

## Future Orientation of Marketing Management for Sustainable National Development, A Case of Ghana's Tema Port

Felicity Ankoma – Sey  
Regional Maritime University, P.O. Box 1115, Accra, Ghana  
E-mail: [felicity.ankoma-sey@rmu.edu.gh](mailto:felicity.ankoma-sey@rmu.edu.gh)

### Abstract

Maritime Ports have played vital roles in the development of many economies in the world; from merely providing shelter for ships through to becoming complete logistics platforms for international trade. Notwithstanding, the importance of ports with regards to national objectives evolved at varied paces in various economies of the world as they competed to serve international trade and shipping. Those variations impacted the choice of ownership and management of the facilities. GHPA, Ghana opted for the Landlord model of ownership to enhance its competitive edge in the West African sub- region. But that move appeared to result in the ineffectiveness of the Marketing Department of the Tema Port in pursuing the national objectives. A new focus for marketing management of the Tema Port, which could facilitate the realization of Ghana's national objectives, was researched into. Conclusions were that the marketing department of the Tema Port may have to move beyond serving their direct customers to pursuing additional objectives which may not be directly related to port business in the short term. Such moves could stimulate the growth of local industries from which the port can eventually create niche businesses in the medium to long term. For example, support for tropical fruit production, can lead to fruit processing, packaging, storage and then exporting by and through the port. Such a move could also create the much needed employment, State revenue and improved living standards in Ghana.

**Keywords:** Maritime port marketing, Ghana's Port, National development

### 1. Introduction

Maritime Ports have their routes from harbours, which have been in existence for many centuries. Their core objectives were to provide shelter for ships and also to provide facilities for the handling the goods carried by them. Though at varied rates, maritime ports around the world have continued to evolve in terms of their features and the services they provided to ships and internationally traded commodities. Maritime ports also continue to evolve in terms of importance to economic growth and development in their respective countries. They also evolve in respect of ownership and management structure. As a result, varied definitions and theories about what maritime ports were have emerged over the years. In the author's view, the various theories on ports were reflections of the roles they played in facilitating trade and transport locally and internationally. They were also reflections of the national objectives and policies that existed in countries they were located.

A few theories on 'maritime ports' that have emerged over time are as follows; - According to Alderton (1999), sea ports are areas where there are facilities for berthing or anchoring ships and where there are equipment for transferring goods between ships and ashore. Alderton (1999) further stated that custom facilities were important when talking about ports because ports were focal points for intermodal transport that linked their trading partners. Alderton (1999) also viewed ports as being economic multipliers for the prosperity of nations. He associated this to the fact that in addition to being gateways of international trade, ports attract commercial infrastructure such as banks and industries, ship agencies, ship brokerage, ship surveys and others. Another issue of interest as far as Alderton was concerned was that ports were places where government policies were implemented.

The following definition was recommended by UNCTAD (2009): - that a port was "a geographic and economic entity, having a specific name, located on the seaside, a river or a lakeside, serving ships, and where transfer of goods and passengers takes place from water to land transport and where facilities could be found on land and water to render complementary services required by the ships, goods and for developing international trade, industry and more generally the economy of the countries under the zone of influence of the port". Lun, Lai and Cheng (2010) simply viewed ports as places where there were facilities for berthing ships and handling equipment to handle cargo from ship to shore, shore to ship, or ship to ship. They mentioned the fact that ports play particular roles as operating systems, economic units and administrative units. Lun, Lai and Cheng's (2010) position about ports seem to be related only to the context of their discussion, where they viewed the facilities as units in shipping and logistics management, but Alderton (1999) and UNCTAD (2009) incorporated a wider dimension in their description by mentioning additional functions such as :- economy and industry development facilitators.

As mentioned earlier, there have been some evolutions in the area of owning ports around the world. A trace of the evolution as recorded by Alderton (1999) showed that many ports in the United Kingdom were owned by the State, but were privatized after sometime of State management. It was interesting to note from his

submission that for most of the cases, the then workers in the ports became shareholders and stakeholders in the owning, managing and operating of the ports. The common trend reported by the World Bank (2007) on the subject in other parts of Europe, Asia and Africa was somewhat different. In those regions, ports started as 'service ports', where the facilities were built, owned, managed and operated through state or government intervention or control. Some evolved to become 'tool ports' where all port facilities were built and managed by the state, but leased out to private organizations to operate; then some moved on to become 'landlord ports' where the state provided port infrastructure and leased same to private organizations to develop superstructure and provide equipment to serve users of the facilities (World Bank, 2007). Today in some parts of the world there are multinational companies that fully construct, own and manage ports under the model referred to as fully private ports.

The trends in ownership and management of ports have been in response to the global changes in the fields of international production and international trade; changes in ship technology and logistics management; as well as changes in national objectives concerning maritime ports. Global competition in the industry is also a cause of changes in ownership and management. Recent discoveries and mining of oil and gas in West African countries have even stirred up new policies with regards to port construction, ownership, management and operation.

## 2. Background

Ghana currently has two major maritime ports owned and managed on behalf of the State by the Ghana Ports and Harbours Authority (GPHA). Prior to this era, the ports had gone through various phases of management and operation. Those phases were necessary responses to changes in national and international policies as well as changes in exporters and importers requirement through the ports. Another reason for changes was the emergence of regional competition amongst ports to handle the trades of the coastal and landlocked states in West Africa. Most ports in the sub-region had prior to the era of competition concentrated on serving the trades of their captive markets which were basically within the borders of the states where they were located. The maritime trade of most countries would definitely pass through their national ports as importers and exporters had no other choices. ECOWAS and what it stood for was still in the formation stages, but its growth came along with policies of 'open borders and free trade', which led to earnest competition in shipping and competition amongst ports in the West African Sub region.

To favorably compete in the new market of ports, the GPHA added a marketing department to its organizational structure in 1994. The core mandate of this department was to capture a fair share of the transit trade to landlocked states in West Africa and to improve customer care. The GPHA incorporated private stevedoring in the management of the ports in the year 1970. This addition created prospects of heightened intra port competition which could lead to port efficiency and ultimately to competitive advantage for the ports. All the stevedoring companies involved at that time were local or indigenous companies. That strategy in the author's view was the inception of the adoption of the Landlord model. It was also seen to have been in line with the British Model as elaborated in the introduction of the paper. The benefits of this arrangement were that, even if the earnings of the stevedoring companies were not going to the GPHA, there was no capital flight, as those revenues were still circulating within the national economy and were indirectly but totally beneficial to the State.

From the year 2003, GPHA's strategy for the Tema Port (*which handles the bulk of imports through Ghana*), was to work progressively to adopt a fully Landlord status. With that status, the GPHA was progressively handing over all responsibilities of cargo handling to private stevedore companies and concentrating on managing the facilities and estates of the port and also ensuring that the national interest with respect to ports and transport was protected. Currently there are eleven private and mostly indigenous stevedoring companies aside the Tema Port's own Operations Department and the Meridian Ports Services (MPS). The studies showed that most container shipping lines preferred the services of the MPS terminal. This was due to the fact that the MPS terminal was equipped with more standard handling equipment and had adequate temporal storage space for containers. Such facilities provide favorable ship turn round times and this is what ship owners' look for in order to optimize their cost of operations.

The MPS commenced operations in 2007, having won the bid to operate the new container terminal in the Tema Port for 20 years. The MPS per its contract was mandated to handle 70% of all containerized cargo passing through the port. MPS is a conglomerate comprising *Bolloré Group, AP Moller and the GPHA, with the GPHA owning 30% of the shares. Bolloré and the AP Moller group* are multinational logistics providers controlling ships, maritime terminals and inland transport in many parts of the world. They are looked at as major players controlling world shipping and logistics in contemporary times. With their long years of experience, networks, capacities and track records around the world, these multinational companies are major players controlling ships, maritime terminals and inland transport around the world. This could imply that the bulk of supply chains from other continents through the Tema Ports were likely to be managed by them. They

therefore may not need the marketing team of the Port of Tema to promote their business.

### 2.1 Contemporary concerns and purposes

It is presumed that if the forecasts with regards to international trade, logistics and transport management are true (UNCTAD, 2013); and the practice where the Port of Tema concentrates more on managing the imports of Ghana and the sub-region is also upheld, then the marketing department of the Port of Tema may be rendered ineffective (*for national development*) in the near future if they do not reorient their strategies to sustain the port business remaining for them and other stevedoring companies, whilst further assessing potential new business prospects.

Investigations were conducted with the aim of finding out current national objectives for the ports in Ghana; also whether the marketing department of the Port of Tema was truly faced the risk of becoming ineffective in facilitating the realization of the goals of the port light of the global trends as discussed above. The aim was further to suggest practical objectives for a marketing initiative in the interest of widening the scope of business through the port of Tema which would be advantageous for the national development agenda.

Data gathered for the analysis was mainly from secondary sources. The 2013/14 Masters of Arts Class of the Regional Maritime University, specializing in Port and Shipping Administration were engaged in research, assignments, discussions and analysis of the trends with international trade of the sub-region through the ports of Tema and port marketing strategies.

### 3. Findings and analysis

It was clear that the Tema port currently played a significant role in the nation; though it was difficult to obtain specific statistics with respect to its contribution to GDP, however it was clear that substantial revenues were generated from providing services to ships and cargoes. It was generally accepted that international trade and shipping in and through the nation would have been nearly impossible without it. Therefore it was imperative that the GPHA protects and manages the port in a sustainable way to the benefit of Ghana, as the port was seen to be a major pillar supporting the Ghanaian economy. The port continues to be considered as major employers, creating direct jobs, indirect as well as induced jobs in Ghana. It has been a platform facilitating the trade of the State and some trade of landlocked countries in the West African Sub region. The port was also looked up to with respect of facilitating national development. In that regard, the 2013 master plan for the port showed prospects of massive expansion programs which would make the Tema Port one of the world's largest ports by completion. Some new facilities to be developed according to the new master plan include container terminals, rail transport services for containers and general cargo, passenger terminals, food and fruit terminal, transit and transshipment terminal and bulk terminals (Ghana ports handbook, 2013). These moves by the Port Authorities reinforced the State's immense interest in the progress of the port, which would boost the development of the economy.

Statistics for the year 2013, from the Tema Port indicated the following. The throughput of the port was between 6,219,515 and 11,451,005 tons from the year 2000 through to 2012. Out of the 2012 throughput of 11,451,005 tons, 9,372, 999 tons ... approximately 80% were imports through the port. There was a steady growth of container traffic from 166,963 TEUS in 2000 through to 822, 131TEUS in 2012. The volume of transit trade through the port of Tema fluctuated from 17,715 in 2000, reached a peak of 339,841 in 2006 but dropped through to 50,403 tons in 2012. The following inferences were drawn from the statistics:-

- There was growth in international trade through the port in recent years. However, the fact that 80% of that traffic comprised imports to and through Ghana port painted a gloomy picture of how much exports from the Ghana generally benefited from the use of the port. It was also noted that besides the quantum, the unit value of imports far exceeded that of the exports. These were clearly incidents of trade deficit for the Ghanaian economy.
- The raise in transit traffic through Tema Port was temporal, resulting from conflicts in Ivory Coast. The Abidjan Port in the Ivory Coast so far seem to have regained their lost traffic. It appears to have more strengths and opportunities which give it comparative advantage over Tema Port in capturing the transit trade in the West African Sub region. However, the trade for areas within the borders of Ghana will almost always pass through the ports of Ghana and for that matter the port of Tema.
- It may be argued that the steady growth in container traffic; and container shipping lines' preference for MPS over other stevedoring companies in Tema Port, could imply that the GPHA was not gaining much from revenues of cargo handling. GPHA has only 30% shares in the benefits accruing to the conglomerate and as required under the landlord management model, it is probably out of this same share of revenues that the GPHA maintains the major infrastructure such as the port's approach channel, harbour basin and docks as well as the breakwaters to mention a few. There seem not to be much chance soon for the GPHA' own Stevedoring Team or the other stevedoring companies to challenge the 'leadership position' of MPS in container handling. This is because the MPS's twenty years mandate is backed by contract and the Law. It is believed that a higher market share of container handling for the

GPHA could have earned it higher income, which could enable it self-finance some of the urgently needed expansion projects.

- It may further be argued that the nation as a whole derives little benefit from the MPS contract, because the MPS's inclination towards the use of technology fails to tackle the national objective of creating the much needed employment which could raise living standards in the country. Furthermore since the Conglomerate commenced operations, they are not known to have engaged in activities in line with social cooperate responsibility in the country.
- The fact that the Marketing Team of the Port engaged less in promoting the business of MPS was a confirmation of the fact that the MPS had a far larger capacity to market itself through its international services and networks, thus a marketing initiative by the port's marketing team to promote their cause would yield insignificant benefits.
- The marketing department of the Port of Tema engaged generally in marketing activities which promoted the entire port, but to a large extent, promoted the services which were mostly owned and managed by the port authorities. From its inception, its core mandate (*which is still the current focus of the marketing department*) was to capture more markets, especially the transit trade of some West African landlocked countries and to improve customer care through education and communication. Other current objectives include promotion, intelligence gathering, new business developments and branding.

#### 4. Conclusion and recommendation

History has shown, and theories in economics prove that no country really develops on imports, but rather on bustling economic activities and export. It has also been proved that the activities of ports have facilitated the growth of many industries in countries around the world. It is a step in the right direction for the marketing department of the GPHA to invest much of its resources on promoting its own businesses as have been stated above and sourcing for new businesses. It may be necessary for the marketing department (*having identified their strengths and opportunities*) to invest more resources into exploring indigenous market prospects with high potential growth rates. These may not initially be directly related to port business but once matured, could become a means for rapid growth of port business in the near future. Their initial objective could be: - to go beyond their direct customers to promote the businesses of their indirect customers. The strategy could be: - to develop less capital intensive niches over a period of time. One potential niche that has been identified in Ghana is fruit production, processing, packaging and storage for export. Fruits such as oranges, pineapples, mangoes and water melons, which grow very well in Ghana, could be the first targets. These tropical fruits once processed in line with quality standards are likely to have wide patronage on the international market. A vibrant fruit industry in Ghana would create a wide variety of the much needed employment, boost the economy's revenue base and improve the living standards in the country. This would ultimately create new business for the Tema Port as well.

#### References

- Alderton P. (1999) *Port management and operations*, Informa Pub.
- Ghana Ports Handbook, 2012/ 2013
- Lun Y. H, Lai K. H & Cheng T.C (2010) *Shipping and Logistics Management*, Springer, London.
- UNCTAD (2009) *Train for trade, Port training manual. Module two "The organization of a port system"*, UNCTAD, Geneva.
- World Bank (2007) *Port reform Toolkit*, PPIAF, 2<sup>nd</sup> ed. <http://www.ppiaf.org/sites/ppiaf.org/files/documents/toolkits/Portoolkit/Toolkit/module2/index.html> (May, 2014).

The IISTE is a pioneer in the Open-Access hosting service and academic event management. The aim of the firm is Accelerating Global Knowledge Sharing.

More information about the firm can be found on the homepage:  
<http://www.iiste.org>

## CALL FOR JOURNAL PAPERS

There are more than 30 peer-reviewed academic journals hosted under the hosting platform.

**Prospective authors of journals can find the submission instruction on the following page:** <http://www.iiste.org/journals/> All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Paper version of the journals is also available upon request of readers and authors.

## MORE RESOURCES

Book publication information: <http://www.iiste.org/book/>

## IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digital Library, NewJour, Google Scholar

