

# Marketing operations of services at Quang Hung International Transport Company Ltd

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**Abstract:** The market mechanism operates with multiple economic components existing simultaneously, driving the rapid development of our economy. Business production is expanding, and consumer preferences are increasingly demanding. Enterprises wishing to establish a stable presence and grow within the market must start from market demands and customer preferences to develop appropriate business strategies that maximize customer satisfaction. Alongside this trend, the role of marketing activities is becoming increasingly established in the market. Marketing assists enterprises in orienting their business operations. From market research and understanding market needs to boosting sales and enhancing customer satisfaction, marketing is regarded as one of the secrets to business success and an effective competitive tool. For Quang Hung Transport and Freight Forwarding Company Limited, the business of maritime transport services is closely linked with marketing activities, particularly in customer acquisition efforts. Effective marketing efforts will ensure the company's operational efficiency.

## 1. Overview of Quang Hung International Shipping Company Limited (NOSCO)

### 1.1. History of Establishment..

Quang Hung International Shipping Co., Ltd. is a state-owned enterprise specializing in transportation, operating as an independent economic entity with full legal status. It is authorized to open accounts at the State Bank (Industrial and Commercial Bank of Dong Da District) and is permitted to use its own seal. The company is a member unit of the Vietnam Maritime Corporation (Corporation 91). The company was transformed from the Office of the River Corporation I following Decision No. 284/QĐTCCB-LĐ dated February 27, 1993, and was established under Decision No. 1108/QĐTCCB-LĐ issued by the Ministry of Transport on June 3, 1993.

On July 30, 1997, under Decision No. 598/Ttg, the Prime Minister granted Quang Hung Transport and Freight Forwarding Co., Ltd. membership of the Vietnam Maritime Corporation. The business license No. 108568 was issued on June 14, 1993, by the Hanoi Economic Arbitration. The export-import business license No. 1031/GP was granted by the Ministry of Trade on June 23, 1995.

The Director of the company is personally responsible before the law for the business activities of the unit. He must strictly adhere to the directive opinions of the Vietnam Maritime Corporation and submit periodic or ad-hoc reports as required by the company regarding all aspects of the unit's business operations.

The Director of the company is authorized to sign economic contracts as per the assignment from the Vietnam Maritime Corporation. He is empowered to independently implement production and business activities, financial operations, and human resource organization according to the delegation or authorization from the Vietnam Maritime Corporation.

### 1.2. Functional Roles and Business Responsibilities of the Company:

- Transportation of goods by river and sea both domestically and internationally.
- Domestic coastal passenger transport services.
- Direct import and export of materials, spare parts, and specialized equipment for the water transport industry.
- Provision of services: freight agency, technology transfer, and maritime brokerage services.
- Mechanical repair and construction of building materials installation of various types of traffic equipment for water transport.
- Directly signing contracts with other business organizations.
- Submitting periodic business reports to the supervising authorities and the parent company.
- Complying with all legal regulations and state policies regarding business activities and services.
- Fulfilling tax obligations and other related contributions.
- Continuously enhancing staff qualifications to improve the company's competitiveness.
- Various other comprehensive services (such as office rental, lodging, provision of maritime materials and equipment services, etc.)
- Directly signing contracts with other business organizations.

Among the listed business activities, the transportation of goods and passengers by sea is the primary business operation, accounting for over 75% of the company's total revenue, primarily collected in foreign currency. .

### 1.3. Organizational Structure of the Company:

The management model of the Company is divided into two main divisions: the management division and the production management division. The management division consists of 8 departments: the Director's Office, the Human Resources Department, the Transport Department, the Technical and Materials Department, the Finance and Accounting Department, the River Transport Division, the Passenger Transport Division, and the Planning and Investment Division; the production management division includes the Dong Phong Center, the General Services Center, the Mechanical and Construction Materials Enterprise, the CKD Center, the Hai Phong Branch, the Quang Ninh Branch, the Ho Chi Minh City Branch, and the Labor Export Center. The management structure at Quang Hung Transport and Freight Forwarding Co., Ltd. is designed in a functional line model.

#### 1.4. Business Operation Process of the Company over the Years

Quang Hung Company is one of the medium-sized enterprises operating in the field of international freight transportation in Vietnam. After years of fluctuations during its formation and development, the Company has stabilized its organizational structure and has made solid progress in its business. In recent years, it has consistently exceeded its planned targets, with annual revenue increasing year on year, and tax contributions to the budget rising continuously each year.

**Table 1: Business Performance and Financial Condition of the Company in Recent Years**

Unit: 1.000 VND

Indicators	Results			
	2020	2021	2022	2023
<b>I. Business Performance</b>				
1. Total Revenue	35.695.679	44.240.225	73.596.051	103.609.000
2. Total Expenses	35.687.112	44.194.009	73.480.043	103.064.000
3. Profit (Income)	8.567	46.216	116.008	545.000
<b>II. Financial Position</b>				
<b>Total Assets</b>	<b>71.496.256</b>	<b>70.011.257</b>	<b>94.448.247</b>	<b>122.178.435</b>
- Owner's Equity	6.071.788	5.512.438	5.546.637	5.778.922
- Long-term Loans	37.403.814	34.657.931	51.123.166	72.201.986
- Short-term Loans	11.141.496	14.909.784	20.330.009	21.825.336
- Other Payables	16.879.156	14.931.104	17.448.435	21.821.191
Including Tax Payables	402.000	313.939	369.300	551.000
<b>III. Economic Indicators</b>				
1. Profit Margin (Profit/Revenue)	0,02%	0,1%	0,2%	0,6%
2. Return on Equity (Profit/Equity)	0,01%	0,07%	0,12%	0,24%
3. Short-term Liquidity Ratio	1,17%	1,78%	0,94%	0,68%

#### Comments:

The current development situation and business production results of the Company indicate that the Company has been increasingly expanding in scale, with growing revenue and profits. The living standards of employees and the average income of workers have significantly improved, and the Company is striving to achieve the general wage level relative to the total

maritime transport volume of the Vietnam Maritime Corporation.

Most of the Company's assets are financed through bank loans. The Company has adequately depreciated its fixed assets according to the regulations permitted by the State to ensure timely repayment of bank loans, with no overdue debts at any banks. Moreover, the Company's business operations remain stable and continue to grow. In recent years, the Company has primarily invested its assets using bank loans, resulting in substantial depreciation and leaving minimal retained profits.

## **2. The Current Status of Marketing Activities at Quang Hung Logistics and Freight Forwarding Co., Ltd.**

Generally speaking, Quang Hung Logistics and Freight Forwarding Co., Ltd. has engaged in marketing activities over the past few years in its service operations. However, due to limited financial resources and an inadequate understanding of the role of marketing, the company's marketing efforts have numerous limitations. These activities lack a coherent planning framework and are not organized into a systematic program. The marketing endeavors are currently fragmented and have not been integrated to generate a synergistic effect.

### **2.1. Market Research Activities**

In reality, the company has not conducted any formal market research on customers like its competitors. Nevertheless, these activities are monitored by the board of directors and departments such as the transportation coordination and chartering department.

There is no dedicated marketing department; research related to environmental factors and customer analysis is considered the responsibility of individuals and the aforementioned departments. The board of directors and department heads are tasked with examining market demand, changes in customer needs over time, seasonal variations, holiday demand, changes in transportation costs, competitor pricing, and the promotional strategies employed by competitors. Based on this information, the board is expected to formulate specific plans and timely decisions, learn from the experiences of other companies, and develop appropriate responses to competitors, aligning with market demand fluctuations.

However, the primary responsibility of the board of directors is to source and identify service providers for the company. They analyze and compare various suppliers to identify those that meet the quality standards required to address the diverse transportation needs of customers. Naturally, the transportation costs utilized by the company must ensure profitability when providing services to customers.

Therefore, to enhance the efficiency of maritime transportation services in the coming years, the company must develop a structured market research plan and establish comprehensive marketing strategies and programs to adapt effectively to market conditions, customer demand, and competitive dynamics in a manner that benefits the company.

### **2.2. Target Market**

After researching and analyzing the maritime transport market, along with the functions, responsibilities, and objectives Quang Hung Logistics and Freight Forwarding Co., Ltd. has focused heavily on exploiting foreign markets. Revenue from these routes is substantial and constitutes the company's primary income. Customers seeking to transport goods via domestic routes are primarily located in industrial zones and provinces close to Hanoi, with significant production scales such as:

- Hoang Thach Cement Plant - Quang Ninh.
- Cement Plant Chinfon Hai Phong.
- But Son Cement Plant - Ha Nam.
- Corporation..

These are industrial clients whose products are not intended for final consumption but for subsequent production processes. The transportation demand from this customer group is very high and consistent. The company needs to fully exploit the market and develop incentive policies for customers.

For international maritime routes, the company provides transportation services for both bulk cargo and general cargo to all countries worldwide through various local agents. The company's customers include importers and exporters concentrated in urban areas such as: Hanoi, Hai Phong, Quang Ninh.... Revenue generated from this customer segment contributes significantly to the company's total revenue and is continuously increasing.

### **2.3. Marketing Mix Policies and Tools**

#### **Product Policy**

Currently, the Company provides shipping charter services, with customers primarily consisting of small import-export businesses (bulk cargo) and domestic freight transportation. The Company offers cargo transport services to both individuals and organizations for any type of goods that are legally permitted for transportation.

Thus, the Company's product policy lacks focus on a specific type of primary goods or services. The cargo transported for domestic clients is highly diverse, including items such as rice, coal, cement, and clinker. Each category of goods requires vessels with different technical specifications, such as container ships or bulk carriers. While addressing these varying needs is critical for the Company, it cannot always meet all of its customers' transportation demands due to limitations in its shipping fleet capacity. Moreover, the Company faces significant financial challenges in acquiring new vessels that possess the

appropriate technical functionalities to align with customer requirements. In several instances, the Company has incurred penalties for breaches of contract due to insufficient cargo capacity as stipulated.

Should the Company fail to devise a strategic product focus, including a catalog of goods and maximum allowable tonnage for contracts with clients, it will pose a substantial risk to its future growth and impact the quality of service delivery and the Company's revenue reputation.

In many cases where the Company's capacity to fulfill obligations is lacking, it is necessary to charter vessels from other companies, sometimes at a financial loss, to maintain business relationships. Therefore, establishing a comprehensive plan to define target products is crucial for enhancing the operational efficiency of the Company's service offerings.

Although it is primarily a maritime transport service provider focused on port-to-port cargo transfer, in order to refine its service product and satisfy customer transportation needs, the Company has partnered with several trucking firms to provide a seamless, integrated transport service encompassing:

Warehouse → Departure Port → Arrival Port → Warehouse.

This service facilitates customers by allowing them to concentrate on their production activities while significantly reducing costs, time, and paperwork, eliminating the need for contracts with multiple suppliers. Nonetheless, this integrated approach has not yet been widely adopted.

In general, the quality of the Company's services in recent years has been quite strong, fostering trust and accountability with clients. In addition to ensuring timely delivery and complete cargo volumes, the Company also organizes supportive services for shipments, such as packing and handling, to assist customers in overcoming issues that may arise with their goods. The Company consistently strives to fulfill its obligations and responsibilities to ensure that the services provided to customers are of the highest standard.

#### **Pricing Policy:**

Currently, the Company does not have a specific pricing policy for any particular type of goods. For customers who are import-export traders with either raw materials or individual items, the freight rates are usually fixed for one month, with potential adjustments or stability in the following month. The prices set by the Company for this customer segment depend on changes imposed by the shipping lines.

Based on this, depending on the transportation needs of customers, such as from Hai Phong port to Singapore and then to another port globally, or transportation from abroad back to the domestic market, the Company will provide specific pricing for a minimum unit of goods after negotiating with shipping agents.

For domestic transport customers: Based on the quantity of goods to be transported, the transportation route, and the type of goods, the chartering department will calculate related costs, which include: loading and unloading fees at the departure and arrival ports, maritime transport costs, cargo insurance, cargo inspection fees at both departure and arrival ports, escorting, preserving goods, and other related costs, plus the margin that the Company earns from providing these services. The Company will specify freight charges for the shipment that the customer wants transported.

With each different type of goods and different customers, after calculating the payable costs plus the margin to be earned, the Company will negotiate with customers to recognize the intense competition within the maritime transport market. As a newly established company with a limited market share, it is advisable for the Company to adjust its pricing to secure transportation rights during negotiations.

Thus, determining the freight charges for shipping goods is akin to other goods and services; the pricing is based on the following factors:

- + Freight rates must ensure profitability.
- + Prices should reflect market demand.
- + Prices must ensure the development of goods.
- + Prices should be competitive.

The Company also maintains different pricing levels for various customers, depending on the Company's objectives, whether customers are long-term partners or new customers. When the Company is newly established, in addition to a few customers delegated by the Maritime Corporation, to attract new clients, the Company must implement a low pricing policy, even if it results in losses or no profits for those shipments.

For familiar customers and those transporting large quantities of goods, the Company offers pricing privileges such as lower rates and discounts to foster strong relationships. However, in practice, when determining pricing, the Company operates based on the average market rates in maritime transport. Pricing according to the average market rate will ensure competitiveness. The prices set by the Company will not exceed those of other businesses, thus, in terms of pricing factors, companies within the industry will not compete against each other. This is highly advantageous for the Company as a newly established enterprise, given its relatively weak market position.

The average price is the rate established by reputable companies with a strong market presence; with this pricing, the Company achieves a portion of profit. Therefore, the Company merely needs to reassess costs and profits without incurring excessive expenses in manpower and time in pricing determination.

#### **Human Resources Policy.**

Nowadays, most successful businesses are those that recognize the importance of their human resources. All operations and strategic plans stem from this workforce within the company. For maritime transport companies, the human element is also crucial and is consistently emphasized, as it influences the research and understanding of customer needs, identifying reliable service providers, and offering competitive pricing that drives the consumer decision-making process through a dedicated approach to assistance and service consultation...

For Quang Hung Logistics and Freight Forwarding Co., Ltd. which operates in today's fiercely competitive environment, evaluating the company's human resources is essential. Assessing the company's workforce involves examining various aspects, including qualifications, professional competencies, and employees' perceptions of competitive challenges.

*\* The first aspect concerns qualifications and expertise:*

We have statistical data on the labor structure of Quang Hung Logistics and Freight Forwarding Co., Ltd.

**Table 2: The structure of labor quality of the Company is clearly illustrated in the table below:**

Criteria	Number of Employees	Proportion (%)
1- University Degree	87	28,6
2- College/Intermediate Level	35	11,5
3- Elementary Level	15	5
4- Technical and Vocational Training	160	52,6
5- No Formal Training	7	2,3
Total	304	100

(Source: Company Organization Department)

**Table 3: The structure of direct labor and support labor is presented in the table.**

Criteria	Number of Employees	Proportion (%)
1- Crew Members	226	74,3
2- Office Staff	55	18,1
3- Transportation Support Staff	23	7,6
Total	304	100

(Source: Company Organization Department)

In total, among 304 employees, there are 87 individuals with a university degree, accounting for 28.6% of the total workforce. This percentage is relatively high within a company. Notably, key positions such as the director, deputy directors, and department heads all hold degrees with honors. It can be stated that Quang Hung Logistics and Freight Forwarding Co., Ltd. takes great pride in its workforce. They are enthusiastic and dynamic individuals in their roles, capable of working independently. Particularly, the English communication skills of team members are excellent, facilitating contract negotiations and expanding the market for foreign customers in the company's service offerings in the coming years.

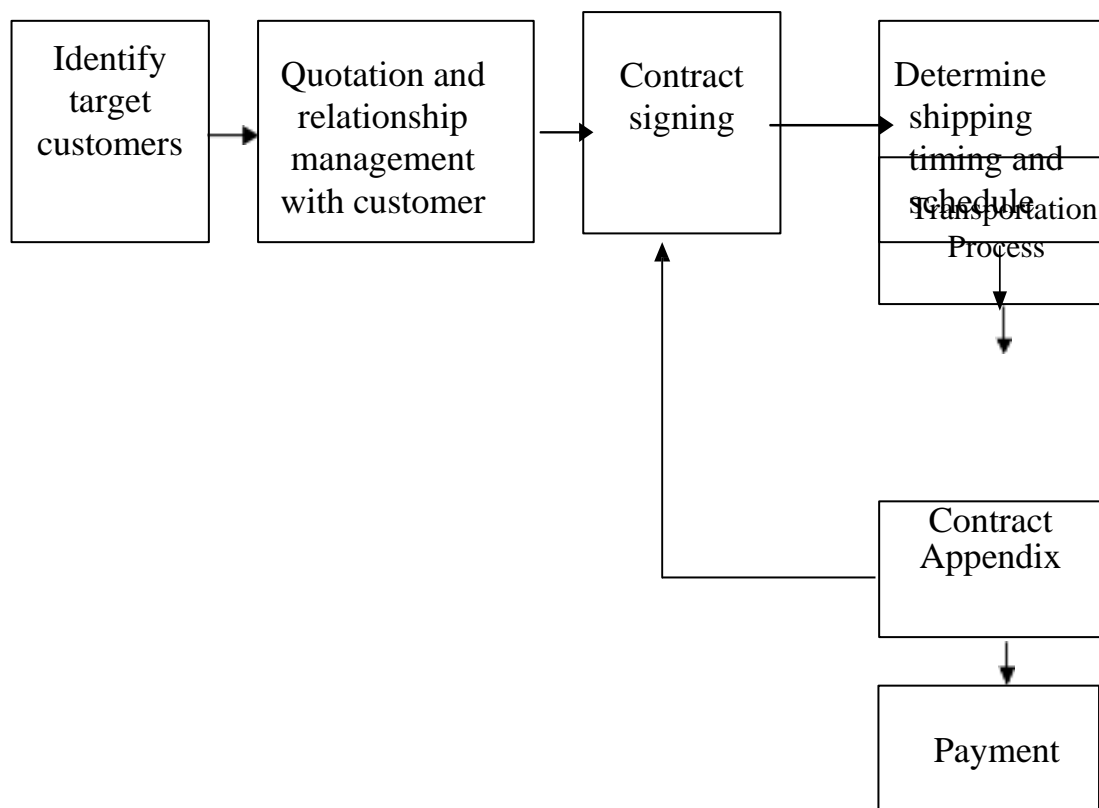
*\* Secondly, regarding the awareness of employees about competitive issues.*

Most employees in the company are conscious of the intense competition in the current market, especially from industry rivals. This awareness is crucial for the company's service delivery process. However, this understanding remains largely individualistic. In the service delivery to clients, employees recognize that their competitors utilize strategic pricing tools and

respond accordingly to adjust the company's pricing strategy within permissible limits, yet they lack a thorough understanding of competitors, such as their business activities, workforce structure, client base, supply capabilities, and operational history, as well as their future goals and trends. Without this knowledge, it is challenging to devise effective strategies and policies to compete proactively with other companies. This gap can be attributed to the inadequate competitive awareness of the company's leadership.

The ramifications of this issue are significant for the company's business operations. In the upcoming years, management needs to implement comprehensive awareness-raising initiatives for employees to deepen their understanding of competition. As competition intensifies and the customer market shrinks, the company's ability to develop accurate supplier insights and implement relevant strategic tools will be crucial for ensuring sustainable growth in the coming years.

**Diagram 1: The Process of Organizing Service Delivery of Logistics and Freight Forwarding Company Limited.**



### **Customer Policy**

#### ***Identifying Target Customers.***

Customers are the consumers of the Company's services. Without customers, the service process cannot take place. Therefore, customers are vital to the Company as they are the ones who pay for the services and generate profits for the Company.

The target customers are those whom the Company has selected to provide services. Currently, the Company serves two primary customer groups: domestic freight transport clients and import-export clients.

The domestic freight transport customer group is relatively small. However, their shipping volume is substantial, and the demand for transportation is frequent. Consequently, the Company can easily identify this customer segment and engage in negotiations to persuade them to utilize its services.

The import-export customer group is largely concentrated in major urban trade centers. This customer group is numerous and diverse; however, the volume of transportation is comparatively small. The Company can identify customers through business partners, advertising, or through customers approaching the Company independently to inquire about its services.

#### ***Pricing and Customer Relations.***



After identifying specific customers, the Company's officials will proceed to research and negotiate with the customers. They will consider the volume of goods and the transportation routes in order to propose a suitable price. Pricing and customer relations represent an art form that requires Company officials to be flexible, fostering a healthy atmosphere during negotiations to win the goodwill of customers in a manner beneficial to the Company.

During negotiations, Company officials are tasked with advising customers on the service provision process, especially if the customers are unclear or unaware. They will assist in resolving related paperwork and procedures, as well as outlining the benefits and support services available when customers utilize the Company's offerings.

***Contract Signing.***

After the pricing and other factors such as insurance and customer policies are agreed upon, both parties will proceed to sign the contract to ensure legal validity and protect the rights of each party in case of disputes.

In cases where the customer is a returning client who has previously utilized the company's services, the initial two steps become unnecessary. Both parties will then draft and sign the subsequent contract.

***Determining the Timeframe and Shipping Schedule.***

Typically, the customer will suggest or confirm the needed transportation timeframe and shipping schedule so the company can plan and organize the shipping itinerary. If the timeframe proposed by the customer requires adjustments, negotiations will take place to reach an agreement with the customer as swiftly as possible.

The timeframe and shipping schedule must be mutually agreed upon by both the company and the customer, to prevent scenarios where goods remain idle in storage due to lack of vessels or vessels waiting at the port without cargo to transport, or lacking means to unload goods from the vessel. In such cases, any party that breaches the contract will be liable for any additional costs incurred due to that breach.

***Transportation Process.***

The transportation process will commence once the necessary quantity of goods for shipping is confirmed. This means that the costs associated with transporting the goods must be lower than the amount the customer pays the company.

***Contract Appendices.***

Appendices to the contract serve to supplement certain clauses after the goods have departed, thereby enhancing the effectiveness and legal standing of the contract. The appendices are essential for both the customer and the company. They act as evidence to safeguard the interests of both parties in the event of disputes.

***Payment for Freight Transportation Contract.***

For domestic transportation customers: Generally, customers are required to make a 30% deposit after signing the contract. The remaining 70% is to be paid once the goods are loaded onto the vessel. Long-term customers with the company typically receive payment flexibility such as paying three days after unloading at the port.

For customers who are importers and exporters, the payment for the contract is due once the service process is completed. When processing the receipt of goods, along with the invoice and receipt, the customer is required to pay the total costs stipulated in the contract.

Customers may make payments to the company via cash, bank transfer, check, or money order. The company often offers incentives for customers who transport large volumes, who frequently utilize the company's services, and for contracts that are not violated.

**3. OVERALL EVALUATION OF MARKETING ACTIVITIES OF QUANG HUNG TRANSPORTATION SERVICE COMPANY LIMITED**

***\* Achievements:***

Over the past 30 years of operation, the Company has transported nearly 14 million tons of goods, of which nearly 8 million tons are imports and over 6 million tons are exports, contributing to the implementation of the state plan and promoting economic activity.

Currently, the Company operates 09 sea vessels with a total capacity of 50,000 DWT. This further reaffirms the efforts and determination of the Company, which has partly contributed to the overall development strategy of the transportation sector, a crucial industry in the logistics process.

The Company has built and trained a large workforce in Hanoi specifically and across all branches in general, with experience in marine transportation and professional qualifications that meet the increasing demands of cargo transport and handling, gradually modernizing transportation operations.

The Company has progressively achieved certain milestones, such as securing transport contracts with several clients in various countries (including Taiwan, the Philippines, China, Thailand, etc.). These clients are the Company's primary customers, representing the accomplishments achieved, which are also a result of the efforts of the marine transport department, as they are directly involved in signing, negotiating, and closely monitoring the process. Additionally, the marine transport department also promotes the Company to partners and, through these partners, reaches out to other potential clients.

The aforementioned accomplishments are significant; however, alongside these achievements, the Company faces numerous challenges and shortcomings:

***\* Shortcomings:***

Although the Company lacks a dedicated Marketing department and personnel to formulate plans, business strategies, conduct market research, and develop rational and scientific pricing policies and advertising programs, it has undertaken various practical activities aimed at enhancing the service delivery of the Company.

Due to an incomplete understanding of Marketing, activities within the Company are executed in a fragmented manner, lacking coherence between departments, resulting in low effectiveness from marketing efforts. The selection of target markets, pricing policies, product policies, and human resource policies possess several commendable aspects that should be maintained and leveraged to build on the Company's existing advantages. This would provide a robust foundation for the Company's development in the upcoming years.

However, on a broader perspective regarding the issues addressed in Chapter II, the Company's marketing activities are still underperforming. The management needs to pay greater attention and enhance their understanding of marketing practices. This is a critical prerequisite for the Company to survive and thrive in an increasingly competitive market. Failure to adequately understand competitors and deliver superior services compared to rival companies may lead the Company towards the brink of bankruptcy.

Marketing and a proper understanding of it will serve as a guiding principle for all business operations within the Company. Through this understanding, the Company will recognize what steps need to be taken and what actions should be avoided. Only then can the Company establish a strong presence and reputation in the marketplace.

### **CONCLUSION**

Today, no company embarking on business endeavors wishes to remain detached from the market. All business activities must originate from market demand. For a company to thrive, it must research market needs to formulate appropriate business plans and strategies. Identifying effective solutions to implement these plans and strategies in the most optimal manner is essential.

One of the most effective solutions currently available for production and business units, particularly consumer goods companies, is the integration of marketing activities into their business processes. Marketing increasingly holds a vital position in the market, and its positive role cannot be denied. However, the application of marketing in businesses in our country still faces numerous limitations, characterized by small scale operations and a lack of clear planning. In the future, if a company does not establish a team focused on market research and production business planning, it will struggle to maintain its market position or existence.

Conducting research on marketing activities and policies will provide management with a comprehensive view of the market and the company's capabilities, as well as its position within the market. This will enable the company to identify its strengths and weaknesses, allowing for the formulation of appropriate marketing policies aimed at enhancing the effectiveness of its service business.