

Study on Port Logistics Marketing under the Environment of Supply Chain

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Abstract

Competition in the 21st century is no longer a competition between enterprises, but the supply chain and supply chain competition. With the era of the supply chain management, modern port logistics shows features of integration, intensification and aggregation. Port logistics marketing based on supply chain management tends to maximize customer value as well as supply chain value. This paper discusses port logistics related marketing strategy under the supply chain environment.

Keywords: Supply chain management, Port logistics, Marketing

The trend of global economic integration has brought a rare opportunity together with a rigorous challenge to enterprises, enterprises are faced with the pressure of rapidly changing market needs, shortening delivery time, improving quality, reducing the cost and improving the service. Enterprise management is going through a transition from traditional function management to supply chain management now. Supply chain management refers to an integrated management mode which is end customers-centric and-process based, emphasizing that core competency of enterprises could be made full use of through the establishment of strategic cooperative partnership between enterprises members within supply chain, thereby creating cost advantage of the market competition, time and space advantage of quick market response and the integrity advantage of supply chain management.

1. Port logistics under the environment of supply chain

1.1 *The position and role of port in the global supply chain*

With the arrival era of supply chain management, port holds a very important strategic position in the global supply chain system, and it is playing an increasingly active role. This is mainly reflected in the following aspects: first, port is the origin and the terminal of ocean transportation, which takes the largest share of cargo transportation. Therefore port is the assembly point of the largest cargo in the transport links. When it is need to engage in additional activities of industrial, commercial or technical, such point tends to achieve the best economies of scale. Second, port is the best combination point of productive factors. If productive elements that come from different regions are quite different but we want to combine them in an advantageous way, then port is the most logical location. Third, modern port is the most important information center. On international trades, port is the largest and the most critical node of various modes of transport. As the technology node of international logistics chain, port acts as the convergence point of ship, marine, inland transportation, communication, and business technology. Modern port, the "integrated logistics center" (transportation+ transshipment+ storage+ boxing & unboxing + warehouse management + processing + information processing), has developed from the pure "transportation center" (transportation + transshipment + storage) via "distribution center" (transportation + transshipment + storage + boxing & unboxing + warehouse management+ processing). (Ning Chen, Liangde Hu. 2005)

1.2 *The characteristics of port logistics under the environment of supply chain*

Under the supply chain environment, modern port logistics is undergoing a tremendous revolution; these changes are mainly represented as following:

1.2.1 Integration

Port logistics is extending to both production and consumption, and it absorbs new meaning. Its single function such as warehousing or transportation has been replaced by multifunction which including warehousing, distribution, packaging, circulation processing and so on. These functional subsystems make up of a large

logistics system through coordination and rational planning to control the flow of the commodity in order to achieve maximum benefits or minimize costs while meeting changing customer needs and objective requirements, and providing more effective service in the social and economic activities.

1.2.2 Intensification

Port logistics has developed into the intensive phase and an integrated logistics service center has been formed. It provides warehousing, transportation, distribution, and a variety of integrated value-added service. Traditional multi-level goods circulation method has been simplified into port integrated service mode which provides users with door to door service. In the traditional mode goods have to go through a process of transport and warehousing then they can be got by their users from wholesalers or retailers. It is really complicated. But the new method helps us get rid of it, thus the overall economic benefits of society is improved.

1.2.3 Aggregation

Development of modern port logistics is affected by local regional economic level and industry development. Building port logistics public information service platform is the foothold of modern port logistics services and the concentration of logistics companies in the hinterland is the carrier of modern port logistics services. Relying on the regional advantage and transportation advantage of port city, modern port logistics services are sure to make contribution to the overall development of regional economy and the further development of logistics zone and the more aggregative of logistics service.

2. The port logistics marketing analysis

2.1 Deficiency of accurate market segment and positioning capacity

Interests that brought to the company by different customers are not the same. Enterprises should provide as much as possible value merely to the most potential customers and try to preserve and expand the scale of such customer group while eliminating the negative customers. Most domestic port enterprises do not subdivide the market; they prefer to see the market as a homogeneity one when dealing with customer groups that have different backgrounds and different logistics needs. And such behavior of these logistics enterprises leads to the imbalance of input and output.

2.2 Poor sense of internal marketing

In marketing practice, many ports only emphasized the need to establish good relationship with external customers and internal relationship management is often overlooked. Enterprise internal departments lack communication and coordination. Internal marketing sense is not instilled to all the staff. Marketing practice is only confined to marketing department. Business sector fails to support and cooperate with marketing department actively when commitments of logistics service are made by marketing department. This can explain the reduction of customer satisfaction and declination of enterprise competitiveness.

2.3 Only customer management without whole supply chain concerning

The marketing of many port logistics enterprises still remains in direct customer level. Measures such as reducing logistics cost, improving service quality are aimed directly at customers. Other stakeholders in the supply chain, who have impacts on the marketing, are not taken serious. Marketing decisions are made without the consideration of the entire supply chain environment. Coordination and mutual promotion strategy is far from being adapted. Therefore, enterprises are bothered by a variety of obstacles and problems in the process of operation. Efficiency of resources operation is reduced and marketing costs are increased.

2.4 Emphasize "competition" and neglect "cooperation"

With international industrial transfer, the well developed international logistics enterprises lost no time to occupy world's logistics market, especially the market in developing countries. They valued supply chain management highly and they have strong demand for port logistics market, in addition to these, they also put forward higher request for the port logistics service, which can be achieved by means of effective cooperation between ports. Currently phenomenon of the fragmented nature of the ports is more prominent, there is no effective competition and cooperation, which greatly reduces the efficiency and competitiveness of the port, Cooperation and common development between ports will be a big trend in the future.

3. Port logistics marketing strategy analysis under the environment of supply chain

3.1 Establish a relationship-core marketing concept

Relationship marketing refers to a new marketing mode. In this mode, enterprises are supposed to build long-term relationship with valuable customers, distributors and dealers and suppliers, in addition to carry out

some short-term transactions. This marketing mode is customer-focused. It continuously meets the needs of customers and creates more value and profit for clients from marketing activities. It emphasizes customer retention while attracting customers to establish long-term positive customer relationship.

At the same time, enterprises should deal with their relationship with internal staff, suppliers, competitors, government agencies and other stakeholder relations properly and ultimately achieves long-term competitive advantage. The core content is to establish the harmonious relationship between enterprise and customer as well as to build customer loyalty. Based on the above analysis, we believe that the marketing processes at the port are available from the following aspects:

3.1.1 Shape satisfied customers, create customer loyalty

Long-term stable and trust relationship between Port and customers is core idea of the supply chain management and it is also the most important part in enterprise-wide relationship marketing system the most important part of the enterprise marketing system.

What it is advocated is the result that enterprise could constantly satisfy customer's real needs in long term. That is to say, grasping customers' really needs accurately is the first step to create a good relationship between customer and enterprise. Customer satisfaction is the basis of the establishing and long-standing existence of such relationship. The ability to effectively win the customer satisfaction is the basis of long-term the existence of this relationship.

3.1.2 Establish mutual trust between port partners

Today's international market competition is the full range competition. Enterprise has profoundly realized individual efforts are less preferable for the increasingly fierce competition in the market. Enterprises need to use their core strengths to seek and attract multilateral cooperation with other enterprises in order to realize win-win. The bold use of the partners' advantageous resource to seek their own economic interests represents that supply chain management is going through a transformation from traditional transaction management to the relationship management. (Mengyan Zhang, Aimin Shi; 2008) With the development of logistics economy, logistics demand will become more inclined to the direction of "one-stop" and "globalization". This ever-increasing customer requirements make any logistics enterprises find it difficult to adapt to it, of course, the port is no exception. Therefore, the port should get out of the isolated development and choose the collaborative development mode. The ultimate goal of collaboration is still to meet customer service requirements, improve service quality to win customer satisfaction.

3.1.3 Really care for employees, create employee loyalty

Relationship marketing attaches much importance to internal relationship for internal relationship directly affects the realization of port's function and purpose. Mutual trust and support between enterprises and employees is the basis for long-term trust relationship of enterprise and external customers. Without this basis, the relationship between client and enterprise will be like "castle in the air", which is not operational at all. Therefore, the service value sense and dedication of employee will be the key factor to the success of logistics service development. Port enterprises need to treat staff as another "god", and try the best to meet their reasonable requests, arouse their enthusiasm and potential, increase employee satisfaction and loyalty, provide good welfare for employees.

3.2 Implement logistics marketing combination strategy

In modern logistics era, the competition between ports has been converted to the competition between supply chains. If ports want to win in the competition, they must build up their own supply chain system Seriously. Port is just one node in the supply chain. If the supply chain is cut off, the survival and development of port will be threatened. In order to maintain the stability and integrity of the supply chain, port logistics enterprises should extend their service and combine with other logistics organization, to repair the potential missing link in supply chain.

In the development process of logistics harbor, combination strategy is focused on following objects:

3.2.1 Combine shipping companies

Shipping enterprise is the logistics enterprise directly associated with port, whose course setting directly influences the port throughput. Therefore, port should establish close alliance relationship with shipping company according to their traditional connection in order to consolidate its supply chain structure.

3.2.2 Combine with large cargo enterprises

Large shippers are basis for the survival of port, customer value and satisfaction can be improved by the more

effective extensional logistics service provided by port enterprise.

3.2.3 Combine with land logistics enterprise relevant to the port supply chain

The combination with strong land logistics enterprise would help the port extend its function to inland, so port can provide more convenience to cargo owner whose cargo needs shipment, and port can enhance its attraction to inland cargo source.

3.3 Construct values-based port logistics service marketing system

3.3.1 Custom marketing, satisfy customers' individual service demand, provide value-added services

With the introduction of supply chain management concept, enterprises' needs for logistics service are different due to various factors, such as their own condition, operational target, product or service feature, market scope, sense of logistics and so on. Some companies may want logistics service providers help manage the whole supply chain, including supply information, storage, transportation and packing, shipping agent, customs clearance, concentration, boxing & devanning, return of goods, direct delivery, feedback of spot information, and etc. For the target of "zero inventory", "zero distance", "zero operating costs" in process of production and circulation some customers may pay more attention to the position of cargo in the whole supply chain so that they can make quick response to market. Service and production of other customers may be worldwide, so they hope logistics provider can provide global logistics service and so on. Logistics market demands show features of diversification, differentiation, individuality, which means that the winner in the competition of logistics service providers should be the enterprise who can perceive customer's thoughts and satisfy customer's demand, for such enterprise can attract customers and win customers. (Quan-bao Niu, 2004)

3.3.2 Improve customers' demised value

Customer demised value refers to the margin between the expected costs and the interests customer get from service. Because clients always try to buy logistics service with the minimum cost, money, time and energy and so on, to obtain more practical interests and maximum satisfy. Therefore, providing customers with more demised value than rivals is an important factor to attract more potential customers. Two steps to improve customer demised value: first of all, enterprise should increase the group interests expected by clients; at the same time, they should do something to reduce the cost expected by clients when evaluate, obtain and use the logistics service. (Hans Berns, Yan Cai, 2000). Here we give some advice on what methods enterprises should take: on one hand they should take a series of measures to create professional logistics service with high customer profitability. Paying close attention to the trend of customer demand on the port logistics in order to develop innovation logistics service project with features of timely, high levels, up-to-date, high additional value, increasing contents of innovation, improving both service quality and staff quality, establishing good image of enterprise and brand are all components of these measures that make great contribution to high customer profitability of professional logistics service; on the other hand, enterprise should bring satisfactions and trust to clients in psychology, spirits and economy. Extra expenses and operating costs could be reduced with the help of enterprises for enterprise could provide convenience for clients to get information and enjoy services through omni-directional customer support, while psychological barriers can be eliminated by strengthening communication with customers.

3.3.3 Emphasize value integration, enhance market appealing

In the supply chain environment, modern port logistics will shift from "function integration" to "the supply chain integration", it is not only acts as the third party logistics enterprise, to a larger extent it plays the supply chain logistics integrator role. In order to maximize the value of supply chain, modern port will take advantage of its core position to integrate downstream enterprises effectively. So, all enterprises in the supply chain will benefit and in the common interests of the supply chain system, the companies will work together to achieve cooperative marketing target.

4. Summary

Supply chain management is an integrated management idea. With the rapid development of port logistics, putting supply chain management thoughts into marketing practice will have positive effects on scientific and reasonable position, effective resources integration, coordinate management and customer loyalty.

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