Maritime Services & Customer Value

Theory, maritime examples and one integrated PortSpare worked case

Management of Shipping Companies

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Services I

From last week to today's Business Plan work

- **Last class:** the Business Plan as a decision; SWOT and TOWS.
- **Today:** understand services, customers, problems and customer value.
- **Next class:** design the service using the 7Ps and a service blueprint.

Key idea: We build the Business Plan while learning the theory, rather than leaving the assignment until the end.

How today's lecture is organised

1. **Concept:** start with a clear definition and its managerial significance.
2. **Maritime example:** see the concept in an independent shipping or logistics service.
3. **Integrated PortSpare case:** apply the concepts to one fictional business.
4. **Business Plan output:** write and evaluate Sections 2 and 4.

Key idea: One theory sequence, one complete worked example—without repeating the same case at every stage.

What exactly is a service?

Definition

A service is an activity, process or performance offered to a customer to create a useful outcome. The customer does not normally buy ownership of the provider's main assets.

- A service is evaluated through **what the customer receives and experiences**.
- The provider needs people, systems, partners and processes to deliver it.

Key idea: Selling transport capacity is different from selling the ship itself.

Product versus service: the distinction

	Physical product	Service
What is bought?	Ownership of an item	Access to an activity or outcome
Before purchase	Often inspected physically	Assessed through evidence and trust
After delivery	Item remains with buyer	Service is performed, not kept as an object

Key idea: Most maritime offerings combine physical resources and service activities.

Maritime example: port agency services

Maritime example — Port agent

When a ship calls at port, an agent coordinates practical arrangements and communication with relevant service providers.

- The shipowner does not buy the agent's office or equipment.
- It buys **coordination, timely information and problem-solving**.
- Quality depends on what actually happens during the port call.

Why services matter in the economy

Service economy
Transport, logistics, health, finance and professional support are major parts of economic activity.

- **Changing needs:** demographics and lifestyles raise service demand.
- **Specialisation:** firms outsource work to specialist providers.
- **Technology:** digital tools enable and coordinate new services.

Maritime example: service network

Maritime example — One ship, many providers
A port call requires specialist coordination as well as the vessel itself.

- **Port agent:** handles local coordination and information.
- **Crew-travel firm:** arranges seafarers' journeys.
- **Logistics firm:** organises spares and supply delivery.

Key idea: A maritime services firm can create value without owning a ship.

A service has a core and supporting elements

Core service
The central outcome for which the customer pays.

Supporting / supplementary services
Additional activities that enable delivery, make use easier or increase perceived value.

Key idea: A good Business Plan defines both the core promise and the support needed to make it work.

Maritime example: container transportation

Maritime example — Service package
For an exporter, the **core service** is transport between specified ports under agreed terms.

- **Supporting activities:** booking, shipment updates, documents and customer assistance.
- A ship can arrive while missing cargo information still causes problems for the customer.

Why maritime delivery is especially demanding

- Many parties may be involved: carrier, agent, terminal, supplier and inland carrier.
- The provider does not directly control every step.
- One missed handoff can affect the final customer.
- The **operating model** specifies responsibility, monitoring and response.

Key idea: Service quality often depends on coordination across organisations.

Who is the customer in B2B services?

Business-to-business (B2B)
The customer is an organisation, but several people may play different roles in buying and using the service.

User		The person who uses or experiences the service.
Buyer		The person who evaluates or approves the provider.
Payer / budget holder	/	The organisation or role responsible for the spending.

Maritime example: arranging crew travel

Maritime example — Crew travel service
A provider organises flights, transfers and accommodation for seafarers joining a vessel.

- **User:** the seafarer who travels.
- **Buyer:** the crew or travel manager selecting the agency.
- **Payer:** the shipping / ship-management company.

Key idea: Customer satisfaction alone does not prove purchase approval or available budget.

A customer problem is not the same as an idea

Problem	A recurring difficulty experienced by a defined customer.
Consequence	The cost, lost time, uncertainty or risk caused by the problem.
Current workaround	What the customer already does to cope with it.
Proposed solution	Our response — to be justified after understanding the problem.

Key idea: Start from observable customer difficulty, not from "we want to build an app".

Maritime example: document delays

Maritime example — Export documentation
A freight forwarder spends hours correcting inconsistent documents close to a shipping deadline.

- **Problem:** late corrections and errors.
- **Consequence:** rework and potential missed deadlines.
- **Current workaround:** email, spreadsheets and phone calls.

Customer discovery: investigate real behaviour

Customer discovery
Research into customers' actual tasks, recent problems, current responses and buying processes.

- "What happened the **last time** this occurred?"
- "What did your team do and how much time did it take?"
- "Who would approve a new provider?"

Evidence: facts, estimates and assumptions

Fact / observed evidence	Traceable to an interview, dataset, report, price list or record.
Estimate	A calculated approximation based on stated information.
Assumption	A value or claim used in the plan before it has been verified.

Key idea: A Business Plan becomes more credible when it makes uncertainty visible.

Maritime example: how claims should be labelled

Maritime example — Urgent logistics service
A team researches customer need, supplier costs and likely demand.

- **Evidence:** an actual, dated supplier quotation.
- **Estimate:** expected job cost from a stated calculation.
- **Assumption:** 20 paid jobs per month, pending validation.

Never invent interviews, contracts, prices or customer interest.

What does “customer value” mean?

Perceived customer value
A customer’s assessment of the useful benefits of a service compared with the money, time, effort, inconvenience and risk involved in obtaining it.

Benefits
Speed, reliability, visibility, reassurance, fewer errors.

Sacrifices
Price, staff time, uncertainty, effort, switching risk.

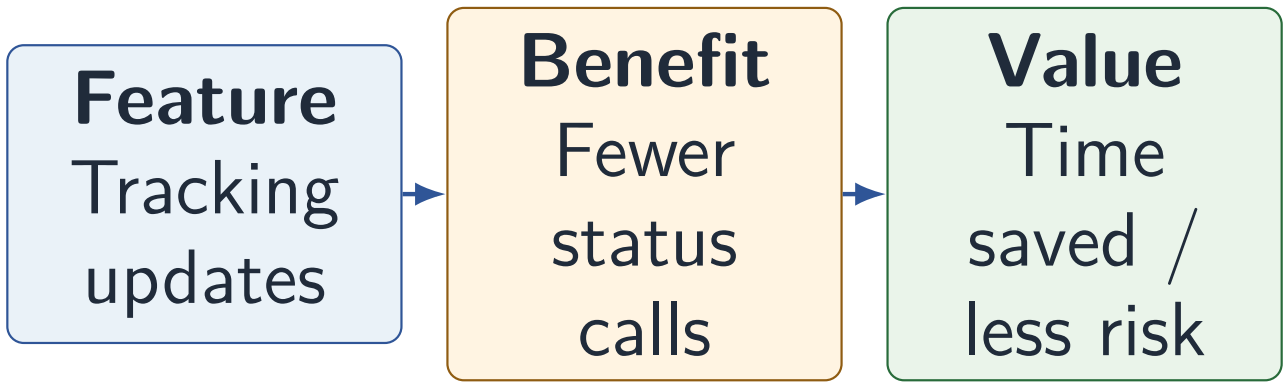
Maritime example: price is not the whole value

Maritime example — Illustrative alternative offers

Provider A charges €450 but gives uncertain arrival information; Provider B charges €600 with confirmed milestones and follow-up.

- B may create more value if an unexpected delay is costly.
- The buyer must still verify that the premium promise is credible.

Feature, benefit and customer consequence



Maritime example — Shipment information
A forwarder values a status update because it can reduce unnecessary follow-up and help plan a response.

How to write a value proposition

Value proposition
A concise statement explaining why a specific target customer should choose this service rather than an available alternative.

For **[specific customer]** facing **[problem]**, we provide **[service]** that delivers **[benefit]**, through **[credible method]**, compared with **[existing alternative]**.

Key idea: It must promise something useful and explain why delivery is believable.

Maritime example: a value proposition

Maritime example — Cold-chain cargo monitoring

For exporters of temperature-sensitive food, monitoring and alerts can reveal temperature problems earlier than reports received after arrival.

- **Customer:** food exporter.
- **Benefit:** earlier information and a chance to respond.
- **Still to test:** reliable alerts and willingness to pay.

Why services are different: four classic tendencies

Intangibility	Hard to inspect the service fully before purchase.
Variability	Quality can differ across people, times or partners.
Inseparability	Production and customer experience can overlap.
Perishability	Unused service capacity cannot simply be stored.

Key idea: These are tendencies, not absolute laws; the intensity varies between services.

Intangibility: maritime example

Intangibility
Before a port call, the shipowner cannot fully inspect the quality of a future agency service.

Maritime example — Port agency
References, clear scope, reports and service standards help make a less tangible promise credible.

Key idea: Managerial response: make the service's performance visible.

Variability: a separate service challenge

Variability
The same type of service can have different outcomes because staff, partners, demand or conditions differ.

Maritime example — Urgent ship deliveries
One delivery is quick; another encounters a supplier delay or restricted port access.

Key idea: Managerial response: checklists, training, backup arrangements and clear handoffs.

Inseparability: maritime example

Inseparability
Customers can experience a service while the provider is performing it.

Maritime example — During a port call
Status updates and explanations are part of the service experience, not an optional extra.

Key idea: Managerial response: pay attention to communication during delivery.

Perishability: capacity cannot be stored

Perishability
Unused service capacity — such as an idle staff shift — generally cannot be saved for a future busy day.

Maritime example — Crew-transfer coordination
Two coordinators may be idle today while several simultaneous crew changes overload them tomorrow.

Key idea: Managerial response: plan demand, staffing, shifts and backup coverage.

Demand and service capacity

Demand versus capacity
Demand is the work customers request; capacity is the work staff and partners can reliably deliver.

- **Forecast:** use expected port calls and booking patterns.
- **Adapt:** plan flexible shifts and backup partners.
- **Schedule:** move non-urgent work when feasible.

Key idea: Avoid promising more than the operating team can deliver.

Example: a busy crew-change day

Maritime example — Illustrative capacity problem

Suppose a team can coordinate **12 crew transfers per day** but receives **18 requests** for tomorrow.

- Six requests exceed the team's normal capacity.
- Check priorities, arrange approved backup and agree times.
- Promising all 18 without support risks delays and errors.

Illustrative numbers only; not real market data.

Service quality: promise versus performance

Service quality
Actual service delivery should meet relevant customer expectations and agreed service standards.

- **Reliability:** do the agreed work correctly.
- **Responsiveness:** respond quickly when problems arise.
- **Assurance:** show competence and clear responsibilities.
- **Evidence:** keep traceable service records.

Managing service employees

People matter
Staff skills, communication and decisions shape the customer's service experience.

- **Training:** know tasks, standards and safety limits.
- **Support:** realistic workloads, feedback and clear roles.
- **Empowerment:** authority to make specified decisions.

Key idea: Responsibility requires both authority and escalation rules.

Example: an empowered port agent

Maritime example — Late update during a port call

A port agent learns that information from another party will arrive late.

- **Poor response:** remain silent until a manager intervenes.
- **Better response:** inform the customer and set an update time.
- **Escalate:** any safety, cost or contract implications.

Maritime example: when service recovery matters

Maritime example — Port-agency exception
An agent promises a berth-related update, but the information is delayed by another party.

- **Poor response:** stay silent until the ship manager complains.
- **Better response:** acknowledge the delay, follow up and agree a new update time.

PORTSPARE WORKED CASE: our business idea

Business idea

A small new business in Piraeus would coordinate **urgent delivery of spare parts to ships** during port calls.

Spare part = a replacement component used to maintain or repair equipment on a ship. **Port call** = a ship's visit to a port for cargo work, supplies or other activities.

Main point: Can a coordination service solve a real problem for a paying customer?

A fictional customer situation

1. A ship is due to depart from Piraeus later that day.
2. Its technical team needs a replacement component delivered before departure.
3. A supplier has the part, but collection and delivery require coordination.
4. The ship manager needs to know whether delivery is possible and when.

Important distinction

This is a **teaching scenario**, not a documented incident or a claim about normal delivery times.

What does the customer do today?

Current workaround

The ship manager may contact a supplier, a courier and a local port agent separately to arrange an urgent delivery.

Workaround = the method a customer currently uses to cope with a problem, even when it is inconvenient.

- Several people must exchange the same delivery details.
- Status updates may need separate calls or emails.
- Responsibility can be unclear if a step is delayed.

Customer roles: who uses, chooses and pays?

User	Technical / operations staff who need the part and follow progress.
Buyer	The person who selects and approves the logistics provider.
Payer	The shipping or ship-management company that pays the invoice.

Ship manager = a business responsible for managing some or all aspects of a vessel's operation.

Main point: A satisfied user is not automatically the person authorised to buy.

What is the actual customer problem?

Not the problem

"The customer does not have our new app."

A clearer problem hypothesis

"Urgent spare-part deliveries may require several parties to coordinate, creating staff effort, limited visibility and uncertainty about the handover."

Visibility = the ability to see the current status of a delivery.

How do we test whether the problem is real?

Customer discovery

Speak with relevant professionals about **recent actual deliveries**, not merely whether they "like" a proposed app.

Questions to investigate:

- What was the last urgent delivery you arranged?
- Who coordinated it and what went wrong, if anything?
- Which providers did you use, and how did you choose them?
- Who could approve and pay for a new service?

Our proposed service: what is included?

1. Receive and check the ship manager's request.
2. Confirm the supplier, component and collection arrangements.
3. Arrange an authorised local delivery partner.
4. Send agreed progress updates to the customer.
5. Confirm and record handover at the agreed location.

Main point: One accountable point of contact coordinates a chain of existing providers.

Service boundary: what is NOT included?

Service boundary = a clear statement of what the provider will and will not do.

- PortSpare would **not manufacture or guarantee availability** of spare parts.
- It would not perform the vessel's technical repairs.
- It would not promise port entry or clearance without the necessary approvals.
- It would not guarantee a delivery time before feasibility is confirmed.

A precise value proposition

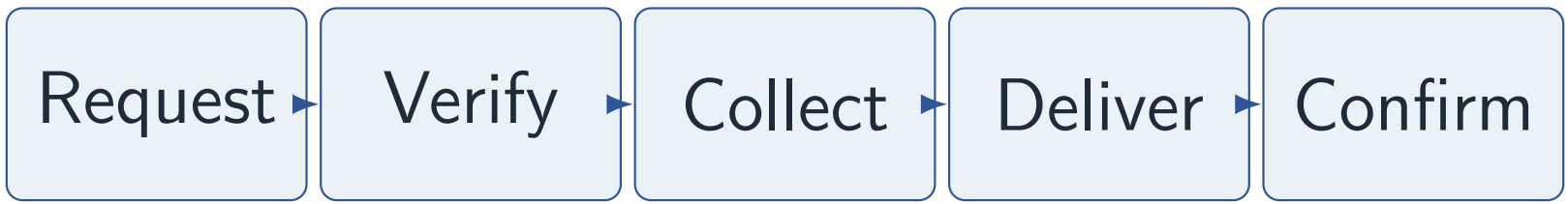
Value proposition = a short statement of who the service is for, which problem it addresses and why it is preferable to current options.

PortSpare: first draft

For ship managers arranging urgent spare-part deliveries in Piraeus, PortSpare Express proposes one coordinator to organise collection, local delivery and handover, with progress updates and confirmation.

Main point: "Less uncertainty and coordination effort" remains a benefit to test with customers.

How the service would operate



- PortSpare coordinates the steps and communicates with the buyer.
- Suppliers, couriers and authorised agents perform agreed tasks.

Main point: Later, the **service blueprint** will show exactly who performs each step.

What happens if a supplier is late?

Possible failure

The supplier cannot release the component at the expected time.

A credible response:

1. Verify the revised availability with the supplier.
2. Tell the customer immediately and provide the updated status.
3. Discuss a feasible alternative or revised delivery plan.
4. Record the incident and review the partner's performance.

What Section 2 of the Business Plan could say

Customer and problem — illustrative draft

PortSpare Express targets ship-management companies needing urgent spare-part deliveries in Piraeus. Coordinating suppliers, couriers and local agents may require substantial staff effort and create uncertainty. The team will investigate this hypothesis through interviews about recent deliveries and a review of existing services.

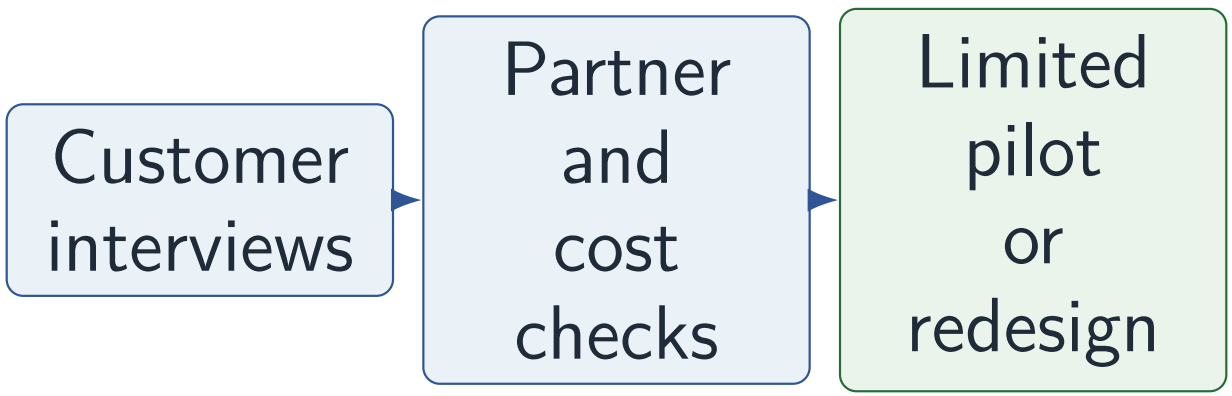
What Section 4 of the Business Plan could say

Proposed service — illustrative draft

PortSpare Express would provide one contact point to coordinate urgent spare-part deliveries in Piraeus. It would check requests, arrange collection and delivery through local partners, update customers and confirm handover. Supplying spare parts, repairing ships and obtaining unauthorised port access would be outside its scope.

Main point: This is a specific service description—not simply “a new logistics platform”.

Our tentative decision: validate, then decide



Main point: The Business Plan may legitimately recommend testing or redesign instead of immediate launch.

From worked case to YOUR assignment

At this stage, each team should draft:

1. **Customer:** who uses, buys and pays?
2. **Problem:** what difficulty does the customer face?
3. **Workaround:** what happens today?
4. **Service:** what is included and excluded?
5. **Evidence plan:** how will you investigate the key claims?

Main point: Next lecture: take this same PortSpare service into the 7Ps and service blueprint.

Before the next class: your Business Plan

Bring a one-page working draft for your own idea:

1. Target customer: user, buyer and payer.
2. Customer problem, consequence and current workaround.
3. Proposed service, clear scope and value proposition.
4. Three to five realistic ways to collect evidence.

Key idea: Next: 7Ps, service process and service blueprint — how the service is actually delivered.