

CHAPTER – VI
SYNTHESIS, SUGGESTIONS AND CONCLUSION

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01 PORT SCENARIO – INDIAN AND GLOBAL

The Indian maritime sector is at the threshold of a major transformation, amidst fast changing global market conditions and various other developments affecting the world economy. It does recognize that efficient and world-class infrastructure is critical for country's growth

A comprehensive regulatory reform in the Indian maritime sector needs to be viewed against the urgent measures needed to spur its growth and modernization to keep pace with the developments elsewhere in the world. Indeed, while the regulatory reform process is bound to be long and winding, it makes a lot more sense to peg the reform process to more concrete objectives of achieving specific milestones in the growth and modernization process. This is perhaps also essential because at the current stage of development of the maritime industry, it is best left to its own possibilities of growth and development

1.1 Current regulatory scenario

The scope and sweep of the prevailing regulatory laws in the Indian maritime sector are indeed vast and cover a wide gamut of activities, though there is no single enactment as yet. There are different laws in different maritime domains and are administered and enforced by different agencies. The Merchant Shipping Act 1958 is indeed, one of the key legislations in the country pertaining to shipping is administered by the Director General of Shipping, which is further empowered under the act to make rules and regulations of its own with respect to technical standards and manning requirements. The Ministry of Shipping through various Port Trusts respective to their locations

administers the Major Ports Act and the Indian Ports Act, which cover the working of all major ports. Tariff Advisory for Major Ports (TAMP) is another offshoot of the Major Ports Act that is seeking to regulate and determine permissible tariff levels for Major ports. However, the numerous minor ports that dot the coastline fall under the respective State Government's jurisdiction. A similar bifurcation of jurisdiction can be seen with respect to inland waterways, where designated National Waterways are administered by the Ministry of Shipping while, other waterways come under the state government jurisdiction.

All these regulatory laws were aimed at creating and managing what can be considered basic administrative and physical infrastructure in respective domains. They were indeed part of the efforts to assign a developmental role to the government, which consequently resulted in government emerging as a direct stakeholder in shipping and maritime sectors. A number of government-owned companies and other agencies have over the years thus, played a key role in bringing up the basic port infrastructure, a sizeable national shipping fleet and shipbuilding capacity, which taken together is quite a significant achievement, given the strategic goals of development. However, with steady decline of performance and efficiency standards and inability of the government to sustain steady flow of investments into the maritime sector, the erstwhile developmental role of the State has come under question for more than one reason.

While questions still remain as to what extent the government should retain responsibility for further development of the maritime sectors,

the focus has since moved to putting in place a comprehensive regulatory system, which will substantially limit government's direct role and responsibility and instead allow the private sector to take on a developmental role, under the overall regulatory supervision of the government.

In an interesting review recently released by the World Bank titled 'Doing business in 2005' authored by Simeon Djankov, an emphasis has been laid on regulatory simplifications. The observations (Table No. 8 below) made in the Report on various aspects of regulatory delays are worth mentioning hereunder:

Good regulation does not mean zero regulation. There is a correlation between the Regulatory Environment or the ease of doing business and Economic Growth ⁽⁰¹⁾. He opined that India could generate additional 2.2% annual Economic growth by addressing regulatory issues

India is among the worst countries in the world to do business in, when it comes to employment regulation. The Govt.'s recent move to enforce reservation in the private sector can only make things worse

Doing Business in 2005:

Table No. 8

		India	Global best	South Asia best
1	Entry Regulation - Time to start business (days). - Cost to start (% of GNI per capita)	89 49.5	2 0.0	21 (Nepal) 10.7 (S'Lanka)
2.	Employment Regulation - Rigidity Index - Retrenchment cost (weeks)	48 79	0 0	24 (B'desh) 47 (")
3.	Property Registration - Time to Register (days) - Cost of Registry (% of property value)	67 13.9	1 0.0	44 (Bhutan) 10 (")
4.	Contract Enforcement - Time to enforce (days) - Cost of enforcement (% of GNI per capita)	425 43.1	27 4.2	275 (Bhutan) 21.3 (B'desh, S. Lanka)
5.	Bankruptcy - Bankruptcy process time (years) - Recovery rate (Cents / \$)	10.0 12.5	0.4 92.4	22 (S. Lanka) 38.1 (Pakistan)

GNI: Gross National Income.

Source: World Bank's "Doing Business in 2005" Report.

1.2 Emerging context

This realization has been particularly acute since the onset of economic reforms in early nineties, wherein the underlying processes of liberalization and globalization of Indian economy have made the government take a fresh look at new policy options for reviving the functioning of the maritime sectors. The context for reworking the regulatory framework impinging on the working of maritime sectors has to be thus, mainly understood in terms of following major impending issues.

Leveraging fresh investment: The development of port infrastructure in terms of new berth and cargo handling facilities, especially for liquid cargo and providing for port-related services entails investment of large amounts of money, which the government is unable to provide due to its own resource constraints. The government therefore, wants to co-opt the private sector as an investment partner in port development, under the standard business models (like build-own-operate-transfer (BOOT)) proposed by the World Bank.

Improving efficiency & reducing costs: The need for infusing greater rigor and efficiency in the working of ports and other publicly-owned maritime assets calls for stringent cost control, structural and operational flexibility in terms of decision-making powers and new management systems. This would be possible only if the government is willing to bring in new strategic partners into management of maritime assets. The government is therefore concurrently looking at the options like port privatization and corporatisation, as a means to bring about a required transformation of the institutional framework.

Providing for institutional safeguards: Given the increasing complexity in the operations of maritime sectors, especially shipping and ports, which are subject to several international laws, the government has to take steps towards strengthening the workings of the regulatory institutions.

Need for rationalization of laws: The daily working of shipping and ports, involve compliance with a number of other laws and concurrence of enforcement agencies like the customs, the mercantile marine

department, the marine insurers etc. Lack of adequate synchronization between these various laws are responsible for many delays in movement of cargo, which needs one single authority to take an overview of the entire gamut of regulatory laws.

Meeting these requirements would imply that government should substantially retreat from the primacy of its own role in maritime sector and instead encourage private sector agents to step in to take on strategic responsibilities. The process of bringing about this change is however replete with a number of hurdles, which are difficult to resolve both from the point of view of the government as well as potential private sector participants.

1.3 Collaborative reforms

Though the government has great deal of responsibility and powers to make and amend laws, it cannot unilaterally undertake regulatory reforms in the maritime sector. Regulatory reforms also has the broader agenda of infusing new institutional dynamics by increasing competitiveness by reducing transport costs, in particular port costs – through encouraging more number of players, improving port efficiency and logistics infrastructure – through bringing in new institutional and market-related practices, diversifying the sources of mobilization of capital investment and enabling attractive returns to investors and to create lasting mechanisms for arbitration of disputes between service providers and end users of service. These broader objectives of regulatory reform can only be achieved depending on how far the new private sector players are able to work within a common framework of

market and business governance.

In fact, one of the basic stumbling blocs to creating a common regulatory framework in the maritime sector is the highly differentiated structure of the maritime industry in terms of ownership of assets, unit sizes of operations and uneven levels of integration between different sub-segments of the Indian maritime industry. Any law that may be framed is therefore, less likely to be uniformly beneficial to all players in an industry segment and is perhaps one of the major reasons for tardy progress, when it comes to bringing about changes in basic maritime laws of the country. Considering these anomalies in the situation, the regulatory laws cannot be allowed to further perpetuate the advantages of some against the disadvantages of the many. This becomes particularly important in the context of current discussion of regulatory reform that is expected to lead to creation of a single nodal regulatory agency.

Putting together such a mandate and necessary legal framework for maritime regulation is a certainly task that calls for a thorough review of various laws that affect the maritime domain and how their likely implications can be synchronized under a common framework of regulatory enforcement. While any residual scope for interpretation and discretionary judgment would still be considerable with a regulatory authority in the maritime domain, the basic regulatory law needs to be well defined.

It is fairly well established through past experience that while global economic recovery and shipping boom cycles do lap up one another,

though the time-lag in which this occurs is often difficult to predict. While events, following the tech-meltdown and September 11, had already pushed the shipping markets into a well-formed reversionary trough, it seems unlikely that mere expectations of revival would lead to imminent recovery in global shipping markets. The worst may be over for the world economy but it would take some time before the shipping market will see its impact in terms of a definitive turnaround. Expectations of both the Govt. and the private sector with regard to the results of the privatization process are most likely to be at odds with the realities of a competitive market place. In this situation, there is a natural tendency of Govt. to introduce an extensive conditions & remedies in the privatization process for avoiding controversy or accusations of fraud and negligence.

This has occurred in U.K. following the full privatization of the port sector (and of much of the public services), which allowed individuals to capture the economic rents associated with the public monopolies. The phenomenon of the instant millionaires and new oligarchies has been one of the more notorious features of privatization throughout the world.

With globalization, the Indian ports would change and so the services and customer expectations, but Indian environment will remain Indian – distinct from its global counterparts. So Theodore Levit's global markets, global consumers, global brands need to be understood with caution. Just implementing global norms / mixes has its pitfalls. Marketers need to know, recognize and accept these. Where

benchmarks are international and addressing only the top end of the market as important, global seems to go down well ⁽⁰²⁾.

1 4 Global Emerging Economic Scenario

The currency crisis of 1997 brought an abrupt halt to the long run of rapid growth that had been enjoyed by a number of Asian economies. Although most economies have displayed considerable resilience in the aftermath of the crisis, growth rates during the coming decade are not expected to match the very high rates experienced the early 1990s. Nevertheless, in all of the major Asian economies other than Japan, growth is expected to continue to exceed the world average. As the decade proceeds, the fruits of recent economic changes in India will become evident as the country enters a period of sustained economic growth.

It has become increasingly clear that there are no insurmountable technical barriers to the future increase in size of liquid chemical handling ships / vessels. Concept designs already exist for larger size ships. The limits to growth, if there are any, will be market-determined. Nevertheless, there is a significant divergence of views amongst competent and experienced analysts as to how volume will grow, and how rapid the increase in tanker vessels size is likely to be over the next decade, and the issue of ship / vessel size has become one of the most hotly debated topics in the shipping world at the present time.

One view can be taken that the search for economies of scale is inexorable, and will drive vessel sizes up through and even beyond within the next decade, despite the challenges in terminal handling that

will be needed to overcome.

The move to larger and larger ships, driven by the search for economies of scale, will continue and, if anything, accelerate. The need to maximize the utilization of these large vessel will in turn drive a radical reduction on the number of port calls on major routes, and feed the development of global mega-ports served by fully integrated global networks ⁽⁰³⁾.

A convenient, although simplistic, way of describing the recent history of liner shipping is as one evolution and three revolutions.

The evolution refers to the growth in size of the system's two major components, called as the 'duo': ships and ports. The revolutions refer to the changes in the system's linkages and the related expansion of its scope.

The first revolution was in the ship-to-shore transfer, the invention of containers; the second was in the ship-to-rail transfer, the Inter modal revolution; and the third was in the ship-to-ship transfer, the trans-shipment revolution.

It is claimed that the past model of evolution/revolution will carry on. Accordingly, the long-term future of liner shipping is predicted to be shaped by a fourth revolution, this time in service or shipping pattern. This revolution is expected to be triggered by the expansion of the Panama Canal's locks. It will result in the emergence of equatorial-round-the-world (ERTW) services and a grid of supporting feeder services.

A parallel evolution will take place in the system's two components, including: the emergence of new Panamax (NPX) ships with twice the capacity of the present largest ships, or 15,000TEU; and pure trans-shipment ports (PTP) to serve them, with annual throughputs of about 30-40 million TEU/year, more than twice the throughput of the largest ports of the present ⁽⁰⁴⁾

Another view can be taken that the gains from each increment in size grow smaller as vessel grow larger, and argue that it have already reached or surpassed the point at which additional feedering and inventory costs would outweigh any further savings in slot costs on main line vessels. According to this view, although vessel size will continue to increase, it will do so at a slower rate, as shipping lines try to balance the slot cost reductions available from larger vessels with the cost and marketing advantages of maintaining a wide network of direct port calls. Other pressures – notably environmental opposition to dredging and resistance to ever-increasing concentration of hinterland transport system will also tend to limit ship size growth and volume ⁽⁰⁵⁾

Pressure from the public and the environmental lobby will impose new constraints on the business that may well encourage direct services to local ports. In Europe and North America roads are clogged with lorries carrying containers. There will be mounting pressure to divert distribution of containers from land to a waterborne option ⁽⁰⁶⁾.

The study throws light on this issue, and on its implications for the Indian region and analyzes the plausibility of these competing hypotheses and marketing practices. The interactive nature of the

determining factors allows modifying the shipping system of the future to reflect alternative futures. However, the cargo assignment procedures, which mirror the observed choices made by shipping system users, can provide feedback on whether the proposed services are in fact likely to attract the cargo volumes required to make them sustainable.

1.5 Expectations of change in the next 10 years (an outcome presented at an international conference organized by IAPH, Montreal 2001)

1. markets will diversify and delivery times will shrink.
2. information will be immediate and it will be near perfect.
3. market segmentation will reach unprecedented levels of precision
4. business model will be demand and time based
5. logistics, i.e. input sourcing to customer delivery will be scheduled.

The future seems imperfect and it would reel under competition from global players and practices.

02 WHAT THE LEADERS IN THE SECTOR SAY....

2.1 The advent of larger ships will need larger port facilities, countries, which cannot provide top of the line services, will become feeder ports. Exporters will thus have to pay higher freight rates. The government is deliberating active measures to increase private participation in the Indian ports sector.

Mr. M. P. Pinto, Secretary,

Union Ministry of Shipping, Govt. of India.

2.2 The Government should divest its majority stake in Major Ports to strategic partners. The share should be in the ratio strategic partner,

51 percent; government, 26 percent, port employees, 8 percent, and the public, 15 percent.

Dr. Jose Paul, Chairman,

Mormugao Port Trust

- 2.3 In the wake of ambitious economic reform programmes, India is poised to emulate the growth, which has been demonstrated, by countries in the Asia-Pacific region. While considering privatisation as a solution, issues like available infrastructure at Indian ports, resources at their disposal, management and social issues should be considered.

Capt. Avinash Batra, Chairman, Shipping and Transport Committee,
Bombay Chamber of Commerce & Industry

- 2.4 Indian ports will need new and better quay walls, better yard management, flexible schemes and more IT solutions for manpower needs. Ports here must have at least 16 m draught and 400 m length berths, they must promise minimum delays and faster turnaround time of vessels.

Mr. Ian Claxton, Managing Director,

APL India, Sri Lanka, Bangladesh

- 2.5 Indian ports should be in a position to handle the growing trend of larger vessels. Also, cargo handling related costs is too high. The ports of Jawaharlal Nehru and Chennai should be developed as hubs in India.

Mr. P. K. Srivastava, Chairman & Managing Director,

Shipping Corporation of India Ltd

- 2.6 Ports around the world, and in India will be required to negotiate prices

and provide services to customers, each one of whom would be large enough to make the difference between a profit and loss. At the same time, they will be expected to provide reasonably priced services to smaller users, not only to safeguard the principle of equity, but also to avoid becoming over-dependent on a handful of customers.

Mr. Vaishnav Puri, Managing Director,
Samrat Shipping & Transport Systems.

- 2.7 Privatization is only part of the answer. There has to be a marketplace where privatization works. As yet, the market is imperfect and does not engender competition. TAMP will have a role in a privatized set-up, to prevent private monopoly. It will also deal with marine, health and safety issues. At present, it cannot be disposed off until competition makes ports more professional and responsible.

Mr. J. M. Bevis, Chairman,
CSLA

- 2.8 Very soon, we will witness, 18,000 TEU ships and vessels designed for specific cargo like LNG or ro-ro. These vessels will need larger ports with faster and better operations. Traffic lanes will be east-west for mega vessels and north-south for the feeder operations.

Mr. D. T. Joseph, DG, Shipping.

- 2.9 There is an acute need to update rules for transshipment. We are open to debate and discussion. If arguments are found to be convincing enough, we are willing to move for the required amendments in the Parliament.

Mr. D. K. Acharya, Chief Commissioner of Customs.

- 2.10 IT systems and e-commerce has transformed the port business from being a hugely labour intensive, low tech, high aggravation activity to a high-tech business with a small workforce which is more suited to the late 20th Century mind-set. Today, integrated IT network systems link all port users

Mr. Mohd Sidik Shaik Osman, CEO,
Port of Tanjung Pelepas.

- 2.11 Ports should be given autonomy, but they should also be held accountable to a statutory body.

Mr. C. Babu Rajeev, Managing Director
Cochin International Airport.

- 2.12 Until recently, Indian ports functioned under an environment of natural monopoly, resulting in constraints due to various inefficiencies leading to long pre-berthing detention, high turnaround time, substantiate idle time at berths and high cargo handling costs

Mr. A. K. Mago, Ex-Chairman,
Mumbai Port Trust.

- 2 13 The phenomena of customer focus and customer requirement is going to determine the role of cargo handling services and the consequential demand growth projections

Mr. K. B. Kotak, Managing Director
J. M. Baxi & Co

- 2 14 Existing ports should be developed instead of dotting the coastline with numerous ports. If we continue to invest massive amounts in newer ports, we may face problems of over-capacity of existing major ports

Mr. Naseer Munjee, Managing Director
IDFC

2 15 Ports are slowly becoming an Economic corridor and not a parking lot for ships. Ennore's strength is that it is lean and will continue to be so. The future of ports all over the world will depend upon how well they market themselves and attract cargo.

Mr. M. Raman, Chairman & MD

Ennore Port Limited

03 PORT SERVICES – MARKET, COMPETITION AND CUSTOMER – THE DRIVING FORCES TO VALUE CREATION

3 1 Situation – Indian Ports

In the past years, the pace of reforms appeared to have gathered some momentum, ports have realized the importance of marketing the services and interacting with customers to listen to their problems. Mr. Ved Prakash Goyal, Minister of Shipping also after his tour to all Major ports pointed out more emphatically that it pays to know the customer needs. Times have changed and Indian Ports must also perform or perish as competition from neighbouring ports will keep them on their toes and shipping lines increasingly demand better services ⁽⁰⁷⁾.

Recognizing the customer needs, JNPT authorities are getting market savvy. The 3rd Wednesday of each month is reserved for a customer meet with shipping lines, where problems are discussed and solutions are hammered out on the spot. Regular Trade meets with exporters takes place in Punjab, Rajasthan, Maharashtra. NSICT has also started monthly meetings with its customers.

India is perhaps the only country, where the ports authorities are land lords-cum-competitors, which skews the competition in their favour.

Minor ports are completely free of tariff control, allowing them to woo customers through attractive packages like neutralizing the increased transport cost by offering lower cargo handling charges. The MNCs like PSA and P&O can not do their best in India because these companies operate only a small part of their port business (while they manage the whole part elsewhere) and are dependent on the port trusts to provide marine services like pilotage and towage.

India is an unexplored market for port infrastructure and that is the reason for its competitiveness. New Direct Services will begin to call at the Major ports of India. Customers are always one step ahead of their competitors when they choose to use port facilities. Today customers all over the world need best of the services at the cheapest price and the Indian Customer is not an exception, yet it is difficult to answer the question, 'Is Indian customer price sensitive or service oriented' ? In a seminar on 'Best Supply Chain Practices in Indian Industry, it was presented that in India, Third Party logistics (outsourcing) is in its early stages having gained the acceptance from the Mid-90s ⁽⁰⁸⁾. A 3PL is a service provider who leverages its total volumes, suppliers relationships, industry knowledge and technology capabilities in order to offer a range of supply chain services to its clients, as one-stop-shop. Cost reduction and value added activities are the focus for 3PL outsourcing.

04 WHAT WILL BE THE FUTURE OF MARKET, COMPETITION AND THE CUSTOMER VALUE IN THE YEARS TO COME?

It is interestingly narrated by modern management guru Prof C K Prahlad in

his book 'The Future of Competition'. While narrating the changing role of the customer, he observes that customer has a great product variety than ever, yet they are less satisfied. This product variety is so overwhelming that it adds to the customer confusion.

It is this scenario where the most basic change, as Prof. Prahalad says, has been a shift in the role of customer from isolated to connected, from unaware to informed, from passive to active, and may be further added from amused to confused ! Though the customer is cautious to unprecedented information flow, the fact is that a knowledgeable customer can make more informed decisions. The company's restricting the information to customers, therefore, is only its disadvantage. Second, the customers can also access the information on firms, products, technologies, performance, prices and customer actions and reactions from around the world. Thirdly, the explosion of Internet and advances in messaging and telephony is today providing an excellent networking of customer. Customer has also an opportunity for experimentation and more crucial customer networks allow 'proxy experimentation' that is, learning from the experience of others. As people learn, obviously they can better discriminate when making choices

Prof. Prahalad concludes that no more value lies in products and services created by firms and delivered to the customer. Increasingly, the value is jointly created by the customer and the company. This process he names as 'Co Creation'. The key building blocks of co-creation are Dialogue, Access, Risk assessment and Transparency (DART). This would involve through creating new strategies to market the product. There is a distinct shift, apparent in power from businesses, that determines what customer needs

and then manipulates demand to meet their offerings to networks of customers and producers and jointly create value, may be the defining shift in the market structure in the first part of the 21st Century. The 'product-centric' approach, therefore, is bound to give way to 'co-creation' process where increasingly the customer will take more control over the interactions with the manufacturers or service industry ⁽⁰⁹⁾

A view has been expressed by worlds' marketing thinker Phillip Kotler in his recent interview that new marketing principles will require getting close touch to the customers, developing more customer insight, working with fewer but more partnered suppliers and distributors, finding new distribution channels and vehicles and moving to hi-tech marketing without losing a high-touch ⁽¹⁰⁾

It has been observed that too many companies spend most of the time looking into a mirror rather than looking out of the window to see what is going on in the market place and customers' place. It is felt that marketing planning should start with the choice of target customers and needs to work backwards to establishing the best system for satisfying those needs in a superior way.

The companies can generally measure the expected payoff from the capital expenditures but they have failed to measure the post-hoc payoff from marketing expenditures. Marketing payoffs are subject to more uncertainty because of competitive moves and exogenous factors. It is the time that we start measuring marketing ROI and leave aside the measuring communication effects such as awareness and preferences.

In a paper titled "It is now time to change marketing's name", the views have been expressed that it is the time to turn to the value measurement of

customers, distribution channels as the general rubric for the new approach to the tactics of traditional marketing activities and initiatives as customer loyalty, brand equity, future customer income flows etc. Too much time has been spent in marketing programmes – that is, the outputs, such as sales plans, dealer programmes, brochures, television commercials, buttons and banners – with little thought given to what the organization might get back. No much thoughts are given to how value will be created for either the marketer or the customer and also no much consideration have been given to what value the various activities will, should or can create, either for the marketing organization, the customer or consumer, or society as a whole. It is high time to dispose off the word 'marketing' and to think and start about value ⁽¹¹⁾.

The study findings and observations are as under:

- 01 There is competitive environment in ports and port based infrastructure services and unlike container cargo handling (where port dominates over market situations practically leaving no room for choice with the customer / user), it is found that the customers / users has a fair dominance creating threats to the ports and ports services provider for liquid cargo handling wherein affordable switching cost makes it competitive to the users sovereign
- 02 Liquid cargo handling market has been found segmented between the very large and the medium to small importers / exporters / traders
The large customers enjoy the economies of scale and tend to put up their own handling facilities with long term arrangements for shipping operations with the ports or enter into cargo handling contracts with the port and for terminal, cargo warehousing and transfer services with the

private terminal developers and operators

03. The market share of Minor ports in India has an increasing trend and likely to be continued to compete with the Major ports. The key marketing practices in implementation are identified primarily to remain competitive with the efficient operation and the co-creation process amongst port owner, port developer – operator and the user of the port.
04. Due to the entry of private developers and operators in the ports and ports services, the marketing is becoming important to manage with the change in port sector from the natural monopoly of ports to the competitive services. It is observed that the market competition in the port sector is imperfect
05. The role of marketing practices per se is found in an unstructured situation in the context of the marketing doctrines. However, the quality aspect of the services and the cost consideration are gaining its high degree of importance in modeling marketing efforts in port services.
06. It is observed that now in port based infrastructure projects, a tendency to develop the marketing concept at the project stage is gaining importance. It recognizes the contemporary perspectives of value creation and build-up of service capabilities, which can offset the drags of capital-intensive character of port infrastructure. This is unlike in the product / commodity marketing, where the product holding costs are comparatively lower which depends on the supply chain and the distribution channels. It is observed that in marketing of port

infrastructure services, it is a user satisfaction and trust building process which overtakes the selling of products / commodities

05 SUMMARY AND SUGGESTIONS

21st Century is sailing with spirit of challenges with its motto “world peace through world trade and world trade through world ports”.

A keynote address at IAPH's World Port Conference in Kuala Lumpur in May, 1999, Dr Mahathir, Prime Minister, Malaysia had stated, “No matter how information technology advances, the world trade cannot be materialized without ports. This is exactly why every country needs to develop much more advanced and efficient ports for its prosperity”.

The continuous progress of globalization of shipping and trade, business is resulting in increasing pressures on Ports to reduce terminal cost and improve operational efficiency. Ports are aggressively now required to play more active role to meet individual needs of customers by integration of logistics with simultaneous efforts to provide better terminal services with lower cost. Ports are expected to be not just a transferring point between different modes but also an integrated logistics center in the transportation systems

Ports are more & more determined to have better connectivity with other modes and better accessibility to their hinterlands. Ports are directly exposed to pressures coming from maritime carriers which has led to intensified competition among ports in terms of locations conditions, port services and funds management.

Port Infrastructure as service segment with few exceptions, is probably one of the best examples of a highly intensified service industry with little or no

product / service differentiation. It is fragmented in nature with hardly any barriers (other than regulatory) to entry or exit. Customers across the world are known for selecting port & related infrastructure facilities based primarily on the price and given negligible switching costs; they are always ready to look for alternatives to obtain lower rates. In bulk and liquid handling, this is most common, in liner it is a little less and secondary.

Ports and shipping industry suffer from low entry barriers. Anyone can enter and copy your business model and pose as a competitor. However, as David Aaker puts it "It is much easier to copy a product than to duplicate an organisation with unique values, people and programs", the Customer is known to go for that which is assured, reputed and safe.

In ports and shipping – the industry dynamics are changing from an uncompetitive, exclusive hinterland scenario to a competitive scenario where ports compete for the same hinterland and customers.

The focus "how" instead 'what' is coming in forcefully in this service industry because the offering is intangible. Knowing the business dynamics of the industry and attacking at key points is the buzz word for marketing these days.

The researcher is of the view that Marketing progress can be measured by

- (a) Customer data gather and co-ordinated efforts to match or fit the customer segmentation scheme.
- (b) Start with a customer not an organisational focus
- (c) Data integration is taken as a marketing task and not an information technology task
- (d) Measurement of success must be built into the system.

- (e) Climate of openness.
 - 1. Business world should know how to apply marketing principles to the emerging competitive market places in infrastructure segment.
 - 2. The below mentioned guiding factors may be followed to access and discover entrepreneur's potential vulnerabilities.
 - (a) Do not rely on intuition
 - (b) Never rely solely on experts
 - (c) Do not allow past investments to influence your views
 - 3. Big customers may cause bigger dilemmas. The Innovators Dilemma, a term coined by Prof. Clayton M Christensen of Boston based Harvard Business School – gives more reason to worry about working too closely with big customers. Failure to perceive the threat of disruptive innovation in time turns out in a worse performance than technology it supercedes.
 - 4 It is essential that marketing and finance will work more closely together in the future in a paradigm shift to measure the effects of marketing practices.
 - 5. Internet has changed nearly every facet of marketing such that all the boardrooms have LCD Projectors, Computers & Internet hookups
Internet is a big eye that sees out in lots of directions.

06 CONCLUSION

The discussions and analysis captured in all earlier pages spin out long lines of implications, implicit or explicit and inferences, which hold several ways of looking at the things at once without disrupting the study results as under.

1. Professional bureaucracies need to re-orientate it away from the traditional humanizing approaches, to overcome low productivity and high manpower cost
2. “Task focused” state of readiness and “value addition to bottom-line” through competitive marketing strength – would be immediate priorities in port based infrastructure projects in the global marketplace.
3. It necessitates “to keep the dialectic alive” amongst various interest groups within port based infrastructure agencies to ensure flexibility and speed of response to external forces – on customer value.
4. A radical “serve-the-nerve” perspective should provide the future thrust on marketing practices, without it our quest for better descriptions on port development and extent of its influence on economic growth will remain an abstract, technocratic and academic exercise
5. The Progressive Ports infrastructure in future may look quite different from the past by :
 - a. Eliminating all limitations.
 - b. Making options as vast as each of the ports in India as unique options.
 - c. Creating opportunities as wide as our imaginations.

Likely contribution of the study:

A new era of privatization and liberalization in infrastructure projects have opened up in India and the port based development would be possible with the given market driven-user friendly growth practices which would largely depend on the efficient, safe and cost effective port based facilities.

The study may contribute in the field of knowledge for further academic pursuits and it will have a value addition to facilitate decision making to the entrepreneurs (developers and logistic agencies connected with the ports) and to the customers of the port based facilities

Directions for further research:

The significant and critical changes underway in the port sector have many facets and the same need to be brought under a comprehensive review and research from the contemporary perspective.

There are emerging areas requiring the examination of the underlying business and economic processes, when a shift of focus from public to privatization goals are on the floor. This leaves a wide knowledge gap and it directs for further research work. From amongst many, few areas could be

- (1) on methods and principles for sharing risks and benefits under the public private partnership (PPP paradigm).
- (2) on the search for causes and consequences for higher logistic costs in port sector. This is imminent since the logistics cost at Ports in India could be a drag on its competitiveness.
- (3) substantive study on "Management of deficiencies" in Indian port sector

The researcher feels that these offers excellent opportunities for further meaningful research.

In this study, the researcher has attempted to raise the comfort level of reliability and create an opportunity to glimpse the rudiments of knowledge dynamics what it has to offer. The researcher believes that this awareness will drive academicians, business leaders, entrepreneurs, administrators, and policy makers, legal practitioners and common citizens to exploit it towards societal advantage.

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