MARKETING CONTROLLING IN LITHUANIAN FREIGHT TRANSPORT SERVICES ENTERPRISES

Neringa Langviniené, Gelminė Sližienė, Rimgailė Vaitkienė
Kaunas University of Technology, Lithuania
neringa.langviniene@ktu.lt, gelmine.sliziene@ktu.lt, rimgaiile.vaitkiene@ktu.lt

Abstract

Freight transport services increases competitiveness of economics, employment of people, have an influence on creating of GNP. Approximately 12 percent of GNP in EU is created by these services. This forces to investigate this sector. Lithuanian freight transport services enterprises met the growing competition in this market that is increased by enterprises of entire EU. Marketing helps to prepare and take business decisions and plays an important role in the system designed to manage, organize, plan, and control business. Marketing management is the essential obligation to develop the intelligences, manage the competition strategies and create the profitable exchanges. The aims of marketing involve systemic and continuous analysis of needs of the main consumer groups, creation and production of product and serving the chosen groups or segments more effectively than competitors. When the aim is reached, enterprises ensure the long-term competitive advantage.

Modern marketing control imperative is to find the way for enterprise to react to continual changes of business conditions. Controlling is understood as the conception of systemic management of marketing or separate functional process, as necessary precondition for long-term enterprise’s survival. From the functional point of view marketing management is the activity or process of forming, organizing and implementing of certain decision.

An objective of article is to disclose an influence of marketing controlling for enlargement of competitiveness of Lithuanian freight transport enterprises.

Methods of investigation are analysis of scientific works, statistical data, and questionnaire investigation.

Keywords: freight transport services, competitiveness, marketing management, marketing controlling.

Introduction

The circumstance that 6.4 percent of Lithuanian people work in transport and logistics sector (by data of Statistical Department, 2007) and create 12 percent of GNP let’s do not doubt about demand to develop competitive advantages for freight transport services that could let to develop this sector further. Former competitive advantage – low price for service – is not more an advantage for Lithuanian enterprises comparing with former EU countries. Demand to increase salaries for drivers, to provide the highest technology for customers does not leave a possibility to sell freight transport services for low prices. Managers of freight transport services should look for possibility to supply exceptional service that has one or few advantages comparing with others.

Marketing is employed in the process of preparing and taking business decisions and plays an important role in the system designed to manage, organize, plan, and control business activities. It is the essential obligation to develop the intelligences, manage the competition strategies and create the profitable exchanges. The aims involve systemic and continuous analysis of needs of the main consumer groups, creation and production of product and serving the chosen groups or segments more effectively than competitors. In this way enterprises ensure the long-term competitive advantages.

The modern marketing control imperative is to find the way for enterprise to react to continual changes of business conditions. Controlling is understood as the conception of systemic management of marketing or separate functional process, as necessary precondition for long-term enterprise’s survival. From the functional point of view marketing management is the activity or process of forming, organizing (planning) and implementing (realization or control) of certain decision.

The novelty of this theme is such, that authors more attention pays to marketing as management, that helps to sell something, or to transport from the point of element of infrastructure network. Investigation in transport services field is rather fragmentary. Scientific or business literature analysis how transport procedure works: logistics, storage or other related functions are structured.
Scientific problem analysed in this article, what a marketing controlling should be as a part of systemic management in Lithuanian freight transport services enterprises pursuing long-term competitiveness.

An objective of article is to disclose an influence of marketing controlling for enlargement of competitiveness of Lithuanian freight transport enterprises.

Methods of investigation are analysis of scientific works of Lithuanian and foreign authors, analysis of statistical data, study of questionnaire investigation. Referring to conceptions of marketing evaluation and its measurement methods presented by Llonch, Eusebio and Ambler, (2002), Kahn and Myers (2005); Morgan et al., (2002); Sheth and Sisodia, (2002); Vorhies and Morgan, (2003), the questionnaire construct was designed. During questionnaire investigation more than 340 Lithuanian freight transport services enterprises were examined. Taking into account that these enterprises were a largest part of Lithuanian carriers, conclusions of this article are rather representative and could be adopted for marketing actions in the nearest future. Investigation has showed that Lithuanian freight transport services enterprises are not small companies. One way or another marketing activity is pursued. Improving actions of marketing for selling these services – is rather value-free decision for increasing competitive advantages in the terms of increasing competitiveness in freight transport services market.

Conceptual frame of freight transport service

Influence of transport services to the general economics of European countries is rather important. More than 10 percent of all GNP (gross national product) are created by transport, logistics and storage services sector (European Logistics Market, 2006; Labzentis, 2006). This fact let not us doubt about importance to know more about these services, to analyse them, to look for possibilities for development. Transport services are supplied to customers wanting to deliver somewhere goods or to people who want to go to other place (passengers). More attention should be paid for formers, because these services are more important for supplying our services abroad, selling them to international market. These services create the bigger part of GNP comparing to others (European logistics market, 2006).

Interest to transport services is not new. However, authors try to analyse freight transport service from the point of infrastructure. Also attention to security of environment is paid. Pollution, crushes in the roads, queues at the borders makes a lot of problems that are analyse not only by scientists, but solved by European Commission, too. Even if European Structure Funds subsidize railway transport or sea transport for avoiding problems, mentioned above, transport by roads remains to be the most important transport way for carriage of standard loads, goods and other loads that are moving between countries in one continent. A demand of freight transport is undoubted for organizations of building services, wholesalers, retailers or other activity firms. A development of countries economics is directly related with development of freight transport services volumes. Lately a big influence of road transport services to welfare of community, mobility, economical prosperity and employment of new employees is acknowledged (Litvinenka, 2005; EU changes them view to road transport, 2006).

Analysing a conception of freight transport service we should note that the customer of this service is not private one. Commonly business organizations are customers of freight transport service. However, more often it is difficult to explore who is the actual customer of freight transport service. These services are consumed not by final customers. Freight transport services rely to business-to-business services group. When a freight transport services is ordered not by direct sender or recipient of load, for example, by agent, forwarder or other services supplier, to find a final customer of these services are totally messy.

There are a few definitions of freight transport services that commonly refer to characteristics of these services (Vengrauskas, Langviniene, 2003; Langviniene, 2005). Even any definition of service could be criticized, because more and more features freight transport service could include, we will try to give our definition of services that is analysed here, in this article:

Freight transport service is a service that meets a primary and secondary demand of customer who wants to deliver his own or his clients’ load from one place to other and to solve all problems that could be met in this delivery path: to choose the best way to carry this load, to transact deals in customs (if such are), to storage load in the intermediate points of destination (if such are); to provide all necessary documents for load crossing different countries and so on.

There are a lot of opportunities to extent this definition. It relies to secondary services that could be added to the main service that is urgent for a customer. A package of freight transport service depends on supplier, it is who he is, and on the customer, that he wants. Transport services supplier is able to provide
transport service by his own transport, forwarder is able to give more value by adding supplementary services (documents arranging, intermediation in customs, storage and so on), logistics company can provide his own transport or transport by subcontracting deals, a few of supplementary services (Vengrauskas, Langviniene, 2003). Usually customer knows he wants to deliver his load. But he does not know peculiarities that follow a delivery. Freight transport services enterprises are able to provide all the service. That is why there is no need for business enterprises that activity is related to retailing, wholesaling or other, to buy them own transport and to arrange delivery themselves. Besides that, a carriage of loads between different countries is activity that is strictly regulated by different institutions and laws. This carriage could be made by carrier who has necessary permits for carriage loads, licence for transport activity, trucks that corresponds to technical requirements of EU, or requirements for environment security (pollution). Freight transport services meet the onetime demand of customer to bring dangerous load, or a load that is not standard one. Forwarders or logistics companies are able to provide multimodal freight transport service for load carriage if it is necessary, for example, to carry a load from Australia to Russia: arranging a ship from Australia to Netherlands, further a truck from Rotterdam to Lithuania, and latter a truck or a train to Russia, minibus from railway station to stocks.

**Competitive environment of freight transport services enterprises in Lithuania**

That is a situation of freight transport services enterprises in Lithuania nowadays we will present here, in this part of article. Before starting the statistical data analysis, we should describe who competes in freight transport market supplying these services. Freight transport services are supplied by three types of enterprises: transport, forwarding and logistics services enterprises (Langviniene, 2005). *Transport services enterprises* (carriers), have transport, drivers and haulage different loads. They offer insurance services, prepare documents following the load. Partial load (that does not occupy the entire trailer) is delivered to terminal. Delivery of load from terminal to store of recipient is organized by recipient himself. Full load (that occupies trailer) is delivered to destination place. They acts as intermediate in customs frequently.

*Forwarding enterprises* act as an agent for finding a customer and carrier. They are able seldom to provide insurance for load (they are not interested in insurance, because it is provided by carrier). Very often forwarders acts in one field of forwarding: exporters or importers, because this activity is rather different.

*Logistics services* are able to transport loads by them own transport. A part of loads could be forwarded to other carriers. Usually logistics enterprises do not limit themselves by freight of load. Insurance, documents arrangement for load, storage, sorting of load, package, security of load are provided. As all enterprises mentioned above supplies similar freight transport services, but add one or other services that strengthens competetiveness of enterprise, we call them commonly *freight transport services enterprises*.

According the data of Lithuanian national association of carriers Linava, there are 1150 of enterprises in Lithuania that are able to supply freight transport services (A report about questionnaire inquiry made in 2006 about member of association and candidates to member about them activity of 2005 results (2006)). 73 percent of them are joint stock companies, 24 – personal firms. Almost all enterprises (95 percent) in Lithuania that operate in freight transport services market are local capitals.

Estimating *territorial location* of enterprises supplying freight transport services, Vilnius has the largest part of these enterprises (30 percent). Kaunas and Klaipeda together are towns there focus more than 32 percent of these enterprises (18 and 16 percent). Further location is such: Šiauliai (13 percent), Panevėžys (12 percent) and Alytus (11 percent).

As an instrument for *competition an activity*, it is *specialization* of these enterprises is important. According the data of Linava, only 35 percent of enterprises that have permits to carriage the loads, practisce as carriers only. The rest part (65 percent) without the transport activity, engage in wholesaling and retailing (16 percent), different production and building (4 percent), repair and rent of cars, rent of premises (8 percent), other services (insurance, catering, forwarding, logistics, hotels) (53 percent), other activity (11 percent). We should note, that 28 percent of enterprises supplies forwarding services.

*Experience* is next competitive advantage in large competition of these services market. Experienced enterprises dominate. Actually 63 percent of all enterprises acts in this market longer as 5 years, but shorter as 10. More than 10 years 29 percent of enterprises are working. Young enterprises that are established no longer as 2 years make 3 percent of carriers. Estimating the dynamics we should note that enterprises that acts more than 10 year are multiply every year.

Other point that has an influence on strengthening a competition is *technical advantages*. Estimating transport fleet, enterprises of freight transport services are growing. The dominating part of enterprises have
more than 5 trucks (59.7 percent in 2005), as the situation in 2000 shows, that dominating part of enterprises have had 2-5 trucks. Besides that, more and more transport means are made not earlier as in 2003-2006. Thus, freight transport services pay more attention to expand them transport fleet, renew it. Analysing the specialization of enterprises, more than half of them supplies general load convey services, it is a load that do not requires any special conditions for loading or carriage. One fifth of enterprises carriage loads by refrigerators, it are loads that requires special temperature regime. By auto trailers 13 percent of loads are carriage. Containers, cisterns, wagons are not very popular specialization for Lithuanian freight transport enterprises (1-3 percent).

Dynamic competition theory maintains that market activity is successful, when competitive processes result in a greater sensitivity to differences in consumer’s needs and preferences, higher quality services, greater innovativeness, higher productivity and greater economic growth (Hunt, Arnett, 2006). Freight transport services enterprises marketing is involved to business decision preparing process. Rationality and efficiency of marketing decisions belong on right and measured enterprise facilities and needs evaluations, coordination external and internal processes in enterprise.

**Marketing controlling as way to react to business environment changes**

Marketing management is key obligation to develop intelligence, to manage competitive strategies, and to create profitable exchange. The development of organization’s environment intelligence requires that marketing management would (Ambler, 2000; Lafferty, Hult, 2001): define the environmental need (demand) and requirements, that outline the organization’s long-term survival conditions; monitor the essential information about their inputs into organization; present (or analyze) the information for training the intelligence as the base for competition strategy planning.

Imperative of modern marketing controlling is a way for enterprise to find solution how to react to changes of business conditions. Standpoint to control should be such as describing a control as a junction between management of strategy and regulating of strategy: that activity should be and that results should be reached, also gathering information and taking solutions.

Controlling could be described as synthesis of management accounting, planning, controlling, analysis and other functions that is necessary trying to take management solutions and effectively managing an enterprise, trying to reach projected objectives. This is a system oriented to long-term effective working of enterprise; a system of constantly repeating actions. The main objective of marketing is orientation to achievement of settled goals, also an information of solutions making and enlargement of them quality. Its activity trends directly result of enterprises objectives and could be expressed in economically terms, for example, profitability of some level (Kaminskij, 2002). The main task of marketing controlling is information providing of effective management for meeting of customers demands. Controlling of marketing activity becomes to be systemic process oriented to persistent improvement in assistance of which managers regulate enterprise activity, provides its correspondence to plans, goals and normative according accredited standards. For realising marketing controlling not only control is necessary, but also audit and monitoring, marketing controlling components, estimating managing processes and them possibilities (Bagiev, 2001). Functional scheme of marketing controlling is presented in Figure 1.

Systemic coordinating/supervisory function is dedicated for synchronization of planning and control systems. Also this function is a mean of marketing planning and control achieving objectives of enterprise. Coordinating function consists of marketing, information, planning and control functions matching with other activities of enterprise. Information function is dedicated to collect and assign information necessary for planning, taking solutions and control. They are the main controlling spheres. Planning functions guarantee marketing work in various levels of management. Control function estimates a level of marketing objectives achievement, ways to achieve them. Marketing audit is dedicated to foreseen problems and to improve entire system of marketing. Its aim are goals of marketing, programmes and them implementation, activity of marketing department, marketing solutions. Marketing control includes estimation of marketing strategy and results of plans, correction actions that guarantee achievement of marketing objectives adopting (Kotler, Ph., Armstrong, G., 1999). It includes analysis function, too. This is a mean for adoption of planned marketing politics instruments in accordance to environment circumstance (Bagiev, 2001).

Marketing measurement and control is dedicated to acquisition of information and knowledge in all hierarchy levels of enterprise, also estimation of achievements. Referring to conceptions of marketing evaluation and its measurement methods presented by Llonch, Eusebio and Ambler, (2002), Kahn and Myers
(2005); Morgan et al., (2002); Sheth and Sisodia, (2002); Vorhies and Morgan, (2003), the questionnaire construct was designed.

**MARKETING CONTROLLING**

![Diagram of Marketing Controlling Functions](image)

Figure 1. Marketing controlling functions (according Rostašova, M., 2006)

Four main marketing success estimation spheres and indices are excluded:

- **external markets**: loyalty, keeping of customers, quality, innovations, satisfaction of customers, comparative value (occupied part of market/size of market), provision, distribution, partnership, development;
- **estimation of branch**: competitors, competition, environment, demand, preferences and satisfaction of customers;
- **internal markets**: objectives, innovations, resources, employee, communication;
- **processes**: investigation of customers, frequency and them usage in marketing management, reaction to changes of market, quality, optimization, integration and coordination, innovation.

A research data analysis is presented through two relations: a size of enterprise and its specialization. These relations were chosen because as earlier investigations shows (Staniulyte, 2005; A report about questionnaire inquiry made in 2006 about member of association and candidates to member about them activity of 2005 results, 2006; Girdvainytė, 2006; Ranonytė, 2006), these factors have the direct influence on enterprises competition in the market.

The research results revealed that in freight transport enterprises despite them size and specialization pricing and price analysis, existing customer keeping and creating of loyalty strengthening programs, new customers hunting and attracting tasks are solved (more than 60 percent of enterprises) (look at Figure 2). As investigation showed, not small part of large enterprises solves structural departments employee estimation criteria and employee motivation methods optimizing (40 percent), analysis of customer satisfaction (40 percent), optimizing of transport and logistics systems (40 percent) tasks. Not small part of transport enterprises, that do not have them own transport, solves tasks of transport and logistics system optimization (52,4 percent), customers servicing organization expedition making contracts (47,6 percent), assimilation of new market segments or activity types diversification (38,1 percent). Enterprises that mix them transport with other enterprises, near three tasks mentioned above, often solves tasks of effective marketing communication programs organization and performing (50,7 percent), transport and logistics systems optimizing (41,8 proc.). A half of investigated enterprises solve tasks of analysis of partnership effectiveness with partners and development of it.

The largest attention is paid to processes and external markets, the least – for internal markets. Analysing a relationship between tasks solved and size of enterprise, a conclusion could be made that different size enterprises pays the same attention to external markets, branch analysis. But for internal markets more attention is paid by larger enterprises than by smaller. Chiefly in transport enterprises sales, profit and profitability are controlled. Fair attention in middle and small enterprises is paid to control of services quality and budgets. Data of investigation showed that large (more than 201 employee) enterprises actively control not only mentioned objects as sales, profit and profitability, but also customers reactions, satisfaction, activity with partners, assortment, distribution, sensibility of market to changes, marketing investigations. Not small part of enterprises that combine them own transport with other enterprises transport, often control partnership with partners, services quality, assortment, customers reaction,
satisfaction and marketplace. Small and middle transport enterprises use sales and profit analysis for marketing control.

Figure 2. Marketing tasks are solved upon the specialization and size of enterprises

Not small part of medium enterprises employs competitive advantages comparing and customer’s opinion investigation methods. The largest enterprises often apply profitability analysis, competitive advantages comparing, segments analysis and sales department employee effectiveness estimation methods.

Enterprises that combine them transport with partner’s transport we can see that for control methods they apply sales, profitability analysis methods, also competitive advantages comparing, segment analysis, customers opinion and comparable calculation methods.

Summarizing results of empirical investigation we are able to conclude that in the largest part of investigated freight transport services enterprises estimation of marketing activity is based on control of quantitative results, which goal is to disclose discrepancies between reached results and mistakes. Only small part of enterprises makes not only quantitative, but qualitative estimation, too. More attention in these enterprises is paid to marketing in external markets and estimation of branch, less – for activity processes and them management in enterprises, at least – for internal markets of enterprise.

Conclusions

1. Freight transport service is a service that meets primary and secondary needs of customer who wants to deliver his or third party’s load from one place to other. It is rather difficult to compete in these services market because transport as a service is supplied by carriers, forwarders and logistic enterprises. So, opportunities to find competitive advantages lie in other aspects as only to give for customer a transport mean. There are a few opportunities to find advantages, giving extra value for a customer: more services that correspond to transport, as intermediation in customs, process of preparing a load for haulage, insurance of load, giving more attention for a customer, making investments in strengthening of loyalty of customer, marketing programs and so on. Growing competition in freight transport services market let no relax for these enterprises and forces them to perform tasks that empower to find more and more competitive advantages to sell them services.

2. Summarizing situation of all enterprises in Lithuania, such trends should be spoiled out: Lithuanian freight transport services enterprises are joint stock companies; they acts in the largest towns of Lithuania only; near the transport service they supplies logistics, storage, building and other services; they are rather experienced; for services supplying, it is haulage of load, the newest transport are used; the dominating part of specialization is a freight for usual conditions required loads, it is loads, conveyed by standard trailers.

3. Appliance of marketing controlling information empower enterprises to identify more precisely possibilities of market, purchasing proper resources, to select objective market, to form and to perform strategies, to estimate existing strategies, to foreseen necessary replacement trying to
obtain competitive advantages. Single instruments for marketing controlling that are used by Lithuanian freight transport services enterprises do not let estimate properly an activity of marketing and its influence for strengthening of enterprise competitiveness for long duration period. Marketing controlling system should be formed on a view of integrated marketing and enterprise’s common estimation and management. It should be as normative system in enterprises that meets a context of enterprise activity and objectives.

References

MARKETINGO KONTROLINGAS LIETUVOS KROVINIŲ GABENIMO PASLAUGŲ ĮMONĖSE

Santrauka


Mokslinė problema, nagrinėjama šiame straipsnyje, koks turi būti marketingo kontrolingas kaip sisteminio valdymo dalis Lietuvos krovinių gabemimo paslaugų įmonėse siekiant ilgalaikio konkurencingumo.

Straipsnio tikslas atskleisti marketingo kontrolingo vaidmenį dėl Lietuvos krovinių gabemimo paslaugų įmonių konkurencingumo.