

Marketing Communication Strategies for Seaports

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Introduction

Seaports nowadays operate in a highly competitive market. The time of monopolies is gone as the hinterland is accessible for competitors (Pantouvakis, 2010). Differentiation is necessary to gain competitiveness. To communicate this differentiation marketing strategies are important.

The selection of this marketing strategy is essential. It can improve financial results, or worsen it. It can also attract and satisfy customers, or it can have a negative effect. When a strategy is chosen, it has to be constantly adjusted in order to respond to the changing needs of the market.

It is odd that marketing strategies for ports are not researched to a large extent. Cahoon (2007) and Pantouvakis (2010) researched the topic, but most of the academics left the subject alone. However, marketing strategies can add a lot of value.

In this paper existing knowledge from the academic field of marketing in business will be interpreted for seaports. At the end, marketing communication strategies for seaports will be formulated and analyzed.

First, an overview of the development of ports as service businesses will be given. The establishment of inter-port competition answers the question why we need marketing strategies in this sector.

Secondly, marketing communication will be explained and the main problem of intangibility. This will be applied to seaport marketing by looking at four major components. As this is a large field of study, we refocus on one dimension; the image in marketing communication.

The Port of Amsterdam and the Port of Rotterdam will be researched on the 'image' strategy they are following. A web impact report will tell us more about the impact of the port. And

the tools the ports use to communicate with the industry and the community provide us with valuable information about how ports profile themselves. After analysis of the data, strategies can be formulated.

The development of ports as service businesses

Ports have developed over the years and have changed in terms of organization, but have remained the area in which there is a transfer of cargo between ships and land (Branch, 1986). Specifically, ports are the gateway to international trade, where the port area can be seen as an interface between sea and land (Haralambides, 2002). A port can thus be defined as a node that connects water- with land transport. The historical function of a port was solely limited to the natural area for transshipment from modes of transport an enjoyed monopoly power. Today, ports are engaged in inter-port competition and the function of ports now extends to factors including the management and coordination of materials and information.

Ports have been subject to changes in the market environment and the actions of relevant players including but not limited to: the government, shippers, carriers and third party logistics.

Ports have traditionally been isolated from competitive forces and enjoying monopoly power. The existence of trade barriers and the lack of adequate land transport infrastructure, allowed ports to serve their own captive hinterland (Haralambides, 2002). Increasing globalization and economic integration of areas, however, has led to a standardization of cargo reducing the barriers of transportation between countries to negligible levels. The standardization of containerized cargo has significantly reduced costs as modes of land transportation have now become uniform. Containers have become 'footloose' and are not tied to specific ports, resulting in traders having greater control and choice for respective ports. This development has ceased port hinterlands to be captive and these have now extended across national frontiers (Haralambides, 2002).

This has reduced the monopoly power of ports and led to the development of ports now competing for trade. Ports are forced to differentiate and compete on factors, fostering inter-port competition.

In order to differentiate and compete an adequate marketing strategy has to be build. The services that ports offer have to be promoted to the industry to gain customers. Not only customers are important, but the society and other stakeholders also play a role.

Marketing communication for service businesses

Seaports can be defined as service-based businesses. The products they offer in a port are reliability, quality service, high sailing frequency, competitive rates, information technology and professional management (Branch, Maritime Economics: Management and Marketing, 3rd ed., 1998). This is different from tangible products like the ones container manufactures produce. You buy the product and you will get a tangible container. On the other hand, when you buy the product of a Seaport's Port Authority you will not get a tangible product, but the service of using the ports facilities. This in turn is a difficulty for marketing the product.

A number of characteristics of a service are constantly cited in the literature; intangibility, inseparability of production and consumption, heterogeneity and perishability.

The most obvious is *intangibility* as services are no objects; they cannot be smelled or touched.

The *inseparability of production and consumption* forces the buyer into intimate contact with the production process as the customer has to be present during the production process (for example a haircut or a taxi ride)(Carmen, 1980).

Heterogeneity has to do with the high variability in the performance of services. The quality varies from producer to producer, and from customer to costumer, and from day to day (Zeithaml, 1985).

Perishability means that services cannot be saved. Because they cannot be saved, businesses find it difficult to coordinate supply and demand (Thomas, 1978).

The problem of intangibility

The largest problem of a service for a marketing strategy is the intangibility. In marketing communication tangible objects will have a greater impact than intangible products. This can be explained by the idea that products that you can touch and hold have far less uncertainty. It is certain that you will receive the product as it is displayed. Furthermore, the tangible products can be easily compared and reviewed. This way, tangible products are clear and risk is minimized.

Conversely, intangible products raise the perception of increased risk (Cahoon, 2007). Uncertainty is higher because of the intangibility and heterogeneity. Services cannot be compared the same way as tangible products as the quality can vary constantly. Therefore, efforts have to be made to tangibilise the intangible services to reduce these perceptions of increased risk and uncertainty. This can be done by marketing.

Seaport Marketing

Seaport marketing can be divided into three major components (Cahoon, 2007):

Marketing communications

- 1) Community liaison
- 2) Trade and business development
- 3) Customer Relationship Management (CRM)

To give a complete overview of the three components a short description will be given.

The role of community liaison can be described as a marketing tool to establish a mutual understanding and cooperation between the seaport and the community it operates in. This can be done by organizing discussion groups with the different stakeholders.

Trade and business development is about generating more trade and grow as a business. Thus marketing is used here as to generate more output. Special offers and projects are used.

Customer Relationship Management (CRM) manages the relationship between the customer and the company. The system identifies potential clients and track and trace the relationship. The aim is to find, attract and win new customers.

The above mentioned components of seaport marketing deal with respectively the community, the trade and the customers. These are all very focused on one part of the market seaport operate in. On the other hand, market communications has a wider view and captures the whole market.

In this paper marketing communications (MC) for seaport authorities will be examined. These are messages in all sorts of media send to the market. These messages are focused on the product itself and not on the company itself.

To put MC in a framework we can look at a commonly used framework in marketing: “the four P’s”. This consists of Place, Product, Price and Promotion. MC can be placed under promotion as it ‘promotes’ the product in the market. This has a rather wide focus on marketing. There exist all sorts of messages. We will even further specify these messages in order to narrow our focus on the subject; marketing communication strategies for seaports.

Marketing communication

The messages send in marketing communication have different goals. We will discuss four different goals (Cahoon, 2007). Later on, one specific goal will be highlighted and further research will be presented.

The first goal is *‘attracting new customers and informing current customers’*. In the beginning, the existence of the seaport has to be communicated. Shipping has to be promoted as a way of transportation. Furthermore, most of the seaports have specialized

themselves. To raise awareness of opportunities and benefits for this diversification, seaports have to advertise.

Traditional forms for advertisement are trade magazines, newspaper and television advertisements. These forms are brought to the public. Another way of advertisement is to attract the (potential) customers to your advertisement. A very important medium nowadays is the internet. The website is a marketing tool for informing current and potential customers and the community about services and facilities provided by seaports (Cahoon, 2007). Downloadable information such as brochures, media and annual reports make the website a collection place of all sorts of advertisement and information.

The second goal is *'informing and reminding the local community'*. Next to attracting new customers by advertisement, they also fulfill a role of providing information about the benefits to the local community. Tools are economic impact studies, sponsorships for community projects, open days, seaport tours and local school projects.

'Information sharing with the seaport sector and maritime industry' is the third goal. Seaports also increase the knowledge within the seaport sector and maritime industry. By organizing conferences and participate in committees, seaports raise interest and build knowledge.

The last goal is *'the seaport servicescape and image'*. Booms and Bitner defined a servicescape as "the environment in which the service is assembled and in which the seller and customer interact, combined with tangible commodities that facilitate performance or communication of the service"(Booms, 1981). In other words; the surroundings influence both customers and employees. This is important because it can help reach goals of the internal organization and external marketing. It (de)motivates the employees and can attract new customers. The effect is stronger when dealt with inexperienced employees or customers and when information is scarce. The feeling created by the servicescape is projected on the organization.

There are three dimensions how employees and customers perceive the surroundings(Bitner, 1992):

1. Ambient conditions
2. Spatial layout and functionality
3. Signs, symbols and artifacts

We will focus on the last dimension; signs, symbols and artifacts, as marketing plays a major role. This dimension is important in forming first impressions, communicating new service concepts, repositioning a service and differentiating from competitors. Especially the differentiating aspect has a high value because the servicescape can segment, position, and differentiate a company from its competitors.

Interconnected with the servicescape is the image the seaport obtained. This is how customers and stakeholders perceive the overall image. Perceptions are important here. Perception is the process of attaining awareness or understanding of sensory information (oxford dictionary).

Three generally perceptions of seaport are (Cahoon, 2007); (i) being customer-focused, (ii) contributing to the community; or (iii) being a well-managed efficient organization.

Seaports that have a customer-focused image were perceived as focusing on customers’ businesses, having a customer orientation and serving customer needs. The seaports with a community oriented image created an understanding of the contribution of the seaport to the community, as a major driver of economic-activity but also environmentally responsible. The professional image of a well-managed efficient organization comes from facilities a seaport has. Such as pilotage services, emergency operations and freezer facilities.

So far, we looked at different levels in seaport marketing to give a structured overview of the field (Figure 1). In this paper we will focus on marketing communications. These are messages in all sorts of media send to the market. Predominantly, we will look at the seaport’s image, as it can help reach goals of the internal organization and external marketing. This paper will research how an image can reach those goals.

First the methodology is explained and research presented. After this strategies will be formulated for maximizing the effect of the image.

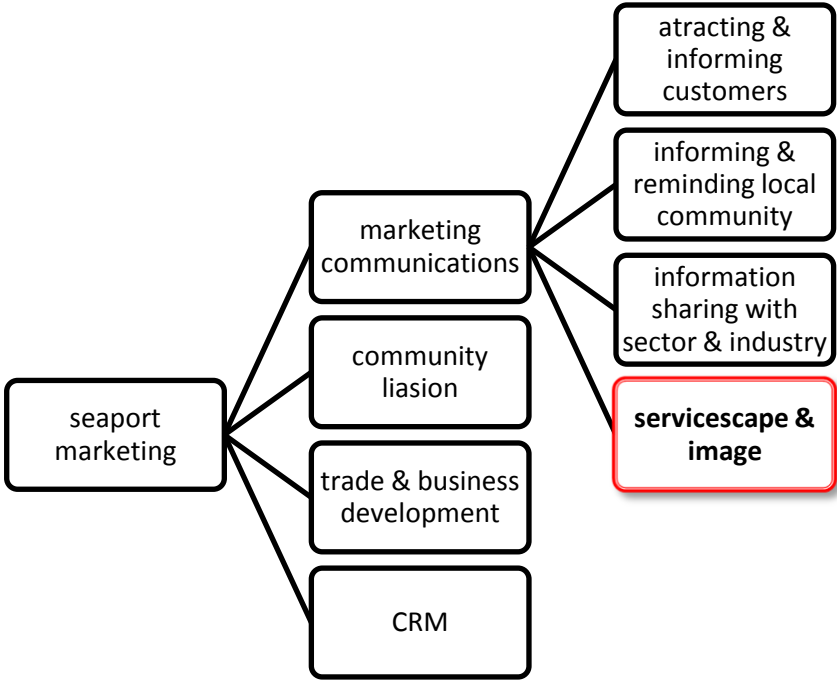


Figure 1: overview seaport marketing

Methodology

To conduct a research on the images on ports and the effect on the organization and external marketing we have to study perceptions. To perform a research on perception we look at the awareness and understanding of the seaport as these are key concepts in perceptions.

Awareness will be tested by counting how many times a seaport is mentioned. This gives an idea on the impact of the seaport in the world. If a seaport is often mentioned, the impact is great and as a result the awareness is high. Seaports operate on a global scale and internet is the central medium for trade and communication in this sector (Morazzani, 2009). Therefore, the internet will be used to perform an impact assessment.

When someone forms an image of a seaport, the understanding of it plays a major role. Seaports are able to use various tools to give an understanding of the organization. These tools will be examined for two existing ports.

The Port of Amsterdam and the Port of Rotterdam will be used in our research. Both ports are located in the Netherlands, located only 65 kilometers from each other. Furthermore, they share the same hinterland. This will enable us to perform a comparative study and look at the differences and effects on the organization and community. The two ports will be unfolded to get a clear view on the differences.

In short, the following questions will be answered.

- Where and in what context is a seaport mentioned?
- How does the seaport communicate with the community?
- What type of seaport are we dealing with, and what are the effects of these characteristics?

An analysis of the results will make clear how a seaport's image can reach goals of the internal organization and external marketing.

Research

Web Impact Report

Internet will be used to perform a Web Impact Assessment. This is the evaluation of the "web impact" of ideas, documents or names by counting how often they are mentioned online (Thelwall, 2009). The idea is that something having more impact will be mentioned online more. Comparing web impacts from different organizations can be a proxy for their offline impact. Also, it is interesting to find out in which country it is mentioned.

Web results would be indicative of a minimum level of awareness rather than definitive. Nevertheless, in a comparative study, each one would suffer from the same limitations and

so comparing the results between them should be informative about which was the best overall (benchmark performance) (Thelwall, 2009).

Web impact assessment via web mentions

First, the phrase is submitted in a search engine. We use LexiUrl in this case. The reported hit count is used as the impact evidence. This simple technique has a few drawbacks, but by using some refinements the evidence can be made more robust. A commercial search engine such as Google will return the number of matching web pages. However, it is better to count matching web sites (i.e. URLs) as some sites may repeat the idea. Furthermore, a company can have a widely impact on community, without being mentioned on the internet. As a result, web impact evidence should be interpreted as indicative rather than definitive.

Nevertheless, web impact assessment is valuable in our research as the internet is an important medium for the shipping industry.

Content Analysis

To interpret and explain the significance of the statistics we use content analysis. This is important because there are a variety of reasons why a web page could be created. This make it difficult to explain what a count of online mentions really means. We solve this by finding out what types of web pages are common in the result to give a description of what the statistic represents.

Qualitative information about the web citations can be obtained by visiting a random sample (100) of web pages from the study and reading them. The end result is a set of categories and an estimate for the number of search results fitting in these categories.

Our interest is the organization origins of the online citations, thus classifications will include categories for the main organizations represented. These are Non-profit organizations, government, industry related and unrelated companies, press or blogs and academic websites.

Results

A random sample of 100 web pages per seaport was examined following the methodology presented above. Figure 2 represents the percentage of web pages per category of organizations. It shows us that the Port of Amsterdam is mentioned more in non-profit organizations (NPO) such as the World Cacao foundation. NPO often use a domain name different from .com. Top level domains (TLD) often used are .org, or .edu. This can also be seen in figure 3. The Port of Amsterdam has 12,4 percentage more web pages in these TLDs than Port of Rotterdam.

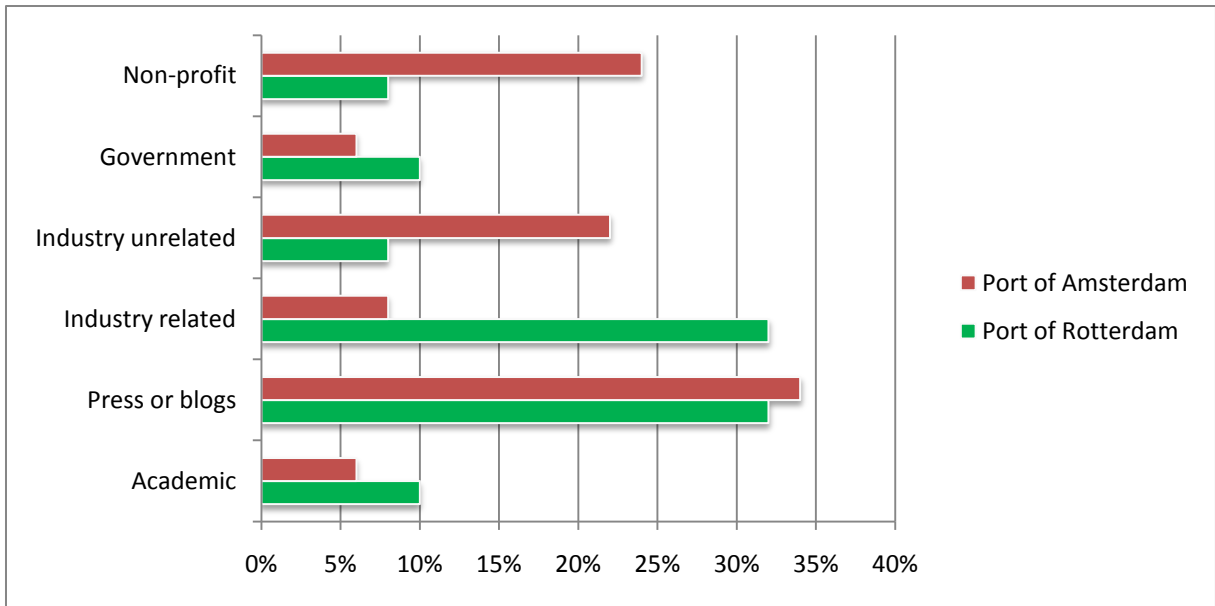


Figure 2: percentage of web pages per category of organizations

Furthermore, the Port of Amsterdam is mentioned less in industry related businesses than Port of Rotterdam. Port of Amsterdam can be found at the sites of hotels and advertisements companies, whereas Port of Rotterdam is mostly cited on logistic service providers' websites.

Domain	"Port of Amsterdam"	"Port of Rotterdam"
com	41,9%	47,8%
nl	5,2%	14,4%
org	10,7%	4,1%
be	-	1,1%
net	2,9%	3,2%
co.uk	2,2%	1,1%
edu	6,4%	0,6%
eu	0,3%	0,5%
de	0,7%	0,5%
com.au	1,0%	-
gov	-	0,5%
org.uk	0,5%	0,4%

Figure 3: top-level domains of pages for all the data sets

In the top-level domains figure one can see that the Port of Amsterdam is cited;

- Less in the Netherlands
- More on .org TLDs
- More on .edu TLDs
- More in the UK

The .org and .edu can be linked with the higher percentage of NPO. However, the difference in the percentage of citations in the UK and the Netherlands is significant.

Lastly, the number of times each seaport is cited in a press or blog is very high. The sites are for example (local) news sites (CBS news, volkskrant).

Seaport Events

Seaports use various tools to create understanding of the organization in the community. Awards, special days, exhibitions and seminars are widely used. However, the intended image the seaports are trying to generate can be different. The three perceptions are (Cahoon, 2007); (i) being customer-focused, (ii) contributing to the community; or (iii) being a well-managed efficient organization.

We will categorize the events and compare the two seaports along these categories.

Categories	Awards	Special days	exhibitions	Seminars
customer-focused				Intermodal Europe 2010
Contributing to the community	Havenfotowedstrijd	SAIL Havenfestival IJmuiden	Haven rondvaart	
well-managed efficient organization			Museumhaven Amsterdam	

Figure 4: Port of Amsterdam

Categories	Awards	Special days	exhibitions	Seminars
customer-focused				Intermodal Europe 2010
Contributing to the community		Wereld havendagen	Maritiem Museum	
well-managed efficient organization	Havenbeeld Port Dues Award		Haven Museum FutureLand Informatie centrum	Havendebat

Figure 5: Port of Rotterdam

Notable from figure 4 and 5 is that the Port of Amsterdam is perceived as the most as contributing to the community. The Port of Rotterdam has more an image of a well-managed efficient organization.

Next to the events organized by the seaports, the way new employees are attracted also is an important indicator for the marketing image.

(Future) Employee activities

The activities to attract new employees will be evaluated and categorized. The subjects for the activities are categorized according to the education form.

Amsterdam	Primary School	Secondary School	Higher education	Job seekers
Education/project	JINC	Work@water	Haven college	Werkenindehaven.nl
	Gave Haven Project	JINC	Hogeschool Amsterdam	
		Future expedition Amsterdam	VU Amsterdam	
		De vaart erin!		

Figure 6: Port of Amsterdam

Rotterdam	Primary School	Secondary School	Higher education	Job seekers
Education/project	Schooltv	Spetterende opleidingen	STC	Watertalent
	Maritiem museum	Cargodoor worden	Hogeschool Rotterdam	Haven carrière
			Erasmus University Rotterdam	Havenwerk

Figure 7: Port of Rotterdam

From the figures 6 and 7 can be seen that the Port of Amsterdam is focused on primary school to higher education. On the other hand, the Port of Rotterdam is more focused on higher education and jobseekers.

At this point we can compare the two ports on web impact, perceptions from events and activities to attract employees. However, we have to take in mind that these ports are not the same. We will give a short description of the characteristics of the two ports and evaluate the effects of these.

Type of seaport

Both ports operate under the landlord model. Under this model the Port Authority acts as regulatory body and as landlord, while port operations (especially cargo-handling) are carried out by private companies (World Bank, 2009).

Main differences can be found in the type of cargo handling, connections, tourism and the mission statement (Port of Rotterdam, 2010) (Port of Amsterdam, 2010).

Rotterdam handles 350 million tons of cargo more than Amsterdam. And the area Rotterdam has is consequently much bigger. The Port of Amsterdam is specialized in sand, coal and oil products. Furthermore, it is the largest cacao port in the world.

The Port of Rotterdam's main cargo is crude oil and petroleum products, and Rotterdam is the major grain and container harbor of Europe.

Both ports can be seen as junctions for multi-modal transportation with connections with inland waterway (Rhine), rail and road networks. Amsterdam has a close connection to the airport Schiphol. However, the port has restrictions due to the three North Sea Locks. Rotterdam has no restrictions in time or size for the vessels.

Despite of having a smaller port with less cargo handling, Amsterdam receives more cruise ships than Rotterdam (104 vs. 26). The city of Amsterdam is also far more touristic than Rotterdam.

Lastly, the mission statements of the ports have some differences:

Amsterdam:

'The Port of Amsterdam's mission is to be a reliable port and to manage the economic activities and employment at the Amsterdam Seaports in a sustainable manner.'

Rotterdam:

'The Port of Rotterdam Authority develops in partnership the leading European Port of world stature'.

The Port Authority is fully committed to keep developing the port and industrial complex of Rotterdam to be the most competitive, innovative and sustainable in the world. We create value for customers by developing chains, networks and clusters.

The difference can be explained by looking at the three images (i) being customer-focused, (ii) contributing to the community; or (iii) being a well-managed efficient organization. Amsterdam's mission is customer focused (reliable) and community-focused (manage economic activities and employment).

Whereas Rotterdam is customer focused (create value for customers) and well-managed efficient focused (leading European Port).

Analysis and insights

The main findings are summarized in Figure 8. We can deduct two different strategies these harbors follow, despite they are both industrial, landlord model, ports.

	Port of Amsterdam	Port of Rotterdam
Web impact report		
NPO	24%	8%
Industry related	8%	32%
Press and blogs	34%	32%
Domain .nl	5,2%	14,2%
Sea port events		
Events	contributing to the community	well-managed efficient organization
Education	primary school to higher education	higher education and jobseekers
Type of seaports		
Cargo handling	70 million ton	420 million ton
Specialization	sand, coal, oil products and cacao	crude oil, petroleum products, agri and container
Restrictions	Yes, locks	No
Cruise ships	204 per year	26 per year
Mission statement	customer focused and community-focused	customer focused and well-managed efficient focused

Figure 8: summary of results

Strategy 1 - Amsterdam – specialized, society-focused

The Port of Amsterdam is a relatively small port with restrictions (locks). Therefore it has to focus more on the type of cargo. Because of this specialization the Port of Amsterdam does not have to attract general cargo as much as a port depending on general cargo.

As a small, specialized company, it can be hard to create awareness, understanding employees from the community. The port is rather invisible for the town and jobseekers. Therefore, Amsterdam has to create this awareness and understanding. This can be seen in the events the port organizes and the mission statement it published. Education is directed to children and young adolescents. This way, awareness and understanding is created at the basis of the population.

The society focused strategy can also be seen in the web impact of the Port of Amsterdam. As a specialized port it does not have to attract general logistical companies. Only a small percentage of them work with this port. As a result, not a lot of industry related companies mention Amsterdam.

Furthermore, as Amsterdam invests a lot in the community, a lot of NPO's, press and blogs mention the port.

You can describe the strategy the Port of Amsterdam is following as a specialized port, which is society focused, because of the lack of awareness, understanding and good skilled workers.

Strategy 2 - Port of Rotterdam – General, professional image

The Port of Rotterdam can be typified as a large general multi-modal seaport. No natural restrictions exist and a lot of companies are active in the area. As general cargo port, awareness has to be created for using shipping as a way of transportation. This can be seen in the percentage of industry-related websites where Rotterdam is mentioned. Furthermore, a lot of blogs and news sites refer to the port.

As a rather big port, the community is more aware of the existence of the port and its economic benefits. Hence, Rotterdam does not focus that much on the society. They focus on a well-managed efficient organization image. By profiling themselves as a professional organization, talented and well-skilled employees are attracted, and innovative, and first-rate companies.

In the education programs, Port of Rotterdam also focuses on higher education and job seekers, this in order to attract talented people with developed competencies.

The mission statement reflects the strategy Rotterdam is following nicely. 'The Port of Rotterdam Authority develops in partnership the leading European port of world stature'. The approach: A general port, which is focused on a professional image, to attract first-rate companies and employees in order to be a leading port in the world.

Conclusions

The image strategy ports follow depends heavily on the natural factors, the city it belongs to and the type of port it is. Examining the way ports profile themselves to the community and the sector reflects the strategy followed.

In this paper we have looked at the web impact, which tells us more about the awareness of the seaport. We also looked at the marketing communication tools ports use to give an understanding of the sector and organization.

It is important to note that the image strategy followed has an important effect on the way the society and the industry sees the particular port. It is thus necessary to make a sound decision on the strategy chosen. In this paper we have seen two different strategies; society focused and professional image, chosen by respectively a specialized and general cargo port. Further research on other ports can identify other strategies. When a full set of strategies exists a theory can be build for which strategy to choose in different circumstances.

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