

CHAPTER – IV
MARKETING STRATEGIES – RATIONALE
PORT INFRASTRUCTURE BUSINESS SITUATIONS

Sr. No.	Title
01	General
02	Pattern thinking can lead to dramatic improvements
	2 1 Strategic risks
	2 2 Profit patterns
	2.3 Strategic patterns relates to customer issues
03	An overview of marketing strategy and competition
04	Inter-modal transportation – relative influence on Port Services marketing
	4 1 Important Aspects
	4 2 Management of Intermodal operations & logistics
	4 3 Stimulant factors – Globalization of operations and transportation
05	Mind application to marketing practice (MP)
06	Customer service is the keyword
07	Economics of Transshipment for hub port selection
08	Looking beyond the horizon
09	Marketing Optimization – A perspective analyzed
	9 1 First Principles
	9 2 The marketing map
	9 2.1 Customer Analysis
	9.2 2 Campaign management
	9 2 3 Interactive marketing
	9 2 4 Marketing Services outsourcing
	9 2 5 Data provision
	9 2 6 Consulting and integration
	9 3 Real time
	9.4 Value proposition
	9 5 Growing emphasis on Marketing optimization - Factors
	9 6 Why invest in Marketing Optimization?
	9.7 Marketing optimization in perspective
	9 8 Benefits

Sr. No.	Title
10	Maximizing Customer Value
	10.1 General
	10.2 Analytical CRM and Enterprise Marketing Automation
	10.3 Benefits
	10.4 Achieving one-to-one marketing
	10.5 All customers are not created equal
	10.6 Key drivers
	10.7 Tool evaluation – components
11	Marketing influence and selling
12	Roadmap - factors in marketing of infrastructure and service facilities
13	Marketing basics – Port infrastructure
	13.1 Place
	13.2 Product
	13.3 Price
	13.4 Promotion
	13.5 Marketing Approach
	13.6 Seamless integration
	13.7 Outlining Marketing Concept – aiming project objectives
14	Brand value and image
15	Indian conditions / context
16	Customer satisfaction
	16.1 Ways to create customer-friendly environment
	16.2 Customer service
	16.3 Customer concerns
17	New markets
18	Future trends
19	Overview of the competitive landscape –Five Forces Model
20	A case study – A Minor chemical port in Gujarat
	References

MARKETING STRATEGIES – RATIONALE

PORT INFRASTRUCTURE BUSINESS SITUATIONS

01 GENERAL

Smart enterprises are adjusting strategy to emphasize and focus the service side of their businesses. And if they do not already have a potent, service component among their offerings, they are adding one. They realize that in b-to-b markets, service either as a stand-alone offering or as part of a bundled offering surrounding a product, can differentiate them from the pack, combat margin squeeze and provide competitively superior value that cost cutting rivals cannot hope to match.

Those firms and other industry leaders recognize that business customers want problem solving solutions, not just great product features. Those solutions are increasingly and likely to include services, particularly as technology shortens the product innovation lifecycle and erodes the higher prices that innovation can command.

"You can no longer just throw the products over the wall and expect them to succeed," says services marketing guru Stephen W. Brown, director of the Center for Services Leadership at Arizona State University in Tempe ⁽⁰¹⁾

Business services come in all flavors and are hardly new to the market place. Services bundled with the product offering and unbundled for those customers who do not want them, create competitive advantage which is tough for competitors to match, at least in appropriate market segments.

Service-oriented strategies do pose risks, while grafting a service enhancement on the same old offerings and product centric strategies. The

services must be flexible enough that it can be tailored precisely to the customer's perceived needs. The presentation skills of marketing, positioning and selling are critical, if the strategy is to succeed with customers who, after all, have good reason to be wary. Users / customers cannot probe, pose and test a service in advance because the service exists only as it is performed, using processes the customer might not understand and be able to evaluate. The customer must rely on the marketer's track record, reputation and other indirect cues about what to expect.

The service/s performed in real time cannot be pulled back or hidden from the customer, if it is bungled. The quality of service rendered depends heavily on the expertise and customer centric attitude of the employees or agents, which is a cultural issue often foreign to the traditional enterprises.

As declining markets ratchet up the pressure on marketers, differentiated offerings with palpable value enhancements increasingly become the intelligent marketer's strategic weapon of choice. Cutting back marketing spending only hands the market share to those competitors who do not cut back. And giving up margin by cutting price and hoping to protect market share is not a strategy. At best, it is a passive, "OK, kick me" strategy and, at worst, it is suicide. ⁽⁰²⁾

The right answer in tough times is competing smarter with services often being the answer, which equally applies to the port infrastructure services.

02 Pattern thinking can lead to dramatic improvements

A fundamental disconnect exists between marketing and strategy development relating to the strategic context of this study conducted. In

today's marketplace, the strategic context of marketing has been changing more rapidly than ever

In general, marketing is not a field that holistically links broad customer knowledge to the strategic planning process.

Marketing response is heavily devoted to the customer satisfaction issues, just as the tidal wave of deregulation is speeding toward its markets.

Risk is an essential element of any strategy, take on too little or too much and the returns are not there. The business lexicon reinforces this connection by the terms, such as "bet the company," "risk/reward tradeoff," and "calculated risk". The risk is particularly grave because the typical strategic planning process is completely unsuited to uncovering and overcoming strategic risk. Pattern thinking represents a new sense-and-respond approach, which is more effective in characterizing strategic risk and identifying and exploiting new profit opportunities. ⁽¹³⁾

2.1 Strategic risks

In a world in which business designs and service dimensions lose their customer relevance and profit power more quickly than before, strategic risk is manifesting itself abruptly and dramatically.

A Mercer study found that the stock drops almost all when triggered by reduced quarterly earnings or reduced expected future earnings. And the majority 58% of these earnings shortfalls were caused by strategic risk factors such as a drop in customer demand, channels misaligned with customer priorities, or increased competitive pressure. In addition, 31% of the earnings shortfalls were the result of operational risk, and

6% were the result of financial risk. Interestingly, traditional hazard risk triggered none of the stock price drops. ⁽⁰⁴⁾

The marketer of Port and logistic services companies will have to understand the impact and interrelationship of these four types of risks (hazard, financial, operational, and strategic) and manage it as a whole by a process known as enterprise risk management. At the heart of this discipline, however, is a keen and detailed understanding of strategic risk, which, while posing the most serious threat to a company, can, like the others, be avoided or managed if anticipated

Mercer research indicated that almost one-third (30%) of the noted companies with stock-price drops could have avoided them with a better understanding of changing customer priorities in their marketplaces. A mismatch between an enterprise's current business design and the current strategic landscape of changing customer priorities and competitive business designs/dimensions are at the core of strategic risk. Depending on both the degree of that mismatch and the power of competitive business designs, strategic risk can manifest itself in value collapse, value stagnation, and polarization

Value collapse - The firm's shareholder value simply evaporates when weighed down by low customer relevance and besieged by more nimble competitors with better business designs/dimensions.

Value stagnation - This is more subtle than value collapse. Value stagnation is the absence of any sustained growth in shareholder value. The company, in effect, economically treads water.

Polarization game - Before, the largest player in an industry was the most valuable, but over the past couple of decades, the rules have changed; now biggest is not necessarily the best. The highest valuations go to the entities with the most powerful business designs/dimensions solidly positioned to mine the potential of their industries' "profit zones," where customers allow enterprises to earn returns above the cost of capital. This disproportion is "polarization". The process of polarization typically unfolds in two phases. First, multiple competitors make the investments and business design and dimension moves they hope will match customers' priorities most effectively. Competitors appear at parity as legitimate contenders for leadership. Beneath the surface lies a different reality. One competitor "gets it," and armed with this superior customer and strategy understanding, makes the crucial moves and counter moves to win. In the second phase, these moves are rewarded as the value polarizes and the leader reaps the benefits. By the time the success of the moves becomes widely known, it is generally very difficult for rivals to catch up, until the landscape shifts again and even the winning player must rethink its business design or a dimension.

2.2 Profit patterns

Patterns can characterize both the ways industries evolve, as well as the winning business design and dimensions moves that have been proven time and again in different industries. These patterns are organized along two dimensions: Incidence and type. Incidence

captures the fact that, while some patterns have been seen over and over again, others just are emerging. Type expresses the primary areas of the pattern's impact. These patterns are the distillation of several decades of observing and crafting winning business strategies. Seven discrete pattern types currently observed in existence are.

1. **Mega patterns.** These play out across many areas of business over long periods, often decades. Examples include convergence, in which multiple industries merge into one. Another is collapse of the middle, in which markets where dominant business designs serving average customers tend to polarize into businesses serving price-oriented segments at the low end and specialty business designs at the high end. Those "caught in the middle" tend to lose market value.
2. **Value chain patterns:** In an industry, value chains used to be incredibly stable. Today, they're compressed, broken, and put together again. Examples include deintegration, and strengthening the weak link, in which a stronger value chain participant removes impediments to satisfying customers by buying or helping weaker value chain participants.
3. **Customer patterns:** Customers are the ultimate arbiters of value. The results of their constantly shifting priorities are value creation and value destruction. One example is the profit-shift pattern, in which increasingly divergent customer segments yield extraordinary variation in customer profitability.

4. Channel patterns: As power and influence have shifted downstream and closer to customers, the distribution channel has become more important because of its proximity to critical information on customer preferences and behavior. Examples are compression, in which upstream players go directly to the customer by assuming some or all of the functions previously controlled by the channel; and multiplication, in which entirely new players use new channels to capture extraordinary value through innovation and customer knowledge.
5. Product or service patterns: In recent times, profit and value have begun to migrate away from “products/services” in several directions. The common denominator among these patterns is that the value that existed in the product /service itself has moved next door, economically speaking, to new scarce assets such as brands, blockbusters, and solutions.
6. Knowledge patterns: Knowledge can be disorganized, dissipated and squandered or it can be organized and focused to the profit of both supplier (service provider) and customer. One important example is the knowledge to product or service pattern in which scarce, labour intensive expertise is crystallized into a product /service form.
7. Organizational patterns: There has been much innovation in organizational systems in response to the increasing dynamism and complexity. Firms increasingly will need to be more

observant of and responsive to the needs of customers and top employees, both current and prospective. For example, the promise of digital technology to revolutionize the relationship with both of these stakeholders has triggered an emerging pattern, conventional to digital business design. Digital business designs will be the foundation of what is now called the New Economy.

2.3 Strategic pattern recognition directly relates to the customer issues.

This process falls into:

1. To scan the strategic landscape by collecting and analyzing data on the three categories of leading indicators viz, dysfunctional (such as mismatches between the priorities of future defining customers and the offerings of current suppliers), variability (such as important differences among customer segments in priorities and profitability); and shifts in the rate or direction of change (such as rapidly changing customer priorities)
2. To compare the leading indicators identified with the knowledge of patterns, looking for those patterns most likely to unfold
3. To assess the likelihood and impact of these patterns' occurrence, then considering an array of strategic responses, based on the type of pattern and how early in the life cycle it has been spotted
4. To understand the consequences of patterns for changing

customer priorities and the business designs or dimensions that will transform customer behavior. Include this knowledge in the design of any marketing practice to assist strategy development. This will help marketing practice to incorporate future strategic contexts

With the growing importance of managing customer relationships, transforming data into meaningful insights is critical. Insight driven relationships move the organisation from the 'cars-are-black' syndrome of the past to treating customers as individuals with needs, preferences and expectations. Ultimately these results in greater customer satisfaction, increased profitability per customer, long-term customer relationship and of course a healthier bottom-line

03 An overview on marketing strategy and competition

1 What is strategy?

Real marketing strategy provides a roadmap to creating and delivering true value to distinct groups of customers. All successful marketing strategies must begin and end with the customer. They cannot be an afterthought or taken as a given and therefore marketers must test their assumptions about their customers constantly

What goes into a marketing strategy?

The literatures scans brings out that it is a cohesive combination of

- Targeting – to whom the marketer is going to market the products and services?

- Positioning – how the marketer is going to differentiate it from its competitors?
- Product / Service Attributes – what attributes / features the product / service will have?
- Marketing Communications – how the marketer is going to reach the target and with what message?
- Pricing – what price the marketer will charge the target?
- Distribution – what channels will the marketer use to sell the product or service?
- Customer service – how will the marketer manage additional customer needs?

Of these components, targeting and positioning are the two most critical elements. To paraphrase marketing guru Philip Kotler, "if you nail the targeting and positioning, everything else falls into place"

2. Segmenting the Market

Recommended market segments by looking at the combination of all possible market drivers are:

- Category involvement: how important the purchases / usage in this category are to the customer?
- Product / service preference motivators : what characteristics are most motivating?
- Product purchasing/usage patterns: how frequently do they buy or use?

- Media habits: what do they watch, read, listen to?
- Sociographics : how strong is their ethnic affiliation and religiosity?
- Demographics: what are their income, age, and level of education and presence?
- Psychographics: what are their lifestyle attitudes and business culture?

The key to nailing targeting is finding the most efficient, scientific way of segmenting the market and to choose a target group based on its potential profit contribution

3. Competitive Analysis

The most important thing one can do is to explicitly understand the areas of strategic vulnerability

To listen to the customers and channel partners as honestly as possible. It is not advisable to just focus on critical success factors – those things that are most important to the success – but also focus on critical failure factors as well

The following could be some of the guidelines that will help to discover a company's potential vulnerabilities:

- Not to rely on intuition

Although intuition is powerful, it has limitations because it is based on past experience. Today's competitive market place is constantly breaking patterns, which has been evidenced from the past

- Never rely solely on experts

Experts have been found certified by their profession as holding the correct form of knowledge. However, such expertise is based on past knowledge – one of the least reliable ways of judging the competitive market place.

- Do not allow past investments to influence your views

Businesses typically focus on initiatives that enhance the value of prior investments. But loss of competitive advantage often occurs because those investments no longer produce returns for a particular group or individual.

When outlining strategic vulnerabilities, remember to be specific.

No one business can anticipate threats on all fronts. Organizations need to have a finite number of critical things to watch. Clearly, customers are critical to success, but what kind of customers?

Of course, knowing what to look for is only half of the battle in developing an action plan. Understanding how and where to look is more vital.

4 Watch both competitors and customers

The ability to strategically anticipate the future requires constant monitoring and evaluating of the competitors. A majority of businesses do keep a watchful eye on the competitors they see.

Sustaining a competitive advantage requires a company to broaden its view of the business landscape. Companies/firms need to “become” their consumers and channel partners, in addition to walking in the

shoes of competitors.

The most accurate competitive analysis lies in determining what customers consider as the real alternatives. What can appear to be only an ancillary challenge can quickly turn into a full frontal attack.

Any business that is involved in the industry in which you compete or that is targeting the same core customers must be on your radar screen. Those that are growing or attracting positive reviews from your customer set must be monitored.

04 INTER MODAL TRANSPORTATION – RELATIVE INFLUENCE ON PORT INFRASTRUCTURE MARKETING

It calls for to:

1. Learn what impact mergers between shipping lines will have on cargo interests and other related businesses
2. Discover how e-commerce is altering the relationship between shippers/consignees and the lines providing intermodal services
3. Understand how liner operators and their agents are positioning their businesses in today's highly competitive climate to better serve their customers
4. Become familiar with how the global trends will alter operational practices in the future

4.1 Important aspects on marketing of inter modal services

The marketer needs to understand and consider following aspects while implementing a marketing programme.

- Development of liner shipping and the evolution of tanker / bulk transportation
- Conferences, consortia and alliances in today's global village
- World trade development and forecasting: Impact of globalization
- Impact of e-commerce
- Economics of consolidation and globalization and its impact on shipping lines.
- How are the lines repositioning themselves?
- The future role of the shipping agents
- The future role of the freight forwarders
- Internet strategies for developing the lines' businesses
- Establishing the right marketing policy for shipping lines
- Tariff fixation and rate making
- Service contracts – opportunities and liabilities
- Customer relation management and the organisational structures involved
- Revenue management and contribution analysis
- Budget preparation and the monitoring of results
- Document processing: through transport and electronic Bills of lading
- Legal aspects
- Cost effective promotion and advertising
- Effective sales techniques

- Using efficient logistics to improve sales success

4.2 Management of the Intermodal Operations & Logistics

Improving profitability needs consideration of following factors

- Factors influencing shippers line profitability
- The range of intermodal transportation services
 - Ship types and the influence of schedule patterns
 - Hub center logistics and feeder vessel operations
 - Port and terminal selection
 - Intra-consortia communications and operational arrangements
 - Global and regional equipment optimisation
 - Ownership v leasing
 - Maintenance and repair
 - Landside components of the intermodal transportation chain
 - Computerized applications in the intermodal transportation business
 - Budgeting for inter modal support of customer services: the cost side of the equation
 - Future developments and trends in intermodal operations
 - Impact of post - Panamax developments on ports and terminals
 - Spread of globalization in port and terminal management
 - Vessel operations and the impact on itineraries
 - "Hub" and "Spoke" services
 - Landside operations and their effect on port preferences

- Terminal equipment and developing trends

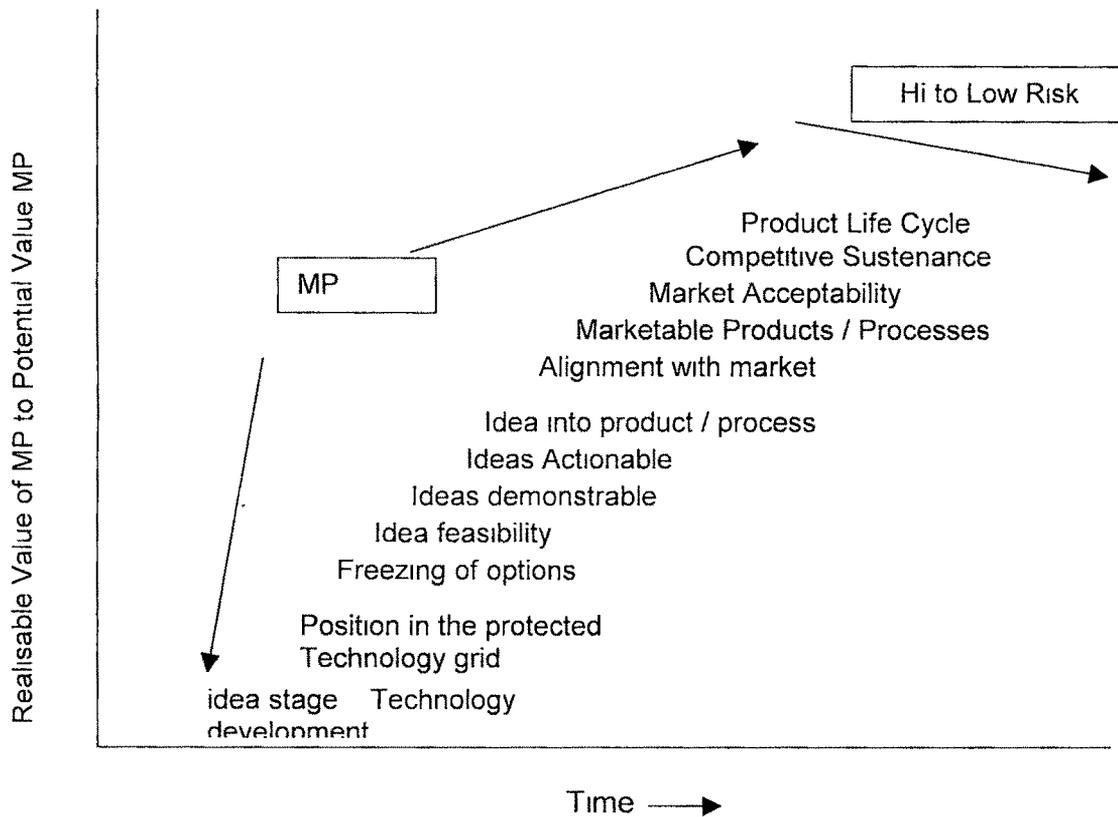
4.3 Stimulant Factors-globalization in operations and transportation

Factors that have encouraged the globalization of operations in transportation are:

1. Growing demand in new markets
2. Economies of scale
3. Specialized support operations
4. Greater demand on suppliers
5. Convergence of market demands
6. Removal of trade barriers
7. Integration of the supply chain
8. Changing operations in logistics
9. Improved communication
10. Technology-enabled solutions
12. Inter-modal / multi-modal patterns of transportation
13. Transport deregulation

05 MIND APPLICATION TO MARKETING PRACTICE (MP)

Graph No.10



There is a direct influence on the marketing practice value realizations in the innovation age, which is reflected in the above graphic presentation.

It may be noted that the realizable value of the marketing practice moves up alongwith its potential value, as the innovation moves up in the value chain with the mind (creative intelligence) application to the marketing ideas and techniques to market generation and enables to scale down the risks from the high to low.

The challenge is to design and operate institutional innovation process/es that



would preserve intellectual excellence and at the same time be amicably fit into a disciplined formal Marketing Practice / System. Such a jigsaw fit would create a platform for the theme “Ad (d) venture with knowledge stepping ahead with value chain of Marketing Practice”

Making inroads in the pathway from concepts to markets with proper protection involves systematic mapping of knowledge ownership grids, planning, strategic technology options for identification of business opportunities, negotiating contracts with prospective beneficiaries, followed by a set of cascading events of reviews and marketing tie-ups.

06 CUSTOMER SERVICE IS THE KEYWORD CALLING THE SHOTS IN THE SECTOR

It is observed that the Port Infrastructure entities have taken certain steps in satisfying the customers and making the schemes more customers friendly on following lines:

1. Service center opened at strategic locations
2. Large, medium and small customers segmented.
3. Linking operations by Wide Area Network
4. Free e-connectivity to the systems
5. Increased power delegation.
6. Streamlining of the procedures
7. Quick settlement of claims

Capital pressure, capital constraints, high breakeven period and profitability requirements make port infrastructure business one of the most challenging ventures to be in. To succeed to-day, without jeopardy to the shareholder

and customer, requires innovative sales and marketing techniques

Primary focus should be on

1. Expansion of locations.
2. Developing alternative channel of service distribution.
3. Customer service
4. Service / product innovation.
5. Creating awareness (building trust).

The key drivers of success would have to have the well defined:

1. Distribution Strategy.
2. Customer Service
3. Product / Service Basket.

It is important to maintain a balance between new customer's requisition and developing the existing one. Long-term growth of any Port Infrastructure entity depends on keeping the customers they already have so that there is continuous net growth of the customer base.

There should always be attempts to bring in international best practices in services and operational efficiency through the use of latest technologies

Companies will have to move away from the broad products to wider products as the market evolves and have separate strategies for the various segments.

Given that the business requisition & servicing cost involved in this business are quite high, traditional physical distribution models are unlikely to succeed and developing alternative modes of distribution would remain a challenge for the sector participants

As competitive forces within the Indian Port Sector intensify, the quality of customer's service provided and the transparency and timeline with which the

customer is serviced would become the key-differentiating factor among Port Infrastructure Companies

Port Infrastructure companies need to take a hard look at two major aspects: Product / Service Design and Pricing and Service Provision Capabilities

Whistle blowing exercise is already made on in the sector for growth objectives:

1. Improving the productivity, efficiency and service levels of the port.
2. To maintain international status
3. Capitalising on the constant growth in traffic levels.
4. Hinterland road & rail access - without these, the Port will gradually deteriorate no matter how efficient it is, as demonstrated elsewhere throughout the world
5. To develop "other" commercial aspects of the Port.

07 ECONOMICS OF TRANSSHIPMENT FOR HUB PORT SELECTION

Transshipment traffic is not necessarily tied to any port of call that forms part of present multiport itineraries inevitably results in extra demands being placed on ship time and, all things being equal it will tend to generate a requirement for additional tonnage in order for a line to maintain its schedule.

It is essential to achieve the effect of creating more frequency and therefore more capacity. Looking to the trade and traffic patterns, JN port trust is emerging out on west coast and Chennai port on the east coast as the Hub ports gaining preferred choice of international shipping liners. Coastal shipping and linked services are yet to open and pick up, which will help these ports as hub ports. It is required that on transshipment throughput,

Indian ports also need to improve. In the light of the competition opening up, there is a need to have evaluating performance standards (which could commonly be applicable to ports as benchmarks) on following

- 1 What are realistic expectations?
- 2 How can 'high performance' be determined ?
- 3 What straightforward standards can be agreed upon to clarify whether terminals are getting exceptional, average or sub-standard performance and efficiency ?
- 4 What measurements can terminal operators use to determine whether they are moving forward or falling behind ?
5. What should be the norms in terms of downtime and service time?

08 LOOKING BEYOND THE HORIZON

We need to critically examine the parameters that would create, facilitate and activate a feedback system to establish symbiotic relationships in a continual innovation stream to aid potential re-invigoration of innovation processes in organizations and work for overall social good. It is imperative that the agencies consider in their efforts to “Ad(d)venture with Knowledge” on their trajectory to excellence and capability building, the following key aspects

- Development of integrated organisational innovation & marketing policies
- Enhancement of expertise to access the global knowledge base.
- Identification of niche areas for collaborative effort in the context of local and global value creation.
- Exploitation of appropriate models for the valuation of marketing practice

and its effectiveness based on concepts of return on investments.

- Establishment of a structure for linking with global markets.
- Formulation and implementing information security due diligence.

What the developing world needs is a revitalized “mind without fear and with a head that is held high”

09 MARKETING OPTIMIZATION: A PERSPECTIVE ANALYSED

World-class Port entities realize that they must make an important shift if they are to become truly customer-focused. Instead of seeking customers for products (services), they must find products (services) for customers. According to the researcher, the metaphor coined by the French World war II pilot and a writer, Antoine de Saint-Exupéry, can be extended to the phenomenon to create market for customer. The metaphor is “If you want to build a ship, don’t drum up the men to go to the forest to gather wood, saw it and nail the planks together. Instead, teach them the desire for the Sea”. Here lies the challenge to create market and optimize it.

It is clear that the discipline of Marketing is becoming more critical than ever to business success. Marketing optimization is an ongoing effort to strengthen the professional, technological and process related capabilities of marketers.

Marketing optimization ensures

1. More effective cross-sell and up-sell moves.
2. Higher customer retention and loyalty.
3. Higher customer profitability.
4. Higher responses to marketing campaigns.
5. More effective investment of scarce resources.

9.1 First Principles

The discipline of Marketing is moving from a focus on mass marketing toward a much more engaging, personal and interactive form. It is moving from an emphasis on long drawn out campaigns to rapid and measurable programs. Port entities intent on building powerful and profitable customer relationships and realize they must adopt new marketing practices in order to accomplish this goal. Here are several “first principles” that port entities on that leading edge have to embrace:

Develop and communicate a customer-focused vision. In order to make this vision successful, port entities must focus on organizational, technological and cultural changes that will provide a foundation for successful customer relationship management. Committed leadership is critical as the changes that port entities need to make are complex and often highly political. No lasting and meaningful change is possible unless the advocates of that change can make a persuasive business case that lays out the value proposition – the payoff – for the investment. Moreover, the need to win support or “buy in” is ongoing. It must continuously “sell” the project or the initiative if it is to pick up momentum and have a far-reaching impact.

Know your customer. Central to this vision is the idea that it is critical to understand the preferences and priorities of customers and act on that knowledge. Knowing the customer, however, is a complex objective – one that requires deep investment and commitment. There

are two crucial elements to any effort to manage customer knowledge. Port entities must learn the preferences and priorities of their customers. But they must also determine their customers' profitability and potential. This knowledge will enable Port entities to determine what their priorities must be and how to effectively invest in their relationships. Port entities also gain an opportunity to up-sell or cross-sell new products and services by understanding their customers. Deeper customer relationships mean higher profits and greater loyalty. It a virtuous circle.

Differentiate customers by profitability and potential. It is not enough to merely know the needs and interests of your customers. In order to understand a company's true opportunities and fundamental health, it is also important to assess the value of its customer base. Unfortunately, many Port entities cannot tell their best customers from their worst – much less analyze the gradations that lie between. But they must. Everything follows from these assessments: How we treat customers. How much we invest in them. What we offer them. In a country like India, for its size, diversity and heterogeneity, 'no one size fits to all' will work. The study world over suggests that most customers remember how they were treated more than the product/service performance. A study carried out by American society on quality control shows that twice as many customers leave due to poor service than any other reason. What the customer seeks today is the added value and dependability, which comes from the manner in which

companies behave ⁽⁴⁵⁾. Few Port entities are investing in customer analysis software and solutions that enable them to link a value to each customer and differentiate their treatment on this basis. The company that learns to differentiate its customers by relative value will invest its resources more wisely and realize a much greater return.

Develop a multi-channel perspective. Port entities now compete in a “multi-channel” world, where customer relationships are increasingly personal. Now many, Port entities are focused on developing multi-channel customer management capabilities.

Learn to rapidly capitalize on customer feedback. One of the most powerful aspects of the new marketing technologies is their ability to help to capture customer information and feedback. Indeed, customer information is a kind of intangible capital. If it is leveraged fast and effectively, it can turn it into a source of competitive differentiation and tangible profits. Port entities are now using new technology and media to launch targeted campaigns that generate fast results. This enables the marketer to monitor wins and course correct as necessary. Direct media such as the Web, email and the phone are enabling marketers to increasingly generate not only targeted campaigns but also individualized campaigns. Drawing on customer profiles and algorithmic technologies, Port entities can offer their customers products and services that are extremely likely to match their particular needs. Real time feedback can enable personalized real-time offers. Real time offers can generate real time results.

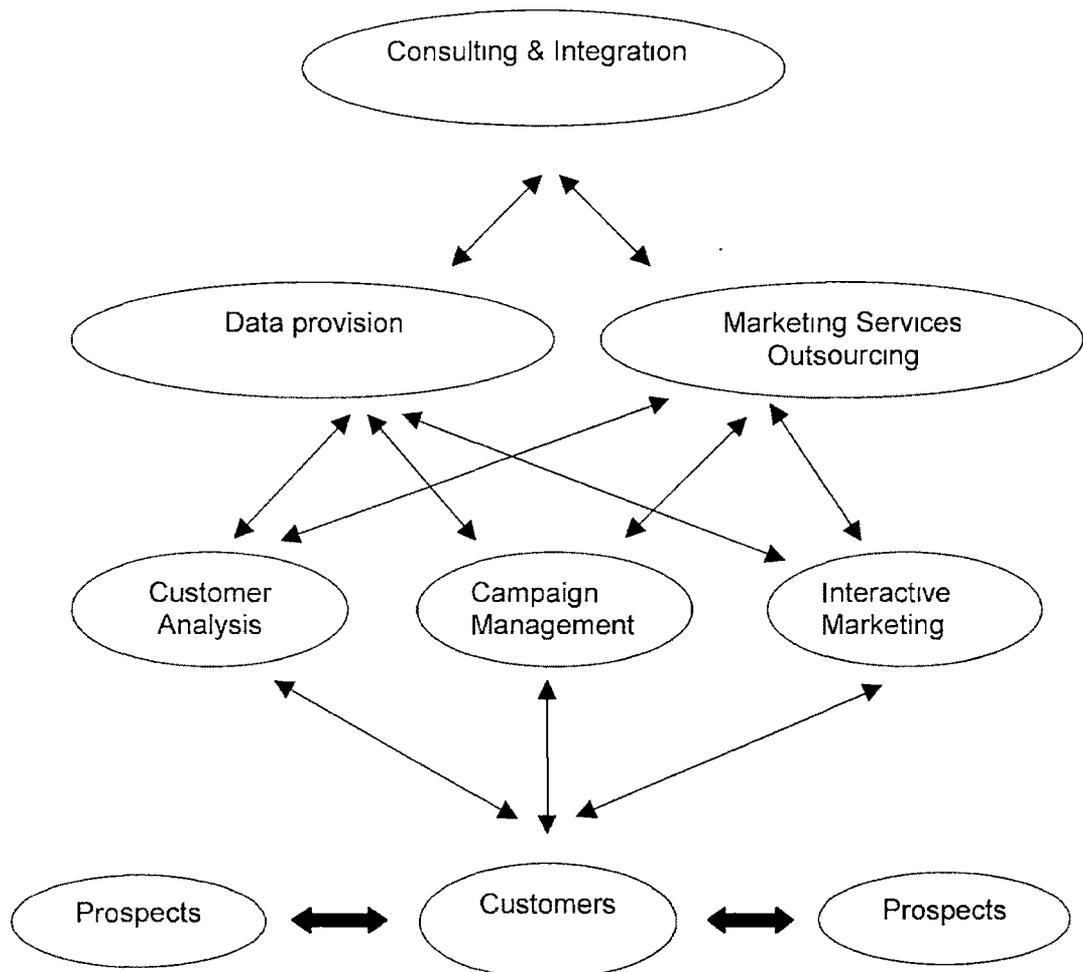
Plan for technological and organizational integration. While most Port entities tend to focus on one challenge at a time with regard to customer relationship management, it is important to have a sense of the big picture – the ultimate goals the company is driving towards its customer initiative. With this in mind, it is sensible to invest in technological solutions with an eye toward integration. This is an issue to consider on several levels. First, one must consider integration of marketing activities. It is required to integrate the campaign management tool with the customer analysis tool, and that the customer analysis and campaign management capabilities are integrated with the actual execution capabilities in the channels – the awareness building and interactive marketing capabilities. Second, if marketers are to be successful, they must learn to collaborate with and leverage the knowledge of other front office functions. Third, It is important to look at how Marketing Optimization solutions will integrate with Enterprise Systems that touch financial, supply chain service capabilities. Finally, it is no use investing in high impact marketing solutions, if they are not to be integrated effectively within an organization and culture.

Emphasize customer collaboration. It is traditional to think of the customer as the last link in a long “chain” of value. However, the rules and realities are changing in this era of networked relationships. Marketers have a special role to play as “collaborative commerce” and “enterprise relationship management” begin to assume increasing

significance. They must design market campaigns and customer interactions with the idea of encouraging collaboration. By collaborating with customers, Port entities can elicit input that enables them to design truly innovative and personalized products / services. Collaboration creates new value and strengthens customer loyalty. And, as it is all known, loyalty lies at the heart of profitability, growth and world class success.

9.2 The Marketing Optimization Map

Graph No 11



Three critical elements have been identified in the marketing process that are open to automation and have mapped these elements to the emerging marketing software in a market place. The three central aspects of marketing strategy that can be enhanced by the new tools are. Customer analysis, Campaign management and Interactive marketing. And while many Port entities will choose to address the aforementioned activities in-house, significant opportunities are seen for outsourcing marketing activities. This led us to include marketing services outsourcing in the marketing map. All marketing activities, however, rely on solid data. For this reason, Data provision, which is made available in this case by third party/ies is considered to be another key element of marketing optimization. Finally, to ensure success, there are numerous business, organizational, technological and cultural challenges that must be addressed. That is the reason, why consulting and integration are recognized as another element in the map of the marketing optimization world.

9.2.1 Customer analysis. Customer analysis will be an increasingly essential element of marketing optimization efforts in the future, as Port entities begin to realize that customer knowledge precedes and precipitates all other effective marketing activities. Customer analysis essentially takes two forms: prospective and retrospective analysis. One provides data analysis technologies that enable Port entities to predict or estimate the future actions or values of customers, while the other provides a multidimensional conceptual view of current activities.

(a) Direct payoff: Analysis and decision support software enables

marketers to determine present and potential value of customers. A company can cut costs (and enhance profits) immediately by reducing resources devoted to unprofitable and unpromising customers.

- (b) Derivative payoff. Marketers can develop dramatically more effective campaigns using analytical models that suggest which customers are loyal to the company or have a high propensity to buy/use a certain product or service
- (c) The bottom line: Sophisticated analysis and decision support capabilities sharpen the marketer's ability to invest in customer management. The more penetrating the analysis, the higher the opportunity for developing programs that will strengthen customer profitability and expand customer relationships (through cross-sell/up-sell). In many cases, investments in such capabilities are paying for themselves within a few campaigns

9.2.2 Campaign management: Campaign management is a central activity in any company's efforts to reach customers and build relationships with them. The time devoted to designing, executing, measuring and refining these campaigns is being compressed and that the campaigns themselves are becoming increasingly focused, if not individually customized. Campaign management can be implemented in multiple contexts - both uni-channel and multi-channel environments, as well as in a B to B or B to C perspective or in both

- (a) Direct payoff. Increased initial sales as well as cross-sell and

up-sell. By homing in on customers and prospects that represent the highest potential for response.

- (b) **Derivative payoff** Much more productive use of limited resources. Money and human talent are invested far more productively when Port entities can automate labor-intensive aspects of their campaigns and generate far more revenue per marketer. While marketing departments have spent much of the century engaged in mass marketing activities, it is clear that marketing has become increasingly direct.
- (c) **Bottom line** By effectively managing campaigns and ensuring they are focused, Port entities stand to generate far more customer value in the years to come. This, in turn, promises to raise customer loyalty and profit. Powerful measurement capabilities will ensure that campaigns are increasingly refined and that the payoff continues to rise.

9.2.3 **Interactive marketing.** The element of the CRM process, most important - from the customer's point of view, is interaction. This is where information is exchanged, offers are made and relationships are built. The challenge that Port entities now face is managing these customer interactions across channels or touch points. Among them: direct mail, the call center, the Web, direct sales, branch office, the reseller, point of sale and others. Port entities must also determine how to integrate the channels of communication and trade. Customer interaction solutions are now emerging in several forms. While some

vendors promote solutions that span channels, others may be focused on one particular channel. Customer interaction now moves closer to real-time.

- (a) Direct payoff: Customers are likely to become increasingly loyal if they are recognized, remembered and addressed with their personal needs in mind. If the channel is designed to anticipate what the individual customer might find valuable and then market those offerings in an immediate way, revenues can be increased dramatically.
- (b) Derivative payoff: If Port entities design their channels and touch points to acquire information as well as disseminate it, they can learn customer needs and preferences and develop increasingly sophisticated profiles and knowledge bases. This information promises to become an increasingly critical competitive asset as the drive to personalize products and services becomes ever more pervasive.
- (c) Bottom line: The future will revolve around increasing personalization. Customers want to be known and understood and, therefore, Port entities must strive to know them better. Port entities that can address their customers in personal ways – in individual channels and across channels – have an opportunity to market and sell more products and services, and meet ever more customer needs. The result is customer loyalty, higher profitability, and greater competitiveness.

9.2.4 Marketing services outsourcing. For Port entities those struggling to manage the growing complexities of customer analysis, campaign management, customer interaction, even database and data warehouse construction, service bureaus represent a powerful alternative to in-sourcing. They enable marketers to focus on capabilities that they consider core strengths, while outsourcing many other activities to these marketing specialists. For lean marketing organizations, service bureaus can be essential. On the other hand, the increasing speed and growing complexity of analysis, campaigns and interactions are making it ever more difficult to collaborate with an outside party effectively.

- (a) Direct payoff. The payoff for outsourcing is related to focus. Direct payoff comes in the form of higher marketing performance, stronger customer relationships, and more effective campaigns.
- (b) Derivative payoff. Outsourcing enables Port entities to either lessen head count or more optimistically, direct their existing personnel towards the activities of higher value.
- (c) Bottom line. Port entities will be challenged in the years ahead to more clearly define activities that they can perform at world-class levels and activities they cannot. Success will revolve around knowing what and when to outsource.

9.2.5 Data provision. The focus here is on third-party providers of data as well as data and list processing companies. It is critical to ensure data

is accurate and valuable. It will also enable Port entities to gain an increasingly sophisticated understanding of their customers, giving them knowledge that they could not have acquired by depending on existing corporate data alone. Also critical are data and list processing capabilities – an essential element of managing consumer information for analysis and campaigns.

- (a) Direct payoff. Clearly, Port entities have much to gain from customer data that enables them to match offers with particular demographic, lifestyle, culture and transactional information. Third-party data can strongly enhance a company's understanding of its prospects and even its customers. It can use third-party data and list processing services to build powerful and profitable marketing campaigns.
- (b) Derivative payoff. As the Internet and other technologies make it easier to obtain valuable data, Port entities have the opportunity to cost effectively test their offers and determine, if there is likely to be a market for particular offers.
- (c) Bottom line. At the heart of powerful marketing capabilities lies customer knowledge. Third-party data providers can provide a powerful resource that can help to enhance a company's understanding of its marketing opportunities – and generate higher returns for campaigns. Marketers need to be cognizant of the services and solutions that are available externally – on a service bureau basis or through external sourcing.

9.2.6 Consulting and integration. The consulting business can be expected to evolve tremendously in the coming years with regard to relationship management and marketing strategy. While sophisticated marketers are often willing to work directly with marketing software vendors, the ongoing proliferation of tools and the deep challenges associated with integration mean Port entities have much to gain from smart management consultants and systems integrators.

- (a) Direct payoff. Management consultants/systems integrators can help their clients manage the tremendous strategic, organizational and technological challenges associated with marketing optimization. Smart consulting firms are starting to tie their compensation to the success of a project with specific financial goals in mind and financial penalties assessed when they are not met. This ensures that the incentives of both the consulting firm and the client are clearly aligned.
- (b) Derivative payoff. Reliance on leading edge consulting firms potentially gives Port entities more flexibility and agility. Instead of tying up their own employees on efforts like vendor selection and software implementation, they offload those activities to the consulting firm/systems integrator.
- (c) Bottom line. Relationship management activities are becoming far too complex to be merely handled in-house. Marketing organizations must align themselves with their companies' other relationship management efforts. They need the advice and

assistance of an outside party that can see across the many functions and ensure that a solid strategic initiative is linked to tactical efforts

9.3 Real time

One trend we are beginning to see is the emergence of real time business. Corporate success no longer revolves around plans and projections and long lead times. It is increasingly being driven by impatient customers and intensifying competition. In this real time era, one can expect Port entities to continue investing in technologies and solutions that enable them to synchronize customer needs and corporate capabilities. Marketing optimization technology helps to understand the customers and manage them with increasing precision. Marketers can give them what they want – sometimes Marketers can even recommend products and services that will address needs they did not even know they had. In many cases, customers will look to corporate marketers for direction and leadership. Moreover, the boundaries separating enterprises are becoming increasingly blurred as Port entities actively collaborate and share information to address customer needs. What Port entities are finding, however, is that they can address more customer needs and do so much more effectively if they create close relationships with their suppliers and partners.

9.4 The Value Proposition

Today's markets are not merely about passively reacting to customer needs. They are not simply customer driven. The markets have the power to influence and lead. That is precisely what the customers want. They want to

be heard and understood, but they also want to be advised and elevated. They want to make the right decisions and they want to help them decide. World-class Port entities realize that they must make an important shift if they are to meet these demands and challenges. They must move from a focus on products / services to a focus on customers. Instead of seeking customers for products / services, they must find products / services for customers. They must devote more resources to building customer relationships and selling more products and services to their existing customers. It is through such efforts that they will solve a greater range of customer problems and win customer loyalty. It is far more profitable to expand one's relationship with an existing customer than to focus on acquiring new ones. Customer acquisition remains important, of course. But customer profitability and loyalty are now becoming even more important.

9.5 Growing emphasis on marketing optimization - factors

1 Visibilities and Insight

Port entities now have the power to collect all sorts of information about their customers and act on it with increasing effectiveness. Powerful databases now store highly detailed insights into customer purchasing/usage history, customer interaction history, credit and payments, needs and interests, as well as customer profitability and potential. Such sophisticated profiles can enable Port entities to treat customers on an individual basis and address their needs in increasingly expansive ways. Indeed, it is critical to mine and leverage this knowledge to create products and services that match the

particular needs of customers. The marketers now have the ability to learn the preferences and priorities of the customers and then act on that knowledge. Customer preferences and priorities create these packages with an eye toward the customer's overall value to the company. At the same time, Port entities are gaining greater visibility into their back offices and "supply chains." This enables them to determine – in real time – which offers can be profitably made and which ones are likely to receive a favorable response. In the coming years, Port entities will need to synchronize customer management and capability management to ensure the intended benefits.

2 Measurements and feedback

In the past, marketers have focused on brand marketing, advertising and other campaign-related activity oriented toward "awareness." The trouble with such campaigns is related to the difficulty in measuring results. Evidence of success or failure was either slow to appear or never did. Campaigns were all unidirectional or one-way. Customer feedback was difficult to elicit and thus became a trivial factor in the marketing efforts. Early in the 1990s, the CEO of Procter and Gamble gave a memorable speech suggesting that as much as half of all spending on advertising was unaccounted for – perhaps wasted. In recent years, Port entities have gained the ability to track customer needs and buying/usage patterns. Through marketing optimization solutions, they have gained the ability to track their responses to particular campaigns with great precision. They can run more tests, fail

more often and succeed more often. They can use the information they generate to adapt to changing trends and make rapid course corrections. They no longer have to spend a lot of money on mass advertising, as has always been the case with business-to-consumer marketers. They no longer have to spend a great deal of time on the golf course or schmoozing the client over drinks and dinner, as was the case with business-to-business marketers. One technology acquisitions manager at General Electric (a top Dell client) remarked in a recent issue of Fortune magazine, "The relationship from the beginning has been driven by data, not dinners."

3. Customer profitability and valuation

One of the key metrics now beginning to take hold in the corporate world is customer profitability. It has been a long time coming. It is commonly focused on overall revenues and profits as well as the profit margins of particular products / services. But such numbers miss a lot. In order to understand a company's true opportunities and fundamental health, it is also important to assess the value of its customer base.

This is a new frontier in accounting, and that should not be underestimated. Customer profitability and potential is a critical form of customer knowledge. Such figures will soon drive the business decisions in profound new ways. Some Port entities invest their limited resources in customers who represent significant existing value or alternatively potential for growth. They build powerful relationships with

their most valuable customers, not lose them in the crowd.

A case in this regard is worth mentioning Canadian Imperial Bank of Commerce (CIBC), one of North America's leading financial institutions (with more than six million retail customers), is proving such efforts can have a big impact. CIBC was not able to determine customer value until recently. But continual advances in processing, modeling and number crunching technology are facilitating efforts to take a more sophisticated look at customer value. In mid-1996, CIBC began implementing a new customer profitability system.

The system has significantly altered the bank's perspective, enabling it to get a more accurate view of customer contributions and resource consumption. CIBC found that the use of such information is leading to significant shifts in how customers are segmented and therefore how the company manages them. It now uses sophisticated profitability, potential, and propensity models to determine how best to invest its scarce marketing resources. "The key to our future success," says Rick Miller, vice president of customer profitability at CIBC, "will be our knowledge of the customer." A powerful suite of campaign management and campaign optimization software lies at the heart of CIBC's efforts to increase their return on marketing. These applications enable CIBC to combine customer knowledge with action across the enterprise and across communication channels. ⁽⁰⁶⁾

4. Customer interaction across channels.

One of the most powerful aspects of the whole movement toward

customer focus is the opportunity to create relationships that span channels of interaction and commerce. If Port entities are to win the loyalty of their customers, they must be able to address them as individuals in all of these channels of interaction

Customers want to do business in many ways – in person, over the phone and on the Web. They also expect Port entities to be accessible around the clock – whether they are shopping or seeking advice or service. Port entities must be available to interact with their customers at anytime and from anywhere. While there is a growing amount of attention being devoted to electronic channels such as the Internet, it is clear that most Port entities must have a physical presence as well as a virtual one. Ultimately, customers will remember how a company treated them, not where they interacted with it. In order to be successful in the customer's eyes, Port entities must effectively manage the customer relationship across all channels and touch-points. One's relationship strategy must encompass clicks and bricks. It is a false dichotomy to think that one is either doing business online or is doing it the old fashioned way. All are embedded in the real world. In order to understand a company's true opportunities and fundamental health, it is important to assess the value of its customer base

Customer loyalty and relationship management: While many companies lose their customers every five years, it is rare to find Port entities that are fully committed to solving the problem. Most rely on

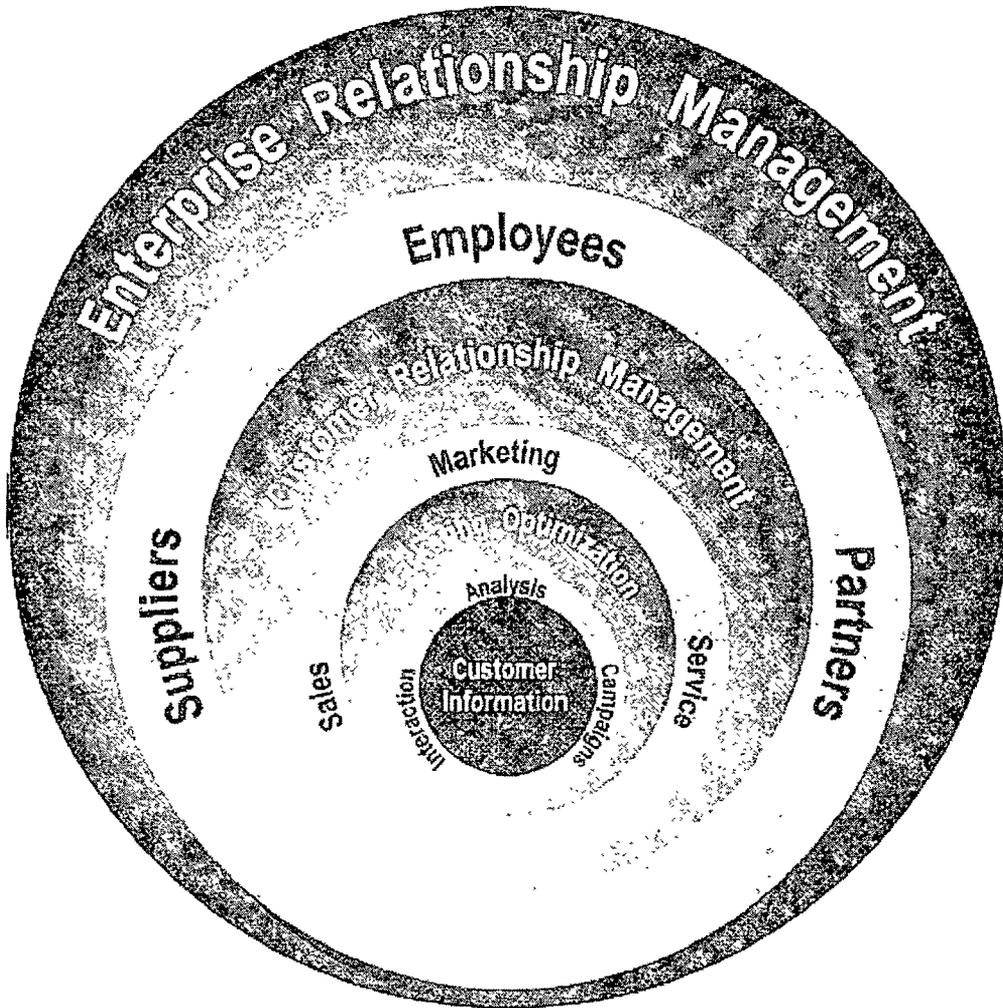
new customers to make up for lost ones. Despite a flurry of activities aimed at serving customers better, only a few Port entities have achieved meaningful, measurable improvements in customer loyalty. In manufacturing as well as services, business leaders intuitively know that when customer loyalty goes up, profits do too. Yet few companies have systematically revamped their operations with customer loyalty in mind ⁽⁰⁷⁾. Still, some Port entities have addressed the problem of customer defections. They have even demonstrated that loyalty can last for generations.

It is worth to note a case USAA, a large insurance company that caters to retired military personnel, has established such strong loyalty that it has won the business of its initial customers' children. One reason that USAA is so effective is that it has developed a centralized database and customer care operation that clients can access from anywhere in the world. The system as opposed to the insurance agent provides continuity with the customer. When military officers are redeployed, there is no need to find a new agent or create new records. As a result of such efforts, the company now has an astounding 98% retention rate. Such results are powerful and are likely to influence the efforts of many other companies. Indeed, one can expect to see much more attention placed on this challenge in the coming years.

9.6 Why to Invest in marketing optimization?

Port entities are virtually now struggling to come to the grips with the deep

cultural, organizational, and technological challenges associated with truly customer focus. They are attempting to define customer value and instill loyalty through powerful new approaches to marketing and relationship building. They have decided they must organize around customer relationships – as opposed to products or services, if they hope to survive and thrive in the coming years. If Port entities are to become customer-focused, they must develop the capabilities – and acquire the knowledge, resources and tools – that can help them effectively match customers with appropriate products and services. The aspiring customer focused business must transform its relationships with suppliers and partners, but most especially with customers. In particular, this transition will require dramatic changes in how marketing is managed and organized



Marketing has become the de facto owner of customer relationship building and it is becoming a pervasive phenomenon - enterprise wide activity that touches customers in real time and at every point of interaction. It is no longer merely a centralized function or department. It is now a perpetual and far reaching activity – one that requires the participation of individuals throughout (and beyond) the enterprise. In order to optimize the marketing process, however, it will be necessary to invest heavily in new marketing software and

services. What is the payoff? There are many benefits associated with marketing optimization solutions that promise to contribute to both the top and bottom lines. Indeed, it is crucial that executives who are exploring these opportunities examine the payoff within the larger context of revenue gains, cost savings and limited resources smartly deployed.

9.8 Benefits

1 More effective cross-sell and up-sell

Smart marketers are learning how to anticipate what customers are likely to have / purchase next, and then provide / deliver an offer that customers will be quick to seize. Marketing optimization, in the context of port services, enables Port entities to predict future demand, manage focused campaigns and provide / deliver customized offers at the moment of opportunity. Port entities realize a profit multiplier effect as their existing customer base eagerly purchases/uses new products / services and the customer's revenue-to-cost ratio rises significantly.

2. Higher customer retention and loyalty

Recognizing the extraordinary costs associated with customer defections and the reciprocal benefits of loyalty, Port entities have seized on the issue of customer retention as a key objective in the current years. Marketing optimization enables marketers to determine which customers are most likely to be loyal and profitable, and deliver an appropriate level of service. As industry analysts point out, some Port entities can increase profits by as much as 100% by retaining an additional 5% of their customers. By some estimates, it can cost four to

seven times more to replace a customer than to it does to keep one

3. Higher customer profitability.

While many Port entities have spent years in the dark about the profitability levels of individual customers, marketing optimization enables marketers to “score” their customers in sophisticated ways. Such scores can be critical. In many cases, 20% of customers represent 80% of a firm's profit— often cited ‘Pareto Principle’ Customer analysis helps marketers determine which customers should be actively courted and which ones, if any, should be politely dropped

4. Higher responses to marketing campaigns.

Database marketers in many industries have learnt to accept single digit response rates as acceptable. But numbers considered standard among many are now being far exceeded by innovative marketers. To give an example, it is discovered in a research, ‘It is not unusual to generate returns of 250% or more on investments in campaign management when one considers (on a per customer basis) all the revenue gains and cost savings associated with an effective implementation’⁽⁰⁸⁾.

5. More effective investment of scarce resources.

Skill shortages and high employee attrition are putting an increasing strain on marketing budgets. It's more important than ever to get more out of the scarce human talent. One key way that smart Port entities will accomplish this is through the automation of labor-intensive marketing tasks – freeing up more resources to focus on creative and

innovative marketing efforts. Customer focus alone is too narrow. And yet, few Port entities will be able to compete successfully in the fast and unforgiving markets of the future without mastering the management of customer relationships. As a result, the strategic decisions that Port entities make with regard to marketing in the coming years are bound to prove more consequential than ever.

10 MAXIMIZING CUSTOMER VALUE

10.1 General

The number of acronyms being bantered about in the Customer Relationship Management (CRM) arena is daunting. New descriptors are popping up all the time – eCRM (electronic CRM), EMA (Enterprise Marketing Automation), ERM (Enterprise Relationship Management). Regardless of the acronym used, the marketing landscape has changed, as have the supporting business strategies and technologies, over the last few years. As the vernacular implies, the focus today is on “customer centricity.” Customers have become adept at tuning out the majority of the estimated 3,000 or more marketing messages that bombard them. They have also become much more sophisticated in their decision making, buying patterns as well as their expectations of how they want and demand to interact with companies.

Internet technologies, email and web personalization have made the marketing arena much more competitive and rich with choices for the customer. Not only has the Internet enabled traditional bricks-and-

mortar Port entities to expand their reach into the online world and gain from online customers, but it has also fostered a new breed of Port entities whose initial existence developed from the online space. The sophisticated customers breed and emerging breeds of Port entities have created a new paradigm for how marketing, sales and service are now performed. Port entities looking for the competitive edge need to focus their organizational and technology infrastructures, business processes and external presence in a very customer centric way. Because the customer has a choice of channels – email, web and telephone – marketing, sales and service opportunities can no longer be treated as discreet events. A customer call into a call center becomes a marketing and selling opportunity. The multiple touch points and channels need to be integrated in a way that provides timely and relevant exchanges and dialogue between the customer and company.

As the organizations integrate these channels, there is an increased value proposition provided to the customer and an enhanced brand experience with that company. Many of the dotcoms companies have perceived and are spurning the attitude of "spend now, earn later" for basic marketing principles, such as the cost per customer and lifetime value to ensure longevity of their business. Using traditional marketing methods across all channels and business strategies will ultimately build brand recognition and loyalty to maximize customer value. The world moves at such a lightening speed that the time to create a

positive impression on a new prospect or retain an existing customer has gone from the months of cultivating a relationship to a few mere minutes where timeliness, relevancy, value and appropriate channel are critical ingredients. It is required to develop the organization so that the customer vantage point is considered from all contexts and reap the greatest rewards in this new millennium. Those Port entities able to most nimbly respond to customer requests and responsibly leverage their customer interactions will be the ones that can boast having loyal customers, increased returns on their marketing investments and the deepest competitive advantage.

10.2 Analytical customer relationship management and enterprise marketing automation

To leverage the full value of a company's information assets, many Port entities have been observed leveraging analytical CRM and marketing automation applications. Analytical CRM and marketing automation are the "brains" behind CRM customer centric strategies and address customer understanding and marketing planning to manage customer interactions and optimize customer value. Analytical CRM provides the insight and intelligence that drive marketing campaigns – it leverages such techniques as segmentation, predictive modeling, scoring, and testing before, during and after campaigns occur. Enterprise marketing automation (EMA) addresses the planning, execution and response management of marketing campaigns. Together, these technologies enable Port entities to maximize

customer value, which translate into increased retention rates, loyalty and more profitable customer relationships. Only through robust analysis the customer's profitability, preferences, motivation and lifetime value, propensity to buy/use a particular product or service, their likelihood to attrite and growth potential can be identified. Analytical CRM can provide a comprehensive model – using both historical and predictive behavioral analysis.

The customer centric applications optimize customer relationships through any channel of communication. Port entities need to analyze customer interactions to enable cross-channel understanding of behaviors enabling more effective - and more personalized – interactions. As Port entities embrace the concept of customer centricity, they will need to use available software to implement a vision of customer focused marketing to ensure the maximum investment return on each customer.

10.3 Benefits Realized

Why the people make the fuss about creating customer focus? The rewards gained from understanding the customers and thus enhancing the value of the relationships far outweighs the pains of tool selection and application implementation. The costs of not implementing such a system would be the loss of the businesses entirely. The benefits of such an initiative include.

- Creating a 360 degree view of each customer
- Knowing the potential value of each customer to the company

- Knowing the specific products/service – initial, up-sell, and cross-sell – that appeal to unique customer segments
- Enabling real time market analysis and decision making
- Integrating marketing strategies and messages across multiple channels
- Achieving maximum efficiency from the marketing workforce
- Improving the ability to create and execute marketing campaigns
- Providing a central location to view marketing activity and customer interactions
- Tracking, measuring and reporting on campaigns, such as response rates and profitability

By being able to understand customers, many Port entities implement analytical CRM and marketing automation technology and have been able to predict future behaviors of customers. In so doing, they are able to offer the right product or service through the right channel at critical buying/usage times. For the company, the value of the exchange is profitability and higher marketing return on investment (ROI) on the campaign and, for the customer, an informative, relevant, valuable exchange that impacts their loyalty. Customer satisfaction is declining in India, precisely at the moment when product and service qualities are at an all time high. One of the findings of a recent Deloitte & Touche Global Corporate study, suggests that marketers may have partly become victims of their own success ⁽⁰⁹⁾. It is known that Port

entities are collecting more and more information about their customers and that there are now more channels than ever that Port entities use to communicate with their customers. But few Port entities are positioned to take advantage of the information and use it to increase satisfaction levels and ultimate loyalty. While many customers understand traditional methods of building customer profile, few understand how technology is currently being used to build profiles that include demographic, psychographic and behavioral information. And while this naiveté exists, many are willing to exchange personal information for something in return. The increased sophistication of customers has led to their willingness to exchange information with Port entities but is well balanced with their demand for Port entities to then leverage that information wisely. The fact is that customers are willing to engage and offer information is a key driver in developing meaningful dialogue between the customer and the company. Due to the concerns regarding personalization and privacy issues, Port entities act responsibly and maturely in collecting and leveraging customer information.

The collection of information should never be perceived as an invasion of privacy, nor should personal pieces of information be freely distributed among partners or indiscriminately for the sake of developing targeted campaigns and offers. The onus is on Port entities to be direct and open about what information being collected, its intended use and the opportunity for customers to opt out of providing

information and having information collected. Port entities need to embrace this idea of permission based marketing Analytical CRM and marketing automation, which will enable Port entities to create meaningful dialogue with their customers. Through such dialogue, they are able to formulate campaigns that can acquire new customers, retain customers, grow existing relationships, and treat each customer at an individual level. In so doing they create value and a positive brand experience. While this sounds great theoretically, there are real tangible benefits. Port entities can optimize offers, channels and customer segments thereby increasing marketing return on investment. The ROI can be achieved through more effective one-to-one understanding, customer valuation, and more strategic, effective and timely delivery of marketing campaigns. As the exchanges between customer and company continue, loyalty is developed. In this customer centric age, loyalty is the single competitive advantage.

10.4 Achieving one-to-one marketing

One-to-one marketing enables you to touch the right customer at the right time, with the right message, through the right channel. One-to-one marketing provides the critical ingredient for staying ahead of customer expectations: the ability to treat each customer as if that one relationship were the entire business, outmaneuvering the competition, and building high barriers to exit by creating enduring loyalty. The one-to-one vision is to create the most robust business relationship at each individual customer level. The goal is to increase customer loyalty and

value by delivering marketing that is relevant, valued and effective. Realistically though, this level of one-to-one marketing—the goal of almost every business today—rarely, if ever, is achieved. Too often Port entities offer the same price or discount to everyone. This can be lethal in a Web-enabled world where the customer has instant visibility of the competitors' offerings and where new services and products have emerged that take advantage of a company's disregard to do nothing and assist in comparison. There is no point at which competitors will not try to win business from each other. The marketers can continue to compete on price or create a value proposition that is much more sustainable and can create an experience for the customers that attracts them and provides high barriers to exit. Port entities must also embrace all aspects of the marketing effort, from in-depth customer and market analysis to marketing campaign execution and measurement. One-to-one marketing needs to incorporate both the front-end and the back-end of the business. Only then can a business know what promises it should make as well as what promises it can make.

10.5 All customers are not created Equal

It is a fact that not all customers are of equal value to a business.

In a study (though not related to infrastructure or ports, but to understand a situation) of retail banking, Deloitte & Touche found that 30% of customers contributed 380% of operating margins, and the other 70% contributed negatively 280%. As marketers, the goal is to

determine how best to serve each of the customer segments, profitably. It is not just an offer or an offer-of-one. It is true relationship marketing to one creating sustainable value for both the customer and the company with each interaction. And each relationship is different because every customer is different, and will be different again tomorrow, and their buying patterns, needs and wants also change. Rather than disregarding a segment of the customer base, analytical CRM and marketing automation allow to seek the optimum value from each segment or individual. The tools enable organizations to target offers that are both valuable to specific customers but are also profitable to the company. In such a competitive environment, the key is to learn how to treat each individual customer based on lifetime value, not to disregard the low-end consumer as unworthy of attention.

10.6 Key Drivers

While true customer centric marketing is a panacea, few Port entities will survive if they do not adopt more customer-focused strategies. There are some key drivers that are making it imperative that Port entities take a more customer focused view.

Savvy Customers

The Internet has made it possible for 90-year-old business house and 13-year-old teen enterprise to become savvy customers having tremendous impact on loyalty and buying/use forces in today's economy both off-line and online. The amount of information is collected and the speed with which the decisions are taken have been

irreversibly affected by how engaged, the players are with Internet technologies. The buying/use habits have changed too. Both the everyday commodity/service buying/use decisions, as well as discreet specialty purchase, have been greatly influenced by the adoption of email and web technologies. Given these trends, it is critical that marketing automation tools are adopted into today's infrastructures to meet both the demand and expectations of customers, as Internet technology becomes more ubiquitous.

Expectations

The expectations of customers have increased. They have more information at their disposal and have a rich blend of choices that were never known before. The purchase/use decisions have incorporated both traditional and web experiences. Customers want to interact with Port entities across a variety of channels and have their experiences and information to be consistent. Currently, few Port entities have the infrastructure or the initiative to develop a 360-degree view of the customer, enabling the customer to have a richly integrated view of a company's brand. Customers will begin seeing a more well integrated company presence as both the pure play and traditional bricks-and-mortar realize the need to leverage multiple channels.

Speed

Because the velocity of business has changed, the challenge on Port entities is to be able to respond with agility to ongoing customer interactions across channels. Marketing campaigns used to be discreet

planned events that were often considered one-way or monologue conversations. The marketing process must now accommodate continuous campaigns that result from true dialogue with customers. Additionally, campaigns must become more effective as organizations synchronize offers with both existing demand and product availability. Because competition is a click away, Port entities must be versatile in their dialogue and have in-depth customer understanding to be able to keep pace with a customer's buying/use decision

Analytical CRM and marketing automation tools enable Port entities to answer questions like:

- Who will be the most valuable customers? How these customers can be retained and gain maximum "share of wallet"?
- Which customers are most likely to defect and why? How those with high potential value be maintained?
- Who is most likely to respond to the marketing campaign?
- What basic characteristics (age, income, purchase/use frequency, etc) are most important for differentiating responders from non-responders?
- What factors are under control (price, feature, variations, etc.) that affect customer demand/behavior and how?
- Who should be the target to maximize profits associated with the campaign?

The combination of analytical CRM and marketing automation enables

Port entities to leverage tried and true marketing approaches for both traditional and new channels, thus enabling Port entities to compete more effectively.

10.7 Tool evaluation-components

Multi-channel marketing automation remedies come in a variety of shapes and sizes. It is advisable to take a moment to look 'under the hood' and evaluate the technology and infrastructure supporting the purported solution. The following components of marketing automation remedies should be considered during a tool evaluation:

- Data mining, segmentation and predictive modeling robustness
- Campaign management design, planning and execution capabilities
- Workflow
- Closed-loop reporting and analysis
- Architecture

Customer data mining and predictive profiling

Organizations use customer modeling to analyze data flowing into the enterprise and conduct what-if scenarios for specific goals, like.

- Understand and anticipate key drivers for customer behavior such as purchase, use, attrition or response
- Predict lifetime value of a relationship
- Identify growth (cross-sell and up-sell) opportunities of existing relationships A key differentiator among modeling tools is their ability to create and apply multiple modeling algorithms to the same

customers simultaneously, such as a segmentation overlay with predictive algorithms. Among other benefits, this allows the modeler to tag cells consisting of extremely small populations with traits that distinguish them from other cells. This ability to understand customers in turn provides the opportunity to generate highly tailored offers designed to appeal to specific individuals at the moment of maximum opportunity

Real time multi-channel campaign management

Where data modeling is designed to build understanding of customers' needs, wants and behaviors, campaign management is designed to leverage that understanding. Campaign management builds in much of the same logic required for successful data modeling; however, it takes that logic one step further by directing the campaign itself. It enables marketers to plan, design, test, optimize, execute, track and refine highly targeted campaigns. Traditional campaign management solutions leverage best practices of the direct marketing arena for solid campaign efforts. In contrast, in today's highly wired world, the customer and company have many more touch points, including direct mail, call centers, email, Web, media, and wireless. Port entities need to take their best practices perfected off-line and move them to their online marketing efforts. Given the information available today on products and services, Port entities need to be able to respond to customers in real-time and across multiple channels. Applications that integrate off-line and online campaign efforts will afford Port entities the

greatest opportunity of safeguarding customer loyalty against competition. Robust campaign management software can automate and measure campaigns that have multiple phases (waves), complex business rules and a variety of targeted treatments that execute across multiple channels simultaneously.

Reporting

Marketers can only use results they can see. Marketing automation reporting should provide clear, easy-to-understand tables and graphs allowing marketers to understand their customers and prospects. This includes the ability to:

- Access customized marketing campaign status and performance reporting
- Integrate with other internal reporting efforts
- Publish varying levels of information to individuals or workgroups
- View creative files and other critical marketing documents

Real-time reporting during active campaign management means marketers can know at-glance the status and performance of a campaign. Marketers can then use this information to continually enhance and refine future marketing campaigns to improve marketing performance.

Architecture

The changes in marketing strategies and the drivers of business today also have had a profound effect on the way applications are now

designed and developed. In looking at the analytical tools of a marketing automation solution, look for the depth and breadth of data mining, modeling and segmentation capabilities.

The methodology behind the analytics must be as robust as a statistician would want but also as easy to use and interpret, as a marketing manager would need. In addition, evaluate how tightly integrated the analytics are with the campaign management tools. The more tightly integrated, the better marketing ROI will be achieved. Campaign design, planning and execution should be intuitive. Many tools offer point-and-click solutions that assist in developing campaigns in a logical workflow pattern, and allow best practice methodology, such as withholding a control group, to be performed easily. The marketing automation application architecture should be open and flexible. Given that IT infrastructures are in constant flux, the tools need to be able to adapt to a constantly changing environment with minimum disruption to overall operations. Some tools require that a separate datamart be developed for use by the automation tool. Updates to the datamart would most likely be performed monthly in a batch process. Other tools offer the unique ability to connect to multiple and varying structured databases or data marts, including flat files, simultaneously thereby obviating the need for a single data repository while enabling real-time campaign management. Overall the tool needs to be powerful, flexible and robust. Its user interfaces must be intuitive and easy-to-use but also afford the depth necessary to keep

pace with the speed and complexity of multi-channel and multi-wave campaigns. The applications of the tool should rely on best practices perfected in the off-line world and enable marketers to translate these best practices to alternative channels, such as the web. It is preferable if the application places the least burden and stress on existing architectures and IT staff and also has the ability to adapt to changing databases and sources so that models and campaigns can be refined over time. Finally, choose a company and solution that not only addresses today's marketing needs but whose vision and product/service direction will enable future growth and integration of additional channels as they become universal, such as wireless technology.

Key trends in today's business environment – adoption of the Internet, volume of information, speed of buying/using decisions, the increased sophistication of the customer – make it imperative for Port entities looking for an enduring competitive advantage, to look towards analytical CRM and marketing automation. Customers are demanding more personalized interactions with Port entities and Port entities need to create a consistent brand presence and overall customer view considering all channels of communications and touch points. Customer understanding must be garnered and leveraged in appropriate ways to increase the value of each customer exchange. Campaigns and offers need to be optimized to consider cost to the company, potential revenues gained, propensity of different customers

to respond, and product/service availability. Port entities must understand the different values of each customer segment and invest accordingly. Only by providing unique and continuous value propositions will Port entities achieve relationship maximization in this customer-centric world.

11 THE MARKETING INFLUENCE AND SELLING

Marketing is an inescapable influence, which touches to all every day.

Most people mistakenly identify marketing with selling and promotion. It seems that we can not escape death, taxes, or selling. Selling is only the tip of the marketing iceberg. Selling is only one of several marketing functions, and often not the most important one. If the marketer does a good job of identifying consumer needs, developing appropriate products, and pricing, distributing, and promoting them effectively, these goods will sell very easily.

When Eastman Kodak designed its instamatic camera, when Atari designed its first video games, and when Mazda introduced its RX-7 sports car, these manufacturers were swamped with orders because they had designed the "right" product. Not 'me-too' products, but distinct ones offering new benefits.

Peter Drucker, one of the leading management theorists, put it this way:

"The aim of marketing is to make selling superfluous. The aim is to know and understand the customer so well that the product or service fits him and sells itself.

"This is not to say that selling and promotion are unimportant, but rather that they are part of a larger "marketing mix" or set of marketing tools that must be

orchestrated for maximum impact on the marketplace”.

“Marketing is human activity directed at satisfying needs and wants through exchange processes”

While history has always been a part of the marketing discipline, the study of marketing history is just emerging as a prominent research stream in the literature.

To simulate the discussion on the topic ⁽¹⁰⁾, Dr. Germain organized a session at 2001 conference of American Management Association around two questions. The first was “What is the relevance of the history of marketing?” Dr. Hirschman opened the discussion suggesting history has three separate functions. The first and the most common was a narrow or specific topic area, such as the history of marketing theory in an academic sense (i.e. the rise of consumer behaviour). The other two directions were quite different as Dr. Hirschman felt “we haven’t clearly begun to explore”. The first one was the history of marketing practice, as marketing has appeared within the history of many cultures. Many researchers believe that historical marketing practice began in the era of the industrial revolution with branded products, mass production, and logistical systems to ship products. In reality, Dr. Hirschman stressed that people and cultures have been creating images and marketing products for centuries

Dr. Fullerton, the second panelist expressed his opinion that if a researcher is not aware of the history within the discipline, there is no question that s/he will miss phenomena (i.e., tendency to reinvent the wheel which may not advance knowledge within the field)

Dr Jones believed that most marketing academics trace marketing's history back to 1901, when Edward David Jones at the University of Michigan taught the first university marketing course.

Dr Witkowski suggested that the practice of marketing history is relevant to public policy

12 ROADMAP - FACTORS IN MARKETING OF INFRASTRUCTURE AND SERVICE FACILITIES

1. Define the target groups, understand what they want and then deliver a product or service that fulfils these needs
2. Enter Market through the mainland.
3. Concentrate on the main markets.
4. Develop a two-tiered sales approach, both indirect and direct. Get the best of both worlds; through a direct presence and the local indirect channels can be leveraged more effectively.
5. Carryout a thorough due diligence of potential partners. A tight partnership with targeted partners will lead to additional revenue while setting up a barrier to entry for competitors.
6. Develop Region specific and, if needed, multi-tier partner programs. Partner programs need to be adapted to individual markets in order to maximize revenues.
7. Implement partner programs in the relatively mature market, which is more often than not in its infancy.
8. Select marketing initiatives on a region-to-region basis. Marketing initiatives must be adapted to each individual market to ensure the

- correct message is communicated; a simple translation is not enough.
9. Use more visionary and less practical advertising. Ads need to be more visionary to stand out
 10. Use region specific lead generation programs. In order to be more effective, combine your marketing methods differently in each region
 11. Provide both the pre and the post sales customer services on a region-to-region basis. Port entities that can provide pre and post sales support can have a major competitive advantage
 12. Use local agencies and consultancies to reduce time to market By identifying a local agency that understands your industry, the time to market, which is a crucial factor

13 MARKETING BASICS– PORT INFRASTRUCTURE

There has been rapid development of port infrastructure all across the world. The process of privatization in several countries has hastened the development. As a result, most ports are now operating in a more competitive environment. This has made the port community all over the world realize the importance of marketing in port management and, more importantly, development

The concept of marketing in ports, as in other economic sectors, is composed of activities related to market research on the one hand and marketing implementation on the other. Research activities will allow a port to have its marketing analyzed, objectives identified or determined, strategy formed and targets established.

Thereafter, in the implementation stage, marketing tools should obviously be

deployed to achieve these objectives. In the port business, the marketing tools can be described as four Ps, namely Place, Product, Promotion and Price.

13.1 Place

Port is a center place for international trade as an interface between the global economic regions. The future of a port hinges more on their capacity to develop the logistics platforms associated with the transit operations with the industries. This capacity depends in turn on the arrangements ports can reach with their inland customers in order to provide adequate infrastructure connections between the port area and the inland and sea platform. The potential users to the port facilities lookout for shortest ship routes, level of congestion and the locational advantages. In a way, it would be a distribution mix channelising port operations with the logistics services and transport linkages- local and global.

13.2 Product

A potential client would normally make his choice on the basis of the following elements that the ports need to take into account for developing and projecting their products/services:

- Geographical location
- Nautical approach
- Hinterland connections
- Disposition of quays and land
- Range of services that can be offered, such as pilotage, towage, stevedoring, warehousing, survey, and delivery of fuel and water.

- Labour force and social climate in general.
- Management and technical know-how.
- Fiscal environment

13.3 Price

Pricing is a difficult marketing function. Although in theory, the correct process should be indicated by the intersection of the marginal cost curve, in practical terms, it is very difficult, if not impossible, to construct these curves. The issue of pricing is very complicated, indeed

Several extra complexities are involved in pricing, particularly in an international market, and this is, obviously, the case with seaports as well. Therefore, a port will have to take the following into account:

- The estimated costs.
- Competition.
- Payment terms.
- Market variables the demand
- Currency

The pricing of the Port Infrastructure services is established at different levels and is more clearly distinguishable:

- Harbour dues.
- Land leases.
- Handling costs.
- Extra services for logistics.

Such prices should be based on an internal cost accounting system in comparison with competitors' prices.



13.4 Promotion

This is the most visible function for the introduction and promotion of the Port Infrastructure. The facilities, services (product) and costs, with an emphasis on productivity and turnaround, are projected to the existing and potential clients.

A port, whether old or new, could have possibly had congestion, labour or productivity problems in the past. For instance, the Port of Nhava Sheva (Jawaharlal Nehru Port Trust – commissioned in 1989), in the first three or four years of its operations, had developed such a terrible image that traffic was shying away.

However, subsequently, from 1993-94, the performance of JNPT improved significantly and this hastened the process of switching from Mumbai to JNPT. Today, JNPT handles about 80% of Mumbai region's traffic whereas Mumbai Port handles only about 20%.

Therefore, in such cases, promotion would mean an effective communication between the port and its existing as well as potential clients to inform them and more importantly, influence their attitude towards the port

Although, promotional tasks would differ from country to country, the main tools would be.

- Advertising
- Direct mailing
- International shipping exhibitions
- Organizing port days
- Personal selling / direct business trips

- Representatives
- Domestic networking
- Domestic fairs
- Organizing conferences
- Speaker at a conference
- International press day
- Other tools.

13.5 Marketing approach

The Port user community ship owners, ship agents, freight forwarders and shippers councils also play an important role in port marketing. They should build a positive relationship with various organizations to encourage them into playing significant role in the marketing of that port.

One of the major contributory factors for turning around the port of JNPT (Nhava Sheva) in India, in terms of its acceptance by the trade, was the role played by the local chambers of commerce, which organized several seminars and workshops initially to make the trade aware of the benefits of switching over.

There are other forms of the involvement of the port community, too. In the case of Antwerp, there is 'Assiport' (Port of Antwerp Promotion Association), an organization in charge of port promotion, and Agha, an organization representing all private sector players in the port area. Similarly, in Rotterdam, it is the Port Promotion Council and Port Companies Association. In the port of Rouen, it is called Rouen Port Development. In Asian countries and North America, port authorities

are the responsible organization, whereas in some other ports, it is the chamber of commerce or even the Town Hall that is entrusted with port marketing.

13.6 Seamless integration

The fundamental purpose of any and every business is to identify a market segment, design and deliver a value proposition to that segment, capture the target segment's response to the value proposition and redesign the business process. Over the years, management theory and company practices have focused on different aspects of this basic business process to improve their efficiency and each of them has had its impact on logistics. This has brought about revolutionary changes in the demands on the transportation industry and its importance in the overall logistics chain in the last two or three decades.

The last two decades have been as exciting period for the development of logistics in a global context. The introduction of various international trade agreements and economic unions, such as the European, the North American Free Trade Association and the Association of South-east Asian Nations, has had a significant impact on the globalization of trade. Such changes have had a major influence on the structure of distribution and logistics systems throughout Europe and the rest of the world as trade barriers have disappeared and new transport networks have been established.

The development of economic unions has encouraged transport and distribution companies to increase the scope of their services across wider geographical areas. There is now more competition between third-party companies because of the increased market

Transport and third party distribution companies can give a more comprehensive service, and there is easier and faster movement of goods across borders

13.7 Outlining Marketing concept – Aiming project objectives

With a view to achieve the project objectives in a chosen market, marketing concept is required to be developed within the framework of the project strategy determined in accordance with the findings of the marketing research

To outline the marketing concept includes consideration of two dimensions (a) a strategic dimension covering long term marketing management (product / service – target groups, marketing aims and strategies) and (b) an operative dimension controlling short term use of individual marketing tools, marketing measures and the budget.

An illustrative view, on the steps necessary for determining and outlining the marketing concept, is as under. ⁽¹¹⁾

Steps	Information required
1. To define the service target group fields and service types per target group.	a. Market volume and market potential. b. Competitive situation c. Pricing structure / level in the market. d. Marketing skills, existing and to be developed. e. Existing market structure.
2. To define marketing objectives like – a. What sales / revenue objectives are realistic for each service and target group. b. What position in the services target fields should be reached	a. Strengths and weaknesses of the competitors. b. Marketer's own weaknesses and existing or achievable strengths. c. Specific needs of services by the users.
3. To define the marketing strategy (a) In case of a market expansion. 1 Demand expansion 2. Demand intensification. (b) In case of a competition strategy. 1 Aggressive price strategy 2 Imitation strategy. 3. Profile strategy.	a. Position in the life cycle of the sub-sector. b. Possibilities of influencing the market cost structure in comparison with competitors. c. Importance of the price as a usage criterion.

<p>4. To define the marketing mix (operative marketing).</p> <p>a. Defining the end user mix.</p> <p>b. Defining the channels mix.</p>	
<p>5. To define marketing measures and budget</p> <p>a. Define the measures corresponding to the individual marketing tools.</p> <p>b. Establish the projections of sales / revenue.</p> <p>c. Establish the projections of marketing costs</p>	<p>a. Detailed measures required to achieve the objectives.</p> <p>b. Estimate of marketing costs</p> <p>c. Estimate of sales / revenue.</p>

14 BRAND VALUE AND IMAGE

Brand in the context of infrastructure marketing gives a perception for a specific product or services coupled with a logo, a song, a character, and a phrase. It is the perception in the mind of the person who is thinking about it.

Brand Building in Port and Shipping Industry has been a relative failure so far due to:

1. High level of fragmentation
2. Facilitator nature of services
3. No direct contact with the final consumer/customer due to many intermediaries
4. Lack of awareness

5. Market capitalization

Situation changes, though slowly, are evolving from commodity market to a product / brand market. The reasons for this shift are :

1. Due to regulatory developments and greater environment and social awareness, there is a demand to use ports and ship liners that are safe, trustworthy and environment friendly.
2. Encouraged movement of high value products in a safe manner across the global mode ports and ship liners more evaluative of their services
3. Indian ports and ship liner are forced to compete with their global counterparts.
4. It became more vital to be known and reputed to attract foreign investor being capital-intensive character of the industry.

Branding in the Ports and Shipping context would mean, "The corporations promise to deliver specific attributes and its credibility based on reputation and the users possible with previous port experience".

Brand realization can take the port entities to:

- (a) Generate a certain positive imagery among the customers
- (b) Allows charging a premium when ports facilities are chartered for usage.

Quality trade-offs and technology trade-offs is essential to fill the two interests polar opposites to achieve higher brand value and turning higher bottom lines.

15 INDIAN CONDITIONS

- 1 Market for Port & Terminal operators is not well defined.
2. Transshipment cargo handling can facilitate volume cargo & revenue.

3. Strategic buyouts or management buyouts are practiced in conditions where it offers monopolized position. Like P&O port entered in Gujarat Pipavav Port in Gujarat
4. Efficiencies of scale in marketing effort can be achieved even larger than efficiencies of scale in production.

Multi-utility strategies have taken the form of either leveraging the physical infrastructure as a conduit for a range of services integrating its services and customer relations, or integrating separate utilities under the same corporate umbrella.

Marketing being opened to competition, utilities are betting that unbundled services or “one-stop shopping” to build customer loyalty & stimulate demand for value added services.

16. CUSTOMER SATISFACTION

The marketing principles will require getting close touch to the customers developing more customer insight, working with fewer but more partnered distribution channels, finding new channels and vehicles without losing the high-touch. It is required that marketing planning should start with the choice of target customers and work back wards to establish the best system for satisfying those needs in a superior way. The marketer can meet the aim of customer satisfaction by co-creation practices.

16.1 ways to create customer friendly environment - pricing flexibilities is one of the way, which may be like:

- (a) Relationship pricing.
- (b) Tenor pricing.

- (c) Loyalty pricing.
- (d) Customer convenience
- (e) User – friendly payment mode.
- (f) Develop flexible servicing
- (g) Value based pricing
- (h) Cost based pricing

16.2 Customer service is much needed for continuity and measuring the marketing ROI. Marketers in port services need to develop strong value propositions in terms of better products and better services so that strategies are not only customer centric but also lead to higher bottom lines. It is good to be customer driven but it is equally important to be business driven. These depends on factors like:

- Location
- Utilities & conveniences
- Merchandizing for services
- Marketing team
- Marketing philosophy

16.3 Concerns for customer satisfaction:

Getting to the customer first is extremely important which determines the market share and customer satisfaction. To achieve the volume market share, the marketer need to plot two axis - one the quality axis and the another one is the customer satisfaction axis, in an environment of 'one size does not fit to all' because all customers are not equal. In common, the concerns of customer are focused to following:

- 1 Expect that the customer's identity and personal information

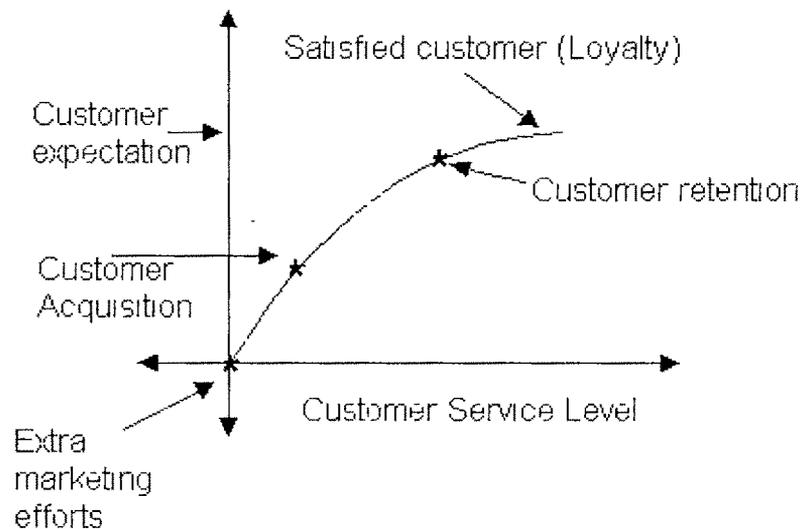
remain confidential.

2. Always lookout to forge a broad logic of trusts based on constant and interactive value exchange between the buyer and seller.
3. Customers are looking beyond functional benefits (such as quality and price) and process (better ways to search and buy) and relationship (trust and ongoing communications) benefits.
4. Respond better on encouraging sample services through low risk trials and creative offers.
5. Service efficiency with minimal hassles.
6. Conscious to all costs and get the right product / service in a reasonable period.
7. Service capabilities to provide fast & accurate answers to the customers concerns.
8. Customers like to feel that they are in the control of the buying /service process.
- 9 Innovative leveraging of customer collaboration.
10. Recent research by Youngme Moon, Asst. Professor at Harvard Business School has shown that premature personalization can backfire. Moon has found that customers were less likely to buy products pitched to them through personalized message, if the messages were based on information they had not explicitly given to the marketer. ⁽¹²⁾
11. Customer trust is something that marketers earn as they execute against the many aspects of trust. Customers do not grant their

trust any more lightly than they spend their money

12. Customer loyalty is beyond the point of equilibrium level of customer retention

Graph No. 13



The graphical presentation above represents continued marketing efforts to retain customer till the customer service level and customer expectation level reach equilibrium and to achieve customer loyalty beyond that level.

17. NEW MARKETS

While developed countries in the West remain the main demand centers, the highest growth in consumption is being recorded in Asia. In the next 20 years, Asia could possibly become one of the biggest consumption centers of the world. As markets grow and become more sophisticated, they would require a highly coordinated approach, assuring a quick response, a high-velocity supply chain with the ability to react to market uncertainty and a

rapidly changing competitive environment

Regional and global trade developments and the emergence of new markets have brought about significant changes in transportation of goods. It has provided a new economic and technical environment in the world's transportation system with more focus on costs and transit / lead times than ever before.

Transport is a critical component of supply chain management (SCM). It creates value by providing time and place utility by ensuring that the product is available when and where customers require it. Transport management has focused on moving a product as quickly, cost effectively and consistently as possible from the point of origin to the point of consumption.

18 FUTURE TRENDS

The trends of globalization, dilution of trade and financial barriers are irreversible and will only accelerate in future. Much of the manufacturing that used to take place in US, Europe and Japan has moved to countries in North Asia. They are now in the process of moving from North Asia to South-east Asia and South Asia. Africa remains a continent of great promise that could emerge as the next manufacturing and consuming base in the next 20 years. All this will have an impact on logistics and transportation.

In the last 20 years, the transportation industry has made enormous progress in increasing efficiency and reducing costs.

However, the industry remains asset-based, relatively labour-intensive and requiring costly inputs like fuel. As the supply chain of a company becomes increasingly global, the transportation component is required to move material

over longer distances between countries, with varying standards of infrastructure efficiency. Time and volume will drive down costs in the long run

19 OVERVIEW OF THE COMPETITIVE LANDSCAPE ⁽¹³⁾

Let us analyze the firm's situation by taking a structured look at its industry environment. The firm directly competes with the others in servicing a distinct market with similar products for services in the port and port logistics. By the use of the Porter's Five Forces model, the insights into the competitiveness of the port entities on various dimensions and its interrelationship depict as follows

In the context of port and port logistics services the Five Forces impact each other under the influence of environmental issues of (1) political trends (2) social trends (3) economic trends and (4) technological trends.

The competitive dynamics forewarn the industry to think about the future on global developments and the competitive factors. The areas identified and analyzed as the Five Forces relevant to port services are:

- A. Rivalry among existing competitors
 - i) Hinterland market access
 - ii) Ability to service transshipment trade
 - iii) Regional port capacity and demand
 - iv) Ability to create competition within the port
 - v) Stakes at risk
 - vi) Ability to absorb losses
 - vii) Limits on rivalry within ports

- B. Threat of new competitors
 - i) Capital expenditure for new port facilities
 - ii) New distribution patterns
 - iii) Natural barriers
 - iv) Magnitude of switching costs
 - v) Cost advantages and customer loyalties
- C. Potential for global substitutes
 - i) Other global sources for products moving through the port
 - ii) Substitute products for exports and imports
 - iii) Magnitude of switching costs for substitution
 - iv) Demand elasticity of exports and imports
 - v) Importance of port costs in total delivered price
- D. Bargaining power of port users
 - i) Concentration of port user power
 - ii) Impact of changing business relationship
 - iii) Presence of large value adding tenants
 - iv) Importance of port to the economy
 - v) Ability to replicate port services
 - vi) Facility investments by port users
- E. Bargaining powers of port services providers
 - i) Experience and capabilities of service provider
 - ii) Participation in facility financing
 - iii) Ability to absorb downtime
 - iv) Rights and obligations conveyed by contractual agreements

The ports of tomorrow would be required to achieve a balance between the port dynamics and the challenges of the port users in the global supply chain to maximize the bottom lines.

- Port Dynamics in the 21st Century
 - i) Impact of globalization on ports
 - ii) Shifting bargaining power
 - iii) Consolidation among ocean carriers
 - iv) Emergence of global terminal operators
 - v) Emergence of global logistics service providers
- Challenges and opportunities
 - (a) Opportunities for the private sector
 - i) Container terminal operations
 - ii) Tug assist services
 - iii) Maintenance dredging
 - iv) Information technology
 - v) Environmental facilities and ship safety
 - vi) Other port services
 - (b) The competitive stance
 - (c) The facilitation challenge

GCPTCL achieves one-million-tonne mark in cargo handling

GUJARAT Chemical Port Terminal Company Limited (GCPTCL) crossed a milestone by surpassing the one-million-tonne mark in June. The performance was achieved when it handled its 100th vessel *m.t. Maharshi Vyas*, carrying Propane.

Propane, a cryogenic product, handled and stored at -48°C temperature, is another specialised hazardous chemical GCPTCL is designed to handle.

Cargo handled by GCPTCL includes various cryogenic/non-cryogenic, liquid/gaseous chemicals falling in 'A', 'B' and 'General' categories, like naphtha, methanol, styrene monomer, acetic acid, benzene, SKO, EDC, butadiene, LPG and several others, besides edible oils/fatty alcohols.

The state-of-the-art chemical port has so far handled several large vessels carrying chemical and gaseous cargo. The largest ones include *m.t. World Trumpet* of 48,683 DWT, *m.t. Lieutenant Arun Khetrapal PVC* of 45,500 DWT, *m.t. Rabindranath Tagore* of 45,134 DWT, *m.t. Count* of 42,861 DWT and *m.t. Gulf Star* of 40,541 DWT.

The Port is operational throughout the year, including heavy monsoon witnessed last year.

Sophisticated infrastructure created at the Port include multiple remote controlled unloading/loading arms, dedicated pipelines, total automation and computerisation, etc. In the past, GCPTCL has simultaneously unloaded more than one hazardous chemical from a vessel, substantially reducing

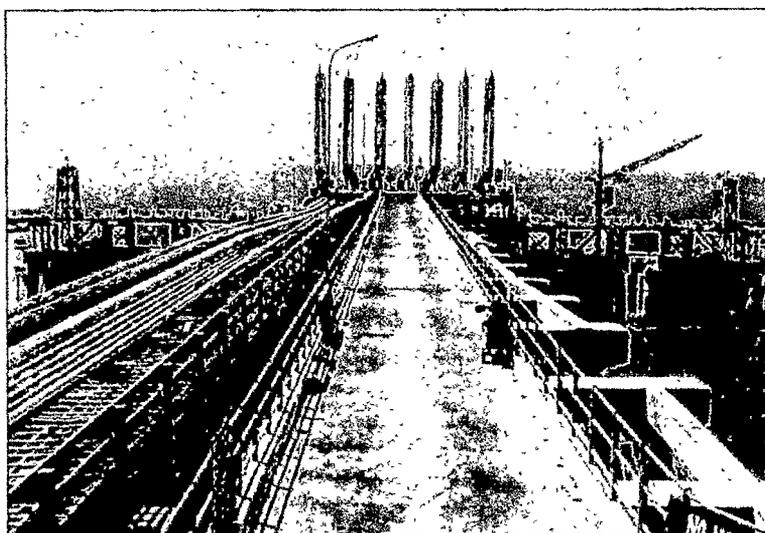
the turnaround time.

With the dismantling of administered price mechanism (APM) from April 1, 2002, GCPTCL is looking forward to a period of enhanced traffic.

GCPTCL has already grabbed the lion's share of traffic from minor ports and the bulk of POL products away from neighbouring ports. Recently,

Arvind Mills, Bayer ABS, Apar Industries and others. It is promoted by IPCL, GNFC, GMB, GSFC, GIIC, GIDC and GACL.

GCPTCL has an accident-free record so far, again bearing proof of the most advanced safety equipment installed and the various measures adopted on an ongoing basis to ensure safety, health and environment.



BASF Styrenics Pvt. Ltd—a German chemical conglomerate having a major manufacturing base in India—shifted its entire handling of styrene monomer to GCPTCL.

In another instance, Godrej Industries Ltd, one of the major industrial houses of the country, shifted its entire imports of oil-based products and fatty alcohols to GCPTCL. The Port is expected to become a major hub for edible/vegetable oil imports soon.

GCPTCL's clientele include RIL, RPL, BASF Styrenics, Godrej Industries,

Strategically situated at Dahej, Bharuch in Central Gujarat, GCPTCL—India's only specialised chemical Port is designed to handle large volumes of petroleum products, cryogenic and gaseous cargo, hazardous chemicals, etc. It can berth vessels of up to 60,000 DWT and store more than 300,000 cub. mtrs of various products

GCPTCL is confident of achieving many more milestones and aspires to become the *numero uno* Port and terminal facility for liquid and gaseous cargo in the country within a few years. □

20 A CASE STUDY ON A MINOR JOINT SECTOR CHEMICAL PORT IN GUJARAT

GUJARAT CHEMICAL PORT TERMINAL COMPANY LIMITED

Disclaimer note. Views expressed in the case study are the personal views of the researcher on the basis of the discussions and the information made available. For confidentiality reasons, the financials have not been considered in the case study.

Company Profile.

1. Ownership Joint Sector Project with Equity Participation by Indian Petrochemicals Corporation Limited and Govt. of Gujarat sponsored bodies / bodies corporate; viz. (1) Gujarat Maritime Board (2) Gujarat Industrial Development Corporation (3) Gujarat Industrial Investment Corporation Limited (4) Gujarat Narmada Valley Fertilizers Company Limited (5) Gujarat State Fertilizers & Chemicals Limited and (6) Gujarat Alkalies & Chemicals Limited.
2. Status of Port A comprehensive Commercial Chemical Port and Terminal on BOOT (build own operate transfer) basis.
A service – landlord Minor port
3. BOOT period 30 years with future extension provision.
4. Capital Investment Rs.900 Crores.
5. Commercial operations April 2001.
Commenced from -

- | | | |
|----|----------------------------|---|
| 6. | Port facilities / capacity | Designed to handle Appx. 1.80 MMTPA cargo of A, B & C class of chemicals which includes cryogenic / non-cryogenic and gaseous products. |
| 7 | Management | Board Managed Company under Companies Act, 1956. |

Operations History :

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
Volume Handled (in MMT)	0.75	0.82	1.10
No. of Vessels handled (Nos.)	75	92	122

Marketing Experience :

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
A. Customers :			
Promoter Users-serviced (Nos.)	2	2	1
	(IPCL,GSFC)	(IPCL,GNFC)	(IPCL)
Non-Promoter Users-serviced (Nos.)	10	8	12
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
B. Volume Serviced (in MMT)			
Cryogenic products	0.142	0.111	0.308
Non-Cryogenic products	0.610	0.706	0.789

Cryogenic products handled

1. Propane
2. Butadiene

Non-cryogenic products handled

1. Naphtha
2. Styrene

- 3 EDC (Ethylene Dichloride)
4. CPS / CNO
5. SKO
6. Methanol
7. DEG (Diethylene Glycol)
8. Cyclohexane
9. LDO
- 10 Fatty Acid

C. Port Services Rendered

- 1 Port infrastructure for loading / unloading liquid cargo to facilitate import / export / coastal movement.
2. Berthing of cargo vessels of A, B & C class of liquid products and gaseous products.
- 3 Pilotage and Towage services.
- 4 Mooring / De-mooring services.
5. Loading / Unloading of liquid cargo through specialized Marine Loading / Unloading Arms.
6. Connecting pipeline infrastructure to facilitate product transfer from Jetty to the Tank farm & vice a versa.
7. Pigging services.
8. Product Coating services for dedicated cargo handling & storage.
9. "Over the Ground" Storage Tanks & Warehousing services.
- 10 Preservation and hazards aid like Fire Control, Pressurized Air, Emergency power & Water.
11. Nitrogen Blanketing / Purging for specialized cargo.
12. Road Tanker Loading / Unloading services.
13. Road Tanker Weighment services.
14. Single window customs & survey synergies.
15. Terminal Automated operations and related services.

D. Marketing Issues / Concerns / Practices

Issue	Management Initiatives
1 Customer / market penetration position	The port facilities designed to cater mainly to the promoters on captive basis, which remained underutilized, and in the process the Port & Terminal converted to a Commercial Port to cater other outside users on commercial basis. To sustain viability of the project, the management initiated to market and utilize the facilities by others. This initiative resulted in penetration in west coast market for Ports services since 2001. The Company expects market penetration to go up by the year 2006.
2 Products / services	The Company is in service industry to provide Port & Terminal services for storage and handling of liquid cargo. The product and services are as mentioned in point no. 6 in the profile and point no. C above respectively. The services have been extended to the users by incorporating operational flexibilities to the captive design with a view to improve the utilization of the port capacity created. The company adheres to the utmost safety, environment and security requirements as per the operating standards.

3 Capacity constraints

The Company has set up large volume tanks initially to facilitate captive usage of the Promoters. To mitigate the situation of underutilization of these tanks, upon port conversion to a Commercial Port, the same were put up to public usage on commercial basis. Having single berth operations and a lower berth occupancy rate, the Company had attempted to improve the same by handling even smaller vessels with low tonnage. This has, however, caused financially an uneconomical service mix in operations scenario.

4. Market competition

The Company faces market competition with the West coast ports comprising of major and minor ports. The facilities have not been designed to compete with the similar installations in the West coast of India but to provide best services to the Users on commercial basis. Management had to consider technical modifications in the design base of the facilities so as to make the facilities market competitive

Competing Ports :

Major Ports :

Kandla Port Trust

Jawaharlal Nehru Port Trust

Mumbai Port Trust

Minor Ports:

Mundra Port (Gujarat Adani Port Ltd.)

Pipavav Port (Multipurpose Port)

Other Ports like; Dholera Port, Hazira Port, Magdalla Port and Positra Port.

5. Service capabilities MMTPA of liquid chemicals as per the design base. The Port can handle multiple cargo vessel to load and unload. The loading, unloading, pipelines and storage tanks can handle compatible chemical products. The port facilities have been designed as the state-of-the-art structure and there are in-built product security controls to minimize storage handling losses as compared to other competing ports. The storage capacity of the Terminal Tank farm is about 3.00 Lac M³ (KL). Unlike the other ports (Major Ports), the Port is a comprehensive provider of Port & Terminal services. The Company has achieved its best level services in port operations above par to the other neighbouring ports.

6. Pricing the services The pricing for the promoter users is purely based on the project viability and payback projections. For the other users, the same are fixed on case-to-case on negotiated basis with commercial considerations and market situations.
7. Qualitative aspects The Company owns and operates the state-of-the-art Port facilities to provide high quality services to the users. It is always aimed to render the high quality services and the same is being rendered efficiently to the users. In general, the users are satisfied with the services provided by the Company. Complaints, if any, are attended on high priority basis.

E. Constraints

Sr. No.	Constraints	Initiatives Attempted	Result
1	Individual pigging to all pipelines	Modifications undertaken	Operating successfully
2.	Segregation of coupled tanks	Tanks modification undertaken whenever required	Operating successfully
3	Accommodating smaller size vessels, Jetty design governs the vessel suitability for berthing.	Vessels of small size faces constraints for berth due to the risk aspects to Jetty and safety reasons.	The Users have to arrange for a suitable vessel only

4.	<p>Large size tanks The smallest tank is of 1400 M³ capacity Cargo of 200-800 MT is hard to attract. Point 3 also becomes a constraint for smaller cargo.</p>	<p>It is not feasible (economical) for accommodating such small size cargo, there being the design constraints.</p>	<p>Customer base is very small, making it difficult to facilitate occasional customers / users</p>
5	<p>Interconnectivity between tanks. The cargo from one tank cannot be transferred to other tank(s) even on request of the party Interconnectivity is required for the safety reasons also.</p>	<p>To interconnect the tanks have the design constraints and further cost incurrence is also a constraint in view of market uncertainty and uneconomical volume</p>	<p>Cannot provide such services</p>
6.	<p>Night Navigation (berthing vessel in dark hours) is not permitted. The vessel has to wait till daylight for getting berth even if the vessel has arrived the preceding day in sundown or dark hours</p>	<p>Statutory parameters do not permit night navigation currently at the port</p>	<p>Cannot provide such services till such time Regulatory Authority allows for the same</p>

7	Customs House located in Surat. The user needs to get the cargo cleared from Surat, which is 120 kms from Dahej.	A separate space for Customs Office establishment within Port premises has been offered. The Company bears share on customs establishment expenses at Dahej Port.	Customers are satisfied with the present functioning.
8	Broad Gauge Rail Link. An additional facility to bulk cargo movers.	The Company and other companies in the region, the Rail and State Govt Authorities have discussions to convert the Narrow rail to Broad Gauge Line.	It is desired to cater the hinterland users in the land locked and in distant position.

F. Strengths

Sr. No.	Strengths	Potentials	Management Perceptions
1	Strategically located	Attracts the Users / Importers in the vicinity and in the hinterland of Central and South Gujarat, South East Rajasthan, West MP and Northern Maharashtra	Overall scenario of chemical industries is expected to improve, which would help commercially to exploit benefits of strategic location.

2	Ease Congestion in the neighbouring Major Ports like, Kandla and Mumbai	The Cost of Vessel waiting is more than the inland transportation difference This attracts the Users who charters vessels for import / export	With good industry practice and competitive market practices, the Company shall have the benefits of shift of users from the competing ports.
3	Unloading more than one cargo at a time from a vessel	Reduces heavily on the dwell time for the vessel, which in turn benefits the importer / customer.	The Company has a competitive edge due to the separate product specific loading / unloading arms
4.	High unloading capacity	The vessel unloads the cargo within half time as compared to other similar ports.	It would result into higher berth efficiency and lower Port and shipping charges to the users
5.	Floating Roof Tanks	Reduces the product evaporation losses	This compensates the users against any high port cost at the company and retains the users on continued basis.
6.	No congestion	It would facilitate the trade community for their ship calls for timely service	It is envisaged that the efficient ship handling operations can meet future challenges of increased cargo traffic
7	Proximity to international trade sources and shipping routes.	This will improve the sea freight cost of the user community making GCPTCL Port as their port of call.	For port, the strategic location is of utmost importance for growth. The Company has an upper edge

G. Marketing Policies / Practices

Sr. No.	Marketing Policies / Practices	Management Perceptions for change in competitive environment
1	Charging storage rent on volume basis to the Non-Promoter Users (only for Non-Cryogenic products).	Charging to Promoters is on Quantity (MT) basis whereas for Non-Promoter the charging is on Volume (KL) basis as being practiced elsewhere
2.	Other chargeable services like; tanker loading, tanker weighment and pigging are included in the storage rent for new users and high volume handlers	The other chargeable services are not charged at other terminals as per the present practice due to increased competition Management considers this an incentive to the users which makes the Company's services comparable with the competitors.
3	Multiple / common usage i.e. more than one agreement for the same tank and same product. This is being practiced at other comparable ports.	Management has not considered accommodating commingling cargoes but has permitted other users to use the same tank where the lead user becomes responsible for the user contract liabilities
4.	Charging on reducing volume basis The Company informs that the basis of charging the monthly storage rent should be the volume available in the tank on the month starting day It is claimed that the neighbouring ports have such practice	Management could not adopt this practice as yet.

Services / activities attributes analyzed – liquid cargo handling

(A need and benefit approach for direct marketing to the port customers).

Based on the ports activity profile and assets / resources / facilities available at the comparable and competing port location/s handling liquid chemicals, the attribute analysis as under portrays that understanding the need and benefits for the value added elements will help the customers / users of the ports to make a correct choice for a port call and for handling their cargo including to switchover to the efficient and cost effective port facilities / location.

(Applicable only to the extent of liquid cargo handling facilities / segment)

Sr No	Service / activity attribute	Selected port location			
		GCPTCL	Kandla	Mundra	Mumbai
A	Storage Tanks				
1	Tank types	Cryogenic & Non-cryogenic floating roof	4 Spheres, Tanks available on private operator / captive basis	2 FR	No Floating Roof Only Cone Roof
2	Insulated tanks	Styrene	NIL	18 tanks for oil	Not available
3	Tank storage capacity	1450 to 13600 KL	270 KL to 6500 KL	8 each of 15000 KL	35000 KL
4	Central control room	Yes, for jetty operations separate control room	Not provided	Only for pump operation	For properties display only
5.	Temperature display	Electronic	Bordon Type	Bordon Type	At control room
6	Level indicators	Servo guage, dip method	Scale Type, dip method	Scale Type, dip method	Float Type, dip method
7.	Water sprinkler & foam provision on tank	Provided	Provided	Provided	Provided
8.	Nitrogen blanketing	Provided on need basis at extra cost	Provided by Nitrogen cylinders	Provided by Nitrogen cylinders	At extra charges
9	Dead storage evacuation	By portable diaphragm pump	Portable gear pump	Portable gear pump	Portable gear pump

10	Safety measures for ACN	Provided	Nitrogen blanketing rarely done	Nitrogen blanketing rarely done	Details not available
11	Percentage product loss	Within 0 10% to 0 15%	0.3% (Appx.) more losses when evacuated after long interval	0 3% (Appx.) more losses when evacuated after long interval	0.3 to 0.5%
12.	Temperature correction factor	Applied	Applied	Applied	Applied
13.	Dip-weight discrepancy	Rarely observed	No complaints	No complaints	No complaints
14.	Customs availability	At Surat	Kandla	Within port premises	At JNPT and Mumbai
15	Bonding warehouse facility	Available	Available	Available	Available
16	Styrene storage	Provided	Available	No facilities	Provided
17.	TBC dosing	Provided	Conservatively done	No facilities	Provided
18.	Styrene loading	Adjacent to the tank	Near the tank	No facilities	Near the tanks
19.	Discard of slop tank	In ETP	Sold in the market	Sold in the market	Sold in the market
20	Tank health check	On regular basis	On regular basis	On regular basis	On regular basis
B	Pipeline transfer facilities				
1.	Pipeline distance	3 4 kms.	0 5 kms to 5 0 kms	0.5 kms to 5 0 kms	3.2 kms to 7.0 kms.
2	Size of pipeline	Ranging 8" to 20"	8" to 12", for fuel oil 16"	8", 12" and 17"	8" to 12"
3.	Valves operation	Automated operation	Manually operated	Manually operated	Manually operated
4	Safety valve over pipeline	Provided	Not provided	Not provided	Not provided
5	Nitrogen purging	Provided on need basis	Done on portable cylinders	Done on portable cylinders	Provided on request
6.	Transfer and storage of high pressure and cryogenic products	Provided	One terminal operator handles gas and LPG by IOCL	Not available	Provided at aegis
7	Cooling of pipelines for hazardous chemicals	Not Provided	Not provided	No facilities	Not provided
8.	Heating of pipeline	Not Provided	Not provided	Provided	Not provided

C. Loading & pigging facilities					
1.	Location of gantry	Away from tank	Very near to the tank	Details not available	At terminal entrance
2	No. of tankers can be filled at a time	Products specific loading bays provided	1 to 2 tankers	2 tankers	Tankwise loading bay
3	Pump capacity Tanker loading	Details not available	Separate pump for each tank	Separate pump for each tank	20-120 KLPH
4	Pump type	Centrifugal	Centrifugal / gear pump	Roto / gear type	Centrifugal
5	Tanker loading automation	Provided	Manual	Orifice meter control	Not provided
6.	Time taken to load one tanker (in minutes)	Atmospheric 15-20 minutes / Pressurized 40-45 minutes	POL – 30 minutes, Edible and other liquids – 50 minutes	POL – 30 minutes, Edible and other liquids – 50 minutes	20 minutes
7	Tanker filling. personnel	Available	Inadequate	Details not available	Provided
8	Gantry service time	8 30 A M to 7.30 P M.	Sunrise to sunset except in emergency	Sunrise to sunset except in emergency	8.30 A M to 6 00 P M. thereafter at extra cost
9.	Computerized weighing	Provided	Provided	Provided	Provided
10	Types of pigs	Sponge, rubber cup and wire pigs	Sponge	Sponge	Mostly rubber cup type
11.	Pig drive	Compressed air and N ₂	By portable air compressors	By portable air compressors	Nitrogen for hazardous chemical and air for general and oil class
12	Pigging operation start & end point	Jetty to manifold to tank	Jetty to pump room to tank	Jetty to pump room to tank	Jetty to pump room to tank
13.	Type of flexible pipe used	SS bellow type	SS / Polymer SS bellow and ring type	SS / Polymer SS bellow and ring type	SS bellow type
14	Flush media for cleaning pipeline	Oil – caustic Water soluble – water	Water, caustic on need basis	Water, caustic on need basis	Oil – caustic Water soluble – water
15	Discharge of flush	In ETP	Slop tank	In Sea	In Sea
16	Removal of final traces	In ETP	By full pigging	By full pigging	By full pigging
17	Product coating	Provided	Not provided	Not provided	Not provided

18	Hold-up quantity in line	From pump to loading bay	Data not available	Data not available	Data not available
19	Pump capacity for export	Fixed pump, 300 KLPH	120 KL / Hour to 180 KL / Hour – portable	2 fixed pumps, capacity details not available	Fixed 120 KLPH
D.	Common utilities				
1.	Cooling tower	Provided	Not provided	Not provided	Provided
2.	D G Set	Provided	Provided	Provided	Provided
3	Nitrogen Line	Provided	Not provided	Not provided	Not provided
4	Pressurized air	Provided	Portable means	Portable means	Provided by portable compressors
5.	Chilling plant	Details not available	Not provided	Not provided	Not available
E	Fire & Safety control services				
1	Total firewater storage capacity	25,000 KL	No water reservoir. Max.7000 KL	No water reservoir. Max 7000 KL	7000 KL No reservoir
2.	Firewater pipeline size	10" to 20"	Varies between 4", 6", 8"	Varies between 4", 6", 8"	Details not available
3.	Pressure in firewater lines	7-8 Kg. / Cm ₂	3-4 Kg / Cm ₂	3-4 Kg / Cm ₂	3-4 kg / Cm ₂
4.	Underground firewater pipelines	Provided	Not provided	Not provided	Not provided
5	Foam tank	Provided	Provided	Provided	Provided
6.	Hose boxes & hose reels	Provided	Provided	Provided	Provided
7	Regular drills	Performed	Not performed	Not performed	No details available
8	No of fire tenders	3	3	1	No details available
9	Patrolling	Performed	Not performed	Not performed	No details available
10.	Disaster management plan	Hazop study undertaken DMP on pool basis	Details not available	Details not available	No details available
F.	Pattern of service charges				
1.	ETP	No charges	Not provided	Provided (not in use)	Not provided
2	Tanker loading charges	Levied	Not levied	Not levied	Levied
3.	Weighment charges	Levied	Not levied	Not levied	Levied
4.	Pigging charges	Levied	Not levied	Not levied	Levied
5.	Tank cleaning charges	Levied	Not levied	Not levied	Levied
6	Way leave charges	Not levied	Not levied	Not levied	Levied

7	Nitrogen pigging and blanketing charges	Levied	Levied	Levied	Levied
8	Extra hour loading charges	Levied	Not allowed after sunset, period gets extended	Not allowed after sunset, period gets extended	Levied
9	Rates basis	Nominal volume of the tank	Monthly on safe filling volume and as per other agreed terms	Monthly on safe filling volume and as per other agreed terms	Monthly

The storage and handling of liquid cargo at Bombay and Kandla (limited to POL / chemicals) handling are being operated by the private terminal operators / captive users. The importers and exporters at Bombay and Kandla approach the terminal operators for cargo handling, storage, transfer and transportation. Mundra and GCPTCL are the landlord service ports and provide the port as well as all other port operating services.

As a new entrant and being a landlord service port, the company (GCPTCL) had realized the need to create awareness with the potential customers as well as the existing customers at the competing ports. The services / activities, the prime attributes for the users were analyzed and the users were approached to educate them on the presence of new port (GCPTCL) facilities of more advantages vis-à-vis their existing ports of call. The company could succeed to have its firm footprints in switching over the customers with respect to EDC, Kerosene and Butadiene products from the neighbouring Ports

By resorting to the attributes and benefits approach to create customer values, the company though a new entrant facing challenges, could penetrate slowly but in a consistent manner. It is observed that it could generate consistently revenue on

switched over customers in the range of Rs.10-12 Crores on annualized basis

Situation discussion and Analysis

Based on the data feedback and the information furnished as above by the company officials and the executives, a case has been studied on the marketing perspective. Discussions also forms part of the case study preparation.

The Company namely; Gujarat Chemical Port Terminal Company Limited was incorporated in 1992 and could implement the port project facilities at Village Lakhigam, P.O. : Dahej, Dist. Bharuch within the port limits of Dahej Port. The Gujarat Maritime Board is the Regulator and the Conservator for the Port developed by the Company.

The Company is a Joint Sector Port Infrastructure Project under BOOT basis under a Commercial Port & Terminal Agreement with the Gujarat Maritime Board and Govt. of Gujarat. The Company has commissioned its Commercial Operations in early 2001.

The Company during its infancy period i.e. 2001-2004, could stabilize its operations. This Port Infrastructure project had backup user agreements with some of its promoters. It had not envisaged the element of market competition on commercial basis because of its initial and original character of port development on captive basis. During the period of project implementation and commissioning of port operations, the business cycle changes negatively affected the cargo usage plans of the promoter user companies. This has caused the under utilization of the port facilities developed by the Company.

Eventually, the port project was converted into a commercial port to cater the port requirements of the importers / exporters / traders and users of the liquid chemical

products on commercial basis. It was then realized to have a marketing department to generate commercial market and make the enterprise partly sustain on outsiders usage and contribute for viability

New entry – hard times

As a new entrant in the port infrastructure services on commercial basis, the Company had to face following major hurdles

1. There were no benchmark / standards to measure the efficiency of the port operations and terminal operations
2. The project installations were not time tested causing loose operational control.
3. There was no marketing experience readily available upfront.
4. Except the user promoters, the other user community continued to shy and keep away due to captive installations.
5. Due to non-availability of comparable service and financial covenants, the execution of contracts were delayed.
6. Despite promotional efforts, the lead time was longer to create market base.
7. Usual infancy bottlenecks made it harder for the Company to create and penetrate for the market share against the giant competitive ports like; Kandla and Mumbai.

Industry Structure The Industry Structure in which the Company operates is the Port Infrastructure to facilitate the international trade originating from India to other parts of the world and vice a versa.

The Company is a Minor Port regulated by Gujarat Maritime Board as a State Port Authority. Though, the commercial and operational flexibilities are available to the

company as a port developer and the operator, the Company is governed by the Concession Agreement covenants.

Size of the Market : The market, which the company can cater, is the whole of Gujarat and the neighbouring States including the landlocked user points at distance. The Company is yet to undergo assessment of the overall market size of non-promoter users for handling liquid chemicals at various ports.

Competitors :- The competitors are the neighbouring ports in Gujarat and Maharashtra.

The rate of market growth / shrinkage experience during last 3 years : The Company experienced consistent growth retaining the non-promoter users more or less at the same level. However, due to policy embargo on importation of SKO in 2004, the Company had to face lower tonnage handling from non-promoter users. Usage from promoter companies increased in cryogenic product handling. Overall, the tonnage level has gone up from 0.75 MMTPA in 2002 to 1.10 MMTPA in 2004. Shipping calls increased from 75 vessels in 2002 to 122 vessels in 2004.

Demographic segmentation of Users / Customers : The port so far has catered regional customer base from Gujarat except few trading companies from MP and Mumbai.

For managing change, some marketing initiatives and its evaluation process have been implemented by the Company. At regular intervals presentations were made at the customers' desks. The Company could achieve customer shift from the Kandla and Mumbai Ports. The Company officials have explained that there is a practice of periodical review of the marketing targets v/s. achievements, which constantly monitors the need to strengthen the marketing efforts with the changing

time to maximize business value.

Marketing strategies (practices) followed : when the company could achieve its presence being felt by the importers and exporters, the marketing strategies as a facilitator were aimed to remain price competitive, customer oriented and users centric on the direct marketing channel as one-to-one facilitator. The marketing strategies are mainly focused to maximize volume and revenue growth from the non-promoter segment.

Risk Analysis : Assessment of the factors contributing to risks and resultant implications

Factors	Implications
1. Highly capital intensive	Hard to reward stakeholders
2. Regulated on the platform of social responsibility	Conflict between commercial objectives on economic viability and profit maximization.
3. Possible threats of cross-subsidization amongst customers	Likely to handle with discriminatory approach.
4. Low market penetration due to new entry	Need to push and create market shift of customers.
5. Contractual threats – inadequate business experience for new entrants	Litigations can endanger customer relationship.
6. Low marketing budgets – since budget cuts are inevitable	Difficult to create new market
7. Keep customer continuity – way to squeeze pricing	Lead to pressure on margins
8. Cannot pass on the impact of global / local trade changes to customers	Lead to pressure on margins

9 Lower level of customer loyalty – danger of customer shift. Can endanger operation synergies and capacity utilization.

Conclusion

GCPTCL is a Minor port located at the strategic location at the golden corridor for the Indian chemical industry. Having been located in the close proximity of the large user industries, international trade points and shipping origin and destination routes, the Company commands a bright future and excellent business prospects in view of the opening up of the globalization and liberalization process in the port sector

It is significant to note that this port, although located into an open sea, has no constraints for the deep draft (Draught) required to facilitate the berthing of the large vessels. Even the port has no channel restrictions. There being deep sea and draft available, there is bare minimum requirement for dredging and this gives an upper edge as compared to the other ports technically with lot of savings on the dredging cost. Recently, the port has become an ISPS code compliant i.e. a global standard on the safety and security aspects for port and ship operations

Considering the investments and the port & terminal facilities set up, the company is required to gear up for higher throughput of cryogenic products – the higher contributory facilities and explore large users with volume with respect to the non-cryogenic products.

Since, Dahej location has been identified for special area benefits like; special economic zone with proper rail road connectivity and oil giants like; IPCL, IOCL and ONGC are in the process to map up their future growth plans in and around Dahej region, this liquid chemical port has many opportunities ahead in future.

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