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Value creation in the port and shipping business : selected cases from the Rio WCTR 2013 conference

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The challenges in the port and maritime business are huge and occurring in a variety of fields, ranging from micro-level strategies to macro-level developments. Economic challenges remain prime, actors being confronted with both intercontinental shifts of buying power, regional issues like enduring financial crisis impacts, market-level concentration of the business, and company-level strategies of scale increase both for their companies and their vessels. Added to that is the increasing importance of the environment: from clean transport conditions imposed by large multinational shippers, up to green innovation strategies by operators meant to reduce operating costs. Finally, also social issues pop up: difficulties to find suitable and well-skilled ship crews and port labour, and bringing back to the absolute minimum the number of human accidents.

This special issue centers around the issue of value creation in port and shipping business. It taps mainly from a selection of the best papers presented at the WCTR 2013 conference held in Rio de Janeiro, as part of its track area on Ports and Maritime (SIGA2). Value creation manifests itself in various ways, as this special issue will show.

As to shipping, a first paper in this special issue, by Ferrari, Parola and Tei, deals with the slow steaming practice, and how that can be of benefit to the shipping sector. Four dimensions of potential impact are considered, which are in line with the challenges identified in the first paragraph of this editorial. A first dimension is economic, and involves service supply, looking at the development of new services and the organization of existing ones. A second dimension is linked to the first one, and hence is also an economic one: port competitiveness: changed shipping services with among others increased vessel sizes need different port services, and will also impact on the competitiveness of existing services in ports that are currently being served. A third dimension is also economic, and more in particular financial: reduction of bunker costs, and the introduction of a new shipping product, which will lead to new or increased willingness to pay. The fourth dimension is clearly environmental, although it matches with the previous one, on bunker cost reduction: reducing the amount of fuel consumption, and with that also the level of emissions. Slow steaming therefore clearly presents a different value proposition.

The second paper in this special issue, by Lekka, Rentziou and the meanwhile late professor Tsamboulas, deals with the related development of motorways of the sea (MoS). The paper applies a two-step approach, in developing a value testing framework for a new MoS route, competing with existing land-based transport connections. The first step is the analysis of the willingness-to-pay by the potential users, by a classical four-step transport modeling approach. The second step is the testing of the financial viability of the new connections, by the analysis of the cost structures. The framework is applied to the Ionian – Adriatic connection, which is an important trade route, with a clear potential for replacement by MoS, under conditions, as tested in the paper.

Pelletier and Guy, in the third paper in this special issue, deal with another niche market: that of the arctic shipping connection. They measure the new value proposition by comparing the actual usage of the routes connecting Canada with the sealift capacity that is put in place. The authors show that shipping companies still have difficulties to plan well their capacity, as demand fluctuates. The approach does not rely on classical statistics, which are lacking in this case to a large extent, due to the new nature of the connection, but on geo-referenced actual ship data.

Value creation is not only a point of big attention in shipping, but also in ports. The three other papers in this issue deal with exactly that. De Martino, Carbone and Morvillo are at the heart of value

creation, by analyzing the influence of organizational relationships among actors in seaports. The authors apply a resource-based approach in their analysis. They view ports as dynamic networks of actors that exchange resources, share knowledge and build supply chain capabilities for pursuing customer satisfaction. Their analysis takes into account elements of competition, lean and agile operations, efficiency and effectiveness, supply chain integration, co-operation as well as business relationships and activation of resources.

Brooks and Schellinck focus on one specific element of port value creation, namely the measurement of port effectiveness. They start from the finding that on this topic, very little consistent indicators have been developed and especially been applied. To that purpose, they have set up their own survey among cargo owners and port agents, so as to determine which elements of port effectiveness are priority fields of attention for decision-makers. They submit the collected data to an Importance-Performance gap analysis. The findings show that not only directly tangible elements of port infra- and superstructure are of key importance, but also elements elsewhere in the chains that ports are part of, like hinterland connections, and also less tangible issues, like port reliability and security.

Simkins and Stewart touch the issue of value capturing by ports, by assessing the way ports are being financed currently, and how levies charged to cargo contribute to that. It turns out that many ports do not manage to capture value well, by charging based on a wrong type of unit, for instance gross tonnage instead of the value of the cargo. But not only the 'input' side goes frequently wrong: also the spending on 'output' side is tackled in a suboptimal way, by dividing the collected revenues over ports in a nominal way, again ignoring the value of the cargo. The authors therefore make an effort in developing three indicators of port financing using the value of the cargo as a reference.

This special issue combines six excellent contributions that deal with the issue of value creation and capturing in shipping and ports in a very complementary way. The individual papers are of relevance in the first place for methodological reasons: they develop new types of metrics or indicators, or they apply existing methods which have not been applied yet to the shipping and port sectors. The findings of the papers are also of immediate use to shipping and port stakeholders. Decision-makers in these sectors should be aware of the fact that their actions will impact also on other actors and other parts of the chains which they are part of. Equally, the papers shed light on the way the stakeholders get impacted on by strategies put in place by other actors. Although each of the papers deals with niche applications, the methodologies and findings are very much generalizable to the wider shipping and port business, which makes them interesting lessons for application and relevant starting points for further research.