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IMPROVING MARKETING STRATEGIES OF SEA FREIGHT
FORWARDING SERVICES – THIEN HONG JOINT STOCK
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IMPROVING MARKETING STRATEGIES OF SEA FREIGHT FORWARDING SERVICES – THIEN HONG JOINT STOCK

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The purpose of this thesis was to analyze marketing strategies of sea freight forwarding services of Thien Hong Joint Stock Company, through which suggest some recommendations to improve their services.

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1 INTRODUCTION

1. Research topic

In recent years, the freight forwarding market of Vietnam has made significant development steps along with the growth of the longstanding forwarding company, the establishment of many new companies and foreign companies are currently participate in this market also made this market more active. One of the new and young Vietnamese companies in this field is Thien Hong Joint Stock Company (Thien Hong JSC).

Since Vietnam joined The World Trade Organization (WTO), the freight forwarding market has more and more service providers with reputation and large capital, competition is increasingly fierce, so complete marketing strategy has become prerequisite for the success of the companies providing that services in general and Thien Hong JSC in particular. Because of the urgency and newness of this topic in Vietnamese market, I have chosen “Improve marketing strategies of Thien Hong JSC sea freight forwarding service” as the topic of my thesis.

2. Research purposes

This graduation thesis is served two purposes:

- Analyze strategic marketing of sea freight forwarding service from Thien Hong JSC.
- Suggest a number of recommendations to improve marketing strategies of sea freight forwarding services of Thien Hong JSC.

3. Research question

- How to improve the marketing mix of Thien Hong JSC’s freight forwarding service?

4. Object and scope of research

- The object of this thesis is to study the marketing mix strategy of freight forwarding service by sea which was applied by Thien Hong JSC.
- The scope of the research study limited to the analysis of strategic marketing of freight forwarding services by sea from Thien Hong JSC in the past.

5. Research methodology

This thesis has used the following main methods:

- Investigation method
- Synthesis and analysis methods
- Induction approach via in-depth interviews: In-depth interview (IDI) is a market research method to exploit insights (thoughts, contributions, views) of client. Broader than this definition, IDI is the ability and communication skills to talk about professional issues with an object (one-to-one conversation). Because of the characteristics of this sector and the company (business to business model) so semi-structured interview (open-ended questions) was used to collect qualitative data on the opinions of managers in the sea freight forwarding. The content of questionnaire consist of mainly three parts: services process, manager's assessment and their difficulties and their suggestions to improve the company situation. Interviews were conducted in Vietnamese to ensure interviewees express their views easily.

6. Layout of research

In addition to the introduction, conclusion, references, this thesis includes three main parts:

Part 1: Overview of strategic service marketing

Part 2: Analyze marketing mix strategies of Thien Hong JSC sea freight forwarding service.

Part 3: Some recommendations to improve Thien Hong JSC service marketing mix strategies.

I would like to thank my instructor – Jeffrey Salahub; all the coaches from Innovative Business Services and all the staffs of Thien Hong Joint Stock Company have helped me complete this thesis.

Here is the entire content of my graduation thesis.

2 OVERVIEW OF SERVICES MARKETING STRATEGY

2.1 Services marketing

2.1.1 The essence of service

a. Definition

Currently, there is a lot of debate about the concept of service, but any concept has its own limitations. It can be understood broadly: Service is every measure or benefits that one party may give others and mostly not palpable and not lead to usurp something. The implementation of the service may have and also may not relate to the goods in its material form.

The perspective on the perceived product as an overall goal or process that meets the needs of consumers, including goods – services, although distinguishing the two types of commodity products, but with a larger perspective, it has relationships with others to satisfy the needs, such as pure services, pure products or service products ... can be used in change back and forth.

Between goods and services, in organic relationship, with the volume that limited the use-value of a unit of benefit provided, it has mutual transformation of form. Starting from perfect goods to goods associated with the services; then again, major services that has been exiting commodity products as a whole (pair) and finally is perfect services.

Services provided to consumers many values in the supply chain, which is the value chain of a unit of services. Services offer comprehensive benefits that include both physical and mental benefits, the main and additional benefits due to many service activities in the process.

Service activities have a direct impact on consumers; the customer becomes an input element of the services delivering process, located in the mechanism of supply. For example, health care services, bathing, massage, passenger transport, training ser-

vices ... But services also have impacts on property owned by the customer, such as auto repair services.... that not only increase the use-value, the value of assets but also the ownership unchanged.

b. Characteristics of services

Intangibility: Services does not exist as objects. However, this characteristic has different expression levels for each type of services (related to quality of services and service's consumption of customer) such as training, babysitting, travelling, or relaxing in the hotel. Intangibility is expressed through certain physical factors, and those are the tools to transfer services to customers.

Inseparability: Service products have specific characteristics; the consumption of service products is along with the provision of services. So the product is consumed all the time with the participation of consumers. The creation of service products and the consumption is a unified whole.

Variability: Service products are non-standardized, highly valued. Due to individualized characteristic of suppliers and consumers, the provision of services depends on the technique and ability of each person performing services (haircuts, massage, music ...). The service consumption is high or low depending a lot on the customer. Moreover, due to it variability, they cannot measure and standardize quality of specific services like product commodities. In other words, variability in services means no stabilization of quality.

Perishability: Service products must be directly consumed; they cannot afford to keep it.

2.1.2 The essence of service marketing

a. Definition

Due to competition in the services market increasingly fierce that appears marketing services. Marketing services is the development of the general theory of marketing in the service sector. Service is very dynamic and diverse with many different indus-

tries. In the academic, there is no full definition that can be generalized all the service's characteristics.

According to Philip Kotler: "Services marketing required solutions that can be improve quality, service products productivity, impact to demand, in pricing as well as distribution and promotion" (Kotler, 1990, p.467).

According to Krippendorf: "This is a systematic adaptation and coordinate business policies of private and government services with optimal satisfaction of the needs of customer to achieve profit" (Krippendorf, 1971, p.46).

However, generally marketing services can be understood as follows: **Marketing services is the process of receiving, learning, assessing and meet the needs of the target market has been selected and confirmed by the distribution of the resources of the company to meet that demand. Marketing is considered in the dynamics of the back and forth relationship between the service products of the company and the needs of the consumer along with the activities of competitors.**

From the concepts above, there are emerging issues in marketing services:

- Marketing mix is the key factors or components which created a marketing program of an organization (enterprise, company ...).
- Approaching process: strategy and management process to ensure the marketing mix and internal policies consistent with market forces.
- Market forces: External opportunities or components which marketing activities of the organization impacts.

b. The essence of service marketing activities

Service marketing activities taking place in the whole process of production and consumption of services, including the period before consumption, during consumption and after consumption. To be able to capture the essence of marketing services, companies should go into some specific contents as follows:

Progression of a services marketing program: This process includes the marketing mix of internal factors or components that make a business marketing program. Implement and maintain adaptation of the internal factors through the solution, specific

policies with external factors of market forces or clients (behaviours, buying habits, demand scale, feasibility ...), the competitors, government and institutions which dominate the market and company's marketing activities.

- **Marketing mix of internal factors:** So far, we have been acknowledged seven basic elements of service marketing tools. Seven factors (7Ps) are: product, price, place, promotion, people, processes and provision of customer service. Marketers mix these factors with a different level of importance constitute the marketing framework for each specific service with distinct market segments.
- **Progression:** Marketing managers developing a marketing program is the use of the marketing mix framework ensuring an approach between internal factors of business and the environment of external market.

Perform the approaching process between capacities within the enterprise with the elements of the external environment; this process determines the success of marketing program. The market is always changing and moving rapidly; it is difficult for marketing activities. Marketing activities need to manage uncertainties of external factors and maintain adaptation of intrinsic factors by changing the marketing framework along with better approaches.

Service's delivery activities: service delivery activities are the interaction between customers and employees who providing such services, located in the process of interaction. Those are activities to create and transfer services for customers. These activities determine the quality of services and satisfaction of customer after services consumption.

The staffs are the last link in the process of service production. This object assumes the role to turn the service scripting into real service with unique properties and distribution to the end user. The process of transferring it, the provider has always received opposite information from customers, adjusted for appropriate services, personalized services in the output, better meet the needs of the market. Moreover, the communication activities also dominated by business organizations and customers.

The process of service delivery primarily is the process by which employees perform their role in services creating benefits to customers. To create the overall services, a department, a union of the business cannot be undertaken. It requires the active participation of all departments, different parts of the business in the services system.

Marketing management controls the entire process of service activities to create appropriate value chains and bring efficiency. Thus, marketing activities related to departments, agencies of businesses have to implement marketing within the scope of its functions, internal relationships governing the success of marketing. Customers also participate in the supply process proactively to expand their awareness and consume services. It is the process whereby satisfactorily resolved relationships arise between the elements involved in service production activities. Therefore, service's businesses have to implement internal marketing, relationship marketing and trade marketing.

Relationship marketing is to build long-term relationships, mutual trust and mutually beneficial to the customer by always providing another party high quality, reasonable price services based on enhanced economic, technical, social relations on both sides, build trust and help each other created the relationship in the long tradition.

Businesses need to have management strategies and mobilize resources to develop relationships, created the marketing network include companies and businesses which between them were established sustainable traditional and interdependent business relationships. Marketing is having shifted with purpose from maximize profit for each business to maximize profits for the relationships that bring benefits to its members.

c. The six market models of services marketing

There are six types of markets that marketers need to study; it has organic relationship with other. In those markets, we need to use marketing to establish relationships, from which to deploy and implement the service of business. Market's model can be described in the services marketing in the following diagram:



Source: Relationship Marketing (M. Christopher, A. Payne and D. Ballantyne, 1991)

Customers market: Businesses must, firstly, focus on marketing to the customer market. It is the buyer's demand for specific types of service products. The lowest impact level of marketing in this market is to build long-term relationships with customers and attract new customers. Company can reach customers through transactional marketing or relationship marketing. Customer always very sensitive, company needs to study the socio-cultural, economic, political factors, which have governed them.

In the transaction, company must respect the principles of developing thinking and psychological changes. Transactions also have the principles, company proposed initiative issues, fix and solve it. That process is a system that developed from low to high, from simple to complex.

Transactional marketing interested in some contents such as: focus on sales force, expand services concept in customer's awareness, attend to consumption in the short term, emphasis on customer services and limited commitment with customers, service quality is top priority. Services marketing concerned with maintain existing customers and repeat business. This propensity will bring economic efficiency and higher marketing performance. Therefore, attention should be paid to existing customers. Attracting new customers will become more important when appearing a decline in

the quality of service or there has been a change in demand that led to the numbers of existing customers decline.

Referral market: Referral market occurs between businesses and their customer's types. This market is formed from the inner between components services, extra services of the service process because many members participating in supply stage. They are interdependent; provide services for each other and for the customer. Thus loyalty and their satisfaction are very important factors. Not only customers who consumed services are the source of the referral market. For example, for banks, referral market will be insurance company, real estate sector, finance, law firms, existing customers and the internal referrals. Hence, the referral market was conceived as intermediate market, multidimensional market, organizational market ... and many other names.

Supplier market: Supplier market has more and more changes and becomes important not only for services but also for existing goods. Commodity production grows; the division of labour deepens, the interdependence of business and production increases, which is key factors to develop this market.

An important activity of marketing in this market is organizing the provision of resources. It is the formation of a number of important intermediates; developing relationships with both existing and new resources. Implementing a marketing plan to distribute resources to supplier market and at the same time, businesses had to plan to develop the market resources.

Relationships with traditional partners tend to businesses trying to squeeze suppliers to gain their benefits. Businesses expand the partners and collaborators, diversify suppliers. In these areas of activity, the fundamental objective is to achieve close cooperation between enterprises and suppliers right from the beginning. Focus on the quality of goods or services, flexible implementation of the agreement, low-cost and create long-term relationships.

Recruitment market: The skilled labours are always necessary and urgent in the services sector. This is a very scarce resource for services businesses and other busi-

nesses. Recruitment market is governed by many factors, which implies non-economic factors such as demographic, social, natural ... The relationship of supply and demand in this market places very complex and fluctuating. Due to the requirements of high-quality service and dynamic needs so employees should both have highly specialized skills and diversify in the related industry.

These employees have professional skills are formed from the energetic age group, and must undergo training mechanism of society, such as a vocational training system, the system of universities, colleges ... Obviously the employees who meet the requirements of the services market must go through a few levels of education and work practices.

Companies need to study thoroughly the relationship of supply and demand in each period with a marketing strategy to exploit or to enrich labour resources. Especially for training strategy, they can open training courses in business on request or order for special class in schools, training centers, funding for excellent students, support potential staff to study further...

Influence market: This is a niche market for relationship marketing. By different solutions, marketing strategies, services businesses focused on resources to establish their relationship with powerful groups of services market facilitating business activities of businesses. The powerful groups on the market include:

- Financial and banking group: This group greatly influenced and directed to the business activities of the enterprise. It decides on capital, liquidity, cash ... making business activities of enterprises become clear or not. The stability and financial growth are vital for enterprises; it maintains and increases the value of the company's shares on the stock market.
- Powerful and prestige business corporations: It is the big corporations that have dominated the market strongly. For businesses, they need to have a good relationship with such as group to penetrate the market, creating opportunities for them in the future.
- The political force: In the market, this political force also participates in governing, especially in western countries. Politics are often associated with law and power. Business needs to create relationships to obtain regulatory approvals and simultaneously satisfy the regulations of the management agencies.
- The market force (consumer associations, trade associations, environmental protection organizations...) is the active forces in the market with various

forms can cause risk or create an opportunity for businesses. Therefore, companies need to comply with the law and establish friendly relations with this group, support their proper functioning.

Internal market: It is the market within the company, including all officers and employees, suppliers and internal customers. Internal customers also have needs and wants that company must be satisfied. The researchers acknowledge that only when satisfying the needs of internal customers, they can unleash their creativity and intelligence to provide high-quality services to customers of external market.

Businesses need to conduct research, understand internal market segments, and find out causes of the dominant needs. What is desired needs of internal customers? Certainly not the services they produce but needs associated with their personal lives, their families, such as working conditions, release mechanism, income, career advancement, working environment, leisure, preferential regimes ... Businesses must use the internal marketing research to this market with effective solutions to meet the wants and needs of internal customers for external markets.

Internal marketing express acknowledgment important position of the attraction, promotion, training and maintaining a skilled workforce, create mechanisms to satisfy these needs of the members along with the coordination between the members of the business. Internal marketing encourages good attitude of the employee in the hope of attracting customers to business. Internal marketing is considered as an effective way to make people eager in providing services. In delivering the services (between employee and customer) employee plays a very important role to establish the balance in handling customers and keeps business goals, satisfy customer needs.

From services scripting, companies can expect which employee in what position, assuming the role of position in the service system. On that basis, the policy designed to promote communication, notify employees of their role in the services, convince them to perform their roles and encourage material benefits.

2.2 Services marketing strategy

2.2.1 Marketing strategy

According to Philip Kotler, marketing strategy is a system of logical argument, a reasonable basis for directing a unit or organization to solve their marketing missions. It includes specific strategies for the target markets, for marketing-mix and the cost of marketing. Thus, a marketing strategy must satisfy those requirements: (1) must be set out in an appropriate period of time, (2) to maximize and rational use of existing resources, (3) to generate growth for the organization and (4) to create the best competitive position.

If companies want to achieve the above requirements, then a marketing strategy must be based primarily on their customers and the ability of company, also based on their competitors.

Based on the customer: in the market economy, especially in terms of social development as well as the demands for consumption of goods and services among population groups are increasingly fragmented; homogeneous market is no longer existed. To survive and grow, every business could and should occupy different segments of the market. If they do not occupy the customer, the business will not have objects to serve and therefore, they cannot have any business activities. Hence it is said that the customer is the basis of all strategies, the thread through the process of building, deploying and implementing marketing strategy of any enterprises.

Based on the ability of the business: from the 80s, the development of enterprises faster than demand growth which has caused the extremely fierce competition among enterprises and between countries in the world. That situation requires businesses to pay attention to the exploitation of their own strengths in the marketing strategy. The ability to exploit the strengths of the business is a reality, if compared with other businesses, any business all have their strong points and weak points. When planning marketing strategies, businesses can and should fully exploit the strengths and looking straight at their weaknesses.

Based on the competitors: to build a marketing strategy with this base, company should compare their abilities to competitors in order to find out the advantages.

2.2.2 The main contents of marketing strategy

a. Two main parts of marketing strategy

Since the last decade of the 20th century, scholars in North America and Western Europe are generally divided strategy into 2 big contents, which is strategic part and tactic part. In general, the strategy usually includes decisions and long-term goals, while the tactics tied to the decisions and short-term goals, in which the strategy is fundamental and directly govern tactics.

	Strategic part	Tactic part
1	Analyze market and environment (including external environmental factors and internal environment factors)	Define the objectives for each section (according to each market segment or product)
2	Search for development opportunities: <ul style="list-style-type: none"> ▪ The potential market size ▪ New technology and new product ▪ Source of new material ... 	Search for methods: <ul style="list-style-type: none"> ▪ The market penetration ▪ New technology method ▪ Advertising method
3	Identify long-term goals: <ul style="list-style-type: none"> ▪ Sales and market share ▪ Profits ▪ Safety 	Prepare for short term financial <ul style="list-style-type: none"> ▪ Total equity ▪ Borrowed capital ▪ Funds raised from shareholders
4	Choose long-term target market: <ul style="list-style-type: none"> ▪ The main market (mainstream) ▪ Sub-market (complement) 	Planning for short-term market: <ul style="list-style-type: none"> ▪ In each market segment ▪ Product and Sales
5	Set the long-term budget: <ul style="list-style-type: none"> ▪ Capital investment categories ▪ Budgeting ... 	Make short-term plan: <ul style="list-style-type: none"> - Consumption plan - Advertising ...
6	Make long-term plan:	Organize the inspection, adjustment:

<ul style="list-style-type: none"> • Market • Products 	<ul style="list-style-type: none"> • Check • Adjust, modify ...
<p><i>Source: Le marketing(Denis Lindon, 1981)</i></p>	

b. Decision-making levels of marketing strategy

According to Professor Denis Lindon and Professor Philip Kotler, three decision-making levels in the overall strategy or strategic marketing- mix are:

- The first decision-making level determines the overall marketing strategy; identify fields of activity (in which markets? What products?).
- The second decision-making level determines the constituent policy / strategy of the marketing-mix, including product, pricing, distribution and promotion.
- The third decision-making level brings to the short-term tactical issues yearly or quarterly, monthly or even weekly.

The larger the scale of business expanding, the greater the significance of the two strategic decision-making levels (first and second), especially overall strategy or strategic marketing-mix.

Diagram 1.2: Three levels of strategic decision-making



Source: Action Commercial Marcatiqueï (G.Mansillon, J.Duboin, 1992)

The overall strategy covers the 4Ps (Product, Price, Place, and Promotion). However a tactical level decision is also important because it relates closely with enforcement actions implemented two decision-making levels and ensures the success of the strat-

egy. In the opinion of the strategic manager, every step in reality is more important than the whole of projects.

2.2.3 Types of marketing strategy

a. Overall marketing strategy

- Concentrated marketing

Concentrated marketing can be applied when business decides to participate in many market segments and develops marketing programs for each segment separately. Instead of providing one product, one marketing program for all customers, business provides different products, with many selling price, many styles of promotion for each customer group.

Concentrated marketing proved more advantageous than undifferentiated marketing when meets the needs and desires of the market. By diversifying products and marketing efforts, businesses have the ability to increase sales and penetrate deeper into multiple market segments.

- Multi-segment marketing

With this strategy, business will focus on a market segment or a small part of the market which is business considered the most important and will win strong position in that market segment. This position becomes a stepping-stone to the growth of the business.

The advantage of multi-segment marketing strategy is that, by put their efforts on just one market segment so businesses can easily gain a strong position on the selected market and create a monopoly by understanding the needs and desires of the customer; design, supply the products to achieve credibility, exploit the advantages of specialization in the production, distribution and sales promotion activities, often achieve higher margins.

However, the risks that the business can encounter by applying this strategy are: scale demand in target market segment can be reduced greatly; businesses with strong competitive forces decided to enter that market. This strategy is best suited for small and medium businesses. It is also used by businesses that want to "cover the entire market," applied in the first stage of penetration into a big market.

b. Marketing mix

Strategic marketing-mix is a combination of marketing strategies: product, price, place and promotion. Businesses implementing marketing-mix strategy by combining four key factors that influence to change market demand for its products in favor of the business.

2.2.4 Factors affecting marketing strategy of company

a. The business environment of company

It is often said that the business environment is a combination of factors; the conditions have impacted directly or indirectly to the business operations of enterprises. Considering the impact on the level of corporate governance, the business environment of enterprises has three main levels:

Macroeconomic environment

The macro environment includes economic, political - legal, socio-cultural, natural factors and technological factors. These are the objective factors and not factors in the industry which affect the marketing strategy of the business.

Microeconomic environment

The micro environment includes the factors in the industry and the external factors of enterprises. It determines the nature and extent of competition in that industry. The micro environment has five basic elements: competitors, buyers, suppliers, potential competitors and substitute products...

Internal environment

Analyze internal factors of the enterprise to determine the advantages and drawbacks of the business. From there take measures to reduce drawbacks and promote strengths to achieve the maximum advantage. Therefore, managers will have a better awareness of the situation by analyzing the internal factors, mainly: human resources, research and development, production factors, financial capabilities and marketing factors...

b. Functions and objectives of company

Once have made specific recommendations about the situation of businesses, we need to consider a very important factor in the management of the business, which are functions, missions and goals of the strategy.

The determination of the function of the strategy will contribute to the proper selection of the goals, the success of the organization and strategy of the company. Furthermore, affecting the creation of the company image to the public, society and generate attraction for the relevant objects (customers, suppliers, authorities).

After defining the function of the business, we need to define the mission of that business. The mission is a statement that has long-term value represents the business, beliefs, ideas of those involved in the organization. When determining the strategic mission, we will ensure the consistency of ideas; identify the basis for us to mobilize more resources for the organization to achieve its goals, creating development pressure for goals.

Finally, we must determine business goals, which are the expected result, would have and should have of an organization after a certain time. Goals must be quantifiable, feasible, consistent, reasonable, flexible and specific.

c. The role of strategic marketing

Between producers and consumers have a big gap: it is the marketplace. To reduce the gap, businesses need access to markets and master the elements: sales may decrease because of competition and inefficient distribution, once reaching the top in the sector, the level of business growth will slow down, this time they need to diversify and expand the market; the competitiveness of the market increasingly requires business to spend more effort in marketing research, due to the impact of inflation of advertising, promotion, service costs... Marketing strategies are put in place to check the adjustment of those costs in a more reasonable way.

Thus, marketing strategy outlines major points in the marketing activities of a business from the selection of development strategy, competition strategy to the development of specific programs and activities appropriately, whereby a business unit achieved its marketing goals. Marketing strategy is seen as the foundation to the development of functional strategy in the business such as manufacturing strategy, financial strategy.

2.3 Marketing strategy process

2.3.1 Market analysis

a. SWOT analysis

Analysis of business's strengths is the process of analyzing strengths and available advantages of the business compared to other competitors in the market.

Analysis of business's weaknesses is the process of analyzing weaknesses, disadvantages of business compared to other competitors in the market.

Analysis of the business's opportunities is the research process of the factors in the market since then identifies the factors that can become opportunities for enterprises to exploit.

Analysis of the business's challenges is the analysis and identifies the elements of the market that will constitute risk and the impact of this risk to the business.

Therefore, we can say SWOT analysis is a summary of the factors affecting the marketing strategy of the enterprise.

b. Market segmentation

It is the process of dividing the market into smaller parts in order to satisfy the needs of customers better. Businesses can segment the market according to the principle of geographic, demographic, psychological and behavioural principles.

Geographic segmentation

In this way the market is divided into different geographic units such as countries, cities, regions and neighbourhoods. Businesses will decide to operate in a geographic unit or operate in all units but concerned about the differences in the preferences and needs of each locality.

Demographic segmentation

This method divided the market into groups based on demographic criteria such as age, gender, income, profession, education, religion, nationality ... these criteria are the most common basis to distinguish these customer groups. The reason is the desire, preference; usage levels are usually in sync with this criterion. Another reason is that this criterion is often easy to measure, even when the target market is not divided according to demographic criteria; the reference to the characteristics of the population is also essential to understand the scale of the market and sought to penetrate effectively. The demographic characteristics can be used to segment depending on product characteristics that business should consider and choose the appropriate criteria; then can use one or more criteria to divide customers.

Psychological segmentation

In this way, customers are divided into different groups based on social class, lifestyle or personality. People in the same group which divided by population still have differences in psychological characteristics.

Behavioural segmentation

In this method, buyers are divided into groups based on behaviour, knowledge, attitudes, current use-status, usage levels... Many marketers believe the elements that easily change behaviour is the best starting point for the formation of market segments.

c. Market targeting and positioning

Market targeting

It is the determination of the ability of the various target markets that the seller will participate. During this period, the business will have to find their own market segments in which they are able to meet the needs of customers better than the competition, this process usually goes through three stages: mass marketing, product diversification marketing and focus marketing. For the period of mass marketing, the provider applies production, distribution, and advertising perspective to satisfy all the customers in the market. All businesses focus their efforts to create a consistent product, and they do not concern about the brand to its products. Product diversification marketing requires business to create product diversity, rich in style, size, quality level, or difference in some characteristics. Thanks to increase opportunities and choices to satisfy the needs of customers, product diversification marketing strategy produce results better than a mass marketing strategy, at this stage the idea of market targeting starts forming. Finally is the focus marketing stage. In view of the focus marketing, the supplier has to subdivide the overall market, choosing one or a few markets they are capable of serving the best, doing research and drafting marketing programs in accordance with the chosen markets.

Market positioning

Market positioning is the product and image design for the enterprise in order to create a unique position and value in mind the target customers. Market positioning requires business to promote the differences for target customers.

2.3.2 Define the objectives or marketing strategy

The goal of the marketing strategy is the basic criteria that marketing strategies should be achieved in a certain period. Marketing objectives typically include following goals:

- Brand (brand positioning, brand awareness, brand perception, the relationship between brands and customers ...)
- Market position (market share, market penetration ...)
- Sales
- Finance (revenue, profits ...)
- Product (long-term product development ...)

2.3.3 Design the overall marketing strategy

Based on the above analysis, based on the business strategy has been accepted, businesses will build an overall marketing strategy to make the most suitable direction for their marketing activities. They need to make a marketing plan which clearly states the views in the marketing strategy to solve the mission set.

2.3.4 Design and build strategic marketing mix 4Ps

During this period, the business needs to determine the specific strategies related to: product, price, place and promotion. Each marketing-mix strategy must take into account the risk, the ability and the problem posed earlier.

a. Product strategy

- Product variety and product portfolio

Product variety

In this strategy, businesses need to determine the width of the product types. One company has a method of selecting the width of different types of products depending on the purpose of the company is pursuing. Companies inclined to pursue the goal of providing a full category or to occupy a large market or expand market often have broad product categories. In this case, they produce even fewer profitable products. Conversely, there are companies interested primarily to the high potentially lucrative of the product. To expand and maintain the width of the product types, there are two ways to expand product types: develop product types and add more items to one product type.

Product portfolio

Product portfolio is a collection of all product types and product units from a particular seller offer for buyers. Product portfolio is reflected in the width, richness; depth and its level of harmonization. The width of the product portfolio is the total number of product types produced by the company. Richness of the product portfolio is the total number of composed products. Depth of product portfolio is the total number of units offered in each product of a category. The level of harmonization of the product portfolio reflects the closeness of products of different types of groups in terms of end-use purposes, or the requirements in organizing production, distribution channels or a certain standard. When apply this strategy, traders often develop depth, width or richness, harmony of the product portfolio.

- Product packaging

Nowadays, packaging becomes an effective tool of marketing activities for the fast development of the self-service shop, buffet system; the wealth and purchasing power of consumers is increasing; packaging contributes to the image of the company and the brand; packaging creates more possibilities and concept for product improvement.

To create effective packaging for a product, marketing managers going through a series of successive decisions as build a packaging concept, decide on aspects size, shape, materials, colours, content, presentation ... then decide to test the package, decide to consider the aspect of social benefits, the benefit of consumers and the interests of the company itself, make a decision about the information of the package.

- Product branding

The decision about brand is a significant decision when formulating strategies for product, it relates directly to intended product positioning and building corporate image in the market. When developing strategies about product brand, businesses need to decide on these issues: Who is the owner of the product brand? How to name a brand? Use one or more types of products with different characteristics ...

- New product

Due to changes in tastes, technology, competitive situation, companies cannot only rely on existing products but also have to developed new-product plan. Strategies about new-products often have to go through the following stages: forming ideas, drafting and evaluating new product projects, drafting marketing strategies for new-products, new-product design, testing market conditions, production deployment and launching.

- Product life cycle

When apply marketing strategy according to product life cycle, businesses use appropriate marketing strategies for each stage of the product life cycle. A product usually undergo four stages of the life cycle are introduction, growth, maturity, decline.

Introduction stage: it's time a new product is launched officially on the market. During this period the company needs to focus their efforts on the sale of targeted consumer groups that willing to buy the most, encourage intermediaries to strengthen marketing and advertising promotion.

Growth stage: in this period, the consumption started to increase and appear more competitors, the marketing strategy often used is: continue to bring newer product information to the public, raise high quality and design new products, penetrate new markets, and increase the cost of stimulating consumption...

Maturity stage: it is the level of consumption of the product began to slow down; the product became popular and flooded the market; marketing strategies is often used in

this phase are: modify market or find new markets to products, modify some characteristics of the product...

Decline stage: This time consumption is reduced and stopped after a certain time. During this period, the company must pay attention and make a quick decision: to keep or eliminate this product.

- Customer services

Another factor that constitutes the finished product is customer service. Depend on the type of goods that the importance of customer service will vary. The marketing managers must decide four issues related to the provision of services to clients are: required contents or elements of customer services and ability to provide of companies, quality of services and the company have to ensure quality of services for customers to some extent, compared with their competition, the cost of services, i.e. customer services is provided free of charge or under what price, select providing services form. When decide on services, companies must be based on three main factors: the need of the customer, competitors, and the ability of the company.

b. Pricing strategy

- Pricing strategy for new product

This strategy is often used when a new product launching, during this period the company can choose between two types of strategy: price skimming or penetration pricing strategies.

Price skimming strategy: businesses often set their products at the highest level possible to the market segment where buyers can accept new products, when consumption dropped they can attract customers by lowering prices.

Penetration pricing strategy: opposed to strategy of "price skimming strategy" many enterprises apply the low-price in order to pursue goals to win a large market share.

- Pricing strategy for product portfolio

For this strategy, businesses need to build a system of price guarantees maximum profitability for the full product portfolio. The pricing of the product portfolio need to be distinguished according to these following specific situations: pricing for this product type when businesses need to pay attention to the difference in price, customer assessment about the features of each product and prices of competing products, pricing for additional products...

- Pricing adjustment strategy

Pricing adjustment strategy includes different pricing methods: two-part pricing, package pricing, geographical pricing, discounts and allowances pricing, promotional pricing.

Two-part pricing: This is how the pricing is often used for service business. A portion of the price consumers pays for the supplier for the right to use the product at the minimum, the second portion of the price consumers pay to the parts used in excess of the minimum. Typically, the service enterprise uses this method in two ways: low minimum service charges to attract customers, primarily interest earned from the excess consumption of the customer.

Package pricing: With this pricing method, rather than selling individual products, the seller will gather some products to sell them and the difference between the total cost of each unit and the price should be large enough to attract customers.

Geographical pricing: In this strategy, the business divide customers in different geographic areas, each area has different transport freight so the selling price is different.

Discounts and allowances pricing: To encourage customers to purchase and pay, businesses can adjust their basic prices called discount prices and allowances, often with method follows: discount price when buy large quantities, seasonal discounts, fast payment discount, allowance.

Promotional pricing: This is a form of temporary price adjustment to support the sales promotion measures, often with some promotional pricing method such as loss pricing to attract customers, pricing to special sales, instalment.

- Change price strategy

In many cases due to the change of business environment forces companies to change their pricing strategies, meaning that business must change their basic price. The strategy is price cuts or proactive price increases.

c. Placement strategy

- Direct distribution strategy

Direct distribution channel by which the product is sold directly from producers to consumers. Do not have an intermediary so producers have to fully implement the functions of the channel. Nowadays, more and more products are distributed in this way, there are some direct distribution methods: use a sales force to sell at address, sales through email, through orders, catalogue sales, and e-commerce.

- Indirect distribution strategy

Indirect distribution channel is the channel used intermediaries between producers and consumers, intermediaries, including wholesalers and retailers. Retailers such as those carried out activities related to the sale of goods and services directly to end-users, so they can use for themselves, not for trading purposes. The wholesalers sell goods and services to those purchased for resale or for business.

When implementing an indirect distribution strategy, enterprises need to select, motivate and evaluate the activities of the indirect distributors in order to improve the effectiveness of the sales channel. For intermediaries, they need to take decisions on their target market, product catalogue, services and store atmosphere, price, place and sales promotion.

d. Promotion strategy

In addition to developing a good product, attractive pricing and bring it to target customers, enterprises must develop strategies to stimulate customers to consume their products; one of the most important measures in sales promotion strategy is the communication activities of the product and business to customer (B2C) to persuade them to buy. Marketing communication system includes the main tools: advertising, sales promotion, public relations and propaganda, direct sales.

Advertising is any form of introduction and promotion of ideas, goods or services by any person or organization that wants to spend money on advertising. Propaganda and public relations are the activities aimed at building good image to brand or business in community.

Promotion is the short-term incentive in the form of providing additional profits to encourage customers to try or buy more products. Direct selling is an activity to introduce goods and services directly from a sale to potential customers in order to sell goods and receive feedback from these customers.

e. Marketing strategy implementation

Implementing marketing strategies is the process of transforming the marketing strategies and programs have been designed into actual activities. The process of implementing marketing strategy often undergoes two steps: implementation of the action program and development of human resources.

Implement of the action program: in this phase, business launched the program of action on which clearly state plans and progress of strategic marketing. This program specifies the work needed to turn the marketing strategy into real activities.

Development of human resources: the marketing is done by many people inside and outside the business; to achieve success the business needs to arrange people in their system that have the ability, necessary qualities to the implementation of the strategy.

Enterprises also have to decide the ratio of administrators because a voluminous management apparatus, large administrative costs will affect the process of implementing the marketing strategy. These strategies require different administrators and different qualities so business also needs to arrange different position reasonably.

f. Plan for testing and adjusting strategy

Despite how perfect the marketing strategy was designed, the implementation process still fraught with problems, which need to solve; businesses need to regularly checking and monitor these activities. The system checking works well will ensure marketing activities achieved high efficiency. Testing marketing strategies can be grouped into four categories: yearly plans, potentially lucrative, efficiency and strategies. Yearly plan's test is to check the implementation and results of the marketing plan based on years and conduct the necessary adjustments to ensure the completion of the plan. Potentially lucrative test includes efforts to determine the true potentially lucrative of products, regions, markets and different distribution channels. Performance test aimed to assess and seek to improve the cost efficiency of marketing activities through sales, advertising, distribution and promotion. Strategy's test includes periodic surveys to know the basic strategy of how business exploits the marketing opportunities.

Thus, to implement a process to develop and implement marketing strategies, every company has to go through the steps above. Depending on the objectives, orientations and their capabilities that companies will choose an appropriate strategy. Despite whatever marketing strategies the companies choose, they also need to consider many factors in order to find a viable strategy and the most effective one for their company. After the implementation of strategies, companies need to assess the efficiency gains and further improved for corporate strategy.

3 ANALYZE MARKETING STRATEGIES OF THIEN HONG JOINT STOCK COMPANY - SEA FREIGHT FORWARDING SERVICES

3.1 Introduction of Thien Hong Joint Stock Company

3.1.1 Historical development of the company

Thien Hong Joint Stock Company was formerly known as Thien Hong Limited Company which was founded in 9/2001. To conform with commercialization trend and demand of the domestic production industry fell sharply in Vietnam, Thien Hong decided to change business sector and model of the company. Over 10 years of doing business and just more than one year in the field of logistics, Thien Hong quickly affirmed its voice in this new but competitive service.

Historical development of the company Thien Hong can be divided into two main stages as follows:

9/2001 -2013 period: Founding and operating period, focus on manufacturing activities.

At the beginning of 2001 when the market economy in Vietnam still has no clear shape, all activities of the company dispersed, and poor technical infrastructure and production activity was limited. In September 2001, the company was founded and operated mainly in the confectionary industry; the company has distributors across the country. About 5 years after the establishment, the company has been able to implement professional activities, stabilize the system, strengthen technical infrastructure. Number of employees from 100 people at the end of 2005 had increased to about 300 people at the end of 2008, modern machinery system and manufacturing technologies imported mainly from China.

However, when Vietnam joined the WTO in 2006, and the economy began to move, the opportunities for the domestic private sector even less. The competition between

companies has grown steadily as well as the needs of consumers have changed so quickly made the domestic enterprises facing many difficulties. Additionally, the global financial crisis in 2008 led Vietnam's economy exhausted accompanied by serious consequences for small and medium companies. In 2009, all production operations of Thien Hong tend to have levelled off and descending. The company has changed the business strategy as well as products to suit with market's preferences, but it's hard to have been able to maintain and develop the company further.

From 2014 to present: The conversion period, focus on commercial activities.

In 2014, along with the powerful transformation of the country and Vietnamese forwarding industry, this was also the difficult period of transition for the operations of Thien Hong Company. The company made a risky decision when switched to a completely new business field, and they have never experienced before. Due to changes in management mechanism, the company initially focused on the business of imported products directly from Korea and Japan, and then distributed to wholesale dealers. The company has no correspondent relationship with a foreign partner, no foreign exchange inflow before.

In this situation, the board of directors has focused in finding a new direction for the company. The company has decided a policy of innovation, moved from merely forwarding activities within the border gate to provide the international freight forwarding service for Vietnamese companies (primarily concentrated in Asia and Australia). Through exposed and established agent relationships with international freight forwarding carriers, improved the quality of the workforce to match the requirements of the new context, renewed equipment, vehicles, information handling, changed the structure of the truck convoy, from a normal truck with a carrying capacity of 5-7 tons / vehicle to container truck with a carrying capacity of 20-25 tons.

In recent years, we have witnessed lively atmosphere unmatched in the field of logistics and the main reason was monopoly status no longer available. There are now thousands of forwarders, including state-owned, joint stock companies, private and foreign firms, in which some companies have become really strong, scale of operation is extremely large, promote every function of the service providers excellently.

Thien Hong also struggles each day to develop the quality of services and the size of the company further.

3.1.2 Material and technical basis of the company

Along with the remarkable expansion and development, Thien Hong JSC also focuses on the development and investment in equipment, buildings ... for their forwarding business.

- 2000 m² roofed warehouse in Phu Dien industrial zone – Nam Tu Liem District, Hanoi, Vietnam.
- Hai Phong and Bac Ninh container yards.
- The supporting equipments:

Tractor Head: 5 units (for both containers 20 feet and 40 feet)

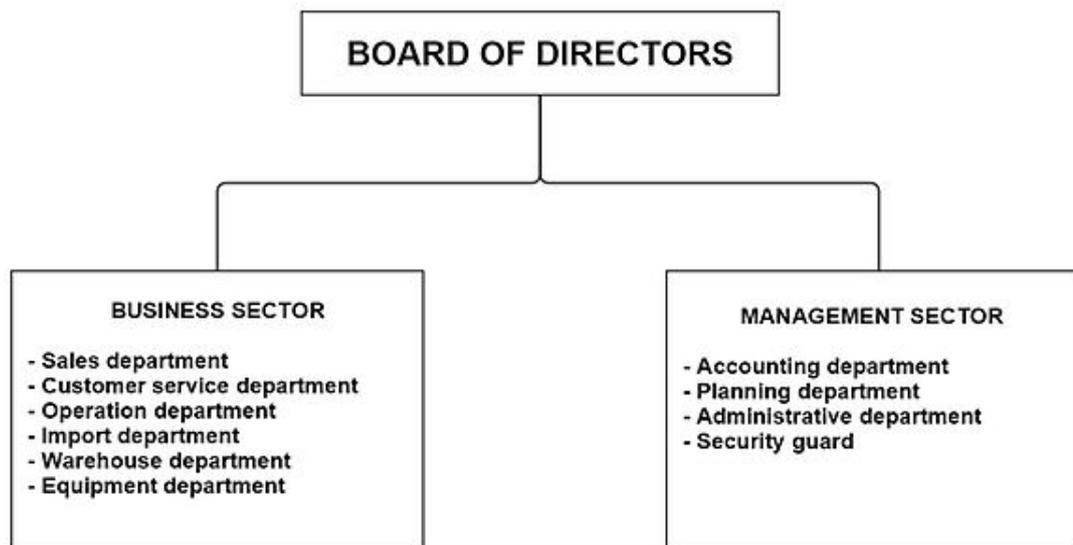
Trucks: 2 units

Forklifts: 4 units

We can say with a range of equipment has been invested properly; good warehouse facilities helped Thien Hong become one of the promising companies in the field of logistics in our city – Hanoi and in our country in near future. The company could meet the most basic requirements of forwarding business.

3.1.3 The organizational structure of Thien Hong Joint Stock Company

Figure 2.1 Thien Hong JSC organizational structures



Source: Administrative department – Thien Hong Joint Stock Company

Figure 2.1 show that the structure of Thien Hong is divided into six departments of business sector and four departments of management sector. In particular, these three business departments also are operational departments, including Sales department, Customer service and Operation department. Specific functions of the operational departments are as follows:

Sales Department:

Undertake the input of business activities, this department carried out the following activities:

- Planning for sales and customer meeting each week, setting targets monthly, quarterly and annually.
- Write a report after each customer meeting.
- Coordinate with forwarding network across the country in the exploitation of information and mining customer list.
- Reply and settle letters, fax, information related to the customer.
- Promote and introduce company forwarding services.
- Use software for statistics; classify the customer list to have appropriate policies and regimes.
- Based on the evaluation of the carrier and consider the competitive situation from time to time to set up charge rates of Thien Hong JSC and an ancillary service's price list.
- Forecast and recommend on appropriate marketing strategy.

- When the shipment has been designated or customer agrees to use the services of Thien Hong JSC, create job file and receive guidance from owners, transfer instruction files to Operation department to carry out.
- Booking space with the carrier and receive confirmation from the carrier.
- Set the price (the buying and selling price, commission and other expenses) and transferred to the accounting department for billing, report customer service department to issue a bill of lading.

Customer Service Department:

This department is responsible for:

- Transfer information to Sales and Operation departments.
- Coordinate with Sales and Operation departments to resolve the sales information.
- Notice before (Pre - alert) or inform about shipping (Shipping advice) for foreign dealer network based on the template and the lists of agents, ensure the right people are responsible and right department are in charge. Contents of Pre - alert will inform the details required for cargo loading as ship, number of MB / L, HB / L, method of payment, the sender's name, the recipient and the type of service requested by the customer.
- Return fax, telex, mail and issues related to the cargo assigned by the manager.
- Preparation of statistics, compile a dossier for shipments within days, weeks, months. Save the relevant documentation.

Operation department:

This is the department directly involved in shipping operations and freight forwarding service. Operation department is responsible for operating and escorting cargo from the starting point to end point of the freight.

We can see the structure of Thien Hong is quite clear; the department is divided specifically to particular tasks but still maintain close links with each other. The operational departments are arranged logically can help a company arrange the work better; different departments work together smoothly.

3.1.4 The main business activities of the company

- The business activities include:
 - ✓ Sea freight
 - ✓ Air freight

- ✓ Storage
- ✓ Packing
- ✓ Customs paperwork service
- Currently, Thien Hong JSC is an official member of:
 - ✓ VCCI (Vietnam Chamber of Commerce and Industry)
 - ✓ VLA (Vietnam Logistics Business Association)

3.2 Current situation of Thien Hong JSC sea freight forwarding services

Currently, the company is still young and fledgling in the import sector as well as in logistic industry. So the policy and development direction of the company is focused on the import market as well as sea freight forwarding services related to imports.

3.2.1 The procedures of import freight forwarding by sea

a. Before the ship docked

The forwarder must be informed of necessary information about the shipment from consignees or their agents. Specifically:

- Information on the ship: ship names, nationality, expected ship's arrival to the port of discharge.
- The brief description about cargo situation (Cargo Manifest)

The owner must be handed to the forwarder original bill of lading and other documents of cargo such as import licenses, certificates of quality, packaging, signs and codes.

The forwarder must be planning goods receipt in advance and if entrusted, they will work with owners and deliver to domestic cargo owners.

b. When the ship docked

When receiving Arrival Notice fax by carrier, freight forwarder will send notification to owners in order to help them actively preparing for pick-up goods. At the same time, freight forwarder staffs have to do:

- Cargo accreditation (if necessary).

- If there are dangerous goods or special goods, forwarders have to coordinate with related parties such as ports, customs, fire protection ... to plan the prevention.
- Import customs declarations.

Originally commissioned by owners, forwarders will bring original bill of lading or a copy (if it is Surrendered bill of lading or Express Cargo Bill) to the carrier or agent of the carrier in exchange for delivery orders.

c. Cargo unloading and deliver to cargo owners

Typically, the forwarder with the port conducted to receive goods together from the ship and set the required record such as load inspection record in the ship holds (by the port and the captain), accounting record with ships (ROROC - Report on Receipt Of Cargo), certificate deficient goods (CSC - Certificate of Short landed Cargo) if the total number of actual goods received less than the number of goods listed in the bill of lading.

After unloading process is finished, if the goods are damaged, we shall make a record of damaged goods (COR - Cargo Outturn Report), if in doubt the goods are damaged or lost (LR - Letter of Reservation) to prove that the consignee (the port) have reported no apparent damage to the carrier and send goods to ships or agents within 3 days from the date of unloading.

The forwarder after taking delivery orders must pay storage, storing yard charges (if any), handling fee and bring delivery order to the warehouse to receive goods and carry out customs procedures. If cargo is the full containers, we can borrow and bring it to private warehouse to unload, but we must pay a deposit to borrow shell, or unloading at the port.

The forwarder will help all customers inviting assessors, complaint for compensation if any damage occurs to the merchandise. And finally, the forwarder will close the delivery costs with cargo owners.

3.2.2 Result from freight forwarding service by sea in 1 year (at the beginning of 2014 to the end of 2014)

International freight forwarding by sea is the critical service of the company. Along with the development of the company, forwarding activities by sea, in particular, and freight forwarding in general is growing rapidly. Thus, despite facing numerous difficulties, activities in sea freight forwarding service of company had achieved some achievements. Specifically, the forwarding service of imported goods by sea has grown at a quite high rate, accounting for over 40% of total revenue of the company. We can consider on the following aspects:

a. Cargo volumes from sea freight forwarding service

Freight forwarding of imported goods by sea always occupy almost 100% total volume of the freight forwarding service (company has not yet developed export services). Last year, the cargo volumes of which company carried out approximately 20 tons, with an average growth rate is high, estimated at 8-12% / year. In the recent period, the volume of imported goods forwarding by the company is as follows:

Table 2.1: Cargo volumes from sea freight forwarding service					
Unit: tons					
No	Index/ Quarter	1st quarter 2014	2 nd quarter 2014	3 rd quarter 2014	4 th quarter 2014
1	Cargo volumes	3.34	3.7	5.36	7.8
Total: 20.2					
<i>Source: 2014 Internal Financial Report of Thien Hong JSC</i>					

Looking at the table above, we can see the cargo volumes of the company had steadily increased over each quarter of last year; this is also thanks to the old business relationships from the past of company. This is a remarkable achievement for the periods of fierce competition as at present which only after one year the total output has been

increased significantly. This clearly demonstrates the company's efforts to find stabilize cargo sources.

If we take consideration on freight forwarding volumes, the company has achieved positive results through. However, in freight forwarding services, the meaningful figure for the forwarders is “freight forwarding value” because it reflects the amount that the forwarders will receive while carried out consignment forwarding to their customers.

b. Sea freight forwarding values

As mentioned above the freight forwarding value is understood as the revenue that forwarders will receive from freight forwarding operations. Along with the growth of freight forwarding volumes, the company also achieved revenue at a moderate level and has steadily increased over the quarter.

Table 2.2: Sea Freight forwarding values of Thien Hong JSC					
Unit: thousand dollars					
No.	Index/Quarter	1 st quarter 2014	2 nd quarter 2014	3 rd quarter 2014	4 th quarter 2014
1	Freight forwarding values	101.038	111.929	235.957	162.146
Total : 611.071					
<i>Source: 2014 Internal Financial Report of Thien Hong JSC</i>					

From the above table, we can see the growth rate of revenue increased gradually. The cause of this growth may be attributed to end of the year period; demand for imported goods in the country increased sharply. Thus, revenue growth of freight forwarding services by sea grew stronger. This also reflects the success of the company in the management of costs, the pricing policies of freight forwarding service...

c. The structure of freight forwarding items

In the position of the forwarder, the company does not have their right to choose a particular item. But some of the major items from freight forwarding services that the company has strengths are: food, dietary supplements, cosmetics, electronics, household goods... We can categorize groups of items are as follows:

Table 2.3: The structure of freight forwarding items			
Unit: thousand dollars			
No.	Item/Year	2014	
		Value	Proportion
1	Food	190.593	31,19
2	Cosmetics	154.601	25,30
3	Electronics	119.159	19,50
4	Household goods	62.085	10,16
5	Others	84.633	13,85
Total		611.071	100
<i>Source: Internal Financial Report of Thien Hong JSC</i>			

Food products, especially functional food is one of the strength's items of Thien Hong JSC, accounting for a sizeable portion of the forwarding structure (about 1/3). We all know that in recent years, this product type is a major import item of Vietnam. Moreover, Thien Hong JSC has its traditional customers are supermarkets and large distribution agents of these items so the company has a definite advantage.

Besides, the company also signed many freight forwarding contracts of electronics. This item has accounted for small cargo volumes but provides very high turnover due to the complex nature of the freight; the proportion of such goods tends to increase. The essential consumer goods such as cosmetics, house wares keep a stable position. Additionally, other items have uneven revenue but the total contribution also increased with the expansion of company.

3.3 Analyze marketing strategies of Thien Hong JSC sea freight forwarding service.

3.3.1 The overall analysis of the company's marketing activities

a. Market Research – comment on company's research now

With the domestic market, the company just has established two branches in the major cities such as:

- ✓ Thien Hong JSC in Hanoi
- ✓ Thien Hong JSC in Hai Phong

Thus Thien Hong has established a forwarding network of the company, mainly in the north. Especially Thien Hong JSC in Hanoi has attracted a relatively large number of customers. It can be said that the revenue here is the highest in all branches. The reason is because Hanoi – the capital of Vietnam has a huge consumption of goods, accounted for 40% of consumption goods of the country, moreover, Thien Hong JSC in Hanoi has skilled staff plus material and technical base of the company is regularly upgraded and renovated.

Besides, Thien Hong JSC in Haiphong also promotes its goodwill. This is shown clearly in the category of domestic customers of Hai Phong branch. About 10 customers are big companies like Lamy Cosmetic Company, Morinaga, The face shop, Woongjin Foods, Lotte, Nongshim ... and more than 30 customers are small and medium-sized companies.

However, the company keeps on continuing to expand the domestic market - concentrated in northern Vietnam, strengthen and promote the activities of the branches in every way, especially this company is interested and focused on their customer services deeply, thereby creating credibility for customers and uses them as a means of marketing for company.

In the domestic market, the company has enough “sources” of customer and forwarding activities in the domestic market is relatively stable. However, at the beginning of

2015, due to stiff competition from a range of forwarding companies at home and abroad, sea forwarding operations of the company somewhat slowed, exploiting and maintaining customer sources of the company is facing some difficulties.

With the international market, Thien Hong JSC has only just begun to expand business scope in 2014 so the international freight forwarding by sea is only started in some certain areas. Therefore, Thien Hong JSC needs to pay more attention to the solution for the expansion of the market and for out-sourcing some difficult stages in the service implementation.

Currently, the company's main markets include:

- ✓ Northeast Asia includes Japan and South Korea.
- ✓ Australia

For Northeast Asia market, there are only two countries but the market has a large proportion of total cargo volumes by sea forwarding service of company. In 2014, the cargo volume by sea forwarding that Thien Hong JSC undertaken for this area accounts for 80% of imported goods. In the remaining region, although Australia has the yield less than Northeast Asia market, Australia is also a market with trade turnover with Vietnam's relatively high in recent years. So in the future, a development opportunity of this market is very potential.

- ✓ In 2014, the total quantity of imported goods from Korea reached 19.65 billion US dollars, increased 3.4%.
- ✓ In 2013, total imported goods from Japan worth 11.61 billion US dollars, not changed much in the last 5 years (only increased 1.55 times).
- ✓ In 2014, the import turnover of Vietnam from Australia reached 2.06 billion US dollars, increased 29.7% compare with 2013.

Thereby, we can see that Australia is an attractive market for Vietnam in general and for Thien Hong JSC in particular. Therefore, companies need to focus on exploit this market to achieve efficiency as expected. For major market like Northeast Asia, the company should take appropriate measures to attract and maintain their customers.

b. Analysis of competitors

With the strong development of international trade and transportation, the forwarding service in general and sea freight forwarding service in particular, is constantly evolving and expanding. In Vietnam in the last few years, due to the government increasingly pay more attention to external economic activities led the volumes of export and import goods increasing and creates favourable condition for forwarding services.

However, most of the sea routes of Vietnamese cargo ships focus on China's route, South-East Asia or Asia-Pacific route. Vietnamese maritime transport companies cannot compete against foreign companies because of business practices by buying under CIF condition (cost, insurance and transport freight) and selling under FOB condition (including price only). Vietnam Maritime Administration said the market share of the maritime transport business in the country fell from 33% in 2007 to 10% - 12% in 2013. Since 2011, Vietnamese maritime transport companies went through a difficult period in the context of rising costs while reducing freight rates. BDI index (Baltic Exchange Dry) has dropped sharply from 2008 to now, the highest level so far, and still no sign of recovery in the future. In contrast, fuel costs rose faster.

On one hand due to high demand of freight forwarding service, on the other hand, due to doing business in forwarding services in general and sea forwarding services, in particular, has small initial capital which if done well, it will bring high profits for companies. Therefore, a series of local and international organizations rushed to this business sector makes forwarding market competition becomes fiercer. There are only 25 foreign logistics companies currently operating in the market with a total number of logistics companies are nearly 1000, but it is noteworthy that they hold the most of "logistics pie".

Against this backdrop, in order to survive and develop Thien Hong JSC must understand the competition, the strengths and weaknesses of their competitors so that they can make appropriate business strategy.

The main rivals of Thien Hong JSC are:

- VINAFCO (state-owned company): This is a relatively large company in the market with a network covering the whole country. The strengths of Vinafco are mainly:
 - ✓ This company has an international fleet.
 - ✓ Strong focus on consolidation service for customers who are Vietnamese, who wants to export abroad.
 - ✓ It often takes advantage of two-way shipping and 3PL services. This is the most prominent advantage of Vinafco than other forwarding companies in the country.
 - ✓ Superb facilities of Vinafco are quite complete because of frequent upgraded.
 - ✓ Currently, Vinafco is trying to head in all areas of forwarding service both by sea and by air. But this is also a weakness of the company because almost companies on the market gradually specialize their services, Vinafco not concentrate resources but spread on the market so it would be difficult for them to lead in the future.

- Nisshin and Konoike (foreign company): These are international forwarding companies from Japan. With the strong growth of the Japanese economy, these companies have belonged to leading forwarding companies in the world. With its potential, Nisshin and Konoike entered Vietnamese market by acquiring freight forwarding services from overseas to Vietnam, especially from Japan and the countries of the Asia - Pacific region. These two companies were established their dealer network and branches in all the countries, especially Singapore, Taiwan, Hong Kong ... they gradually participated in freight forwarding services from Vietnam to other countries. This is one of the reasons made the volume of goods imported by domestic enterprises has been decreased in recent years.

- Other big companies From United States and Europe such as TNT, DHL Supply Chain, Maersk Logistics, APL Logistics, OOCL... and private companies such as Quang Khoa Logistic, Chi Minh Logistics... their activities are often very flexible, quick, lightweight management apparatus; method of operation is very pliable, not bound by the financial provisions of the government, so they are almost independent and free to do business. Logistics market in Vietnam has been considered as a promising place for foreign companies, this is even more difficult for domestic enterprises when foreign enterprises expand their investment consecutively.

From the analysis and understanding of the competitors of Thien Hong JSC, we can make some remarks as follows:

- With the state-owned companies: we can say each company has its characteristics, its own advantages conditions, which created its strength. If Vinafco's advantage is technical facilities and skilled staff, have the advantage of a long tradition of forwarding, is an official member of FIATA... Thien Hong JSC also has the advantage in the import freight forwarding sector. Besides those advantages have been listed, each company has its own limitations. The state-

owned company has operated inefficient with excessively high debt on the equity ratio, has continuously reported losses from three to five years and must be restructured. Even though there are stable cargo sources from their parent company and government, state-owned maritime transport companies still have to sell the ship to maintain their operations. Therefore, in order to increase competitiveness in the market, each firm itself must actively promote strength, while overcome their inherent limitations. So far, though Thien Hong just entered the forwarding market, but they have asserted themselves: are classified into one of the emerging companies that have prestige in the field of international freight forwarders in Vietnam.

- With foreign companies, they have a huge advantage compared to Thien Hong JSC as well as other state-owned companies; their competitiveness is very high. This is due to:
 - ✓ They have the advantage of financial resources, so that they can invest all the modern equipment and facilities ... in order to improve the operational efficiency of forwarding service.
 - ✓ With a dense dealer and branch network around the world, they can acquire all the big cargo sources without losing time of searching and marketing.
 - ✓ They hold many professional experts at national level, long experiences ... and especially they have great prestige in the field of logistics in the market, they always give the strategy and business solutions which consistent with market conditions at reasonable rates ... so they have attracted many customers from anywhere in the world.

Because of these reasons, despite operating in logistics industry for a long time but there is no Vietnamese company, which is strong enough to truly become international freight forwarders. In order to survive and develop, most of the forwarding company in Vietnam, including Thien Hong must cooperate to act as agents and receive a commission under an agreed rate.

- With private companies, although they have are some advantages mentioned above, but in comparison with the state-owned companies or foreign companies, private companies like Thien Hong JSC are inferior because they had to raise capital without getting any support from the government.
 - ✓ Typically, private companies cannot afford to deliver the full services from A to Z for customer.
 - ✓ When a case of force majeure occurs, the loss of customers will be compensated by the company, the state does not intervene in economic factors, just only intervene in legal factors; but if state-owned company fall in the same situation, the government will be responsible for compensation. Therefore, for big shipments or shipments of high value, customers often seek to Vinafco (or other foreign companies) and rarely looking to private companies.

- ✓ Additionally, we can say the staff of state-owned companies is superior to other private companies.

3.3.2 Analysis of specific marketing strategies in marketing mix

a. Product strategy

Currently in the market, there are many companies providing freight forwarding services so if we do not have a reasonable product strategy, we cannot compete against other companies. It's the reason why Thien Hong JSC very focused on product strategy. Compared with other company's services, forwarding service by sea of Then Hong JSC has many advantages such as:

- ✓ Diversification of forwarding types, have many packages for customers to choose.
- ✓ Material and technical basis is quite sufficient, large warehouse which can store big volume of goods.
- ✓ The company is newly emerging in the logistic sector; partner of many carriers therefore can afford the forwarding service in the best way.

Besides, with the growth of the company, Thien Hong JSC also offers various types forwarding services to suit each specific object. To expand the market, product diversification is a necessity.

Thus, the “perfect services” policy was used by Thien Hong JSC thoroughly; the characteristics of the services are based on thorough research of the market and customer psychology. All customers of Thien Hong are committed to ensuring the quality of services and time to complete the job. Thanks to this policy, Thien Hong JSC has to specialize their products and competes with their rivals in the same industry.

b. Pricing strategy

Thien Hong JSC pursued price adjustment policy, which is appropriate for changes every time and individual customers. The main advantage of this policy is flexible, reflecting the volatility of the market. Compared to other direct competitors of Thien Hong – the private sector, the price of Thien Hong JSC is relatively lower but com-

pany always assure customers of the quality and safety of services. It can be said that the company has studied psychology of customers very carefully before pricing their products. And indeed the company's customers are always gladly accepted to cooperate with reasonable price as well as get the peace of mind about service quality and at the same time have psychological satisfaction of being special customer.

In addition, the company has different pricing policies for customers pay now and pay later. Usually with deferred payment, customer will be subject to higher prices than immediate payment. This is also a form of credit to customers; clients with deferred payment will be charged on the amount of deferred payments within a payment period. This is one form of encouraging customers to pay immediately, avoiding outstanding working capital of the business. Besides actively in pricing policy, this company also had some unfavourable international factors. It is the freight rates and the cost of maritime services. Another huge disadvantage of Vietnam's import and export companies is the habit of "sale at FOB (free on board) and purchase at CIF (cost, insurance, freight)" has made Vietnamese carriers lost home advantage.

Moreover, the price of maritime services is not stable because there are no official documents from Vietnamese government manage this problem. Prices are mostly prescribed by the company and based on the costs and general price level in the market. Prices vary by quarter, sometimes every month, according to each company. In addition, price for import forwarding services often lower due to import shipment CIF term. That is why in forwarding structure of company, the portion of imported goods is less, but we must remember that importing services is the main service delivered by Thien Hong JSC.

c. Placement strategy

At this time, the company has established a narrow, incomplete and unstable system for distributing, not fully meet the requirements of the board of directors of the design of distribution channels. The establishment of distribution network based on an objective and comprehensive assessment as a basis for deciding on the location of the

branch and expand the dealers in their distribution network as well as select joint-venture partners.

Currently, the company has two major branches, which are concentrated in the north: Hanoi branch, Hai Phong branch and headquarter is located in Hanoi. Besides, the company is actively promoted to cooperate and become the agent in Vietnam of foreign companies to expand influence, improve prestige and strengthen their distribution channels.

d. Promotion strategy

Due to the nature of the industry, the company virtually has no advertising programs of their products on the mass media such as television, radio, newspapers. In return the company logo is printed on all documents as well as their souvenirs as a measure of individualized corporate image which customers can easily identify. The company also prints the logo in helmet, raincoat, calendar ... to give to officers and employees; then they will be a "mobile billboards" to help the company bring its image widely.

Next, the company has a strong sports movement and is also the co-sponsors of the many sports activities. These occasions were good opportunities to promote prestige and introduce Thien Hong JSC with people, especially the medium and small companies in need of forwarding service.

The company also has its own website with general introduction, the product ... but this site is very simple, almost no new updates. In addition, the website also lacks the functionality of a handy website should have as lookup service, rates, routes ... This is a limited which company needs to overcome. In the overall, though Thien Hong is a new company in the logistic field, the company has not yet paid proper attention to marketing strategy; they need to improve their marketing activities much more to boost the company's business.

Through market analysis and concrete marketing-mix strategy analysis, we see that Thien Hong still does not have a complete marketing strategy for themselves. It can be said marketing strategies which Thien Hong applied are very sketchy and no strat-

egy for a specific or a particular service of the company. A common strategy applies to all services and markets. The market is increasingly open to foreign companies, which already have available financial resources and meticulous marketing strategies built for a long term. This poses the problem is Thien Hong JSC have to complete their overall marketing strategy and marketing strategy for import freight forwarding services by sea, in particular, to be able to compete against other companies.

3.3.3 General assessment of marketing-mix strategy: Thien Hong JSC import freight forwarding services by sea.

Above is the marketing strategy analysis of Thien Hong JSC, generally any strategy has certain advantages and disadvantages, and marketing strategies for freight forwarding services by sea of Thien Hong is not an exception. In summary, we can see some advantages and disadvantages as follow:

Table 2.4: Advantages and disadvantages of marketing-mix strategy of freight forwarding services by sea of Thien Hong Joint Stock Company.		
4Ps	Advantages	Disadvantages
1. Product strategy	<ul style="list-style-type: none"> ▪ Diversified types of service ▪ Quality committed and ensured ▪ Competitive ability 	<ul style="list-style-type: none"> ▪ No strategy separately for each type of service
2. Pricing strategy	<ul style="list-style-type: none"> ▪ Competitive price, different price levels appropriate for each type of service and every customer. ▪ Always update the market price, change regularly according to market volatility ▪ There are incentives for loyal customers 	<ul style="list-style-type: none"> ▪ Price table rarely updates the change in the price ▪ Do not have a uniform price for all markets
3. Placement strategy	<ul style="list-style-type: none"> ▪ Diversified distribution channels 	<ul style="list-style-type: none"> ▪ Compared with other forwarders, the number of branches and agents of Thien Hong JSC is very limited

4. Promotion strategy	<ul style="list-style-type: none"> ▪ Has been focusing and investing in promotion more than before ▪ Having their website with general introduction about company and business sector, products. ▪ Funding for sport activities to promote company image ▪ Employees is always PR company to every customers under their respective charge 	<ul style="list-style-type: none"> ▪ Promotion activities are not diversified and creative ▪ Too sketchy website, no news updates ▪ Not yet create a specific customer care policy
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In order to develop stronger, to compete with large overseas companies and prestigious state-owned company, in addition to enhancing its financial strength Thien Hong must strive to further improve the overall marketing strategy in general and marketing strategy for freight forwarding service by sea in particular.

4 RECOMMENDATIONS TO IMPROVE THIEN HONG JSC SERVICES- MARKETING MIX STRATEGIES.

4.1 Development prospects and challenges for freight forwarding service by sea in the future

4.1.1 Prospects for the development of international forwarding services in Vietnam

With the open-door policy of the national economy, goods are produced more; the needs for exchange goods with the world growing to make volume flow increased constantly. The relationships between Vietnam and other countries in the region as well as with other countries in the world are constantly being expanded has facilitated the development of two-way trade. This suggests that the prospects of international freight forwarding services in Vietnam in the coming years are very large.

The growth rates of importing goods are on average 10-11% / year in 2011 – 2020 periods, during 2011-2015 periods the average growth is below 11% / year and 2016-2020 periods the average growth is below 10% / year. From 2007 to 2020, the official schedule of tariff reductions after the WTO accession is applied. The import tax of Vietnam must be lower than the commitments in the consolidated tariff schedules (CTS). This is one of the advantages in terms of public policy for the logistics industry in Vietnam. Currently, Vietnam logistics industry is converging a lot of opportunities. The main factors promoting the growth of the industry, including GDP growth and import and export activities based on the Trans-Pacific Partnership Agreement. Port sector in Vietnam has good growth in recent years. The forecast growth rate of the average annual container throughput in 2020 will reach 8% to 9%.

We can see the detail in the import forecasting situations of Vietnam in 2015 (the figures are calculated according to its minimum and maximum values).

Table 3.1: Forecast on Vietnam's import items in 2015			
Unit: 10 000 tons			
No	Import items	2015	
		Min	Max
1	Oil and gasoline	7.000	10.120
2	Containerized cargo	14.000	20.240
3	Metal	8.000	11.560
4	Fertilizer	3.500	5.060
5	Equipment	3.000	3.437
6	Food	1.000	1.446
7	Chemical substance	1.500	2.069
8	Others	7.129	10.306
Total		45.129	65.138
<i>Source: Institute of Transport Science and Technology</i>			

Table 3.2: Estimation of output values of international freight forwarding industry in Vietnam	
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Unit: billion dollars		
Year	2015	2020
Output values	7.400	11.918
<i>Source: Journal of Economic Research, No. 258</i>		

It can be said that the potential of international freight forwarding service in Vietnam is very large. It's not only favourable for sea transportation sector and forwarding service by sea but also for the development of air freight forwarding. The network of roads, railways, airways connects with other countries will create prosperous conditions for development of multimodal transport.

4.1.2 The challenge for import freight forwarding service by sea of Thien Hong JSC

Since Vietnam has implemented innovation policy, the number of forwarding companies increased dramatically, although there are no official statistics up to year 2015 but the total estimated number of company in this field is about 1200 enterprises in the country, including state-owned enterprises, private enterprises, joint ventures and foreign enterprises making competitive environment in this sector is becoming more drastic than ever.

However, except for state-owned companies, most businesses are small with a capital contributed from approximately 200 to 300 thousand dollars. Although only about 25 multinational logistics companies are operating in Vietnam, but it accounted for 70% to 80% market share of freight forwarding service. Meanwhile, the majority of Vietnamese enterprises only act as subcontractors or agents for foreign companies. Partly also by our forwarding industry still weak and there are no long-term and appropriate marketing strategies. In addition, foreign companies often take advantage of their representative offices in Vietnam or small freight forwarding companies, through which the government has lost tax revenue, and Vietnamese companies were occupied considerable market share.

Thus, Thien Hong not only faced with the companies which have strong capital and modern technology, but also have very competitive tactics caused the company's market share is still modest. A Vietnamese competitor considered the strongest on the industry is Vinafco, state –owned enterprise under the Ministry of Transportation. This is a company with the strength is a powerful fleet which often operates on routes: Hai Phong, Da Nang, Quy Nhon, Saigon, Hong Kong, Singapore, and Kaohsiung. Therefore, this company has a significant advantage in this industry. Also, in the market is the very large force of private companies, actually has also become a threat to Thien Hong because they are just like us: flexibility, agility, light-weight apparatus management, flexible mode of operation, are not bound by the financial provisions of the state, especially many key personnel are growth from the long-time delivery company, so they have inherited experiences and relationships which have been established previously.

4.2 Objectives and business development orientation of freight forwarding services of Thien Hong JSC in the future and the urgent issues

4.2.1 Objectives and business development orientation of freight forwarding services of Thien Hong JSC in the future

Based on the above analysis and the operations of Thien Hong JSC in recent years, in order to develop and catch up with the requirements of the times, the company needs to develop an appropriate development direction and offer concrete solutions to implement that plan.

In the short term, the Company's objective is to consolidate operations and create favourable conditions for business development. Board of Directors of the Company has a policy to harmonize and create mutual support between different types of services on based on taking freight forwarding service by sea as the core. Along with maintaining the existing market, finding appropriate measures to expand the service activities, the company also wants to take over more domestic market share. Specifically, in order to further improve the performance of the company and prepare the

basis for a long-term and stable development in the future, the company should focus on the following tasks:

- Continue to expand foreign trade relations with international delivery organization, through the Vietnam Logistic Business Association (VLA).
- Maintaining relationships with dealers, customers and signed contracts, eliminating the agent relationship, the collaborators who are incompetent and not reliable enough, weak financial ability... And at the same time actively seek new customers, information; understand well our ability, requirements entrusted by domestic and foreign customers.
- Development of freight forwarding service must associate with promoting the forwarding activities, transportation and domestic storage, strengthening domestic capacity to strengthen the organization.
- Constantly improve the competitiveness of the company to maintain existing markets and exploit potential markets through the promotion of "comparative advantage" relatively to businesses of other economic sectors.
- Strengthen the management, unify organizational models throughout the company, direct the implementation of full service domestic and overseas, ensure information on bond transaction flows, calculate until the last business efficiency, avoid competition that can break internal relations and lead to loss of credibility with customers.
- Enhance research activities and technological applications in marketing strategy for our business with the backbone being new products (services), flexible pricing strategies, and negotiable transaction for different customers and with each service, strategic marketing, and business promotion ... Strengthen the advertising information, introduce Thien Hong JSC with customers in Vietnam and around the world.
- With the motto of learning by doing, short-term training combined long-term staff training to meet the requirements of business development in the short and long term. The first priority is to train employees to be mastered in foreign trade and logistics industry, extensive knowledge about economic geography, related laws and international practices, at least proficient one foreign language (especially English or Korean) to serve effectively for transactions and negotiations, avoid loopholes and losses while signing the contract.
- Gradually consolidate and strengthen the material and technical base for freight forwarding service from budget capital, own capital and venture capital affiliate.
- Stabilize the level of wage expenses in the business stage of forwarding services.

The aforementioned policies of the Board of Directors are specified by the following criteria:

Table 3.3: Some economic indicators of freight forwarding

service by sea of Thien Hong JSC			
Unit: thousand dollars			
No.	Index	2014	2015 (estimate)
1	Total revenue	1.380.952	1.628.571
2	Revenue from freight forwarding service by sea	611.071	731.228
3	Revenue from freight forwarding service by sea/Total revenue (ratio)	44.25%	44.9%
<i>Source: Accounting Department of Thien Hong JSC.</i>			

In order to properly implement the objectives, orientations have been set, to develop in a stable and strong way; Thien Hong JSC should promptly remedy the existing difficulties and maximize their advantages.

4.2.2 Urgent issues for Thien Hong JSC to implement the goals and develop freight forwarding service by sea

To accomplish the goal of freight forwarding service by sea, Thien Hong has many issues that need to overcome and implement:

- Upgrade technical facilities; improve staff and officers ability for freight forwarding service by sea, in particular, and for the entire operations of the company in general.
- Expansion of agency relationships, cooperative ventures with bigger companies in the same industry as a stepping stone to reach out nationally.
- Especially now the company does not have a completed marketing strategy for the entire operations of the company in general and no marketing strategy for each particular field. This is a limited and became a pressing issue for the development of Thien Hong JSC. Currently, the company applied the general marketing strategy for all business areas, including freight forwarding service by sea. This limitation has made it so that the company cannot develop as desired because the forwarding service itself has specific characteristics that require the application of appropriate marketing strategy.

An urgent requirement imposed on Thien Hong now is to complete marketing mix strategy for freight forwarding service by sea and in particular, as well as the overall strategy for the whole company in general.

4.3 Some recommendations to improve Thien Hong JSC service marketing mix strategies.

In the market economy, most businesses are facing difficulties and challenges. To survive and develop every business need to give solutions to overcome existing difficulties. The same situation with Thien Hong, to develop forwarding service by sea, the company needs to further improve its marketing strategy.

4.3.1 Product strategy

a. Improve the quality of service

As mentioned above, the quality of service will be the element that customers are particularly concerned with. Quality of forwarding service is construed in accordance with two criteria: quality of goods throughout the forwarding process and the time to carry out the procedure. The quality of services depends on many decisive factors, from the stage of inspection, cargo, transportation to forwarding stage.

- Check the cargos thoroughly, if the cargo contains errors about the nature, quality and quantity, the company shall promptly notify the client in order to make the client knows about the condition of the cargo before the company conducts the next step in the process.
- Invest in building infrastructure and equipment in accordance with the inspection, warehousing, storage and freight.
- Closely monitor each step of the process, keep in touch regularly and continuously between the parts, exchange information with one another in order to grasp the progress and control the quality of cargo. If any errors occur during the process, the company must quickly find out the causes and fix such errors.
- Reduce dead time, excess time between steps in the process and within the steps. Make business processes occur sequentially, continuously and matching. Reduce time in the next stage by doing well and not letting the errors occur in the previ-

ous stages. Maintain good and long-term relationships with customs authorities so company's cargos will be carried out faster in customs clearance.

- Company should merge parts that do the same job to set up a specialized and unified department, in order to concentrate resources and improve business performance of the company. Reorganization towards further specialization is also an effective way to improve the management and business activities.

Improving the quality of service is a key factor for the company to improve competitiveness with other companies in the market. There are many different methods for companies choose to apply. Use what measures depend on the actual conditions of the company at that time.

b. Diversify of types of services

The service provided by Thien Hong JSC is bulk cargo forwarding, full containers, and consolidation services for less than container load (LCL), multimodal transportation service, door to door service, and warehouse leasing. In particular, the company needs to focus more on consolidation service for LCL because these types of services are beneficial to many parties: the carrier benefited from saving forwarding time and distribution of sporadic shipments; no fear of revenue loss of small cargo owners because there were forwarders undertakes the responsibility. Owners save costs by not have to hire full containers; the forwarders earn more because charges from LCL service generally greater than FCL service.

4.3.2 Pricing strategy

In the fiercely competitive conditions of forwarding market and the increasing specialization of the forwarding company, the forwarding service price is important for the forwarder to compete with another and also the basis for customers to choose this company but not others.

Price of forwarding service usually includes many factors such as: cost of cargo, transportation costs, costs of charges (port, cranes, wharves and yards, sea charges) commissions of carriers and some other expenses.

- At the same time, the company should notify the customer about the price. The price level, including what items and customers would enjoy what services and will be entitled to additional services without paying ... There will be very convenient for customers when compare the option between Thien Hong's rate and other companies. In addition, it also reduces the time customers must deal with the company to clarify the expense item in the price, to create customer confidence in the company.
- Research and decide which factors must be reducing to be able to reduce the charge rates of the company. Thien Hong can reduce the cost of cargos and transportation costs in the price structure of the company.
- Negotiate to reach reasonable freight rates with other companies in case the company has to rent transportation.

Reduce the cost of services by conducting rapid process of cargo handling. Focus peoples and vehicles to handle cargo in the shortest time possible and timely processing of errors.

The product of the company is a service so the pricing factor sometimes not the element that customers care about the most. Customers mostly interested in the effectiveness of the work. For that price, the activities that customer entrusted to the company will be effective or not, will the result compatible with the price that consumers pay for the company or not. Therefore, the company may indirectly reduce charge rates without affecting the company's price structure by offering customers some additional services within that price.

Price is always a complex issue for managers. However, price is also a useful tool to enhance the competitiveness for the company, especially in the field of services business. How to use pricing factor reasonable is what matters most. It is not about the low price, it is about the most reasonable price; corresponding to what customers is entitled.

4.3.3 Placement strategy

In the fierce competition of logistics market today, to survive and develop and at the same time to expand market share, Thien Hong JSC needs to expand their forward-

ing market. This is an effective method to achieve a profit goal, reinforce goal, and strengthen the position and reach objectives. When the market has been extended then even a sector market fluctuates that will not cause serious impact to the company's operations. Expand new markets to ensure long-term benefits of the company as well as officers and employees, raise the growth prospects of the company.

There are two forms of market expansion, which is expanding market breadth and market depth. Expanding the market breadth is understood as expanding market in geographic scope, the width of the space. So far, the company has reached a small number of international markets; operations are concentrated in part of Asia such as Korea, Japan. However, there are still some potential markets which company has not fully exploited its potential as other parts of Asia, European sector (Russia, France, and Germany) or Australia.

Conversely, expanding market depth is not to expand the market in geographic areas but is in the same market, the company be able to attract more customers, strengthen, establish lasting relations with traditional customers by quality of service, by expanding the scope of its services. With this form, Thien Hong can be applying to Chinese market and some neighbouring countries because the market is large, quite similar in terms of culture, customs with Vietnam.

Market expansion is not a simple task because each market has different characteristics of economic, social, law, culture, customs and traditions. It has a huge impact on the environment of business and sentiment of society consumption, since it affects a lot to the penetration, market expansion of foreign business.

When conducting market research, the company needs to understand the following information:

- Learn about the customs, laws and regulations: which factors make this new market differs from the market that company has been operating? Can those differences cause any difficulties, obstacles for the market penetration and operate the freight forwarding service there?

- About competitors: Need to find out about the level of competition in the new market, the main competitors, have strong and weak points whatsoever. To compete, what method companies need to prepare?

The full and exact information will help companies enter the market with the lowest cost but high efficiency and minimal risk. Companies need to grasp the current market needs and the ability to grow in the coming years. Currently, the company can satisfy the customer in what extent and their ability to satisfy the future needs. The services that Thien Hong JSC offers on the market have met customer needs or not, the company should expand their scope of services or not, if yes which direction Thien Hong should follow to maximize the market demand as well as their ability.

To have information on the Company can extract from these sources:

- Through formal research papers of prestigious institutions, specialized agencies, through reports of Department of Commerce. This information has the advantage of accuracy and complete, but not necessarily consistent with research goals of the company.
- Through those associations at which Thien Hong JSC is a member as FLA.... Especially through meetings held by these Associations, company should take advantage of listening and discussion to update the latest information.
- Through trade representative, commercial counselor of our country to learn more about the market situation.
- In particular, company should send their staff to research and exchange experiences with other domestic and overseas companies, participating in professional training.

In this regard, Thien Hong should pay attention to the market which is easy to penetrate and not costly, which is the market of import and export companies. Thien Hong needs to organize a network of branches and dealers of company more broadly, then other companies in province also known to Thien Hong JSC.

4.3.4 Promotion strategy

- Regularly update more news on the website, equip with convenient tools for website and design eye-catching website to attract more visitors' attention.
- First and most important is the domestic market. Extended marketing activities of the company with customers through mass media such as newspapers and radio. Currently, forwarding industry has a specialized magazine dedicated to this field – Visabatimes which issued by VIFFAS with VSA and VISABA. Introduce the company or run marketing project on the paper like this would easily reach more

customers than other newspapers. The company will be delimiting reader's access to this kind of information. Because only the companies or readers interested in or have engaged in this industry read Visabatimes.

- Customer Referral Program: the company also required to maintain a close relationship with familiar customers because the customers who will become introducer and propagator of the company. Since then the company will expand the amount of customers come to them. Maintaining a good relationship with the loyal customers also is very important factor for the development of the company because those are the frequent and stable cargo sources of the company.

After Thien Hong JSC has all the information market research, the company should choose a suitable market to penetrate through different methods:

- Self-penetration

This is the method that the company conducted on their own to identify and expand its customer based on certain understanding of the customers and the market. The employees of the company have to meet with customers and persuade them to use the services of the company. The leaders have to regularly attend seminars and meetings as well as official and unofficial business meetings through which signed forwarding contracts.

To do so, leaders shall plan strategies to penetrate properly, the officers of the company shall have the professional expertise, knowledge of marketing, fluent in foreign languages, have customer communication skills. Besides, the company must have enough capital to be able to sustain the market because of the penetration costs is significant.

When use self-penetration strategy, company will keep the initiative but also have to take risks because of their efforts may not be immediately obtained results. Thien Hong JSC should apply this method to a few keys and familiar markets as the domestic market or Korean market; with the new and difficult market, company should adopt the second approach.

- Penetration through intermediaries

Joint venture with foreign companies, these companies already familiar to the market that Thien Hong needs to penetrate. When conducting joint venture, although the

company will have to share the profits and stand in a weaker position, but the company can take advantage of the funds and the relationship of partners. The company will not lose efforts to market research, fumbling step but still could increase market share while limit the risks at the lowest level.

Through the association that the company is a member or embassies, trade representatives or commercial counsellor of Vietnam in overseas to introduce Thien Hong JSC. Thanks to the reputation of this association, the Company will have many advantages. It sounds like this solution is not feasible; the company can apply it in the short term because the company has the advantage of good relations with the customs departments. However, the Company cannot rely on this method for long-term because sustainable development has to rely on the company's internal resources.

Above are some suggestions of authors about some marketing strategies to improve freight forwarding service by sea of Thien Hong JSC. The author believes that if Thien Hong implements and supplements more to complete their freight forwarding services marketing strategies, then the company will achieve their goals, become a forwarding company with a great reputation in Vietnam.

5 CONCLUSION

The Vietnamese open economy with its diplomatic policy "Vietnam wants to be friends with all countries in the world" and the achievements in recent years had created a new position to promote the development of Vietnam and bring new opportunities and advantages for the national economy in general and freight forwarding industry in particular.

In this context, Thien Hong JSC is a very young company operating in the service sector; the company did not just stop trying to seize the opportunity and has overcome challenges with the aim of becoming a leading company in the Vietnamese forwarding field. It can be seen that the forwarding activities of the company in the past year have achieved some encouraging results. Becoming one of the promising

forwarders in the field of freight forwarding import and export by sea, Thien Hong gets business results in relatively stable.

These results achieved after only one year is the huge effort but in the future ahead of Thien Hong JSC, there are still many things left to do. The biggest difficulty is not only for Thien Hong but also for Vietnamese forwarders is the backwardness of technical facilities for transportation and logistics and outdated administrative procedures. To overcome these difficulties requires careful steps, the consensus of all officials and employees in order to expand the market and improve the technical infrastructure, the level of staffs and especially to further improve overall marketing strategy and marketing strategy for freight forwarding service by sea. Therefore, Thien Hong can make sure that in the future they will achieve a strong position in the field of sea freight forwarding as well as other business areas of the company.

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APPENDIX 2 INTERVIEW QUESTIONS

1. What are your company's main services and added services?
2. Can you describe your company's main service process? How does your service work?
3. What are your service's strengths and weaknesses? In which way your company's service different from your customer?
4. Does your company have a good network of customers and partners? How did your company achieve it?
5. What kind of marketing strategies that your company uses as strategic?
6. How do you evaluate your company's marketing performance?
7. What kind of markets does your company have and does your company use different policies with different markets?
8. What are the methods does your company use to gain more market share? How to gain more market share effectively and efficiency?
9. What has been the most difficulties concerning marketing strategy that your company have faced? What kind of issues arose?
10. What extra marketing activities can the company benefit from?
11. Do you have any other thought about your company marketing strategy?
12. Do you have suggestions for your company concerning marketing strategy in the near future?