguments presented above, the greatest outcome of combined transport is in allowance of each mode to use its strengths, especially on the long distances, where road, rail or sea can complement rather compete with each other.

8 CONCLUSIONS AND RECOMMENDATIONS

This chapter summarizes the results of this thesis taking into account the research based on three types of company carriers and applied by them marketing tools. Furthermore, instructions and proposals will be given for future development of the companies like those taken for example.

8.1 Conclusions

In international marketing, logistics is increasingly recognised as an important source of potential competitive advantage. As well as a mirror image marketing shall have the same importance in logistics. The role of logistics in marketing in fact, determines the level of customer service, which is one of the elements of the marketing mix most difficult to imitate. Marketing in logistics plays the same role, improving relations with the “people”, in case its marketing tools as 7P’s are well applied in the everyday logistics processes.
Marketing provides logistics with such characteristics, as rapid, punctual delivery and reliable supply with products and services of specified quality, which may outweigh competitive pricing in the international struggle for customers. To provide sustainable competitive advantage, all the marketing logistics activities of an internationally operating company must be organised in a systematic way, based on a marketing logistics policy and integrated with procurement, sales as well as production logistics activities (Muehlbacher, Helmuth and Dahringer 2006, 584).

Despite logistics and marketing activities being closely linked, there is often an illogical and irreducible distance between the two research disciplines in literature and in practice. Those activities are from time to time treated as separate, what means one or another perspective is often neglected. Especially, as it was researched and approved in this thesis, the importance of marketing in a logistics context has been always ignored in traditional logistics theories. From another point of view, in the marketing studies the logistics value has been recognised, for instance supply chain management appears to be a business philosophy and a phenomenon that may contribute to the re-integration and re-establishment of marketing issues in logistics theory and practice.

The logistics channel, or supply chain, is one operations area affording huge opportunities for cost reduction and efficiency. In theory part of the thesis, attention was paid to value adding to the process. Consequently, value-added services applied to the distribution process can simultaneously reduce costs, increase flexibility and enhance customer service. Adding value after the product is inside Europe helps companies avoid higher duties on imported finished goods. Increasingly, value-added logistics is a requirement of doing business in Europe.

Europe may be one market, but it is still composed of countries with different languages, different cultures and different tastes, meaning products or services have to carry many options.

A trend, which causes the growth of logistics in the companies, is, of course,
globalization. An increasingly free market world opens trade opportunities to
even the smallest firms. Another trend in Europe is corporate consolidation and
downsizing. In this case companies find that by partnering with a logistics
company they can attain all the services in one place and at the same time
added-value opportunities. “Companies want one partner who can take care of
everything,” says René de Koning, a freight forwarder and value-added logistics
provider. “Logistics today is more than just warehousing and distribution,”
adds Linda Ciugarin, logistics sales manager for Muller Freight Services. “It’s
about integrating elements that will improve efficiency and cost effectiveness”.
(Liston 1994, 4)

Value-added activities, quality shall encompass all variety of activities
happening in logistics: from warehouse, packaging to a final transportation to
the consumer, from product to physical evidence, comprising all 7P of
marketing mix. Some specific as CRM, branding and pricing strategy shall find
their reflections in People, Promotion and Price accordingly.

The examples taken for research showed that in some cases all the tools are
used but not fully developed and applied. This means that some models are just
written on the paper or made little attempts to implement them, but they are not
indeed using their full measures. This situation very often takes place in many
companies, whereas they are just considering something more important and
other less. To make it working as a system as robust as it can be managers shall
analyze their activities with the Porter’s point of view and subdivide all
marketing tools into their logistics operations within the 7P’s model. Everything
is changing within the time, and these companies who are able to adapt to it
now, will be able to succeed in future with expanded model of 7P’s.

8.2 Recommendations

In the research part, the appliance of 7P’s and giving good examples on the
particular cases was done to demonstrate the incompleteness of tasks (mistakes)
and to show how well it can work (the potential). The main is the good
appliance first of all of marketing to all spheres of logistics though its tools.
To give right recommendations it is essential to take a look at contemporary situation in the world. The recent review of the market, while economic downturn changes strategies and conditions of all the companies, gives warning signals, calling for the time to review the logistics chains, operation networks and pay more attention on the procurement department. The economic crisis noticeably hit all the spheres of business, including transportation and logistics.

At the same time, thanks to the financial crisis which has turned into an economic crisis, the demand for vital road freight transport services has slowed down dramatically. In road transportation, the consequence of crisis turned out to be the increase of the number of bankruptcies among the companies, as the fact, that financial situation became very difficult.

Recession throughout Europe affected especially rail freight, where since middle of 2008 has been seen a progressive decline in volumes. In all transportation area figures, in the beginning of the year 2009 became really dramatic and showed freight traffic decline by 35% in comparison with previous year. The overview of the formed situation in Europe indicates that growth will start from 2010 (Ludewig 2009).

The havoc caused by crisis has become apparent in shipping transportations as well. The German journal “Spiegel” writes about enormous cuts of volumes of containers transported by a lot shipping companies, with natural consequence of financial losses. Instead of economic recession, companies have been preparing to enormous growth of volumes by enlarging port territories and quantity of vehicles. Nowadays, ships are half empty and some are even stopped (Jung, Schulz and Wagner 2009).

Under these circumstances the European Union tries to find the decisions that will help companies to get soon out from this challenging situation. For this reason, funds or programmes have been created (such as Marco Polo, scrappage programme “Prime à la casse”) which work for sponsoring and/or to increase market power. (European Parliament 2009)
Company stabilisation within the economic recovery and finding “green shoots” in logistical processes can be reached through following rules:

- transport only if a profit can be made, if costs can be passed on and empty trips can be avoided;
- stabilise market prices by reducing transport capacities (IRU, 2009)
- monitor strongly and effectively on the market financial situation;
- accept crisis as an opportunity:
  - concentrate on one single problem, mobilise its strengths,
  - formulate new visions, new goals and new strategies are and search for new ways and opportunities,
  - recruit new executives who introduce new approaches and ideas on which crisis management is to be based,
  - eliminate weaknesses and reduce external threats giving space to strengths,
  - implement of new networks and new strategies.

Crisis is simultaneously a challenge for a good company management (Zuzak 2006, 575).

H.-G Werner, CEO of the Business Unit Intermodal of DB Schenker said that current “crisis was an opportunity to consolidate the sector and to help understand that only innovative companies will survive to be tomorrow’s leaders” (Werner 2009, 2-3.).

Another priority shall be given to the ecological outputs, as this problem becoming more and more crucial, especially in the transportation sector. Companies shall investigate their possibilities and modern situation to educe what could be improved, as for instance quality and values.

The European commission and summit of several countries do not concentrate only at economics but on environment as well. As it was described in previous chapters, some examples of European programs, focusing on ecological problems, have been reached very rapid development in recent years.

This means that rail transport, which is given bigger priority than any other
mean of transport, will in future absorb more and more freight markets, what is already giving some signals for re-orientation for other transport modes, which in this case either will lose market and their positions on it becoming less competitive, or can find proactively other decisions for their future development steps. As for sea carriers, they will always transport the highest volumes of freight connecting continents. Even though the importance of the rail and sea transport is growing and predicted to grow in future there always will be dependency on the road transport mode as a final transporter.

That gives stability and balance among all transport modes in global marketing logistics and opportunity to correct the transportation within environmental-friendly solutions, that one can be intermodal transportations networks.

The EU will soon find more adequate answers and continue making transport more sustainable – to tackle at the same time not only the economic but also the environmental crisis (Ludewig 2009).

One aspect in the post-crisis activities shall be innovation. To see the crisis as a mean for new opportunities for the company on the market must be ensured by new creative decisions.

Thus, another recommendation to the companies is to make improvements at information technologies systems, especially at the last stages of economic downturn. Precisely information technologies pull the whole management to a new stage, where the company is able to take innovative solutions and improvement as internal as well external processes.

Information technologies are improving every day, and in the future they will make more and more perfect and smooth the operation device management to the companies. For the transportation companies: information technology solution is also closely linked, even, included to marketing sector. For instance, if the transportation unit is also linked to the information system, marketing logistics is efficiently integrated. At Hanjin Shipping their close partnership with information technology provider, used as outsourcing method, is bringing
a lot of advantages to the company.

Eventually, the crisis situation showed to the companies their weak places where they need to pay attention and work more. Any kind of problem shall be accepted as a new challenge which will bring to a new success of the company if it is correctly discern by the managers. Any situation can be resolved if the organisation is positively and correctly configured to “fight” with temporary difficulties and intended to a successful its resolution.
REFERENCES


Deutsche Bahn. 2008. Annual report. [online]. path: 


McKay, B. 2009. 7 P’s of Marketing (and Link-Building) for SEO. [online]. path:http://www.justmeandmy.com/the-7-p-of-marketing-and-link-building-for-seo. [cited 02.10.2009].


study.pdf.
[cited 12.10.2009].

[cited 08.01.2010].

http://www.portofhelsinki.fi/content/pdf_in_english/julkaisut/PortH_low.pdf.
[cited 05.12.2009].

[cited 05.12.2009].


Reed, C. 2009. Global Logistics and Transportation. [online]. path:
[cited 02.10.2009].


The Times 100. The extended marketing mix (7Ps). [online]. path: http://www.thetimes100.co.uk/theory/theory--the-extended-marketing-mix-(7ps)--319.php. [cited 22.07.2009].


APPENDICES

Appendix 1. Port of Kotka

DEVELOPMENT OF CONTAINER TRAFFIC IN THE PORT OF KOTKA 1998 - 2008

TEU


Values: 10,000, 20,000, 30,000, 40,000, 50,000, 60,000, 70,000
Appendix 2. Questionnaire

Questionnaire consists of 5 parts made of 21 questions, which are concerning marketing logistics aspects and their presence in the particular company. The company is chosen by the type of specialization of work: handling the operations concerning containers.

Please, attach your attention that all questions are made from the point of view of Marketing Logistics and only for the part of carrying containers on your enterprise.

Thank you in advance for giving the full answers!

Questions:

1. Value – adding

- Could you list activities, which are adding value to the process of handling the container?

VR Cargo: - safety, on-time delivery, additional services such as lifting, providing documentation, customs services, on-line tracking search

Nurminen: - Transportation of containers on the own railway platform wagons -> tailored solutions for the clients for their purposes to carry dry or tank containers by rail, can also be two-way traffic. Why? To guarantee the quality and availability of the platforms and if required also container equipment, usually applied into certain industry and business with permanent, nominated equipment for certain period

Hanjin Shipping: - Customer Service, Visibility

There are various activities around the handling of containers such as our e-Service package (web-visibility, e-invoices, direct edi-connection) as well as our Hanjin Logistics Services such as storage, handling, custom clearance etc.

- Are there existing attempts of improving or optimizing these activities?

VC: - Yes.

N: - Active marketing and sales, key account marketing, networking with other (rare) operators in order to find synergies.

HS: - Already using state-of-the-art technology regarding our e-Service we are focusing on customer needs on the whole supply-chain-management. Also to mention Hanjin efforts on "green"-perspective (Sustainability Report 2008).

- Are there links between these activities? And are they coordinated?

VC: - Yes, they are coordinated within the transport process.
N: Marketing and sales are coordinated by sales management with assistance of suitable IT support (CRM software internally and different web-linked solutions with the clients or/and other operators in the logistics chain).

HS: All these activities are linked and coordinated to each other.

- Do you use outsourcing (other companies’ services or products) in your enterprise?

VC: Yes, for warehousing and documentation and cargo lifting.

N: Yes for sure in order to support core business. For instance close cooperation with huge Russian wagon operator Transgaranti creates a lot of possibilities to increase business also in terms of container carriage by rail. It also supports marketing purposes in general. Also subcontractors are needed e.g. for handling of containers, pre haulage, supply of container equipment, planning and securing of the loads etc.

HS: Shipping is a very complex process and Hanjin is using other companies activities to meet customer wishes around the world, such as slot chartering, feeder services, trucking, storages, terminal as well as software providers (e-invoices) etc. Our service is not only ocean-bound transportation but a total logistics provider.

- Do you think that all mentioned above values lead you company to the competitive advantage and why?

VC: Yes, it comes to providing full service, when customers have one window to make all their shopping (one stop service).

N: Yes of course, they will strengthen the position of our company in the market by providing capability, reliability and competence in the chosen businesses.

HS: Yes; reacting on customer demands improves the customers’ satisfaction which will improve companies profitability. Based on the e-Service, which is currently followed more or less by every shipping company, Hanjin's is providing the most advantages solution. On the Green-perspective our attempt are very competitive as well. Our fleet (bulker, tanker and container ships) is very competitive and fully fits into the global growth path to meet customer needs in the future.

2. Branding

- Do you have well recognized brand? Could you describe it main characteristics?

VC: Yes, "VR" is a well-known and ever-lasting brand and a household name. Two letters are easy to remember what they stand for.

N: It think so, Nurminen is known about the long traditions in the logistics business (123 years experience); it is middle sized, still almost family owned Finnish company with strong
position especially in the railway transportation between Finland and CIS. Also valuable work of John Nurminen foundation to support to rescue the Baltic Sea and gather and publish Appendix 2/3

sea history are well known and connected as one driven and positive general value to the logistic businesses.

HS: - Yes, the Hanjin H represents a crane and a hook - both symbols of maritime business. Our global branding is well-recognized. Our container (colour, etc.), our fleet and office fit perfectly into our well-designed corporate identity.

- Have you been changed the brand during the existence of the company? Why yes or why not?

VC: - It has been just recently re-shaped: its colour has been changed to reflect ecological and green values.

N: - Yes, in the past Nurminen was more concentrated on shipping businesses with own container agency offices and even with own ships in the mid. of the century. Nurminen has had also strong position in field of ground services at Helsinki –Vantaa airport some 15-20 years ago, Nurminen (Huolintakeskus) very strong position as car carrier and PDI operator in vehicle business some years ago and also domestic nationwide forwarding office network some 20-30 years ago i.e. the existence, the business port folio and strategies has changed several times in the past.

HS: - No.

- Which information your brand can provide the new customer and attach his attention?

VC: - That our company pays great attention to green values.

N: - Availability, reliability and customer related services regarding rail carriage, terminal services, heavy special transport and accurate documentation as independent Finnish (still) family company with long tradition in logistics.

HS: (no answer)

- Is the brand considered at your company as a value?

VC: - Yes.

N: - Yes, absolutely.

HS: - Partly.

- Does the brand differentiate you company from other transportation companies? How?

VC: - Yes, "VR" is naturally affiliated with railways.

N: - Main difference in the mode of transport – Nurminen is not a traditional trucking
company or neither freight forwarder only; focusing on industrial logistics with nominated rail equipment creates real value added and confidence we believe as the main stream in the business base. Of course traditional forwarding and other logistics services in terms of warehousing, shipping, trucking etc. can be provided.

HS: (no answer)

3. Customer relationships

- Do you use CRM software on you enterprise?

VC: - Yes.

N: - Yes we do, it is a tool for sale and marketing management.

HS: - Yes.

-Could you give the number of the key customers, loyal to your company? (underline the right one)

5 – 20 – VR Cargo

21 – 50 - Hanjin Shipping (Europe)

51 – 100

101 – 500 – Nurminen Logistics

> 500

HS: - Number of key customers may differ from region to region but for Europe there is a large no. of customer loyal to Hanjin Shipping. 21-50 I would identify as key customer for European region.

- How well you are supporting your customers with the relevant information/ processes concerning them? (e.g. agents working service 24/7, on-line data)?

VC: - There is on-line tracking available 24/7 by Intranet to all customers (needs a login and password).

N: - On-line data e.g. warehouse inventory record observations, transport track and trace, electrical solutions regarding documentation. Very important events are naturally regular business meetings with key clients both in management and operational levels.

HS: - Perfect support, global network, 24/7, full web-visibility.

- Are you periodically collecting information from your customers? (e.g. making surveys, questionnaires about their satisfaction/dissatisfaction of the given service)

VC: - Yes.

N: - Annually.
HS: - Continuously collecting customer data, internally (CRM) and externally (questionnaire etc.) in order to improve our service. 

Appendix 2/5

If yes, which kind of method do you use?

VC: - Customer satisfaction surveys are made annually and there is also an on-line possibility to provide VR Cargo with feedback.

N: - Questionnaires have done by external consultant company.

HS: - Email survey.

Do you have any methods or programs which you are using for attracting new customers?

VC: - As such we are already quite well-known, to attract new customers e.g. offering multimodal (e.g. train - truck) service with a door delivery could be one usable method and that is already being used. We focus on targeted personal sales efforts through which we enhance results.

N: - Traditional marketing, trade missions, sales campaigns. Also daily work of sales people is very important.

HS: (no answer)

4. Quality

Do you have quality system model or quality standards?

VC: - ISO 9001

N: - ISO 9001; ISO 14001; OHSAS 18001; AON; SQAS

HS: - Yes. We meet all relevant international ISO- standards and continuously focus internally on quality management.

How they are applied and which result they are giving to the company?

VC: - They are applied on day-to-day basis and they are to safeguard our transportation process.

N: - They are fully applied in daily operations which can and should be seen in every business areas Nurminen is involved in.

HS: (no answer)

Appreciate the level of the next indicators characterizing the quality of your service:

Please, describe thereafter the factors to which you will give the highest mark(s).

Transcription of marks:

1 – low, not developed

2 – exist, but not controlled

3 – exist and developing
4  – exist, developing and improving
5  – the most priority given in the company

(VR Cargo – v, Nurminen – n, Hanjin Shipping – h)

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>safety</td>
<td></td>
<td></td>
<td></td>
<td>v</td>
<td>n</td>
</tr>
<tr>
<td>punctuality</td>
<td></td>
<td></td>
<td></td>
<td>v</td>
<td>n</td>
</tr>
<tr>
<td>leadership</td>
<td></td>
<td></td>
<td>v</td>
<td>n</td>
<td>h</td>
</tr>
<tr>
<td>corporate culture</td>
<td></td>
<td>v</td>
<td>n</td>
<td>h</td>
<td></td>
</tr>
<tr>
<td>personnel development and</td>
<td></td>
<td>v</td>
<td>n</td>
<td>h</td>
<td></td>
</tr>
<tr>
<td>involvement</td>
<td></td>
<td>v</td>
<td>n</td>
<td>h</td>
<td></td>
</tr>
<tr>
<td>induction of innovations</td>
<td></td>
<td>v</td>
<td>n</td>
<td>h</td>
<td></td>
</tr>
<tr>
<td>development of partnerships</td>
<td></td>
<td>v</td>
<td>n</td>
<td>h</td>
<td></td>
</tr>
<tr>
<td>ecological sustainability</td>
<td></td>
<td>v</td>
<td>n</td>
<td>h</td>
<td></td>
</tr>
</tbody>
</table>

VC: - safety -> one of our key values
- punctuality -> timeliness has always been VR Cargo's strength
- development of partnerships -> partners are one fundament of our daily business
- ecological sustainability -> VR Cargo is the most ecological choice for transportation of cargo (containers), we have least emissions of all transport modes

5. Price strategy

- What is inclusive to the price of delivering the container (beyond transportation considered as a core product)?
VC: - Depends on the package sold / bought by the customer but could be e.g. lifting, documents handling, providing necessary documents for the customer to enable the customs clearance process.
N: - As rail freight operator reliability; versatility in related services (lashing and securing in case of reload of the cargo; crane and other special equipment availability); general knowhow how to solve the logistics challenges on behalf of the client.
HS: - The price differs on the needs of the customers and is very case-sensitive. As we offer from simple ocean transportation to high complex supply-chain management the price is very different.
- Does the price differ for different level of customer importance to the company? (from new
VC: - Yes (but not significantly).

N: - All the clients are important from new to key clients. Main thing is to find competitive solution to the customers’ needs and get sustainability by being creative, proactive and reliable. Price itself is an important factor to but it shouldn’t be the prior one.

HS: - Of course, the price also includes security factors such as loyalty. 
- Has the price strategy changed during the time? What was changed and due to which reasons?
VC: - Not remarkably.
N: - It is quite impossible to give answer to this question, but I guess price strategy has maintained as quite same, the price it selves hasn’t been the main factor to us in the past either, we have rather tried to find the best solution and the price has been what it is i.e. we haven’t targeted to be just the price leader in the market, there has always been an aim to create value added to the provided services.

HS: - Pricing strategy is always changing as the world is moving on. Our pricing sections have to react on the market, demand and supply, commodities etc.

Thank you very much for the given answers! Please return it back via e-mail!

A debt of gratitude for giving the answers to:
- Mr. Risto Holopainen, Regional Manager Nurminen Cargo
- Mr. Jari Sillanmäki, Account Manager and Mr. Ari-Pekka Tynys, Head of Marketing, Sector in Transportation Russia and the CIS VR Ltd.
- Mr. Sven Derlien, Marketing and Sales and Mr. Dennis Grube, Customer Service and eCommerce Manager, Europe
Appendix 3. Brands of the companies

Nurminen Logistics
Nurminen logistics

VR Group

Hanjin Shipping
Appendix 4. Environmental impacts of goods transported by different modes

Example made with EcoTransIT

Route:
Origin: Amsterdam, Netherlands
Destination: Bilbao, Spain
Cargo
Weight: 20 tons, type: average goods

Transport modes: Lorry, Train, Sea ship

<table>
<thead>
<tr>
<th>Primary Energy</th>
<th>[Megajoule]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lorry</td>
<td>29924.84</td>
</tr>
<tr>
<td>Train</td>
<td>0.00</td>
</tr>
<tr>
<td>Sea ship</td>
<td>6138.34</td>
</tr>
<tr>
<td>Sum</td>
<td>29924.84</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Carbon Dioxide</th>
<th>[tons]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lorry</td>
<td>1.99</td>
</tr>
<tr>
<td>Train</td>
<td>0.00</td>
</tr>
<tr>
<td>Sea ship</td>
<td>0.00</td>
</tr>
<tr>
<td>Sum</td>
<td>1.99</td>
</tr>
</tbody>
</table>
Description:

The route was planned from one point to another, especially at the places where the ports are situated so that the distance will be almost the same for any transport mode. Only rail transportation among others takes longer distance (but with not a big difference). Nevertheless, it does not interfere it to gain the best results in its presentation on this example. Rail transport has shown that, it has less emissions of carbon dioxide, nitrogen oxide, non methan hydro carbons, dust, sulphur dioxide and no particles, it means that it is has small impact on greenhouse gas, global warming, summer smog, eco- and human toxicity, acidification and so on. As a result compared with other transport modes railways is winning in the environmental-friendly performance.