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# Transportation Research Part A

journal homepage: [www.elsevier.com/locate/tra](http://www.elsevier.com/locate/tra)

## Marketing strategies of Port Authorities: A multi-dimensional theorisation

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### ARTICLE INFO

#### Keywords:

Port Authority  
Port marketing  
Strategic business areas

### ABSTRACT

The study advances an innovative conceptualization of the marketing strategies developed by Port Authorities (PAs), framing a relevant case of hybrid organisation into a business marketing perspective. PAs have transformed to hybrid organizations mostly disassociated from operational activities and port services provision. Still, they maintain a key role as managing bodies advancing the prospects of respective port and associate clusters. Marketing is among the functions working towards this end. Aiming to advance theoretical constructs and related empirical research, the paper employs business marketing perspectives and their applications in hybrid organisations to introduce a novel conceptualization of PA marketing strategies. Within this theoretical angle, the study builds a multi-dimensional framework on PA strategic positioning that combines (a) PAs' marketing objectives in various Strategic Business Areas (SBAs), (b) the multi-faceted geography of the targeted salient stakeholders, and (c) the induced portfolio of marketing actions, whose ramifications unveil virtuous cross-fertilization effects (CFEs) and fuel the success of PA marketing strategies. This model enables to identify five different patterns of market coverage across diverse SBAs.

### 1. Introduction

The evolution of clusters transformed modern ports to multi-actors arenas and induced a redefinition of the role of each stakeholder involved (Monios and Wilmsmeier, 2012; Dooms et al., 2013a). Port Authorities (PAs) are not an exemption. Following a wave of port devolution in the 1990s (Brooks and Cullinane, 2007), they stand today among the heterogeneous class of institutions commonly labelled as *hybrid organisations* acting in the intersection of the public and private domains (Koppell, 2006).

Neither this standing, nor the inextricably linked disassociation of PAs from operational activities and services provision, relegates them to a secondary role. On the contrary, competing governance frameworks, specialization, the battle for increasing served throughput, and the interest in transforming hinterland economic conditions, are all factors leading PAs to a more active role. Contextual changes - such as the move of production-distribution-consumption networks towards post-fordist methods and embeddedness in supply chains - call for additional managerial and governance practices (cf. Woo et al., 2011). A growing competition among ports and institutional pressures add to the tendency of PAs to pursue more ambitious objectives. Scholars observe a "renaissance of PAs" (Verhoeven, 2010, 2015) that go "beyond the landlord" functions (de Langen and van der Lugt, 2006) and act as "port cluster managers" (de Langen and Visser, 2005) that advance the prospects of the respective port. In retrospect, the key

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<https://doi.org/10.1016/j.tra.2018.03.012>

Received 31 August 2016; Received in revised form 27 January 2018; Accepted 7 March 2018

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strategic dimensions of PAs gain further attention (cf. contributions in: Brooks and Pallis, 2013; Brooks et al., 2017).

Marketing is among these “beyond the landlord” functions. A fact-finding report that surveyed PAs in Europe revealed that 81% lead promotion and marketing activities (ESPO, 2016). A study of 70 cruise ports in the Mediterranean Sea found that 71.4% of the PAs are leaders of port marketing (MedCruise, 2016).

Scholarly research strived to identify the factors that contribute to the respective marketing and communication strategies (Pando et al., 2005; Cahoon, 2007; Parola et al., 2013b). Still, the examination of questions of significance is found wanted: the heterogeneity and ontological variety of the targeted stakeholders, the marketing actions that might contribute to the creation and co-creation of value for involved stakeholders, and the variance of the value proposition(s) that any given port might offer, call for theory building and research on the details of PAs marketing strategies.

In this study, theoretical arguments are derived from existing academic research, conjugating marketing with port management literature. Theory has been corroborated by the empirical support of broad qualitative evidence from the field. Over the last ten years, the authors undertook numerous visits, studied, interacted, and interviewed senior managers (i.e., Presidents, CEOs, Marketing Directors, etc.) at more than 50 PAs across all continents. In particular, some ports offered unique insights for addressing marketing-related topics and refining theoretical arguments. These ports, regardless their size of geographic origin, unveiled a special and pioneering attitude to pursue marketing actions with success (e.g., Rotterdam, New York-New Jersey, Shanghai, Piraeus, Genoa, Dubai, etc.). Moreover, we draw on empirical evidence on marketing and promotion activities of European ports that have been reported in two fact finding reports as regards the strategies of 86 PAs, that represent over 200 ports and more than 57% of the overall cargo handled in Europe (ESPO, 2016), and the strategies of 70 cruise ports that represent over 100 ports in the Mediterranean and its adjoining seas (MedCruise, 2016) respectively.

Targeting to fill this research gap, the present study introduces the theorisations of marketing approach in hybrid organisations to the case of PAs. Based on a business marketing perspective, the study builds a multi-dimensional framework on PA strategic positioning that combines (a) the *spectrum of marketing objectives* regarding different, but closely interlinked, strategic business areas (SBAs), and (b) the *multi-faceted geography* of the targeted salient stakeholders. The integration of these elements with (c) the “*ramified*” *portfolio of associated marketing actions* results in a three-dimensional construct that unveils virtuous *cross-fertilization effects* (CFEs) fuelling the success of marketing strategies in modern PAs. This original model enables to identify five different patterns of strategic positioning of a PA.

## 2. Port Authorities: Hybrid organisations engaged in marketing strategies

PAs maintain today a dominant position in port governance and organisation. These are entities offering multi-faceted strategic guidance in port development, with the content and formulation process of their strategies being increasingly in line with managerial thinking and a private-oriented logic (van der Lugt et al., 2013). Reformed governance settings stimulate PAs to undertake growth strategies and explore new business opportunities (Cheon et al., 2010). This is a search for expanding port reputation and visibility, as well as for the reinforcement of the relationships with those salient stakeholders capable to influence the success of the port.

In this framework, PAs jockey to achieve broader objectives and strengthen functions that in the past sounded unconventional for a public institution. Marketing and communication, ICT development, and Customer Relationship Management (CRM) are among them (Parola et al., 2013b). Corporate social responsibility activities are more evident than ever (Acciaro, 2015). As is the launch of projects and investments in overseas countries, which are seen as additional source of revenue and an opportunity for exploiting the resources and capabilities developed at home (Dooms et al., 2013a). Being network-embedded entities, PAs also act as “public” entrepreneurs actively committed in logistics projects outside their physical edges, for reinforcing commodity supply chains and their own competitiveness (Rodrigue and Notteboom, 2009).

The blurring of public and private boundaries via the juxtaposition of a market-driven orientation with traditional public oriented tasks is not a unique ‘port’ phenomenon. Public reform programs have altered the nature of several public organisations in service sectors in a number of countries, fuelling the establishment (and renewing interest in the analysis) of ‘hybrid organisations’.

Hybrid organisations are institutions in which governance is among the key ontological dimensions modelling their mixed nature (cf. Hasenfeld and Gidron, 2005; Cooney, 2006). As Powell’s (1990) underlined, hybrid organizational forms combine factors of markets (e.g. competitiveness), hierarchies (e.g. control mechanisms), and networks (e.g. interdependence). Through these multiple managerial forms, scholars suggest that they have a better potential to adapt to changing business environments than traditional firms (for a literature review on hybrid organisations: Billis, 2010). According to Jay (2013), these are polyhedral institutions, which deal with a variety of stakeholder interests; thus, they need to conjugate internal identities (Kraatz and Block, 2008) with external demands (Pache and Santos, 2010).

This picture, along with their role as orchestrator in business networks that moderate conflicts among private firms and advance inter-organizational relationships leads to the justifiable advocacy of conceptualising PAs as typical hybrid organisations (cf. Verhoeven, 2010; van der Lugt et al., 2013, 2015). As the study of hybrid organisations suggests (cf. Courpasson and Dany, 2003; Skelcher et al., 2005), the presence of such organisations and not least the way they act have different implications for particular sectors.

In this vein, like all hybrid organisations (Zontanos and Anderson, 2004), PA stands as the alternative structure for managing marketing relationships to compete with the dominant economic models of markets. The erosion of competitive advantages traditionally ensured by monopolistic positions of ports, forces PAs to strive in a new, turbulent, market environment of fierce competition. The implementation of marketing strategies emerges as key lever to compete and achieve long-term growth. When such PA marketing actions are not effective, ports are probably unable to cope with additional demands (Cahoon, 2007).

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