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## Ports' business strategy annalysis during the post financial crisis : the suggestion to Shanghai Port

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**WORLD MARITIME UNIVERSITY**

Shanghai, China

**PORTS' BUSINESS STRATEGY ANNALYSIS  
DURING THE POST FINANCIAL CRISIS**

**--- The suggestion to Shanghai Port**

By

**FENG GUANGTING**

**China**

A research paper submitted to the World Maritime University in partial Fulfilment  
of the requirements for the award of the degree of

**MASTER OF SCIENCE**

**International Transport and Logistics**

2015

## ***DECLARATION***

I certify that all the material in this research paper that is not my own work has been identified, and that no material is included for which a degree has previously been conferred on me.

The contents of this research paper reflect my own personal views, and are not necessarily endorsed by the University.

(Signature): FENG Guangting

Date: 03/07/2015

## ***ABSTRACTS***

Title of Research paper: **Ports' Business Strategy Analysis During the Post Financial Crisis - the Suggestion to Shanghai Port**

Degree: **MSc**

The research paper is a study of the ports' business strategy analysis. The paper used several models such as Porter Five Forces Model, SWOT and value chain method to evaluate the situation of the ports.

A brief look is taken to analyze the external environment of the ports' operation. It depends on the world economy, the marketing factors. The internal factors such as the service level, infrastructures will also influence the decision of the ports.

The business strategy for ports in future should not only pay attention to the construction of the capacities of the ports, but also focus on the entire industry chain. How to use the value chain concept and make the regional effect will play a big role in future.

The supporting environment should also be a significant factor to be considered. How to use the policy will influence the development of the ports.

To Shanghai Port, the supporting environment is very important. It is necessary to take the advantage of the policy and change the business mode. The more

international business or transshipment events will make the Shanghai Port have more successful.

**KEYWORDS:** Port. Business Strategy, Value Chain, Supporting Environment, Service Level

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## **1. Introduction**

### **1.1. Backgrounds and purpose of the integrative paper**

The financial crisis had made a big influence to the whole world, especially to the world trade market. The amount of trade decreased a lot which also affected the huge wave to the shipping industry. The transportation of goods reduced and the demand of the shipping service dropped.

Shipping service is a big chain not only the vessel and the seaborne transportation, but also the logistics and the ports service. The influence shipping industry faced made all the parts of the shipping service should rethink the operation strategy they used and find the proper way they will utilize in the future.

Port is one of the big parts in the shipping industry, the level of service may affect the trade. Ports also have different types of functions such as container port, transfer port, etc. Nowadays, different types of ports should find their own way to deal with the environment and difficulties. So, the business strategy they used will make the effort. Different ports played different roles in the market. How to benefit itself became the necessary issue for the administration of ports. One main point ports want to get is how to hold and attract more customers.

The financial crisis started from 2008 and many industries are recovering now. During this period, the business strategy for ports which may bring more chance and benefits to the ports. In this integrative paper, the external environment for the ports will be analyzed such as the world economy and the entire shipping industry. The internal factors will be also examined such as the type of ports and the

policies. Recognizing the business strategy for ports and summarize the experience.

At the last part of my integrative paper, there are some suggestions to the Shanghai Port which may help the Shanghai port find the proper business strategy in the new challenge future.

### **1.2. Research methodology of the integrative paper**

In this integrative paper, there are several models will be used of the business strategy to analyze the different types of ports and various types of environmental factors. Many concepts of the marketing and the shipping will also be utilized. How to apply the concepts and the models into the practical issue is the main point well be analyzed in the paper. The model will used including NPs model, SWOT model, Michael Porter's Five Forces Model. All of them will help me to analyze the external and internal environment.

Several international main ports will be used as examples to find the answer. The different types of ports including Singapore Port, Hamburg Port, Dubai Port, Rotterdam Port and Shanghai Port.

## **2. Literature review**

### **2.1. Main concept of the model**

#### **2.1.1. Porter's Five Forces**

Michael Porter's Five Forces Model means there are five forces have the comprehensive power to influence the industry. The five powers are supply party, demand party, potential competitors, substitute goods, competitors.

Using Porter's Five Forces Model can analyze the external environment. This is a good way to analyze the competitive environment, which will shows the average benefit space.

#### **2.1.2. SWOT**

The overall evaluation of a company's strengths, weakness, opportunities, and threats is called SWOT analysis. It's a way of monitoring the external and internal marketing environment. (Kotler Keller, 14e, Marketing Management, P70)

The opportunities and threats are related to the external environment analysis. A business unit should monitor the key macroenvironment forces and significant microenvironments factors that influence its ability to earn profits. It should set up a marketing intelligence system to track trends and important developments and any related opportunities and threats.

A marketing opportunity is an area of buyer need and interest that a company has a high probability of profitably satisfying. There are three main sources of market opportunities. The first is to offer something that is in short supply. This requires

little marketing talent, as the need is fairly obvious. The second is to supply an existing product or service in a new or superior way. The last method often leads to a totally new product or service.(Kotler Keller, 14e, Marketing Management, P70)

### **2.1.3. 6Ps**

The 6Ps model consisted of 6 important market factors. They are Product, Price, Place, Promotion, Power and Public Relations. According to the studies during the past few decades, the theory of the 6Ps has become a mature model.

Product concept proposes that consumers favor products offering the most quality, performance, or innovative features. However, managers are sometimes caught in a love affair with their products. They might commit the “ better-mousetrap” fallacy, believing a better product will by itself lead people to beat a path to their door. A new or improved product will not necessarily be successful unless it’s priced, distributed, advertised, and sold properly. (Kotler Keller, 14e, Marketing Management, P40)

Price is the one element of the marketing mix that produces revenue; the other elements produce costs. Prices are perhaps the easiest element of the marketing program to adjust; product features, channels ,and even communications take more time. Price also communicates to the market the company’s intended value positioning of its product or brand. Price is not just a number on a tag. It comes in many forms and performs many functions. Throughout most of history, prices were set by negotiation between buyers and sellers. Bargaining is still a sport in some areas. Setting one price for all buyers is a relatively modern idea that arose with the development of large-scale retailing at the end of the 19<sup>th</sup> century. Pricing decisions are clearly complex and difficult, and many marketers neglect their

pricing strategies. Holistic marketers must take into account many factors in making pricing decisions-the company, the customers, the competition, and the marketing environment. Pricing decisions must be consistent with the firm's marketing strategy and its target markets and brands positions.(Kotler Keller, 14e, Marketing Management, P405)

Companies today must build and manage a continuously evolving and increasing complex channel system and value network. (Kotler Keller, 14e, Marketing Management, P437)

Promotion is a key ingredient in marketing campaigns, consists of a collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade. Promotion tools vary in their specific objectives. A free sample stimulates consumer trial , whereas a free management- advisory service aims at cementing a long-term relationship with a retailer.( Kotler Keller, 14e, Marketing Management,541)

Power is a new concept when talk about the strategy. It means the business will be influenced by the policy or government. The change of external environment will make the change of the company.

#### **2.1.4. value chain**

The value chain can be described as a tool for identifying ways to create more customer value. According to this model, every firm is a synthesis of activities performed to design, produce, market, deliver, and support its product. The value chain identifies nine strategically relevant activities-five primary and four support activities-that create value and cost in a specific business.

The primary activities are (1) inbound logistics, or bring materials into the business; (2) operations, or converting materials into final products; (3)outbound

logistics, or shipping out final products; (4)marketing ,which includes sales; and (5)service. Specialized departments handle the support activities- (1) procurement, (2) technology development, (3) human resource management, and (4) firm infrastructure.

The firm's task is to examine its costs and performance in each value-creating activity and look for ways to improve it. The firm's success depends on not only on how well each department performs its work, but also on how well the company coordinates departmental activities to conduct core business processes. To be successful, a firm also needs to look for competitive advantages beyond its own operations, into the value chains of suppliers, distributors, and customers. Many companies today have partnered with specific suppliers and distributors to create a superior value delivery network, also called a supply chain. (Kotler Keller, 14e, Marketing Management, P56)

## **2.2. The review of the literature**

Now, the world financial crisis has been recovered in these years. The shipping industry has suffered a lot from this period. The external environment has changed a lot.

Although the world economy has become better than before. The world trade increased in recent time. But the transportation of the goods has changed. The types of the goods related to the trade types.

For example, we can identify that in last decade, China may be the important economy party in the world. The construction of China brought the iron ore and the other raw materials from the original areas such as Australia and Brazil.

The goods such as iron ore increased the business of the dry bulk. The BDI reflected the huge change. But after the economy crisis, China also suffered a lot.

The demand of the dry bulk and the other goods decreased. The BDI dropped and became flexible. Now the BDI may in the lowest position.

The different types of ports have the different properties. They are run by different companies and governments. So the operation mode may have a large difference. So the market strategy based on the condition can have many choice.

### **2.2.1. Existing problems**

The external environment changed a lot in last decade. The operation mode must relied on the condition of the ports. The amount of the trade and the world economy will influence the shipping industry and also influence the business of ports.

How to utilize the external environment is one of the problems we need to consider.

The internal factors are also the important part which can influence the market strategy. The policy and characters of the ports can also affect the port's operation. The operation mode must relied on the condition of the ports. The ports' operation mode must take the whole value chain into consideration. The service mode from the beginning of the trade and the final part of the logistics.

How to take the advantage of the ports and take the best use of value chain is the other main problem.

### **2.2.2. Impact of the external environment to the market strategy of enterprises**

The market strategy can relied on the operation mode and the core competition of the ports. The ports operation mode can be considered with the whole value chain and the market strategy. The different goods in the ports and the whole shipping industry can influenced the choice of the operation mode. The service in the ports



also needs to be considered into the market strategy.

Customer can also be the important part in the decision of market strategy. Sometimes the customer relationship management is can make a big influence. How to satisfy the customers is a big issue which can affect the future business. When we use the angle of value chain, the market strategy can focus on the all the service parts of the business. The logistics and the other services must be also considered. The integration effect can also help the ports benefit more.

### **2.2.3. The change of business strategy based on the change of external strategy.**

The world economy crisis started from 2008, the huge change of the external environment will in deed affect the decision of market strategy.

To face this situation, the service of the port can become an important part to improve the operation condition of the port. The port logistics can improve the business. Port also identify the core competitive which can help them overcome the downturn of the industry.

### **2.2.4. The change of the business strategy based on different types of ports**

There are many main ports in the world. They have different functions and the characters. Different types of goods can be transported to the ports. During last few decades, the world main ports have changed a lot and provided us many inspiration.

The ports have experienced many troubles. The solution and market strategy ports used have different effect. The experience can be used from the Singapore port, Hamburg port, Rotterdam port, Shanghai port.

The internal factors such as the policy and the characters can influence the

operation condition.

### **3. The analysis of the ports related to business circumstances during the downturn of the whole industry**

Talking about the ports, the circumstances of the ports should be analyzed. To analyze the ports, the ports situation is a big point. The external environment and the internal environment of the ports.

The port is not a separate part of the shipping industry. So the whole situation of the shipping industry should be considered and the shipping industry is also a good reflection of the world economy should be also known about.

#### **3.1. Analysis of external environment**

##### **3.1.1. Analysis of the world economy**

The world economy had a great global effect. The economy globalization make the the financial crisis rapidly influenced the whole world. Due to the financial crisis, the world trade had decreased. Ports as the important parts of the trade suffered a lot. Not only the big ports but also the small ports such as the ports in branch river.

The financial crisis happened in 2008. It was taken 7 years ago. In 2010, The world economy started to recover. And now, many countries and regions had keep their financial society stable.

The growth rate of the world economy increased in the last several years. The main increasing power is the investment. The United States was still the most powerful country in the world and China occupied the second position.

The world economy have suffered a lot in the last several years and the power of the world main economy power such as China make the world economy more hope. In fact, when looking back to the highest peak of the world economy and the shipping industry. It is clear to see that the main power to push the economy and the shipping industry is the demand of the market. In that period, the construction of the China help the trade of the basic bulk cargoes.

To meet the demand of the market, more and more companies and parties in the shipping industry invest more capital in the future which lead to the huge supply today. When the world economy decreased and the lower demand appeared. The huge supply is much more bigger than the demand of the world. Which make the era become the hardest time in the history.

The insufficient quantities of the cargoes make the shipping industry go down and the ports also need to find more chance to hold and grab more business. The trend make the ports can not just wait for the business like what they might do in the last decade. They must adjust the business strategy to face the new problem.

### **3.2. Analysis of the main ports in the world**

Table1-World Ports

			2014	2013	2012
1	Ningbo & Zhoushan	China	873.0	809.8	744.0
2	Shanghai	China	755.3	776.0	736.0
3	Singapore	Singapore	580.8	560.8	538.0
4	Tianjin	China	540.0	500.6	476.0
5	Tangshan	China	500.8	446.2	364.6
6	Guangzhou	China	500.4	454.7	434.0
7	Qingdao	China	480.0	450.0	402.0
8	<b>Rotterdam</b>	<b>Netherlands</b>	<b>444.7</b>	<b>440.5</b>	<b>441.5</b>
9	Dalian	China	420.0	408.4	373.0
10	Port Hedland	Australia	372.4	288.4	246.7
11	Rizhao	China	353.0	309.2	281.0
12	Yingkou	China	330.7	330.0	301.1
13	Hong Kong <sup>1)</sup>	China	297.7	276.1	269.3
14	Qinhuangdao	China	274.0	272.6	271.5
15	Busan <sup>2)</sup>	South Korea	266.7	269.5	260.0
16	South Louisiana	United States of America	264.7	241.6	253.5
17	Shenzhen	China	223.2	234.0	228.1
18	Xiamen	China	205.0	191.0	172.0
19	Antwerp	Belgium	199.0	190.8	184.1
20	Port Klang <sup>2)</sup>	Malaysia	162.0	160.2	158.3

Source: Port Statistics 2014, [www.portofrotterdam.com](http://www.portofrotterdam.com)

The top 20 world ports during 2012-2014. The data of Chinese ports calculated the domestic trade and river trade. In this graph, it is clearly that Chinese ports occupied most top position in the world. The next one is Singapore port and the Rotterdam Port.

In the paragraph below will introduce the Shanghai Port, Singapore Port and the Rotterdam Port, which may represent the top level of the world's main ports.

### 3.2.1. Shanghai Port

First, the Shanghai Port will be introduced. The throughput for Shanghai Port in 2014 is 5.39 billion gross tons. The same data in 2013 is 5.43 billion gross tons. The revenue of the Shanghai Port is RMB 27 billion in 2014. The revenue was main come from the domestic trade.

The figures shows that, although Shanghai Port is a international port, the main

business of the Shanghai Port relied on the domestic trade. The Chinese economy supported the Shanghai Port's development.

### 3.2.2. Singapore Port

Singapore Port is the largest container port in the world and it is also the center of the East Asia. Singapore Port is the largest transshipment port in the world.

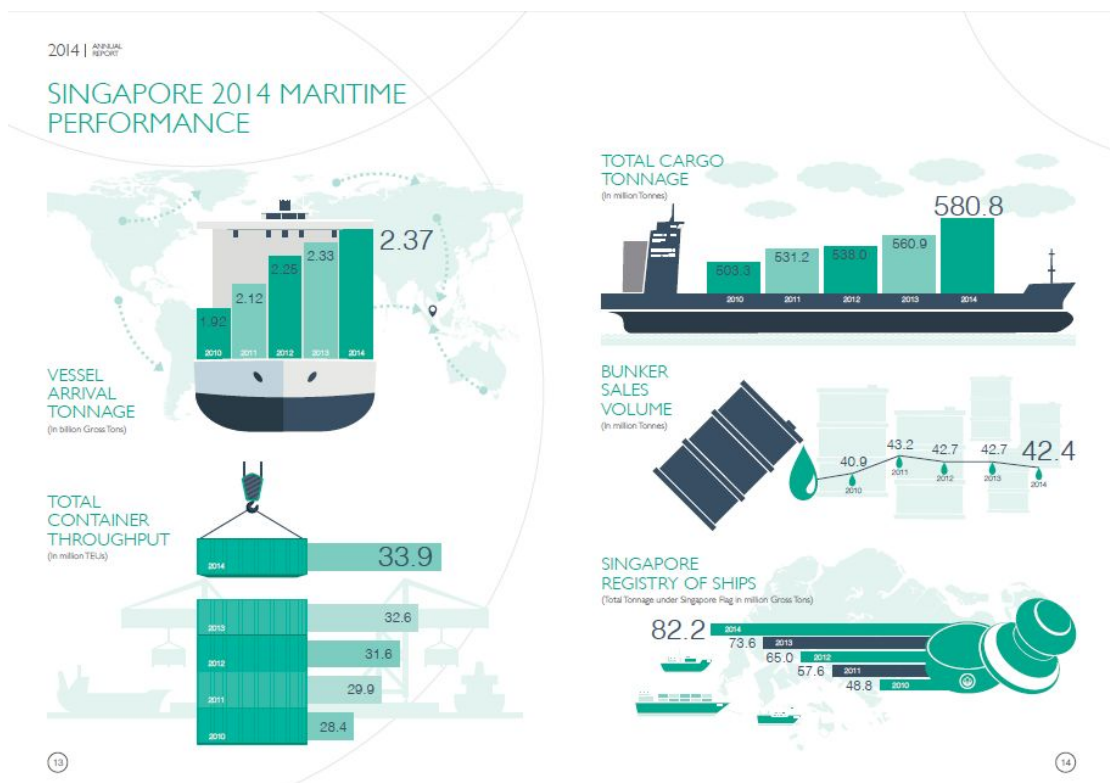


Figure1- Singapore Port 2014 Performance

Source:mpa-integrated-reports-2014,www.mpa.gov.sg

The Singapore Port vessel arrival tonnage in 2014 is 2.37 billion gross tons. The total cargo tonnage in 2014 is 580.8 million tonnes. Singapore has a good location which help the Singapore port became one of the best ports in the world. Singapore port has a powerful network which contacts many shipping companies and plenty of ports in different countries. Singapore port can provide many

shipping lines and have the best capacity to make the transshipment in the world. Singapore port have hold the first position in the world. Singapore port has a complete shipping service chain including the whole range port network and logistics service. Singapore had been awarded the ‘Best Asian Port’ for 14 times. Nowadays, Singapore faced competition of the other ports in the East Asia such as Shanghai Port and Kelang Port in Malaysia. How to utilize the advantages and improve the service level will influence the market share of Singapore Port. Although Rotterdam Port no longer as the biggest port in the world, it is still the largest container port in Europe. The location made the Rotterdam Port not only has the character of the sea port but also the river port. Rotterdam Port developed a complete logistics chain and provide the whole service. Beside the shipping service, Rotterdam Port has the other logistics functions such as commodity trade, information exchange.

### **3.2.3. Rotterdam Port**

Rotterdam Port had become the part of the international trade. In Rotterdam Port, there was a huge industrial complex.

Table2-Cargo throughput by commodity during 2012-2014

	<b>2014</b>	<b>2013</b>	<b>2012</b>
Iron ore and scrap	34.1	35.9	32.7
Coal	30.4	30.7	25.3
Agribulk	11.3	10.3	8.1
Other dry bulk	12.9	12.3	12.0
<b>Subtotal dry bulk</b>	<b>88.6</b>	<b>89.2</b>	<b>78.1</b>
Crude oil	95.4	91.1	98.3
Mineral oil products	75.0	81.6	81.8
LNG	1.2	0.8	0.6
Other liquid bulk	30.9	33.4	33.5
<b>Subtotal liquid bulk</b>	<b>202.5</b>	<b>206.8</b>	<b>214.2</b>
<b>Total bulk goods</b>	<b>291.1</b>	<b>296.0</b>	<b>292.3</b>
<b>Containers</b>	<b>127.6</b>	<b>121.3</b>	<b>125.4</b>
Roll-on/Roll-off	20.0	18.5	17.9
Other general cargo	6.0	4.7	5.9
<b>Total breakbulk</b>	<b>26.0</b>	<b>23.2</b>	<b>23.8</b>
<b>Total throughput</b>	<b>444.7</b>	<b>440.5</b>	<b>441.5</b>

Unit: Gross weight x 1 million metric tons

Source: Port of Rotterdam

Source: Port Statistics 2014, [www.portofrotterdam.com](http://www.portofrotterdam.com)

The total throughput for Rotterdam Port kept increasing in the last three years. It can be seen that the throughput by commodity for total bulk goods decreased in 2014. The main throughput is from the containers.

Table3-Incoming and outgoing by commodity in 2014



	<b>Incoming</b>	<b>Outgoing</b>	<b>Total</b>
Iron ore and scrap	32.2	1.9	34.1
Coal	29.9	0.5	30.4
Agribulk	10.0	1.3	11.3
Other dry bulk	9.3	3.6	12.9
<b>Subtotal dry bulk</b>	<b>81.4</b>	<b>7.2</b>	<b>88.6</b>
Crude oil	95.0	0.4	95.4
Mineral oil products	42.5	32.5	75.0
LNG	0.8	0.4	1.2
Other liquid bulk	19.1	11.8	30.9
<b>Subtotal liquid bulk</b>	<b>157.4</b>	<b>45.1</b>	<b>202.5</b>
<b>Total bulk goods</b>	<b>238.8</b>	<b>52.3</b>	<b>291.1</b>
<b>Containers</b>	<b>63.2</b>	<b>64.4</b>	<b>127.6</b>
Roll-on/Roll-off	9.1	10.9	20.0
Other general cargo	4.0	2.0	6.0
<b>Total breakbulk</b>	<b>13.2</b>	<b>12.9</b>	<b>26.0</b>
<b>Total throughput</b>	<b>315.2</b>	<b>129.6</b>	<b>444.7</b>

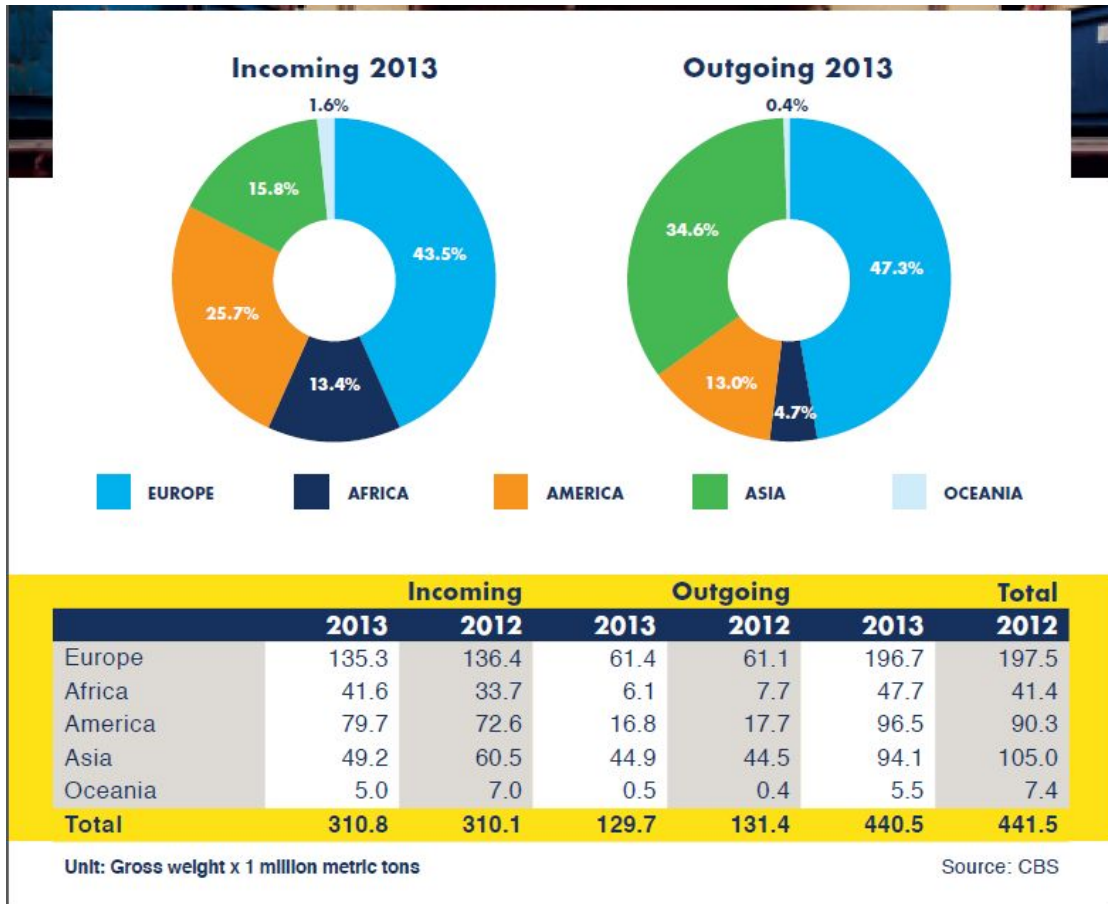
Unit: Gross weight x 1 million metric tons

Source: Port of Rotterdam

Source: Port Statistics 2014, [www.portofrotterdam.com](http://www.portofrotterdam.com)

The incoming and outgoing by commodity in 2014. It can be seen that the most incoming and outgoing by commodity is still from the bulk goods.

Table4- Incoming and outgoing related area



Source: Port Statistics 2014, [www.portofrotterdam.com](http://www.portofrotterdam.com)

The main incoming for Rotterdam Port is from the Europe and the second trade area is the America. The main outgoing area is Europe and the Asia occupied the second place for 34.6%.

Many multi-companies set their important manufacture in Rotterdam especially the chemistry industry. In Rotterdam Port industry area, there are many agriculture products processing factories. The whole agriculture trade can be provided in this area which made the Rotterdam Port became the European agriculture trade center. Rotterdam port has a good transport link with the Europe inland by multimodal transportation. The most useful method for Rotterdam Port is the railway.

#### **4. Analysis of business strategy of ports**

The strategy of ports should be an important factors to analyze the port's environment. The strategy ports used can influence the ports development.

There are many models can be used to help in analyzing the strategy of ports . In this chapter, several models will be used to estimate the environment of the ports and the business strategy ports can use.

##### **4.1. Evaluation of market segment strategy of ports**

Ports want to continue the business should base on many factors. The marketing strategy is an important one.

When talking about the marketing factors, how to analyze and use the proper business strategy will influence the future operation. The external and internal environment will be analyzed in this part by several models. The proper business strategy can be decided by the different factors.

###### **4.1.1. Michael Porter's Five Forces Model**

In this part, the Michael Porter's Five Model will be used to analyze the external environment of ports.

First, the discussion is about the ability of the supply party. When it related to the ports. The supply party is the basic service providers. To evaluate the power of the supply party. The basic service providers have many different customers. But the ports can provide more trade for the basic service providers such as the

transportation provider or logistics providers.

The quantity of the goods can make the ports have more space when argue with the supply party. But the main point is there are many ports in the nearby area. So the basic service providers also will have many choice. The basic service providers can create a service network to meet the ports need which can be used for many ports. The flexibility of the service provider is high.

Then it turns to demand party. This may influence the ports business a lot. The demand party are the customers of the ports. It means the shippers and shipping companies are the demand party of the ports. The world economy suffered from the global financial crisis. The recovering step still have a long way to go. So the quantity of the world trade or the quantity of the goods will still in a low level in future.

It means that in this market, the supply will higher than the demand in future. This will reduce the ability of the ports to argue with the demand party. The ports will need to pay more attention to gain from the customers. They may still need to attract more business than to benefit more.

The customers will prefer to find lower price and better service. The customers can't be satisfied by the simply loading and loading service. They will focus on the service frequency, the following service such as the logistics service and the transportation service. The phenomenon make the ports should improve themselves. If the ports want to attract more customers, they should not only enhance the service level and make vertical integration of the whole service chain. This will change the operation strategy ports used.

The next force is the potential competitors. The ports will meet many potential ports. When talking about the potential competitors, the most important thing is the market entry barrier. If a port want to operate normally, it must rely on many

factors such as the location of ports, the quantity of the economy in the regional area, the attitude of the regional government. The productivity and the cost control will become the biggest problem to the potential ports.

For example, when talking about the Singapore Port, it is a big transshipment port in the Asia. The transshipment service occupy the most proportion of the business of Singapore Port. The new competitor is the Malaysia port. This port want to look for the business operated by the Singapore Port. But if the new port can become successful like Singapore Port will be decided by the barrier.

The fourth force is the competitors in the market. The ports in the similar location and ran the same type of business will become the competitors. The market volume decreased a lot.

So the business strategy for the ports must help the port to get more competitive advantages. This will make the ports to analyze the environment and decide the new business strategy. How to make new service type and how to attract more customers will need ports manager to consider.

The last force is the substitute. The substitute for the ports is the other transportation mode. The main substitute may the airborne transportation. But this transportation method had a specific feature for the high value products. The cost of the airborne service is much more higher than the seaborne transportation.

The railway transportation must rely on the infrastructure network. The goods transferred by the railway should have limitation of the quantity and the limitation of the location. It can be said that this transportation method should be combined with the ports which can create a entire logistics service chain.

The ports should consider how to combine the different transportation service model together to make the ports benefit from the change .This is an important business strategy should be used in ports.

#### 4.1.2. SWOT analysis

SWOT analysis related to the strength, weakness, opportunity, threaten. These four factors can be used in a table strategy table.

Table5- SWOT strategy

	Strength	Weakness
Opportunity	(SO) Use the advantage of ports and utilize the opportunity	(WO) Overcome the weakness and utilize the opportunity
Threaten	(ST) Use the advantage of ports and avoid the threaten	(WT) Overcome the weakness and avoid the threaten

Source:[http://baike.baidu.com/link?url=haCwScFBWj-SvOyzAq17ZZJhfecNIYHqvOa-qQwZFIK-HEe5THixabwfNtYU9TXndXzya-8KBroOZNJoP6ep6wJXJ\\_neU3wgGvHXYu-wxHPWkY1dielbBXPL9X5KQkvq](http://baike.baidu.com/link?url=haCwScFBWj-SvOyzAq17ZZJhfecNIYHqvOa-qQwZFIK-HEe5THixabwfNtYU9TXndXzya-8KBroOZNJoP6ep6wJXJ_neU3wgGvHXYu-wxHPWkY1dielbBXPL9X5KQkvq)

So when using the factors related to the opportunity and threats to analyze the ports. It can be found that the service of the ports can't be a strong products of opportunity mentioned in the former paragraph. The original mode of ports' service between different ports have the same value. The difference of the ports' service may the type of goods they serviced and the transportation network.

Let we use the Hamburg Port as an example, It is a big port in Europe and the most of the goods Hamburg Port operated are related to the trade between Europe and other areas in the world. The scale of the goods make the Hamburg port a big port in the Europe.

Singapore Port is also a good example. As the world biggest transshipment port, Singapore Port use its great location to deal with the most of the goods related to the trade between East Asia and the other areas in the world.

But it can be seen that the threats of these ports are also obvious. First is that the shipping industry is great related to the world economy,. It can be said that shipping industry can show the climate of the world. The world trade had been in low level for several years. Although there is a recovering trend in the world. It still can't say the global economy is healthy. The volume of trade is in a low level. So the quantity of goods decreased a lot. This is a big threat for the ports. They business of the ports will be influenced. The second one should be consider is that if the two ports which are mentioned in last two paragraph just do the job rely to the transportation method and the location. The other ports have the similar factors can become the substitute choice.

The point can deal with the problem must be found in the opportunity analysis is the second one. The ports should supply an existing product or service in a new or superior way.

For example, the Hamburg has a good transportation network, it can distribute the goods to the other regions and countries by the multi-transportation method such as the railway. The Singapore port has a higher level of service. The goods can be operated efficiently in the ports during 24 hours. The different characters of ports help the ports to find the opportunity against the threats.

The strengths and weakness are related to the internal environment analysis. It's one thing to find attractive opportunities, and another to be able to take advantage of them. Each business needs to evaluate its internal strengths and weakness. The business doesn't need to correct all the weakness, nor should it gloat about all its strengths. The big question is whether it should limit itself to those opportunities for which it possesses the required strengths, or consider those that might require it to find or develop new strengths.(Kotler Keller, 14e, Marketing Management,P72)

When talking about the strength and weakness of the ports. The whole trade chain should be paid more attention to. The ports can't be divided as a separate part. A good port should provide the service related to the whole service chain.

The famous international ports such as Singapore port, Hamburg port, Rotterdam port and Dubai port all make the service they provided as the part of the trade chain. For example, Rotterdam port use its advantage and technology, it makes a great international trade. There was a huge industrial complex with many multi-companies set their important manufacture in Rotterdam especially the chemistry industry. The Rotterdam also acts as an agriculture trade center. The Rotterdam Port can operate well must due to the operation business strategy related to the whole trade concept.

Dubai Port use both its good location in Mid East area and the great operation strategy. It make the Dubai Port not a isolated port but the whole integrated service center. The whole service included the goods service, the logistics service, the package service, which make a great hinterland effect. The service level and the efficiency is not only develop the reputation of the Dubai Port but also make the port become the regional center.

The transportation method of the Hamburg Port is also can be discussed that the multi-transportation method is the most valuable point of the port. The perfect railway network help the goods transferred from Hamburg Port to any other places in Europe. It is a good and convenience way. This is the strength of the Hamburg Port which help it still have the vitality.

Singapore Port had a high service level. The Singapore Port is now not only a port or a transshipment port but also a great international shipping center. The advantage of Singapore port comes from the support from the government and the operation strategy. The high service level make the value chain of the goods have



the greatest effect.

The weakness of the ports may have the following points. The most important one is the limitation of the land scale. Such as the Singapore Ports, the space of Singapore is not very large. Although the service level, the technology and modern administration method had been used in Singapore Ports. The capacity of the ports still a big problem Singapore Ports should faced in the following years. The second one is the ports development may influenced by the economic power of their own countries. If the country can't play a significant role in the world trade, the ports may lose many business due to the reduction of the goods.

After the analysis of SWOT model, we can find that the ports have the different opportunities , threats, strengths and weakness. The ports want to develop themselves should not only focus on their original business. The proper business strategy should combine the advantages of the ports and the other factors. The business strategy can consider the integration industry and the specific effect of the value chain.

#### **4.1.3. Analysis of marketing factors**

To talk about the marketing factors, the 6Ps model can be used to analyze the strategy.

The product levels is related to the customer-value hierarchy. The fundamental level is the core benefit: the service or benefit the customer is really buying. In the port, the customer is buying the movement or storage of their goods. At the second level, the marketer must turn the core benefit into a basic product. Thus the ports have the crane and the storage field. At the third level, the marketer prepares an expected product, a set of attributes and conditions buyers normally expect when they purchase this product. The shipper always want to have safety

loading and unloading. At the fourth level, the marketer prepares an augmented product that exceeds customer expectations. Such as the port can provide the specific information of the goods to the shipper in an actual time. At the fifth level stands the potential product, which encompasses all the possible augmentations and transformations the product or offering might undergo in the future. Such as the ports can provide the further logistics service with their own transportation network or have the distribution center to package or unpack the goods for transshipment.

The difference in products level will have the different impact on the business strategy of ports. As the environment analysis before, the ports have faced many threats and the service level or service mode may influence the development of the ports. How to make the best use of the product strategy can give the ports administration a big issue, which will help the ports to get more position. If the ports just meet the shippers' core needs, they may loss many benefits. The most successful international ports have their whole service chain to provide the further products.

Product strategy must the basic business strategy ports should focus on.

The second one is the Price strategy. When talking about the price strategy in ports management. We should mentioned the price will influence the shippers decision that which port they want to use. The price always decided by the supply and demand. And the supply is more than demand now. So the ports manager must understand if they make a much more higher price than the market price. They may lose the customer in a big quantity.

To make the price, the ports should consider their advantages and disadvantages. The advantages can provide them to make a high price or they can keep the price by providing more service. For example, one port may have a higher handling

price, but the work efficiency is in a higher level. Customers believe that if they use this port they can save many time and save the other cost, they may still call this port as their first choice.

The third one is the place. It means the marketing channels strategy. In shipping area, the ports don't provide tangible service like a manufacture. The most channel they may face is the shipping company and the shipper. The ports should create the long-term relationships with the shipping company and the customers, which will help the ports get more business. It can also be described as the supply chain. Ports manager can use a supply chain view of a firm see markets as destination points and amounts to a linear view of the flow of ingredients and components through the production process to their customers. If the ports can become an important in the whole supply chain, the customer upstream and downstream will not choose the other one.

The next P is the promotion strategy. In view of ports, the promotion must help the ports to get a long-term relationship with the customers. Only the continuously business can help the ports get a healthy operation. So the promotion must make the customers feel that the port have a strong ability to handle the goods and the price is considerable for the service provided.

So the ports should make use the promotion to make a long contract with the shipping company or the customers and provide the entire service to them which can make the impact of promotion strategy.

Next one will be discussed is the power. Ports always act as an important part of the regional economy. Although many ports in different countries are operated by the company, the government always support them by the policy. It is clear that the integrated industry zone in Dubai can't be constructed only by the Ports administration. The Singapore become the international shipping center is one of

the government's aim.

So, the supportive policy of the government or the power can help the port to decide the business strategy.

The last one is the public relations. Any company can't run without the society. The public relations will influence the development and reputation of the company. The same theory also can be used in the ports management.

Ports as an important infrastructure in a city, it must have a strong relationship with the local public. Besides the governments' support, the construction and the development of the ports must meet the local public's need.

#### **4.2. Analysis of value chain of ports**

So when talking about the value chain of ports, it may be thought about the whole service chain. To make the transportation service in a higher level. The ports should maximize the value of service.

##### **4.2.1. Added value created by logistics service**

Port logistics is an important part to create the added value. Port logistics means the port utilize its own advantages and the environment to strengthen the ability of logistics service. Focus on the port storage, distribution, delivery. Base on the information technology, develop the port comprehensive service system. Port logistics includes loading, unloading, storage, transfer service and act as the center of the hub to provide the information decision service. Port logistics can develop the economy in the area and the hinterland region. The competition between ports started to focus on the service ports provided whether fast, convenience, cost-effective, safety, reliable or not. This capability needs a powerful hardware infrastructure and perfect soft environment.

The port logistics today should develop depend on the information technology. As a good example, Singapore port use the B2B platform to reduce the operation cost. And the e-commerce mode helped the Singapore to develop the supply chain management system in a proper way.

The trend of the development of the port logistics should pay more attention to the container cargo. With the development of the globalization of the economy, more and more countries' economy rely on the international trade. The high value cargo must occupy the most percentages. The container cargo has more added value. So the container logistics will become the one of the trend of the port logistics.

#### **4.2.2. Added value created by the other service**

The other trend should be the ports will develop with the finance center. With the development of the economy, regional trade and finance become more concentrate, ports logistics will bring more cargo with the capital. There are many international ports are not only the international logistics center but also the international finance and trade center.

The last one is the development of the ports should combine with the construction of the logistics infrastructures. There are more needs of distribution center and the warehouse. With the development of the logistics industry, cargo specialization and concentration will become a new transportation trend. For example, the Rotterdam port had built the distribution zone and the other distribution center to support the whole port logistics system.

#### **4.2.3. The application of the value chain for ports**

The ports value chain can increase the effect by the following points. First of all, distribution model: To combine the internal and external logistics and make a

comprehensive delivery system. Second, service mode: focus on processing , packing in port area. Using the advantage of the ports' storage, which can decrease the cost of warehouse and transportation. This can also meet the customers' special needs. The third one is hinterland mode: higher the service level of ports can increase the transshipment trade and hinterland economy.

The ports will choose the proper customers to make the proper transportation plan. Ports should let the logistics service make the different plan to meet the different cargo shippers. The proper way can reduce the whole transportation cost and make the higher added value.

The best utilization of the infrastructure will make a big point. To integrate the infrastructure of the ports can make the best usage of the service system. Such as the multi-transportation method in the service. The cargo can be distributed to the destination by the railway or the other method. Make the infrastructure into to consider of the ports whole service system will reduce the cost in the value chain.

Nowadays, ports want to make more competitive. A good way is to make the effect of ports group. In this points of view, the ports group can be put as the main part of the maker in the value chain. The whole process of the value chain can be put in the ports group. The scale effect can make more benefits. The ports group can concentrate more resources and improve the ports ability. The main point of the ports group is the division and the cooperation. The capital flow can create more value through the ports group. The whole industry can also get the benefit. So each points in the ports group should understand the role they will play and maximize the resources.

### **4.3. Analysis of operation and marketing strategy of ports**

In this section, the operation and marketing several ports used will be analyzed.

The strategy can be analyzed by the logistics, service environment and supporting environment.

#### **4.3.1. Analysis of logistics**

Logistics now become an important part of the ports service chain. The service of the ports can't be just provided for loading and unloading service. The whole service chain must involve the logistics service.

Logistics is the management of the flow of things between the point of origin and the point of consumption in order to meet requirements of customers or corporations. The resources managed in logistics can include physical items, such as food, materials, animals, equipment and liquids, as well as abstract items, such as time, information, particles, and energy. The logistics of physical items usually involves the integration of information flow, material handling, production, packaging, inventory, transportation, warehousing, and often security. The complexity of logistics can be modeled, analyzed, visualized, and optimized by dedicated simulation software. The minimization of the use of resources is a common motivation in logistics for import and export.(<http://en.wikipedia.org/wiki/Logistics>)

When talking about the logistics as the part of the service chain. It can be seen that using the example to analyze the logistics for the ports. One example is the Hamburg Port. Hamburg port is an important in Europe. In fact, there are many other ports in the Europe. Why the Hamburg port can become successful? Because the Hamburg Port has a good transportation system. The multi-transportation mode link the port to the railway transportation network. The advanced railway network can carry the goods the the other area in this region. Hamburg Port can be a good hub to distribute the goods. This feature make the

Hamburg Port can attract plenty of the goods related to the trade between Europe and other areas in the world.

The other example is the Rotterdam Port. The government invested 400 million Euro to the infrastructures of the ports and invested 1.5 billion Euro to widen the highway. The other improvement also will be made on the railway network and canals. The transportation efficiency of the Rotterdam Port will have a great improvement, which will help the Rotterdam Port the gain more benefit.

Singapore Port can also be a good example to convince the importance of logistics for ports operation. Based on the advanced technology support. The Singapore logistics company had made an auto-processing system. The high-tech and the information platform made the main power of the logistics system. The efficiency logistics platform ensure the goods can be delivered to the right destination. This make the service level of the Singapore Port become higher and higher. The transshipment and storage time become a significant factor to evaluate the service level of the port. The Singapore Port hold the first position in the world. The fastest time in the world.

#### **4.3.2. Analysis of service environment**

The service environment is the external environment which can help the ports to increase the service level. The service environment can be described as the regional service environment.

For example, the infrastructures of the ports not only the equipment for loading and unloading, but also the facilities to cater the customers. The regional service environment can be showed as the port zone or the international shipping center.

The Rotterdam Port is a good example to illustrate the service environment. The Rotterdam Port has developed the industry related to the port. Rotterdam Port is



not only a transshipment port, but also the huge industrial complex. Plenty of multi-companies set their industrial complex in Rotterdam. Rotterdam developed the oil, chemistry, ship building industry based on the Rotterdam Port. The port-nearby chemistry industry had become one of the biggest petrol-chemistry center in the world. Rotterdam also developed the agriculture production center in this area. The industrial processing, quality control, storage and transportation make the Rotterdam become the agriculture processing center in Europe. Both the chemistry industry and the agriculture processing center make the Rotterdam Port has a great character and enhance the quantity of goods for the Rotterdam Port. The Rotterdam Port also related to the other shipping service industry. Every year, there are more than 30,000 ships and 400 million tons cargoes shipped into the Rotterdam. The other service such as shipping classification, ship maintenance, ship supply and ship repair. The service level of the Rotterdam Port can also be increased. The industry also improved the development of finance, trade, insurance, consulting industry.

The modern ports must have become function diversity. Except the loading and unloading ,the logistics function, industrial function, commercial function and information function should be also taken into consideration.

Port, as the center of the transportation network for both cargoes and passengers, should become more globalization. The rapid development network make the information become more and more important. The port should enhance the construction of information. The electronic data exchange should be used in a proper way. The high-tech platform can help the ports to develop a great service environment.

#### **4.3.3. Analysis of supporting environment**

The construction of port must be a huge investment for a city or a country. So the supporting power by the government will also make a big difference for the ports operation.

The government's policy can not only decide the construction of the port, but also make a big difference in the quantity of trade in regional area. A country may have many ports. So the government must arrange the role for these ports. If all the ports have the same function, all the ports must waste more resources and reduce the effect of all the ports.

The regional effect of the ports can also make a big difference of the ports' business. It can be seen that the regional effect can be acted by the free trade zone in many cases. Such as the Singapore port and Hamburg port. The free trade zone make the ports can increase the operation efficiency to a high level. The cargoes can operated by the ports and stay in the customs in a very short time which can attract a huge amount business. The time which is saved can make a big benefit for the shippers or cargo owners. It can be also seen that the regional effect can be acted by the comprehensive service level. In the region which has a great regional effect. The customers can not only get the service of the ports, but also the whole service chain of logistics. The value chain of the whole service can increase the competitive of the port.

Now, many international ports have established the international shipping center or international financial shipping center. Which can provide the service in a new level. The shipping and the ports are not the separate part of the business or world trade. It can influence the whole trade line.

The policy of a government which encourage the trade with the world will help the economy and the quantity of the global business. The port must become one aspect which can influence the consequence. The supporting environment of the

government will become more and more important for a port.

So, the ports success are not only rely on itself, but also base on the view of the government. The business strategy for a port must depend on the whole development strategy of the country or the city which will help the port to find the role of itself in the next stage.

## **5. Suggestion for Shanghai port**

Shanghai Port have a long history for its trade business. Due to the colony of the foreign countries in Qing Dynasty, Shanghai became the door between China and the world. Which made Shanghai has more chance to keep touch with the modern technology and world economy.

### **5.1. Policy environment ( Pilot Trade Zone & One Belt and One Road)**

Shanghai Port has a great policy environment. Shanghai Pilot Trade Zone make the increase of the demand of the seaborne trade. During the globalized economy background, the Pilot Trade Zone optimize the operation environment, attract more capital flows and increase the trade. The key point of the Pilot Trade Zone is to develop the transshipment trade. The regional effect of the Pilot Trade Zone will help the Shanghai Port get more advantages as the other trade zone in the world.

There are many examples such as Hamburg, Debai Port, Singapore Port operated as the main basis of the free trade zone. Most of them make the area and the ports become the international shipping center and the international logistics center.

The regional effect such as the economy link of the Yangtze River can help the Shanghai Port to play a clear role in the economy link. The transshipment trade can push the industry upgrade and make the new chance.

In recent years, many Western free trade zone which rely on the ports had made new improvement and policy adjust. One of the main point is to expand the

functions of the ports. The function of the trade zone convert from the customs exemption to the comprehensive affairs which covers the business, finance. The competitive of ports had been increased. For example, the New York free trade zone make the cargo pass through the customs in only 24 hours without any limitation. The company only need to declare the customs record and pay the fees once a week. The cargo will avoid the delay caused by the processing in the customs. The convenience will attract more business to the ports.

Rely on the Shanghai Pilot Trade Zone, the Shanghai Port will have more chance to attract more capital flows and more business. The regional effect will make make the Shanghai Port develop more functions. The port will have chance to develop the multi-countries purchase business, cargo storage, global distribution, commodity exhibition and other high-valued events. The Shanghai Port can make the business upgrade.

The Pilot Trade Zone can push the capital flow in the related area. In this area, more and more talents will join in the business. The ports can also attract some new blood to help the business. The new thinking method and style will inspire the innovation and the creation. The more technology method will also be added to the ports. To learn from the other ports such Singapore Port. The information platform related to the logistics service make the Singapore Port a great service level. The new technology for Shanghai Port may not only improve the exist service system including operation of cargoes and the logistics service but also the other service method. The core of the port service must relate to the value chain. How the port can utilize the own advantage to enhance the ports' service level will be the important issue in the development of the port.

To meet the situation which is mentioned in the last paragraph, Shanghai ports should take more time to the construction of the high tech information platform. It

is obviously that the infrastructure of Shanghai Ports may have a good level in the world. The total TEU port operated last year may also occupy a great position in the world. But it must be realized that the main business of Shanghai Port may still rely on the trade of Shanghai or China with the other areas. If the economy trend change, the business of the Shanghai Port must suffer a lot. To build the core competitive of the port should be a great point in the future. To compare the Singapore port, transshipment business may become a great point to decide success of a port.

Shanghai port has a great labor capital and the government also pay more attention to the further construction of the port. So the port must use this chance to complete the service system and optimize the processing of the service. The Pilot Trade Zone make the Shanghai Port become an important part of the China's economy. The more trade of Shanghai or China will have chance to rely on the Shanghai Port. The role of the Shanghai Port may also become more clear. How to develop the transshipment business of the Shanghai Port should be consider more. To talk about this question, it can be found that the Chinese government had claimed a great policy called One Belt and One Road, which can help the port such as Shanghai Port have more important influence in the regional trade. The One Belt and One Road policy make a great possibility to link the Asia, Africa and Europe. The policy will push the development of the linked area in different aspects. The core of the policy One Belt and One Road is to utilize the advantage of the hinterland economy of China and the developed economy of Europe to build a economy circle to expand the trade among these places. The seaborne trade must play a significant role in this event.

One of the basic need of the One Belt and One Road policy is the infrastructure of the linked area. The transportation link of the areas is very important. Shanghai

Port should use this chance to improve itself which can make it serve the future regional trade. The construction of ports will include the infrastructures , the cooperation of ports, the shipping networks and logistics information platform.

Shanghai Port should also strength the advantage of regional network, build a comprehensive transportation system which based on the port. The system can combined by the shipping, railway, highway, pipe. The multi-transportation method can make big capacity of transportation. The One Belt and One Road also can be used to make more communication with the other countries. Shanghai Port can communicate to the other ports in different countries. The experience can help Shanghai Port to find a proper way in future. The hinterland economy should be considered for the business of Shanghai Port. The One Belt and One Road policy also can make the port become a free trade zone. The Pilot Trade Zone is becoming a great business zone. The regional effect around the Shanghai Port can bring the ports more business. The regional logistics and regional business can make the port's service arrive in a higher level. The policy of One Belt and One Road also push the Shanghai Port to enhance the information and finance level of the Shanghai Port. The port can attract more East Asia, East South Asia, Middle Asia business.

Shanghai Port can also cooperate with the other ports in the Yangtze River economy belt. Such as the Lianyungang Port. The distribution of the different ports can make a huge regional effect. Shanghai should make it self become the international shipping center and the international shipping finance center. The city's development should also assist the develop of the port. The Shanghai Port will increase the capacity and the service level for the economy of the city.

To sum up, according to the background of the policy One Belt and One Road, Shanghai Port should utilize the resource and concentrate on the following points.

First, Shanghai Port should enhance the linking value. The port should become the core of the regional area. Take the advantage of the policy, enhance the attractive capacity. Make the best use of the resources to make the port become the part of the city. Second, Shanghai Port should raise the radiation value. The port should use the functions of port. Port can use the regional advantage to improve the cooperation, enlarge the radiation function. Consider more on the manufacture, operation ,sales. Third, improve the extension value. To pay more attention to the upstream and downstream industry. Improve the finance, law ,service, agent, business and research area. Which can also improve the value of the city. The One Belt and One Road can push the service quality of the city and port. More investors may have interest to invest the business. Finally, The Shanghai Port should enhance the capacity of the transportation of container. Last year, The main container transportation quantity is 2.04 million TEU, which equal 1.2% of that in developed countries. Developed countries have more than 20% of this rate. It is necessary to push the construction of multi-transportation infrastructure. To make it come true, the transportation should combine more with the information technology. The information platform can make the logistics become a network and eliminate the wall of the different parts. Which finally make the port have a great value.

## **5.2. Chance and challenge based on external environment**

The world economy environment is recovering now. But the effect of the global economy still need time to reflect the result. The shipping industry can't get rid of the situation that it still in a down trend and will keep the trend in a long time.

The Shanghai Port will meet to chance and challenge in the same time. The service and supporting environment is mentioned before showed that the Shanghai



Port still need to make more improvement for its infrastructure and find a proper business strategy.

The chance for Shanghai Port is obvious. China still have a great economy growth rate in the world. The world trade can't operate without China. Shanghai, as one of the main economy cities in China, will continue attract more trade. Owe to the regional business, Shanghai Port will still have more chance to attract more cargoes in the future.

The policy such as construction of the Pilot Trade Zone and the One Belt and One Road will push the development of the regional economy effect. China, especially Shanghai will get more chance in the following several years. So, the Shanghai Port can have more and more chance to develop itself.

The challenge of the Shanghai Port should also be identified. Although Shanghai Port is the biggest port in China in recent years. But the business type of Shanghai Port should be pay more attention. The business mode of Shanghai Port relied more on the regional trade, it means if the economy of Shanghai decrease or the Shanghai or this region won't need more trade. The business of the Shanghai Port will be suffered a lot.

So, to deal with this issue, Shanghai Port should identify the problem and increase the capacity. First, Shanghai Port can use the advantage of the location, the city is the economy center of China. To get more success, Shanghai Port should know how to hold the customers and attract more customers which means Shanghai Port should pay attention to increase the service level of port.

Second, Shanghai Port should consider how to change the business mode. To learn from the other ports in the world. Such as Singapore Port, the transshipment should be a great point to keep the port become more success. If the transshipment business become more important of the whole business. Shanghai Port can avoid

the risk is mentioned before about the regional economy. To achieve this aim, Shanghai Port should increase the service level. Only increase the service level can enhance the whole value chain. Then the port can have continue development.

## **6. Conclusion**

Shipping industry can be seen as the reflection of the world economy. Seaborne Trade should be the main method of the world cargo transportation. The world economy still have a long time to be covered. The shipping industry should also find the way to stand this period.

Ports, as an important part of the shipping industry, should find the way to make sure the continue operation. The business strategy of the ports should be chosen by the administrator of the ports carefully.

The business strategy can't be constant from the past times to future. The business strategy should be considered in many area. Such as the marketing environment and the interior factors. Although there are many types of the ports in the world focusing on different types of business. The main point of the ports is same. The business and the quantity of the cargo will decide the future of the ports.

### **6.1. Improvement of ports' function**

The ports should identify that the function of ports can't be just a single type in the development of the future. Now, if a port want to develop and become an international port which can have a great influence in the world trade, it should also increase and improve itself.

If talking about the function of ports, the basic function of the port must be the loading and unloading service. In fact, although this function is a basic function of port, there are big difference between different ports. The work efficiency of the

ports have a big difference. Some ports should take several days to operate the cargoes while the other ports can work out the cargoes just in 24 hours. The main reason for this result includes the difference of the infrastructure , the management method and the service level of the ports.

To narrow the gap between different ports, the business strategy will improve the capacity of ports. The port can improve the infrastructures, hire more employees, use more high efficiency machines which can decrease the operation time. The port can also adjust and make a proper working processing. The better working processing will also help the port to reduce the operation time. The port can let the information technology system work into the basic function of port. The information system will help port to make the arrangement of berths and cranes. The information system can also help port to arrange the storage field. The storage time will be decreased. If the cargoes can have a lower operation time, the shipper and the customers will benefit from it which will help the port to get more business.

Beside the basic function, ports want to have competitive in the future must rely on the added function. The other function rather than the basic function will help the ports to get more higher service level. The added function of ports may include the logistics service such as the storage, packing, sorting and so on. These functions can help the customers have a greater satisfaction by the better service. These functions can also be controlled by the information platform. The information platform make a greater service level. We can find the Singapore Port as a good example. The information platform make the service of Singapore become a whole system.

The other functions can also include the finance function. Now, as the globalization economy have an important influence. The ports can not only be a

port, it should also become the international finance center or international shipping center. The financial service can make the ports get more added functions.

### **6.2. Added value created by the service**

The port should not be a separate part of the shipping industry, the ports should also not have a separate service. The service provided by the port or ports area will be the part of the value chain.

The value chain is very important for the ports to attract more customers. The value of the service customers can get will finally help the shipper and customers to decide the destination they will use to transport their cargoes. The more value they can get, the more they will want to use the port.

The way of value chain can be used to make the added value. Many examples have been mentioned such as Hamburg Port, Rotterdam Port or Singapore Port. The value of the ports' service is the customer can get more from the port beside the basic loading and unloading service. The logistics service, the multi-transportation method, the finance and information service can help the ports to increase the higher service level.

### **6.3. The creation of the regional effect**

The business strategy of port should not only consider the basic business of the port. The value chain will help the port to get more business and increase the service level.

In fact, to provide more service, the ports should improve the infrastructures. The construction of ports can't be avoid. A good way to help the ports get more types of service is to create the regional effect. The regional effect such as the

integration hinterland effect can help the ports to make the higher service level come true.

The regional effect is a good way to help the ports get more scale economy. The regional zone can provide more space to construct more infrastructures. The zone can also make more function areas. The customers can get different service in the zone area.

The regional zone can also provide another advantages to the ports. Every city and country has its own characters and features. Such as the Rotterdam is good at the agriculture industry. The regional zone of the Rotterdam Port make the area become the international agricultural trade center. The ports can develop itself with the cities and attract more business. This business method will help the port become more no-replaced. So it is a good business strategy for ports to consider.

#### **6.4. Consideration of the supporting environment**

The development of the ports can't just consider the future of ports without the consideration of the policy and development plan of the city. Ports as the reflection of the regional trade, the trend of the supporting environment will play an important role for the ports' business.

The policy such as the construction of the Pilot Trade Zone can help the ports get more scale economy and have more policy supporting. Get more convenience of the policy will help the ports to decide the business strategy. The regional business situation can decide the quantity of the trade. The trade environment will influence the port's business. The ports should consider the development and trade of the regional area, the business strategy should keep pace with the supporting environment.

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