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WHAT MARKETING STRATEGIES ARE USED  
IN THE SHIPPING INDUSTRY?

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## **Abstract**

This work is dedicated to marketing strategies used in the shipping industry. During a collection of current data about the strategies of four maritime companies from Germany, Sweden, Russia and Turkey, an empirical study with a qualitative research method of one-on-one interviews was applied. The results of the work demonstrate an active use of both traditional and digital marketing strategies such as direct mail, printed media in a form of catalogues and magazines, telemarketing, trade shows, sales promotions, face-to-face communication, email marketing, website, SEM (Search Engine Marketing), SMM (Social Media Marketing), blogging and video marketing in all the interviewed enterprises. Brand creation is important in the shipping industry and is the main reason for an implementation of marketing strategies by maritime firms due to a great amount of advantages a strong brand brings. When measuring the effectiveness of the success of implied marketing strategies, non-financial metrics are more important for shipping firms than the financial ones due to their ability to measure some elements that are related to both a brand and a shipping enterprise such as market share, customer counts, take rate, churn rate, retention rate, customer satisfaction, occupancy of a shipping enterprise with orders, delivery time and variation order.

**Keywords:** Business-to-Business Marketing, the Shipping Industry, Marketing Strategies, Brand Creation

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**List of Abbreviations**

B2B	Business-to-Business
B2C	Business-to-Consumer
HTML	Hypertext Markup Language
PPC	Pay-Per-Click
ROI	Return on Investment
ROMI	Return on Marketing Investment
ROS	Return on Sales
SEM	Search Engine Marketing
SEO	Search Engine Optimization
SMM	Social Media Marketing

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## **1 Introduction**

It goes without saying that the shipping industry plays a significant role in the world's human society. Without the usage of various kinds of vessels, consumption of many everyday products and services would either not be possible or continentally restricted, depending and limited to the opportunities of rail and road systems. At the same time, without the maritime industry, the state of the world economy would be very different from what it is nowadays due to the lack of provision and delivery of some industrial products and services that are vital for all the sectors of economies worldwide. As a result, the general standards of living both in developed and developing countries would be significantly lower than the current ones without the maritime industry.

Even though the year 2020 is an exception, the world economy shows a constant growth every year, making the shipping industry develop faster in order to meet the increasing demands of societies. Therefore, not only existing maritime companies offer new products and services to business clients, but also more shipping firms start to operate in different regions, which automatically makes competition in the industry grow. With this regard, in order to be outstanding from the rivals and to look appealing to a business customer, many maritime firms apply various marketing strategies.

The topic of marketing strategies is paid a lot of attention from various angles in the academic literature. While such scholars as Kotler and Armstrong (2012), Grewal and Levy (2012) have been closely studying the topic in general for many years, Ellis (2011) and Biemans (2010) pay attention to marketing strategies with regards to the business context, Chaffey and Ellis-Chadwick (2016), Stokes (2013), Shepherd (2013) and Scott (2011) study digital strategies. At the same time, the topic of marketing strategies in the context of the shipping industry is under-researched. Even though some academics such as Stopford (2009), Branch and Robarts (2014) study the maritime sector in detail, there is an absence of information about marketing strategies in the shipping industry.

Therefore, the aim of this thesis is to find out marketing strategies that are used in the shipping industry. In addition to this, this work also aims to analyse if brand creation is important in the maritime industry and if financial metrics are the most important factors for measuring the effectiveness of the success of a marketing strategy. In order

to reach all the stated aims of this thesis, a literature review will be conducted and a qualitative research method of one-on-one interviews with four shipping companies will be implemented. The data from interviews covers the years 2019 and 2020 in order to prove the most recent information about marketing strategies. At the same time, this thesis is limited to the data only from four shipping companies that are located in Germany, Sweden, Russia and Turkey.

This thesis is divided into two parts: a theoretical and a practical one. In the first part of the work, a literature review will be conducted. Thus, peculiarities of Business-to-Business (B2B) marketing and the shipping industry will be studied in chapter 2. A phenomenon of a marketing strategy and some important internal and external factors that influence it will be discussed in chapter 3. While chapter 4 will be dedicated to peculiarities of services and their marketing, a process of brand creation and benefits of a strong brand for a B2B company will be demonstrated in chapter 5. Various traditional and digital marketing strategies and financial and non-financial marketing metrics will be studied in chapters 6 and 7 accordingly. In the second part of the work, that is based on the data from one-on-one personal interviews with four maritime companies, marketing strategies that are used in the shipping industry, the importance of brand creation and various metrics of measuring the effectiveness of the success of a marketing strategy will be demonstrated.



## **2 B2B Marketing**

B2B marketing is a relatively new discipline that started to exist in the 1980s (Wright, 2004, p. 6). Industrial Marketing was a predecessor of B2B marketing and had a focus on transactions of products that were needed for consumption by other businesses and also on things that were used in the production processes by some other organizations (Lilien and Grewal, 2012, p. 6). However, the term “Industrial Marketing” broadened with the time, gaining not just an additional feature of building valuable and mutually beneficial relationships between organisations and individuals in these organisations but also a new name, B2B marketing (Lilien and Grewal, 2012, p. 6). In academic literature, the definition of B2B marketing is always related to organizations. For example, for Turnbull (Turnbull in Ellis, 2011, p. 6), B2B marketing represents “the marketing activities of any kind of organisation that has exchange relationships with other organizations or businesses”. A narrower definition of the term is given by Grewal and Levy (2011, p. 106), as for the authors B2B marketing refers to the process of buying and selling goods and services that are used in the production of other products and services, for further consumption by the buying organization and also for resale by retailers and wholesalers. Biemans (2010, p. 5) in his definition emphasizes special attention to different types of customers, defining B2B marketing as “the marketing of products or services to companies, government bodies, institutions and other organizations that use them to produce their own products or services to sell them to other B2B customers”.

B2B marketing is a non-isolated phenomenon and it is very closely connected not only with the economic activities of nations but also with Business-to-Consumer (B2C) marketing. B2B marketing stands behind a majority of economic activities not only in developed (Biemans, 2010, p. 3; Ellis, 2011, p. 9) but also in developing countries of the world, especially in the BRIC countries (Brennan, Canning and McDowell, 2014, p. 7). Incomes of people in these countries show constant growth, which stimulates an increase in consumer demand, which contributes to the growth of B2C marketing (Brennan, Canning and McDowell, 2014, p. 3).

### **2.1 Peculiarities of B2B Marketing**

Knowledge of B2B marketing and its peculiarities is important for effective conduction of marketing strategies and, therefore, for a successful achievement of business goals. In

the academic literature, many scholars pay attention to the following unique features and elements when analysing B2B marketing: internationality, business purchase and a customer, a purchase decision and a buying centre and good business relationships (Kotler *et al.*, 2008; Biemans, 2010; Ellis, 2011; Kotler and Keller, 2012).

The majority of firms in business markets operate at both national and global levels with offices or representatives in different regions of the world. Due to the importance of B2B marketing to the world economy, a great number of business products and services almost never meet trade barriers and are open to all markets in the modern world (Wright, 2004, p. 15). A great variety of international trade associations set agreed standards (Ellis, 2011, p. 15), create collective responses to shared global problems (Barnett, 2009, p. 9), exchange and share information with each other within certain industries (Kirby, 1988, p. 15; Boléat, 1996, p. 7). Moreover, the technological influence of the Internet and some other digital technologies increases the level of communication between companies worldwide (Ellis, 2011, p. 15) and creates opportunities for reaching new customers and entering new business markets in various regions all over the world.

Knowledge of the peculiarities of a business customer and a business purchase is crucial not only for the conduction of a marketing strategy but also for the overall success of a business. Biemans (2010, p. 19), Kotler and Keller (2012, p. 206) say that business customers are usually big in size and are a few in the market. Very often customers in B2B markets represent an organization (Brennan, Canning and McDowell, 2014, p. 6), for example, a government or an institution. Therefore, an average amount of purchase in business markets is often characterized by large quantities (Brennan, Canning and McDowell, 2014, p. 18; Hutt and Speh, 2014, p. 18). Kotler and Keller (2012, p. 207) say that business customers usually buy directly from companies or manufacturers, especially some rare and expensive items. Biemans (2010, p. 19) and Kotler *et al* (2008, p. 292) state that the majority of B2B sellers and clients are usually located in the same area or region. This peculiarity not only gives an opportunity to a business product or service provider to reduce a final price (Kotler and Keller, 2012, p. 207) but also raises the importance of business customers for every B2B company. Since a loss of any client may bring negative issues to an enterprise in a business market (Biemans, 2010, p. 19), firms often create unique offers that are tailored individually for each business

purchaser and also include additional maintenance services (Brennan, Canning and McDowell, 2014, p. 18).

A buying decision in B2B marketing is a long process. Since contracts between a business company and a customer are usually long-term, some significant negotiations between a business party and a company take place (Hutt and Speh, 2014, pp. 7-8). Quite often, opinions and ideas of people from different departments within one business company, that represents a business customer, are taken into consideration before a final purchase decision (Blythe and Zimmerman, 2005, pp. 8-9; Hutt and Speh, 2014, p. 18). While participants of the highest rank often do not have a decisive role in a final buying decision, some other business company employees may be very influential as they may possess special and necessary expertise (Kotler *et al.*, 2008, p. 303), knowledge and experience. According to Ellis (2011, p. 39), Kotler and Armstrong (2012, p. 197), the main key factors for a buying decision between a business customer and enterprise are price, value and utility. Thus, a combination of a good price and performance, a good fit with customer's objectives and values (Gillin and Schwartzman, 2011, p. 7; Brennan, Canning and McDowell, 2014, p. 6), unique and specific product and service characteristics (Blythe and Zimmerman, 2005, pp. 8-9), additional exclusive business service and support (Gillin and Schwartzman, 2011, p. 7; Brennan, Canning and McDowell, 2014, p. 7) together with the brand name (Kuhn and Reit, 2016, p. 40) are influential for a buying decision in B2B marketing.

A small number of players in business markets, their significance and importance for business companies make personal relationships very essential for the success of any enterprise in B2B marketing. Good business relationships are characterized by a continuity that aims at retaining customers and improving their profitability (Ellis, 2011, p. 69). The creation of a "relationship dialogue" (Ellis, 2011, p. 72) with another party is essential for all business partners as it contributes to respectful, honest, stable and long-term relationships. Due to very close connections between all business parties, personal negotiations are important for a constructive dialogue, stable contacts and mutual long-term favourable outcome. Trust and commitment are two cornerstones of good business relationships; they not only grow confidence between partners but in some cases can be more influential than binding agreements and contracts (Morgan and Hunt, 1994, p. 22; Ellis, 2011, p. 70). Mutuality is another feature that is important for successful business relationships. Thus, common interests, various bilateral benefits

(Ellis, 2011, p. 70) and share of mutual information (Ahmmed *et al.*, 2019, p. 219) not only make business relationships stronger but also increase knowledge and expectations about both business parties (Ahmmed *et al.*, 2019, p. 219).

## 2.2 Peculiarities of the Shipping Industry

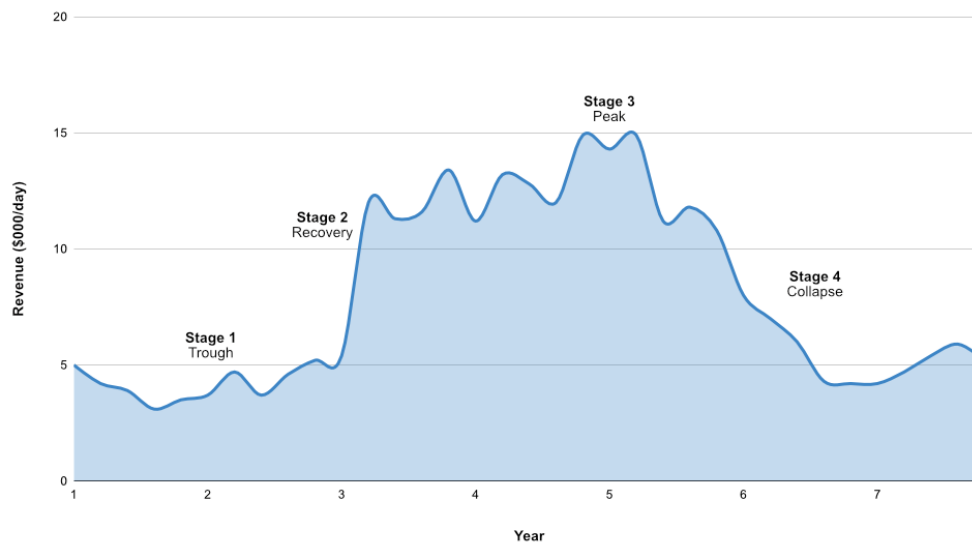
In order to determine the best time for an implementation of marketing strategies in the shipping industry, awareness of the demand and supply patterns and what stands behind them is important. The shipping industry is very cyclical with three main phases that influence it: a long-term cycle (lasts for about 60 years), a short-term cycle (last from 3 to 12 years) and a seasonal cycle (within a year) (Stopford, 2009, pp. 95-98). A “typical” (Stopford, 2009, p. 98) shipping cycle is a mix between long-term and short-term cycles and it consists of four stages: trough, recovery, peak and collapse. As shown on Figure 1 (Stopford, 2009, p. 97) the first stage is characterised by an evident surplus of shipping capacity, freight rates<sup>1</sup> are similar to the operating costs<sup>2</sup> of the least efficient ship and all of these create a negative cash flow and lead to stagnation. At the second stage, supply and demand move to the balance, freight rates are a bit higher than operating costs, the ship’s capacity reduces, and all of these create confidence in the market, liquidity improves, and shipping companies start to earn money. At the third stage, supply and demand are equal, the market is characterised by an absence of surplus, freight rates increase and significantly exceed the operating costs. At the last stage, supply is higher than demand, the market is characterised by a presence of surplus and freight rates start to decrease (Stopford, 2009, pp. 96-97).

Figure 1 (Stopford, 2009, p. 97) also gives information about an average duration of a shipping cycle that equals seven years. Even though the provision of shipping services takes less time than selling a second-hand ship or building a completely new vessel, awareness of the current position in a shipping cycle and the knowledge of its peculiarities can bring essential pieces of information to a shipping firm, showing not only the best time for an implementation of a definite marketing strategy but also a right product or service to be promoted.

<sup>1</sup> Amount of money paid to a shipowner or shipping line for the carriage of each unit of cargo (Stopford 2009 xxii)

<sup>2</sup> Expenses involved with a day-to-day running of a ship such as crew wages and expenses, stores, spaces, maintenance and insurance (Stopford 2009 xxii)

Figure 1: An average cycle in the shipping industry



Own illustration, based on Stopford, 2009, p. 97

Like any industry in the 21st century, the shipping one is constantly developing in terms of technology. Awareness of a current technological situation in the market is essential for the success of a company's business. A variety of technical concepts in the shipping industry not only make many processes easier and faster, enhance productivity (Rastegary, 2017, p. 120), speed, efficiency and quality of services but also bring a competitive advantage to the companies that use them. The most common illustration of digitalisation and technological progress in the industry in recent years is the Smart Ship concept (Rastegary, 2017, p. 120). While offering not only automation of many processes onboard, standardization and digitalisation of documents, reports, economic, financial and other data but also other everyday functions such as weather monitoring or route optimization, the Smart Ship concept is also easy in use as it can be controlled from any part of the world, which not only creates but also accelerates very close relations between a shipping company, a business customer, port authorities and the crew (Rastegary, 2017, pp. 120-121).

Safety has always played an important role in the shipping industry. Even in the 21<sup>st</sup> century demonstration or mention of safety advantages of a shipping company's products and services are beneficial to the firm. Since maritime safety involves many aspects, awareness of the most current and applicable trends and mentioning in any marketing strategies may be important for their success. For example, in recent years, a trend of cybersecurity has gained importance and popularity, and any disregards of cybersecurity issues may lead to the following consequences: a loss of a customer,

financial damages, lawsuits against a shipping company (Boyes and Isbell, 2017, pp. 15-17) and even some serious international issues such as warfare, espionage, organised crime, terrorism (Peeters and Pilon, 2018, p. 3) and piracy (Rastegary, 2017, p. 108). Even though many shipping companies are aware of basic general safety rules such as navigation, environmental pollution, humans and technology safety (Formela, Neumann and Weintrit, 2019, p. 287), any violation may lead not only to huge fines but also to a loss of reputation. Since a great variety of international, regional and national organizations are influential in terms of implementation of different conventions, regulations and protocols on various safety issues (Mukherjee and Brownrigg, 2013, p. 29, 38; Branch and Robarts, 2014, p. 33; Rastegary, 2017, p. 117), a shipping company's participation in any of them not only shows high standards of its products and services but also increases a trust level to the firm.

Ports always play an important role for every maritime company of any size and any specialisation due to a few reasons. First of all, a geographical location of a seaport in relation to a maritime firm significantly influences the delivery process and time issues for both a shipping company and its customers. Secondly, every shipping enterprise cares about the speed and the quality of technical work at the seaports and, therefore, a well-equipped seaport with modern and digitized maritime terminals is considered to be a more stable and reliable partner for any shipping company (Branch and Robarts, 2014, p. 377). Moreover, since not only machines but also people are involved into work at different issues at seaports, a great level of understanding and cooperation between the governments, shipping companies, port authorities and employees on both a local and international levels is crucial for any maritime firm (Peeters and Pilon, 2018, pp. 1-2). Likewise, such issues as incomplete legislation, bureaucracy, excess paperwork, non-professional work of port employees, strikes and slowdowns (Whittle, 1987, p. 27) may negatively influence not only customer's experience but also the work of a maritime firm.

Even though the shipping industry is traditional, such phenomena as globalisation and internationalisation influence the way it functions. An increased access to the Internet technologies by both shipping companies and customers, a rise of international maritime events in different countries worldwide, dominance of English as an international language, decrease in believes in stereotypes and openness of borders have created an opportunity of a direct dialogue between shipping companies and their

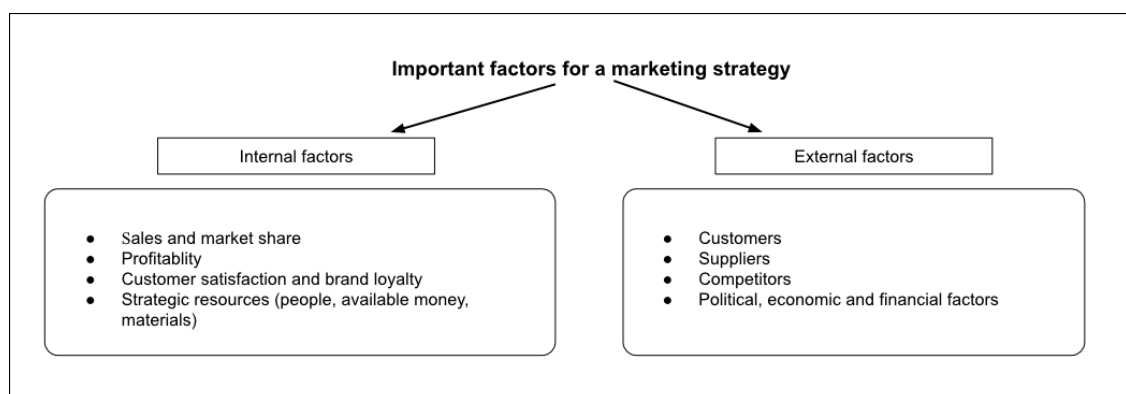
clients, that was impossible some decades ago since brokers and agents were serving as mandatory intermediaries between a maritime firm and a client. Even though ship agents are not going to disappear in the nearest future (Branch and Robarts, 2014, p. 303), both shipping companies and customers very often try to take advantage of a direct dialogue as it leads not only to cost reduction but also to stable and long-term relationships that potentially bring benefits to both parties.

### 3 Defining a Marketing Strategy for a Company

In the academic literature, there is no consensus about a definition of a marketing strategy and scholars worldwide pay attention to various key factors when defining this phenomenon. The most general definition is given by Fifield (2008, p. 91); for him a marketing strategy is “the difference between continued success and failure”. The scholar says a successful company should be able to match its activities to customers’ current and future needs and desires regularly in order not be left behind the competition with the other marker players (Fifield, 2008, p. 91). Kotler and Armstrong (2012, p. 72) give a more precise definition, saying that a marketing strategy is “the marketing logic by which the company hopes to create customer value and achieve profitable customer relationships”. At the same time, Ferrell and Hartline (2014, p. 17) in their definition pay attention to importance not only of a customer but also relationships with firm’s employees, shareholders and supply chain partners. Thus, the scholars define a marketing strategy as “a plan for how the organization will use its strengths and capabilities to match the needs and requirements of the market” (Ferrell and Hartline, 2014, p. 17).

When creating any marketing strategy, company’s business goals, objectives, mission and vision statements serve as the first starting point. At the same time, in order to develop a precise marketing strategy, firms always take into consideration, closely study and monitor some internal and external factors, shown in Figure 2.

Figure 2: Important factors for a marketing strategy



Own illustration, based on Aaker and McLoughlin 2009, p.18



### **3.1 Internal and External Factors that Influence a Marketing Strategy**

In order to realise the current state at a company itself, an analysis of some important internal factors is conducted. When wanting to know the state of monetary resources within own businesses, firms pay attention to various financial criteria such as profitability indicators of various forms, for example, net profit or Return on Sales (ROS) (Farris *et al.*, 2010, p. 340, 369). At the same time, a detailed analysis of sales by segment, customer, service or product line (Ellis, 2011, p. 168) can provide valuable information about the state of a customer base and market shares, which indicates a presence or absence of a competitor advantage and a company's current position in a definite market or submarket (Aaker and McLoughlin, 2007, p. 112). Companies that work in business markets also pay close attention to every client and they take into consideration not only profits from a customer but also some non-financial indicators such as customer satisfaction and loyalty (Farris *et al.*, 2010, p. 56-59, 136-142, 156-159). A detailed knowledge about various strategic resources of an enterprise such as people, available money and materials (Ellis, 2011, pp. 168-169) are the driving forces of potential success of a marketing strategy since their correct implementation brings a lot of benefits to a company, for example, a boost in sales and profitability or a strength of a company's market share.

Not only internal but also external factors that are located outside a control of a business company have a great influence not only at a process of creation or launching a marketing strategy but also during its implementation. Therefore, firms pay attention to information about customers, suppliers, markets and also to some financial, economic and financial factors in the world in general and in regions of a company's interest in particular (Aaker and McLoughlin, 2007).

As mentioned in chapter 2, every business client is very important for every B2B company. Therefore, such characteristics of a buyer as location and size, importance of a purchase, unique buying strategies, purchasing policies, decision-making styles and personal characteristics of influential people in a buying process are closely studied and taken into consideration during the process of implementation of a marketing strategy. Likewise, awareness of the mentioned above unique features of a buyer not only sharpens a strategy by focusing on a definite geographical location and people who are powerful in a purchase process but also lets the marketing efforts be more effective and

precise and brings valuable data about clients' potential spending powers (Aaker and McLoughlin, 2007, p. 43; Biemans, 2010, p. 86; Ellis, 2011, p. 174).

Suppliers also play a great role for a marketing strategy of any company that operates in a business market. According to Biemans (2010, p. 77), by delivering various materials and equipment, lowering costs of components and bringing new technologies, "suppliers contribute to the creation of superior value for customers". Even though good relationships with reliable suppliers can lead to a competitive advantage of a company in a long-term perspective, a regular analysis of supplier's capacity, pricing, employment, inventories, profitability, financial situation and delivery reliability (Biemans, 2010, p. 78) can give up-to-date insights about the actual state of its supplying partner and be realistic about any further cooperation in order not to get any reputational losses.

Companies always want to create a better value than any competitive offerings (Biemans, 2010, p. 78). With this regard, a conduction of a regular and precise analysis not only of key competitors but also rivals that offer the next-best alternative in the same market, submarket and region is crucial (Biemans, 2010, p. 79). In order to be realistic about implementation of marketing strategies in definite markets or submarkets, competitors' brand names, their recognition in the market, presence of a cost advantage (Aaker and McLoughlin, 2007, p. 20) and their concentration ratio in a combined market share (Brennan, Canning and McDowell, 2014, p. 16) is closely studied and frequently monitored. Data on some other rivals' metrics such as sales growth and financial results, management and workforce skills, marketing and technological capabilities, product range, research and development efforts and abilities, relationships with suppliers and resellers, customer satisfaction, business objectives and strategies gives insights about ability of a competitor to act and respond quickly and effectively in the market (Aaker and McLoughlin, 2007, pp. 91-92; Biemans, 2010, p. 79). At the same time, a close study of competitors' offers provides essentials about target customer selection, value proposition and the marketing strategies implementation means.

Knowledge of a marketplace is another important element for a marketing strategy of any company. A detailed analysis of a market in general and submarkets in particular usually has two main objectives: determination of a market or a submarket

attractiveness to current and potential participants and understanding the market dynamics (Aaker and McLoughlin, 2007, p. 76). Detailed information about the best industry practises (Biemans, 2010, p. 84), data about new emerging submarkets and technological market trends (Aaker and McLoughlin, 2007, pp. 77-79) in definite industrial markets both worldwide and in the regions of interest of a company opens new opportunities for potential development, expansion and new products and services offers in the niches that are either already or are expected to be in a high demand. An in-depth analysis of market and submarket growth rates and profitability characteristics such as customer and supplier powers in determining prices and driving forces of a market (Aaker and McLoughlin, 2007, pp. 81-87) gives useful insights about abilities to get a competitive advantage (Biemans, 2010, p. 84), shows presence of potential risks and losses in the market that can be decisive not only for the implementation of marketing strategies but also their means.

Due to a high degree of internationalisation in many industries worldwide, both regional, continental, global political, economic and financial issues often play a decisive role for a marketing strategy success (Aaker and McLoughlin, 2007, pp. 96-101; Grewal and Levy, 2011, pp. 65-77; Elliott, Rundle-Thiele and Waller, 2012, pp. 441-442; Kotler and Armstrong, 2012, pp. 94-112). Foreign currency fluctuations, changes in exchange rates or inflation (Grewal and Levy, 2011, p. 76) belong to significant economic factors, especially, for B2B industries since they work with big amounts of money. Either one or all of these factors may influence not only a success of a marketing strategy but also a final purchase decision of a business client, even if the strategy has already led to it. The major influence from the political side comes from an implementation of protectionist measures (Cateora, Gilly and Graham, 2009, pp. 35-37). In order to support national industries, governments implement quotas, tariffs, non-tariff and monetary barriers, boycotts and subsidies (Cateora, Gilly and Graham, 2009, pp. 35-37; Rastegary, 2017, p. 102). These measures are important for industries that play a significant role in economies of countries and, with this regard, the shipping industry is not an exception. At the same time, the overall situation in the world can also significantly influence B2B industries. For example, the financial crisis of 2008 led to a serious decrease in the volumes in many sectors of economies. For example, with regards to the shipping industry, financial institutions were not able to issue loans, the amount of customer orders reduced and energy prices changed dramatically in a way that the whole industry started to experience some difficulties (Sokolov, 2009, p. 117).

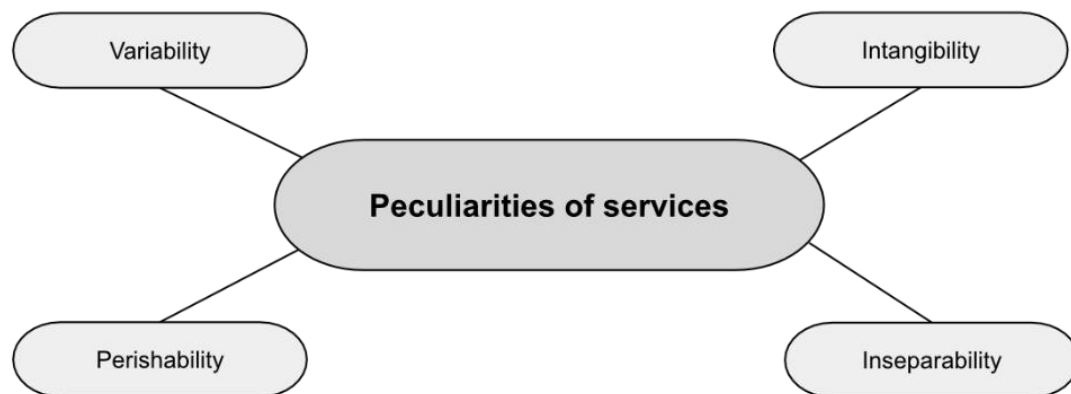
However, political, economic and financial events can sometimes bring new opportunities for an implementation of a marketing strategy. For example, in the maritime industry, information about issuing subsidies to competitors may lead to a possibility of having a lower cost than rivals and, as a consequence, bring a competitive advantage to a shipping company since governmental subsidies often lead to an increase in costs of ships and services (Branch and Robarts, 2014, p. 470).

## 4 Peculiarities of Services and their Marketing

Many companies that operate in business markets offer not only products but also maintenance and repair services to their customers. In order to understand the whole process of marketing services, it is essential to define the term “service”. For Kotler *et al* (2008, p. 597), a service is “any activity or benefit that one party can offer to another which is essentially intangible and does not result in the ownership of anything”. At the same time, Grewal and Levy (2011, p. 228) say that a service is “any intangible offering that involves a deed, performance, or effort that cannot be physically possessed...”. Lovelock, Patterson and Wirtz (2015, p. 7) have a broader view in their definition of the term, saying that it provides different types of values to the receiver such as time, place and problem solution.

Despite a great variety of definitions, there is a consensus in the academic literature about the peculiarities of services. For Kotler *et al* (2008), Lovelock and Wirtz (2011), Berry and Parasuraman (1991), Grewal and Lely (2011), Ellis (2011) and West, Ford and Ibrahim (2010), intangibility, inseparability, variability and perishability belong to unique features of services, as shown in Figure 3.

Figure 3: Peculiarities of services



Own illustration, based on Kotler *et.al*, 2008, pp. 600-602; Ellis, 2011, p.246

It is impossible to touch, feel, hear, see, or taste services. Therefore, it is very difficult for a consumer to evaluate them before an actual delivery (Kotler *et al.*, 2008, p. 600). At the same time, some intangible elements of services such as quality and location of an office, workers in the firm, services prices and the process of communication with the company often help customers to evaluate them (Kotler *et al.*, 2008, p. 600). Intangible elements in many cases dominate value creation (Berry and Parasuraman, 1991, p. 61; Lovelock and Wirtz, 2011, p. 43) so it is essential to demonstrate benefits

of services to a potential recipient with the use of some tangible elements (Kotler *et al.*, 2008, pp. 230-231; West, Ford and Ibrahim, 2010, p. 299; Grewal and Levy, 2011, pp. 599-600). For example, the usage of appropriate and memorable uniforms together with a high level of professionalism creates a positive and convincing impression on a client. Some atmospheric components such as furniture, colours and sounds make up a sense of a pleasant unforgettable experience in a customer's mind. In written content, usage of concrete metaphors together with vivid images and videos in branding, advertisement, communication and project reports can not only make a great overall impression on a service recipient but also exude the quality of the service (West, Ford and Ibrahim, 2010, p. 299; Lovelock and Wirtz, 2011, p. 43).

The inseparability of services means that they cannot be split up from their providers such as machines or people (Kotler *et al.*, 2008, p. 600). Since services are produced and consumed simultaneously, both customers and service providers interact with each other while a definite service is being delivered (Ellis, 2011, p. 247). Therefore, demonstration of professional competence by practicing excellent punctuality and communication skills together with an honest and direct dialogue with a customer (Ellis, 2011, p. 247) creates an excellent opportunity for employees of a firm, who participate in a process of a service delivery, not only to make a good impression on a client with services provided but also to start a process of brand creation in a customer's mind.

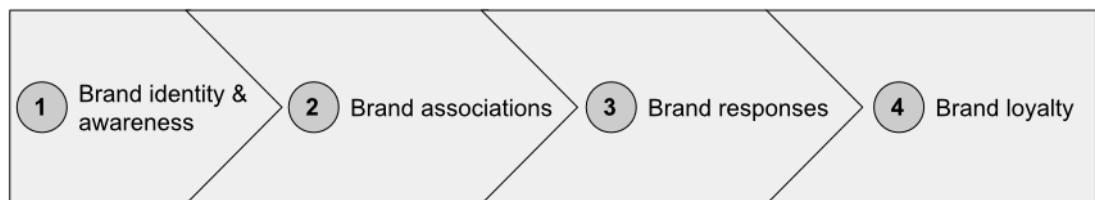
The quality and the delivery of services are not always the same even within the same company. This unique feature is called variability and depends on many factors. First of all, services quality and delivery vary due to humans who provide it (Ellis, 2011, p. 247): every worker has his or her own way of communication and persuasion. Secondly, experience with services and their quality perception by a recipient is always different due to some psychological features such as sudden changes in attitudes, emotions and mood (West, Ford and Ibrahim, 2010, p. 299; Ellis, 2011, p. 247). Moreover, some environmental factors such as time, place and the way services are provided also vary and may become decisive for a customer with regards to a decision about future work with the same service provider (Kotler *et al.*, 2008, p. 601; Kotler and Keller, 2012, p. 381). In order to notice any changes in the delivery and quality of services, a presence of customer satisfaction tools such as complaint systems or customer surveys give important insights about both customer experience and expectations, that often do not match (Kotler and Keller, 2012, p. 382; Trott, 2012, p. 498).

Services cannot be stored for a later sale or use, they also cannot be saved or returned and they have no ownership (Kotler and Armstrong, 2012, p. 262; Trott, 2012, p. 498). This peculiarity is called perishability and it is closely related to the supply and demand sides of each industry (Ellis, 2011, p. 247; Kotler and Armstrong, 2012, p. 361). Therefore, any mistakes in capacity planning by a company that provides services may either bring a problem of losing customers or add some inconveniences to clients such as long waiting times. In order to smoothen the effects of sudden demand and supply changes in the industry or bad capacity planning, promotions, differentiated pricing and seasonal price changes (Lovelock and Wirtz, 2011, p. 43) can be offered to business clients.

## 5 Brand Creation and Benefits of a Strong Brand

According to American Marketing Association (2020), "a brand is a name, term, design, symbol or any other feature that identifies one's seller's good or service as distinct from those of other sellers". At the same time, brand creation is a process of building mental structures that help customers organize knowledge about products and services that not only clarifies decision-making but also brings value to a firm (Keller, 2016, p. 2). The process of brand creation takes a lot of time and effort and consists of four main steps: brand identity and awareness, brand meaning, brand responses and brand loyalty (Aaker, 1996, p. 8; Keller, 2003, p. 11).

Figure 4: Process of brand creation



Own illustration, based on Aaker, 1996, p.8; Keller 2003, p.11

As shown in Figure 4 (Aaker, 1996, p. 8; Keller, 2003, p. 11), the establishment of brand identity and awareness is the first step in the process of brand creation and it represents an ability of an enterprise not only to inform a client about the company but also make a brand memorable and noticeable in a customer's mind (Aaker, 1991, p. 69; Kotler and Pfoertsch, 2006, p. 184). An unusual logo and a slogan, outstanding mission and vision statements (Aaker, 1991, p. 80), event promotions, publicity and sponsorships (Aaker, 1996, p. 16) belong to the most common means of brand identity and awareness creation.

The second step is establishment of brand associations, or reflection of customers' functional and psychological needs satisfaction (Keller, 2003, p. 12). Brand associations are important for a business company as they show attitudes and feelings of customers (Keller, 2003) and are influential for a further purchase decision of a product and service (Aaker, 1991, p. 117). In order to build brand associations, special words are used to describe brand history and experiences, functional and social benefits of a product and service in a definite situation (Aaker, 1991, pp. 141-149).



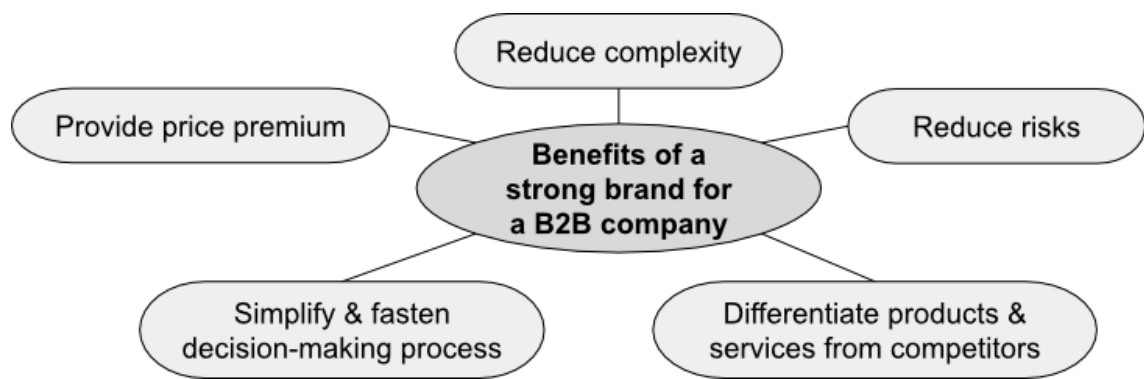
The creation of brand responses is the next step in the process of brand creation and it reflects judgments and feelings about the brand (Keller, 2003, p. 13). Brand judgements represent customer's personal evaluations and opinions about a definite brand, that is based on brand imagery and performance associations. Among a variety of various brand judgments customers may have, companies pay attention not to all of them but only to the ones about the quality, credibility, consideration and superiority (Keller, 2013, p. 117). At the same time, brand feelings as another part of brand responses show customers' emotional responses and reactions to the brand (Keller, 2003, p. 13) and, according to Keller (Keller, 2013, pp. 119-120), the following ones are important for a process of brand creation: warmth, fun, excitement, security, social approval and self-respect. Even though brand responses are built in customers' minds, companies can still show clients how they want their brand to be perceived by emphasizing the main features and creating the needed associations in advertisements (Keller, 2013, pp. 142-147), slogans, mission and vision statements.

Brand loyalty is the final step in the brand creation process and it reflects relations between a brand and the customers (Kotler and Pfoertsch, 2006). If consumers have negative judgements and feelings about the brand, they will neither develop any brand preference nor will they be loyal to the brand (Keller, 2003). Therefore, an individual approach and a constant contact with each customer, consideration of every opinion, frequent measurement of product and services satisfaction levels, feedback evaluation and awareness about clients' desires (Aaker, 1996, pp. 322-323) are essential not only for a brand creation but also for a regular brand loyalty support.

Being one of the most valuable assets of a company (Keller, 2016, p. 1), a brand can bring a variety of advantages to an enterprise that operates in business markets. In the academic literature, there is a consensus among scholars about the benefits of a strong brand to a B2B company. First of all, brand creation helps to reduce different risks: an enterprise with a well-known and strong brand always looks more appealing to banking institutions and possible investors than its competitors in a situation of a financial or an economic crisis (Kotler and Pfoertsch, 2006, p. 52-53). Secondly, a strong brand can differentiate the company's products and services from the ones of competitors. This ability is essential for many companies due to an increasing number of B2B companies that have similar offers in the same markets or submarkets (Kotler and Pfoertsch, 2006, p. 52). Thirdly, a brand is able to reduce a level of complexity by communicating

relevant and essential information to a business customer (Kotler and Pfoertsch, 2006, pp. 52-54), when a client is lost in a great amount of solution-based offerings of various products and services. Fourthly, a strong brand can simplify and fasten a decision-making process for a business customer due to customer's solid brand knowledge (Hoeffler and Keller, 2003, p. 425) and a high trust level that are results of a brand creation process. Moreover, customers are ready to pay more for products and services with a recognised brand than for the offering of competitors (Aaker, 1996, p. 320) and, therefore, a strong brand can lead to a benefit of a price premium (Aaker, 1991, p. 94; Hoeffler and Keller, 2003, p. 437).

Figure 5: Benefits of a strong brand for a B2B company

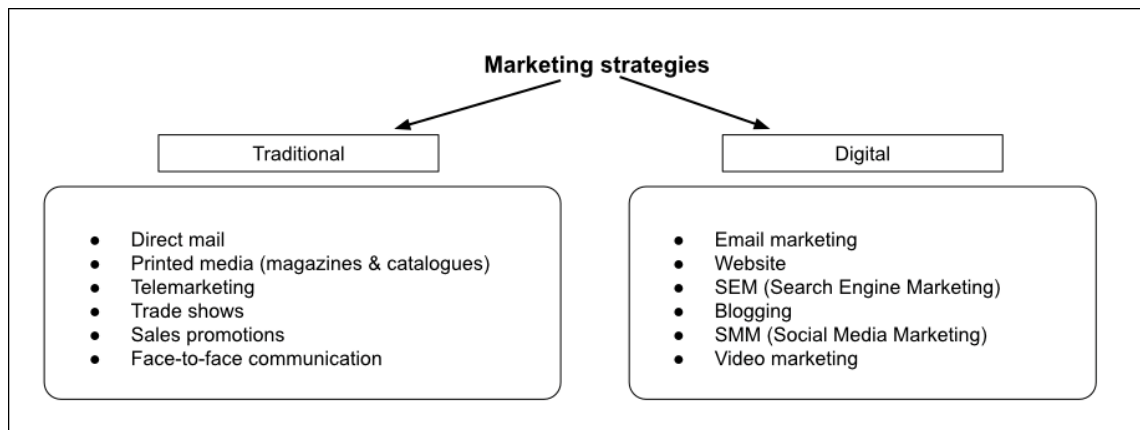


Own illustration, based on Kotler and Pfoertsch, 2006, p. 52

## 6 Traditional and Digital Marketing Strategies

Each year more and more companies worldwide pay more attention to marketing strategies. Therefore, it can be stated that B2B enterprises of any size and specialisation use not only classic traditional but also modern digital strategies in their marketing campaigns. Even though there is no consensus on naming types of marketing strategies in the academic literature, many scholars pay attention to the Internet as a new method of marketing promotion (McCorkell in Baker, 2003; Kotler and Armstrong, 2012; Shepherd, 2012; Armstrong *et al.*, 2017). In this work, marketing strategies are divided into traditional and digital and are shown in Figure 6.

Figure 6: Traditional and digital marketing strategies



Own illustration, based on Armstrong *et al.*, 2017, p. 558, Biemans, 2010, pp. 190, 216, 218-222, 231-233; Chaffey and Ellis-Chadwick, 2016, p. 484, 506, 528; Ellis, 2011, pp. 301-302, 304-306; Kotler and Armstrong, 2012, pp. 505, 510-511, 525-527, 537-538; Stokes, 2013, p. 344

### 6.1 Traditional Marketing Strategies

Even though traditional marketing strategies are in use for many centuries (Nanda and Khanna, 2011, p. 360), they gained popularity and became widespread after the World Wars due to a significant increase in production and aims of enterprises to change customers' perception by creating value and motivating people to buy products and services (Durmaz and Efendioglu, 2016, p. 35). Nowadays, notwithstanding a trend of digitalisation and, as a result, an increase in the usage of numerous digital marketing strategies, many business enterprises still apply traditional marketing methods due to advantages they offer such as effective targeting, reach of an older audience, information on a hard copy, direct person-to-person communication and a high level of trust (Das and Lall, 2016, p. 6; Todor, 2016, pp. 52-53).

Direct mail has been one of the most popular traditional marketing strategies for many decades. In a broad sense, direct mail means “the delivery of advertising material to customers, prospects, suppliers, distributors and other parties through postal mail” (Biemans, 2010, p. 218) and can be of different types such as a postcard, a self-mailer, an envelope mailer, a clear bag package, a dimensional mailer, a letter, a DVD and a CD (Biemans, 2010, p. 218; Kotler and Armstrong, 2012, p. 525). All of the mentioned forms of direct mail allow companies to use an individual personal approach to each customer as every mail package can be tailored in accordance with unique client’s needs, desires and communication peculiarities. When creating and sending direct mails, business companies have a few objectives in mind such as relationship building, customer loyalty encouragement, trial order obtain, new customers acquisition and repeat purchases stimulation (Biemans, 2010, p. 220). Even though sending direct mail takes time and is quite expensive, many business enterprises still use this traditional marketing strategy as it creates an emotional connection with a customer by providing something tangible that a mail recipient can hold and keep (Kotler and Armstrong, 2012, p. 525).

Notwithstanding a general decrease in the usage of printed media as another traditional marketing strategy, many business enterprises still broadly use mainly magazines and catalogues. While both of the media serve as a good way to inform business customers about products and services offered by an enterprise (Biemans, 2010, p. 190; Ellis, 2011, pp. 304-305), they have some fundamental differences. Magazines in business markets serve as “the trade press” (Ellis, 2011, p. 304) as they create a big impact by high-quality reproduction and make the targeting of specialist audiences possible (Ellis, 2011, pp. 304-305). Even though the prices for the creation of magazines are high and lead times are long, a printed magazine is perceived by a business reader as a credible source of information (Ellis, 2011, p. 305). At the same time, a catalogue is often used as “a stand-alone sales channel or to support personal selling” (Biemans, 2010, p. 190). While a magazine contains information about existing facts about products and services that are already in the market, information about some additional and possible range of products and services is included in a catalogue (Biemans, 2010, p. 190), allowing a bigger openness to potential consumers. Despite a trend of digitalisation of the printed media, offline versions of magazines and catalogues have a big advantage over their online copies: potential customers come back to the printed media in some time and order products and services (Biemans, 2010, p. 190; Ellis, 2011, p. 305).

Even though nowadays telemarketing is not such a popular marketing strategy as some decades ago due to various legislations and rules in different countries and regions, many companies that operate in business markets still extensively use it (Kotler and Armstrong, 2012, pp. 526-527). Telemarketing in a broad sense is “a method of prospecting in which sales people telephone potential customers” (Grewal and Levy, 2011, p. 367). Owing to this kind of marketing, a business company is not only able to provide all the necessary information about itself, its business products and services but also talk to the consumers personally without any intermediaries and create good customer relationships (Biemans, 2010, p. 221; Kotler and Armstrong, 2012, p. 526).

Participation in trade shows is one of the most widespread traditional marketing strategies for companies that operate in business markets. Among a variety of different opportunities such as meeting prospective channel members, building corporate identity and collecting marketing intelligence (Ellis, 2011, p. 304), the exhibition environment also allows a situation of a direct dialogue between a customer and a business enterprise representative on neutral ground (Biemans, 2010, p. 231; Ellis, 2011, p. 304). This type of a discrete discussion creates an excellent occasion for a representative of a business enterprise to show a great variety of business products and services to a potential customer and discuss important issues of prices, technical aspects and a delivery method without any intermediaries (Biemans, 2010, p. 231; Ellis, 2011, p. 304). Moreover, productive negotiations between a company and a client in business markets can either lead to a direct purchase or serve as a good starting point for the initiation of a sales cycle, which significantly reduces financial and marketing efforts and spendings on a side of a business company on a later day (Biemans, 2010, p. 233). In recent years, more and more companies that operate in business markets start to participate more in small regional exhibitions and less in big international trade shows (Shepherd, 2012, p. 171) due to the high costs of the latter ones for booth construction, accommodation, travel expenses and production of promotional literature (Biemans, 2010, p. 233).

Quite often at trade shows business companies also include another marketing strategy of sales promotions. This traditional marketing method represents “short-term intensive to encourage the purchase or sale of a product or a service” (Kotler and Armstrong, 2012, p. 505). Sales promotions have a few objectives: sales acceleration, perspective customers encouragement and creation of an attitude change through reward-existing

customers, building long-term loyalty, widening and increasing the distribution of a product or a brand (Jobber and Lancaster, 2009, p. 134; Ellis, 2011, p. 301). In order to reach these goals, many companies that operate in business markets give away gifts to their potential consumers and also offer various discounts for their business products and services (Ellis, 2011, pp. 301-302; Kotler and Armstrong, 2012, pp. 510-511).

Face-to-face communication is another traditional marketing strategy, that is often used in B2B marketing. Taking into consideration some peculiarities of this kind of marketing such as a large size of business purchase, an importance of every customer, a multi-step process of a purchase decision and importance of some influential individuals in it, a face-to-face meeting between a business enterprise and its client gives unique opportunities not only for both parties to negotiate all the necessary and sensitive topics without any intermediaries but also to a business seller to tailor the message to the specific needs of individual clients and decision-makers (Biemans, 2010, p. 216), create and use convincing arguments and essential supporting marketing materials such as magazines, catalogues, videos and many others. In a long-term perspective, face-to-face communication between a business client and a company leads to an enhanced professional image of an enterprise and sound business relationships (Taylor, 2005, p. 4). Needless to say, with the use of this marketing strategy, a business enterprise representative is also able to catch some information about a receiver's reactions that are conveyed with the use of non-verbal communication such as facial expressions, gestures, physical appearance, space and time (Krizan *et al.*, 2008, p. 413) and respond to them immediately.

## **6.2 Digital Marketing Strategies**

Digital marketing is not a new phenomenon. Since the end of the 20<sup>th</sup> century, more and more companies not only have webpages and send emails but also actively discover, learn and apply some other digital marketing strategies in order to achieve a variety of business goals. Due to low cost, global reach and interactivity (Ellis, 2011, p. 306) various digital marketing strategies are used by companies of any size that operate in any market.

Email marketing is one of the most growing, important and powerful digital marketing strategies. It not only lets a business company communicate with a customer with the use of a worldwide accepted digital medium but also creates a strong brand image with

a unique approach to each client, great content and design (Ryan, 2014, pp. 178–179, 187). Even though the objectives of direct mail and email marketing are the same, the latter one has a number of advantages such as lower cost, quicker execution, customer outreach and an opportunity to include some graphics and other rich content (Biemans, 2010, p. 220). Email marketing success depends on the right combination of words used, the message in the email and the quality of a mailing list (Biemans, 2010, p. 221). In order to be more effective, a digital letter can be combined with some traditional marketing strategies such as telemarketing and direct mail when some tangible materials additionally sent to the recipient (Biemans, 2010, p. 221).

In the 21<sup>st</sup> century, it is essential for any firm to have an online presence on a regular basis and companies that operate in business markets are not an exception. According to Shepherd, “For B2B companies, especially those who sell globally, the website now is the central pillar in marketing” (Shepherd, 2012, p. 125). Thus, many companies that operate in business markets take this digital marketing strategy seriously and make a lot of efforts not only to establish a website but also to keep it modern so they make it not just easy to use but also physically attractive and professionally looking (Kotler and Armstrong, 2012, p. 538). A good website is able to bring a variety of benefits to a business company such as generating leads, informing, updating and communicating with customers, promoting a brand, enhancing a company’s reputation, bringing information about market intelligence and gaining access to commercial reach (Ellis, 2011, p. 306; Shepherd, 2012, p. 125). At the same time, the creation of a website does not guarantee that people visit it (Kotler and Armstrong, 2012, p. 537). Therefore, in order to attract visitors, many business enterprises promote their websites with the use of some traditional marketing strategies, mainly with printed media (Kotler and Armstrong, 2012, p. 537).

Potential clients use the Internet to find products and services offered by various maritime enterprises. Since companies are aware that a potential customer will have a look in most cases at first pages with results, they quite frequently use a strategy of Search Engine Marketing (SEM). According to Chaffey and Ellis-Chadwick (2016, p. 484), SEM is “promoting an organisation through search engines<sup>3</sup> to meet its objectives

<sup>3</sup> A computer program that finds information on the internet by looking for words that you have typed in (*Search Engine*, n.d.)

by delivering relevant content in the search listings for searchers and encouraging them to click through a destination site”. SEM consists of two parts: Search Engine Optimization (SEO) and Pay-Per-Click Marketing (PPC). While an objective of SEO is to increase a position of a company, its products and services in search engine listings (Chaffey and Ellis-Chadwick, 2016, p. 284), the aim of PPC is to reach more customers in search engines. In order to have a solid SEM, companies add relevant keywords to the content, Hypertext Markup Language 4(HTML) coding to the website, remove barriers to the indexing of search engines for SEO (Biemans, 2010, p. 222) and create advertisement campaigns in Google Adwords<sup>5</sup> and LinkedIn (Shepherd, 2012, p. 139). The main advantages of SEM as a digital marketing strategy are high levels of targeting and a great reach of an audience (Chaffey and Ellis-Chadwick, 2016, p. 488, 498).

Nowadays, many B2B companies use blogging as a part of their digital marketing strategy mainly in order to boost SEO efforts and demonstrate expertise (Shepherd, 2012, p. 139). According to Armstrong *et al.* (2017, p. 558), blogs are “online journals where people and companies post their thoughts and other content, usually related to narrowly defined topics”. A typical blog has some text, images, videos, audios, links to other blogs and websites (Stokes, 2013, p. 379; Chaffey and Ellis-Chadwick, 2016, p. 506). Blogging is a very powerful digital marketing strategy due to its reach, long availability of information, trust and loyalty creation (Grewal and Levy, 2011, p. 327; Stokes, 2013, p. 383). A blog is an excellent source of communication with different kinds of audiences such as customers, industry members, journalists, that is not only able to give some valuable feedback about products, services and the company itself but also understand how audiences perceive the brand (Stokes, 2013, pp. 380-381).

Even though Social Media Marketing (SMM) is a relatively new marketing strategy, it has already gained some popularity among companies that operate in business markets. According to Chaffey and Ellis-Chadwick (2016, p. 528), this digital marketing strategy “involves encouraging customer communications on a company’s own site, or social presences such as Facebook or Twitter or in specialist publisher sites, blogs and forums”. A dialogue that is created between a business enterprise and a customer with the use of SMM lets the first one not only participate in customer conversations and see

<sup>4</sup> A computer language for creating documents so that they can be seen on the Internet (*HTML*, n.d.)

<sup>5</sup> An online advertising platform for a promotion of business



some feedback, reach customers at any time and place, create customer engagement and make social sharing but also create and spread brand content with individual consumers and communities and get customers involved with the brand and each other (Chaffey and Ellis-Chadwick, 2016, p. 528). Moreover, with the use of SMM, both big and small enterprises have equal chances to promote their names to online audiences (Zarrella, 2010, p. 7).

Video marketing is another strategy that is often used by companies in business markets due to its ability to inform, entertain and share content with a viewer (Stokes, 2013, p. 344). People have become lazy so they find it easier to watch than to read (Shepherd, 2012, p. 149). This modern habit gives opportunities for many business enterprises to demonstrate their expertise, provide, show and explain some valuable information in a quick and easy way (Scott, 2011, p. 76). Many companies use video marketing not only because it saves time (Shepherd, 2012, p. 149) but also due to its ability to help a company to demonstrate its brand's personality, communication style and tone (Stokes, 2013, p. 346). At the same time, video marketing is used by many companies as a very powerful instrument in order to connect with a consumer: a video with a good plot, story, shots and quality is able to create a strong emotional effect on a customer, encourage viewers' engagement and grow social media community (Stokes, 2013, p. 360).

## 7 Marketing Metrics

Marketing metrics in a general sense are instruments that help companies quantify, compare and interpret their own performance from implemented marketing activities (Solcansky, Sychrova and Milichovský, 2011, p. 1324). The overall prosperity of a business enterprise depends not only on its ability to implement marketing strategies but also on the quality of its execution (Biemans, 2010, p. 279). Therefore, in order to have a successful marketing strategy, companies not only check the statistics when a marketing campaign is over but also “continuously measure the results from marketing activities, compare them against formulated performance standards and take corrective actions when performance is unacceptable” (Biemans, 2010, p. 281). In order to show real results, marketing metrics need to be necessary, sufficient, consistent and precise for different review purposes (Ambler, 2000, p. 61). According to Amber (2000, p. 59), the main problem for measuring marketing performance is defining the best metrics and the best practise.

### 7.1 Financial Marketing Metrics

Businesses invest a lot of financial and human resources into both creation and implementation of marketing strategies and within some time companies want to see the results. Since the main goal of any business enterprise is to gain monetary resources, many firms observe financial metrics, mainly with regards to money the company is either gaining or losing. Even though there is a variety of different financial metrics, companies that operate in business markets usually check the basic ones that are connected with profit and investment.

Financial returns are important for every enterprise and, as a result, many companies have a look at their net profit. This metric shows to a company how profitable its business is (Farris *et al.*, 2010, p. 340; Davis, 2013), representing a difference between sales revenues and total costs (Farris *et al.* 2010, p.341). Net profit is counted annually, and it is a good indicator of any changes in sales and customers’ perception of a product or service (Davis, 2013). In order to know a company’s ability to get profits from sales, businesses often take into consideration another financial metric that is also connected with profit but reflects only gains from sales. As already mentioned in chapter 3, the indicator is called ROS and shows “net profit as a percentage of sales revenue” (Farris *et al.*, 2010, p. 341). ROS is frequently collected and reviewed by companies over time

since it is able not only to show the profitability of marketing efforts of a company (Davis, 2013) but also demonstrate an overview of some changes (Davis, 2013) that can play a significant role for a success of a company's business and marketing strategies, for example, changes in company's operating performance, market conditions, pricing, competition and many other.

Quite often companies want to see how the investments they have made are working over some time. Therefore, they apply a metric of Return on Investment (ROI) that indicates "the extent to which the amount invested in a particular action returns as a profit or loss" (Zamfir, Manea and Ionescu, 2016, p. 80). ROI is a relation of net profit to investment (Farris *et al.*, 2010, p. 342) and the metric is able to show if the capital invested has brought any profit or not (Zamfir, Manea and Ionescu, 2016, p. 80). The data on ROI is able not only to demonstrate definite results of already implemented marketing strategies but also to serve as a base for an amount of investments into them in the future (Farris *et al.*, 2010, p. 342). At the same time, in order get a precise data on investments on marketing strategies and their results, companies make a comparison between sales generated in revenues with the marketing spending used to boost these sales (Farris *et al.*, 2010, p. 339). Therefore, they apply a metric of Return on Marketing Investment (ROMI), that is defined by Farris *et al.* (2010, p. 351) as "the contribution attributable to marketing (net of marketing spending), divided by the marketing "invested" or risked".

## **7.2 Non-financial Metrics**

Even though the financial gain is the main goal of any enterprise, many companies that operate in business markets also apply some non-financial marketing metrics in order to have a broader perspective on some other parameters that are important for the success of a business. Likewise, when enterprises want to get detailed information about the position of their company in the market in relation to rivals, they closely study and analyse market share. The metric serves as a key indicator of market competitiveness (Farris *et al.*, 2010, p. 33) and is applied both before and after implementation of a marketing strategy to get precise data. Sometimes in order to see some effectiveness of success of marketing strategies, companies also apply some industry-specific metrics, for example, occupancy of an enterprise with orders, delivery time of each order and variation of orders.

Every client plays an important role for a company that operates in business markets. In order to be aware of a number of customers a business firm has, it applies a non-financial metric of customer counts, that represents a number of clients for a specified period of time (Farris *et al.*, 2010, p. 156). When counting clients, business firms may have two approaches: they can take into consideration a number of customers with a contract and/or without it (Farris *et al.*, 2010, p. 156). At the same time, in some cases, business companies measure the success of their marketing strategies with the use of another non-financial metric, that counts a number of accepted offers to the number of contacted clients and is called take rate (Jeffery, 2010, p. 100).

While for some B2B enterprises awareness of a customer number and contracts is enough when measuring the effectiveness of the success of marketing strategies, some companies also want to know how loyal their customers are. Therefore, they closely analyse a metric of churn rate or its opposite, retention rate (Farris *et al.*, 2010, p. 159; Jeffery, 2010, p. 95). While the first one shows a percentage of existing customers who stop purchasing products and services of a company (Jeffery, 2010, p. 95), the second one represents “the ratio of the number of retained customers to the number at risk (of not being retained)” (Farris *et al.*, 2010, p. 159). Sometimes business companies want to know the number of customers “whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals” (Farris *et al.*, 2010, p. 57) and, therefore, they apply a metric of customer satisfaction. The majority of B2B firms also care about clients’ experiences with the company’s products and services, in particular, if customers’ expectations match with the actual product and service delivered and if clients have any disappointments since they may serve as a basis for customers’ negative ratings of product and service experience (Farris *et al.*, 2010, pp. 56-57). In order to get to know the attitudes of clients, companies send surveys not only with specific questions about the satisfaction level of product or service experience (Jeffery, 2010, p. 99) and ask clients to measure their experience with the use of 5-point- or 10-point-scales but also take into consideration customers’ complaints (Farris *et al.*, 2010, pp. 57-58; Jeffery, 2010).

After the implementation of marketing strategies, B2B companies pay attention to the way their brand is perceived by customers. In this regard, a few non-financial metrics are applied. As discussed in chapter 5, a creation of a brand is a long multi-step process that is continuously built in humans’ minds, and, therefore, it is not easy to measure

various brand attributes (Farris *et al.*, 2010, p. 136). Likewise, in order to get to know customers' relations to a brand, or, levels of customer loyalty and satisfaction, companies use different questionnaires that can be either in a form of a printed survey or a phone interview (Jeffery, 2010, p. 86). Both forms of a survey include not only various questions about a product, service and brand uniqueness, credibility, attractiveness, differentiation, relevance, esteem, knowledge (Farris *et al.*, 2010), willingness to pay (Jeffery, 2010, p. 76) but also some ranking scales where customers have a chance to evaluate their experience with a company, its products and services (Farris *et al.*, 2010, p. 57).

## **8 Marketing Strategies in the Shipping Industry**

In this chapter, current traditional and digital marketing strategies, metrics for their effectiveness of the success and importance of a brand creation in regard to the shipping industry are going to be discussed. In order to get the up-to-date information and to answer the main research question of the work, more than a hundred of maritime companies of different size and specialization from Europe and Asia were contacted by emails. For final research, four shipping enterprises that offer products in a form of various ships and services such as repair and maintenance were chosen. In order to see the current state of marketing strategies in different regions on the mentioned above continents, maritime companies from the following countries were chosen: Germany, Sweden, Russia and Turkey. With this regard, six one-on-one interviews with employees from the marketing departments and one CEO took place. The information from the interviews is represented in the following parts in the same chapter. In this work, the data from the shipping enterprises is going to be used anonymously with letters A, B, C and D.

Even though various representatives of four maritime enterprises mentioned traditionality as the main word that describes marketing in the shipping industry, all the interviewed companies reported an active implementation not only of traditional but also digital marketing strategies in their firms. According to companies A, B, C and D (2019, 2020, pers. comm., 10 December, 17 February, 5 February, 31 January), since traditional marketing strategies have been used for a long period of time, their results can be easily anticipated, and effectiveness has been proven during many decades. At the same time, as reported by the same enterprises, every year a significant part of the budgets of all the interviewed enterprises is spent on digital marketing strategies not only because of their high potential but also some results they demonstrate (2020, pers. comm., 5 February, 20 June).

### **8.1 Traditional Marketing Strategies in the Shipping Industry**

Even though all the interviewed maritime enterprises actively implement traditional marketing strategies, not all of them use the same ones. Likewise, data in Table 1 demonstrates either a presence or absence of these marketing methods in the mentioned shipping companies (2019, 2020, pers. comm., 10 December, 10 January, 31 January, 17 February, 5 February, 20 June).

Table 1: Traditional marketing strategies used by shipping companies

Traditional marketing strategies	Shipping companies			
	A	B	C	D
Direct mail	✓	✓	✓	✓
Printed media (catalogues and magazines)	✓	×	✓	✓
Telemarketing	✓	✓	×	✓
Trade shows	✓	✓	✓	✓
Sales promotions	✓	✓	✓	✓
Face-to-face communication	✓	✓	✓	✓

Based on 2019, 2020, pers. comm., 10 December, 10 January, 31 January, 17 February, 5 February, 20 June

Despite a difference in approaches to mailing lists and materials included into packages, all four shipping enterprises use a strategy of direct mail a few times a year with regards to their clients (2019, 2020, pers. comm., 10 December, 17 February, 5 February, 31 January). In order to build good business relationships, companies A, B, C and D carefully study their customers, organize face-to-face meetings with them and then send personalised letters with some offers (2019, 2020, pers. comm., 10 December, 17 February, 5 February, 31 January). While companies A and D send direct mail packages only to clients with whom they already had some direct personal contact within the last years, shipping enterprises B and C apply a strategy of direct mail also to potential customers with whom they never had any personal communication before (2019, 2020, pers. comm., 10 December, 17 February, 5 February, 31 January). The two latter shipping enterprises closely study their own regions, businesses of potential clients and only then send personalised letters, often in a form of self-mailers with information about an enterprise, products and services offered (2020, pers. comm., 20 June, 31 January). At the same time, all four interviewed shipping firms often include CDs and DVDs into direct mail packages for business clients they have already had some experience before as these means not only demonstrate examples of products and services and company's expertise but serve as a convincing factor for a purchase decision (2019, 2020, pers. comm., 10 December, 17 February, 5 February, 31 January). As reported during one-on-one personal interviews (2020, pers. comm., 10 January, 17 February, 5 February, 31 January), all four maritime enterprises send printed postcards with a logo, a brand name and a personal salutation to regular business clients in order to strengthen both their brand in minds of customers and personal relations. But other than that, a company B includes dimensional mailers into their direct mail packages to demonstrate all the desires, wishes and needs of an individual business customer in a

tangible way (2020, pers. comm., 17 February). All the enterprises also remember about their business partners such as suppliers and distributors, so they also send postcards and personalised letters to them in order to keep on having good personal and business relationships (2019, 2020, pers. comm., 10 December, 17 February, 5 February, 31 January).

With regards to the printed media, all the interviewed companies use catalogues and magazines, often including them into direct mail packages (2020, pers. comm., 10 January, 17 February, 5 February, 31 January). According to companies A, C and D (2020, pers. comm., 10 January, 5 February, 31 January), they send catalogues to business customers in order to make them acquainted with various offers and give them an opportunity to compare all of the options at once. At the same time, all the interviewed enterprises send magazines at least once a year to their customers in order to demonstrate expertise in the shipping industry. Therefore, companies usually include information about the projects that they have delivered, new technologies and some interesting facts in the magazines. According to firms A, B, C and D (2020, pers. comm., 10 January, 17 February, 5 February, 31 January) both catalogues and magazines assist in brand creation as in both printed media the shipping companies demonstrate such elements of a brand as a tone of voice, values, a logo and a slogan. As reported by all the interviewed firms (2020, pers. comm., 10 January, 17 February, 5 February, 31 January), they still use catalogues and magazines due to their ability to speed up the process of buying decision not only right after the consumer read one of the mentioned printed media but also sometime after since both catalogues and magazines can be kept for a long period of time.

Even though the popularity of telemarketing is declining in comparison to the 1990s or 2000s, three out of four companies still practise it. Enterprises A, B and D use this marketing strategy because they want to be in constant personal contact with their business customers (2019, 2020, pers. comm., 10 December, 20 June, 5 February). In order to be polite and professional, the three shipping firms reach both regular and interested clients on the phone on average a month after a face-to-face conversation between two business parties was conducted. Being one of the following steps of face-to-face marketing, telemarketing lets companies A, B and D lessen the pressure from an immediate buying decision during a face-to-face meeting and discuss essential details of purchase directly (2019, 2020, pers. comm., 10 December, 20 June, 5 February). While



informing a potential client about products and services on the phone, companies A, B and D always promote their brand by informing about their expertise and using professional terms of the shipping industry (2019, 2020, pers. comm., 10 December, 20 June, 5 February). At the same time, telemarketing is sometimes used by companies A and D as the following step of direct mail when both enterprises contact new clients. In this case, together with giving information to a potential business client about products and services, both shipping firms also tell some information about their enterprises. As reported by the maritime enterprises A, B and D (2019, 2020, pers. comm., 10 December, 20 June, 5 February), telemarketing as a marketing strategy helps them to build good customer relationships and also adds value to their brand.

As seen in Table 1 (2019, 2020, pers. comm., 10 December, 10 January, 31 January, 17 February, 5 February, 20 June), all four shipping firms participate in trade shows. According to companies B and D (2020, pers. comm., 17 February, 31 January), participation in exhibitions gives them equal chances to compete for a customer with other shipping enterprises that are bigger, have more financial resources, are more famous in the market or have been existing for a longer period of time. At the same time, all the interviewed maritime companies stated that they almost always notice a significant increase in sales after participation in trade shows (2020, pers. comm., 10 January, 17 February, 5 February, 31 January). At the events, every business enterprise is represented with a booth and, according to company A (2020, pers. comm., 10 January), a location of a booth does not play an important role for the success of the firm in a process of customer acquisition. At the same time, as reported during the interviews (2020, pers. comm., 10 January, 17 February, 5 February, 31 January), all the maritime firms use trade shows as platforms for brand building: companies A, B, C and D inform visitors about firms' products and services, demonstrate expertise and knowledge and communicate in a professional business and brand manner to make a company's brand outstanding and memorable for both visitors and competitors. With regards to the latter, three out of four interviewed enterprises mentioned visiting other booths at trade shows due to educational purposes: they study similar offers, new technologies, products and services, news and trends of the industry (2020, pers. comm., 10 January, 17 February, 5 February). Participation in trade shows also helps all the interviewed enterprises talk directly to business clients, suppliers, distributors and other maritime firms to create long-lasting and mutually beneficial relationships (2020, pers. comm., 10 January, 17 February, 5 February, 31 January).

Sales promotions represent another traditional marketing strategy that is often used by all the interviewed shipping companies. According to the data from firms A, B, C and D (2020, pers. comm., 10 January, 17 February, 5 February, 31 January), sales promotions are almost always used by them at trade shows due to their ability not only to boost sales but also to make a brand memorable in visitors' minds. Thus, the interviewed shipping companies usually give away simple items for everyday use such as pens, calendars, USB sticks, cups, bags, notepads and keyholders (2020, pers. comm., 10 January, 17 February, 5 February, 31 January). All of the give-away things always have a brand logo, a brand name and a website of a company on them so when potential clients use the items, their interest in getting to know the company raises. At the same time, companies B and C mentioned that among a variety of give-away things at exhibitions, outstanding design and high quality of materials used often play an important and a distinguishing role since especially the quality of an item that is given away is a decisive factor for a person to keep it and use for a long period of time frequently (2020, pers. comm., 17 February, 5 February). As reported by the same two interviewed maritime firms (2020, pers. comm., 17 February, 5 February), they also practise implication of regular and seasonal discounts and reduced prices as a special type of sales promotions with regards to already existing and regular business customers in order to keep the clients and make business relationships with them thrive.

As reported by all four companies (2020, pers. comm., 10 January, 17 February, 5 February, 31 January), they apply a marketing strategy of face-to-face communication as it enables a direct, discrete and open discussion with a business client. Thus, all the interviewed firms always conduct personal meetings at a client's office with a maximum amount of eight people (2020, pers. comm., 10 January, 17 February, 5 February, 31 January). During these meetings, all the sensitive details about a purchase are discussed only between a group of the most influential and important employees from both sides. Price, ways and methods of payment and delivery and some specific industrial details such as ports and their locations, information about local authorities, legislation, safety and technological issues are closely discussed during face-to-face meetings. All of the interviewed shipping firms also use face-to-face communication at trade shows and industry conferences in order to make a good first impression and, therefore, implement a process of brand creation (2020, pers. comm., 10 January, 17 February, 5 February, 31 January). While companies A, B, C and D apply this marketing strategy to business clients at the events for a purpose of getting to know the

needs and desires of customers in order to look appealing in the future, two of the interviewed companies B and D also use a marketing strategy of face-to-face communication when they organize excursions on their enterprises for their business clients since the mentioned shipping enterprises want not only to be closer to customers but also demonstrate expertise in some important aspects of the industry such as technical and safety issues (2020, pers. comm., 10 January, 17 February, 5 February, 31 January).

## 8.2 Digital Marketing Strategies in the Shipping Industry

Despite different conditions and abilities to get access to the Internet in Germany, Russia, Turkey and Sweden, all the interviewed maritime enterprises have already realised the importance of some digital marketing strategies in the 2000s (2020, pers. comm., 10 January, 17 February, 5 February, 31 January). Despite rapid growth in modern technologies in the recent decade, the shipping industry tries to follow the trends by applying some digital marketing strategies. Table 2 (2020, pers. comm., 10 January, 17 February, 5 February, 31 January) represents the presence and absence of the mentioned strategies use in four shipping firms.

Table 2: Digital marketing strategies used by shipping companies

Digital marketing strategies	Shipping companies			
	A	B	C	D
Email marketing	✓	✓	✓	✓
Website	✓	✓	✓	✓
SEM	✓	✓	✓	✓
Blogging	✓	✗	✓	✓
SMM	✓	✗	✗	✓
Video marketing	✓	✗	✓	✓

Based on 2020, pers. comm., 10 January, 17 February, 5 February, 31 January

Email marketing is reported to be the most frequently used digital marketing strategy by all the interviewed shipping enterprises (2020, pers. comm., 10 January, 17 February, 5 February, 31 January). Even though the firms use different techniques when creating emails for various business clients, the main purpose of applying this marketing strategy is to get a quick outreach to a consumer and create a strong brand image. While all the interviewed enterprises carefully study their business clients before sending a digital

letter, companies A, B and D also use unique and specific words and terms in the letters in order to personalise them and make exclusive offers (2020, pers. comm., 10 January, 17 February, 5 February, 31 January). At the same time, the latter three shipping enterprises pay close attention to some details in emails such as a name of a recipient in a subject line or a number of mentioning the names of both a business company and its clients (2020, pers. comm., 10 January, 17 February, 5 February). In order to boost brand creation, all the interviewed shipping enterprises not only always add some brand elements such as a logo and a slogan to each letter sent to their business customers but also use a specific brand's tone of voice and answer all the questions from a client's side in a polite and professional manner with the use of professional terminology (2020, pers. comm., 10 January, 17 February, 5 February, 31 January). While companies A, C and D send letters to business clients they had already had some contact before, company B also sends emails with offers to contacts from a newsletter subscriber list (2020, pers. comm., 10 January, 17 February, 5 February, 31 January).

All the four interviewed shipping enterprises not only have websites but also regularly update them in accordance with the latest digital standards. Even though a few decades ago companies A, B, C and D had a website only in order to show their contact to potential clients, nowadays all of them use this marketing strategy to pursue additional business goals (2020, pers. comm., 10 January, 17 February, 5 February, 31 January). For example, general information about products and services offered together with high-quality images demonstrate the physical and professional characteristics of products and services of a shipping enterprise and also inform a business client. While detailed data about past and ongoing projects, history of the enterprise, presence of mission and vision statements on different pages of a website is used by all four companies in order to demonstrate expertise and promote their brand, company D is the only one enterprise that has international shipping certificates on the website in order to show recognised expertise (2020, pers. comm., 10 January, 17 February, 5 February, 31 January). As reported in the interviews (2020, pers. comm., 10 January, 17 February, 5 February, 31 January), companies A, B, C and D understand an importance of a website to a business customer, especially with regards to an increasing degree of internationalisation in the shipping industry, so all of them offer not only a version of a website in a local language but also in English. At the same time, company D uses Russian as another language on the webpage in order to look more appealing to a great number of potential clients who speak the language. According to all the interviewed

shipping companies (2020, pers. comm., 10 January, 17 February, 5 February, 31 January), the inclusion of email addresses, phone numbers and physical addresses with maps on their websites helps them to boost sales of services since at least a few times a year each of the interviewed maritime enterprises is contacted by an email by an unknown business customer for a purpose of getting a quick maintenance service.

Taking into consideration a small number of players in the market and a significance of each client for every shipping enterprise, the competition between various maritime firms is tough not only at trade shows and industry events but also in the online world (2020, pers. comm., 5 February). All the interviewed firms are aware that an outstanding online presence in search engines is important for them because it creates a high potential for being reached by many professionals from the industry in the whole world (2020, pers. comm., 10 January, 17 February, 5 February, 31 January) and, therefore, all of the interviewed firms apply a marketing strategy of SEM (2020, pers. comm., 10 January, 17 February, 5 February, 31 January). However, while none of the interviewed firms uses PPC due to high costs, all of them apply SEO (2020, pers. comm., 10 January, 17 February, 5 February, 31 January). In order to check what audience is looking for and interested in, maritime enterprises A, B, C and D regularly check trending keywords not only with regards to products and services offered by each maritime firm but also the shipping industry in general (2020, pers. comm., 10 January, 17 February, 5 February, 31 January). After that, with a regularity of a few times a year, all four companies add the trending keywords onto different pages of the websites, which is reported to increase the number of visitors and also launches sales processes (2020, pers. comm., 10 January, 17 February, 5 February, 31 January). At the same time, all the interviewed shipping firms stated that since the highest position in search engines gives them more credibility, they also use other SEO techniques to improve the position in search engines (2020, pers. comm., 10 January, 17 February, 5 February, 31 January). In order to do it, all the interviewed enterprises regularly change the coding on the websites for better indexing from search engines, add pictures and videos of proper size, improve the loading speed of the pages, fix links that do not work and optimise the webpages for mobile versions (2020, pers. comm., 10 January, 17 February, 5 February, 31 January).

Three out of four interviewed enterprises use blogging on their websites. According to companies A and D, the main advantage of this marketing strategy is that blogs can be

seen by any business client from any part of the world at any time (2020, pers. comm., 10 January, 17 February). The mentioned shipping companies use blogs to inform a potential client about their enterprise, some current and finished projects, new cooperations and contracts. At the same time, companies A, C and D also add pictures, schemes and videos to some of their blog posts to demonstrate professional expertise in the shipping industry (2020, pers. comm., 10 January, 17 February, 31 January). All three interviewed companies also use blogging as one of the means to start a process of brand creation. When potential clients read the blog, they become aware not only about an existence of a maritime enterprise but also about the level of professionalism in the creation and conduction of definite products and services, which is related to brand awareness. At the same time, companies A, C and D use a blog in order to improve their brand: they study feedbacks, comments and preferences of page visitors and improve information in a blog accordingly (2020, pers. comm., 10 January, 17 February, 31 January). Two of the interviewed companies mentioned that they also use blogs as a means to boost SEO: the mentioned firms check the trending keywords and add them to the articles in order to have high rankings in search engines (2020, pers. comm., 10 January, 5 February).

Even though all the interviewed shipping companies are aware of SMM as an influential digital marketing strategy, only two out of four enterprises use it (2020, pers. comm., 10 January, 17 February). According to the interviews, companies A and D use social media to promote their brand and communicate with a target audience. Both enterprises use Instagram and LinkedIn while only one uses Twitter and Facebook (2020, pers. comm., 10 January, 17 February). The information that both shipping enterprises spread among all social media channels is the same: companies inform the audience about finished and launched products and services. In order to be closer to the viewers and have some personal approach, companies A and D also add posts on special occasions such as Christmas or New Year with congratulations in them. SMM serves both companies also as a place to see real attitudes of clients to the brand and the company, its products and services. All the comments are studied properly, all the answers are been replied and all the clients are contacted directly (2020, pers. comm., 10 January, 17 February). At the same time, marketing specialists in company D at the end of the year 2019 started to use social media as a platform for the acquisition of new clients. This approach is mainly seen as an experiment and the mentioned maritime enterprise is

looking forward to getting at least one business client in the year 2020 from any social media channel (2020, pers. comm., 17 February).

According to the data from the interviews (2020, pers. comm., 10 January, 17 February, 31 January), companies A, C and D use video marketing to give information to the audience in a quick and professional way and to promote their brands. Having this in mind, the three mentioned firms demonstrate professional expertise, narrate and show interesting facts about products and services, spread brand and communication styles in a professional manner (2020, pers. comm., 10 January, 17 February, 31 January), which also assists in building not only a professional but also an emotional connection with a consumer, as reported by companies A and C (2020, pers. comm., 10 January, 17 February). Therefore, while creating videos, enterprises A, C and D involve costly professional equipment and have an absence of any budget or time limits. At the same time, the three interviewed firms mention shooting videos with a maximum duration of a few minutes, with a goal to provide the information about finished and ongoing projects and unique features of their business products and services to a video viewer. In order to do it, the maritime enterprises are reported to be shooting videos right on the vessels, quite often in the open sea. While companies A, C and D post videos not only on the websites of own shipping enterprises but also on other social media channels such as Facebook, LinkedIn and Instagram, the only company that uses YouTube is a company C (2020, pers. comm., 10 January, 17 February, 31 January). According to the latter maritime firm (2020, pers. comm., 31 January), a launch of YouTube videos is an experiment to see if their shipping firm is able to get a various kind of feedback from the audience (2020, pers. comm., 31 January).

### **8.3 Importance of a Brand Creation in the Shipping Industry**

As reported by all four interviewed shipping enterprises (2020, pers. comm., 10 January, 17 February, 5 February, 31 January), brand creation is the main reason for marketing strategies implementation due to various benefits it brings to their firms. Likewise, all the interviewed companies actively promote their brands with the use of various marketing strategies in order to have a justified price increase in the form of a price premium. According to companies A and D (2020, pers. comm., 10 January, 17 February), a brand that is known and trusted in the shipping industry can set a higher price than competitors and, therefore, gain more revenues in the future.

During the interviews, all the maritime firms mentioned that a shipping enterprise of any size and specialisation is always at risk of having difficulties due to a number of various factors such as the cyclical nature of the maritime industry or political, financial and economic situation in the market, the country or the world (2019, 2020, pers. comm., 10 December, 5 February, 17 February, 31 January). At the same time, companies A, B, C and D point out that the presence of a strong brand is often a beneficial factor for gaining help from financial, governmental and economic institutions. For example, a shipping company C was the only maritime enterprise in the city that got help from a few banks and the government a few decades ago when both political and economic situations in the country were not stable (2020, pers. comm., 31 January).

According to companies A, D and C, a strong brand that is recognised in the industry, often serves as a distinguishing sign, that makes products and services offered by one shipping enterprise different from the ones of competitors. As reported by the same firms (2020, pers. comm., 10 January, 17 February, 31 January), a well-known brand with a good reputation has a higher trust level and is paid more attention at various trade shows, which automatically increases the chances of the company that possesses the brand to acquire more customers. As stated by the interviewed companies A, C and D (2020, pers. comm., 10 January, 17 February, 31 January), even though an amount of money paid for any shipping product or service is high and a process of a purchase decision is long, a presence of a well-known brand can significantly speed it up, which results in a quick process of signing a contract. At the same time, as reported by companies A and C, a brand that is recognised in the industry in a definite market or submarket is also able to simplify and fasten decision-making by reducing a high level of complexity associated with some technical aspects of maritime products and services (2020, pers. comm., 10 January, 31 January).

As reported by three of the interviewed companies, brand creation also contributes to a building of mutual, long-lasting and stable relationships, which is one of the cornerstones of the success of any shipping enterprise (2020, pers. comm., 17 February, 5 February, 31 January). Likewise, a strong and recognised brand helps the enterprises B, C and D look serious and reliable not only for business partners such as suppliers or brokers but also for the other shipping firms in the same market or submarket and to the



industry in general, which gives them a benefit when the partners start to look for firms for cooperations (2020, pers. comm., 17 February, 5 February, 31 January).

#### 8.4 Financial and Non-financial Metrics for Measuring Effectiveness of the Success of a Marketing Strategy in the Shipping Industry

According to the data from the interviews (2020, pers. comm., 10 January, 17 February, 5 February, 31 January), companies A, B, C and D use various financial and non-financial metrics in order to measure the success of a marketing strategy. Table 3 demonstrates presence or absence of the mentioned metrics at all the interviewed companies (2019, 2020, pers. comm., 10 December, 10 January, 17 February, 5 February, 31 January, 20 June).

Table 3: Financial and non-financial metrics for measuring effectiveness of a success of marketing strategies in the shipping industry

Financial and non-financial metrics	Shipping companies			
	A	B	C	D
Net profit	×	✓	✓	✓
ROS	×	✓	✓	✓
ROI	×	✓	✓	✓
ROMI	×	×	×	✓
Market share	✓	✓	✓	✓
Customer counts and take rate	✓	✓	✓	✓
Churn rate and retention rate	✓	✓	✓	✓
Customer satisfaction and loyalty	✓	✓	✓	✓
Industry-specific metrics (occupancy of a shipping enterprise with orders, delivery time of each order and variation of orders)	✓	✓	✓	✓

Based on 2019, 2020, pers. comm., 10 December, 10 January, 17 February, 5 February, 31 January, 20 June

As seen in Table 3 (2019, 2020, pers. comm., 10 December, 10 January, 17 February, 5 February, 31 January, 20 June), three out of four companies use financial metrics in order to measure the success of a marketing strategy. The main financial indicator used by companies B, C and D is net profit as it reflects all the financial gains of a maritime firm (2020, pers. comm., 17 February, 5 February, 31 January). With a regular use of this metric, the mentioned shipping enterprises annually compare changes in sales levels with previous years and make a conclusion about the success of a marketing strategy

implementation. The same shipping enterprises also use ROS as another indicator to see financial profit an enterprise has gained directly from sales. All three firms overview changes in ROS within the last five years and try to analyse influence of some internal and external factors that have caused any positive or negative changes in sales.

Likewise, any changes in market conditions, competitiveness in a market and submarket together with pricing variations are analysed and taken into close consideration. With regards to investments involved, the metric of ROI is more popular than ROMI among the interviewed enterprises since it gives general data about the success of all the efforts of a maritime firm. However, company D also applies an additional metric of ROMI to analyse the exact relation between the investments spent on every marketing strategy separately and the profits gained. The mentioned maritime firm uses this metric to find out the most successful marketing strategies and apply only the ten most profitable ones (2020, pers. comm., 17 February).

In order to see the current position of an own company in the market and compare it with previous years, all the interviewed enterprises apply a metric of market share. As reported by companies B and C (2020, pers. comm., 31 January, 5 February), they use the metric as a tool for analysing their positions in the market by comparing it with previous years not only to measure the success of implied marketing strategies but also to see if they need to support or improve the current positions in a definite market or a submarket. For companies A and D (2020, pers. comm., 10 January, 17 February), detailed data about market share serves as a basis for decisions about launching new products or services and entering new markets or submarkets.

In the shipping industry, every customer plays a very important role for the success of an enterprise and three out of four interviewed maritime firms see an increase in the number of customers as the success of a marketing strategy (2020, pers. comm., 10 January, 17 February, 5 February, 31 January). With this regard, non-financial metrics of customer counts and take rate are applied by all four companies. If the first metric helps shipping enterprises track any changes in a number of clients with a contract, the second one measures a number of contracts signed to a number of customers an offer was proposed. As reported during interviews (2020, pers. comm., 10 January, 17 February, 5 February, 31 January), all four firms also frequently apply metrics that show the loyalty to a brand by measuring a number of business clients who stopped working with their maritime firm or who are likely to do it. Therefore, companies A, B,

C and D apply metrics of churn rate and retention rate (2020, pers. comm., 10 January, 17 February, 5 February, 31 January). During the interviews, all the maritime firms mentioned the importance of customer satisfaction and loyalty level measurements with the use of various oral and verbal questionnaires and surveys after the delivery of a business product or service (2020, pers. comm., 10 January, 17 February, 5 February, 31 January). Companies use the data from them in order to make changes with regards to quality of the delivered product or service and work of personnel in order only to make a business customer satisfied but also to develop good sustainable relationships.

Since the shipping industry has its own peculiarities, during the interviews, all four maritime firms also mentioned use of some industry-specific metrics such as occupancy of a shipping enterprise with orders for both building and repairing different vessels as well as for a provision of various services, delivery time of both a shipbuilding process and maritime services, and presence or absence of variation order to see the engagement of workers and usage of all of their professional skills at different projects when measuring effectiveness of the success of a marketing strategy (2020, pers. comm., 10 January, 17 February, 5 February, 31 January).

## 9 Conclusion

This thesis aimed to identify marketing strategies used in the shipping industry. Based on a qualitative analysis of marketing strategies of four maritime companies, it can be stated that in the shipping industry, enterprises actively use various traditional and digital methods for the promotion of their products and services. The results indicate that the following marketing strategies are used in the shipping industry: direct mail, printed media in a form of catalogues and magazines, telemarketing, trade shows, sales promotions, face-to-face communication, email marketing, website, blogging, SEM, SMM and video marketing.

This research clearly illustrates the use of various traditional and digital marketing strategies but also raises questions of the importance of brand creation in the shipping industry. The results of a qualitative analysis of the data from the interviews with four maritime companies demonstrate that brand creation is the main reason for the implementation of marketing strategies in the shipping companies due to advantages a strong brand is able to give their businesses such as price premium, risk reduction and a privileged position when getting financial, economic and governmental help, differentiation from products and services of competitors, reduction of complexity and a quicker decision-making process for a business customer and an image of a reliable partner to other business parties such as suppliers or brokers.

This thesis also undermines the role of financial metrics as the most important factors of the effectiveness of the success of a marketing strategy. The results of the interviews with four shipping companies state that financial metrics do not belong to the most important factors of the effectiveness of the success of a marketing strategy since only three out of four interviewed enterprises mentioned the application of metrics of net profit, ROS and ROI and only one maritime firm uses ROMI. However such non-financial metrics as market share, customer counts and take rate, churn rate and retention rate, customer loyalty and satisfaction and some specific for the shipping industry metrics such as occupancy of a shipping enterprise with orders for both building and repairing vessels, the delivery time of a shipbuilding and services provided and the presence or absence of variation order are often used by all four interviewed maritime enterprises due to their ability to measure various success indicators such as

position of a company in a definite market or submarket, various changes in a number of customers such as changes in the number of clients with a contract or in a number of contracts signed to a number of customers a business offer was proposed, loyalty and satisfaction levels by measuring a number of business clients who stopped working with a firm or who are at risk to do it and by conducting surveys and questionnaires after a delivery or a provision of a product or service in order to get to know if business customers are satisfied with the quality and the work of a firm's personnel.

Based on these conclusions, marketing departments and CEOs of maritime firms of any size, specialisation and location should consider the implementation of various traditional and digital marketing strategies due to the benefits they are able to bring to their firms. Since a process of a brand creation is essential in the shipping industry, maritime enterprises should take into consideration non-financial metrics of the effectiveness of the success of a marketing strategy due to their ability to measure such indicators as customers, position of a company in the market and submarket and industry-specific components such as engagement of workers and occupancy of an enterprise with orders. To better understand the implications of these results, future studies could focus on studying marketing strategies, financial and non-financial metrics of the effectiveness of the success of a marketing strategy with regards to maritime companies from different continents that have been either the world or regional leaders in definite markets or submarkets of the shipping industry.

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Kleve, 14<sup>th</sup> September 2020