

**" THE EXTENT OF USAGE OF THE MARKETING MIX
VARIABLES IN THE SHIPPING INDUSTRY IN KENYA "**

BY

CHRIS MWANGI CHEGE

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**A Management Research Project submitted in partial fulfillment of the
requirements for the Master of Business Administration (MBA) degree, Faculty of
Commerce, University of Nairobi**

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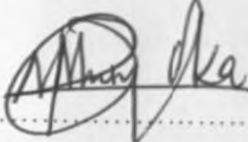
DECLARATION

This project has been is my original work and has not been submitted for degree in any other University.

 23/10/2001

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This project has been submitted for examination with my approval as the university supervisor.

 23/10/2001

Dr. R. M. Musyoke

ACKNOWLEDGEMENT

DEDICATION

I am grateful to the following without whose support my goal would have been much more difficult to achieve.

Dr. J.M. Mwangi (my supervisor) - for the patient guidance, encouragement and availability through the evolution of this project.

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To the memory of my late father,
Rev. Daniel Chege Kironyo.
For the inspiration and the faith.

Management and staff of OCEANFRONT L.A. LTD from whom I drew tremendous support and expert advice and who served as my reference throughout the period of study.

Kenya Elites Against Assassination (EKAA) for their support, readily agreed to be my respondents despite the fact that they were all my colleagues.

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Classmates, Rachel Mwangi and Peter Ombaka, for their friendship and available assistance.

My children, Sam, Harry and Chaps, who had to endure my absence on many occasions.

Finally, however, my responsibility for any shortcomings of this project.

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ACKNOWLEDGEMENT

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Only I, however, am responsible for any shortcomings of this project.

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ABBREVIATIONS AND TERMS

- C.I.F.** Cost, Insurance & Freight. A cargo delivery term where the exporter (seller) undertakes all the risk and cost to deliver the goods to the named destination including both freight and insurance. The buyer (importer) accepts the goods at the named destination port when they have passed over the ship's rail and accepts all costs from this point onwards including unloading expenses, any wharfage, customs, documentation and any onward freight cost.
- F.O.B.** Free on Board. A cargo delivery term where exporter (seller) is responsible for meeting all charges and risk of damage or loss of cargo only until the goods pass the ship's rail onto the vessel at which point the importer (buyer) is responsible for all the costs and risk thereafter. This includes sea freight, insurance and expenses incurred in discharging the cargo including customs duty etc.
- Conference** An organization made up of a number of ship owners, often of different nationality, with agreement to offer their services on a given sea route on conditions agreed by members (especially a common tariff).
- Freight** Price charged for transport; Mode of transport or; cargo or goods that are the subject of carriage.
- General Average** A deliberate sacrifice or expenditure incurred for the common safety of an adventure. Those interests that benefit from the sacrifice or expenditure contribute ratably towards the loss.
- Incoterms** International rules for the interpretation of terms frequently used in foreign trade (export sales) contracts. The rules are drawn by the International Chamber of Commerce.

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TEU Twenty-foot Equivalent Unit – i.e. 1x20’ container. It’s a unit of measure for containerized cargo (1x40’ = 2 TEUs)

AGOA African Growth and Opportunities Act - U.S.A. Government legislation to encourage imports from sub-Saharan African countries

BAF Bunker Adjustment factor – A charge imposed to offset escalating fuel charges

CAF Currency adjustment factor – An in-built system to compensate ship owners for exchange rate losses arising from denominating their charges in U.S. dollars

THC Terminal Handling charges – A charge levied to recover part of the stevedoring (loading/offloading) expenses on containerized cargo

VDS Vessel Delay Surcharge – a penalty imposed on cargo destined to or originating from a given port for failure to achieve agreed minimum productivity levels.

NVOCC Non-vessel Operating Common Carrier.

VO-MTO Vessel Operating Multi Modal Transport Operator.

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ABSTRACT

The recent trends of liberalization and globalization would entail that marketing strategy the world over be almost similar. This study reveals that the marketing mix variables, which are, the engine driving competitive tendencies are hardly exploited within the shipping industry in Kenya. Marketing effort seems to lack much innovation and activity seems restricted to the traditional 4 Ps of product marketing. The powerful Internet tools have hardly been explored in spite of the level of computerization, which seem to have been adopted only for the purpose of appearing to conform to global trends.

The foreign influence, the size of the client base and its basic international nature should portray higher service levels in the shipping industry. Service delivery processes appear to have stagnated over time and serious doubts are raised as to the relevance of the shipping agent in the global network as lines continuously seek to increase their visibility in the local scene.

CHAPTER ONE

INTRODUCTION

1.1 Background

The genesis of the shipping industry in Kenya dates back to early trade with the Arabian Gulf, India and the Far East. Arab Dhows regularly called the coast of East Africa as early as the thirteenth century. Traders docked at what is currently referred to as the Old Port situated on the eastern side of Mombasa Island (Mayoyo, 2001). Growth of the industry, though, is more closely connected to the development of the port of Mombasa as we know it today on the western side of the island (i.e. Kilindini and Kipevu). In 1896 a jetty was constructed at Kilindini for the discharging of materials used in the building of the Uganda railway. In 1984 a modern container terminal was commissioned at Kipevu.

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The port of Mombasa provides crucial infrastructure in the rendering of shipping services. Today it is comprised of 13 general cargo and 3 container berths with an overall quay length of 3044 meters. Other facilities include two oil terminals and a lighterage wharf. There is also a dedicated terminal for loading of cement and discharge of coal by a local cement manufacturer.

As with the early dhows the industry has long been (and still is) dominated by foreign interests. All shipping lines and vessels operating in Kenya are foreign owned. The East African Shipping Line was the only major local attempt to enter the industry but it collapsed with the demise of its owners the East African community. More recent

attempts to start a national line seem to have floundered with the eminent collapse of the Kenya National Shipping Line (KNSL).

Shipping services are classified into two basic categories, tramp and liner trade. Tramps are ships that call to load or discharge a specific, large (mostly homogeneous) cargo invariably on charter party terms. The distinguishing aspect of a tramp vessel is that it does not have to ply a specific route and will usually follow the demand for its tonnage. Liner ships, on the other hand, call specific ports on a regular advertised schedule and itinerary discharging and loading cargo at each of the ports of call.

Unitization of cargo (palletization and containerization) were introduced to speed up the flow of cargo (Stopford, 1997). The whole concept of containerization revolves around packing of cargo into uniformly sized boxes and then designing all the carrying vehicles (by sea, road, and rail) for swift, safe and efficient transport (usually door to door). Containerization affords obvious advantages including speed, economy of handling, safety, and less breakage or risk of pilferage. Cargo is rendered easily transferable between different modes of transport with minimum delay or manual effort. Packing requirements are also considerably reduced. Container transport is today the fastest growing market in maritime transport due to the continued expansion of containerized shipping by all countries and regions; increased trade in higher value goods; the trend towards globalization by the multi-national manufacturers; and the growth in deep sea ship size and subsequent increase in feeder traffic transshipment.

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In Kenya, little activity with regard to fixing of tramp vessels ever takes place. Since all available tonnage is foreign owned fixtures are invariably concluded abroad. Provision of shipping services in Kenya is almost synonymous with containerized liner shipping services. It is in this context that the subject will be treated in this discourse. Marketing of shipping services is more of a concern of liner companies as they operate in a competitive situation (Gorton et al, 1984)

Traditionally, Kenya's liner shipping industry was dominated by two major groupings called conferences. While one (The East Africa Conference Lines -EACL) was active in the North-South trade (N.W.C. Europe & U.K to East Africa), the other (The Far East Conference) covered the East-West trade (Far East/Indian sub-continent to E. Africa). A conference is a grouping of shipping lines operating on a particular (defined) sea route or routes within specified geographical limits. The understanding is to provide regular service (and capacity) and to apply uniform (usually published) tariffs (rates) and other co-operation. Competition is limited to efficiency and quality of service as opposed to undercutting on rates (non-price-based competition). According to Gorton et al (1984) it really is a form of cartel where liner carriers offer their services at fixed freight rates. To discourage shippers from using non-conference members a loyalty system is often used. This may entail a deferred rebate structure or outright agreement for lower rates especially with volume shippers (Goss, 1982; Frankel, 1987; Branch, 1998)

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The conference system was previously justified on the grounds that it ensures a stable service at known rates. It is argued that shipping line interests are basically long term

profits which cannot be served by a tendency to flip in and out of trades on short term basis (Goss, 1982). The conference system reinforces this by maintaining a membership that gives a reputation of efficient carriers whose services are worth using and retaining. An often-stated objective of conference groupings is to supply efficient, economic, regular and frequent shipping services with suitable ships and at stable rates. This is seen to tally with shipper (consumers') interests which are summarized as:

- Quality service
- Frequency and predictability of sailings
- Care of cargo
- Level of freight rates.

The future of the conference system is threatened by the rapid development of containerization and the subsequent emergence of multi-modalism, which has accelerated the movement away from the port to port operation to the door service involving NVOCCs (Non-vessel operating common carriers). The situation is aggravated by the development of the sea port hub and spoke system (Branch, 1998) which has redefined sea routes and directions. A situation is envisaged where a few mega-carriers devoid of conference arrangements will dominate the future.

Following liberalization, the shipping industry in Kenya has experienced fierce competition between lines. Players have quickly acknowledged the imperatives of a liberalized economic environment which (being more demand driven) leads to higher

appreciation of the increased choice afforded to shippers who can no longer be taken for granted.

Furthermore, resulting from globalization of trade, shipping patterns have changed considerably. The interface of east/west routes with north/south routes has meant that directions are not as clearly defined as before. Large, higher capacity vessels are operated on the east/west trades while smaller feeders are deployed in the North-south sectors. The larger global carriers are developing a strategy of hub ports and transshipment centers in competition with lines operating in some niche markets. Consequently, there has been a trend towards mergers, acquisitions and strategic partnerships as lines position themselves to take full advantage of new circumstances.

1.2 Statement of the Problem

Marketing of services presents a challenge that is not adequately met by the various models that have been developed over the years to tackle conventional marketing of physical products. Marketing of services represents a special area of the field (Kibera & Waruingi, 1998). Most studies in Kenya and abroad usually concentrate on the well-trodden path of marketing of products. Pretty little has been documented about the unique demands of marketing of services in general and in particular with regard to such an unusual industry as shipping in Kenya.

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Kenyan exporters and importers have traditionally played second fiddle to their overseas buyers and suppliers leaving all negotiations with respect to freight and

choice of carrier in the hands of the latter groups. The question is often raised as to whether it's worth the effort for shipping companies to target local shippers in their marketing campaigns. It is claimed that while Kenyan businesses sell their products on FOB terms when they have to import they make their purchases on C&F terms. In this regard they play little role in freight determination and choice of carrier.

The significance of choice of carrier is encompassed in the International Trade Terms (INCOTERMS) first published in 1936 by the Paris based International Chamber of Commerce. The terms distribute the major obligations between parties in an international sales contract.

Shippers also feel that that the dominance of the trade by the conference system has resulted in high rates and that free competition is hampered. UNCTAD (1995) expressed a similar concern and argued that shipping services should be freed of all manner of price fixing and other obstacles to free and fair competition. The lines have been accused of imposing additional charges such as BAF, CAF, THC and VDS without prior consultation with stakeholders (Beja, 2000). Consequently, many shippers feel taken advantage of and doubt the quality service despite the high rates paid. In view of these fears, it would be worthwhile to examine what efforts the lines on their part are making to satisfy their customers especially given the intensity of competition in the industry.

This study aims to establish the state of application of the marketing mix variables in Kenya and identify the relative importance of the individual components of the marketing mix elements in the marketing of shipping services.

1.3 Objective of the study

This study aims at establishing the state of marketing of shipping service in Kenya by:

Determining the extent to which shipping firms apply the marketing mix variables.

1.4 Importance of the Study

Kenyan shippers can no longer be taken for granted in the increasingly competitive situation. With the recent extension of LOME IV and the enactment of the African Growth and Opportunities Act (AGOA) in the U.S.A. exporters must find the means to secure competitive advantage. This could be achieved through taking more initiative in the determination of freight and who must carry their cargo. The study hopes to identify the ways in which the shipping trade is responding to the increasing demands by their customers for quality service.

The findings of the study may help shipping lines to be more customer-focussed. The study will bring out the major areas in the provision of quality service that may have been ignored. Many organizations tend to be complacent and only react to market pressures instead of having in place a proactive strategy. By making a virtual audit of the state of marketing in the industry players may be able to pre-empt shipper apathy and develop better relations for mutual benefit. In view of the scanty work in this field the study may arouse interest in the subject as well as excite intellectual discourse.

CHAPTER TWO

LITERATURE REVIEW

2.1 Marketing of services

Kibera and Waruingi (1998) define marketing as the performance of those activities that attempt to satisfy a given individual's or target group's needs and wants for mutual benefit. Marketing can also be seen as top management's strategic thrust, functional activities done by line managers and as a customer driven orientation of the entire organization (Lovelock, 1996)

There is little work done in the marketing of freight with particular reference to the Kenyan situation. However, a number of studies have been conducted targeting the impact of liberalization on marketing which has sometimes captured some aspects of the freight industry. Nge'no (1990) limited his study to the actual process of trade liberalization in small open economies with a bias to Kenya. As a matter of fact the stated objective of his study was to determine the impact of trade liberalization on the Kenyan economy. Mohammed (1995), on the other hand, only dwelt on the impact of liberalization on the four Ps of marketing with regard to used and reconditioned imported vehicles.

Kabengi (1985) examined the Government Export promotion but his study was limited to the year 1984 and did not even examine the influence of freight in securing competitive advantage in foreign trade. Still on the theme of export empowerment

Kerre (1993) identified the various constraints facing Kenyan firms exporting to the PTA region. High transport costs and inadequate and poorly maintained shipping links featured prominently.

Duggal (1982) has enumerated the problems facing Kenyan exporters among which those requiring attention by shipping lines are:

- Lack of adequate shipping links with the markets
- High freight rates

Whereas some of these problems still exist today, the study's scope was limited to Kenya's trade to the Middle East. In the meantime shipping patterns have changed considerably and the region in question currently enjoys the best connections to/from East Africa.

Odhiambo (1990) made a comparative study of the marketing of shipping services between Britain and Kenya. He concluded that customer satisfaction is the ultimate goal of the various marketing activities that a shipping line may engage in irrespective of region but pointed out that the marketing concept was only in the early stages of being appreciated.

2.2 The service product

A product is anything that is offered to customers for acquisition or purchase (Kibera and Waruingi, 1998) and thus include all forms of services. A service is a deed, performance or an effort (Lovelock, 1996). Services are essentially intangible activities that provide want satisfaction and that are not tied to the sale of a product or another service (Stanton, 1987). To produce a service one may or may not require the use of tangible goods. When such goods are required or used there is no transfer of title of those goods. The consumer of a service may only take temporary possession e.g. a container. Service organizations thus do not have the production of tangible products as their aim. In reality, though, few products are marketed without a tangible component and most products and services require supporting services.

The international trade in services has existed alongside the trade in physical goods. Without services trade in goods would be impossible (Haksever et al, 2000). Transportation, in general, and shipping, in particular, is one of the most essential services for the international exchange of goods.

Like other services shippers (consumers) view shipping services in the context of the provision of solutions to specific problems. Shipping services have the basic characteristics of the pure service:

- a) Intangibility – shipping services are transient in nature. They are consumed there and then only leaving memories of the experience.

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- b) Inseparability – people are the most obvious representation of a service. They can not be separated from the providers whose character and behavior form an integral part of the service.
- c) Perishability – services are only made face to face. There can not be a production run before consumption. The spontaneity of production and consumption make the consumers of a service part of the service strategy.
- d) Variability – services are essentially a series of one-off production runs and standardization can thus not be achieved nor can quality control be exercised. Being heterogeneous service can be as varied as the number of providers or on every purchase occasion.
- e) The people impact is more pronounced. Sometimes the customer is the most significant element in the process.

Freight services are intangible and the clients derive value without obtaining permanent ownership of any tangible elements (Lovelock et al, 1998) nor can they be displayed or tested prior to use. Freight services are produced and consumed simultaneously and are incapable of storage. Thus a vessel that sails half empty has no opportunity to convert the excess capacity to any other or future use and is lost for good.

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Largely as a consequence of the inseparability, shipping services are heterogeneous and frequently depend on the particular interaction with a given customer, the occasion and innumerable pre and post transaction activities. The success or failure

depends on the entire process while satisfaction depends on the experience rather than a physical object.

2.3 The marketing mix variables

Service firms have lagged behind manufacturing firms in their use of marketing (Kotler, 1998; Ennew et al, 1998) and this is especially true of shipping companies in Kenya. Odhiambo (1990) observed that the adoption marketing has been relatively slow in most areas of transport operations and that the recent interest is largely a reaction to the forces of competition. The term, marketing-mix, refers to the controllable variables that a firm may manipulate to gain competitive advantage. It is the set of tools that the firm uses to pursue its marketing objectives in the target market (Kotler, 1998). In addition to the traditional 4Ps (product, price, promotion and place) in product marketing, service marketing is broadened to include three further Ps of people, processes and physical evidence (Lovelock, 1996; Ennew et al, 1998)

Furthing (1997) and Branch (1998) have isolated components of the marketing-mix elements in shipping to: freight rates (price), and added benefits which include transit times and frequency of sailings (product), reliability (process), degree of technology (physical evidence) and quality of service (process, people).

The one area in the service industry in Kenya that has attracted attention has been financial services marketing. Commercial banking has particularly been the target of

several scholarly endeavours with regard to the application of marketing mix elements. Thuo (2000) while examining relationship marketing in commercial banking asserts that merely providing customers with quality products/services does not suffice anymore to retain market share. Bii (1992) investigated the use of promotion mix elements among commercial banks in marketing their services in the face of the increasingly competitive environment and demonstrated how banks would benefit by employing a sound promotion mix.

Marketing of shipping services presents rather unique challenges. Odhiambo (1990) observed that as with other services there is little room to differentiate shipping services. As many lines operate in consortia and conference groupings there's little to differentiate the basic service product characteristics and cost structures are basically similar. As a matter of fact, many consortia and conferences also operate cost and revenue pools as a means of minimizing freight based competition.

The provision of shipping services like that of financial services depends largely on the interaction between service providers and the customer hence one hears of terms like customer care and quality service. To address this one needs to focus on the additional three Ps of service marketing i.e. process, people and physical evidence through which a firm can hope to gain competitive advantage. The 7Ps of service marketing as they relate to shipping services can be summarized as follows:

2.3.1 Product

A product is anything that can be offered to a market to satisfy a want or need (Cole, 1984 ; Kotler, 1998). The ultimate goal should be to offer an augmented product that meets the customers' desires beyond their expectations. It includes product quality, design, features, branding and packaging (Kotler, 1998). It gives the ability to meet needs, positioning , branding and labeling. People generally want to acquire the benefits of the product rather than the features.

The evolution of multi-modalism, according to Branch (1998), involving through transport operations has resulted in shipping lines altering their perspective and operating as VO-MTOs (vessel operating multi-modal operators). This way they have become closer to the importers and exporters by providing their product (the container) physically closer to them making it possible to provide a seamless service.

2.3.2 Price

Price is the consideration given in exchange of a product. It is the value placed on a product by consumers at some point in time (Kibera & Waruingi, 1998). Price is the only element of the marketing mix which produces revenue. The activities of competitors have an important bearing on pricing decisions. Pricing is a very flexible element of the marketing mix and enables firms to react swiftly to competitive behavior though much depends on the sensitivity of the market to price changes (Cole, 1984).

The demand for shipping services is derived demand depending on the demand for traded goods. Factors such as the structure of international trade and distances involved will dictate the pattern of service requirements. The price of transport (freight) is not the sole factor determining the volume of demand for shipping services. As a matter of fact, the price elasticity of demand in sea transport is relatively low. A change in the freight does not necessarily result in higher or lower demand for the services since it is determined by changes in the demand for the goods themselves.

Freight is the price at which shipping services are offered. The conference system is credited for the general stability in liner trade freight rates thus enabling shippers to quote C&F or CIF prices even before shipment (Odhiambo, 1990). Operators outside the conference arrangement usually peg their rates just slightly lower than the prevailing conference tariff and tend to follow the conference on non-freight charges.

Strong internal cost control is a way of displaying customer focus as it translates into competitive pricing and future growth through profitability. Cost drivers are manifested through parameters such as: Global scale economies, sourcing efficiencies, favorable logistics, differences in country costs, high product development and a rapid decline in the costs of communication technology. The basic cost of providing shipping services is running the vessels at sea. Ocean costs, although significant, represent only 30% of any container liner services.

2.3.3 Place

This refers to the location which must be convenient to the service users. Distribution of services can be a very useful competitive tool (Odhiambo, 1990). However, in Kenya economic activity is concentrated in Nairobi and Mombasa and shipping lines do not find the justification to establish themselves beyond these locations. Usually, the agency head office will be in Mombasa with a branch office in Nairobi. Some lines also have resident representatives (mostly in Mombasa) to oversee the agent. There's pretty little to justify presence in other urban area. However, door services can be offered in collaboration with forwarding companies to/from virtually any destination.

As Shipping Lines have to operate between a wide range of ports, it is often necessary to engage the services of agents in some ports. The liner agents play an important role in marketing the line. Among other responsibilities they keep contact with (existing) shippers and forwarders on a day to day basis and identify new ones. They offer information and publicize arrivals and departures and book cargo on the basis of the principal's tariff. This role is grounded on the premise that the primary purpose of marketing of shipping services is to inform the business community of ones presence and ability.

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2.3.4 Promotion

Every product needs to be drawn to the attention of the market place and its benefits identified (Cole, 1984). The principal methods of promotion are: advertising, personal

selling, sales promotion and publicity. The aim of a promotional strategy is to bring existing and prospective customers from a state of relative unawareness of an organization's products to a state of actively adopting them (Cole, 1984).

Promotion is used to draw attention to the line's presence. Out of the promotion mix elements, direct mail is employed to keep customers up-dated. Ennew et al (1998) state that this is the most popular promotion activity among providers of financial services. In Kenya's shipping industry sales promotions are hardly ever used. Advertisements are used regularly (weekly) to publicize sailing schedules in daily newspapers. Publicity is limited to launching of new services or entry of a new player.

Personal selling is the most commonly used form promotion for services (Haksever et al, 2000) and this extends to the shipping service where it is extensively used. Sales visits by marketing managers, shipping managers, CEOs and line representatives are a common feature and are periodically reinforced by delegations from the lines' headquarters. Success in shipping largely depends on maintaining relationships to ensure repeat business. Problems have to be solved quickly and effectively and familiarity with customers and their organizations is of utmost importance.

2.3.5 People

People, otherwise known, as participants provide most services. They comprise of all the players involved in a service encounter and may include both employees and other customers. Every employee with some contact with a customer is a salesperson.

Service marketing is thus everybody's job and it is necessary to have staff with the necessary skills, attitudes, commitment and ability to use discretion in dealing with customers (Haksever et al., 2000). The selection, training, and motivation of employees can make a huge difference in customer satisfaction. Ideally, employees should exhibit competence, a caring attitude, responsiveness and initiative.

2.3.6 Process

This refers to the delivery of service. It should be efficient and professional. Service companies can choose between different processes to deliver their services. These are the actual procedures and flow of activities necessary for the provision of a service. The service and process that create it reflect how all the marketing mix elements are coordinated to create value for the customer. (Lovelock, 1996; Hakesaver, et al, 2000).

Once a prospective shipper and a carrier have reached an agreement as to the movement of cargo and the applicable freight, the actual process of providing a shipping service may then commence. The typical process in a shipping line office may involve the following steps:

- The shipper applies for shipping space on a named vessel. This may be between one week and a month prior to the ship's arrival
- The shipper picks up a container from a designated depot (the depot may be operated by an independent contractor) and proceeds to stuff his cargo.
- The full container is delivered into the port (usually operated by a public company).
- The ship arrives, the container is loaded, and sails.

- Agent at destination advises importer of pending arrival of consignment and releases consignment against production of relevant documents.
- On fulfilling local requirements pertaining to customs and other regulations the importer collects the full container and turns in the empty box at a designated depot.

Whereas the core service is the actual transportation of the container by sea from one port to the other, this is preceded by several moments of truth around which a particular shipping line may gain or lose competitive advantage. Moments of truth are service encounters. They include all episodes in which customers come into contact with any aspect of the organization and get an impression of the quality of service (Lovelock, 1996). Conversely, on arrival at destination other moments of truth follow before cargo is finally delivered to the customer. On occasion where cargo is lost or damaged the claims settling procedures may extend these service breakpoints into several years especially due to the involvement of third parties such as insurance companies and independent surveyors. Thus the series of service encounters make up a process. They involve customers, service employees and physical evidence.

2.3.7 Physical evidence

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This refers to the appearance and physical setting which both demonstrates and promises quality. Customers are constantly in touch with at least some part of the service production facilities, equipment and personnel (Hakesaver et al, 2000). This gives some indication of the service expectation and adds substance to the service concept. Service identity is achieved through colours advertising materials, documents etc. The term

'serviscape' has been coined to describe the physical facilities in which services are consumed and delivered. This may include buildings, offices, furniture, equipment, landscape, uniform, staff grooming etc, which help to define the firm's positioning. Serviscape should be designed to enable employees perform their tasks easily and aid customer flow through the system (Haksever, 2000). As service providers spend most of their time in the office serviscape should increase job satisfaction and motivation.

Technological advancement has been exceptionally rapid in the industry. This ranges from the types of vessels employed in the trade to information technology. Up to the early 1980s most of the ships calling Mombasa were conventional vessels carrying break-bulk cargo today containers carriers are the most callers. In operating such vessels, carriers have introduced the use of advanced information technology to facilitate electronic tracking of shipments. Shippers who is equipped with suitable Internet facilities can track their containers from the comfort of their homes or offices (Mturi, 1998)

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Just over a decade ago the telex machine was the major feature in a shipping office. Today, the vast information is relayed mainly via e-mail and most shipping lines have web sites to provide information to customers. The fax machine, which seemed so in vogue just a couple of years ago is today considered almost archaic. Many shipping lines adopt an IT strategy based on global standardization of information systems, communications and global purchasing. The World Wide Web is extensively used for container tracking, electronic sailing schedules etc and have to be enhanced and updated all the time.

CHAPTER THREE

RESEARCH DESIGN

3.1 The Population of study

The study involved a complete census in view of the small size of the population of study (16 firms). The names of the organizations were obtained from the Kenya Ship Agents Association (KSAA). The companies (see appendix II) that were the object of study have offices in Nairobi and thus did not present too much difficulty in being reached. Furthermore, as Nairobi constitutes the largest market in Kenya it afforded opportunity for higher quality responses.

3.3 The respondents

The respondents were identified via a preliminary telephone inquiry to the respective firms. The questionnaires were accompanied by an introduction letter (see appendix III) briefly explaining the purpose of the study. The questionnaire was administered to Shipping Managers, Marketing Managers or Branch Managers depending on the firm. These are the officers usually responsible for the agencies' marketing effort.

3.3 Data collection

The study involved administering a structured questionnaire (see appendix I) to all the shipping agents representing lines with services to/from Mombasa. The questionnaire was divided into two parts. Part A addressed demographic information necessary for classifications. Part B invited responses to questions on each of the marketing mix variables as follows:

Question	10	Product
	11	Price
	12 to 13	Promotion
	14	Place
	15	People
	16	Process
	17 to 21	Physical evidence

The 'drop and pick later' method was employed.

3.4 Data analysis

The findings have been presented via a qualitative analysis of the responses to the questionnaire. Data was analyzed using computer software, SPSS (Statistical Program for Social Scientists) and a spreadsheet (Excel) to prepare a data sheet. The following analysis has been carried out:

1. Descriptive statistics used to describe the saturated sample (census). This takes the form of summary information about distribution, variability, and central tendency of the variables.
2. Quantitative analysis – the summary statistics consist of frequencies and percentages to determine the extent of the utilization of the marketing mix variables by the firms.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Response rate

Thirteen out of the sixteen questionnaires distributed were returned. One responded declined to complete the questionnaire citing confidentiality of information. The other two left their companies before returning the questionnaire and the researcher was unable to trace them in time to include their responses in the analysis. The response rate achieved of 81% is deemed to be a sufficient basis for drawing conclusions relating to the entire industry.

4.2 Profile of shipping companies operating in Kenya

The study revealed that the majority of the companies active in Kenya have global networks as 69% of the respondents confirmed that their principals operate globally. Most companies have stakes in their agencies by being the sole owner (54%) or have some interest through a partnership (23%). Market share shows that the largest carry in excess of 10,000 TEUS while the smaller lines (perhaps the regional ones) carry between 2500 to 7500 TEUS annually.

All the respondents confirmed that their organizations had a person designated to undertake marketing responsibility. Such persons seem to carry different titles depending on the firm. However, the consensus seemed to be that to remain competitive marketing activity is imperative. Table 4.1 below shows the different designations of marketing personnel

Table 4.1 Designations of marketers

Title	Frequency	Percentage
Line Manager	3	23.1
Commercial Manager	1	7.7
Sales Executive	2	15.4
Shipping Manager	3	23.1
Marketing Manager	4	30.7

In spite of the often stated benefits of Customer Service Departments (CSD) particularly in service organizations, it is surprising that only 46.2% of the respondents said their firms have this vital department. It is common knowledge that such a unit is an important link between the operations and marketing department in the attempt to deliver a full package proposition devoid of segmentation and internal conflict.

4.3 Product characteristics

Like in other service industries differentiation of offerings is extremely difficult in shipping as the basic service involves the movement of cargo from one point to the next. However, several service (product) characteristics are used to secure competitive advantage. These include; frequency of sailing, number of ports of call (geographical coverage), nature of service (direct calls or via transshipment), transit times and availability of equipment and mix.

Analysis of responses reveals that frequency of sailing is perhaps the most important product aspect as 84.6 % indicated that it was used to a great extent. Transit times came in second with 76.9% of responses showing it is used to a great extent.

Table 4.2 Product characteristics

Label	Mean Score	Standard deviation
Sailing frequency	1.67	.373
No. of ports of call	1.46	.498
Nature of service	1.67	.850
Transit times	1.25	.433
Equipment mix	1.82	.833
Equipment availability	1.33	.624

From the above table it would appear that each of the product characteristics is used to the same extent. The close cluster of the standard deviations for each of the characteristics seems to confirm the inherent similarity between firms in their use of these aspects to entrench themselves in the market. It is, however, revealing that the nature of the service and equipment availability & mix should exhibit the greatest variability as it suggests the widest disagreement between respondents on their usage. This is probably because shippers have in recent times gradually dropped their insistence on direct service and the emerging world trends relying heavily on transshipments based on hub ports and rationalization of service. Furthermore, reliance on lease companies for container equipment and interchangeability of

equipment between lines means that aspects relating to container stocks are not so crucial.

4.4 Price considerations

Price is the one element of the marketing mix that invariably generates much controversy and is fundamental to any marketing effort. The price elasticity of demand for shipping services is low as the demand for the service is a derived demand from the products that have to be moved.

Table 4.3 Price characteristics

Label	Mean score	Standard deviation
Difference from competitors	2.33	.471
Effect of change in price	2.17	.471
Importance of discounts	1.58	.687
Variability between customer prices	2.50	.640
Stability of prices	2.50	.764
Importance of credit	1.83	.898
Payers of freight	1.75	.722
Place of payment	1.42	.640

4.4.1 The researcher's interpretation of the mean score of 2.33 and standard deviation of .471 scored by the price characteristic difference from competitor's prices (freight) seems to confirm that freight levels are

largely uniform in the industry. This further lends support to claims that the industry is dominated by cartel like conference groupings; slot charter and joint service arrangements that leave little leeway for manipulation of freight levels.

4.4.2 The mean score of 2.17 for the characteristic effect of changes in freight seem to confirm that little would be gained from levying substantially different price and perhaps there would be little to justify such a strategy.

4.4.3 Discounts on freight do not seem to be employed much by players in the industry in the industry. The standard deviation, however, suggests that there are extreme views among respondents and perhaps some firms feel compelled to give discounts for various factors. Being agents though most firms can only apply rates as dictated by their principals and the processes of securing approval may be slow and inhibiting.

4.4.4 The mean score of 2.5 relating to the variability in freights charged among customers is interpreted by this researcher to indicate that the industry practice is to apply uniform rates. There might not be much to be gained from targeting niche markets that may enjoy preferential service or price. The same could be said about the stability of freight over the year.

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In view of the limitations that seem to exist in exercising a flexible pricing policy, it is evident from the mean score of 1.83 on the credit characteristic price that extension of favorable payment terms as a means to keep existing customers and probably win new ones is widely used.

4.4.5 The twin characteristics of who negotiates for freight and where it is paid (and by whom) tend to generate much debate and controversy within the industry. The shipping industry is unique in that two customers (importer & exporter) are involved in the same transaction. The mean score of 1.75 by the characteristic party responsible for negotiation is interpreted to indicate that local shippers play little role and thus most of the price programs may not be targeted at them.

4.4.6 Similarly, the place of payment of freight is significantly skewed (1.497) as an indication that invariably freight settlement is concluded abroad. This may have been encouraged in the past by the shipping lines themselves. In the days of strict foreign exchange control regulations they may have preferred to earn their revenues abroad to minimize the problems then involving foreign exchange transfers and exchange rate losses resulting from unstable and unpredictable conversion rates. Table 4.4 below illustrates the preferred place of settlement of freight.

Table 4.4 Freight payment overseas

Value label	Frequency	Percentage	Cumulative frequency
To a great extent	9	69.2	69.2
Moderately	3	23.1	92.3
To a limited extend	1	7.7	100
To no extent at all	0	0	100

4.5 Promotion-mix

Though it is universally acknowledged that promotion is vital in attracting and increasing awareness and knowledge of a service or product, it would appear that the shipping industry in Kenya has been relegated it to the very periphery of marketing activity. The table below summarizes the extent of use of the various promotion-mix elements.

Table 4.5.1 Promotion-mix elements

Promotion-mix element	Mean
Sales promotion	2.67
Public Relations	2.00
Advertising	2.86
Personal Selling	1.00

With a mean score of 1 personal selling seems to be the method of choice among the promotion-mix elements. An analysis of the deployment of various personnel in the marketing effort shows mean scores of between 1 and 2. This suggests that personalization of the promotion effort is the most crucial activity in the industry. Odhiambo (1990) had observed that people performing the selling duties were not necessarily designated as salesmen and were deployed for both the introduction of new services and maintaining good customer contact. The table below summarizes this.

Table 4.5.2 Personal Selling

Title of marketer	Mean
Marketing manager	1.11
Branch manager	1.36
Managing director	2.00
Shipping manager	1.46
Line representative	1.45
Line manager	1.58
Account manager	2.89
Others	2.00

The other elements of the promotion mix i.e. advertisement, public relations and sales promotion score dismally at a mean above 2. A further analysis of the individual categories under each of these promotion-mix elements shows a mean score of between 2.5 and 3.75 confirming that they are hardly ever used. Only newspaper advertising

scores 1.14 that shows it to be quite popular among the industry players. This could be likely because of the dependence on the print media to carry weekly sailing schedules, advertise services offered and routes covered (Odhiambo,1990). Newspapers are also the main vehicle for making announcements to the trade e.g. commencement of a new service, changes in surcharges such as BAF, CAF & VDS and unusual events (e.g. declaration of a General Average).

4.6 Distribution (Place)

The agency network is the primarily distributive mechanism for shipping services. The table below shows the rating of select characteristics in the place variable for the industry.

Table 4.6 Place considerations

Value label	Mean
Location of offices	1.75
Proximity to port/customs	1.75
Proximity to competitors	2.5
Global coverage	1.03
Presence in port	2.5

It would appear that the physical proximity to customers, competitors, port facilities and customs authorities are not critical to the marketing of freight services. The

worldwide distribution of offices appears significant with a mean score of 1.03. This is perhaps because shipping operations largely depend on effective communication and adequate geographical coverage in this information age it would appear that rapid exchange of information is possible even with minimal physical contact.

4.7 The People factor

Customer contact personnel are an important ingredient of the service marketing strategy. An organization must therefore devise means of attracting, retaining and controlling an efficient work force. At the core of the evolution of quality service concepts is the emergence of the customer service department (CSD).

The customer service department is a merger of the common elements of the marketing and operational functions that are key to customer satisfaction. The more specialized aspects remain the concern of the respective fields. Both technical and interactive skills are key to successful adoption of CSD. Training and development of service employees must infuse the right values and attitudes for successful customer contact process.

Surprisingly, respondents almost unanimously (92.3% to a large and moderate extent) agreed on the necessity of a customer service department yet in an earlier responses to the existence of the CSD in their organizations were negative responses (Question 9 of part A of the questionnaire). Table 4.7.1 below tabulates the overwhelming confirmation of the necessity of customer service departments.

Table 4.7.1 Necessity of customer service department

Label	Frequency	Percentage
To a large extent	10	76.9
To a moderate extent	1	15.4
To a limited extent	1	7.7
To no extent at all	0	0

Below is analysis of the other people factors in the industry.

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Table 4.7.2 People factors

Characteristic	Mean
Employees learn on the job	1.83
Experience is more important than academic qualification	2.09
Professional qualification is a must	1.75
All employees need not interact with customers	2.16
All employees have access to basic information	1.75
Customers value relationship with particular personnel	1.25
Customers value relationships between organizations	1.17
Academic qualification is necessary	1.83

The people factor in service organizations is usually as seen the most crucial input. Dependence on on-the-job training casts doubt on the service quality standards in the industry. The need for both academic and professional qualification score dismally at means of 2.09 and 1.75 respectively. Almost similar responses are registered for the need of basic academic qualification (mean score of 1.83). This suggests a shaky people base and has obvious implication on service delivery standards.

In spite of the above practice seems to suggest that relationships between key personnel and their customers is highly valued. This tallies with earlier responses in promotion mix-elements where personal selling was seen to be the major activity (table 4.5.1)

The overall rather negative image of the people input may be explained by the lack specialized training institutions in the country catering for the industry. The little emphasis on academic qualification may be the result of dominance of foreign interests. The repetitive nature of most of the functions may have resulted in extensive computerization and thus relatively low caliber personnel can cope.

4.8 The Service Process

Customer process is the front office operation that delivers the service package to the customers and interacts with them. The process involves entry, response time, impact, delivery and departure. The outcome of the process is either a satisfied customer or a

frustrated one leading to complaints or lack of repeat custom. Table 4.8.1 is summary of select process characteristics in the industry.

Table 4.8.1 Process Characteristics

characteristic	Mean	Standard deviation	Skewness
Frequency of customer complaints	2.00	.000	.000
Frequency of interactions involving problems	2.25	.595	-0.175
Response times	2.838	.553	-0.878

The mean score of 2.00 to the characteristic frequency of customer complaints is almost non-committal as all respondents answered that customers only complained sometimes. This suggests deeper entrenched service problems than perhaps respondents were willing to acknowledge. This is clarified by the response to the characteristic reasons for interaction with customers which seem to be mainly problem solving or fire fighting as it were (mean score 2.25). The negative skewness of 0.175 may only serve to reinforce the implication that service delivery systems are seriously flawed in the industry.

In many service organizations response times to customers who have already entered the service delivery system are often painfully long. Such time is often spent in queues. These queues may be physical (in a waiting room), invisible (being held on the telephone) or remote (waiting for a delivery or collection).

Table 4.8.2 Response times – how often customers have to wait

Label	Percentage
Sometimes	30.8
Rarely	61.5
Never	7.7

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The acknowledgement of occasional waiting by 30.8 % of the respondents suggests serious problems and poor exploitation of the process strategy to gain competitive advantage.

Table 4.8.3 Causes of complaints against staff

characteristic	Mean	Standard deviation
Rude	3.25	.595
Incompetent	3.08	.954
Slow	2.33	.471
Documentation	2.75	.924
Communication	2.25	.829

Many process hitches are as a result of breakdown in communication. Hiccups due to employees being rude or incompetent are difficult to acknowledge as shown with the means scores of 3.25 and 3.08 respectively. However, the mean scores for slow response rate, documentation delays and poor communication still suggest a certain lack of refinement in service delivery within the industry. Perhaps a rather constant and confined client base may account for this apparent lack of motivation to fine tune service delivery processes.

4.9 Physical evidence

Due to intangibility customers (can not see, touch or taste a service) have to look for evidence of service quality from physical surrogates of the product. Physical evidence sends a message about the dominant values and ensures consistency in the face of variability caused by different service delivery agents.

Table 4.9 Physical evidence elements

Characteristic	Mean
Have a web page	0.750
Ability to transact business on the internet	0.500
Office blocks	1.250
Meeting rooms	1.330
Waiting rooms	0.667
Board rooms	0.917

CHAPTER FIVE

Ability to transact business over the Internet is now recognized as one of the major ways of revealing an organizations quality service prepositions. Ownership of office blocks and facilities such as waiting rooms and meeting rooms provide a window for prospective customers to make an impression of expectations. More critical evidence like seaworthiness of vessels, their ages, speed etc are taken for granted and may not have any value adding capability as they are almost standard and mostly change with technological advances.

CHAPTER FIVE

SUMMARY AND CONCLUSION

5.1 Discussions and recommendations

The study has revealed that almost all the shipping companies in Kenya have similar thrust in their marketing effort. This seems to be limited to maintaining the status quo i.e. protecting the already achieved market share. Though the study did not address this, it is unlikely that there have been any serious shift in the balance of power within the industry in the last five years.

The trend towards globalization has seen the increased tendency for companies to enter service contracts for their entire international business. Odhiambo (1990) had established that shipping line customers were mainly industrial and commercial companies. This type of customer base would find obvious advantages to use their international clout and volumes as a bargaining chip, which leaves the local shipping company with little more to do than service the account.

Marketing through the Internet could herald the dawn of a new era in Kenya's freight industry. The uncontrollable variables such as the economic environment, technology, competitors, government regulations etc though would still have a bearing on the success or failure of individual companies. It will be up to marketers to identify the opportunities afforded by such environment while minimizing the effects of possible threats. Online booking and documentation of cargo and tracking of containers over

the Internet are features that afford great opportunity to augment the shipping service product.

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The process problems that invite dissatisfaction and complaints from customers would be drastically reduced while solving the distributive problems. This would also serve as virtue evidence as opposed to the more expensive dependence on bricks and mortar to act as physical surrogate to the product. Perhaps it is for this reason that shipping firms have gradually increased their stakes in their local agents as an effort to reduce the chain between the service provider and the ultimate customer.

The traditional concepts of marketing i.e. focus on customer needs and brand differentiation and positioning apply to shipping as they do to other industries. The 7 Ps discussed in the preceding chapters represent the controllable elements of marketing strategy but depend on the other internal constraints such as the budget and personnel. Shipping firms should strive for the ultimate empowerment of their customers to make informed purchase decisions. In this regard the willingness and ability of managers in service firms to respond to the dramatic changes affecting service economy will determine whether their organizations survive and prosper or go down in defeat at the hands of more agile and adaptive competitors (Lovelock, 1998).

Shipping companies need to inculcate the ability to respond to their customers with prompt, effective and global solutions. The emphasis should be on the convenience of dealing with a single highly specialized company. Globalization thus offers vast

opportunities to shipping companies. Advances in information technology have made global service strategies more feasible. Local shipping agencies have to redefine their role as a link to the customized service aimed at the global shipper, which will in turn enhance efficiency in the production and distribution of goods. This contribution (value adding) to the overall satisfaction of the global customer needs often calls for skill in balancing international with local requirements.

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5.2 Limitations of the study

The study attempted to cover the full range of the marketing mix variables as they affect the shipping industry in Kenya. This was perhaps too ambitious. The result is that the outcome is mostly a documentation of the marketing practices and priorities in the industry. A study of fewer variables or only certain aspects of a variable might perhaps have been more insightful.

Furthermore, the generalized treatment of both imports and exports may have resulted in failure to capture the unique elements in the two different aspects of the trade. This segmentation might perhaps have revealed that each may demand different strategies given that most imports are made up of manufactured goods yet the exports are predominantly comprised of primary goods.

5.3 Suggestion for further research

The study was restricted to the supply side due to time and resource constraints. Many organizations may want to appear to be practicing sound marketing practices and respondent would be aware of this thus it would be helpful to seek corroboration of their perceptions with those of their customers. By extending the research to the demand side we could get a deeper insight from the shippers' (consumers') perspective. This would include both the final consumers (shippers) and intermediaries such as freight forwarders.

There are constant allegations of rampant corruption in the industry. Delicate as this may be it would be insightful if it were to be investigated to establish whether indeed considerations other than the marketing mix elements discussed above are at play. Furthermore, a study of how other environmental factors impact on the industry may reveal the reasons for the slow reaction to raising of quality service standards in the industry.

APPENDICES

APPENDIX I

QUESTIONNAIRE

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PART A

1. Name of firm -----
2. Line Represented -----
3. Relationship to Line a) Independent b) Line owned c) Partnership
4. Route served a) Global b) Regional
5. Designation of respondent -----
6. TEUS handled per annum (Approximate) -----
7. Do you have a marketing department? a). Yes () b). No ()
8. What is the designation of the person responsible for marketing? -----
9. Do you have a Customer Service department? a). Yes () b). No ()

PART B

10. Please indicate to which extent you use the following to market your service:

	To a great extent	Moderately	Rarely used	Not used at all
a) Frequency of sailing				
b) No. of ports of call				
c) Direct service				
d) Transit time				
e) Equipment availability				
f) Equipment mix				

11. Please indicate to what extent the following statements describe the basis of your pricing:

	To a large extent	To a moderate extent	To a limited extent	To no extent at all
a). Our prices are substantially different from our competitors'				
b). A change in freight would drastically change our market share				
c). Discounts are a major incentive for customer loyalty				
d). Our prices vary greatly between customers				
e). Our prices are stable round the year				
f). Credit facilities are crucial to maintaining customer loyalty				
g). Most shippers are responsible for negotiation of freight				
h). Freight is mostly paid overseas				

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12. To what extent do you use the following?

	To a large extent	To a moderate extent	To a limited extent	To no extent at all
a). Advertising				
b). Sales promotion				
c). Public relations				
d). Personal selling				

13. Please tick in the appropriate space to indicate the extent to which your firm uses the following promotional activities:

	Most commonly used	Moderately used	Rarely used	Never used
I). Advertising:				
a). Radio				
b). TV				
c). Cinema				
d). News papers				
e). Magazines				
f). Catalogues				
g). Brochures				
h). Billboards				
II). Sales promotion				
a). Trade fairs/shows Exhibitions				
b). Giveaways e.g. ties, Calendars, etc				
c). Special discounts				
e). Others - Specify				
III). Public relations:				
a). Sports day				
b). Press releases				
c). Seminars				
d). Sports sponsorships				
e). Donations to charities				
IV). Personal selling:				

a). Marketing manager				
b). Branch manager				
c). Managing director				
d). Shipping manager				
e). Line representative				
f). Line manager				
g). Account manager				
h). Others – Specify -----				
i). Others - Specify -----				

14. Please indicate the extent to which you feel the following are important for your operations:

	To a large extent	To a moderate extent	To a limited extent	To no extent at all
a). Location of offices in all major urban areas				
b). Location of offices next to customs/port				
c). Proximity to competitors				
d). Presence of agents and line offices at many destinations				
e). Operations office within the port				

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15. Please indicate to what extent the following statements are valid for your marketing effort:

	To a large extent	To a moderate extent	To a limited extent	To no extent at all
a). A customer service department is an absolute necessity				
b). Employees best learn on the job				
c). Experience is more valuable than academic qualification				
d). Professional qualifications in shipping are not a must				
e). All employees need not interact with customers				
f). All employees have access to basic information e.g. sailing schedules				
g). Customers value relationships with particular personnel				
h). Customers mainly ship due to relationship between organizations				
i). There is need to have minimum academic qualifications for service personnel.				

16. Please indicate against each statement your rating of occurrence of the following:

	always	sometimes	rarely	Never
a). Customers complain frequently				
b). A large proportion of customer Interaction deals with problems				
d). Customers have to wait sometimes for service to be delivered				
e). Complaints against staff relate to:				
i. Rudeness				
ii. Incompetence				
iii. Lack of knowledge				
iv. Slow response to service inquiry				
v. Too much documentation				
vi. Poor communication				

17. Do you or your principals have a web page? Yes () No ()

18. Can your customers transact business with you on the Internet? Yes () No ()

19. Your offices are in -Mombasa a) leased office ()

b) Own building ()

-Nairobi a) leased office ()

b) Own building ()

20. You have the following facilities

i. waiting room ()

ii. meeting room ()

iii. board room ()

21. Container equipment is

i. all leased ()

ii. mostly line owned ()

iii. part owned and part leased ()

APPENDIX II

POPULATION OF STUDY

<u>SHIPPING COMPANY</u>	<u>AGENT</u>
1. CMA-CGM	Kenya Shipping Agencies
2. DAL	Seaforth
3. Delmas	SDV Transami
4. Ellerman	Inchcape Shipping Services
5. Global Container Lines	African Liner Agencies
6. . H. Stinnes	E.A. Commercial and Shipping Co.
7. Ignazio Messina	Inter-ocean
8. Kenya National Shipping Line	KNSL
9. Maersk-Sealand	Maersk Kenya Ltd
10. Zim Line	Star E.A. company
11. Mediterranean Shipping Company	Oceanfreight E.A. Ltd
12. NYK	E.A. Commercial & Shipping Co.
13. Pacific International Lines	PIL Kenya Ltd
14. P&O Nedlloyd	Mackenzie Maritime Ltd
15. Safmarine	Safmarine Kenya Ltd
16. WEC Lines	Spanfreight Shipping Services

APPENDIX III

UNIVERSITY OF NAIROBI
FACULTY OF COMMERCE

Date -----

Dear Sir/Madam

RE: PARTICIPATION IN AN ACADEMIC RESEARCH PROJECT

Mr. C.M. Chege is pursuing an MBA degree at the University of Nairobi. Having completed the basic coursework, he is required to submit a research paper on a topical subject in his area of specialization, which is marketing.

We shall be obliged if you would co-operate with him as he collects necessary material for the said project. All information will be treated with strict confidence. The final paper will be available to you if you should wish so.

Yours faithfully,

Dr. R.M. Musyoka
SUPERVISOR

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