

The College of St. Scholastica

Strategic Management MGT 4170

MSC Shipping

Strategic Management Project Analysis

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1. Introduction

The Mediterranean Shipping Company is a privately owned shipping company that ships internationally. This is the biggest container shipping company in the world, both in terms of fleet size, and in cargo capacity. It was founded in 1970, by Gianluigi Aponte, and is still owned by the Aponte family today with Diego Aponte being named CEO in 2014. The headquarters are located in Switzerland, and have been since 1978 after being relocated from Italy. Today, MSC operates in 675 offices in 155 different countries, while also employing over 200,000 people. The fleet consists of 800 vessels that travel across 300 different routes, and those are complemented by 5 aircraft as well.

Captain Gianluigi Aponte is quoted as saying “Ours is a business built on a genuine passion for the sea and an unfaltering commitment to people and communities.” (MSC, n.d.) MSC Shipping is a big company that still has the good characteristics of a smaller company that is still able to be accommodating to its customers. Because of MSC starting out as a small time operation, to being the biggest shipping container company in the entire world.

Recently, in January of 2021, MSC was awarded the “Maritime Sustainability Passport” certificate and seal by the North American Marine Environment Protection Association. This was awarded due to demonstrations of commitments to the environment, employees, and social responsibility. MSC has taken strides to accelerate their transition to zero net carbon emissions by the year 2050, as well as promoting and protecting ocean diversity. (MSC, 2022) By reducing the amount of carbon emissions that ships produce, it will also lessen the amount of local pollutants that are spread in smaller, more local ports around the world where merchandise is exchanged. (namepa, 2021)

2. Background

MSC is always striving to improve, and they have several specific focuses that they find most important for who they want to be as a business. The main ideology they focus on is sustainability. On their website they say, “Sustainability is at the heart of everything that we do.” They want to use their knowledge and resources to conserve and restore the environment. MSC feels responsible for keeping the environment, especially the oceans, as healthy as possible. They want to create a better world for future generations and strive to play as much of a part in environmental sustainability as they can.

MSC also takes a big focus on customer satisfaction, trying to provide the best shipping service that they can. They want their systems to be fast and reliable and they have experts working to ensure that goal is met. They advertise an effective and customizable protection plan that can work for any business that has shipping needs. They want to be able to give their customers peace of mind when their product is being shipped and want to make sure that customers are getting as much out of the protection as possible.

They also work towards being efficient and cost effective, attempting to drive down costs for both customers and the business. By doing this they are also still working towards their overall goal of being highly sustainable. They try to make sure that everyone involved in the supply chain is working closely together to maximize efficiency and prevent any events that could slow down shipping processes while shipments are changing hands. Through all of these objectives they work towards building a strong brand, one that is built on customer satisfaction, efficiency, and, most importantly, sustainability.

3. Purpose of Study

The purpose of this research project is to shed light on the strategic management practices of the Mediterranean Shipping Company . This will include the following; current business model, strategic decision process, management traits, sustainability, and a new strategic plan. We will investigate new technologies and management tactics to figure out how it is affecting performance.

4. Literature Review

A. Technology

Firstly, the technology being utilized for businesses to help streamline their shipping processes by merging them with MSC/s services with their existing systems are called API's and EDI's, these stand for Application programming interfaces and Electronic Data Interchange. API's information to be exchanged almost immediately, making them more flexible and easier to implement. They are the direct facilitator enabling businesses to manage their MSC shipments, which includes booking, ongoing shipments, and location directly from their supply chain management systems. To further advance in streamlining information, EDI's are responsible for exchanging structure data between computer systems in a standardized format. This means businesses can exchange shipping data with MSC's system electronically. This helps reduce the need for manual data entry and also reduces errors that come with manual data entry. In contrast API's are the messenger for software applications to communicate with and EDI's are a method for exchanging structured data between computer systems for large documents such as purchase orders, invoices, and shipping notices.

Furthermore, another technology that is being utilized by MSC is the implementation of electronic bills of lading (EBL). The EBL allows for paperless exchanges of shipping documents being efficient, safe, and sustainable. Since EBL's are replacing paper documents there are many benefits such as efficiency; they can be transferred in minutes instead of weeks, time is money after all. Furthermore, EBL's utilized blockchain technology on WAVE BL's digital courier platform to ensure the safety of all documents. Cons that may be worth considering are a dependency on technology if there are technical issues or a loss of internet. Also, the transition from paper to paperless may prove challenging in the beginning requiring adjustments for users accustomed to the traditional methods.

MSC also invests into what are called smart shipping containers. These containers give you a 24/7 video of your cargo, even recording temperature, humidity, door status, and whether it is on land or sea. With these smart container solutions, MSC is able to give real-time updates to their clients and receive personalized alerts in case of any inconveniences of their cargo's travels.

B. Neutralizing Threats and Developing Opportunities

MSC is a global company, so naturally they are going to be facing a variety of different kinds of threats. The first threat being the intense competition of the shipping industry. There is constant pressure on pricing and profits, which forces MSC to separate itself from other competitors.

Another challenge that MSC faces is the volatility and trade disruptions that happen all over the world. This could be due to economic downturns, currency changes, and trade routes that their ships take during the course of their trading. (*Charting the Course: Analyzing the MSC Strategic Direction - Osum, 2024*)

It is also important to note that MSC must make sure that they continue to comply with the ever changing regulations that are related to the environment and safety. In order to do this, MSC must invest into sustainable technologies to adapt to these policies, such as trending towards zero net carbon emissions by the year 2050. (MSC, 2022)

There are a few opportunities that are possible for MSC to take advantage of. One of these is global trade. The more that the world economy grows, the more opportunity that MSC has to capitalize profits on it and expand their operations. Part of this globalization process is expanding to new markets, which will in turn lead to more business and opportunities. The third opportunity that MSC has a chance to capitalize on is technological advancements. These can include digitization, automation, customer experience, analytics, and can help speed up processes such as load times and decision making. (*Charting the Course: Analyzing the MSC Strategic Direction - Osum, 2024*)

C. Globalization of Production

Given the nature of MSC, with them being a business in the world of shipping product, they have always been interested in working globally. They have worked on improving many aspects of their business in order to efficiently and effectively ship products internationally. Whether it be them working on improving their technology, their supply chain, or outsourcing their work in order to make business smoother, they look for ways in order to get their business to all corners of the world.

They have always worked closely with each part of their supply chain making sure that all parts have streamlined processes. They do this in an attempt to save as much time with every process as possible, because the faster that the entire shipping process is, the faster it will get to consumers, and the happier those consumers will be. They have also implemented technology that has allowed them to improve their business internationally. Technology like their smart containers, which are containers that provide 24/7 information to the people whose products are inside the shipping container, or warehouse asset tracking systems have both improved the effectiveness of their global shipping operations. Not only have they themselves been driven to improve their systems, but their competition within the industry has as well. Whether it be A.P. Moller-Maersk Group, CMA CGM Group, or other top shipping companies, MSC is driven to hold their spot at #1, and will always look for ways to improve.

D. Supply-Chain Management

Since MSC is a shipping company, their supply chain management consists of offering shipping and logistics services to companies around the world. MSC facilitates the movement of goods across the world with their ports, vessels, and logistics infrastructure. Their smart containers allow for real-time tracking and monitoring of shipments, enhancing transparency in the supply chain. They primarily focus on transporting cargo by ship all over the world, but this hasn't stopped them from entering the mainland.

Medlog is a subsidiary of MSC that stands for Mediterranean Logistics that specializes in supply chain solutions, inland transportation, warehousing, distribution, and customs clearance services. This is a great example of MSC being adaptable towards a customers diverse needs by offering inland services such as Medlog. In broader terms, MSC's job is to make sure shipments,

for other companies, are safely transported from one place to another efficiently. Sustainability is a key focus in their supply chain to help minimize environmental impact.

E. Promotion Strategy

Mediterranean Shipping Company is making sustainability a cornerstone of its business strategy, putting customer satisfaction and environmental responsibility at the top of their priorities. Since MSC is trying to have net zero decarbonisation by 2050, they are actively working towards energy efficiency, reducing carbon emissions, and trying to find more solutions for pollution in their supply chain lines. MSC is widely known for being a rather traditional company in terms of their marketing, they were known for having little online presence & offline customer interactions. In 2015, they are looking to step things up, the company relaunched its global website, MSC.com, & announced a partnership with Orca Social. Orca Social is led by Jonathan Wichman, he is an expert in social media marketing and was formerly associated with MSC's competitor Maersk Line. Joe Cook, MSC's Global Marketing Manager, highlights that MSC has always prided itself on offline communication with their customer and this has worked well in the past. But newer ways of using social media to maintain the high quality customer service they take pride in is the best way to communicate with these customers.

Along with their new social media project, they revamped their website with Crafted in 2015 as well. The website is accessible in eleven languages across 157 countries, it offers interactive tools such as live container schedules, access to EBL's, and a CO2 calculator. It serves as a cornerstone to MSC's growth strategy, maintaining that high quality customer service, and also increasing sales. The new strategies adopted by MSC make sense because approximately 60 percent of the U.S. population owns a smartphone. Worldwide, the number of

smartphone users exceeds 2.16 billion, or more than 25% of the world's population. Individuals spend an average of 3 hours and 18 minutes per day on mobile devices. Most access the internet from a smartphone rather than a desktop or laptop computer, especially younger individuals (Clow & Baack, 2002)

F. Sustainability

Sustainability is an integral part of MSC and they are doing everything they can to have net zero decarbonisation by 2050. A great example of this in an article by MSC is "Short Sea Shipping is one of the EU's chosen ways to meet its targets of cutting 60% of greenhouse gas emissions from transportation by 2050 (Msc, 2024). Short Sea Shipping is a new tactic that MSC has incorporated in April, 2024 that is helping them achieve their goal of net zero decarbonisation by 2050. To put it bluntly, short sea shipping is a tactic that is like taking a shortcut by using ships to move goods between places that are relatively close to each other. Instead of using trucks for long distances on roads, that add to pollution, the ships carry goods over shorter distances by sea. It is more environmentally friendly because ships have fewer restrictions than trucks on when they leave/arrive.

MSC's commitment to sustainability and environmental responsibility is a reflection of its ethical stance. This is talked about heavily in the Fundamentals of Management, In the context of MSC's sustainability practices, managerial ethics align with the company's commitment to treating employees ethically and responsibly. MSC ensures fair treatment of its workforce by prioritizing aspects such as fair wages, safe working conditions, and respect for employee privacy (Griffin, R. (2021). Additionally, adding to their sustainability practices, is the use of their electronic bills of lading (EBL), this is essentially a paperless system. Enabling

paperless trade with 100% eBL adoption could save 28,000 trees per year and \$6.5 billion in direct costs for stakeholders (*Electronic Bill of Lading (eBL) - Simple Digital Solutions* | MSC, n.d.)

5. New Strategic Management Plan

A. Sustainability Leadership

Sustainability is the cornerstone of what MSC is and they are constantly finding ways to reduce their carbon footprint. We believe that MSC should invest in green technologies, such as alternative fuels, energy efficient vessels, and eco-friendly port infrastructure, to reach their goal in 2050. Short sea shipping is a great example of MSC being innovative in their green supply chain management. Further excelling in their green initiatives, we would like to see MSC optimize routes, and reduce empty container movements. As far as being a sustainability leader, we also believe that MSC should promote sustainable practices amongst partners, suppliers, and customers. To further improve this, MSC should collaborate with their stakeholders to implement sustainable solutions such as responsible sourcing practices, waste reduction initiatives, and researching alternative fuels/green technologies.

Overall, the sustainability leadership initiative integrates stakeholders, partners, clients, and suppliers to create long term plans to minimize negative impacts on the planet. By embracing sustainability as one of their core values, MSC can enhance its reparations, attract environmentally conscious customers/clients, and contribute to a better world in the shipping industry.

B. Artificial Intelligence with Supply Chain

Using artificial intelligence with supply chain management is relatively new technology that has appeared in the last year or two. Companies that are utilizing AI in their supply chain are increasing their efficiency and decision making. This is highlighted in an article by Cohen & Tang, “ Early adopters of AI-enabled supply chain management have reduced logistics costs by 15 percent, improved inventory levels by 35 percent, and enhanced service levels by 65 percent. Adopting AI tools to manage manufacturing operations can be costly, but 70 percent of the respondents from a survey of CEOs of over 150 firms agreed that AI is delivering a “strong ROI.” Despite the potential of AI in supply chains, AI should not decrease employment in supply chain management. Rather, it should create new opportunities to mitigate potential risks associated with adopting new technologies” (Cohen & Tang, 2024.) If MSC could utilize this technology, they could reduce costs, reduce carbon emission, enhanced levels of service, and improving inventory efficiencies.

C. Expansion

Given their nature of wanting sustainability, they would likely benefit from expanding their shipping processes in ways that use new technologies that are more efficient and better for the environment. As time goes on, new technologies are being developed, and new forms of energy are being widely implemented. It would not be surprising if one day we see ships that are powered by nuclear energy. If this technology is ever readily available MSC would likely have a high interest in expanding their fleet using nuclear powered ships. It would be much better environmentally, and it would also take up a lot less space on the ship to have a nuclear power

source, which would then mean more space for cargo. As for expansion within the short term, they can always work in investing towards expanding their current fleet, building on top of their 800 vessels and 5 aircraft. They could also invest in new vessel types, and have more that could be better fit for specific routes.

6. Findings

Overall we have found that MSC has a large focus on sustainability and providing the most efficient shipping service that they can. They have invested a significant amount of resources towards making their shipping process as environmentally friendly as possible, as we have seen through their short sea shipping strategy and them adopting a completely paperless system. We have also found that their supply chain management is very important to them, attempting to make every part of the process as effective and quick as possible.

The quote from their website, “everyone involved in the supply chain, from the retailers themselves to manufacturers, suppliers, and shipping companies are all working closely together to effectively manage the flow of products throughout the consumer journey” shows that they are driven to have a well managed supply chain. By doing this they hope to make the process of moving product faster, which leads to happier customers and higher profits. Overall, they are highly focused on sustainability, along with investing in new ways to make their shipping process as fast and efficient as possible.

7. Data Collection

There were several different types of sources that we used to find the necessary information. MSC has a lot of information about them that can be found on their website, which

is where we started to learn about the company as a whole. They have several articles about what their goals are and how they plan to achieve them, along with the principles that they stand by. After learning more about the company from their website we went to different articles that discuss MSC and the different things they have done over time. Along with the articles that we found about them we also used the classroom book to reference and apply different course concepts to our paper.

8. Conclusion

In conclusion, the Mediterranean Shipping Company has used strategic planning to maintain a leader in the shipping industry and also create brand awareness in their adoption of new marketing strategies. The company has leveraged technology to enhance customer service, increased cargo protection, reducing their carbon footprint, and digital marketing practices for their online presence. These tools have helped MSC establish an online presence, remain at the forefront of customer service compared to competitors, and also help the supply chain process as well. The company has shown innovation in reducing their carbon footprint and maintaining high quality relationships with clients/customers staying ahead of the competition. As technology continues to advance, we're positive that artificial intelligence will play a huge role in MSC's future success.

9. Summary Tables

CONCEPTS	Functional Level Strategies	Decentralized Planning	Resources and Competitive strategy	Outcomes
Technology	Businesses streamline shipping with MSC through APIs and EDIs, exchanging data efficiently. EBLs replace paper for faster document transfers, leveraging blockchain for security. Smart containers offer real-time cargo monitoring, enhancing client communication.	The technology used by MSC, such as API's, EDI's, and electronic bills of lading (EBL), facilitates seamless information exchange and decision-making across the supply chain, empowering stakeholders to make informed choices closer to the point of action.	With a vast fleet, global port network, and advanced logistics, MSC offers diverse shipping services. Sustainability efforts and innovation also bolster its market position by attracting eco-conscious clientele and staying ahead of industry trends.	By leveraging its vast fleet, extensive port network, and advanced logistics capabilities, MSC attracts a diverse clientele and stays ahead of industry trends. Additionally, its commitment to sustainability appeals to eco-conscious customers, further enhancing its market leadership.
Neutralizing Threats and Developing Opportunities	MSC has put time and effort into expanding their fleet to stay competitive in the market. This includes the latest purchase of aircraft purchases.	MSC has a lot of regulations they must comply with, especially when it comes to the environment. They benefit from their environment team that works with engineers and other professionals to make decisions and find balance between safety and progress.	MSC operates in 675 offices in 155 different countries, while also employing over 200,000 people. The fleet consists of 800 vessels that travel across 300 different routes, and those are complemented by 5 aircraft as well. This has helped them become the largest	MSC has been able to go from a small family operation, to the biggest shipping container company in the entire world. They have done this by expanding operations, and continuing to innovate, as well

			shipping container company in the world. They must continue to innovate and seize new opportunities to stay ahead in a competitive market.	as consistently upgrading their fleet.
Globalization of Production	MSC has worked on improving their technologies in order to effectively work globally. They have also worked on their supply chain in order to ensure that shipping across the world is done as efficiently as they can make it.	MSC has trusted each captain and each member of the crew to safely and securely ship products across the world, and MSC puts a lot of faith into those who are running the ships. They allow for the captains to take charge, and trust that they will do what is best for the ship and all its cargo.	They have put resources towards new technologies that have improved their global shipping processes which has been the reason that many choose MSC over others.	They continue to increase their global effectiveness by adopting new technologies and coming up with new strategies to build upon what they already have.
Supply Chain Management	MSC's supply chain ensures efficient operations, timely delivery, and cost efficient processes. This includes supplier relationships, inventory management, and transportation logistics.	Since MSC is a shipping company and handles clients' supply chains this means that local teams at ports have more control with their clients' cargo.	MSC has a vast number of ships and ports they are in contract with. They are in ports in 80 countries and Medlog is their inland service in these countries as well.	By having more ships and ports they are in contract with, MSC will continue to grow in the shipping industry
Promotion Strategy	Sustainability is a big part of their promotion strategy but they are now incorporating social media marketing into the mix. Additionally, they revamped their	Since these strategies are both aspects of digital marketing, they complement each other in certain ways. They intersect through content creation for social media and their website design.	By adding to their online presence this can further increase their brand awareness driving sales towards their website.	By extending their marketing to social media they are creating more brand awareness and their website optimization enhances usability, further improving

	website so it is important they are considering using digital marketing tactics.			customer service.
Sustainability	The use of EBL's has helped knock down MSC's carbon footprint, additionally the innovative tactic of short sea shipping has proved effective in sustainability	MSC utilizes their port captains to take charge when they are delivering clients cargo resulting in each ship being locally adaptive	By being more efficient in their resources, this further correlates with their core values and competitive strategy of attracting conscious-customers.	By using tactics to help reduce carbon emissions, this adds to their goal of zero net decarbonisation by 2050 and attracting conscious-customers increasing sales.

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