# AN EVALUATION OF THE MARKETING AND MANAGEMENT OF PORTS' FACILITIES IN A COMMERCIALIZED PORT INDUSTRY IN NIGERIA
## (A CASE STUDY OF TINCAN ISLAND PORT LAGOS)

BY

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## DECLARATION

I hereby declare that this thesis is a product of my own research effort. It has not been accepted for publication for any higher degree.

All contributions have been acknowledged by means of reference.

Engr. Nnaji Felicia O.

## DEDICATION

"Dedicated to my late father, CHIEF SIMEON NNAJI ONUMADU, my mother, Mrs. Grace Nnaji and my senior brother, R.O. Nnaji, for all their encouragement and understanding throughout my educational pursuit.

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## ABSTRACT

The marketing of port facilities in Nigerian Ports PLC is bedeviled with bureaucratic bottlenecks as against the philosophy of the marketing concept. Information gathered from the study revealed that lack of adequate plants and equipment for cargo handling poses serious problems to port users. As a result, Nigerian Ports PLC cannot provide satisfactory services to its customers. The overall level of service efficiency is very low compared to what is expected of the ports to offer in a commercialized enterprise. The study reviewed relevant literatures on marketing and management of port facilities applying the basic principles of marketing concepts and practices.

The study examines the problems of marketing port facilities vis-a-vis the commercialization effort.

The analysis of data revealed that customers are deserting Nigerian ports to other neighbouring West African ports because of their epileptic and inefficient plant and equipment. Commercialization does not only entail changing to PLC but a re-orientation of the workforce and a new corporate image to attract patronage and hence profit. Responses from management, shippers, exporters and their accredited agents in the ports revealed that the main cause of service in efficiency of the ports is inadequate and unserviceable plants and equipment and lack of marketing culture. The Marketing Department need to rise above its posture of raisure of bills to incorporate the marketing concept.

Finally, the following recommendations were made; provision of modern plants and equipment to facilitate quick turn round of ships; application of computer for documentation; advertising and promotion and training of marketing officers to inculcate in them the new corporate culture.

## TABLE OF CONTENTS


| | | | PAGE |
|---|---|---|---|
| TITLE PAGE | | - | i |
| CERTIFICATION | | - | ii |
| DECLARATION | | - | iii |
| DEDICATION | | - | iv |
| ACKNOWLEDGEMENT | | - | v |
| ABSTRACT | | - | vi |
| TABLE OF CONTENTS | | - | vii |
| LIST OF TABLES | | - | viii |
| LIST OF FIGURES | | - | ix |
| CHAPTER ONE: **INTRODUCTION** | | | |
| 1.0 | INTRODUCTION | - | 1-4 |
| | 1.1.1 Privatization and Commercialization Decree, 1988 | - | 4-6 |
| | 1.1.2 Marketing | - | 6-8 |
| 1.2 | STATEMENT OF THE PROBLEM | - | 8-9 |
| 1.3 | OBJECTIVE OF THE STUDY | - | 9-10 |
| 1.4 | SCOPE OF THE STUDY | - | 10-11 |
| 1.5 | RESEARCH METHODOLOGY | - | 11 |
| | 1.5.1 Primary Data | - | 11 |
| | 1.5.2 Secondary Data | - | 12 |
| 1.6 | SIGNIFICANCE OF THE STUDY | - | 12-13 |
| 1.7 | LIMITATIONS | - | 14 |
| 1.8 | DEFINITION OF TERMS | - | 15-16 |
| CHAPTER TWO: **A REVIEW OF RELATED LITERATURE** | | | |
| 2.1 | INTRODUCTION | | |
| 2.2 | PORT AND PORT FACILITIES | - | 17-18 |
| 2.3 | PORT FACILITIES, COST STRUCTURE | - | 18 |
| 2.4 | PORT TERMINAL | - | 19-20 |
| 2.5 | PORT LABOUR STRUCTURE | - | 20-21 |
| 2.6 | PORT ACTIVITIES | - | 22 |
| 2.7 | PORT CHARGES | - | 22-23 |
| 2.8 | PRICING OF PORT SERVICES | - | 23 |
| | 2.8.1 Port Pricing | - | 23 |
| 2.9 | MARKETING CONCEPT IN PORT OPERATIONS | - | 24-31 |
| CHAPTER THREE: **HISTORICAL BACKGROUND OF NPA** | | | |
| 3.1 | INTRODUCTION | - | 32-34 |
| 3.2 | ORGANIZATIONAL STRUCTURE OF NPA | - | 34-36 |
| 3.3 | SERVICES RENDERED | - | 37-39 |

3.4 TIN CAN ISLAND PORT - 40
3.4.1 Tin Can Island Organizational Structure - 40-58

CHAPTER FOUR: **DATA PRESENTATION AND ANALYSIS**
4.1 PORT FACILITIES AT TIN CAN ISLAND PORT - 60-62
4.2 CUSTOMERS' PATRONAGE AND ATTITUDES TOWARDS - 62-64
TIN CAN ISLAND PORT - 65-70
4.3 SHIP IN-TRANSIT TIME IN THE PORT - 70-71
4.4 PRICING OF PORT FACILITIES - 71-72
4.5 DISTRIBUTION OF PRODUCTS - 72
4.6 TRANSIT TIME OF CARGO IN PORT - 72-75
4.7 EQUIPMENT AVAILABILITY (PLANTS) - 75-76
4.8 ADVERTISING AND PROMOTION - 77-79
4.7 PROMOTION OF PORT FACILITIES - 79
4.10 SUMMARY OF FINDINGS - 79-81

CHAPTER FIVE: **SUMMARY, CONCLUSION AND RECOMMENDATIONS**
5.1 SUMMARY - 82-83
5.2 RECOMMENDATIONS - 84-86
5.3 CONCLUSION - 86

REFERENCES - 87-88
APPENDICES - 89-92

## LIST OF TABLES


| | | | PAGE |
|---|---|---|---|
| 4.1 | AGGREGATE RESPONSES PATTERN | - | 59 |
| 4.2 | STORAGE FACILITIES AT TIN CAN ISLAND PORT | - | 61 |
| 4.3 | CARGO HANDLING PLANTS AND EQUIPMENT IN TIN CAN ISLAND PORT AS AT DECEMBER, 1995 | - | 62 |
| 4.4 | RESPONSES OF CUSTOMERS PATRONIZING THE TIN CAN ISLAND PORT | - | 63 |
| 4.5 | CUSTOMERS' LEVEL OF SATISFACTION WITH AVAILABLE FACILITIES AND SERVICES (PLANTS) IN TIN CAN ISLAND PORT | - | 64 |
| 4.6 | BERTH SERVICES OFFERED TO CUSTOMERS AT TIN CAN ISLAND PORT | - | 65 |
| 4.7 | DURATION OF VESSELS IN THE PORT, 1993 | - | 66 |
| 4.8 | DURATION OF VESSELS IN THE PORT, 1994 | - | 66 |
| 4.9 | DURATION OF VESSELS IN THE PORT, 1995 | - | 67 |
| 4.10 | DURATION OF VESSELS IN THE PORT, 1996 | - | 67 |
| 4.11 | DURATION OF VESSELS IN THE PORT, 1997 | = | 68 |
| 4.12 | CUSTOMERS' REACTION TO SHIP TRANSIT TIME IN TIN CAN ISLAND PORT AS AGAINST NP PLC STIPULATED 750 TONS DISCHARGE PER DAY | - | 68<br>69 |
| 4.13 | CUSTOMERS' RESPONSES TO PORT PRICING | - | 70 |
| 4.14 | TRANSIT TIME OF CARGO IN PORT | - | 73 |
| 4.15 | CUSTOMERS' RESPONSES TO CUSTOMS AND EXCISE DEPARTMENT RELEASE | - | 74 |
| 4.16 | CUSTOMERS' RESPONSES TO SHIPPING COMPANIES' RELEASES | - | 74 |
| 4.17 | NP PLC RELEASE PROCEDURE AND CUSTOMERS' RESPONSES | - | 75 |
| 4.18 | NP PLC, TIN CAN ISLAND PORT EQUIPMENT AVAILABILITY | - | 76 |
| 4.19 | CUSTOMERS' RESPONSES TO MEDIA ADVERTISING | - | 78 |

## LIST OF FIGURES


| | | PAGE |
|---|---|---|
| NP PLC ORGANIZATIONAL CHART | - | 36 |
| TIN CAN ISLAND PORT ORGANIZATIONAL CHART | - | 58 |

# CHAPTER ONE

## 1.0 INTRODUCTION

In any socio-economic system, port is one of the indispensable catalyst for achieving and stimulating the tempo of sea borne trade. The development of efficient port facilities must be flexible and dynamic with the port system as a vital component for meaningful socio-economic development for binding the various ports of the continents in trade relationships.

The port is a link in the transport chain by which goods in transit are transferred from one medium to another mostly from land (rail, road, etc) to water ocean, shipping, river barges, etc) or land interface or terminals.

The process is dynamic where the terminals are equipped with adequate mechanical facilities. The port as an international terminal, facilitates international trades through which import, export and transhipment between nations flourish.

The development of international trade between nations of the world located alongside of the sea necessitated the needs for the provision of modern facilities for adequate handling of bulk-cargo which otherwise could not have been possible to transport by land or air.

The maritime activities in Nigeria dates back to 1862 which was dominated by the colonialist and its development was considered essential by the British. Raw materials, such as palm oil, cocoa, groundnut, etc, were badly needed in Europe for industrialization. The need for expensive quays, jetties and aprons for mechanical cargo handling equipment became more

apparent. The investment was not only limited to the construction of ports but feeder roads to facilitate the movement of produce to the river stations which was necessary for transporting long haulage of bulk goods such as agricultural produce, by water or railway. Therefore, the Nigerian coastal ports served as inlet for finished goods from the industrial nations.

The great depression of the 1930s kept international trade relatively low, thus affecting the volume of trade between Nigeria and its foreign trading partners. Moreover, the complete colonial control of maritime activities along our coastal ports made it impossible for the nation to associate any significant gains from the trade since the raison d'etre of trade was the consolidation of colonial economy. The picture changed with the demand for raw materials during and after the world war II as a result of resuscitation of the world economy.

As a result of international economic buoyancy, our attention was focussed on achieving independence in Nigeria. The need for the creation of a body to cater for the shipping needs of the country became obvious. Several Commissions were set up to study the existing system of operations in the country and to recommend a suitable body to handle all ports matters in the country. On April 1, 1955, the Nigerian Ports Authority came into operation as an autonomous public corporation.

The primary motive of such a dynamic policy is to guarantee Nigeria benefits from the fruit of her external trade and foreign exchange payments in respect of services offered at the ports.

The increasing economic activities, as a result of the oil boom between 1970 and 1971, necessitated the need for expanding the capacity of the ports to cope with influx of about 6 million tonnes of cargo.

The upsurge in cargo traffic was due to buoyancy of the economy which led to the increased and expansion of port facilities. As against the 1970 to 1971 figures, 9.3 million tonnes of cargo passed through the nation's various ports in 1975 to 1976. Indeed, the early months of 1975 witnessed the most suffocating ports congestion ever recorded in the history of Nigeria. At the height of the congestion, there were 455 vessels waiting to berth at the Lagos port alone.

This incidence provided further the need for the development and expansion of ports facilities in the country. The third National development plan, 1975 to 1980, made adequate provision for ports expansion performance.

The Tin Can Island Port came into being in 1979 to ameliorate the congestion experienced at Apapa Port with modern facilities to handle Roll-on/Roll-off vessels. The success of these remarkable expansion and modernization of the port facilities has attested to the fact that, today, no ship has to wait for berthing beyond an internationally accepted maximum of 10 days. This was not the case during the port congestion when the waiting time was 180 days.

However, as a result of the economic down turn and global cargo dearth, the cargo throughput tumbled from a high 23,642 million metric tonnes in 1981 to 11,560 million metric tonnes in 1984. The year 1988 experienced even less activities at the port; a cargo throughput

of only 8,872 million metric tonnes was recorded. Of this figure, only 2,538,786 metric tonnes was handled in the first quarter of the year.

The Structural Adjustment Programme raised an important question of self-reliance through the restructuring of productive base of the economy. The adoption of the programme and the economic depression that followed has made it increasingly difficult to maintain the port facilities as most of them have deteriorated. It is on record that due to low level of activities and lack of spare parts, the maintenance, replacement and reactivation of forklift trucks, mobile cranes, freight lifters' sheds and warehouses became prohibitive with Dutch exchange in operation.

However, the Government economic reform policy thrust also recognised the need to direct its interest in some of the public corporation that have high cost of capital structure which constitute profound sources of leakages of the country's earnings. Therefore, the Nigerian Ports Authority was identified as having the potential and was scaled for full commercialization.

### 1.1.1 Privatisation and Commercialization Decree, 1988

Decree No. 25 of 1988

In the supplement to official Gazette - Extra-Ordinary, No. 42, Volume 75 of 16th July, 1988, the Federal Military Government promulgated Decree 25 popularly known as privatisation and commercialization Decree.

The objective of this Decree as succinctly put by Kashim Ajayi (New Nigeria of August 14, 1989) are:-

i) "To restructure and rationalize the public sector in order to lessen the dominance of unproductive investment in that sector;

ii) To re-orientate the enterprises for privatisation and commercialization towards a new horizon of performance improvement, viability and overall efficiency;

iii) To ensure positive returns of public sector investments in commercialized enterprise; and

iv) To check the present absolute dependence on the treasury for funding by otherwise commercially oriented parastatals and so, encourage their approach to the Nigerian Capital Market."

The Decree provides for the establishment of a technical committee to be known as the "Technical Committee on Privatisation and Commercialization", whose functions include among others: (g) to ensure the success of the privatisation and commercialisation....." Under part II, public enterprises to be commercialized are specified in part II of schedule 2 to the Decree and shall be fully commercialized in accordance with the provision of the "Decree".

Under part III of the Decree;

"Commercialization means the re-organisation of enterprises wholly or partly owned by the Federal Military Government in which commercialized enterprises shall operate as profit making commercial ventures and without subvention from the Federal Military Government and commercialized shall be construed accordingly."

Under this Decree, the Nigerian Ports Authority became fully commercialized on 1st January, 1990 and ceased to receive subventions from the Federal Military Government. At the



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same time, the port Authority was vested with power to operate as a purely commercial enterprise(s) though subject to the general regulatory, power of the Federal Military Government relative to:-

a) Fixing of rates, prices and charges for goods and services provided;

b) Capitalise assets; and

c) Borrow money and issue debentures stocks; and sue and be sued in its corporate name.

It is significant to state that recent events in the business environment appears to bring to a close, the era of making huge income without actually working hard for it. For Nigerian Ports Plc to survive, with enormous cash flow problems, the hostile economic climate which has given birth to about 50% under-utilization of port facilities, calls for the use of marketing strategies and proper management as steps towards optimisation of standards in port operations as well as to be in line with the concept of commercialization. The need to ensure maximum return on investment is supposed to be at par with customer satisfaction which in turn, calls for the provision of articulated and comprehensive level of services to customers or potential ones at the Ports.

### 1.1.2 What is Marketing

Marketing is a general business activity that has received very many definitions by different authors and practitioners.

Firstly, Philip Kotler defines marketing as "a human activity directed at satisfying needs and wants through exchange process."

Secondly, Julius O. Onah sees marketing as "a total system of interchanging business activities, designed to plan, price, promote and distribute want satisfying products and services to present and potential customers."

A close analysis of these two definitions convince one that marketing is an economic activity practice in any type of business endeavour. Marketing in simple terms, involves all processes that are necessary to ensure that customers' needs and wants are kept satisfied at all times.

For Port Authority to be effective in marketing its services in the present, competitive, economic environment in Nigeria requires the use of marketing strategies to achieve growth, maintain and increase the port's market share and to cope with competitors challenges.

Philip Kotler defines a marketing strategy as "a consistent, appropriate and feasible set of principle through which a particular company hopes to achieve its long=run customer and project objectives in a particular competitive environment."

To be effective in marketing, every strategic move must be appraised in relation to the environment, appropriate as well as the question of being consistent along with the company's resources capabilities.

The position of Nigeria as one of the big markets
yin the world today is an indication of the strategic position that Nigerian Ports Authority is occupying in the linkage system of the world markets. Therefore, the development and operation

of an effective and appropriate marketing system in the Nigerian Ports PLC as a commercialized organisation is necessary for achieving organisational objectives (i.e. profits and expansion) as well as revamping and stabilizing the Nigerian economy.

## 1.2 Statement of the Problem

The marketing activities of the Nigerian Ports Authority have been described as being bureaucratic in nature as against the philosophy of the marketing concept and commercialization. This bureaucratic nature of port marketing system has long been in operation since the inception of the ports, as a public corporation and that the government has been consistently responsible for funding the port's financial needs. As a result, therefore, the Ports Authority never see the need to operate port services as an investment that must yield appropriate returns to cover costs and make profit.

Suddenly, the Nigerian Ports Authority was commercialized in 1990. This means that the ports have to operate on commercial basis toward meeting all its financial requirements and make profit without receiving funds from the Federal Government as subvention.

The Nigerian Ports Authority is currently facing the problems of how to generate funds towards improving its financial position as well as economic condition of Nigeria.

The above submission necessitates the following research question:-

i) To what extent has bureaucratic bottlenecks affected the marketing of port facilities (Berths, sheds, stacking and plants) in a commercialized environment?

By bureaucratic bottlenecks, the emphasis here is on the activities of the various departments and agencies who must authenticate one document or another before a cargo is finally released to customers. This often times, result in unavoidable delay. Such department/agencies usually involved are customs and excise department, shipping companies, freight forwarders and transporters. Each of the department/agency is responsible to different organisations rather than the Nigerian Ports Authority;

b) How adequate is the current level of services being provided to customers, compared to what was obtainable before commercialization?

The Nigerian Port Authority, traditionally, offers port services to potential customers such as pilotage, towage, dock labour, supply of fresh water, bunkering, ship repairs, security services, fire services and medical services.

The attempt here is to identify whether these services relative to the current commercialization are sufficient to yield high customer level of service cum optimum profit; and

c) Are the existing promotional activities through trade exhibitions adequate to create high level of awareness on the types of facilities provided in the port?

## 1.3 The Objectives of the Study

The study is geared towards discovering how the Nigerian Ports Authority can re-organize its operations, on a commercially oriented basis using the marketing concept.

To help the Nigerian Ports Authority in this regard, the research effort will be focussed in the following areas:-

i) To identify the needs Nigerian Ports Authority need to serve with its available facilities;

ii) To specify the type of services that the ports can offer to satisfy the earlier identified needs by using innovation and the marketing concept;

iii) A search to know who desire their services with respect to how, where and when;

iv) To appropriate value to every service offered bearing in mind the cost of the services to the Port Authority and what the customer is willing and capable of paying; and

v) To identify other areas where marketing can be applied appropriately in the ports' operation to increase revenue.

## 1.4 Scope of the Study

The scope of this research will be limited to cover port activities in terms of services rendered to customers at the Tin Can Island Port of the Nigerian Ports Authority.

The focus of the research study is on the marketing aspects of ports' services as a commercialized institution as against its former background of being a government agency. The research will study in details facilities present (such as berths, sheds, stacking areas, warehouses and plants) and services currently being offered at the Tin Can Island Ports. Efforts will be made to know how services are generally offered to ports' customers, specifically covering the following areas that are very important in Marketing:-

How services are initiated

To whom services are offered

How are they finally executed

How long do customers wait to receive such services, and

How charges are determined, etc.

To obtain data in the areas highlighted earlier, some key officers who are in senior positions, will be interviewed and in addition related secondary data will be used to support information obtained through primary research.

Being a case study, the result of the research work can be generalised in making general recommendations to the Nigerian Ports Plc.

## 1.5 Research Methodology

To ensure proper collection of data and to facilitate this study, the researcher will make use of both primary and secondary methods of data collection.

### 1.5.1 Primary Data

survey method of research will be used to obtain primary data through interview and administering of questionnaires.

The choice to use personal interview was unavoidable on a topic of this nature that touches on attitudes, behaviours and responses o customers, as well as the attitudes and behaviours of workers that offer the services under study. Also because marketing is a dynamic business activity, one has to use a dynamic research approach to obtain the required data for the research study.

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commercialization, the Nigerian Ports Authority is expected to generate all the revenue it requires for operation as well as make profit.

Having the above background, Nigerian Ports Authority and coupled with the economic recession currently being experienced in the country, call for a general re-organisation of the entire ports operations and re-orientation of its workforce to be cost effective towards generating profits by meeting customers' needs.

Marketing, as the engine that actually propels the success of any organisation, the Nigerian Ports Authority is not an exception. The Ports must be able to identify needs for which services are provided to satisfy wants resulting in revenue generation. Without marketing activities, no money comes to any organisation and it cannot therefore exist.

The research, no doubt, recognized the importance of marketing in general and in particular, in ports operations. The study is aimed at highlighting strategic role marketing should play in the re-organisation of the Nigerian Ports Authority.

The application of basic marketing principles as agitated by the marketing concept towards establishing satisfaction to customer of the Nigerian Ports Authority's services must be the guiding principle for re-organisation and re-orientation of the workforce. By so doing, ports operations must be tailored toward satisfying its customers and potential customers, for this is the only way that can help it survive as a profit making organisation.

To help Ports Authority in this enormous re-organisation, this research work has focussed on identifying needs to be met by ports' services and how such needs can be efficiently and effectively met to generate profits as well as satisfy customers with the service offered.

The study has also suggested the marketing efforts that must be put in place to ensure that services available are communicated to customers through any or combined use of advertising, personal selling, sales promotion and publicity. The customer must be given his rightful place of being the king. And he must be treated as such, i.e. having him as the priority in every aspect of the organisation or simply NPA being consumer-oriented.

The ability of Nigerian Ports Authority (NPA) to market her services effectively will determine their corporate survival effectively will determine their corporate survival in the current economic downturn.

## 1.7 Limitations

The major limiting issue of this research work is the researcher's inability to lay hands on any textbook on marketing of port facilities. However, the study has applied marketing philosophy and concepts which is applicable to any aspect of marketing in a service industry.

Another constraint to the research work is in proper record keeping or outright non-availability of certain information from the marketing department of the Tin Can Island Port for projecting the market trend of ship arrival pattern for 10 years. Nevertheless, the required data was generated and used for the presentation of this research report.



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## 1.8 **Definition of Terms**

Berth - loading and discharging position at a quay.

Bollard - Single steel post on ship or quayside for mooring ropes.

Cargo Handling - The physical handling of goods.

Channel - Passage of water leading to the port that is normally dredged and policed by the Port authority.

Congestion - Accumulation of vessels at a port to such an extent that vessels arriving to load or discharge are obliged to wait for vacant berth.

Forklift - A three or four wheel mechanical truck diesel or electric with forks at the front designed for lifting, carrying and stowing cargo.

Gang - A number of workmen acting together especially for loading and/or discharging operation of a vessel.

Gantry Crane - A crane mounted on a frame, which travels on rails for loading/discharge of container vessels.

Port dues - A charge levied by ports on the vessel or cargo.

Quay charges - A port charge levied on the vessel for the use of the Quay.

Roll-on/Roll-off - System of loading and discharging a vessel whereby the cargo is driven On and Off by means of a ramp.

Stevedore - Labour employed to load and unload cargo and by transference, the organiser of this work. In many ports, stevedores only work aboard ships, i.e. for the account of the vessels.

Tallyman - A person who records the number of cargo together with the condition thereof, e.g. damage at the time it is loaded or discharged.

Transit Shed - A shed in the port area, usually in custom bonded area, which is positioned behind the berth to receive cargo unloaded from vessel or for loading. Distinct from warehouse.

Wharfage - A charge levied by some ports on the cargo owner for the use of the port surface over which the cargo moves.

# CHAPTER 2

## 2.0 A REVIEW OF RELATED LITERATURES

### 2.1 Introduction

Port facilities are the infra and super-structural facilities. Ports generally provide for efficient cargo handling. These facilities and or services are regarded as the products the Port Authority sells to its customers and potential ones to meet the needs of the maritime industry.

Sarumi (1988) stated thus: "The Nigerian Ports Authority does not produce tangible goods but only renders services to its customers."

Douglas (1982) said: "A product is not just the physical thing that is seen, touched, smelt, tasted, used or consumed. Every product possesses symbolic and psychological attributes to consumer."

Philips Kotler (1980) defined product as "anything that can be offered to a market for attention, acquisition, use or consumption; it includes objects, services, personalities, places, organisation and ideas. Other names for a product would be offering offer, value package or benefit bundle."

Collins (1989) defined port product and services as:

- sheltered and safe bodies of water where ships can carry out their loading and unloading operations;
- the equipment and facilities needed for handling and storing merchandise;

- good location for transfer of responsibilities between maritime shipping and land shipping system.

## 2.2 Port and Port Facilities

Oran (1978) defined a port as "a shore-base installation for transfer of goods from land to ship." He emphasised that when modern port is being considered, one thinks in terms of a service at the dock equipped with deep water quays, transit sheds, warehouses, cranes, drydock and repair facilities for vessels with access to all these by a system of roads and railways and with the whole of these facilities co-ordinated by over-riding management charged with the one aim of speeding the flow of goods through the ports.

Alderton (1968) defined seaport as area where there are facilities for berthing or anchoring ships and where there are equipments for the transfer of goods from ship to shore or ship to ship. In other words, he was of the view that "it is a ship/shore interface or a maritime intermodal interface.

The vital point raised in the above definitions is in support of what shippers expected in any modern port. This stem from the fact that a port being a complex system of maritime terminal must have adequate facilities for the transfer of cargo from the ship holds to shore based interface or terminal consisting of warehouses, stacking areas, etc.

The second point emphasised the need for interaction between various modes of transportation to form a nucleus in the process of moving goods and services to their destinations.

## 2.3 Port Facilities Cost Structures

Tawney (1976), the writer made a notable quotation on port facilities and stated thus:

"Functionless property is the greatest enemy of legitimate property itself."

He disclosed that a port which operates its facilities with obsolete equipment would not attract patronage from users because of slow rate of turn-round time of vessels. He stressed that port must make every effort as any other commercial enterprise to ensure it does not get into debt beyond its ability to report and that it should have sufficient revenue to meet the cost of replacement and improvement beyond normal maintenance.

Related to the above development, he stated further that:

"It is common phenomena that the capacity and efficiency of maritime terminal represent the major investment of the port in providing the present cargo needs and also developing its future potentials for expanded flow of commerce."

Eugene (1976) states thus: The main reason for evaluating the cost structure is its significance in determining port productivity generally and labour utilisation and vessels turn-round time as compared with other ports. The proximity of several major ports makes a diversion of traffic based on cost experience to an alternative port possible. Therefore, lack of vessel schedule, a high pilferage and damage rate and low labour productivity at port constitute the prime rational behind the diversion of vessel.

Eugene (1976) further described the state of labour as "No strike has ever been lost." He is of the view that labour is a critical factor in any port development or decline. Its cost and

productivity are the major ingredient in a port total cost structure. Moreover, the quality, consistency and reliability of water front labour can either maintain existing shipping or instigate its transfer to alternative port and either attract additional traffic or discouraged.

## 2.4 Port Terminal

James Bird (1982) defined a port as a link in the transport chain by which goods in transit are transferred from one medium to another, mostly from land (rail, road, etc) to water (river barges, ocean shipping) or vice versa.

A close examination of this definition limited seaport to the activities of the terminal. The terminal refers to the interface artificially made and designed to ensure the most efficient operation and utilisation of the transport unit using it. This is very important when emphasis is on moving intensive unit operations.

## 2.5 Port Labour Structure

Benatham and Walters (1979) stated thus; Port activities is common to any other ports in use and that the basic activities consist of ownership of land, quays, piers and port surface. The port either maintains and controls these facilities itself or rent them to other parties; the port owns and operates or rent mechanical equipment such as forklifts, trailers or owns warehouses, that it either operate itself as warehouseman or rent to shippers); ports are landlords on large scale. They conclude, most port employ at least some of the labour required for moving cargo, but the degree of control over cargo operations form one of the chief difference between ports.

The two writers are of the opinions that ports can operate their services by adopting two options, either as monopoly or landlord ports.

In the case of the former, the port has absolute control for services rendered to its customers while in the latter, the port will relinquish part of the service to private companies.

This has been the practice in port of Singapore or port Kelong, the ports employ directly all the labour required for moving cargo whether on board (stevedore) or on shore (wharf labour).

In port of Chattagong or Bangkok, stevedoring is carried out by licensed contractor and private labour.

The choice to employ stevedores either directly or using the services of private companies is to reduce the incidence of strike action which would paralyse the services of the port.

To a large extent, the employment of labour which the port has direct control would minimise strike action and improve port performance in cargo handling and increases productivity. Therefore, direct control of the labour would quicken the turn-round time of vessels, reduce cost of shipping and attract patronage from shippers as a result of continuous availability of services.

## 2.6 Port Activities

Bennathom and Walters (1979) in another write-up made an attempt to categorise port activities into three:-

i) Sea-related services, provision of access to the port by buoys and moorings, berths, pilots and tug and lighters;

ii) Land related services, cargo handling by port labour, port cranes, other equipment and vehicles and storage (in shed or open); and

iii) Delivery related services, handling (for example, customer or consignee's vehicle) container freight station (staffing/stripping) warehousing, and port own transport.

## 2.7 Port Charges

Nedle (1980) is of the view that for a port to exist it must have a "sound financial footing" and "its income" is derived from the charges it takes for the services rendered to shipping industry. He made broad classification of the port charges as it relates to facilities into two. There are ship dues and cargo dues.

### Ship Dues

The imposition of light charges on the net registered tonnage of the vessel. The provision of navigational aid charges for the use of beacons and radar coverage. The maintenance of depth of water in the approach channel and berths. The cost of the service is covered by what is known either as conservancy charges or dock dues usually imposed on the gross registered tonnage of a ship. The charges also cover the use of bollards for mooring and maintenance of locks and gates.

Cargo Dues

Charges made on goods which pass through the port are known as wharfage due, quay due or dock due.

Warehouse charges are on goods which pass through transit sheds awaiting delivery.

## 2.8 Pricing of Port Services

Bennathom and Walters (1979) stated that the activities in a port are influenced by the structure of port pricing and has this to say: "The price charged by ports fall broadly into two categories: User charges and Services charges. User charges include dues levied on the ship for each call, which vary continuously with the length of stay; river conservancy dues, dues falling on cargo levied usually on the fees which cover sheds and warehouses, service charges including charges for the use of labour and ancillary equipment, which vary with the amount of crane service consumed, which varies usually with the dimensions of the vessel (such as GRT and draft), towage and tugging.

### 2.8.1 Port Pricing

Aregbe (1987) expressed the view on port pricing in a paper he presented on induction course organised for newly employed marketing officers at Tin Can Island Port and he says, "There are two types of bills in pricing port facilities. One is related to the vessels and the other is restricted to cargo. Those related to the vessel are normally known as the ship dues, they include; light dues, the toll due, the anchorage dues and others like pilotage, stowage and barthage. In case of cargo, there are harbour dues and terminal dues which include; wharfage, wharfinger rates and other miscellaneous charges taken care of at the port level.

## 2.9 Marketing Concepts in Port Operations

Many writers have defined marketing but not always in relation to port facilities. Those relevant to this study are discussed here. Philip Kotler (1980) defined marketing as "a human activity directed at satisfying needs and wants through exchange process." Another writer Julius Onah (1979) sees marketing as "a total system of interchanging business activities, designed to plan, price, promote and distribute want satisfying product and services to present and potential customers." The key words in these definitions are: exchange and satisfaction of needs and want.

Rosenberg's (1977) definition incorporates many ideas:

"Marketing is a matching process, based on goals and capabilities, by which a producer provides a marketing mix (product or services, advertising, distribution, pricing, etc), that meets consumer needs and within the limits of society."

Broadly interpreted, marketing process brings together or matches two primary participants, producer and consumer. The term producer is used broadly, it can mean a manufacturer, retailer, a service establishment or even a non-profit institution. The producer may be a single organisation or it may be a coalition of firms such as the Nigerian Ports Authority. Each producer has various reasons for being in existence, including the desire for profit, growth and prestige. It might also provide a social service (Ibid).

Producers have different capabilities in making and marketing products. These include holding patents on products, deriving special advertising message, having large financial resources and employing skilled key personnel (Ibid).



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The producer attempts market anticipation by finding out consumer wants and needs, either through educated guesses or formal market research. The consumer is then a market offering, representing elements of the product or service and its price, promotion and distribution. The consumer may be an individual, a household unit, an organisation or a government. A transaction occur when the consumer accepts the producer's market offering, and gives something of value in return usually money (Ibid).

According to Rosenberg, the marketing process involves more than producers and consumers. The environment within which marketing exists, including the government competitor, the mass media, and consumer, advocates places competitive and legal cost, and other constraints on the producer. It also alerts the consumer to other opinions. Producers (like NPA) consumer (like importers and exporters) and the environment in which they operate - all function within a social, political and economic system which is constantly changing.

William McInnes (1964) has observed the economic reality of a market and defined it as "the gap which separates producer and consumer." In other words, producers and consumers are separated and need to find one another in order to arrive at an exchange. Some force must bring together the producer and consumer in order to be a market relationship. This force is known as marketing. McInnes defines it as "any activity which actualises the potential market relationship between the makers and users of economic goods and services."

Separation between producers and consumers may take several forms including the following:

i) Spatial separation (physical separation);

ii) Separation in time (lapse between production and consumption;

iii) Perceptional separation (consumer's knowledge of and interest in the product);

iv) Separation of ownership (legal title of ownership is held by producer or consumer); and

v) Separation of value (producer's cost measured against consumer wants and ability to pay).

Because of these separations, various things must be done to bring consumers and goods or services together. For example, assembling and transportation are necessary to eliminate spatial separation. Goods must be created at saleable units and shipped to the place of consumption. Advertising is important in breaking down perceptional separation. Through advertising, the consumer receives information about the product and is given a greater incentive to make a purchase.

Some of these marketing functions are handled by specialist intermediaries, for example, railroads for transportation of goods, or market research companies to develop information on consumer interests. Many of these functions can be divided and shared among producers, intermediaries and consumers.

The marketing concept covers a wider field and is polarised differently, it is based on the customer and aims at selling to him what he wants and what the undertaking thinks he needs. To accomplish this, a marketing department is needed certainly, but also the aim of management is to ensure that the whole undertaking is market oriented.

Aregbe (1990) stated thus, marketing is concerned with the distribution of goods and

services that facilitate the conveyance of goods from producers to the customers. But in the case of a service oriented organisation like NPA, marketing provides the services that facilitate the flow of information and knowledge about available facilities and services for its customers. He further states; "the major operational marketing activities are pricing, selling and advertising". He listed the main functions of the marketing department as follows:-

i) Formulation and execution of sound marketing policy for the organisation;

ii) Formulation and of the Authority's dues and rate charges including their revision as and when necessary;

ii) Ensure adequate collection of Authority's charges by raising appropriate and adequate dues and rates on facilities and services rendered by the Authority;

iv) Receiving and investigating complaint or suggestions from users about adequacy/inadequacy of services or facilities offered by the Authority as well as providing new facilities and services and backing them up with advertising;

v) Formulation of policies and procedures for port marketing research and information conducting marketing research to determine the potentials of any given service/facility;

vi) Simplification of documentation and procedures in connection with shipping and customs;

vii) Controlling the various marketing functions through:

   a) establishment of performance standard;

   b) Measurement and feedback of performance results;

   c) Evaluation of actual performance against standards;

viii) Co-ordinate the introduction of services and facilities with the view to ensuring the overall corporate marketing objectives of customers satisfaction;

ix) Carry out studies with the view to determine customer's motivations, problems of

congestion in the port (if any) and other marketing problems;

x) Research into price sensitivity of the total industry demand and price sensitivity for particular firm in the industry;

xi) Investigate the dynamics of the Authority's cost structure using break-even analysis to determine the outcome of alternative cost/volume strategies;

xii) Involve in international comparism of port charges as well as conduct research into new revenue generation avenues for the Authority;

xiii) Participate in both local and international trade fairs with the view to educating the Authority's customers about new products development/designs at the port, thus establishing port marketing;

xiv) Counselling to the Authority; and

xv) Defend the Authority's rents and charges in any court of law or before a rent tribunal.

The key element in this definition is rooted on pricing, selling and advertising. This portrayed the marketing activities of NPA as a seller market dictating to its customers what is being sold rather than selling to customers what they want. The writer, no doubt, has narrowed down the definition of marketing to the activities in the marketing department. Since port is considered as a service industry having diverse customers, the provision of information about available facilities through trade exhibition is not enough to serve the market.

According to Philip Kotler (1980), the marketing concept is a management orientation that holds the key task of the organisation is to determine the needs and wants of target markets and adopt the organisation to delivering the desired satisfaction more effectively and efficiently than its competitors."

The above definition recognised that marketing as a concept should find wants and fill

them rather than create products and sell them. The concept also starts with the firm's target, customers and their needs and wants, it plans a coordinated set of products and programmes to serve their needs and wants and it desires profit through creating customer satisfaction. In essence, the marketing concept is a customer needs and wants orientation backed by integrated marketing efforts aimed at generating customers satisfaction as the key to satisfying organisational goals.

Rodger (1974) is of the opinion that marketing must start as a concept which defines the purpose of marketing operations rather than as a description of the operations themselves. For when a company has embraced the marketing concept, there are different ways in which the marketing functions can be organised according to the particular circumstances and environment in which the individual company finds itself.

Rodger stated that: the marketing concept is applicable to all business organisations irrespective of size or nature of the goals and services marketed. Differences in the type of goods supplied, in the size and characteristics of the consumer or user markets for the various classes of goods, in the purposes for which they are acquired and in the method by which they are distributed, do not invalidate the universal applicability of the marketing concept to business operations.

As between large and small firms, and as between producers of consumer goods and producers of industrial goods or services, there may be differences in the permissible scale of marketing effort and in the specific types of market. A far more fundamental difference, irrespective of size or type business is the attitude of mind of management.

The main objective for commercialisation is to lay the foundation for more efficient

organisation which would serve the needs of the Nigerian economy in the 21st century and NPA is one of the viable economic institutions in Nigeria.

Olumofin (1989) stated thus: most ports in Africa today and the NPA in particular, to-date have practices that can be classified as "business" oriented and those that can be classified as political and "non-business." The new dispensation should reinforce the former and correct the latter. The area of emphasis include:

Relationship in terms of goals and objectives of NPA with respect to:

i) Government

ii) The community

iii) The customer

iv) Employer; and

v) The suppliers.

## 2.10 Summary

In a fully commercialised port, the aforementioned relationship should be profit and result-oriented rather than be based on political expediences.

Corporate objective should unite both the individual and the corporate body rather than clashes of interests.

Opportunities and threats in the NPA business environment should be identified and managed for commercial results.

This research study aims at assisting NPA to turn its threats into opportunities and how to tap such opportunities with its facilities by fully utilizing marketing principles and strategies. The result will lead to general improvement in all economic institutions in Nigeria.

## CHAPTER THREE

### 3.0 HISTORICAL BACKGROUND OF THE NIGERIAN PORTS AUTHORITY

### 3.1 Introduction

Before 1952, port operations in Nigeria was the joint responsibility of the Nigerian Railway Department and the Marine Department. While the Nigerian Railways Department took charge of handling cargo at the quays in Lagos, the Marine Department was responsible for the maintenance of the harbour channels and the berthing of vessel. However, as a result of the study by Mr. C.A. Dove on port operations, the Federal Government, by the Ports Act of 1954 Cap. 155 of the Laws of the Federation, established the Nigerian Ports Authority (NPA). The Authority formally started operations on 1st April, 1955. Thus, making it one of the oldest of all Federal Government parastatals still in operation.

The Act vests on the Authority with the statutory responsibility of providing and operating all cargo handling and quay facilities as may appear best to serve public interest, maintaining, improving and regulating the harbours and approaches to all ports open to ocean-going vessels and dredging all water channels to desired depth as well as providing and maintaining pilotage services.

The Nigerian Ports Authority on 1st January, 1990 metamorphosed from a government owned parastatal to a profit-oriented limited liability company to be known as Nigerian Ports Plc having incorporated under the Company's and Allied Matters Decree No. 1 of 1990. In 1996, it reverted back to Nigerian Ports Authority still with the status of limited liability company.

The organisational structure of any commercial enterprise is a mirror image depicting the level of authority and control.

G.E. Milward (1979) states, "The organisational structure is a process of dividing work into convenient tasks or duties and grouping such duties in the form of posts and delegating authority to such port, and appointing qualified staff to be responsible that the work is carried out as planned."

The structure that the management should have in mind must be flexible in the planning stage so that provision will be made for adjustments necessitated by changing policy or changing circumstances.

It is imperative that the structure should be designed to clarify responsibilities so that one knows who is to do what and who is responsible for what results; to remove obstacles to performance caused by confusion and uncertainty of assignment and to furnish decision-making communication network reflecting and supporting enterprise objective.

Before the Nigerian Ports Authority's transformation into commercialized enterprise, the Administrative set=up was made up of Board of Directors appointed by the Federal Government. The Board consists of Chairman and nine other members including the Managing Director as the Chief Executive of the Authority.

The management arm then constitutes seven operational divisions, each headed by a Director. They are those of Finances, Personnel, Operations, Marine, Engineering, Property and

Marketing and Corporate Planning. There are also two additional Directors who take charge of secretarial/legal matters and Internal Audit. Within each directorate are various departments headed by Deputy Directors who act as sectional heads.

## 3.2 The Organisational Structure of NPA

Today, the Nigerian Ports Authority has been restructured to meet the challenge of the commercialization process with the efforts aimed at optimising results, performance improvement and overall efficiency. The NPA has been divided into three zones, headed by General Managers/Executive Directors with Liaison Office in Marina, Lagos.

The corporate headquarters, Marina, in Lagos which has been moved to Abuja of recent is the seat of the Chief Executive and Managing Director to whom the General Managers report. The Head office coordinates the activities of the zones.

The eleven ports of the organisation are distributed under the zones as follows:

Western Zone

The Western zone consist of the following ports:

i) Apapa Port

ii) Tin Can Island Port

iii) RORO Port

iv) Container Terminal

v) Ijora wharf and all fisheries terminal around.

Eastern Zone

The zone comprises the following ports:

i) Port-Harcourt Port

ii) New Ocean and Federal Lighter Terminals, Onne

iii) Calabar Port with all other ancillary wharves and jetties.

Central Zone

The zone controls the following ports:-

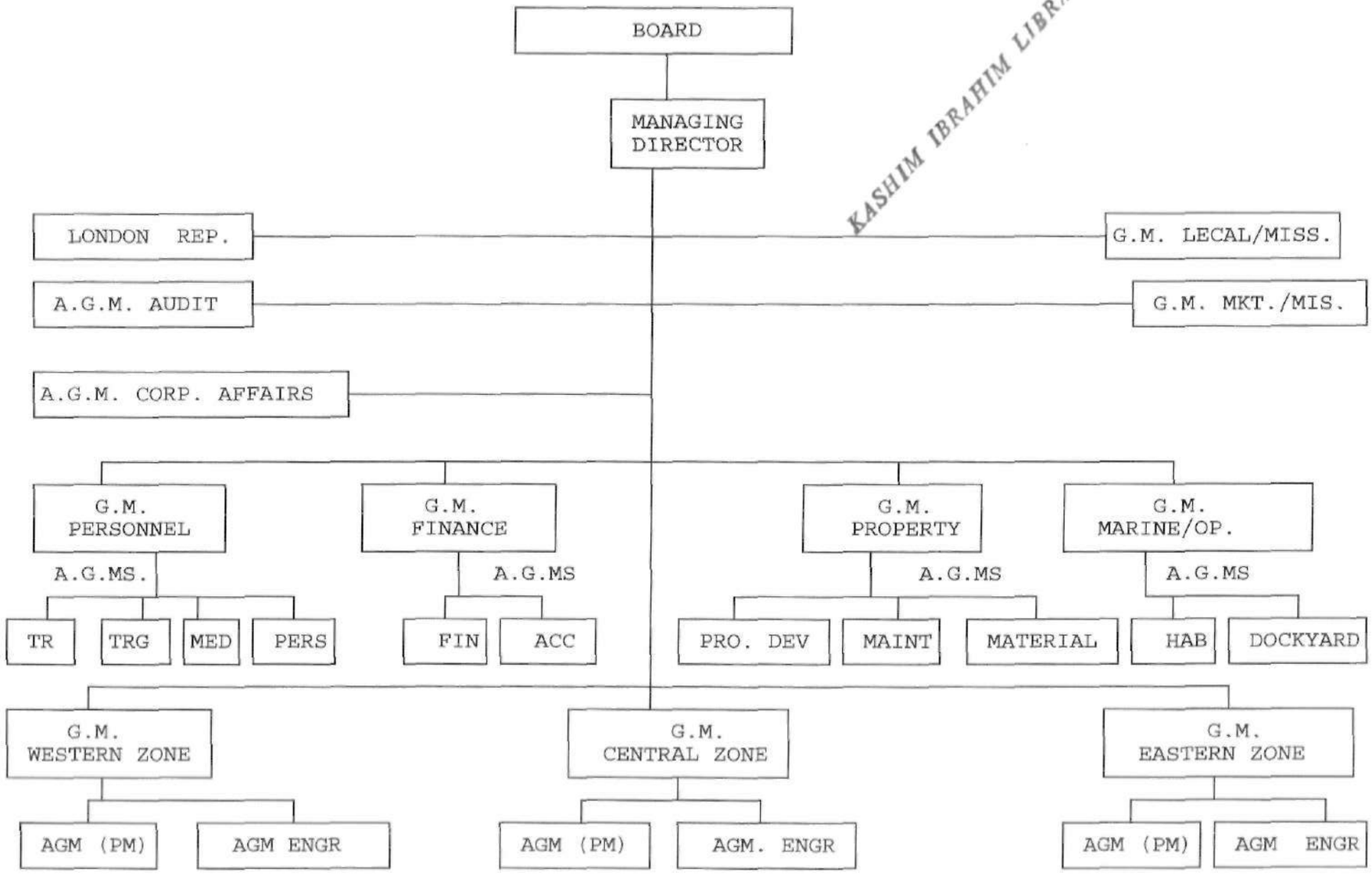
i) Warri Port

ii) Burutu Port

iii) Koko Port

NIGERIAN PORTS PLC ORGANISATIONAL STRUCTURE

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3.3 Services Rendered

In the past and now more than ever, under the new dispensation, the improvement in port operations has been characterised by continual updating and the provision of modern facilities. All the seaports are equipped to handle containers. The Nigerian Ports Plc constantly anticipates new demand in a fast changing maritime world and provides such services that meet these demands.

In addition, and towards the realisation of the set goals and objectives of the organisation, the following services are rendered:-

Pilotage

The organisation operates a pilotage service for the ports. Pilotage is compulsory for every ship exceeding 1016 Gross Registered Tonnage (GRT) entering, leaving port or changing berth. Pilotage must be by the organisation's pilot unless the master of the ship is also licensed as pilot in the pilotage area;

a) If the ship is not registered in Nigeria, it does not exceed 1716.66 Net Registered Tonnage (NRT) or

b) If the ship is registered in Nigeria and does not exceed 1016.05 NRT;

Tonnage

Ample stowage facilities within the harbour are available for all classes of vessels calling at the ports. The tonnage service is maintained for 24 hours and ships requiring tonnage are expected to contact the harbour master of the port.

Dock Labour

The integrated labour system was introduced in February, 1997. By this arrangement, the on-board and on-shore labour are supplied by the same labour contractors.

Supply of Water

Fresh water is available at berths. It may be obtained by vessels at anchorage or mooring buoys from the Authority's water boats.

Bunkering

Modern bunkering facilities are also available. Fuel may be obtained by vessels at berth anchorage and buoys from licensed bunkering vessels.

Ship Repair

The Authority maintains a large well equipped dockyard which was built primarily for the maintenance of the Authority's own fleet. It provides facilities for commercial interest too. Also available is government owned ultra-modern Gravong Dock-Niger Dock for bigger ocean-going vessels and tankers.

Security Services

Traditionally, the port area is a security zone so as to protect all investments and property within and around it. To this end, a strong detachment of the Nigerian Police Force known as the port police under the command of a Zonal Commissioner of Police has been set up to cope adequately with the security needs of all the ports. The rank and file of the port police apart from being armed, are furnished with modern communication

gadgets for easy access to their posts in the ports and their headquarters for reinforcement if the need arise. The water fronts and channels for the ports are patrolled, in fact, speed boats on twenty-four hour basis by men of the Nigerian Navy, Nigerian Police and Customs and Excise (Marine Unit). The territorial waters are covered by the Nigerian Navy to check the activities of undesirable elements from within and outside the country.

In addition, a strong permanent committee composed of head of the Navy and Police and high ranking officers of the Nigerian Ports Plc and Customs and Excise, etc, has been charged with the responsibility of maintaining security in all Nigerian ports. This Committee is chaired by the Chief of Naval Staff.

Fire Service

There exists in each port a modern fire service established by the organisation to provide internationally accepted fire fighting protection and services for the port installations, cargo in storage and ship in the harbours. A 24 hour service is provided and liaison is maintained with the Federal and State Fire Service.

Medical Services

There also exists in each port a well-equipped modern clinic for employees while stevedoring contractors and clearing and forwarding agents have first aid centres, ambulances and other suitable medical equipment to cater for their own employees as the occasion demands.

## 3.4 Tin Can Island Port

The idea of building the ultra-modern Tin Can Island Port was conceived primarily to avoid the re-occurrence of acute shortage of port facilities that resulted in port congestion in the early 70s. The port became operational in 1977 to relieve the Apapa Quays facing tremendous influx of Lagos bound cargo.

### Location

The port is located North-West of Apapa Port with latitude of 60 27 O N and longitude of 30 23 0 5. The port has a quay length of 25000 metres which consist of seven break-bulk general cargo berths and one berth for dry bulk. The facilities at the port could accommodate 14 vessels at a time.

### 3.4.1 The Organisational Structure of Tin Can Island Port

The Tin Can Island Port comes under the control of the General Manager of the Western zone. The port is administered by a Port Manager who is the Chief Executive and the Accounting Officer.

The Port Manager reports to the General Manager of the Western Zone who is answerable to the Managing Director.

The functions of the various department under the port may be examined in view of their roles in this study. The departments are as follows:-

a) Harbours Department

b) Traffic Department

c) Engineering Department

d) Administration Department

e) Accounts Department

f) Port Statistics Department

g) Marketing Department

Harbours Department

This Department administers and controls the pilotage and harbour services at the port.

Some of the major duties it performs include:

a) Recording and promulgation of harbour depths, depths alongside wharves and quays and the berthing of all ships safely;

b) Inspection of light house, light buoys, signal stations, beacons and all navigational aids within the port and the approaches to the port;

c) Compiling of form N.P.A.D.I. in accordance with official instructions, which provides information for the assessment of dues and charges;

d) The operation of water boats and annual inspection and relaying;

e) Operationally responsible for staff on vessels;

f) Operationally accountable to Nigerian Ports Plc for tugs, water boats, launches and pilotage cutters. Also various buoys, beacons, moorings, Dolphins and the Light House;

g) Ensures the regular availability and reliability of shipping information.

Traffic Department

This department consists of:

a) Administration

b) Operation

c) Area zones

d) Claim and Documentation

e) Central planning and information centre

f) Task force

g) Marketing Department

The Administration Section Takes care of traffic administrative matters as against personnel matters which are taken care of by the port personnel division.

The operation section takes labour bookings from shipping companies and does the documentation of stevedoring services.

The Zonal Superintendents administer and control the zones put under their jurisdiction which includes the day-to-day activities at the quays, sheds and stacking areas - such as discharge, storage, documentation and delivery operations.

Claims and documentation section handles and treats all aspects of claim on NPA from port users and consignees.

The Central Planning and Information Centre receives copies of ship entry, notices, ship manifest and other documentary requirements, and with the information contained in these about an expected vessel, the type of cargo she is carrying, etc. It prepares a plan as to the type of berth the ship is going to require, as well as for working on the vessel. These plans are later sent to the actual area the ship is scheduled to berth where they are required for purpose of pre-planning operations.

Finally, "The Task Force Section" chases up consignees whose cargoes have over-stayed at the port with the view and in an effort to get them take delivery and remove their cargoes from the port.

Port Engineering Department

This department covers engineering activities in the quays, dockyard, moles residential areas and maintains the Authority's buildings, roads, permanent way tracks, tendering quay surfaces, marine structures of all kinds, water supply within the port and other engineering installations.

It liaise directly with the Traffic Manager regarding disposition of mechanical handling equipment, dock-side cranes. It also services all fire mains whether wet or dry, and ensures adequate lighting for all the areas within the port.

The Department is also responsible for all maintenance equipment and vehicles and their repairs, servicing and maintenance, including cargo handling plants, building and other immovable assets.

Administrative Department

The department coordinates the administrative activities of the personnel and Industrial Relations sections in the port complex.

Some of the major functions are:-

a) Supervision and control over acts and proceedings of all staff in the port complex in matters of discipline and conditions of service;

b) Participation in all Trade Union negotiations and meetings with the port manager;

c) Responsible for the recruitment of junior staff and their postings; and

d) Handles all administrative matters related to establishment, discipline of officers and staff and also for their conditions of service.

port Statistics

The port statistics section in engaged in the generation, collection, recording analysis and presentation of port operations data throughout the year. The section renders all the routine monthly statistical returns to the Headquarters. This includes as follows, monthly operative data (OD), Origin and Destination of import and export cargo, cargo flows classified by principal commodities and packaging, inward/outward container traffics, port performance indicators, etc.

Marketing Department

The Marketing Department is responsible for raising bills for services rendered to port users.

The Senior Marketing Manager at the port is responsible for preparation of bills for ships and harbour dues, quay services dues, wharfage, wharfinger and storage or rents.

The Senior Manager is also to ensure that bills are raised to cover services rendered by the Engineering, Marine or Dockyard departments, notably hire of plants and crafts and third party job.

The responsibilities vested on the Senior Marketing Manager are passed to other officers in form of delegation of Authority by creating units that handle charges related to services rendered to customers. These are:

- Provisional Bills
- Final Bills
- Miscellaneous Bills
- Container Seat
- Claims/Refund Section
- Machine Room
- Contractors Bills
- Shed Revenue Officers.

Provisional Bills Section

This section issues provisional bills to customers for the purpose of collecting a substantial proportion of the Authority's revenue, prior to rendering services to ships and for harbour dues, stevedoring and quay services.

Final Bills Section

This section is responsible for ensuring the prompt preparation of the various documents required from other departments relating to the call of a vessel. The section obtains and collates information on the appropriate forms for calculating the various costs incurred by the Authority in handling a vessel. Such documents include:

i) pilotage chits (inwards, movement and outwards) raised on the vessel; master's declaration (inwards and outwards) prepared by the vessel master stating the details of the vessel and the cargo carried; and the harbour master's report on the vessel;

ii) the ship docket which contains a copy each of every document relating to the berthing and handling of the vessel;

iii) the port stevedoring operations summary, (ISOS) or the export shipments operations summary (ESOS), extra services forms, standby request and overtime sheets;

iv) extra services request forms obtained by the shipping agent from the Assistant Manager Traffic (Operations) filled and returned to the marketing section who cost them and enter their details into the extra services register. For some of these charges, e.g. shed operations, the shipping agent is expected to pay cash immediately to any of the dock cashiers before services are rendered; and

v) contractors debit notes which are usually marked up by 10%.

As soon as all the above documents are collected, costed by a Senior Marketing Officer, and cross-checked and approved by the Service Marketing Manager, the final bill is prepared by a Senior Marketing Officer. The final bill contains the following charges:-

i) Stevedoring dues

ii) Quay services due

iii) Harbour dues

Stevedoring Charges

These are charges for taking out cargo from the ships hatches (hold) to the quay otherwise known as shorehandling charges. The cargoes are broken up into seven commodity groups:

i) General cargo (import) such as bagged cement

ii) Specially enumerated goods/cargo - flour, stockfish;

iii) Milk, sugar and salt

iv) Bulk items - cement, wheat

v) Heavy lift (cargoes having more than 5 (five) tonnes dead weight)

vi) Vehicles - cars, lorries/trailers, buses

vii) Mails in bags.

Facility charges are also paid on container for making use of facilities available. Charges are also made for transferring containers from either the ship or to the ship (from the allocated space).

Quay service/charges

These are charges for services rendered at the quay and they are as follows:-

i) Quay overtime are charges for labour supply to shipping companies after normal working hours, i.e. between 15.30 - 07.30 hours, Saturday, Sunday and public holidays;

ii) Gang stevedoring - are charges paid for delaying the gang while waiting for the vessel's arrival;

iii) Security charges - for providing security for the cargo and ships;

iv) Labour charges - specific charges are made for supplying labour to discharge consignments;

v) Tally clerk - charges are raised for clerks who record consignment discharged day by day;

vi) Fresh water supplied to the ships attract charges payable by the shipping companies;

vii) Pilotage optional services - charges are made for providing pilotage services on non-working days, such as Sunday and public holidays;

viii) Plant hire services are made available in form of forklifts, freight lifters, mobile cranes, portal cranes, etc. Various charges are made depending on the type of plant hired;

ix) Garbage scavaging are charges made for littering the port during operation;

x) Bunkering charges for fuel supplied to ships.

Harbour dues

Harbour dues are charged on the tonnage of the cargo carried by a vessel in and out. This element that constitute the charges are for dredging the channel in the port.

Light Dues

These are charges levied for lighting or providing navigational aids to assist vessels at the harbour that is to direct the ships on the right channels to avoid a disaster.

Conservancy Dues

These are dues payable for making the vessel safe at their berths or charges levied on a ship for proceeding between the seaward port limits and the system river, wharf or other destination within the conservancy area.

Berthage/Mooring dues

The charges levied for the number of days the vessel spends in the port of call and based on total chargeable tonnage.

Pilotage Dues

Dues paid by the shipping companies for the services NPA pilot renders to them. The charge is determined by the draught of the ship.

Footage Dues

This is 10% of pilotage dues (inward and outward), for the inconveniences caused to the pilot for trekking to the ship's side to climb the Jacob's ladder mounted.

Towage Dues

Amount paid for the tug provided in towing the ship to a place of berthing or out of the harbour area.

The balance due from (or due to) the customer after taking the payment on the provisional bills into account, is shown on the final bill.

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Shed Revenue Office

The sheds revenue office raise bills for storage rent, wharfage and wharfinger charges.

The preparation of bills (debit notes) for storage rent, wharfinger and wharfage is the responsibility of the Senior Marketing Officer.

Each shipping company collects a booklet of pre-numbered delivery order forms from the Senior Marketing Officer. Attached to each of the delivery order is a detachable release slip. The shipping company or agent completes the delivery order in duplicate by reference to the bill of lading and other shipping documents, sends a copy to the port (Marketing Department) and detaches the release slip which is given to the consignee.

On receipt of the delivery order from the shipping agent, and on sighting of the release slip from the consignee, the Senior marketing Officer (Central Revenue Section) checks the following:

i) the control number of the delivery order

ii) the authenticity of the order by reference to the specimen signature of the shipping agent; and

iii) the original bill of lading.

If the genuineness of the delivery order is confirmed, the Senior Marketing Officer cross-checks, codes and approves the delivery order before sending it to the Machine Room where Shed Delivery Records (SDR), tally sheets (4 copies) and debit notes (6 copies) are prepared. A set of delivery order.

From the machine room, the printed mechanised delivery sets are forwarded to the Marketing Section in the area of operation. An advance Audit copy is sent simultaneously. The Marketing Section, in the area raises the bill for wharfinger, wharfage and rent (where applicable) and forwards same to the Zonal Cashier. After payment by the consignee, the cashier issues him with receipt and the importer's copy of the debit note, forwards three copies to the Marketing Section and retains two copies, one each for the revenue and credit control section of the Accounts Department. The Marketing Section then forwards a copy each to the Audit and Traffic Department and retains the third copy.

Thereafter, the consignee takes the official receipt and stamped debit note to the area (shed) where the goods are stored, while the marketing section sends the set of tally sheets to the traffic operations officer in the area (shed) who in turn sends a copy to the gate. The traffic officer then releases the goods to the consignee after sighting the endorsement made by the marketing department signifying payment and receipt number. If the consignee fails to collect the goods from the storage on the day they were released, additional rent is charged where necessary, as from the following day, this may be settled in cash before eventual collection of the goods.

Miscellaneous Bills Section

This section deals with other revenue items like terminal dues. This include hire of cranes and other equipment, port license, vehicle entry permits, parking fees and fees for the clearing and forwarding agents, issuing of port passes to non-Nigerian ports Plc staff who need to have regular access to NPA premises to carry out their business.

The Mechanical Plant Officer (Engineering) is responsible for preparing plant hire forms while the marketing is responsible for preparing the debit notes.

The issuance of bills for port passes, vehicle entry permits and other miscellaneous revenue is done at the office of the marketing officer's (central revenue section). Debit notes are issued only to companies or shipping agents who require the port passes for long periods (usually yearly) for each of their staff. All other occasional users buy receipt for daily port passes, vehicle entry permit, parking fees and Authority to load (ATL).

The shipping company or customer wishing to use the NPA's equipment makes a request in writing to the plant officer. If the plant officer approves the request, the customer is given a set of mechanical plant form in five copies to complete. For all customers who have made provisional deposit, all copies of the forms are sent to the marketing department for costing and inclusion to the final bill.

For cash customers, the forms are passed to marketing department after being checked and approved by the plant officer. The Senior Marketing Officer (central revenue) calculates the cost of hiring out plants, using the standard rates and prepares a debit note in five copies (using the debit note section of the mechanical plant order form) and passes them to the Assistant Marketing Manager for approval.

When the customer pays, the receipt is attached to a copy each of the mechanical plant order form and the debit note is shown to the Assistant Manager (plants) for releasing the equipment.

Claims/Refunds Section

This section treat claims made by the customer as a result of overpayment for consignment delivered and refunds are made on authentication of the said payment.

Machine Room Section

This section prints most of the documents used by NPA. Some of the documents are delivery order, vehicle entry permit, car park tickets, miscellaneous debit note, tally sheets, etc.

Container Seat

The container seat is a very sensitive section and the documentation procedures are strictly followed in order to avoid duplication of documentation which may lead to delivery of consignment to wrong hands.

Before an agent takes delivery of his consignment at the Traffic Container terminal, there are certain laid down conditions to be met at the marketing container seat. These are as follows:-

i) Release slip: The agent produces the release slip on demand indicating that he has released his container(s) from the shipping company. The release slip has a control number which corresponds with the delivery order despatched to NPA container seat marketing section from the shipping company;

ii) Bill of Lading: This document contains information that the consignment belongs to the agent who holds the bill of lading;

iii) Import Duty Report (I.D.R.). This is another document the agent is required to produce when he comes to take delivery of his consignment;

iv) Clean Report of Funding (C.R.F.) is also required for identification of being the consignee;

v) Other documents required from the agent on demand are, payment schedule, form 'M', exchange control and NPA charges raised and paid before the consignment is released to the agent.

Having met the documentation procedure stated above, the agent can now proceed to NPA container seat for his (T.D.O.) Terminal Delivery Order.

Terminal Delivery Order Section - This section issues the T.D.O. to the agent having satisfied with all the documents produced and the agent proceeds to the operations department.

Confirmation: The confirmation section also cross-checks the authenticity of the T.D.O. and on confirmation, the agent proceeds to operation department for final clearance and delivery.

Contractors Bills Section

This section is responsible for costing bills for services rendered by stevedoring contractor companies. The NPA contract the services of stevedoring out for at least four years term to load and unload cargo from ship and other related services in the port.

The computation of the bills are based on various documents relating to the various operations and these are as follows:-

i) Import stevedoring and wharfinger;

ii) export operation

iii) Import operation, and

iv) Export offloading operation.

Import Stevedoring and wharfinger

This operation involves loading and unloading on ships or shifting cargo on board a vessel by the dock labour. The payment is made on the freight tonnage for stevedoring operation and deadweight tonnage on wharfinger. The class of cargo affected by this costing are general cargo, special cargo and heavy lift. However, vehicles and containers are paid for in units.

Export Operation

This operation involves shipment of export commodities and containers.

The payment is made on tonnage in units.

IMPORT DELIVERY: This operations are carried out in the transit shed and stacking areas. Cargoes which are discharged indirectly (to shed or stacking areas) are paid on deadweight tonnage to the stevedoring contractor.

EXPORT OFFLOADING OPERATION: This involves operation for unloading from lorries and stored in the port shed until ready for shipment. Payment is made on the basis of tonnage to the contractor.

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Extra Services

Extra services as the name implies is the number of men or gang requested by the shipping company to work on their vessels at the point of discharging or loading the cargoes.

The request for the supply of these men or gangs is made by the shipping companies at the daily operational meeting held at the principal traffic officer's office (P.T.O.) between the hours of 11.00 a.m. and 11.30 a.m. The meeting is well represented by the shipping companies, stevedoring contractors and the (P.T.O.) himself who chairs the meeting.

It is at this meeting that the shipping company request the labour contractor to supply the number of either security men or discrepant/lashing - unlashing gangs to do the work that is required to be done.

And at the completion of the discharging operation, the labour will be put on the debit note married with the request forms made by the shipping company to claim the money paid out to the labour used.

The request form from the P.T.O. office conveys information such as the signature and stamp of the shipping company's representative, the number of men or gang supplied on a particular data and the signature of the P.T.O. These information, on request, are well collated with the debit note from the labour contractor and the applicable rates before the final computation of the bill is made, if found to be correct. And if any irregularity is found, necessary amendment is made before NPA releases the bills for payment.

Overtime Services

This is the work carried out by the stevedoring labour on weekends, Saturday, Sunday, public holidays and night shifts.

Delay/Gang Standing-By

These are services which should have been rendered by the labour but the delay is caused by unforeseen circumstances due to:-

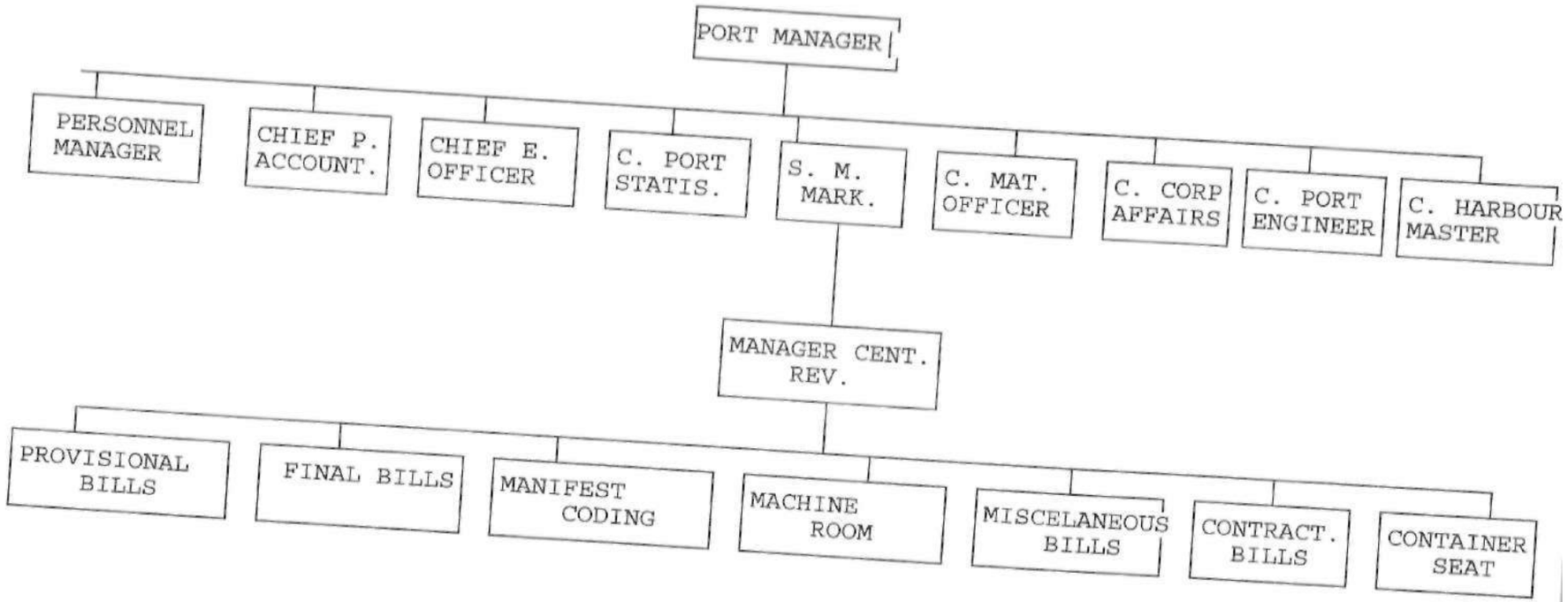
i) Rainfall

ii) Derrick defect

iii) Awaiting consignee lorries

iv) Awaiting ship arrival, etc.

## TIN CAN ISLAND PORT ORGANISATION STRUCTURE



## CHAPTER FOUR

### 4.0 DATA PRESENTATION, ANALYSIS AND DISCUSSION ON THE FINDINGS

This chapter deals with the data collected using various research methods. However, in collecting the data for analysis three different types of questionnaires were designed for obtaining for the views of the Nigerian Ports Plc and shipping companies, staff as well as the customers who transact business with the marketing department of the Tin Can Island Port (Questionnaires attached in appendix). The data obtained from the use of the questionnaires were collated and presented as shown in table 4.1 below.

TABLE 4.1: AGGREGATE RESPONSES PATTERN

| | No. of Questionnaires Distributed | No. Returned | No. Completed | Non-Response | % of Responses |
|---|---|---|---|---|---|
| NPA | 25 | 25 | 25 | - | 24 |
| CUSTOMER | 100 | 100 | 75 | 25 | 60 |
| TOTAL | 125 | 125 | 100 | 25 | 84 |

SOURCE: DATA COLLECTED FROM THE FIELD, 1998.

By examining the above table, it could be seen that 125 questionnaires concerned with the marketing of ports' facilities were distributed. 25 respondents or 20% of the questionnaires were uncompleted. Consequently, 100 questionnaires were completed and returned accordingly.

However, the study first attempted to find out from the management the types of product/facilities the Tin Can Island port offers to its customers at the port. Their responses are summarised below.

## 4.1 Port Facilities at Tin Can Island Port

The Tin Can Island Port has a quay length of 2,045 metres and consists of break-bulk general cargo berths and one berth for dry-bulk cargo together with ancillary facilities. This facility is capable of accommodating 13 vessels at a time and is designed to handle about 3 million tonnes of cargo per annum. The entire port covers an area of 73 hectares and in addition to sheds and warehouses. It has an open storage of 125,000 square metres. The facilities available at the port as at the time of commissioning are in tables 4.2 and 4.3 respectively.

TABLE 4.2: STORAGE FACILITIES AT TIN CAN ISLAND PORT

| **TRANSIT SHEDS**<br>Shed Identity | Dimension (in Metres) | Available Space (in Metres) |
|---|---|---|
| 1 | 170 x 40 | 6,800 |
| 2 | 170 x 40 | 6,800 |
| 3 | 170 x 40 | 6,800 |
| 4 | 170 x 40 | 6,800 |
| TOTAL STORAGE SPACE | | 34,000 |
| WAREHOUSES<br>WAREHOUSES IDENTITY | Dimension (in Metres) | Available Space (in Metres) |
| TIN CAN ISLAND PORT | | |
| A | 170 x 40 | 6,800 |
| Government Warehouse | 170 x 40 | 6,800 |
| Ikorodu Lighter Terminal (4 No.) | 170 x 40 | 27,200 |
| KIRIKIRI JETTY | | |
| Phase 1, 2 (No.) | 170 x 40 | 13,600 |
| Phase II, 2 (No.) | 170 x 40 | 13,600 |
| OTHER STORAGE FACILITIES | NUMBER | Capacity (in Tonnes) |
| TYPE OF STORAGE | | 2,400 |
| Tanks | 2 | 10,000 |
| Silos (Type 1) | 10 | 12,000 |
| Silos (Type 2) | 2 | 24.400 |
| Total Capacity | | |

SOURCE: **NPA HANDBOOK, 1995.**

TABLE 4.3: CARGO HANDLING PLANTS AND EQUIPMENT IN TIN CAN ISLAND PORT AS AT DECEMBER, 1995

| Description of Plants | Capacity (Tonnes) | Number |
|---|---|---|
| Port Cranes | | |
| a) Krupp | 6.00 | 6 |
| b) Perrier | 10.00 | 4 |
| Mobile Cranes | | |
| a) Tower MC 600 Q Demag | 36.6 | 4 |
| b) MC 280 Demag | 81.3 | 7 |
| Forklift Trucks | | |
| a) Cat/Zepplin | 2.5 | 44 |
| b) Cat/Zepplin | 4.1 | 113 |
| c) Cat/Zepplin | 6.1 | 20 |
| d) Cat/Zepplin | 13.2 | 8 |
| e) Hyster | 20.3 | 5 |
| f) Hyster | 28.5 | 5 |
| g) Container Spreader | - | 2 |
| h) Mafi Trailers | 40.0 | 27 |
| i) Mafi Trailers | 63.0 | 11 |
| j) Weighing Bridge | 60.0 | 1 |

SOURCE: NPA HANDBOOK, 1995.

## 4.2 Customers Patronage and Attitudes Towards Tin Can Island Port

The study of customer's patronage and attitude was undertaken to assess the total impact of the facilities. This will help to examine the port at its present state of use after 21 years of

being in existence. The questionnaires sent out to solicit the views of customers were completed and returned. Their responses have been presented as shown in table 4.4.

TABLE 4.4: RESPONSES OF CUSTOMERS PATRONIZING THE TIN CAN ISLAND PORT

| Port Users | Respondents | % of Respondents |
|---|---|---|
| Current users of Tin Can Island Port | 30 | 24 |
| Move to another port | 70 | 56 |
| Total | 100 | 80 |

SOURCE: **DATA COLLECTED FROM THE FIELD, 1998.**

It can be seen from the above table that only 24% of the respondents are still currently patronizing the facilities at the Tin Can Island Port. This figure is relatively low when compared with 56% of the customers who left to other ports. The reason for this movement is that most of the facilities are obsolete and are not in good working conditions. The Tin Can Island Port always include the facility charge while billing the customers and when the services are not forth coming, the customer also resort to outside hiring to get their cargo discharged in good time. This always lead to double payment and increases the cost of the goods to the final consumer.

TABLE 4.5: CUSTOMERS LEVEL OF SATISFACTION WITH AVAILABLE FACILITIES AND SERVICES (PLANTS) IN TIN CAN ISLAND PORT

| Port Users Opinion | Respondents | | % of Respondents |
|---|---|---|---|
| | Facilities | Services | |
| Highly Dissatisfied | 75 | 75 | 60 |
| Satisfied | 25 | 25 | 20 |
| Total | 100 | 100 | 80 |

Source: **DATA COLLECTED FROM THE FIELD, 1998.**

Table 4.5 above indicates that 75 or 60% of respondents are highly dissatisfied with the available facilities and equipment at the Tin Can Island Ports. Lack of facilities and equipment in any port would seriously affect its level of performance and patronage. The customers have complained that lack of handling equipment caused huge financial losses because they have to incur double charges since they were forced to hire cargo equipment outside the port, even though the Tin Can Island has charged them for this equipment in their billing.

TABLE 4.6: BERTH SERVICES OFFERED TO CUSTOMERS AT TIN CAN ISLAND PORT

| Berth Services | Respondents | % of Respondents |
|---|---|---|
| Non-Users | 75 | 60 |
| Users | 25 | 20 |
| Total | 100 | 80 |

Source: **DATA COLLECTED FROM THE FIELD, 1998.**

From the table, 75 or 60% of the respondents have moved to other ports for berthing services due to lack of quay cranes which customers normally paid for at the Tin Can Island port without receiving services. As a result, majority of these customers have moved to other ports to obtain their berthing services. Presently, only about 25 or 20% of the respondents or customers still receive their berthing services at Tin Can Island Port. If this port wants to draw customers, berthing facilities and services of the required standard have to be introduced.

## 4.3 Ship In-Transit Time in the Port

Random ship calls at the port were examined to actually determine what was responsible for delay being experienced by shippers and freight forwarders in the Tin Can Island Port. The sources of data is the miscellaneous section where records of ship arrival date in port, completion of operation and sailing were kept. Information gathered are shown in tables 4.7, 4.8, 4.9, 4.10 and 4.11.

TABLE 4.7: DURATION OF VESSELS IN THE PORT

| | Name of Ship | Rotation No. | Date Berthed | Date Completed Discharge | Tonnage Discharge/ Load (Ton) | Date Sailed | In-Transit Time (Day) |
|---|---|---|---|---|---|---|---|
| 1 | M/V MC Coval | 93/350 | 13/02/93 | 26/02/93 | 6,000 tons | 27/02/93 | 14 |
| 2 | M/V V.C Chardotte | 93/587 | 10/03/93 | 23/03/93 | 6,000 tons | 24/03/93 | 14 |
| 3 | M/V Jean Anvolt | 93/665 | 13/03/93 | 22/03/93 | 5,000 tons | 23/03/93 | 10 |
| 4 | M/V Kamina | 93/605 | 14/03/93 | 24/03/93 | 5,000 tons | 24/03/93 | 10 |
| 5 | M/V Mercury Sea | 93/801 | 26/04/93 | 08/05/93 | 6,000 tons | 14/05/93 | 14 |
| 6 | M/V Marin 902 | 93/829 | 07/04/93 | 17/05/93 | 5,000 tons | 10/08/93 | 10 |
| 7 | M/V River Maje | 93/832 | 08/05/93 | 18/05/93 | 6,000 tons | 22/05/93 | 14 |
| 8 | M/V Houtmongracht | 93/215 | 17/05/93 | 26/05/93 | 5,000 tons | 26/05/93 | 9 |
| 9 | M/V Main Star | 93/272 | 06/06/93 | 16/06/93 | 5,000 tons | 16/06/93 | 10 |
| 10 | M/V BL Charlotte | 93/311 | 22/05/93 | 30/05/93 | 5,000 tons | 01/06/93 | 10 |

SOURCE: **NP PLC SHIPPING IN TIN CAN ISLAND PORT, 1993**

TABLE 4.8: DURATION OF VESSELS IN THE PORT

| | Name of Ship | Rotation No. | Date Berthed | Date Completed Discharge | Tonnage Discharge/Load (Ton) | Date Sailed | In-Transit Time (Day) |
|---|---|---|---|---|---|---|---|
| 1 | M/V Nuora Piave | 94/803 | 30/02/94 | 31/02/94 | 2,000 | 31/02/94 | 2* |
| 2 | M/V Patricia Delmas | 94/838 | 09/03/94 | 10/03/94 | 2,000 | 10/03/94 | 2* |
| 3 | M/V Pavel Dange | 94/003 | 13/02/94 | 17/02/94 | 3,000 | 20/02/94 | 7 |
| 4 | M/V Kamina | 94/105 | 07/02/94 | 08/02/94 | 2,500 | 12/02/94 | 5 |
| 5 | M/V Karawa | 94/284 | 07/04/94 | 08/04/94 | Bunkering | 08/04/94 | 1 |
| 6 | M/V Aitsta 902 | 94/338 | 09/05/94 | 19/05/94 | 5,000 | 20/05/94 | 11 |
| 7 | M/v Keila | 94/337 | 21/05/94 | 30/05/94 | 5,000 | 31/05/94 | 10 |
| 8 | M/V Nuora Piave | 94/425 | 27/05/94 | 28/05/94 | Supply of fresh water | 28/05/94 | 1 |
| 9 | M/V Karawa | 94/413 | 17/05/94 | 19/05/94 | 2,000 | 20/05/94 | 2 |
| 10 | M/V Kaduna | 94/451 | 08/06/94 | 19/06/94 | 6,000 | 23/06/94 | 15 |

SOURCE: **NP PLC SHIPPING POSITION IN TIN CAN ISLAND PORT, 1994**

* Vessels calling in port to Load Export Cargo.

TABLE 4.9: DURATION OF VESSELS IN THE PORT

| | Name of Ship | Rotation No. | Date Berthed | Date Completed Discharge | Tonnage Discharge /Load (Ton) | Date Sailed | In-Transit Time (Day) |
|---|---|---|---|---|---|---|---|
| 1 | M/V Emil-S | 95/459 | 04/06/95 | 04/06/95 | Bunkering | 04/06/95 | 1 |
| 2 | M/V Ndoni River | 95/579 | 17/07/95 | 17/07/95 | 5,000 | 27/07/95 | 10 |
| 3 | M/V Aguarius | 95/574 | 10/07/95 | 19/07/95 | 5,000 | 21/07/95 | 10 |
| 4 | M/V Sunderland Spirit | 95/573 | 17/03/95 | 19/07/95 | 2,000 | 19/07/95 | 2* |
| 5 | M/V Clipper Santus | 95/691 | 18/08/95 | 26/08/95 | 4,000 | 265/08/95 | 8 |
| 6 | M/V Ziro Africa | 95/728 | 29/08/95 | 30/08/95 | Bunkering | 30/08/95 | 1 |
| 7 | M/V Snockgracht | 95/935 | 01/08/95 | 12/08/95 | 6,000 | 13/08/95 | 13 |
| 8 | M/V Paci | 95/981 | 28/10/95 | 28/10/95 | Bunkering | 28/08/95 | 1 |
| 9 | M/V Corin thrakes | 95/1076 | 11/11/95 | 20/11/95 | 5,500 | 21/11/95 | 12 |
| 10 | M/V Clipper Sao Paulo | 95/1185 | 04/12/95 | 13/12/95 | 5,000 | 14/12/95 | 10 |

Source: **NP PLC SHIPPING POSITION IN TIN CAN ISLAND PORT, 1995.**

* Vessels calling in port to Load Export Cargo.

TABLE 4.10: DURATION OF VESSELS IN THE PORT

| | Name of Ship | Rotation No. | Date Berthed | Date Completed Discharge | Tonnage Discharge/ Load (Ton) | Date Sailed | In-Transit Time (Day) |
|---|---|---|---|---|---|---|---|
| 1 | M/V Numa Rosandra | 96/065 | 26/01/96 | 28/01/96 | Bunkering | 28/01/96 | 1 |
| 2 | M/V Mavinga | 96/084 | 31/01/96 | 10/02/96 | 5,000 | 10/02/96 | 10 |
| 3 | M/V Adoni | 96/097 | 28/01/96 | 05/02/96 | 5,000 | 12/02/96 | 11 |
| 4 | M/V Negba | 96/044 | 23/01/96 | 26/01/96 | 2,000 | 26/01/96 | 4 |
| 5 | M/V Caria | 96/172 | 05/03/06 | 05/03/96 | 1,500 | 07/03/96 | 3 |
| 6 | M/V Wakamba | 96/212 | 13/03/96 | 14/03/96 | 2,000 | 15/03/96 | 2 |
| 7 | M/V Ocean Teraba | 96/083 | 15/03/96 | 19/03/96 | 2,200 | 19/03/96 | 4 |
| 8 | M/V N.B. Lagos | 96/182 | 10/03/96 | 14/03/96 | Bunkering | 14/03/96 | 1 |
| 9 | M/V Moon Burd | 96/205 | 13/03/96 | 14/03/96 | Bunkering | 14/03/96 | 1 |
| 10 | M/V Kaduna | 96/237 | 21/03/96 | 22/03/96 | Bunkering | 22/03/96 | 1 |

Source: **NP PLC SHIPPING POSITION IN TIN CAN ISLAND PORT, 1996**

TABLE 4.11: DURATION OF VESSELS IN THE PORT

| | Name of Ship | Rotation No. | Date Berthed | Date Completed Discharge | Tonnage Discharge/ Load (Ton) | Date Sailed | In-Transit Time (Day) |
|---|---|---|---|---|---|---|---|
| 1 | M/V Clipper | 92/262 | 08/04/97 | 18/04/97 | 5,000 | 18/04/92 | 10 |
| 2 | Soprodor | 92/66 | 15/04/97 | 16/04/97 | Bunkering | 16/04/92 | 1 |
| 3 | M/V Mavinga | 92/271 | 09/04/97 | 20/04/97 | Bunkering | 20/04/92 | 1 |
| 4 | M/V Caria | 92/257 | 13/04/97 | 14/04/97 | Bunkering | 14/04/92 | 1 |
| 5 | M/V Negba | 92/306 | 22/05/97 | 23/05/97 | Bunkering | 23/05/92 | 1 |
| 6 | M/V Kariba | 92/225 | 02/06/97 | 10/06/97 | 5,000 | 11/06/92 | 11 |
| 7 | M/V Esther Schuttle | 92/337 | 18/06/97 | 28/06/97 | 5,200 | 29/06/92 | 11 |
| 8 | M/V Kaduna | 92/304 | 02/06/97 | 05/06/97 | 6,200 | 18/06/92 | 11 |
| 9 | M/V N.B. Lagos | 92/340 | 13/06/97 | 14/06/97 | Bunkering | 14/06/92 | 1 |
| 10 | M/V Marigo<br>M/V African Sum | 92/421 | 09/08/97 | 18/06/97 | 5,000 | 19/06/92 | 10 |

SOURCE: **NP PLC SHIPPING POSITION IN TIN CAN ISLAND PORT, 1997.**

Information gathered are shown on tables revealed that the average transit time of vessels in the port was 10.7 days for or 11 days for cargoes discharged between 6,000 tons to 5,000 tons. On the other hand, those vessels calling to load export cargo spend an average of 3 days while those calling for either bunkering or supply of fresh water spend one day.

Therefore, the ship arrival date is assumed to be a representative of the discharge date since the discharge performance of the port is expected to be satisfactory.

Therefore, the questionnaire solicited to know the reaction of customers with regards to the various time spent to obtain any of the services offered by the Tin Can Island Port. See Table 4.12.

TABLE 4.12: CUSTOMERS' REACTION TO SHIP TRANSIT TIME IN TIN CAN ISLAND PORT AS AGAINST NP PLC STIPULATED 750 TONS DISCHARGE PER DAY

| Port Users' Opinion | Respondents | % of Respondents |
|---|---|---|
| Dissatisfied | 75 | 60 |
| Satisfied | 25 | 20 |
| Total | 100 | 80 |

SOURCE: **DATA COLLECTED FROM THE FIELD, 1998.**

Table 4.12 shows that 75 or 60% of the respondents did not agree and are dissatisfied with Nigerian Ports Plc stipulation that all general cargo vessels must discharge a minimum 750 tons per day while cement vessel is to discharge at a rate of 1,000 tons per day. And contrary to the stipulation, they had decided to allow only five days for any vessel coming into the port with more than 5,000 tons of cargo. The respondents blame NP Plc for not replacing all the obsolete equipment at port which should have improved cargo handling operations and to enhance the turn-round time of vessels. According to the respondents, if a vessel is discharging 72 tons per hour, employing 16 man gang with available equipment, it would take less than 5 days to complete discharge and sail. This issue raised by the respondent is illustrated below:-

1st shift: 07.30a.m - 15.30p.m = 8 hours

72 tons x 8 = 576 tons per shift.

2nd shift: 15.30p.m - 22.30p.m = 8 hours

72 tons x 8 = 576 tons per second shift

A day's discharge = 576 tons per 1st shift +

576 tons per 2nd shift

= 1152 tons per day.

Five days discharge = 1152 tons x 5 days = 5,760 tons.

## 4.4 Pricing of Port Facilities

Price consciousness is perceived as one of the factors that can influence customers' decision either to use the existing port or change to alternative ports considering the costs of handling cargo in each port. The responses as to what the customers feel about the Nigerian Port Plc tariff is summarized in table 4.13.

TABLE 4.13: CUSTOMERS' RESPONSES TO PORT PRICING

| Port Users' Opinion | Respondents | % of Respondents |
|---|---|---|
| Dissatisfied | 75 | 60 |
| Satisfied | 25 | 20 |
| Total | 100 | 80 |

SOURCE: DATA COLLECTED FROM THE FIELD, 1998

The 25 or 20% of respondents are fairly satisfied with the pricing of the facilities even though studies carried out by NP Plc to compare the charges obtainable in the sub-region comprising of Ghana, Cote d'Ivoire, Benin and Cameroon with those of Nigeria Ports' charges have revealed that Nigeria charges the lowest. The respondents claim that only Nigeria and Ghana charged light dues in the sub-region, Ghana is cheaper since her two ports, Tema and

Takoradi, are located near the high seas while most Nigerian Ports are situated in the creeks and in the hinterland which require constant dredging.

The 75 or 60% of respondents argued that the NP Plc tariff is the most expensive considering the inefficiency in the services provided for loading and discharging, lack of equipment and plants in the port for cargo handling, berthing and the absence of other necessary facilities to allow vessels to sail or enter the port any time irrespective of time of the day. Light houses and buoys on the approach channels to and inside the port are non-functional thereby restricting entry into and departure from the port to the hours of day light. This situation, in most cases, prolong the stay of the vessels in the Port after completion of cargo for about 12 hours.

## 4.5 Distribution of Products

Distribution, simply put, is aimed at getting the right goods to the right places at the right prices. This means that to distribute cargo imported from overseas to the final consumer in another country entails a lot of decision by the consignee. However, one fact stands clear, distribution decision starts with the location of original material and inputs required in productive process and stretches to the location of final consumer markets.

However, the Nigerian Ports Plc does not distribute goods but render services to its customers who import/export cargoes by providing transit sheds, stacking areas and warehouses.

The NP Plc receives cargoes meant for any port from a shipping company, provides storage where necessary and delivers the cargoes to their rightful owners or accredited agents, having obtained the customs and the shipping company releases.

Charges are raised by the marketing department for the different facilities and services provided for the shipping companies and importers. Delivery can be taken directly, i.e. onto lorry, wagon or barge straight from vessels, or indirectly, i.e. from the shed/stacking areas onto lorry or wagon.

## 4.6 Transit Time of Cargo in Port

The transit time of cargo in port for the purpose of this study is a function of the distribution channel since the discharging and storage activities fall within the distribution network. The table 4.14 shows heterogenous break-bulk cargoes discharged into the shade and the transit time in shed.

TABLE 4.14: TRANSIT TIME OF CARGO IN PORT

| No. | Commodity | Quantity | Ship Arrival date | Date of Delivery | Transit Time (Days) |
|---|---|---|---|---|---|
| 1 | Woodfree white bond paper | 84 pkts | 23/1/97 | 1/3/97 | 35 |
| 2 | Flathing paper | 4 reels | 23/1/97 | 1/3/97 | 35 |
| 3 | Paper Bonds | 10 pallets | 15/3/97 | 19/4/97 | 4 |
| 4 | Raw materials for printing | 26 pallets | 23/3/97 | 27/4/97 | 35 |
| 5 | Uncoated writing Blank paper (White) | 41 pallets | 2/5/97 | 10/5/97 | 8 |
| 6 | White fully bleached | 80 reels | 23/5/97 | 5/7/97 | 43 |
| 7 | Creped toilet tissue | 85 reels | 21/4/97 | 11/5/97 | 22 |
| 8 | White Woodfree off-set | 100 palets | 3/4/97 | 21/4/97 | 18 |
| 9 | Paper Bond | 300 reels | 24/5/97 | 21/6/97 | 28 |
| 10 | White Blank paper | 48 Wooden cases | 24/5/97 | 24/6/97 | 30 |
| 11 | Spare parts and Engines (Honda Motorcycles) | 6 Wooden cases | 25/5/97 | 21/7/97 | 23 |
| 12 | Mercedes spares and engine for motorcycles | 60 boxes | 28/6/97 | 26/9/97 | 64 |
| 13 | Honda spares and engine for motorcycles | 3 Wooden cases | 23/7/97 | 25/8/97 | 33 |
| 14 | Auto parts | 68 pallets | 23/7/97 | 17/9/97 | 57 |
| 15 | Uncoated paper | 48 pallets | 21/7/97 | 4/9/97 | 14 |
| 16 | Industrial Raw Materials (Bristol) | 20 pallets | 15/3/97 | 16/4/97 | 32 |
| 17 | Sulphate Bleach paper | 48 pallets | 24/7/97 | 16/8/97 | 23 |
| 18 | Bond paper | 60 reels | 24/7/97 | 25/8/97 | 32 |
| 19 | Woodfree paper | 120 reels | 24/8/97 | 15/10/97 | 54 |
| 20 | Tyres | 70 packages | 23/8/97 | 5/12/97 | 96 |

AVERAGE TIME OF CARGO IN STORAGE = 33.65 = 34 DAYS

SOURCE: **DATA COLLECTED FROM THE FIELD (SHED 2), 1998**

From the data available in the shed delivery records, an attempt was made to find out the proportion of time taken by each factors of the delivery process, i.e. the delivery order, customs and shipping company releases of the consignments. Questionnaires were administered to find out customers' views in these issues. A summary of their opinions are stated below.

TABLE 4.15: CUSTOMERS' RESPONSES TO CUSTOMS AND EXCISE DEPARTMENT RELEASE

| Customers' Opinion | Respondents | % of Respondents |
|---|---|---|
| Dissatisfied | 75 | 60 |
| Satisfied | 25 | 20 |
| Total | 100 | 80 |

SOURCE: **DATA COLLECTED FROM THE FIELD, 1998**

The table shows that 75 or 60% of the respondents stated that the customs' longroom procedures takes two weeks (14 days) before cargo is released to consignees. These causes delays in the system.

TABLE 4.16: CUSTOMERS' RESPONSES TO SHIPPING COMPANIES' RELEASES

| Customers' Opinion | Respondents | % of Respondents |
|---|---|---|
| Dissatisfied | 75 | 60 |
| Satisfied | 25 | 20 |
| Total | 100 | 80 |

SOURCE: **DATA COLLECTED FROM THE FIELD, 1998**

Table 4.16 shows 75 or 60% of the respondents have agreed that the shipping companies had been very consistent with the usual practice of sending bill of lading to consignees, 10 days prior to the arrival of the vessel carrying their consignments. And that it takes one day to release

their cargo from the shipping companies. Only about 20% of the respondents are unsatisfied and this can be managed for improvement.

## 4.17 NP PLC RELEASE PROCEDURE AND CUSTOMERS' RESPONSES

| Customers' Opinion | Respondents | % of Respondents |
|---|---|---|
| Dissatisfied | 75 | 60 |
| Satisfied | 25 | 20 |
| Total | 100 | 80 |

SOURCE: **DATA COLLECTED FROM THE FIELD, 1998**

Table 4.17 shows that 75 or 60% of the respondents revealed that the delivery procedures of NP Plc takes seven (7 days) to complete which is fairly long and causes a long delay in the distribution of the items.

## 4.7 Equipment availability (Plants)

One of the major constraints on NP Plc performance after delivery documentation is the availability of cargo handling equipment. It is imperative for every port to meet the required standard of 60% availability of equipments. The Tin Can Island Port as at 1998 has only 16.44% which is a very low percentage compared to the standard expected (see table 4.18). As a result companies often have to wait for an average of one day for cargo handling equipment especially when the demand is high. Alternatively, the consignees who wish to beat the one day delay resort to hiring plant from private plant hine services and doing so usually attract more charges thereby increasing the selling price of the goods.

TABLE 4.18: NP PLC, TIN CAN ISLAND PORT EQUIPMENT AVAILABILITY

AVERAGE WEEKLY RETURN FOR THE PERIOD (10TH - 17TH MARCH, 1998)

| | Acquired | W/Shop | No. Available for use | % Availabl e for use | No. Under Repairs | No. Awaiting Spare parts |
|---|---|---|---|---|---|---|
| Cat/clerk Diesel Forklift (3 tons) | 40 | 4 | 1 | 25 | - | 2 |
| Cat/clerk Diesel Forklift (4 tons) | 66 | 25 | 3 | 12 | 5 | 17 |
| Cat/Diesel Forklift (6 tons) | 17 | 3 | 1 | 33.33 | - | 2 |
| Cat Freight Lifter (14 tons) | 6 | 3 | - | 0 | 1 | 2 |
| Lyster Freight Lifter (21 tons) | 3 | 3 | - | 0 | 1 | 2 |
| Hyster Freight Lifter (28 tons) | 3 | 2 | 1 | 50 | - | 1 |
| Mobile Tower cranes | 2 | 2 | - | 0 | - | 2 |
| Hreple cranes | 3 | 5 | 2 | 40 | - | 3 |
| Formal cranes | - | 10 | 1 | 0 | 5 | 4 |
| Sesu Thermaesancrl | - | 16 | 3 | 10.75 | 7 | 4 |
| Total | 139 | 73 | 12 | 16.44 | 16.03 | 54.79 |

SOURCE: **MECHANICAL WORKSHOP TIN CAN ISLAND PORT, MARCH, 1998.**

## 4.8 Advertising and Promotion

It is elusive, for any manufacturing or service organisation to expect consumers to patronize its products without adequate knowledge of its products or services. The consumer normally buys when he is stimulated by providing information through the various forms of media campaign. This in a greater extent depends on the type of advertisement or promotional strategy the company uses to communicate to the target audience.

However, to examine advertising and promotions of port facilities is to examine the target audience, i.e. the consumers of the product. This is because advertising as part of promotions involves an interchange and flow of information between the company and the market. The company on one hand, tries to tailor its massage via the appropriate media. The aim is usually to draw customers to buy its products or use its services so as to increase sales volume.

Thus, advertising and promotions are done to enhance effective marketing and thereby may increase profits. Whether the customer buys or not depends upon the product, the price, the personal selling, the services and other aspects of marketing processes. Moreover, advertising and sales promotions seek to attract potential buyers to the product and its offering through providing information, supply reasons for preferring the particular offering.

However, in Nigeria, advertising is carried out to increase sales but the way and manner in which companies undertake to inform and motivate consumers vary. Companies which wish to advertise their products seek the appropriate advertising agency. The advertising agency acts as middleman between the advertiser and the media houses, they are usually granted commission by either the media or the advertiser or both. It is the advertising agency that tailors the desired

message for onward transmission to the media houses. The agents are usually professionals who know the media houses, the audience and the target market. The media on the other hand, comprises of newspaper organisations, news media, electronic media, etc. It is the media that present whatever message to the audience.

The audience on the other hand are the receiver or the destination of the advertising message. The Nigerian audience comprises of individuals, a particular group(s) or the general public. Though income level of individuals vary, nonetheless, a greater percentage of the audience concentration and dispersion all combine to affect advertising and promotion.

Having examined the role of advertising and promotions as the link between the markets and the customers, the analysis of data collected in the area of advertising or general promotion is presented in table 4.19. The respondents were required to state whether or not they have seen any port facility or service advertised in any of the information media.

TABLE 4.19: CUSTOMERS' RESPONSES TO MEDIA ADVERTISING

| Customers | Respondents | TV | Radio | Newspaper | Magazine |
|---|---|---|---|---|---|
| Shipping Companies | 30 (24%) | No | No | No | No |
| Importers/Exporters | 20 (16%) | No | No | No | No |
| Freight Forwarders | 10 (8%) | No | No | No | No |
| Accredited Agents | 40 (32%) | No | No | No | No |

SOURCE: **DATA COLLECTED FROM THE FIELD, 1998**

The table shows that 75 or 100% of the respondents were given questionnaires taking into considerations the dependent variable (TV, Radio, Newspapers and Magazines) and to test the independent variable (port facilities) as against the promotional strategy of the Tin Can Island Port. This is to verify the claim of the management that advertisement of port facilities in Tin Can Island port is being run in some of the media.

However, all the responses received shows that none of the respondents has ever seen the services being advertised in the media.

## 4.9 Promotion of Port Facilities

As regards the promotion of the Tin Can Island Port facilities, the management was asked what aspect of promotions do they use. The responses to the questions indicated that they do participate in trade fares.

The importance of participating is to bring awareness to all classes of customers and potential port users to see the product and ask questions where necessary.

## 4.10 Summary of the Findings

The analysis of data gathered has made it clearer for one to appreciate the problems of marketing port services in Tin can Island Port as well as the Nigerian Ports Plc in general. It has also shown clearly the inadequate manner in which port services are being operated as offering to customers. From the analysis shown, the application of marketing principles is the only option available in serving the needs of current and potential customers, especially if the comemrcialization derive is to be effective.


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Presently in Tin Can Island Port, there is a continuous decline in customer patronage. This is largely due to the fact that the port lacks cargo handling equipment, as a result, customers usually hire from outside at a higher financial burden to them.

The findings also revealed that customers felt strongly against the practices of charging royalty on equipment carried by vessels since it is the responsibility of the NP Plc to provide quay cranes for loading and discharging operations instead of the Ship's Derricks.

The study revealed that the documentation procedures in use are cumbersome considering the waiting time of about 22 days to release cargo from the Customs and Excise department, shipping companies and the Tin Can Island Port.

Plants availability analysis was made to buttress the claims made by customers that lack of plants has serious effect on delivery of goods from the port. It is further discovered that the port presently has 16.44% plants capacity utilisation which fall short of the world required standard of 60%.

The study also highlighted that the Tin Can Island Port does not advertise its products in any media but only participate in trade fares which limits the target audience to those who participate in the annual event of trade fares. And this shows that most customers and potential ones are not really aware of the services that the port provides. For effective marketing, the customers must be made aware and educated of the services available and where and how they can be obtained. This aspect is completely absent in Tin Can Island Port. There is therefore, no surprise at the level of ineffectiveness and inefficiency of the port.

The port customers are always interested in efficient services offered at minimum waiting time. This is because it is said "time means money." Therefore, the customers who import cargo through the Ports would not like their consignments to be held up unnecessarily for too long when they have alternative ports to use. The present competition between ports as a result of classifying the ports into zones has afforded customers the opportunity to shift patronage to other ports which can offer better services with minimum waiting time. Apart from the national ports, the customers could decide to shift patronage to the neighbouring ports within the West African sub-region if Nigerian Ports do not offer satisfactory services. This presently is what is happening with most Nigerian bound ships diverting now to Benin Republic to discharge their cargo and then goods are brought into Nigeria by road.

The Marketing concepts, therefore, is a philosophy that compels organisations to innovate, improve and think ahead with the view to optimising opportunities and effectively tackle threats posed by competitors.

# CHAPTER FIVE

## 5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

### 5.1 Summary

This study has made a broad survey of the problems of marketing port services in a commercialized port industry in Nigeria. The Tin Can Island Port has been used as a case study. This port is one of the ports wholly owned by the Nigerian Ports Plc established to solve the problems of congestion experienced in 1971 and 1975 with modern facilities to enhance quick turn round of vessels.

The structural adjustment programme coupled with low level of cargo influx has adversely affected the revenue generation of the Tin Can Island Port. This problem has led to low capacity utilisation, obsolete equipment and consequently inefficient services offered to port customers.

However, the commercialization of the NP Plc under the privatisation and commercialization Decree 25 of 1988 has provided the need to critically review the types of services rendered to its customers. Such an exercise involve the determination of the levels and types of services currently offered, the efficiency of such services, the potential for growth and appropriate price structure which would generate acceptable return for the enterprise as well as satisfaction of customers with a view to make profit.

The comemrcialization of the port and its facilities calls for effective application of marketing concept as a means of reducing bureaucratic bottlenecks and improve performance efficiency. This stem from the recent event which appear to bring to a close the era of making huge income without actually working hard for it. The success of marketing port services would depend on aggressive marketing practices and mechanisation of the obsolete facilities to provide efficient services.

In the area of the documentation problems, an attempt has been made to pinpoint the various organisations involved in creating artificial delay in the process of releasing cargo to the customers. It has also been established that the decline in patronising the port services was due to delay and lack of plants for cargo handling in the port.

The promotional aspect of the Tin Can Island Port shows the inadequacy of the marketing approach used in reaching customers or potential users of port services. Therefore, there is an immediate need to employ the use of marketing principles and concept in order to improve port performance and to increase customers' patronage.

In conclusion therefore, one is right to say that marketing activities in Tin Can Island Port is nothing to write home about, because there is complete absence of marketing practices, there are many bureaucratic practices that operate against the philosophy of the marketing concept, but one could also argue that the customers are not aware of the rights to be treated as kings. It is the researcher's belief that the Tin Can Island Port stands to gain if better services are offered to customers. This will attract many port users (customers) to Tin Can Island Port. The task of the Tin Can Island Port is to carry out constant research into the types of offerings and

improve their services in line with what is obtainable in other ports in the Maritime Industry. A leaf can be borrowed from Port Kelong in Singapore, as at today the port is the mainstay of Singapore economy.

## 5.2 Recommendations

In view of the research findings which has highlighted the problems of marketing port facilities in Tin Can Island Port, the application of marketing principles and concepts are completely absent, this calls for immediate action that will bring about a dramatic change in the way and manner port services are being offered.

The following recommendations, if implemented, will go a long way in repositioning the port to face its new acquired status of a public liability company (PLC).

i) Provision of Plant

the Tin Can Island Port should, as a matter of urgency, make a concerted effort to solicit for funds to reactivate the broken down plants and equipment, and procure additional new ones with the aid of professional institutions who specialize in supplying requisite equipment that would suit the need of the port. With advent of containerisation, palletisation and increased size of vessels in the maritime trade, the shippers and customers are interested in the least time spent in discharging, loading and clearing of cargo in the ports. The delay imposed through inefficient cargo handling would increase berth cost, rent, freight rates and distribution cost to final consumers. The effect of this to the economy is the spiral inflation which would have adverse consequence on standard of living of the people in the country.

ii) Computerization of the Documentation Process

The documentation procedures in the Port could be reduced and simplified to the barest minimum by computerisation. This will lead to efficiency and the performance of the port will be greatly improved.

iii) Advertising and Promotion

The port, as a complex system and taking into consideration the audience, the Tin Can Island Port should aim at advertising its products on the Radio, Newspapers, Televisions, etc. This is because this medium combines both audio and visual in delivering message. Moreover, industrialists, individual port users are likely to appreciate the message by hearing and seeing of the services. Thus, the message should be tailored to capture the attention of the audience. The Tin Can Island Port should intensify its advertising strategy and apply other promotional techniques not only going to trade fares once a year.

iv) Training of Staff

There should be a fundamental re-thinking in the organisation as regards the re-organisation of the marketing department from the present rasure of bills for revenue purpose to actually perform the marketing functions as in other commercial enterprises. It is important for all levels of officers in the marketing department to have requisite qualifications in marketing in order to fully understand what is expected from them in a marketing-oriented organisation as compared to one that is not market oriented. This could be done through training by inculcating the right attitudes that is based on sound marketing principles and concepts in them.

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v) Management

To achieve effective marketing through customers' satisfaction requires sound management. This is because it is the management that draws plans of what to do, the process of execution and also coordinate the overall activities of the port. Therefore, it is of necessity for the port to ensure that there are sound management staff who are well informed about the environment, economically, politically, socially, etc. This is because in any organisation, no appreciable impact can be made without good management staff.

## 5.3 Conclusion

It is hoped that when the recommendations of this research work is taken into serious consideration and implemented, the Tin Can Island Port and all other ports in Nigeria may be able to generate enough money for operations and also make profit. As a result therefore, the Nigerian economy will improve as well as the living standard of our people.

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**APPENDIX I**

DISTRIBUTION OF RESPONDENTS

| Company | No. of Qusstionnaires Distributed | No. Returned | No. Completed | No. of Non-Respondents |
|---|---|---|---|---|
| Umarco Nig. Ltd. | 5 | 5 | 5 | |
| Lagos and Niger Shipping | 5 | 5 | 5 | |
| Cross Marine Services Ltd. | 5 | 5 | 3 | 2 |
| WASA | 5 | 5 | 4 | 1 |
| Alraine Nig. Ltd. | 5 | 5 | 3 | 2 |
| Panalpina | 5 | 5 | 5 | |
| Brawal Shipping Agency | 5 | 5 | 2 | 3 |
| Cement Shipping Agency | 5 | 5 | 3 | 2 |
| Nigerian Logistics | 5 | 5 | 2 | 3 |
| Elder Dempster Agency | 5 | 5 | 3 | 2 |
| A Fem Agency Nig. Ltd. | 5 | 5 | 2 | 3 |
| Habest Nig. Ltd. | 5 | 5 | 3 | 2 |
| Wahum Nig. Ltd. | 5 | 5 | 5 | |
| Maina Nig. Ent. Ltd. | 5 | 5 | 3 | 2 |
| P.Z. Nig. Ltd. | 5 | 5 | 4 | 1 |
| Fawobi Ent. Ltd. | 5 | 5 | 5 | |
| Molaco Nig. Ltd. | 5 | 5 | 3 | 2 |
| John Holt Shipping Service | 5 | 5 | 5 | |
| Dearic Agency Nig. Ltd. | 5 | 5 | 5 | |
| Kamars Int. Agency Ltd. | 5 | 5 | 5 | |
| Nigerian Ports | 25 | 25 | 25 | |
| Total | 125 | | 100 | 25 |

APPENDIX II

QUESTIONNAIRE USED TO COLLECT DATA FROM NP PLC. OFFICERS

What is your department in Tin Can Island Port?

.....

Years of Experience

.....

What service does your department offer to customers?

.....

How frequent do customers patronize the Tin Can Island Port?

.....

Do you receive any complain on the services you rendered to your customers?

.....

If you do, how often does your management react to such complains?

.....

How do you channel complains you receive from customers?

.....

What is your department doing to improve customers' level of service with the current commercialization programme?

.....

APPENDIX III

## QUESTIONNAIRE GIVEN TO SHIPPING COMPANIES

What is your assessment of the availability of plants and equipment in Tin Can Island Port of NP Plc?

.....

How regular do you use the Tin Can Island Port? Please specify

Daily.....Weekly.....Monthly

If your answer to the above question is irregular, please indicate why

.....

Does availability or non-availability of plants and equipment have any impact on your patronage of Tin Can Island Port?

.....

If it does, in the absence of such plants and equipment, what alternative measures do you take?

.....

Are the current services rendered by the Tin Can Island Port commensurate with the Port charges?

.....

Are the charges of NP Plc compatible with the charges of other ports known to you?

.....

Can you recommend measures that would improve the services of the NP Plc Tin Can Island Port?

.....

APPENDIX IV

QUESTIONNAIRE USED IN COLLECTING DATA FROM CUSTOMERS

What is the nature of your business in Tin Can Island Port? Please specify:

Shipper..... Importer..... Clearing and Forwarding.....

How often do you patronize the Tin Can Island Port?

Daily.....Weekly.....Monthly

How do you assess the current services being rendered by the Tin can Island Port to its customers? Please specify:

Satisfactory..... Unsatisfactory.....

How do you react to the availability of plants and equipment in Tin Can Island Port? (i.e. port facilities)

Highly dissatisfied..... Satisfied

If dissatisfied, what alternative measures do you take?

.....

What is your reaction to the documentation procedures of the Tin Can Island Port?

.....

Can you identify any specific area where documentation procedures is more cumbersome?

.....

Are you aware if any effort is being made by NP Plc to advertise its services?

Yes..... No.....

If yes, can you mention one or two media outfits?

.....

If no, what is your comment?

.....