DEVELOPMENT OF MARKETING STRATEGIES IN LITHUANIAN TRANSPORT COMPANIES

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After Lithuania has entered the European Union and has been integrating into its market, commercial relations between Lithuanian businessmen and foreign partners became particularly active. Business people put much effort to know and analyze the market. Along with growth of production and expansion of commercial relations, a market of each country is becoming too narrow and restricted, ant to enter the foreign or the world market is not so easy. Contemporary international market is defined as a customer's market – supply of goods is much bigger than demand. It means that the customer:

- Has more and more specific requirements;
- Reduces intervals of the new production supply;
- Gives priority for smaller orders;
- Prefers to reduce duration of delivery;
- Increases quantity of the production to be received and consumed;
- Raises higher and higher quality requirements.

In this situation, importance of individual Lithuanian economy sectors, their readiness to compete within the ES and successfully represent the ES beyond its border has considerably grown. Transport system, undoubtedly, may be considered as one of the most perspective Lithuanian economy sectors in developing commercial ES relations among its members and with Eastern countries. The transport sector makes up about 14 per cent of the Lithuanian gross domestic product. Integrated processes cause new, much higher requirements for our transport companies, willing to develop activities under ever increasing competition conditions. In order to preserve the existing markets and successfully master the new ones, companies must as much as possible satisfy the increasing and constantly changing needs of customers. Unfortunately, the competitive ability of Lithuanian economics (though in the latter two years our economy has been rather rapidly growing) is still low at the moment. The said information is published under the second Lisbon review, prepared by the World Economic Forum, with a focus on progress of countries in creating the most competitive and the most dynamic knowledge-based economics in the world. Countries are evaluated by 8 criteria. Lithuania is given 4,05 points and out of the ES old-timers overtakes only Greece (4 points), and out of the new members - Poland (3,68 points). Out of the closest neighbours, Lithuania is overtaken by Estonia (4,64 points) and Latvia (4,34 points). The most competitive economy recognized by the European Union is economy of Finland (5,8 points). It is gratifying to know that a bit higher score evaluates the sector of establishing Lithuanian services and infrastructure, the composite part of which is the transport system - (4,51 points). However, this indicator also falls considerably behind the average of the European Union.

To our mind, one of the major reasons for this is a lack of practical application of modern marketing to develop the Lithuanian economy. The similar situation has emerged in our transport sector as well. Application of the logistics science achievements not only in military structures, but also in civil life made a significant impulse on development of transport activities. There occurred a possibility to more efficiently (cheaper and more quickly) deliver cargo from the producer to the consumer. However, the exclusive focus made by most transport companies on implementation of logistics functions pushed solution of other important business problems to the second place. The reason for this is the methodological one: practicians are not fully aware of the marketing and logistics conditions and their differences. The major task of logistics specialists would be to optimise procedures of cargo transportation, when a specific sender and a specific receiver, a specific type of

transport or its combination, storing terms, other technical details are known in advance. This enables to minimize both monetary and time costs in a particular logistic chain, defined in respect of place and time. But that is not enough in order to successfully develop business under conditions of the growing internal and external competency.

As practice proves, most Lithuanian transport companies, especially small and medium enterprises, do not have marketing services within their structure. Given such situation, actually it is not possible to forecast changes in the future cargo transportation markets. In case of absence of such forecasts, it is difficult to plan the activity in prospect. In this regard, it is essential for our transporters to design adequate marketing strategies, following the radical changes in Russian transport policy. Given the favourable Lithuanian geographical location, ideal for developing transit between the West and the East, it is essential to get prepared for it in both marketing and technological aspects. The current Lithuanian transport sector in technical and economical aspects is rather behind from modern, up-to-date and inter-cooperating Western and Northern European transport systems. A particular concern should be given here for railways, where radical impulses are indispensable: in renovation of railway equipment and in raising the infrastructure up to the level of other European Union countries.

Today the main flows of transit cargoes through Lithuania by different transport types are mainly between the UIC (Union of Independent Countries) and the Middle and the West Europe. The Klaipėda seaport was considered as one of the major competitive advantages of Lithuanian transport system – it is the most extended to the north non-freezing harbour in the Baltic coast. In 1989, foreign trade flows of the former Soviet Union through the eastern Baltic Sea ports made up about 90 mill. tons of cargo per year. The cargo, carried through the above said ports, usually reached the Northern and the West Europe. After the Soviet Union had fallen apart in 1992, the cargo flow through the said ports reduced up to 40 mill. tons, but now it has been again growing. Ports of all three Baltic States tranship about 75 per cent of the whole Russian and other UIC countries' international trade into the West. Following collapse of the Soviet Union, even 60 per cent of its former ports' potential was left beyond the border of the Russian Federation. Only 43 per cent of terminals designed for oil production have remained in Russian ports in this situation, and in the Baltic region Russia completely lost its possession of the equipment designed for this type of cargo. In the Russian territory there left hardly 61 per cent of container terminals of the former Soviet Union. Russia has a great shortage of its own terminals, designed for import of perishable foodstuffs. Terminals used for transhipment of ammonia, potassium fertilizers, liquid gas are also allocated in other countries. A trend of the Russian transport policy of the latter years deals with efforts to transport the major part of its foreign trade cargo by its own railways and to tranship in Russian ports. However, Russia has failed to achieve any marked improvements by increasing the foreign trade cargo flows through its ports in the Baltic Sea so far. For this purpose, large investments and time are needed. Russian transport specialists have prepared the projects on construction of three big ports in the Baltic coast, which have to become an alternative for ports of the Baltic States. In Primorsk the oil transhipment port, in the Batareinaja Bay – the oil production transhipment port, and in Ust-Lugae – the dry cargo transhipment port should be established. These new ports are supposed to withdraw cargo flows from the Baltic States' ports. Already in 2005, the turnover of cargo through Russian Baltic ports is planned to reach up to 57 mill. tons. In case this forecast proves to be true, the Russian cargo will not be loaded in Finnish, Estonian and Lithuanian ports at all, and in Latvian ports it will reduce up to 18 mill. tons.

In regard to this situation, even Russian experts admit that a transit of products through the new ports would be more expensive than through ports of the Baltic States. As the Russian Government has few possibilities to dictate its private companies and restrict their freedom of choice, hopefully, the companies themselves will choose those routes of cargo flows that are most useful for them. To achieve that the transit of Russian and other UIC cargo through Lithuania would not only stop decreasing, but would also grow, it is essential to considerably increase competitiveness of our transport sector.

Success of business in all spheres is determined by the choice of marketing strategy. For the Lithuanian sector that means a necessity to adequately select and apply a system of the major marketing elements in practical activity. Firstly, in order to assess long-term forecasts of economy development of neighbour states, it is essential to draw maps of new markets and in detail examine tendencies of formation of new cargo flows. Active marketing activity must ensure that the bigger part, if possible, of these flows would be directed through Lithuanian transport passages in both Northern – Southern and in Western-Eastern directions.

Traditional "4 P" marketing (product, price, promotion, place) is the main tool, by means of which distribution of cargo markets can be affected. Equally, a focus should be made on personnel selection and training, and formation of an image of companies.

When investigating potential changes of the cargo structure, it is important evaluate how a comparative weight of raw materials, semi manufactures and the manufactured production in Lithuanian import, export and in transit cargo transportation will change. That will undoubtedly influence re-distribution of the selected cargo flows and their comparative weight in the general transportation volume. In this respect, the extremely thorny problem is to provide with return cargoes in each route. When solving issues on pricing policy, in the foreground a problem of reduction of logistics servicing costs arises. In order to receive the income, ensuring not only "survival" of companies, but also normal conditions of reinvestments and activity improving, it is essential to reduce the common transportation and storing expenses. To increase tariffs of transportation in the situation of ever increasing competency is prospect less. A constant analysis of competitiveness, as compared with analogous tariffs of the corresponding transport types in other states, should be made and a flexible system of tariff discounts should be applied. Naturally, reduction of costs, determined by competency is not possible at the expense of a quality of the service. Only that company which has been providing services for a long time will acquire confidence of customer and establish a high-value image.

It should be admitted that Lithuanian transporters have not made a considerable progress in the field of promotion of their services. Inability of applying this extremely important element of marketing prevents from a successful competition, by maintaining the old cargo markets and by mastering the new ones. Employees, responsible for promotion by a regional principle, with a particular focus on promotion on Internet, should be assigned. More active participation in specialized transport exhibitions and fairs in Lithuania and abroad, distribution of promotional publications for customers are recommended. It is of great importance to constantly analyse efficiency of promotion and other marketing tools and, if necessary, correct the chosen marketing strategy.

A wider application of marketing tools to increase competitiveness of the Lithuanian transport sector is particularly important when a long-term strategy of Lithuanian transport and transit is supposed to be implemented. The main projects of this strategy – the European track railway "Rail Baltica", construction of the deep-sea Klaipėda seaport, establishment of modern multimode transport system. For realization of these projects new strategies of transport sector marketing are required. To our mind, a role of expedition function should considerably increase. Furthermore, much effort should be put to move the weight centre from the competition sphere into the partnership sphere among both Baltic countries and individual transport types.

CONCLUSIONS

1 To increase competitiveness of the Lithuanian transport sector upon integration into the ES markets, it is essential to give a more particular emphasis on application of modern marketing strategies;

2 One of the major marketing activity fields is prognostication of redistribution of possible transport flows, taking into account the changes of transport policy in neighbour states.

3 Successful implementation of the biggest transport projects requires giving the main focus not on a competitive contest, but on partnership among the Baltic States' transport sectors and among individual transport types.

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MODEL OF INVESTMENT EVALUATION OF PUBLIC BUILDING BASED ON MULTIPLE CRITERIA DECISION SYNTHESIS METHODS

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1. INTRODUCTION

The aim of the study is to answer the question whether it is advisable to invest in hotel construction business in Vilnius city or the huge investments placed in hotel construction could be used for buildings of other purpose.

The forecast states that for successful development of tourism in Lithuania and especially in Vilnius there should be more than 80 new hotels opened till 2015 in Vilnius city in order the foreign guests would not meet the difficulties of staying while visiting the capital. Comparing the average number of hotel rooms for 100 000 residents in Prague and Budapest with the analogous number in Vilnius, the results show that in Vilnius there are 3,5-4 times less hotels [1].

From 2001 till 2004 the boom of new hotel construction in Lithuania has taken place. According to the data of Statistics Lithuania there were 49 hotels in Vilnius by July 2002 [2]. During 2002 about 12 hotels of different categories were built or renovated in Vilnius city.

The tendency of hotel occupation: increasing occupation from 39% in1996 till 49% in 2001 again fell to the extremely small limit of 38,53 percent in 2002-2003 [3].

As demonstrated by the worldwide practice, the hotel business is a venture and banks often finance the hotel construction with reluctance [4].

The analysis of office market was performed for comparison. The tendencies of market saturation with modern office premises are observed in the office market. Most of the modern office buildings (business centres) introduced into the market last year had 80-90 percent of the rented premises on the opening day, however several business centres built and opened this year could not demonstrate such rates. The rent price of the modern office premises in prestigious business centres in 2001 – 2002 ranged from 60 to 80 Lt/m^2. At the moment the maximum rent price of the modern office premises in more expensive business centres (for example, „Europa“, „Verslo centras 2000“) ranges from 60 to 68 Lt/m^2, and in another business centres from 40 to 60 Lt/m^2 a month.

In order to achieve the set objectives the analysis of works of foreign and Lithuanian authors was performed and the decision model based on financial and economical indicators for evaluation of hotel construction in Vilnius and investment efectiveness comparison with business building was developed.

2. REVIEW OF DECISION SUPPORT SYSTEMS AND EVALUATION REQUIREMENTS

Many research works have been reported for solving relevant problems of housing construction (design, construction, finance, maintenance) [5-8]. The tools proposed by J. Park [9], S. Piramuthu [10] use information technology to support the different decisions of construction evaluation methods and managing information.

According to the expert system developed by J. Christian the preliminary estimated building price and the construction duration may be determined in the pre-design stage. Using the data of previous constructions (price) and referring to experts' experience the system may predict the prices of forthcoming objects [11].

S. Mohan has described the expert systems developed in various countries: calendar planning system PLATFORM, site preparation SI-TEPLAN, analysis of industrial safety HOWSAFE (Stanford University, USA), determination of preliminary construction price and duration, making construction plan PLANEX, analysis of building site DSCAS (Colorado State University, USA), Strategic planning of construction projects ELSIE (University of Salford, UK), analysis of construction process, analysis of risk (University of Texas, USA), analysis of risk (Georgia Institute of Technology, USA) [12].

Ozdoganm I. D. and Birgonul M. T. (Middle East Technical University, Turkey) have developed a model, on the base of which the multiple decisions in BOT (Build-operate-transfer) type projects were made – in municipal projects with private capital participation. The model developed evaluating not only the selection of contractors, but also the risks. The essence of the model is the help to select a municipality when a private company is allowed to finance, build and operate an object for some time till the disposal to municipality [13].

Model of economic evaluation of hotel construction based on multiple criteria decision synthesis methods

The two-stage model for evaluation of hotel construction investment effectiveness is selected. The recommendable system of indicators is prepared (Fig. 1).

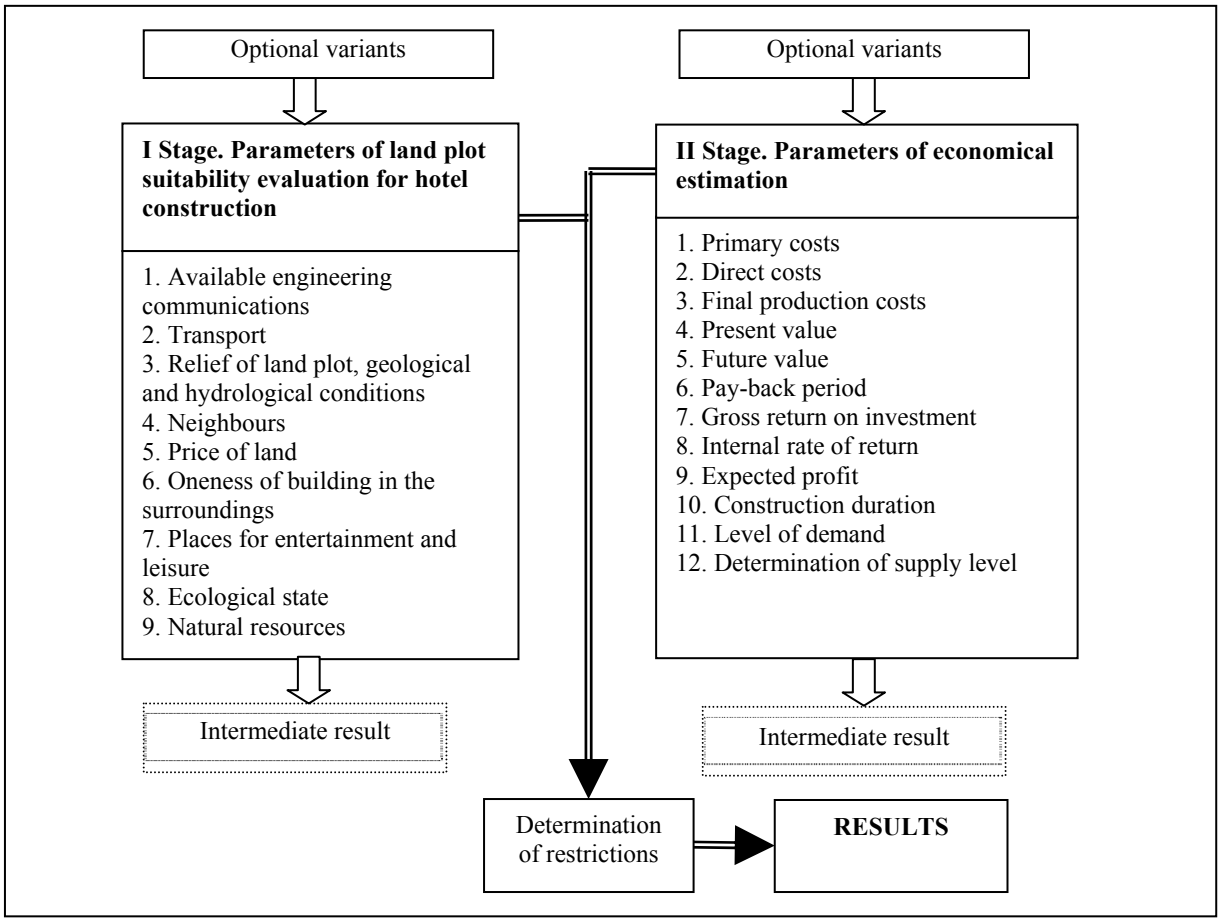

Fig. 1. *Indicators of hotel and office evaluation system*

In the first stage the land plot for commercial building is evaluated, in the second stage the economical comparison of the possible variants of hotel construction and commercial building is made.

For decision-making, the authors have selected a modern method of multiple criteria project synthesis DSS1 [14, 15]. The method consists in a synthesis of a number of interrelated technical solutions by selecting the best decisions at any stage of analysis.