



# FACTORS AFFECTING MARKETING STRATEGY IN MARITIME BUSINESS

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## ABSTRACT

Developing a marketing strategy evolves in the main concept of rightful definition of the products or chain of events which leads to creation of the core value of a company together with the quality service to its customers within the scope of global indicators that effect the shipping markets. Main subjects included in article are the analysis of the dynamics governing marketing strategy and influencing factors around it. Different marketing mix and strategies can be implemented when it comes to maritime transportation considering global impacts on economic performance indexes such as freight and oil markets. General overview on innovative marketing tools such as funnel and swot analysis has been underlined as to be the freshest and most convenient research areas.

**Keywords:** Maritime management; marketing strategy, shipping

**JEL Classification:** C10, D40

## 1.INTRODUCTION

Marketing strategy has been defined by different perspectives through out the literatures and book writers, some of the definitions include the ability to use the marketing function at a company, to be able to achive goals, to develope the future schemes of an oragnisation. All three of the uses of the concept focus on the same similarities and differences when the effort to gain more customers and increase sales is organised and put to its most effective ratio. (Packard, 1981)

Entry to market and timing are other two concepts which require deep research and analysis to be on the right side. Alternatives to market entry could be acquisition, collaboration and internal developement. The approach of acquiring another company is in close relationship with companies overall direction such as growth, competitive advantage and synergy. Collaboration with another company can provide market expertise. The overall level of synergy has an important role before any sort of colloboration strategy. Internal developement strategy means the company does not require any involvement from other cntitiy, all marketing is developed within its self resources. Choosing such a strategy would be affected by the objective element of the corporate mission, the level of synergy and also the rates of growth. Timing represents the point of time where the elements of marketing mix and the tactical plan is to be implemented. One of the approaches here is to link the strategy to current competitors market activity, here the strategy can be to be first to implement, or to be early or following the first company, or to take a later position, or even being one of the last companies to implement. Another approach to selecting timing is to follow concurrent indicators from the external business environment. These can range from economic indicators, industry trends, seasonal trends, to trade



exhibitions. The immediateness of the required growth has to be considered. Marketing strategy thus closely related to selecting the optimum timing to explore a particular market or market segment.

The opportunity in the market can be defined as a strategic window. The strategic window puts forward a company's anticipation and response towards an opportunity in the market. The term is used to point out the limited period in which the combination between the requirements of a market and the particular competencies of a company competing in the market is at an optimum (Abell, 1995).

## 2.BACKGROUND

Marketing has been delayed to be implemented to services sectors in comparison with product based operated companies. Thus also implemented later to sea transport industry which is service oriented. Marketing early in the decade 1980-90 is followed by research on service quality but the concept has evolved to creating value for the customer. Shipping business is peculiar when it comes to marketing because in shipping, the clients does not physically see either the environment or the contact person situated at providers premises, before hiring the service, as the hiring is done via third parties from both sides who act as salesmen. Also when it comes the ship services quality we can not emphasize only the way the service is delivered we also have to consider vessel safety guides and ship related variables. Providers of the services are the company's employees, subcontractors, brokers, agents, outsourced entities, which is what stands for People at marketing mix. Internal marketing to recruiting, training, motivating, rewarding and providing equipment and technology should also be taken into account.



**Figure 1.** The Tools(8P's) of Shipping Marketing Mix

Source: Plomaritou, 2008, p.59

As seen in Figure 1. The Product-Service is the basis, when shipping firms present new services on the market, they face obstacles such as introducing themselves to the consumers as they do not have any information on the new services or the firm's reputation. Shipping companies' reputation today is driven by the level of safety and security of the transport. For liner shipping the services are predefined according to trading routes, on the other hand bulk shipping companies represent traditional tramp services where time and place of the cargo and the carrier is of importance. The safety of shipping services is legislated by the ISM Code(1998) and it is also compulsory to apply safety standards aiming to protect sea environment.

The Price-Freight: At the shipping market the agreement between the parties which are accompanied by their brokers are authorised by negotiations in line with current supply and demand framework. The freight rate is known to be very fluctuant due to concurrent variables effecting it, when



settling for a voyage charter both vessel owner and charterer subscribe to worldscale<sup>1</sup>. The system is centred on an estimate being made for each and every possible oil-tanker voyage, using the formula of a standard tanker with constant speed, bunker consumption, brokerage, etc. with the same total port time being allowed for each voyage estimated. (Packard, 1981)

**The Process:** Initially cargo is sold by the producer to the merchant for further sale or distribution. Secondly the charterer's broker explores a transport model and decides on the optimum vessel to transport. The ship owners broker negotiates and sets charterparty terms between charterer and owner. This charter party is later on relayed to the operation field from the sales department(chartering) in order for the exercise to take place in respect of the shipper.

**The People:** Human elements are of great importance, especially on board the vessel. An operator also supervise the crew from office whom is called as "designated person ashore" is responsible for the safety of the vessel and cargo. Continious professional training and certification is possessed by the crew. There are many regulations in place to ensure rightful crew management and labour force are to be treated with well care.

**The Place:** (the ports and world wide range or routing) From the starting point of the voyage of the vessel till the delivery point to shipper.

**The Promotion:** Maritime services are considered as "experience goods" which means that the services are known to the shipper once they have been used. Experience is the first hand knowledge and if a new hire is to take place more guaranteed way to proceed from hirers perspective. Although this approach is of unreturnable expense, brokers and affiliates gather information and provide actual reports and vessel listings to find the proper match between cargoes and ships continuously.

**The Physical Evidence:** (the vessel specification) name, year of built, flag, cargo capacity, speed, draught, width and length, cargo handling equipment, number and type of holds, fuel consumption. The shipowner has to pursue the seaworthiness and suitability of the vessel and the cargo according to the charter party.

**The Paperless Trade,** to spend less time on formalities and make travel faster and thus more productive. Certain aspects are with in the control of the industry like electronic mail and internet. Others like edi files(vessel loading plans) are in the control of the Port Authority.

To gain competitive advantage companies positioning and differentiation are the two modules which are preferred when modeling the marketing strategy. After the target market is detected successful shipping companies select differentiation to set themselves apart from the competitors. They offer a specific transportation service which is unique or advanced compared to the competitors or provide qualifications which are superior in comparison. Which is a method which can be closely observed in liner shipping as to container companies who share the worldwide routing system with differences accompanying the market differentiation.

The differentiation approaches;

**Qualitative Differentiation:** According to charterers and shippers the quality of services include; reliability, frequency, flexibility and immediacy of service as well as the safe carriage of goods.

**Geographical Differentiation:** The enterprise may achieve this with the ability to manage the best network of trading routes at the global market place.

**Personnel and Crew Differentiation:** Providing crew onboard and ashore with continuous training and even providing simulation centers for further development.

**Image Differentiation:** This is achieved by gaining a reputation by displaying how reliable and responsible the shipowning company is towards the cooperating parties such as bankers, insurers, suppliers, agents, charterers or even investors.

The company which is targeting to differentiate and gain competitive advantage should also goal to progress continuously so that its innovative approach and exercises are not easily copied by competitors.

The positioning strategy applies to the final targetted market segment including clients and business sought to be served. The suitability of the positioning determines business growth and profit performance, another way of describing is to target the market segment which has the most competitive

<sup>1</sup> Worldwide tanker nominal freight scale



advantage for the company itself. Instead of promoting towards the total market to spend effort and source towards segmented and rightfully targeted service receivers.

In the shipbuilding industry market competition is thrived by product diversification and technology together with production development. Capability, efficiency at facilities and workforce, systematical production process are all key factors for proper market share. According to researchers worldwide competitive shipbuilding locations can be referred to as Korean, Japanese and Chinese. Chinese shipbuilders are known to be more efficient with workforce and facilities whilst Japanese are more competitive with production management and capability. The European shipbuilding market is more known for its specialization in high-valued vessels.

The demand for new ships is affected by multiple factors. According to a survey by SAJ (Shipbuilders' Associations of Japan) on the ship demand forecast, the main factors influencing its evolution are (Iwamoto, 2015): Evolution of the world economy, evolution of the world energy consumption, changes in the average shipping distance, increasing of the fleet productivity as a result of the use of faster and/or larger vessels, ship demolitions. The new building market is also affected by expectations concerning the degree of equilibrium between shipping capacity and transportation demand.

A dry bulk parcel is derived of raw material delivered in large quantities as unpackaged. Grain, metal and energy materials are along the goods that are transported in bulk by the sea in large freight vessels by shipping companies that specialize in dry bulk transportation. Storage and alteration, as well as technical problems and pre-delivery checks, are all part of the dry bulk shipping service before material or parts are shipped to the customer. Iron ore, coal, and grain are major bulks, while sugar, cement, and steel products are minor bulks. Coal is one of the most widely traded large bulks in terms of volume in dry bulk.

The freight rate is the price of a transportation service that cannot be traded or stored; the usual definition of the efficient market hypothesis does not attribute to the freight rate prices. However, the notion of market efficiency still applies in the freight market. Normally, it should not be possible to make excess profit by taking chartering positions in the freight market based on public information such as past levels of the spot freight rate or the shape of the term structure of freight rates. The chartering decisions should be based on identification of the peaks and troughs in the freight market cycles. The present research results suggest that a large tanker operator (a pool) could have achieved significant profits without investing in ships by trading on such information. (Malkiel, 2003)

Tanker vessels are diverse by categories as which deadweight tonnage; general-purpose, Handymax, Panamax, Aframax, Suezmax and Ultra carriers. This segmentation is based on the carrier capacity and the sea channel where it can pass through. For example, Suezmax can carry 150 deadweight tons and can pass through Suez channel.

Crude oil transportation is particularly important and an implication as an input for economic growth. Crude oil transport both supports international trade and puts forward the sensitivity of the international economic environment. During the 2008 financial crisis the crude oil price decreased to extremely low levels. These low prices also counter effected tanker freight market. The adjustments in supply and demand influenced periodic tanker freight rates. Another reason for the decline in freight rates is the new vessel order book which creates excessive capacity if higher than sectoral demand. Companies and shipyards decide on tanker charters, manufacturing and dismantling is also based on differences in tanker freight rates. Therefore, a correctful forecasting of tanker freight and estimation of volatility in market conditions are major subjects to be considered.

Freight rates being lower than the profitability margin of a shipping company can also create concerns on maritime policy and administration. IMO<sup>2</sup> is concerned about keeping the standards on vessels and crew managements its mission statement is "Safer Shipping and Cleaner Oceans". Whilst there is a strong and emerging development in avoiding accidents and providing sufficient crew training these require a substantial amount of budgeting for the companies. Above mentioned issues are key points in environmental pollution and accidents. Undesirable incidents usually take place when shipowners have insussicient earnings to maintain their ships and train their personnel. To keep business

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<sup>2</sup> International Maritime Organization



going vessel owners try to reduce operational costs and even replace crew with inexperienced ones with low salaries.

### 3.LITERATURE REVIEW

It is seen that many writers on the subject of marketing strategy provide different perspectives to the concept. The article (Greenley, 2018) concludes that in order to define the marketing strategy the company initially has to complete the strategic planning framework than working from this point a comprehensive definition of the marketing strategy component parts should be visible. Failure to complete this task leads to incomplete definition, application, and efficiency of marketing strategies. The marketing operation in companies in recent times has been targeting short term gains in revenue and profit thus tactics are applied for the short term development of marketing although the overall and full marketing strategy is as of the same importance. The factors that influence on selection of the strategy according to (Stevens, Loudon, & Williamson, 2008) research work done on law business states as resources, company's competencies, company's life cycle stage and competitive strategies. The strategy to be implemented should be the best fit within consideration of the above four factors. There could arise limitations if factors are not in line with the marketing strategy. Within the scope of the research the positioning strategies, service-market oriented strategies and competitive marketing strategies gives clues on observation key points for also shipping business.

The implementation of marketing strategy through orientation has been explored in the research (Dobni & Luffman, 2010). According to the researchers results market orientation provides a moderating function for implementation of marketing strategies in high technology communication services. The definition of the marketing orientation is briefly the culture, how employees think and act. Consideration of the culture in respect of marketing strategy implementation and performance is a discussion subject between researchers. It is nowadays culture that has an influence in strategy. Factor descriptions of market oriented behaviours are given as; Response design and implementation, formal intelligence generation, intelligence dissemination, Informal intelligence generation, planning and profit orientation, customer orientation. These are areas which also can be applied in container shipping companies due to container booking approval processes at customer services.

(Alexandros and Evi, 2014) has examined shipping marketing strategies with in the framework of complexity. The writers have applied several models in both servicing and complexity theory core elements such as dynamic life cycle of products and industries, strategy, leadership, teamwork, safety and security culture. Peculiarities of maritime business when it comes to marketing strategies are described with the complexity theory and appliance to standard marketing strategy bases. The shipping marketing mix has been defined as a dynamic tool and requires the optimal combination of the market mix for a given market segment over time. Time and place, apart from making the mix dynamic is equally important at shipping this means another point in time a different marketing mix must be applied. It is mentioned that there is nonlinearity at the strategic marketing level.

According to (Teece, 2010) every firm starts with a business model which defines the architecture and design of the creation of value. it puts forward the outcome to the customer after then utilises the gain as profits.. Since technological developments allowing lower cost of information and easier customer solutions businesses are now required to find diverse ways to attract demand. Old fashioned supply driven approach seems to have been a part of the past. Without a well explored and up to target business model, innovators can fail to capture value from their innovations. A successful business model is expected to provide value to customers and in return obtain revenue to fulfill its duties. But the model itself is not sufficient to win competitive advantage in the market. Within time the model gets to be used by other competitors and becomes a shared value. Coming up with isolation mechanism to protect the business model together with segments and this avoiding it from being replicated, marketing secrecy is this angle to consider after acquiring the portfolio, which facts to declare and which to define as secret has been evaluated in the research paper (Berthon, Lord, Hannah, & Parent, 2020)

Below mentioned literature is developed around two principles which are updated market conditions for both transport freight and crude oil. (Bai, 2021) focuses on the relationship between tanker freight rates and global uncertainty. With mathematical approach freight rate volatility spillovers across sectors such as maritime transportation, oil market, stock market and commodity market has been



examined. The researcher chooses wavelet based capula approach to explore the diverse relationship between tanker freight rates and uncertainty measures. As a result the constant correlation coefficient is not sufficient to describe the relation between freight rates and policy uncertainty. The findings of this research can be of value for shipowner companies whom contract time charters with different durations. Banks and loan financiers can also make a better prediction of the future trends.

Researcher (Scarsi, 2007) stresses out the point of cycling behaviour of freight market and investigates shipowner reaction towards the cycles, the points in which a shipowner company has troubles on deciding to add a new vessel to its fleet and how to position the vessel in means of chartering types such as spot or time charter. The overview is that the volatility and uncertainty throughout the markets affect the decision maker although clear approaches with given effort on estimating the demand market can provide insight and rightfull path making. Demand market is implied to be the main drill due to the volatility ratio of the freight on the other hand supply market is considerably easier to estimated due to clear ship order books.

The identification of the peaks and throughs at a stock market and evaluation of efficient marketing hypothesis is explored through the valuable document (Malkiel, 2003). Although it is not exactly applicable to freight markets due to the characteristics within it gives a scope as to interperet the financial data. The undetermined behavior of stock prices is existent although it does not imply an opening that lets investors earn extraordinary risk adjusted returns. The same can be utilised also for freight market returns, which means there is very small, or no profit from incidental cycles such as covid-19 effect on the market. Whilst the market in the short period may be a scoring mechanism, in the long period it is a weighing mechanism.

Freight market is affected by crude oil prices (Choi & Seong-Min, 2020), the literature explores the affects by proposing new methodology which can put forward the time differentiating effects and asymmetry in the tail dependence structure between rates. Main results of the experiment puts forward that dependence in extreme times like financial crisis and dependence increase at a economic boost. The results say that dependence can be different over time and change relying on extreme events, implying that the strategies should differ in the long run and short run.

Prices plummeting due to Covid-19 and the OPEC and non-OPEC countries actions together with re settlement towards price is throughly explored in the up to date literature (Hanieh, 2021). According to the latest situation poorer oil exporters seems to be at the risky part when oil crisis takes place this puts preasure on countries such as Venezuela Ecuador and Iran two of which is also dealing with US Sanctions. Nigeria is one of them as they depend on oil 57pct of government revenue. Researchers emphasize the industry shock in means of politics concerning fossil fuel usage. First half of 2020 when the everyday car usage plummeted oil prices decreased as 5 percent, the plunge has even exceeded 2008 global financial crisis. Some researchers observed the situation as an opportunity for transition away from fossil fuel energy usage. Another perspective for the Covid outbreak has been put forward by (Ling Xu, Li, Chi Chu, & Dinca, 2021) the writer has taken interest on transportation and logistics sector in China after the outbreak. The lockdown has severley affected the logistics and transportation both moving of cargo and storage. The existing intermodal companies got adverseley affected by the bottlenecks in supply chain in one of the biggest supplier country China. Restrictions on truck deliveries have seen to 15 percent at the beginning of Covid and managed to go up to %92 in february 2020, this shows the successful recovery at China. The container sector has also been affected in means of performance showing weak demand for supply due to virus threat. Researcher also demonstrates hypothesis test on the effect of Covid-19 on three transport modes; land, air and seabourne. The result has been interpreted as significant on both land and air although rejected on sea trade. This means there has been less effect on maritime transportation compared to land and air.

Özkanlısoy and Akkartal (2021), mentioned about the digital transformation, especially in supply chains. They figured out the current applications, contributions and challenges of it in such a significant way that effects the managerial decisions.

Digitalization implementations have wide range of applications also in fleet management (Akkartal and Aras, 2021) which is a tool used for trade. Especially, as far as sustainability issues concern, digitalization has many benefits supporting management in diversified areas.



Internet of thing (IoT) is playing a vital role for traceably in trade in last decades as well (Abdelhadi and Akkartal, 2019). It facilitated international Trade and creates added value. It also helps logistics operations which is an invariable part of international trade.

Simulations, which is one of the most important parts of decision making process for international trade, can be performed by digitalization much easier and motivates the managers to take tactical decisions in international trade (Akkartal at.al, 2010).

By digitalization, some advanced methos such as gamification (Akkartal G.R. et all, 2019), can be performed and simulated for trade scenarios for the future as well

#### 4.SWOT AND FUNNEL DIAGRAMS AS MARKETING TOOLS

Decision making analysis can be taken from various angles as business development point of view, we shall mention SWOT analysis and Marketing Funnel.

SWOT analysis is a way for identification of the present situation, can be considered to be a useful tool to freeze the current situation to observe the internal and outside obstacles on the way to a target which has been clearly defined. The target in this case will be to decide on budget allocation for marketing activity such as workshops, and the application of various prospecting techniques to acquire new clients.



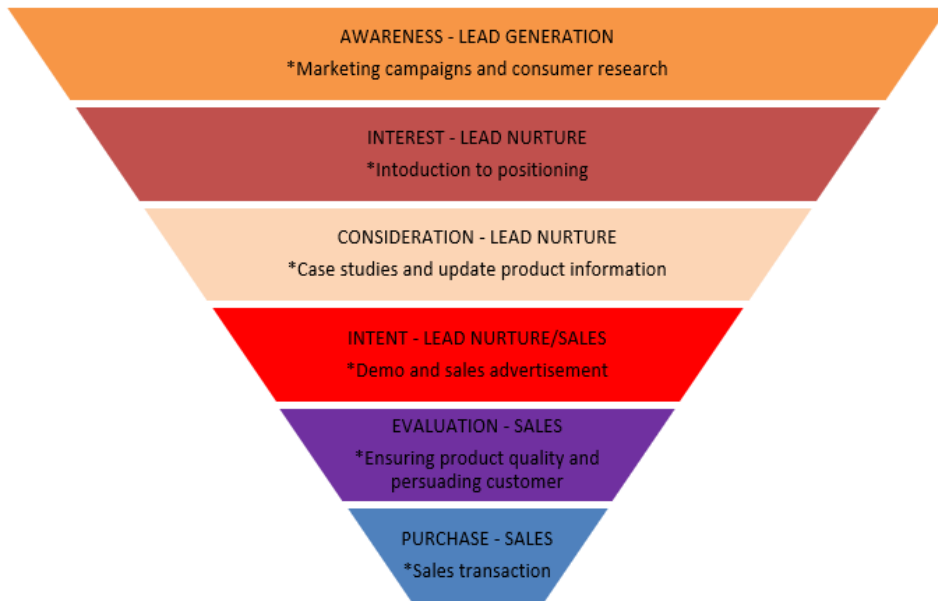
**Figure 2.** SWOT Analysis Diagram

Marketing funnel is a business tool used when acquiring customers, turning prospected client into real customers. Thus instead of the method of decision making it is taken as an assumption towards the second step as to where there is an adequate amount of prospects whom has been gained in the result of new marketing strategy.

Every business needs to acquire new customers in order to grow or start up, including maritime affairs. According to (Sapian & Vyshnevskya, 2019) generating new customers requires funnel technique which is basically guiding target clients throughout the purchase process and turning them into buying customers. The company should consider how to attract clients, relating them and conversion stages a role in healthy marketing. The researcher explores the traditional funnel method awareness, interest, desire, action respectiveley. Awareness represents the problems of the customers and the solutions the company provides. It is happening whilst the company brand is exposed apposed to competitors for the possible clients who are called prospects. This can be done through activities such as webinars, workshop sor other channels on reaching customers. At the stage interest customers start to acknowledge the products or services presented and the company must assure prospects of providing service compatible to the customers requirements. Next step is desire where the customer intends to buy but doesent address from which company. At the last action stage they either purchase or change their mind. Funneling continues repeatedeley for all prospects althroughout the marketing process. Research also



addresses the next tool as customer value optimization which where the return path back to the funnel process is secured by the marketer



**Figure 3.** Marketing Funnel Diagram

The initial step is lead generation where the possible clients, also referred to as prospects, are located and contacted to apply commercial tools such as organising events, workshops, electronic groups. Secondly the interested parties shall be relayed to their actual position with regards to the service or product being given. Consideration phase implies where to clearly define the product to the prospect using workshops, seminars and updated events connected with in. The sales phase is divided into three parts which in the end completes with actual sale transaction. The reason why the shape is a conus is because of the initial stage where awareness is you may have large quantity of possible customers but in the end the target population shall be lots smaller quantity.

**5. SOURCE OF DATA**

Crude oil prices and freight prices have been taken into consideration in order to reflect trends in marine transportation worldwide. The study is on the driving forces behind Crude oil prices of Brent and Dubai benchmarks. Below diagram shows the determination factors for Baltic Dirty Tanker Index(BDTI);

**Table 1. Determinants of Freight Index BDTI**

<i>Route&amp;Haul</i>	<i>Oil Demand/ Oil Supply</i>
<i>Cost&amp;Revenue</i>	<i>Oil Price(Brent Price)</i> <i>World Economy(S&amp;P Charts, Dow Jones)</i>
<i>Vessel Specification</i>	<i>Shipping Capacity</i>

The importance of a benchmark in the oil market is that benchmarks serve as a reference price for buyers and sellers of crude oil. Oil benchmarks are repeatedly quoted in the media as the price of oil. Though Brent crude and WTI crude are the most popular benchmarks, their prices are often used by the market players. The difference in price between Brent and WTI is called the Brent WTI spread. Each one of them has unique supply and demand variables.



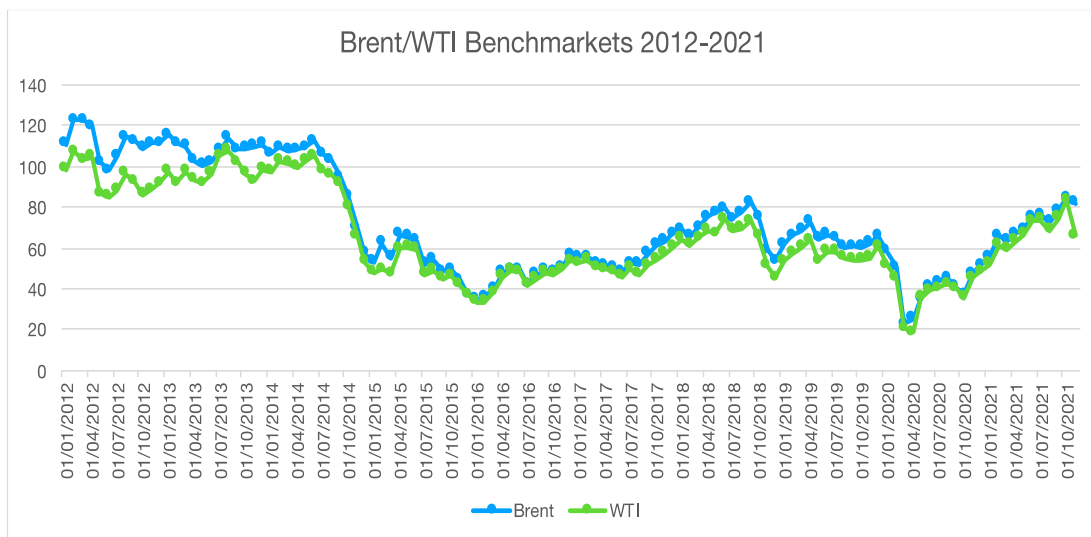


**Table 2.** Comparison of Brent Oil and West Texas Intermediate (WTI) benchmarks

<i>BRENT</i>	<i>WTI</i>
Most Popular	Less Popular
Relatively higher Sulphur content	Low Sulphur Content
Price scale is high compared to	Current price scale is lower

Benchmarks do not exactly give the settled price between parties it can differ with a wide range when it comes to actual sales agreement between oil exporter and importer. Crisis situations are controlled by global price regulations which are put forward by the OPEC and non-OPEC countries.

As below chart shows the index performance levels.



**Figure 2.** Benchmarks

Note. The above data taken is between 2012-2021 from both oil prices.

As seen above both benchmarks react vertically approximately at the same dates. These are performance levels for oil prices, lower estimates show more supply than demand and higher estimates show higher demand than supply. But does it imply a flexible supply and demand curve as such in other commodity prices? There are arguments regarding this issue some explorers state that organisation price regulations and oil supply stock management governs heavily comparison to free trade principles. One must take this into account before analysis. Covid-19 in 2020 has hit oil markets plummeting the rates at a very low level. Producers rushed for land space where they can stock the oil instead of selling it at low prices (Hanieh, 2021). Data collected as freight index (BDTI) and crude oil price WTI and Brent for the last 10 years monthly.

## 6. METHOD

Descriptive statistical methods have been used in this study. Approximately ten years data reveals minimum freight rate as 411\$ maximum at 1.157\$ at a mean of 722\$ standard deviation of 137\$. Hypothetically the relationship between oil price and shipping freight market can be explained as in below parameters;

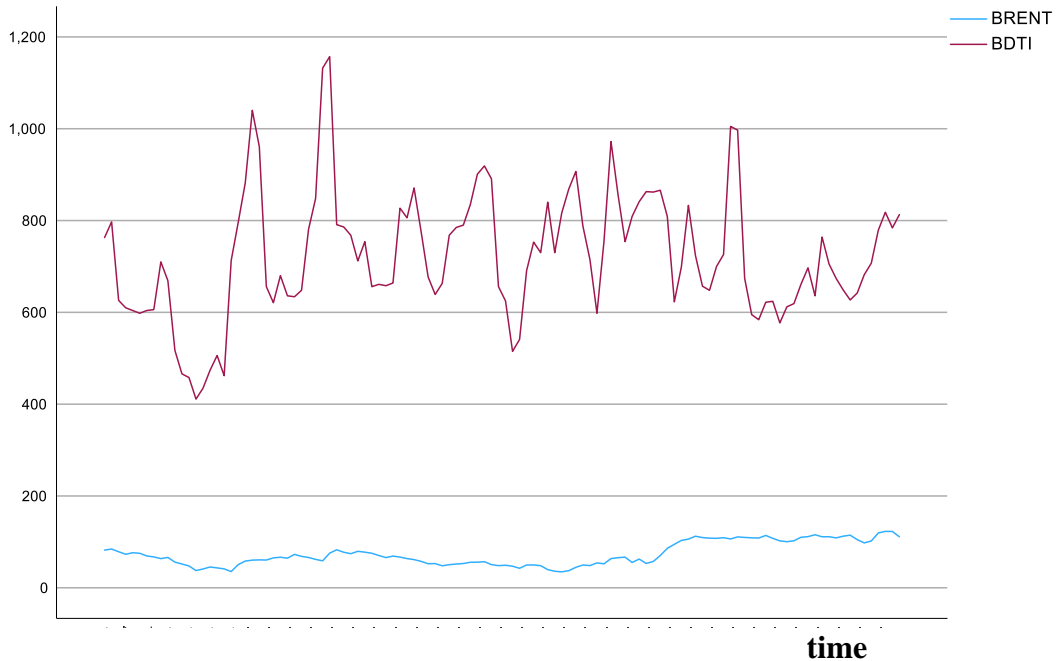
- Transportation cost can be divided into categories such as; equity cost, voyage costs and running costs. Voyage costs can be explained with transport route, fuel costs, port costs. Fuel cost is an important factor which is an end product of crude oil itself linking to oil price. When oil prices go up it affects the profit and causes freight to go up also.
- Crude Oil Demand; When there is economic activity globally this will cause more energy consumption thus will increase oil price. Shipping is highly connected to global trade as production of goods and raw material senses dynamics with in separate locations. If freight volume increases the



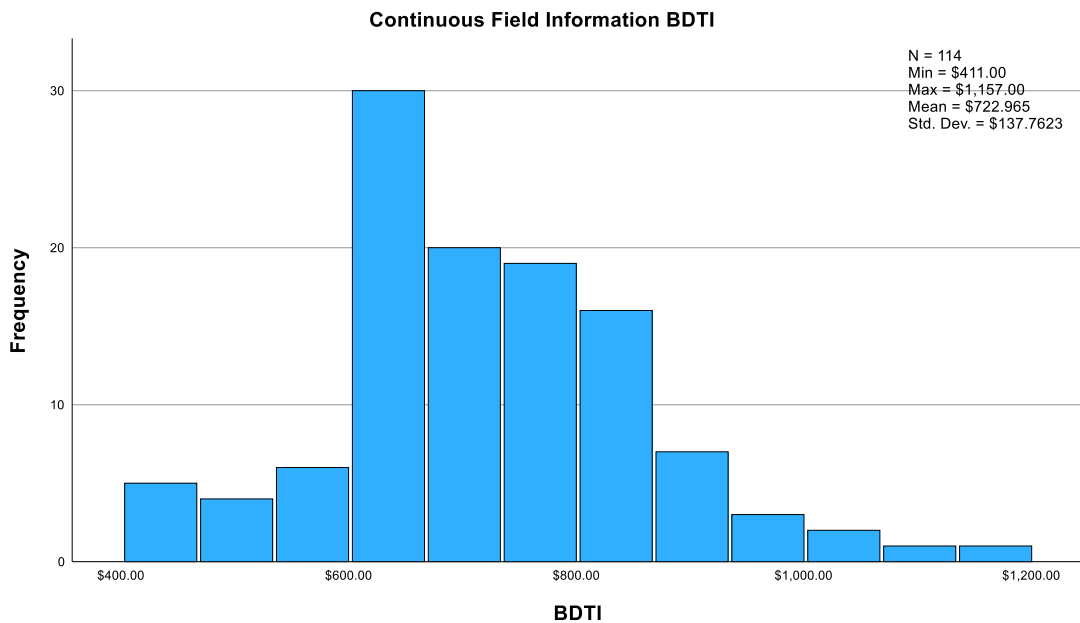
freight will also rise. Shipowner may request higher freight rate to cover for fuel spendature, thus oil price and freight rate move together. although represent different performance parameters.

- Crude oil Transport Services: With oil supply shocks and stock management, oil prices affect global oil transportation, in general served by ocean tankers. If crude oil supply reduces without expectation, the volume of crude oil transport services decreases, and the freight rate of oil tankers decreases. In this case, oil prices move in the opposite direction to the freight rate. (Scarsi, 2007)

**Usd per day**



**Figure 3. BDTI and Brent time graph**



**Figure 4. BDTI Frequency graph**



## 7. RESULTS

The shipping cycle has four stages;

- Through: Shipping capacity reduces freights near operating costs, second hand ship prices increase while the shipbuilding orderbook reduces
- Recovery: supply and demand move towards balance, freights increase
- Peak: Freights are high and orderbook expands
- Collapse: Supply overtakes demand and freights get lower (Scarsi, 2007).

The time difference between buying and selling a vessel is of importance and can be considered as a reason for the cyclical character of the market. Usually when a new vessel is ordered the actual operation of the vessel will be 2-4 years of time lag. Depression of a market shall worsen when new vessels which were bought when the conditions were better add up to the operating fleet.

When operating the fleet vessels owner usually decides on freight distribution on voyage and time charter basis. On voyage charter there is a chance of getting good spot rates but on the other hand it is volatile to market conditions concurrently. On time charter owners can find security to pay off loans at a steady freight rate. There are also ship pools designated and organized to beat market volatility for ship owner members.

Rational way of putting it as a correct evaluation of the expected development of the market cycle as which; buying low, selling high, spot chartering at an increasing market and taking a time charter when rates are high should be efficient for the shipowner's company. This is of course the case apart from the incidental happenings such as damage to the fleet or geopolitical decisions or economic crisis affecting the market conditions. The main problem is there is no actual guess on when shipping cycles turn around, shipping cycles are sequences of through and peak periods overall. The second approach is the difficulty level of methods which vary from researcher to researcher all over the globe. The third problem is the lagging period between buying and operating a vessel within a 2–4-year period of time there could be many changes within the shipping market. A ship that has been bought at the correct timing pays off the break-even point much faster thus enabling the profitability to affect the whole of the balance sheet. When selling the vessel, the market conditions would be at their peak so the secondhand market could offer better selling prices. About chartering of the vessel main look out point is when there is a word spreading that the volatility of freight market could be a problem that is when chartering on time basis could secure the owner from low rates.

**Table3.** World fleet by principal vessel type, 2020-2021

Principal Types	2020		2021		Percentage change 21 over 20
Bulk Carriers	879 725	%42.47	913 032	%42.77	%3.79
Oil Tankers	601 342	%29.03	619 148	%29	%2.96
Container Ships	274 973	%13.27	281 784	%13.20	%2.48
Other:	238 705	%11.52	243 922	%11.43	%2.19
Offshore	84 049	%4.06	84 094	%3.94	%0.05
Gas Carriers	73 685	%3.56	77 455	%3.63	%5.12
Chemical Tankers	47 480	%2.29	48 858	%2.29	%2.90
other	25 500	%1.23	25 407	%1.19	-%0.36
Ferries	7 992	%0.39	8 109	%0.38	%1.46
General cargo	76 893	%3.71	76 754	%3.60	-%0.18
World total	2 071 638		2 134 640		%3.04

**Source:** Based on UNCTAD<sup>3</sup> calculations (thousand deadweight tons and percentage)

Table 1. gives an idea of fleet growth, classified according to different segments. Gas carriers have been the fastest growing segment compared to others, there is a probability that this can be seen as

<sup>3</sup> United Nations Conference on Trade and Development



a rise in global demand for gas trade or also can be interpreted as higher supply than demand thus resulting in lower freight rates. Fleet capacity levels are quite unpredictable due to uncertainty considering different markets which are diversified although the investors global locations. As it is seen for tanker fleet although at a rough period the fleet has grown as 2.96. One might expect this rate to fall due to lower freight rates but this is not so simple to interpret because of the cycling period which could be at an average range of 6-7 years according to speculative happenings such as covid-19, wars, financial crisis. Prior research has concluded that crises formed part of a wave-like mechanism, acting on economy. Ship owners and maritime economists must be able to predict depression cycles before opening up an order book for their fleet. Perfect timing in decision making has always been a task where shipping companies find themselves vulnerable towards. Recent studies aim to estimate by various stochastic and forecasting techniques which follow with technological developments.

Freight rates are the result of market adjustments and vessel operators are the takers of the last price. Asset movements are huge margins, the end sale price of a ship is connected to freight market but also the outlook of the market meaning the forecasts about future market conditions. They depend on available information but also on the ability to read the present market conditions correctly. Due to the market transparency expectations normally move in the same direction. This means when the market is towards growth, it is well known eventually it will collapse and vice versa. At this case real difference originates from individual perspectives and ofcourse from luck. (Scarsi, 2007)

It is seen that the oil price effect on freight index is negatively correlated at a very week matter. This is because there is a non linear relationship between variables. Thus further wavelet analysis would reveal better results at a sensitive matter. (Bai, 2021) BDTI has a much more volatile wave graph as below.

## 8. DISCUSSION

The shipping market is composed of several types of players with different trading patterns. Short-term players such as voyage charterers, speculators and traders primarily focus on the freight dynamics in the shorter time period. The sale agreements are often made at a relatively high frequency. On the other hand, long- term players such as oil majors and banks concentrate on long-term market trends. Shipowners intentions are both about the short- term period for voyage chartering strategies (which trading route) and the longer-term horizon for time charter and ship investment decisions. Therefore, it is vital to examine the scale properties as different trading and contracting horizons exist in the shipping freight market. (Bai, 2021)

Let's assume a company strategy development for a marine insurance product to be acquired as a market share from the concurrent competitors. A stable marketing strategy should be selected from available market research and focus on the right product mix to achieve the maximum profit potential and endure the business. As mentioned before, the insurance market has its own dynamics as originally the product was only a piece of paper(policy) which indicates coverage for a liability. When constructing marketing plan which is a written document detailing the marketing methods selected ( advertising, price promotions, workshops) it also states the objective of which in this case is to evolve in current marine markets in the companies local area. It also examines the resources which will be needed, like campaign budgets or meetings, exhibitions. The first approach is gathering information on the current market situation, finding out the competition level, what are the competitors positioning, how they control the way the customers see the products or services. Next step is setting of the objectives, achievements in terms of sales and image, how the company is going to achieve the target is known to be as the strategic plan. The company SWOT analysis is important mainly considering the competition area, formulating the product strategy is a task to be completed, marketing mix acknowledgement, and lastly planning of resources with rightful budgeting. There are also tactics involved in the marketing operation, however they are for short term targets. Some marketers prefer to use client tracking as a tool, sales discounts, promotion, exhibits can be counted as tactics.

The task may seem easy as to get the insurance companies and clients as shipowner companies together and contracting business. But there is not always a possibility of winning a competitive advantage in current market conditions. This challenge itself is a research area which is interconnected between academia and private sectors. Every company should understand customers and clarify their needs. Marketing funnel as explained, has been the most useful tool to attract the customers. It is the



foundation of the journey of the client who purchases at the last. One of the marketers' objectives should be to keep the funnel performance high as possible. This can only be possible by acknowledgement of the marketing funnel throughout every stage carefully and in detail. Then again if company still fails to develop in the market can consider partnering or promotion through more eligible events. constrained maximization problem below represents the marketing start up program; if the decision maker is certain about the input data cost and profit according to below results we can come to the conclusion as to invest on only workshops and advertisement, but this is merely the case if we are to talk about aggressive or undynamic market conditions a company new to the markets usually prefer partnership with concurrent affiliates. Again, when observing the outcome of an ordinary budget decision the result would disturb the decision maker as profits seem below the budget amount, but this is never the case in marketing. Thus, the consideration could wind up as a start up program. After this decision, up to success one shall proceed with the marketing funnel strategy to gain and keep customers thus until that point the real estimated profit will be under cumulative effect.

Inhibition of disclosure is an important subject to discuss when it comes to marketing strategy in general and to shipping markets. Especially in the maritime market we are basically inferring to volatile economic indicators with high competition between companies, thus the secrecy of strategic approaches of a shipping company is an aspect to be clarified.

Operational sustainability requirement for logistics industry passes through correct and constant supply chain management. To give an up-to-date example would be the covid-19 period we all went through, it caused discrepancies at the supply chain that triggered logistic operations to halt or delay throughout the whole World. This could be avoided only if supply chain evaluations are made according to regulations and safety with consideration of probable events that may cause problems in the future.

Environmental sustainability is another main subject that also should be taken into consideration. The aim of this subject involves reducing the ecological footprint and avoiding consumption and residual pollution to the environment, also to avoid any accidents that may result in loss and harm to the environment. What is needed to achieve these goals passes through another field as sustainability in energy field for example environmentally friendly transport vehicles could be preferred and economically supported for logistics. For the residual part of the plan a very systematic garbage or waste disposal strategy could be developed. Meantime there are many institutions such as Environmental Protection Agencies that reside in many countries including ours. Logistics providers and constructors could be in collaboration with such agencies to accomplish environmentally friendly projects together.

E-commerce is the only sector growing during Covid-19 in which the goods are being carried by container vessels. This area seems to have a positive effect as per rise of demand, these global web-based providers usually choose main liner companies by signing extended period agreements on transporting their goods through logistics networks with a quality door to door service. The future of e-commerce is also related to the exponential growth of door-to-door services. Considering the software developments regarding web-based platforms we may assume that the gap between physical providers and e-commerce providers will widen. This might seem to be a harmless situation but when you consider the health of society and extreme consumption ratio of course there will also be a limit to e-commerce.

## 9. CONCLUSION

A shipping company may succeed on innovative ideas toward servicing although without sufficient resources such as financial, marketing or personnel will certainly limit competition in the markets. The distinctive competencies evolve around abilities within the operational framework, in shipping business one might think all companies within same segment relate within each other but that's not the case. For example a tanker operator differs between competitors in means of high operation standards, there are outsourced companies just to evaluate and give score on how security measures are taken during shore based operation of a vessel. These results are then relayed to transport clients through marketing channels. Each big oil company has obligations to high standard operators when selecting their carriers. The company life cycle is another important factor, if the break even point of the newly acquired vessels are at a long range the strategy will rely on stable marketing but if the pay off of a vessel is completed which means the age of the fleet has grown the marketing strategy can be more aggressive.



At marketing management, the information to reveal is as much as important as the information which is kept aside. The bigger the level to which a secret is as noticeable by the consumer and other stakeholders the greater the risk to the company. The company will decide the level of risk that they want to assume and the type of secret that collaborates best for their marketing efforts. (Berthon, Lord, Hannah, & Parent, 2020)

The business model is put forward by generating conceptual understanding in line with but not solely limited by budgeting and financial outcomes. Especially nowadays technological advancements and a greater number of customer choices leave newly emerged companies to develop unique marketing techniques. Which also goes for maritime enhancements such as new marine insurance products, crew training companies, safety management companies, communication companies and many more.

Within one country or throughout the world production facilities are located according to the economical and geographic optimization rules such as where the raw material (pre production material) is located or the location of modification bases (where the produced goods get combined to get to its final form) or where warehouses for distribution to demanding market is located and how much their rental price for storage of the product before it gets to the costumers. These and many more parameters are involved, these parameters could be diversified according to the product type.

At rural areas you may notice that the production is mainly steaming fabrications which could be harmful for the city residents due to air or noise pollution. Industrial complexes happen to be because the same location is optimal for the same industry players, so they start renting a similar slot for their operations that creates the industrial complex from the consumers point of view. Another important geographic reason is the ability to transport without paying high freight costs.

The lack of qualified human resources is an assumption which should clearly be defined by the authorities. At which part of logistics sector is there any more need of qualified human resource if we assume at management level qualification, the crucial element missing could be proper education given by sector experts and given the adequate proper education the power to accept and evaluate such educational skills is of importance also. This could be an ineffective area. A proper human resources division should be aware of the qualifications and also carry the responsibility when repatriating and accepting employees to be part of an organization, whether logistics or another sector.

There are opinions that globalization widens the gap between developed and underdeveloped countries in terms of foreign trade. This sort of gap could be considered as a negative effect in means of economy. Small companies who cannot compete with the global trade network of globalized companies either close or merge with each other. The unification of this process may not cover alternative consumers, this way opens another market for such demands. The authorities push the underdeveloped countries to regulate customs policies for the benefit of the local traders at the same time avoiding breach of liberal trade. The developed countries take over the wheel with huge responsibilities they must overcome.

Short term impacts of Covid-19 are accounted as a limitation to the growth of international growth. Due to lower consumption workplaces closed, production decreased shopping stopped except for basic needs, companies lost stock values. Service sectors have come to a closing point. These shutdowns also negatively affected import and export activities, which caused international trade to come to its limits. Global containers arrive from Asia filled with manufactured goods and the empty containers which have arrived are then filled with specialty crops and other consumption goods on the way to Asia. The Covid-19 related shutdown of production and decrease of demand has created a shortage of empty containers which are to return to Asia. Other impact is the decrease of dynamics on trade relations, due to less visits between countries companies has changed character as forced them to target on keeping existing contacts and business relations which caused a more static market condition in means of global trade including container transport. Thus, most of the customers who are already in connection with certain container line companies continued with the same which is a positive effect to the server liner company giving the advantage of gaping the prices as much as required. On the other hand this approach had a negative effect for whom alternative relatively smaller liner companies which hold smaller portion of the routes at its scope, for these companies whom are looking to acquire more share has troubles on finding new customers because of the demanders for containers are secured to be at their usual serving companies to be at the safe side on their own perspective.



The World Economy as we know consists of parameters such as economic management, production, consumption, work, exchange of financial values and the trade of goods and services. Shipping and transportation are directly related to the trade of goods and services, which then also has a cross effect on other values. As an economic overview the World imports and exports are accounted as equal to each other considering all nations under international trade. This leaves us with the transport value of goods, we can assume the value of the goods being carried is excluded and only the shipping cost is considered. At this case fuel consumption and daily running cost of the transport vehicle as such vessel is of importance when calculating freight. We can conclude that shipping has an economic effect on World Trade in correlation with bunker prices and running cost items such as crew wages, insurance, office costs, technical and provision vessel supplies and so on. During the process, an additional marginal value is created which is the earnings or the profit of shipping. Which is important because it is a driving force for the shipping market which is in relation to the global economy. Earnings provide future shipping as a means of both labor force and technologic advancements. This creates added value when GDP is calculated so in sense of the development of shipping sector there will also be an effect on World economy in a greater sense. If we divide both effects from each other, we can say shipping has an inwards and outwards effect on World economy. Shipping costs as an inward effect profit and earnings as an outward effect.

Shipping consists of a well-trained and constantly renewed group of professionals who is dedicated to pushing limits further to improve and qualify the maritime sector. In many of the literature global economy is also defined by the researchers as all economic activity within and between nations, the economies of all humas of the World. The human aspect has significant importance when it comes to improvement of the global economy. Shipping expeditions and marketing events bring people together to procure investments and realize new business connections. These interactions are vital for the improvement of global trade in a dynamic matter. Apart from the human aspect we can also consider the technological function of shipping as we all know transport requires constant advancement in technology to overcome environmental and consumption-related problems. These advancements, which are also implemented in other sectors, then produce a positive effect for global trade overall. As the conclusion above economic and factorial overview shows that the shipping sector is vitally interrelated with global economy and trade as an actor on a strongly positive perspective. This relation will continue for many hundred years as long as maritime industry and logistics continue to evolve with concurrent values.

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