Competitive Advantage of New Entrant Company in Intermodal Container Leasing Industry
- The Case of CAI -

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ABSTRACT

Containers have been making tremendous contribution for maritime transportation, especially for liner shipping industry since the global standardization. Their use has dramatically enhanced both speed and effectiveness for cross-border shipping. As the matter of the fact that the container traffic volume has significantly increased. Today, roughly half of containers in the world are owned by shipping company and the rest half is lease containers leased by container leasing companies to shipping companies. The container leasing business is relatively new business. Most of the container leasing companies was formed in the middle to late twentieth century. The business has currently been driven by seven major companies and they have more than 75% of its market share.

Hiromitsu Ogawa, the founder and chairman of CAI International, Inc., was awarded the entrepreneur of the year 2008 by Ernst and Young[1]. CAI International, Inc. became one of the world leading intermodal container leasing and management service providers. The company was originally founded in 1989 as Container Applications International, Inc. Container Applications International, Inc. has continuously grown since it entered into the intermodal container leasing industry, and re-incorporated under a new name CAI International, Inc. in 2007. In the same year, the company went public and became a listed company on the New York Stock Exchange.

This paper firstly describes the contributions of containers as shipping equipment for maritime transportation. Following that, the nature of container leasing business and its industry would be illustrated; including the characteristics of the container leasing business, nature of the industry, and competitors within the industry. Finally, the factors which enable newly entered CAI International, Inc. to implement its competitive advantages will be focused by exploring previously described nature of intermodal container leasing industry and analyzing keys constituting its competitiveness. With reviewing the former research contributions and their frameworks regarding competitive advantages, the key aspects consisting of competitiveness will be analyzed to reveal why newly entered company could perform its competitive advantages.

KEY WORDS

Competitive advantage, new business, new entry, CAI International, intermodal container leasing

1. Introduction[2]

With the overview of contributions by containers and container leasing business for maritime

[1] Ernst & Young, "Award recipients for Ernst & Young Entrepreneur Of The Year 2008 Award in Northern California announced."
http://www.ey.com/US/en/Newsroom/News-releases/Media-Release-23-06-08DC

[2] This paper is written based on the discussions and comments for the paper presentation in both AP-DSI conference in 2010 at Hong-Kong (Sahara, 2010) and SW-DSI conference in 2011 at Houston (Sahara and Watanabe, 2011). I would like to thank all of members participating the sessions. A special word of appreciation for providing constructive comments goes to Dr. ManMohan Sodhi and Dr. Byung-Gak Son.

transportation, this paper is aimed to clarify the keys that enable CAI, newly entered container leasing company, to grow and develop its competitiveness. Firstly, the contributions of containers in maritime transportation, especially for liner shipping industry will be overviewed. Their use has dramatically enhanced both speed and efficiency for cross-border shipping since their global standardization. As the matter of the fact the container traffic volume has significantly increased around the world.

In regards to the utilization of containers, today, roughly half of containers utilized in the world are owned by shipping company and the rest half is lease containers leased by container leasing companies to shipping companies. Container leasing has been taking significant role for the liner shipping industry. Then we will look into the role of container leasing, container leasing companies, the nature of container leasing industry, and containers as investment portfolio.

Based on the review of the contributions by containers, the role of container leasing and container leasing companies, the nature of container leasing industry, and the role of container investment portfolio, this paper highlights the growth of CAI International, Inc (CAI). Keys sustaining CAI's competitive advantages are focused to reveal its growth and success.

2. Literature Review

Few researches have been conducted regarding intermodal container leasing business and/or intermodal container leasing companies. The former researches are more focusing on containerization, port development, liner shipping or maritime transportation, and container traffic volume. For example, Levinson explored the history of containerization with the illustration of its development process to become globally used maritime transportation equipment (Levinson, 2006). Lowe introduced the concept of intermodal freight transportation by describing that is "the concept of utilizing two or more 'suitable' modes, in combination, to form an integrated transportation chain aimed at achieving operationally efficient and cost-effective delivery of goods in an environmentally sustainable manner from their point of origin to their final destination (Lowe, 2005)." Choonga, Cole, and Kutanoglub highlighted the issue of empty container management among maritime transportation (Choonga, Cole, and Kutanoglub, 2002).

From global economy point of view, Stopford covered the role of shipping, the transportation system, the demand for the sea transport, the merchant fleet, the role of ports, shipping company organization and political influences (Stopford, 2008). Stopford also touched the leasing scheme for the ship building finance, but there is no portion regarding the leasing scheme for intermodal containers. As it is sated, there are very few researches covering intermodal container leasing business and/or intermodal container leasing companies.

There is one research conducted by Satozono in 1987 on the history of containerization and mentioned emergence of intermodal container leasing and its role among maritime transportation (Satozono, 1987). The research focuses on the lease types of intermodal containers with the illustration for the difference between operating lease and finance lease. Although there is no feature on any particular intermodal container leasing company, the contribution highlighting the important role of intermodal container leasing among maritime transportation is remarkable. Another research by Sahara and Watanabe overviewed the history of containerization including the invention and standardization of intermodal containers, and the growth of intermodal container traffic volume (Sahara, Watanabe, 2010). It focused on the remarkable container traffic volume increase among Asian region and also pointed out the fact there are very few Asian based intermodal container leasing companies despite the growth of container traffic volume among Asia. After overviewing the characteristics of intermodal container industry, it listed some factors comprising barrier to the entry.

Few former researches have been found regarding intermodal container leasing business, and particularly the researches with the focus on growing intermodal container leasing company covering its background, business characteristics, industry nature, and recent competition among industry seem to be left behind.

3. Container Leasing for Maritime Transportation

3-1. Container

The container was invented in the middle of 1950's in the United States. ISO standardized containerisation globally during 1968-1970. TABLE-1 shows the dimensions for each type of standardized containers.

< TABLE-1: ISO STANDARDIZED INTERMODAL CONTAINER (DRY FREIGHT) >

			(Feet)
Type	Width	Height	Length
20FT	8	8.6	20
40FT	8	8.6	40
40HC	8	9.6	40
45FT	8	9.6	45

(Source: National Institute for Land and Infrastructure Management material No. 482, ISO)

Since its invention and standardization, the total number of maritime containers in the world has been dramatically increased in the past decades supported by its speed and cost efficiency. TABLE-2 shows the growth of container traffic volume by region, and the table clarifies that there is remarkable container traffic volume growth in Asia. According to the statistic data in TABLE-3 from Ministry of Ministry of Land, Infrastructure, Transport and Tourism, in terms of container handling volume by world ports, eight ports out of top ten ranked container ports are located in Asia during the year 2009.

< TABLE-2: CONTAINER TRAFFIC VOLUME BY REGION >

			(Million TEU)	
Year	1990	1995	2000	2005
Asia	24	49	92	166
Japan	8	11	13	17
North America	17	21	30	43
Europe	20	28	46	69

(Source: Tsusho Hakusho 2008, Original source from Containerisation International Yearbook)

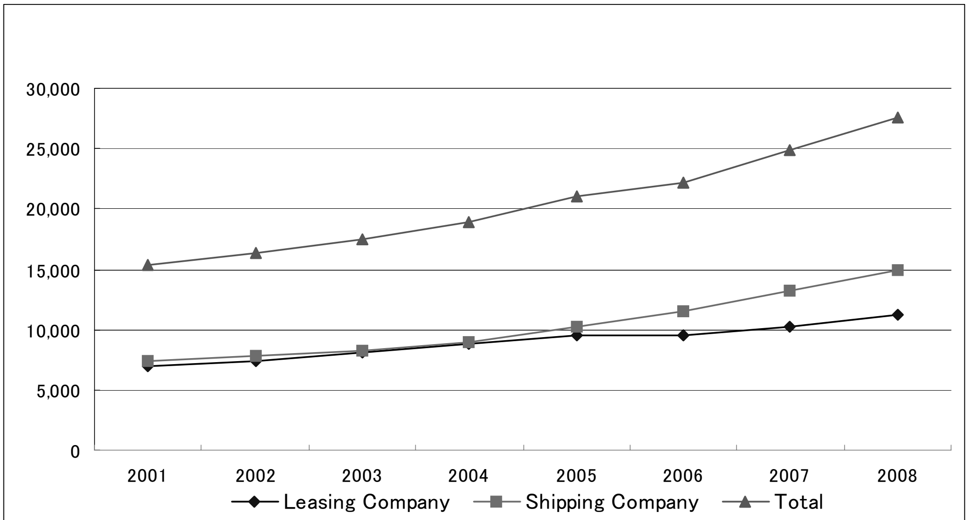
< TABLE-3: CONTAINER HANDLING VOLUME BY WORLD PORTS IN 2009 >

2009		
Ranking	Port	Handling Volume (TEU)
1	Singapore	25,866,400
2	Shanghai	25,002,000
3	Hong Kong	21,040,096
4	Shenzhen	18,250,100
5	Busan	11,954,861
6	Guangzhou	11,190,000
7	Dubai	11,124,082
8	Ningbo	10,502,800
9	Qingdao	10,260,000
10	Rotterdam	9,743,290

(Source: Ministry of Land, Infrastructure, Transport and Tourism, http://www.mlit.go.jp/common/000147374.pdf, Original source from Containerisation International Yearbook)

3-2. Container leasing

As the recent trend illustrated in FIGURE-1, roughly, half of containers for maritime transportation in the world are owned by shipping company and the rest half is lease containers leased by container leasing companies to shipping companies. Although the growth on the lease container volume appears to be slow in recent three years till 2008 compared to the container volume owned by shipping companies, volume increase on lease container is likely to be estimated to increase. Since the global economy faced financial crisis in late 2008 and has created highly uncertain condition, it could be assumed there would be the movement of shipping companies to maintain the liquidity on their assets. If shipping companies determine purchasing containers on their own, not only they burden the large amount of container procurement cost, they also have to handle containers for resale or disposal when containers are retired from maritime transportation use. Therefore, utilizing lease containers, instead of purchasing containers by burdening large amount of initial procurement cost, would be the key to maintain assets liquidity for the liner shipping companies. Increase trend on the world container volume and uncertainty of economic condition would make the role of lease containers be even more essential.

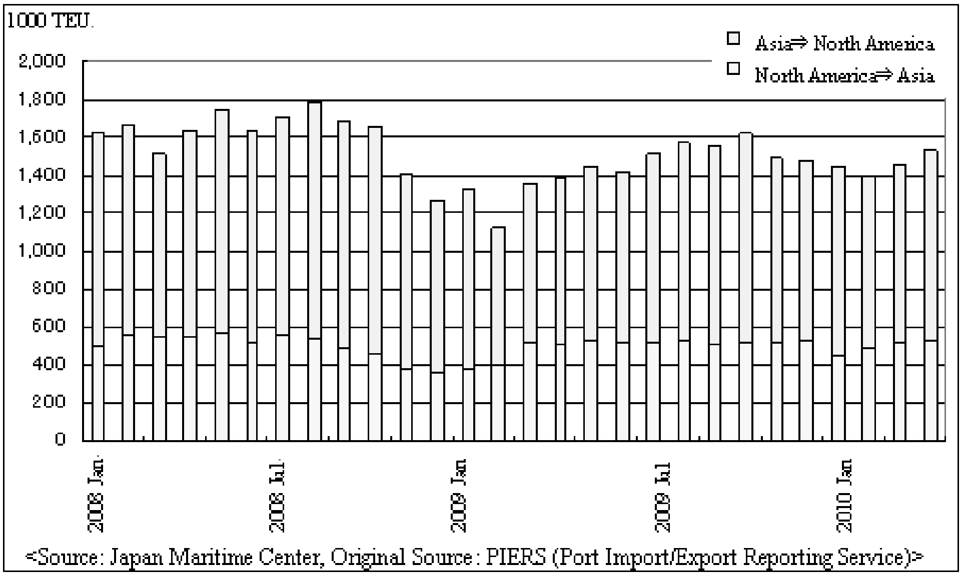


<Source: ontainerisation International Market Analysis: Container Leasing market 2008>

< FIGURE-1: WORLD CONTAINER FLEET BY MAIN OWNER CATEGORY FOR PERIOD 2001-2007 AND PROJECTED 2008. FIGURES ARE ROUNDED TEU (X 1,000) AND INCLUDED ALL CONTAINER TYPES. >

There are some other factors to explain why the large volume of lease containers has been utilized by shipping companies. FIGURE-2 illustrates that the demand of container transportation has been fluctuated by seasonal reason and the economic condition. Therefore adjusting the container volume is the key factor for the shipping companies to manage container inventory. The use of lease containers enables shipping companies to control total container volume, which could contribute to save storage charge for unused containers stored in depot. This would explain one of the reasons why shipping companies lease containers and why the large volume of lease containers has been utilized in maritime transportation.

In addition to it, there are some other advantages for the shipping companies to utilize lease containers. As stated, shipping companies are able to save their initial cost for container procurement and cost for resale/disposal by utilizing leasing containers. Also they are able to select the lease term based on its lease agreement. The lease agreement between shipping companies and container leasing companies would generally be categorized into two types by its leasing term; the long term agreement (3-10 years duration) and master lease (or short term) agreement (up to three year duration but generally shorter that that). Plus, some agreements include purchase option which provides lessees option to purchase on-lease containers when the agreement becomes ineffective.



< FIGURE-2: CONTAINER TRAFFIC VOLUME BETWEEN ASIA AND NORTH AMERICA>

The rate for one day use is called "per diem rate" and the rate is determined by the agreement. According to Containerisation International Market Analysis: Container Leasing Market 2008, as TABLE-4 shows, regarding total leased dry freight fleet, annualized per diem rate per TEU for long term agreement and master lease agreement were $0.65 and $0.82 respectively in 2007. Regardless of using or not using the on-lease containers, the shipping companies would be charged lease payment calculated by the per diem rate.

< TABLE-4: SUMMARY OF ANNUALIZED RENTAL PER DIEM PER ASSET VALUE TEU >

(US Dollar)

Year	2001	2002	2003	2004	2005	2006	2007
Long Term Agreement	0.70	0.67	0.65	0.65	0.68	0.67	0.65
Master Lease Agreemer	1.12	0.90	0.88	0.88	0.87	0.83	0.82

(Source: Containerisation International Market Analysis: Container Leasing market 2008)

Containerisation International Market Analysis: Container Leasing Market 2008 also reports the calculated annual revenue by agreement type for the year 2007. It was 2,155 US million dollars for long term agreement and 810 US million dollars for short term agreement respectively. Using simple calculation, the container leasing market generated 2,965 US million dollars of revenue for its total during 2007.

3-3. Container leasing companies

The container leasing business is relatively new business. Most of major container leasing companies were formed in middle to late twentieth century. As TABLE-5 shows, the market has been dominated by seven major companies and they have more than 75% of its market share. Top three companies in TEU [3] base, Textainer, Florens, Triton container, were established in 1979, 1987, and 1981 respectively. In terms of container leasing business point of view, the container leasing business has been dominated by western country based companies. Florens Group is the only one Asia based (Hong Kong) major container leasing company.

< TABLE-5: TOP RANKING CONTAINER LEASING COMPANIES >

		(1,000TEU)
	2008 (projected)	
	Share	TEU
Textainer	17%	2,045
Florens Group	14%	1,680
Triton Container	13%	1,495
TAL International	9%	1,060
Seacastle Container Leasing	8%	1,000
GESeaCo	8%	950
CAI International, Inc.	7%	780
Others	24%	2,770
Total	100%	11,780

(Source: Containerisation International Market Analysis: Container Leasing market 2008)

3-4. Emergence of CAI

CAI is one of the world leading intermodal container leasing and management service company. The company was originally founded in 1989 as Container Applications International, Inc by the awarded entrepreneur Hiromitsu Ogawa and Roger Passel. Container Applications International, Inc. has continuously grown since it entered into the intermodal container leasing industry, and re-incorporated under a new name CAI International, Inc in 2007. In the same year, CAI went public and became a listed company on the New York Stock Exchange. The total number of fleet that CAI initially managed in 1990 was about 5,000 TEU with the concentration on supplying containers on long term lease to international liner shipping companies. CAI has rapidly grown since then and it became one of top ranked companies showed in TABLE-5. CAI has now been able to offer wide variety of lease package service including long term lease, master lease (short term lease), and direct finance lease for its customers located in all over the world. In addition, its worldwide network of offices, agents, and depot facilities backing up its services.

3-5. Nature of container leasing industry

The intermodal containers are basically the boxes made of steel. Due to its simple form and globally standardized structure, the containers are unlikely affected by new technology. Also,

[3] TEU stands for twenty-foot equivalent units. TEU figures are calculated in terms of length (i.e., 20ft = 1.00, 40ft = 2.00, 45ft = 2.25).

containers are valued as long as they have cargo worthy function. It is very similar to purchasing commodities. The power of brand affects very small portion like we purchase gasoline without thinking its brand. Furthermore, the leasing service types could mainly be divided into two categories, lease type (operating lease and finance lease) and lease term (long term and short term). Although differentiation is considered as one of elements to create competitive advantage (Porter, 1985), it could be observed that there is less opportunity for differentiation in intermodal container leasing industry.

In terms of container delivery/drop-off, the container leasing companies need to allocate agents and/or subsidiaries where the ports are located in order to handle their container delivery service. This value added service would make the competition intensive and would be the barrier for brand new entered company to compete if it has to develop such port networks from scratch.

From the size of capital point of view, the capital requirements directly connect to the volume of operating containers and their leasing revenue. Since containers are products which hardly differentiate one from the others, the volume of container procurement by abundant capital resource simply enhances business performance. Additionally, the merger and acquisition have been frequently happened in container leasing industry by using capital power. For example, Fortress investment group acquired two container leasing companies, Interpool and Carlisle Leasing, and established Seacastle Container Leasing in 2007. It became fifth ranked container leasing company.

According to the framework by Porter illustrating elements of industry structure, capital requirements are considered as barrier to new entrants (Porter, 1985). In terms of new entry to the container leasing market, although the product differentiation would not form the strong barrier to entry due to container's commodity-like nature, the capital requirements and development of container delivery network would be the main factors forming the barrier to entry. Plus, the movements of merger and acquisition by within the industry have been very active. Those facts would be some of reasons why the intermodal container leasing market has been oligopoly.

3-6. Containers as investment portfolio

Containers are not only utilized as shipping equipments, but they also play the role of investment portfolio. The container leasing industry is closely connected to investment business. Before describing the container investment scheme, it is necessary to mention the ownership of containers. Regarding the ownership of containers operated by the container leasing companies, the lease containers are not always owned by container leasing companies. In some cases, the container leasing companies don't have the ownership of their on-lease containers. They just manage the containers for the container owners who invest in containers with the expectation of return from leasing revenue. As TABLE-6 indicates, according to disclosed SEC documents of three major intermodal container leasing companies listed on New York Stock Exchange, their total operating containers are divided into "owned" and "managed."

< TABLE-6: FLEET COMPOSITION BY PUBLIC CONTAINER LEASING COMPANIES AS OF December 31, 2009. >

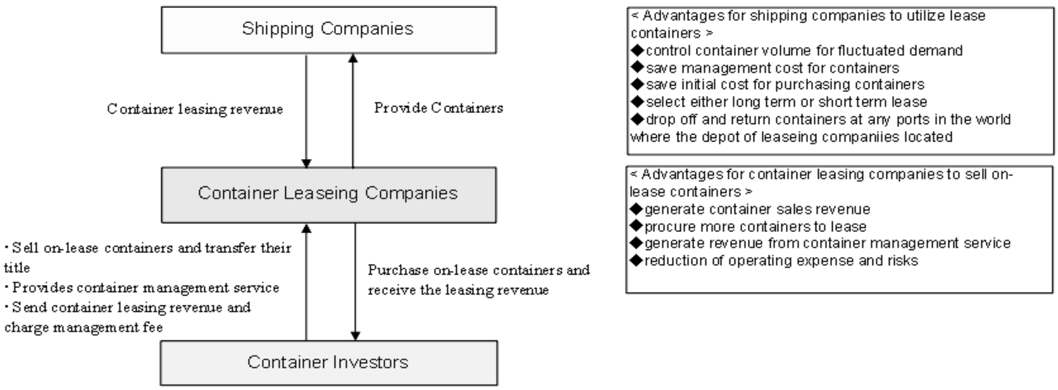
FLEET COMPOSITION BY PUBLIC CONTAINER LEASING COMPANIES AS OF DECEMBER 31,2009

(TEU)

Container Leasing Company	Owned Fleet	Managed Fleet	Total Fleet
Textainer	1,017,210	1,221,827	2,239,037
TAL	1,084,084	55,439	1,139,523
CAI International	235,082	507,681	742,763

<Source: Textainer SEC 20-F File, March 17, 2010., TAL SEC 10-K File, March 1, 2010., CAI International SEC 10-K File, March 15, 2010.

The container leasing companies generally procure containers from container manufacturing companies and lease the containers to the shipping companies by lease agreement. In this case, the container leasing companies have ownership of those containers and right to receive leasing revenue from the shipping companies. Then, in some cases, the container leasing companies sell certain amount of on-lease containers to the third party investors as investment portfolio.



< FIGURE-3: EXAMPLE OF CONTAONER INVESTMENT SCHEME >

The investors purchase the on-lease containers with the expectation of leasing revenue as their return on investment. By this transaction, the ownership title of the containers shall be transferred to the investors and the right to receive the lease revenue as well. The container leasing companies wave the ownership of the containers and start to just manage the containers on behalf of investors. These containers managed for container investors are categorized as “managed containers,” and container leasing companies would receive container management fee from the investors for the management service.

One of the advantages of investing containers would be that the investors can expect stable leasing revenue to receive. Regardless of using or not using the on-lease containers, the shipping companies are charged lease payment calculated based on the per diem rate. Also, they can expect the return by container sales to exit the investment. Since there is the demand for used containers, the average resale price of used containers has been stable. Again, the container is basically the box made of steel. Because of its simple form and globally standardized structure, new technology is unlikely to impact the value of container, therefore; the value of container remains as long as it maintains cargo worthy function. Since the container is easily replaced one and the other, the secondary market for the containers is well-developed. The used containers are traded not only in the maritime transportation but also in the markets such as storage equipments and mobile houses. With the demand for used containers, the average resale price of used containers has been stable. Statistics in TABLE-7 show that even 10 year old 20FT dry freight containers have been sold with the average price of $1,070 at middle of the year 2008, while the new build 20FT dry freight containers have been sold with the average price of $2,500.

< TABLE-7: CALCULATED AVERAGE RESALE PRICES FOR USED STANDARD 20FT DRY FREIGHT CONTAINERS AT MID-2008 >

CALUCULATED AVERAGED RESALE PRICES FOR USED STANDARD 20FT DRY FREIGHT CONTAINERS AT MID-2008

Original Year of Build	Mid-2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Averaged Age (Years)	newbuild	1	2	3	4	5	6	7	8	9	10
Average Resale Price(USD)	2,500	2,405	2,225	2,050	1,870	1,690	1,510	1,340	1,240	1,150	1,070

<Source: Containerisation International Market Analysis: Container Leasing market 2008>

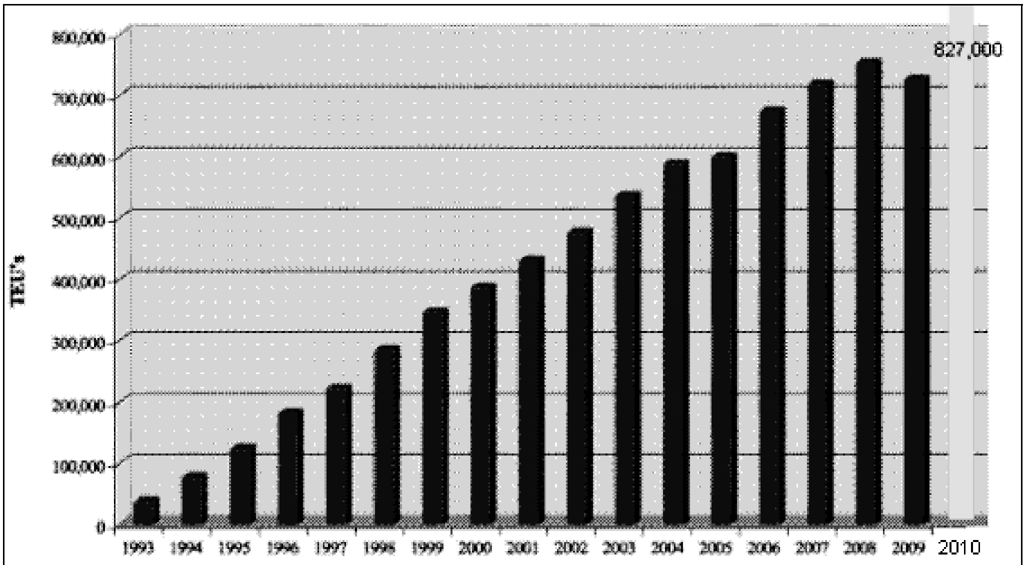
Container is the tangible asset which physically exists. It is globally used for maritime transportation and its volume has been growing continuously. Therefore, investing container means the investment in tangible asset which has been used for ongoing and growing industry. The nature of container investment would be different from that of other securitized financial alternative products based on intangible asset.

4. Competitiveness of CAI

Based on the overview of contributions by containers, the role of container leasing, the nature of container leasing industry, and container investment in previous sections, growth and competitiveness of CAI will be focused in this section.

4-1. Container leasing market and CAI

As stated in 3-3, container leasing business is relatively new and the most of major container leasing companies were formed in middle to late twentieth century. TABLE-5 shows that the market data projected seven major container leasing companies share more than 75% of its market in 2008. A few companies involved in the market and it could be categorized as oligopoly market as mentioned in 3-5 (Bain, 1968). CAI was established in 1989 and newly joined to compete among existing container leasing market. In FIGURE-4, although the total number of fleet that CAI initially managed in 1990 was about 5,000 TEU, the latest CAI's annual report for the fiscal year ended December 31, 2010 shows that its handling fleet size comprises 827,000 TEUs and it now became 6th largest container leasing company in the world.



(Original Source: http://www.capps.com/about.html, 2010 data is added from annual report)

< FIGURE-4: CAI FLEET GROWTH BY TEU>

CAI has successfully increased its operating container volume and strengthened the presence in the market. From income statement point of view, it could be observed in TABLE-8 that CAI once experienced the negative impact by global economy downturn triggered by financial crisis in September 2008. As FIGURE-2 previously illustrated, the container traffic volume declined since then and affected till the middle of 2009. This financial crisis and decrease on container traffic

< TABLE-8: HISTORY OF CAI's INCOME STATEMENT HIGHLIGHTS >

				Million dollars
Fiscal Year	2006	2007	2008	2009	2010
Total Revenues	60.7	64.9	83.1	65.3	77.9
Operating Income	32.4	39.9	44.0※	21.8	36.9
Net Income Available to CAI Stockholders	17.2	19.0	23.3※	13.6	28.4
※Excludes imparment of goodwill of $50.2 million					

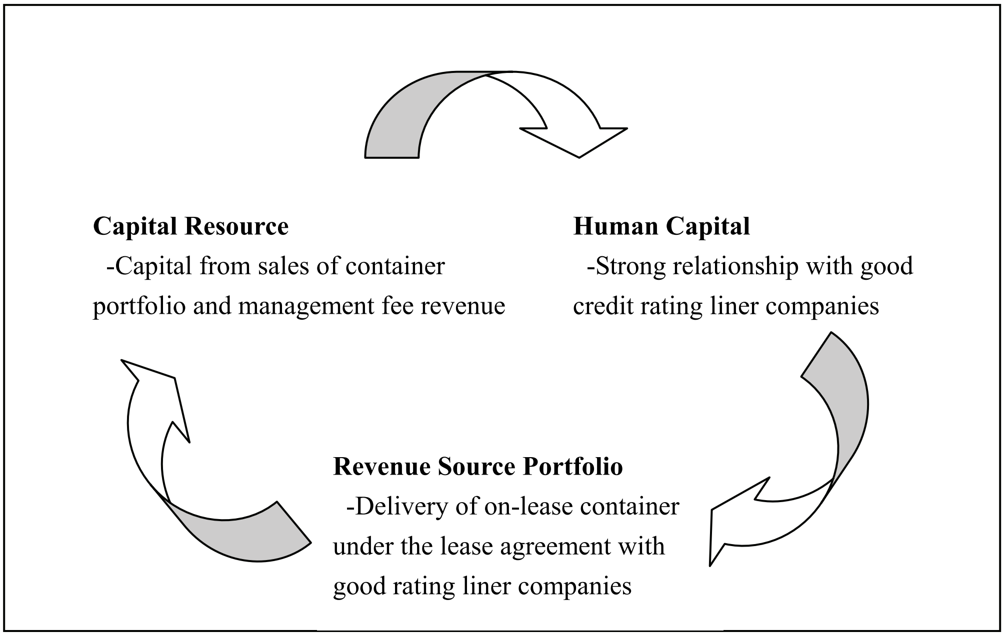
(Source: CAI International, Inc. 2010 Annual Report) volume influenced all container leasing companies. However, considering this economic condition, CAI has still made steady growth overall and enjoyed competing among the industry in the past 5 years.

4-2. Source of CAI's competitive advantage

Given the nature of container leasing industry and the competition among it stated in previous section, CAI's continuous growth has been sustained by some key sources of its competitiveness.

- *Capital Resource*: Capitalization plays great role to compete among the intermodal container leasing industry as stated. CAI announced that they had $278.3 million of available revolving credit facility, and $115.0 million of new term loan to invest in additional containers in 2011. Some of their key management team members have back ground in and strong relationship with financial service sector. Actually Development Bank of Japan was formerly the one of major shareholders, and Wells Fargo is currently the third largest shareholder according to 2011 CAI's proxy statement. Strong capitalization enables CAI to actualize sourcing and managing larger volume of containers
- *Human Capital*: Since the product differentiation strategy is difficult to generate among commodity-oriented market like intermodal container leasing, human resource has been recognized as key factor to generate competitiveness. The management has been aware of importance to maintain strong and long term relationship with customers and that idea even comes down to entry level employees in subsidiaries. Personnel especially in marketing and operations have its mindset and have developed such relationship with liner shipping companies. Experienced management officers and dedicated employees have led CAI to the one of world leading container leasing companies.
- *Revenue Source Portfolio*: Perhaps diversification on revenue source would be one of the most essential factors and this is what makes CAI be very successful and distinctive. The revenue stream comes from mainly 1): container lease revenue, 2): container management fee revenue, and 3): container portfolio sales. Not only generating lease revenue by leasing containers to liner shipping companies, CAI has also managed large portion of the container fund portfolio and is able to sell title of on-lease containers to container investors so that CAI could receive the container management fee as compensation for managing investors' containers. Operation on 2) and 3) requires professional knowledge and experience in accounting, finance, tax law, and fund arrangement. Actually experts from financial service industry have been involved in headquarters. Additionally, the knowledge should not be limited to home country which is the United States but it should cover internationally since the intermodal container leasing is an international business by nature and container investors are located around the world.

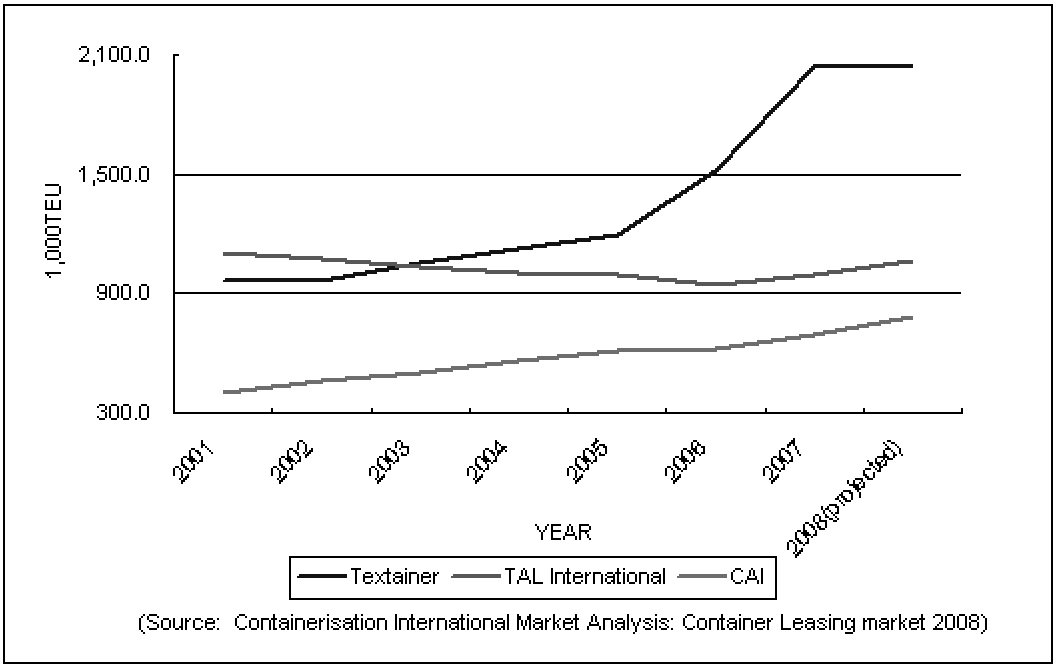
In fact, three factors above are all connected. The container investors, although it is needless to say, are likely to invest only in on-lease containers under the lease contract with good credit rating liner shipping companies. In order to deliver those on-lease containers, it is necessary to develop strong relationship with better rated liner shipping companies and implement marketing strategies by marketing personnel. After lease agreements are made with liner shipping companies, CAI would be able to prepare selling those on-lease containers as investment portfolio to container investors. When the container portfolio was sold to container investors, its sales would strengthen the capital power and become force to procure another package of containers. If CAI didn't have this container investment scheme and know-how to operate it, gaining multiple revenue streams could not be formed.



< FIGURE-5: SOURCE OF CAI's COMPETITIVE ADVANTAGE >

As the TABLE-6 showed in previous section, CAI's nearly 70% of total containers is managed for container investors. It can be observed that Textainer, the largest intermodal container leasing company listed in TABLE-5, also has managed about 54% of containers for container investors, while 4th ranked TAL has only managed less than 5% containers. It would be clear that CAI has implemented its combination of competitiveness and successfully manages remarkable amount of containers for container investors.

In FIGURE-6, both CAI and Textainer who operate sizable portion of container investment portfolio have grown in terms of their fleet size. CAI has shown the steady growth, and Textainer's rapid growth was due to acquisition of Gateway Container and Capital Lease. On the other hand, fleet volume growth of TAL has hardly been observed. CAI's ability to manage containers for investors has sustained the steady growth.



< FIGURE-6: Taxtainer, TAL, and CAI: TOTAL OPERATING FLEET FOR PERIOD 2001-2007 AND PROJECTED 2008.FIGURES ARE ROUNDED TEU (X 1,000) AND INCLUDE ALL CONTAINER TYPES >

In business strategy field, there are some important contributions and discussion regarding competitive advantages. According to Barney, he states "a firm experiences competitive advantages when its actions in an industry or market create economic value and when few competing firms are engaging in similar actions (Barney, 2002)." What makes CAI unique or what distinguishes CAI from others the most is the fact that they have successfully diversified the revenue source and maintained the ability enabling its diversification by delivering containers as both transportation equipment use and investment portfolio.

According to Porter's positioning framework, it also points out the product differentiation as one of competitive advantages (Porter, 1985). Considering this framework, it is explained "differentiation can be based on the product itself, the delivery system by which it is sold, the marketing approach, and a broad range of other factors." What makes CAI unique is the fact that it just doesn't simply differentiate the container delivery service, but it is able to diversify its service approaching two different customers, liner shipping companies and container investors. Revenue from two different target customers enables CAI to obtain diversified revenue streams. Competitive advantage would ultimately be positioning to create and provide value without competition.

5. Findings

This paper firstly overviewed the growth trend of container traffic in maritime transportation and introduced the essential role of intermodal container leasing businesses which have sustained roughly half of the container transportation utilized in the world. After the nature of the intermodal container leasing business and its industry were illustrated, the role of containers as investment portfolio was described.

Given those roles and nature of container leasing industry, it is observed that CAI's strength package of capital resource, human capital, and revenue resource portfolio put CAI at the unique position to demonstrate its competitive advantages. It is explained how CAI could diversify its target customers and obtain multiple revenue sources. It was clarified that CAI was able to gain i):the container leasing revenue by leasing containers to liner shipping companies, and ii):the container sales and container management fee revenue by selling and managing on-lease containers to container investors. Ability to approach two different targets by operating one container could form CAI's unique position and broaden its business opportunities. Although product differentiation is known as one of the factors to have the competitive advantage by Porter's positioning framework, this CAI's case tells us that CAI doesn't just simply differentiate the container delivery system or marketing approach. More importantly, CAI has technology and know-how on both container leasing and container investment, which can diversify its services to approach two different customers from the same container operation.

CAI's ability as an organization to approach multiple markets by using company's resource is the key to have competitive advantage. The growth of CAI has continued. CAI will not be limited to be just an intermodal container leasing company, rather it is growing to be a special financial service provider.

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コンテナリース業界における新規参入企業の競争優位に関する研究
－CAI 社の事例研究を通じて－

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海上輸送においてコンテナが荷役に果たしてきた役割は大きい。世界標準として規格化されて以来、コンテナ輸送によってスピード化、効率化が進展し、コンテナ荷動き量は大きく増加してきた。今日、世界で活用されている約半数のコンテナは船会社が所有しているもので、残りの約半数はコンテナリース会社が船会社にリースしているリースコンテナである。コンテナリースビジネスは比較的新しいビジネスで、多くのコンテナリース会社は 20 世紀半ばから後半にかけて設立されている。現在、コンテナリース市場は大手コンテナリース会社 7 社の寡占状態にある。
こうしたコンテナリース業界にあって、1989 年に設立された CAI は新規参入し、独自の競争優位を構築してきた。新規参入企業が競争優位を発揮できた要因について、コンテナリース産業の特性と CAI の競争力を構成する要素を分析することによって考察する。