

## **THE DEVELOPMENT OF TOURISM AND SEAPORTS MARKETING IN THE REGION OF VLORA, ALBANIA**

**Merita Murati**

PhD Candidate, University Pavaresia of Vlora, Albania

Chamber of Commerce and Industry of Vlora Region, Albania

[meri.murati@gmail.com](mailto:meri.murati@gmail.com)

### **Abstract**

*The service sector of economy is a field of a high interest for marketing research such services as provided by tourism and seaports. A description of approaches of service marketing, for their status and development, for the nature of marketing and for the marketing mix had to be provided. The development of marketing in tourism and seaports had to be examined. The main elements discussed are the elements of the services provided by tourism and seaports, and competition between them in Albania. The economic development, focusing on the tourism and seaports, the consequences of the change in recent years particularly for the tourism and maritime sector, those structures and ownership. The study identifying the role of elements of mix marketing for the development of the tourism and the sea ports, the role of infrastructure and the logistic element, the role of them in the economy. This paper concludes with a marketing aspect of the elements of marketing for the development of tourism and seaports, their common strategies and the strong point for their development.*

*Keywords: service marketing, marketing of ports, marketing of tourism, price, mix marketing*

### **INTRODUCTION**

Marketing strategy, as being an indication of how each element of the marketing mix will be used to achieve the marketing objectives. These give us strategies relating to products, distribution, and sales promotion and pricing, product or service being offered, promotion, processes. In developing a marketing mix strategy, service marketers need to consider the relationship between all of the elements of the mix.

## **Characteristics of Port Services**

Compared with other industries port services are characterized by some typically unique aspects:

1- The most important aspect of port investment as compared for example with other transport investments is that capital allocated in seaports is very largely immobile. That means if there is a misallocation of capital for investments, a correction is only possible after the depreciation period of the investment.

2. Another typical characteristic of port investment is that most of the capital is used for infrastructure and that the depreciation period and the lifecycle is usually very long.

Therefore long-term planning is needed for these long-term investments. In this planning normally all main departments of the seaport have to be involved. The marketing section is therefore of utmost importance.

3. The product of ports, i. e. port service, cannot be stored if there is overproduction nor can it be sold from stock if there is an underproduction. This is the most important reason why planning and market research activities in this service industry are integrated compared with other industries.

4. The demand for port services is always a derived demand. It is mainly derived from foreign trade. Therefore a seaport offers its services on various markets which differ very much in terms of elasticity of demand and supply. The elasticity of demand is the main reason for the intensity of competition between seaports.

5. The port's service is only a minor part in the transportation chain from the shipper's premises to the receiver's premises. This argument became very obvious after the implementation of container services. Containers enabled long distance journeys of cargo both by sea and land and the cost is much higher than the cost of port services. In the new logistic dominated reality, this fact has become more important for just-in time concepts of the industry.

This latest argument, in particular, shows that the market position of a port is to a high degree dependent on the prices and services of the shipping lines calling at the port and the services and prices of the hinterland transport system serving the port.

## **Factors Determining Port Choice**

The factors that mainly influence port choice are:

- Frequency of the number of departures of regular lines,
- Available transshipment facilities;
- Special facilities for the handling of specific cargoes.

Another analysis, which was made on request of the port of Dunkirk by Lesourne and Loue (1978), was published in 1979. Four hundred and fifty industrial concerns were consulted on the elements that they thought to be important in the choice of ports. Most important to them were the following factors:

- Total cost,
- Port equipment,
- Number of regular lines, volume of traffic;
- Accessory costs,
- Quality of port services.

### **The Functions of Port Marketing**

An active marketing attitude of a port means that it does not wait for potential buyers of its services but conducts careful market research and makes production, trade and investment decisions based on it. It also means that the port maintains relationships directed to potential customers in order to encourage them to buy services offered by the port. In order to support this attitude the main aims of port marketing strategy should include the following:

1. Creating port services in such a way that they meet requirements and expectations of the customers or marketplace. To be able to fulfil this aim the marketing department should conduct an analysis of the situation of the port in the marketplace. This analysis should indicate what services potential customers require, what services are offered by competitors and what can be done to increase attractiveness and competitiveness of services offered.

2. Influencing the market by advertising, public relations, and acquisition, in other words creating demand for port services. For this reason the port customers' preferences and tastes, trade customs and legal regulation typical for a particular market must be identified.

Sensitive issues such as investigating possible promotion conditions, defining potential competitors and their marketing methods, market segmentation according to possibilities and the opportunities to function in it should be of a great importance in every marketing department.

3. Maintaining an active sales policy. Achievement of this aim depends on conducting effective market activities. They should lead to creating and enlarging a group of loyal customers and enhancing their relationships with the port, initiating their needs by creating new port services and differentiation and finally introduction of new methods of distribution (Nesztal, 1996).

4. The last thing, which needs to be considered in this section, is the control and analysis of the effects of marketing activity. It mainly means evaluation of the changes that appeared in the market as a result of marketing activities and the change of customers' opinions concerning port services and image. Very important is also information about the changes in the volume and

structure of sales and generated profits and losses. The analysis results not only provide evaluation of the position in the market in comparison to major competitors but also enable the making of conclusions regarding up to date marketing activity and plans for future activities.

### **Marketing Research in Seaports**

Methods and techniques of marketing research in ports do not vary very much from methods used in other types of industry. One of them is the well-known SWOT analysis, which is normally the starting point of decision-making process. Strengths and weaknesses of the port in comparison to the main competing ports should be analysed.

Another very popular type of analysis of port marketing research is analysis portfolio, designed by Boston Consulting Group. The portfolio model, presents in the form of a matrix the internal and external environment of the port. The BCG matrix is based on the assumption that two factors, market growth rate and relative market share, are the critical factors in determining business success. The BCG portfolio model uses market share as a proxy for competitive position, and growth rate of a business as a proxy for market attractiveness. This analysis allows appropriate financial assets allocation between various groups of services in such a way that guarantees long-term profitability.

### **Marketing Management in Seaports**

The process of marketing management in a seaport is of a complex nature. It consists of a number of stages appearing in strictly defined order and dependent on each other.

Marketing activity plays a key role in the process of port development and for that reason should be considered equally important with other functions of management. In this context marketing is one of the factors of economic development of a port and therefore all port activities should fulfil its requirements.

The success of marketing management depends very much on precise implementation of the mission, which should be understood as the present and future role of the port in national and international goods' exchange via sea transport, and also in the national and international transportation system. The management of the port's mission should have a clear vision of the port's future development.

### **The Importance of Logistics**

The borders between the industrial nations continue to open for more sophisticated goods; the result has been divisions of labour with competition among all those participating in production and trade.

Today's ports seek to gain the position of logistics and distribution centres. Their position on the market is no longer solely determined by the quality of the products. A decisive co determinant is the quality of logistics with which the position of the product is supported in the market. The supply of goods will only be accepted if just-in-time delivery that can be assured without a large capital commitment in local inventory stock and expedited by smooth-running logistics over the entire chain of operation and information. It is hardly ever possible for one organisation to undertake the construction of these interconnected logistics chains with both worldwide dimensions and the required logistics services.

## THE MARITIME SECTOR



The Albanian Sea Ports are located from North to South along the Coast. In order to localize both existing port and landing facilities along the coast, as well as future prospective locations, the Consultants have placed a Kilometre Identification line along the Albanian Coast, as presented on the map in Appendix I, starting at the River Mouth of the Bunës River in the North, at the Border with Montenegro. Ports and Locations are referred with their Coastal Kilometre as reference.

The most Northern Albanian commercial port is the Port of Shengjin, at Coastal Km 18. Traditionally the port was used for the import of building materials and petroleum products, as well as the export of small volumes of copper ores. After the government decision to concentrate the handling of liquid bulk, such as the petroleum products in the two ports of Porto Romano, near Durrës, and Petrolifera, near Vlora, the only recent cargo activities in this port have been mainly related to the import of cement for the regional construction industry. Small ferries are coming in from Bari in Italy since 2009. Fishing vessels are crowding the port, as adequate facilities are still to be developed, which may occupy space currently used by the Navy.

Expansion possibilities to this port are limited. The land side is surrounded by hills and the narrow access road crosses the small town through a rapidly expanding tourist area. The present depth of the entry channel and port basin is limited to around 5.00 meter, and would need dredging work for the accommodation of large vessels, which will subsequently require annual maintenance.



The oil terminal of Porto Romano (Km 88) is located in the Southern section of the 2.5 Km long Porto Romano Bay, North of Durres. The terminal is built as a privatized concession, as part of the Government decision to concentrate the handling of the petrochemical liquid bulk in two locations outside the traditional ports. The management of this terminal is at present in the process of completing the construction of a breakwater South of the terminal jetty for protection against the South-West waves during the winter period. A similar Northern breakwater is planned. Depths in the access channel to the terminal are in excess of 13 meter.

No other construction activities are planned along the coast of this bay. However, on the land side there is a vast area of limited habitation and use, on which the location of an Industrial Zone and an Energy park are projected. Road construction is under way to link the terminal and its tank farms to the national road system.



The Durres Port is the main port of Albania and located on the sea front of the city of Durres, where it has historically developed as a city port. In recent years the port has been handling over 75 % of the country's imports and exports of commercial cargo, of a total of about 3 million ton per year. This comprises of containers, general cargo, cereals, and dry bulk, such as chrome ore, steel scrap, cement, clinker and coal. Ferry services arrive from Bari and other ports in Italy.

In 2008, a Port Master Plan was developed, which foresees handling of a maximum throughput of around 9 million ton per year, which, depending on the estimated scenario, will be reached sometime between 2020 and 2030. For this capacity the port will need a substantial expansion through reclamation on both sides of the Eastern pier and dredging of the channel from the present 9 meter draft to 13 meter depth. Furthermore expansion is hindered by the presence of the old shipyard and tank farm as well as some wrecks in the port basin. The only component of the new master plan layout being implemented till today is the ongoing construction of the new ferry terminal.



The Petrolifera Oil Terminal (Km 205) is located 5 Km North of the Vlora Port. The terminal is built as a privatized concession, as part of the Government decision to concentrate the handling of the petrochemical liquid bulk in two locations outside the traditional ports. The terminal jetty is protected by two rock breakwaters, reaching deep water access. The area between the bases of the breakwaters is laid out as the terminal and tank farms. Nevertheless a significant space is vacant, and the Consultants were informed that this area is not needed for future terminal development and is free for other commercial commodity handling, if required.





The Vlora Port is considered the second largest port of Albania, but handles a substantial smaller volume of cargo (around 15 % of country total), mainly consisting at present of importing cement and other building materials. The predominant function of the port is the ferry service from Brindisi in Italy. It is, as all existing ports in Albania, a traditional city port, with limited space for port area expansion.

With funding from the Italian Government a new port development plan was prepared and the tender procedure for the construction of the new ferry terminal and one commercial berth is ongoing, as well as an improved road link of the port area with the national road system.



Saranda is the Southern most port city and is fast becoming a centre of tourist development on the Albanian coast. This city port traditionally served to import the goods, mainly building materials, needed in the city and environs. Under World Bank funding a port restructuring project is under way, which will turn the city port into a facility for ferries and cruise ships.

A condition of the financiers was that the port city would be fully dedicated to tourism and people friendly activities, and consequently all commercial goods handling is being moved to the small port in the Limion Bay, originally used for the Navy, which will now provide space for the fishing fleet and one jetty for transfer of general cargo.

Albanian Riviera starts Gjuheza Cape, north of Karaburun Peninsula and ends in Cape Stillo in southern Albania. In the west, bordered by the Ionian Sea, and in the South with the Cika mountain, which is over 2000m high and runs parallel to the coast of the Ionian Sea. Riviera coast is wild, high and rocky. These show its tectonic origin, the major role of abrasion



as a result of the huge force of the waves of the sea due to strong winds and continuous. Marine processes have played a major role in coastal morphological processing. Erosion and deposition flow activity has made possible the creation of some sand beaches, in the form of narrow strips, small bays closed horseshoe. Located along the Riviera are great beaches, created in spots where streams run more powerful, which have deposited large amounts of material Scrappy. Along the coast are found traces of the old abrasive due to sea-level fluctuations, which are represented by fragments marine terraces. Part of the Riviera, from Gjuheza Cape to Palasa Stream (in ancient sailors called it "white roads"), is the wildest and least known coast, while the southern coast is rocky.

The region of Vlore is distinguished for its many natural resources, for its pure biodiversity, and ecological corridor. It is one of the areas with the largest tourism potentials in the area, connected directly with entrances to the sea, with lots of clean nature, climate, water, archeology, history, culture and people and businesses. Vlora is a rare city that has a position that is set accordingly with immediate access to the sea on the west and east mountain range.

Tourism will become one of the major sources of income for the country. Tourists will first arrive by air and road, but in increasing numbers from the Mediterranean, by ferry, cruise liner and soon by private yachts. In order to benefit most from the economic opportunities of the influx of foreign tourists, those tourists should be concentrated in the areas where entertainment outlets are present and where they can spend their money. It is therefore strongly recommended to develop the first marinas at those locations, as it is less economically attractive to have the tourists spend their time in isolation. At present the traditional city ports do not provide for marina and yacht landing facilities and space, but it is foreseen that in the coming years these ports will be flooded with pleasure vessel arrivals and berthing, and this is difficult to prevent. Tourism will be an important component of the future Albanian economic growth. In order to make full use of the benefits of coastal tourism, as well as providing efficient corridors for tourists to visit the Albanian hinterland resorts, the Traditional City Ports are vital.

## CONCLUSIONS

In the economy, the service sector is a field with a high interest in particular for such services as provided by seaports and tourism. Seaports and tourism have an important direct and indirect employment function in the region. The value which is produced in the port and tourism creates on the one hand a substantial income and on the other revenues in form of taxes for the municipality and the government.

There is a need to understand both the important differences and the relationships between sales and marketing. Each is vital and must be designed and executed to supplement

and support one another. The development of marketing strategy should include input from sales, and sales personnel should play a key role in helping to implement marketing strategy.

The Consultants recommend the development of the Albanian Marina capacity with great caution and careful planning. In order to optimize the income of new tourism initiatives and local enterprises, Marina Facilities are first proposed to be provided in the Green Ports, as detailed in this Port Strategy Concept. These Green Ports are located in the existing coastal cities with excellent opportunities for commercial income and employment.

Tourism development is a priority for the entire economy of Vlora Region. Wherever tourism as an activity estimated intensive development, because generally represents a market with growing demand of major economic income, in terms both of the employment position that activates relations with other economic activities. From the analysis made so far results in the existence of many forms of development matching and crystallize in different policies in different development programs. From these submissions it follows that the development of tourism in our region must be based on modern concepts, with the dual purpose of effective combination of natural tourism potential of the historical, human and cultural, all this in the light of international market and its parameters.

Indicators analyzing the current situation clearly show that the implementation of a tourism modern requires a large and complex infrastructure, in terms of experience and leadership, financial, investment, training of personnel, etc.

Investments listed as necessary the attached development of private and public sector. All necessary infrastructures for tourism development should be seen in this context.

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