



Editorial

Shipping and port marketing: Policy and strategy



1. Introduction

The port and shipping industries are currently encountering a profound period of change. The shipping sector experiences a chronic overcapacity and shipowners are constantly in trouble to capture demand. Shipping business is considered capital intensive, freight rates are unlikely to be bounced back in a short term. As a consequence, shipping firms have difficulty having generated reasonable profits. Analogously, ports are called to cope with unprecedented levels of competition due to the slow-down of the world trade and the emergence of overcapacity concerns (Lee et al., 2014). Terminal operators are rediscovering market risks and struggling to offer shipowners service packages rewarding their own balance sheet. Under this perspective, top managers, commercial executives, ship agents and brokers are all enforced to explore a new way of business-making; some of which are marketing policies in terms of segmentation, market positioning, service levels, pricing mechanisms, relations with stakeholders and value proposition solutions (Vitsounis and Pallis, 2012).

Maritime logistics is a sector that unveils unique characteristics and relates to the deep integration among corporations and public organizations at multiple layers, e.g., physical, strategic and organizational (Panayides, 2006). In addition, the non-linearity of the relationships among logistics actors offers an interesting analytical field for investigating the issue of firm integration across networks. Within this framework, it is worth to open a debate on the notion of value creation by maritime transport and logistics firms for customers, users and business partners. In addition, the building of vast networks of collaboration among firms raises the issue of value sharing across stakeholders.

In particular, tramp operators have to take care of the logistics of raw materials, which need to be transported via sea. In this segment, the number of annual transactions with shippers is rather small, but the associated financial and commercial risk is typically rather high. In this Business-to-Business (B2B) industry, the buying process and the content of transactions are quite specific and heavily influenced by customer needs and bargaining powers. In liner shipping, instead, ocean carriers have to manage the supply chains of manufactured cargoes across various geographic areas. Shipping lines have to deploy their fleet capacity in advance, facing huge risks because of freight rates volatility. In this segment, customers are atomized although we have also to recognize the presence of big multinational corporations with global logistics needs. Ocean carriers, indeed, have to commercially deal with a large spectrum of B2B clients willing high quality services in terms of service reliability and customer care (Buratti et al., 2018). Given that, liners have settled broad international organizations for matching market expectations and building stable relationships with the key clients. Despite in liner shipping the implementation of ICT and digital

technologies and the required service quality are higher than in the transport of raw materials, cost leadership strategy is still the dominant paradigm. Nevertheless, there is some potential for differentiation as well, due to the possibility of market segmentation and the growing diffusion of CRM service, especially by major ocean carriers.

In the port context, Port Authorities (PAs) became fully aware that *both* the implementation of a successful landlord model *and* the need to go beyond this role require much more than a basic separation of competences with private investors (Parola et al., 2013; Yang and Chen, 2016). Aiming at going 'beyond the landlord' functions (van der Lugt et al., 2017) in a way to advance the prospects of ports, PAs introduce marketing among their key strategic dimensions. For example, a fact-finding report (ESPO, 2016) that surveyed PAs in Europe revealed that 81% lead promotion and marketing activities. The managerialization and often the corporatization of PAs (see contributions in: Brooks et al., 2017) introduce the consciousness that the undertaking of well-established marketing policies is fundamental to deal with a complex array of public and private stakeholders as well as to face on-going market challenges (van der Lugt et al., 2013). In addition, PAs realise that, besides territorial marketing policies (Deng et al., 2013), they are expected to act as powerful B2B value generators along transport chains, having stimulated and facilitated the interactions among private players (Cahoon and Notteboom, 2008; Ferrari et al., 2015). In a rising number of cases, PAs explore new strategic areas, even becoming entrepreneurs that invest in overseas port facilities and other logistics infrastructures (Dooms et al., 2019).

Despite the growing relevance of marketing policies and strategies in shipping and port industries, further academic research is found wanted. Scholars have long started recognising marketing as a core function of seaport management, emphasising its positive impact on PA cash flow, profits, production levels, market share, and overall image (Mester, 1991; UNCTAD, 1992; Figwer, 1999; Panayides, 2001; Pando et al., 2005; Buratti et al., 2018). More recently, they highlight the role of (various forms of) communication, trade and business development, local community liaison, and Customer Relationship Management (CRM), as major components of the overall marketing efforts (Cahoon, 2007; Parola et al., 2013). Yet, when a complex web of potential marketing strategies emerge (see Parola et al., 2018), journal articles are few, and address the themes of 4Ps and market-driven management, rather than analysing the subject in the context of current and prospective maritime transport and logistics management from a policy and strategy perspective. Contributions are rather fragmented, investigating isolated cases, without having grounded on a broad analytical framework. Books and related studies are even fewer (cf. Panayides, 2001) with reference to shipping marketing and UNCTAD (1992) with reference to ports respectively.

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2. Contributions in this issue

The theme of this issue, as well as the interactions between scholars during its preparation, aimed precisely in stimulating the study of maritime logistics industry through an analytical lens of strategic marketing and value creation for stakeholders. As a result, five interesting research papers aim to partially bridge the identified research gaps.

The first of the papers examines of *value co-creation in maritime logistics networks within a service triad perspective*. The starting point of Vural et al. is that tackling the several challenges in the supply chains requires a perspective of treating value as a co-creation through interactions amongst the key actors in the maritime logistics sector. Thus, they adopt a triadic approach and explore how maritime logistics value is co-created in the service triad composed of the shipper, the logistics service provider (LSP), and the carrier (that is, the shipping line). Based on the service-dominant logic, this study identifies a number of operant resources and investigates various configurations of operant resources amongst these three players in the maritime logistics service triad. The results provide guidance for policymakers as well as firm-level decision-makers towards an integrative approach to capture the multi-actor nature of the phenomenon. From a managerial and policy perspective, the findings advance an understanding on how operationalization of management policies and decisions may affect both the type of operant resources used for value creation as well as their interdependence. Finally, studying maritime logistics value with a network approach offers opportunities for further research on value and interaction between supply and transport service networks.

The question on how to *mediate effects of service recovery on liner shipping users' loyalty* is the theme of the second paper of the issue. Offering appropriate service recovery is important for service providers to retain their existing customers. Given that service failures are both common and inevitable when using liner shipping services, Chao establishes a model by which to examine the impact of service recovery on customer loyalty. The results of an empirical questionnaire survey along with the application of a structural equation modelling to test the hypotheses proposed, demonstrate a significant positive impact from service recovery on the customer loyalty of liner shipping users. This impact is found to be mediated via customer satisfaction and satisfaction after recovery.

The next three contributions focus on port marketing. The first of them approaches *port marketing from a multidisciplinary perspective*. Mandjak et al. aim at identifying the theoretical foundations of port marketing in the academic literature via a lexicometric analysis of relevant published studies. Following a systematic literature review, the scholars identify 369 relevant academic publications over the last 40 years. As implemented automated content analysis examines whether a conceptual field linking port and marketing appears in this research. The conclusions of the study suggest the lack of strong foundation and flexible theoretical base of port marketing as a holistic concept. They also confirm the multidisciplinary embodiment of port marketing (e.g., involving combined work done by researchers from independent fields). Hence, the scholars advocate that considering (theoretical) concepts from the domain of marketing management research might leverage further research on the value creation done by ports. In particular, they posit that port is an industry and, as such, most of the marketing related to ports should be at the B2B level. Therefore, relational-based business marketing offers a possible theoretical framework for port marketing research. The study concludes with a value proposition of a pathway towards such a framework and an outline of specific topics for further multidisciplinary research to foster such a holistic port marketing concept.

The next contribution examines *Green Port Marketing as a tool for sustainable growth and development*. From a sustainability perspective, a port should manage and balance three bottom lines, namely economic prosperity, social wellbeing, and environmental quality. A major driver

for sustainability is to attract and retain customers who value sustainability. As such, formulating a green port marketing plan fulfilling the economic, social, and environmental objectives will guide a port towards sustainable growth and development. Lam and Li investigate the green marketing status of the world's major ports, examining 30 port cases. The cross case analysis identifies that more than half of the examined cases are actively engaged in green marketing. While it is commendable that a sizeable number of major ports in the world are actively engaged in green marketing, it is found that the ports under investigation focus more on strategies, and less on structures and functions. For example, the findings suggest that ports do not place priority on the environment in terms of pollution prevention, clean technology, clean shipping, and clean port services, or to functions such as statistics and reports that gives quantitative and measurable evidence of green efforts. In managerial and policy perspective, this is a substantiated call to avoid situations where ports 'talk' but do not 'do'.

In the final paper of the issue the focus turns on port users. Castelein et al. shed light on *the divergent effects that container port choice incentives have on the behaviour of port users*. Port choice decisions are often based on unambiguous choice criteria. The study examines how port users' evaluations of these criteria differ and how this may affect actors' incentive structure and decision making, and ultimately port performance. It does so grounding on the concept that each actor's decision making has consequences for the incentives offered to others, and thus an important role for strategic behaviour. Combining these insights within a framework linking port characteristics, policy, and freight market conditions to port user choice behaviour and the consequences for ports, the empirical part examines the case of Rotterdam and how the port competes along the Hamburg–Le Havre range. Qualitative research reveals a downside to a port being particularly attractive to carriers, in that the port that offers the most incentives to carriers disproportionately attracts relatively low-value activities: inefficient calls and a large share of empty containers, along with a strong import/export imbalance. Interview findings contextualize the findings from the data underpinning that attractiveness of a port for carriers does not always translate into attractiveness for shippers. The challenge for port policy and marketing strategies is to balance the positioning of the port toward its different categories of users and achieve a congruent value proposition for all port user groups.

3. The way forward

The five contributions included in the special issue have broadened our understanding level towards parameters in shipping and port marketing, while shaping potentials for future research. The research findings herein presented analyse, in an empirical manner, multiple parameters concerning the relations of service providers and users, as well as the creation of value in the maritime context. It also provides useful outcomes in regard of related corporate responsibility activities of ports. Methodologically, the contributors provide a welcomed blending of quantitative and qualitative analyses, reinforcing the validity of applying, or even combining these two research methodologies.

However, a number of limitations sustain towards an in-depth and more comprehensive analysis of marketing strategies (to be) applied by the several idiosyncratic maritime transportation industries. Beyond the need to analysis further themes, the most profound limitation is the one mentioned explicitly even by contributors in this volume; that is, this is the lack of approaching shipping and ports with overcharging marketing approaches. The dominance of niche-related approaches remains present.

In this regard, setting a future agenda can help in defining associated theory building avenues. This would be beneficial for all the stakeholders in maritime transport communities and beyond. Grounding on the reading of the present special issue and the insights that research offers to marketing specialists, thanks to the unique

characteristics of the industry, it is also called for further action in the maritime community to have greater interactions with non-maritime/transport specialists (i.e., scholars specialized in marketing), who might join the study of the several facets of shipping and port marketing, among others.

Indeed, a number of marketing-related perspectives and theoretical streams deserve further examination and application (Kotler and Keller, 2009). For instance, in liner shipping the principles of service marketing could offer insights into understanding the redesign of maritime service networks being taken place for reinforcing the value proposition delivered to shippers (Vargo and Lusch, 2008). The composition of service items, the management of the co-production process, and the offer of bundled packages also constitute important themes to be investigated (Durvasula et al., 2000). Next to this, the pricing strategies and revenue management techniques applied by tramp operators, liner carriers and terminal companies are other cutting-edge topics that should attract the interest of scholars. Consistent with on-going market uncertainty, revenue management aims to pursue the integrated management of price and vessel capacity (inventory) to maximize the profitability of a company. In the understanding of value delivery, the analysis of various forms of communication, trade and business development and customer relationship management could also bring insightful and original pictures of the shipping industry.

In addition, ports encounter special challenges given the heterogeneous nature of the players involved and the growing responsibilities that PAs hold in the coordination of the entire cluster architecture. For this reasons, future studies should disentangle the hybridity of marketing strategies of port stakeholders including PAs, ranging from B2B to territorial marketing objectives (Parola et al., 2018). The study of the inter-organizational constellations of value in modern port communities is needed, by identifying the key business relationships that shape successful marketing strategies (Norman and Ramirez, 1993; Anderson et al., 2006). Some exemplified or indicative themes could be enlisted as follows:

- The building blocks of a successful marketing mix for shipping and ports,
- The co-production of services in maritime logistics,
- Service levels and customer satisfaction in shipping and ports,
- Branding in shipping and ports,
- Customers and the marketing information system in the maritime logistics domain,
- Pricing policies and revenue management strategies in shipping,
- Communication strategies and stakeholder relationship management,
- Social media marketing: customer loyalty and awareness, and
- Cruise shipping marketing.

In any case, there is one parameter that conditions the enhancement of the quality the proposed research stream and the overall study of marketing activities in shipping and ports. This is the active contribution of the industries themselves in both data provision and explanation of their very own marketing attitude, strategies applied, and tools used to serve them. So far, practitioners in the selected industries have been quite auto-referential and focused on a conservative approach on customer needs and stakeholder management. Indeed, successful shipping companies that would go beyond the traditional ‘secrecy’ of the industry, as well as port and terminal operators that in recent times decided to revisit old-fashioned, occasionally archaic, marketing practices, could provide valuable inputs to researchers who would jockey to analyse the marketing techniques applied for common benefits. This way of research results will ultimately provide the complex maritime

world with the tools for applying modern marketing strategies for the greater benefits of all. We do all look forward to such lines of researches to be followed after this Special Issue.

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