Sustainable Human Resource Development in logistics services for ASEAN Member States

The Training Material on "Marketing for Logistics" has been produced under Project Sustainable Human Resource Development in Logistic Services for ASEAN Member States with the support from Japan-ASEAN Integration Fund (JAIF).

Marketing for Logistics

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Chapter 1
What is Marketing?

1.1 Definition of Marketing

- The Chartered Institute of Marketing offer the definition for marketing as "Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably."

1.2. Why Marketing?

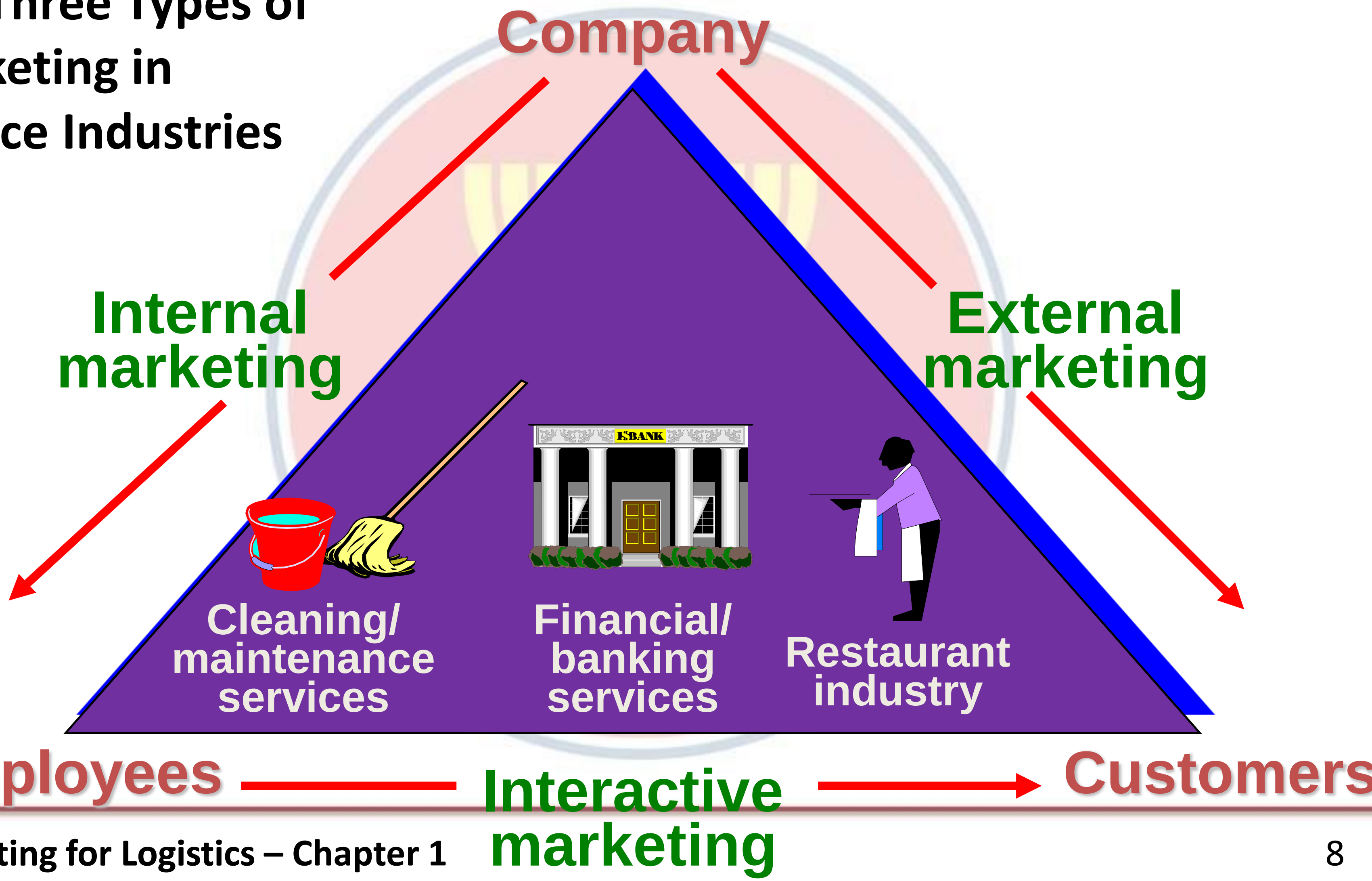
- Marketing is sometimes wrongly defined within the narrow context of advertising or selling, but this is not the whole story.

- Marketing is a key management discipline that enables the producers of goods and services to interpret customer wants, needs and desires – and match, or exceed them.

1.3. Important of Marketing

- Personally - in daily life, in career aspirations, in better informed consumer purchases
- Organizationally - only marketing directly produces revenue; marketing success depends on customer satisfaction
- Domestically - employment and costs, creation of utility
- Globally - closed, national markets no longer exist and companies compete in markets worldwide

1.4. Three Types of Marketing in Service Industries



1.5. Three Types of Marketing in Service Industries

- Service marketing require not only external marketing but internal and interactive marketing.
- **External Marketing** describe the normal work of preparing pricing distributing and promoting the services to customer.
- **Internal Marketing** describe the work to train and motivate employees to serve customer.
- **Interactive Marketing** describes the employees skill in serving the clients because the client judges services not only by technical quality but also its functional quality.

For Example: In hospital a successful operation is the technical quality from the doctors, but the way the doctors show their concerns and giving confidence to the patients is the interactive marketing

1.6. Marketing Tip for Success

- Market Creation or Development
  - Create a category where you are good at – your niche market.
  - If you fail, shift your battle ground and fight where you are strongest.

- Don't try to be Better, Try to be Different.
  - Not all products are created equal – so are consultants
  - But if everything becomes equal, the different will be you.

- Go Beyond Database Marketing
  - Marketing is not networking alone, you need skill and tactic too
  - Success = Network + Skill, Knowledge, Tactic

1.7. Marketing Tip for Success - Cont.

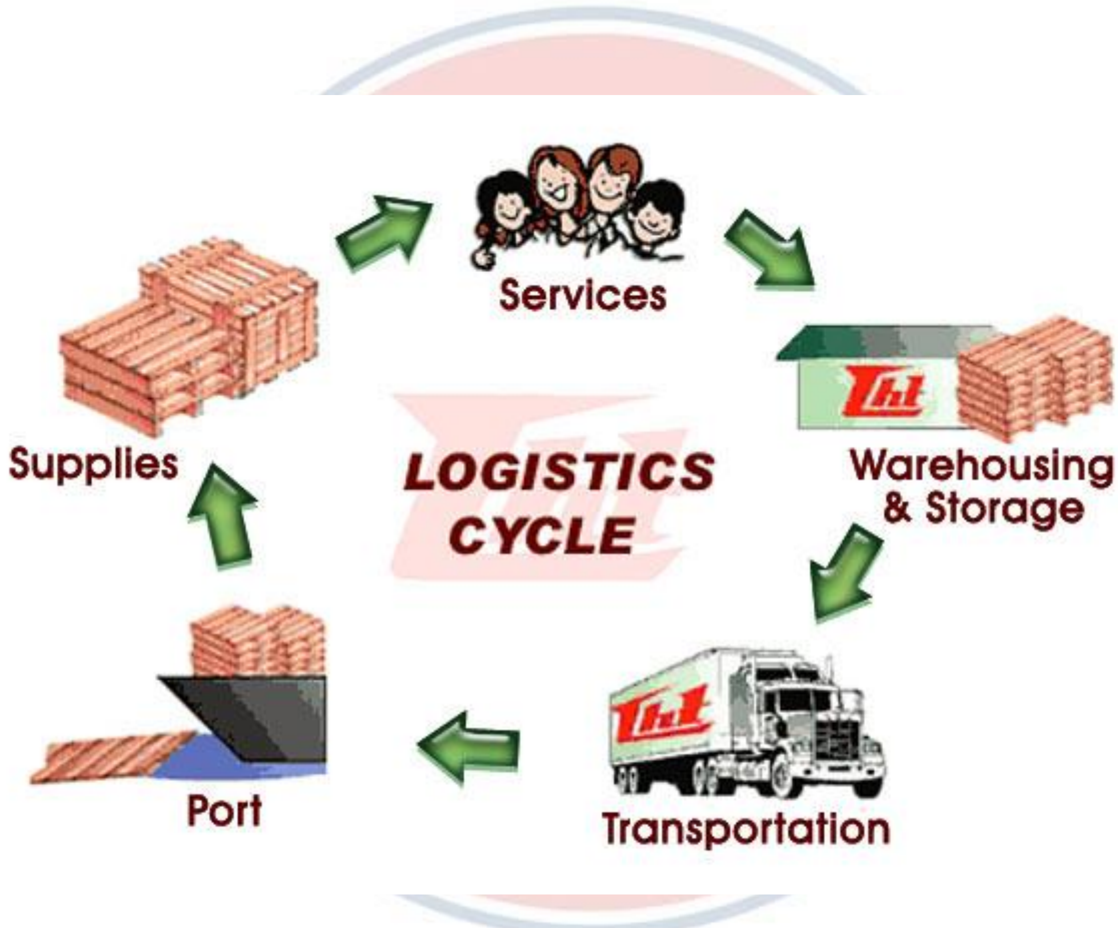
- Motivate Your Customers
  - How do I share this with my customers to get their interest?
  - Always keep your customers informed – when they understand the situation better, your marketing function is easier.
- Relationship Marketing
  - Regular communication will help you build that relationship.
  - Customer is less concerned of how much you know but how much you care.
- Positive Thinking
  - Use the 1-egg or 2 eggs approach to secure a sale.
  - Always close by asking “service A” or “service B” – which option the customer chose, you still make a sale.

Chapter 2
Logistics as a Service

2.1. Definition of Logistics

- Logistics: The planning, execution, and control of the movement / placement of goods and / or people, and the related supporting activities, all within a system designed to achieve specific objectives.

- Logistics Management: "Logistics management is that part of supply chain management that plans, implements, and controls the efficient, effective forward and reverse flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customers' requirements." .


Services
Warehousing & Storage
Transportation
Port
Supplies
LOGISTICS CYCLE

2.2. What is Service?

- "A form of product that consists of activities, benefits or satisfactions offered for sale that are essentially intangible and do not result in the ownership of anything."

- "A service is any act of performance that one party can offer another that is essentially intangible and does not result in the ownership of anything; its production may or may not be tied to a physical product." *Philip Kotler.*

2.3. Logistics as a Service

- After seeing the definition of Logistics and Service, we can see that they are sharing the same the characteristic. So we can conclude that Logistics is a Service.
- Since Logistics is a services, so it has the same 5 service characteristic as following:
  - Intangibility
  - Inseparability
  - Inconsistency/ Heterogeneity
  - Inventory/ Perishability
  - Inability to Own

2.3.1. Intangibility

- Services are intangible, they cannot be touched or seen in the same manner as tangible goods
- Purchasing a movie ticket VS. purchasing a pair of shoes
- To reduce uncertainty, buyers will look for signs or evidence of the service quality such as
- place, people, equipment, communication material, symbols, price, etc.
- Many services cannot be provided without tangibles

2.3.2. Inseparability

- Goods are first produced, sold, and then consumed
- Services are sold first and then produced and consumed simultaneously
    - In case of service, it cannot be separated from the service provider, thus, the service provider would become a part of a service
    - And the physical presence of customer is essential in services… to use the services of an airline, hotel, doctor, etc… a customer must be physically present

2.3.3. Inconsistency

- Heterogeneity
  - The potential for service performance to vary from one service transaction to the next
  - Services are highly variable because they depend on who provides them and when and where they are provided
    - no two services will be completely identical
  - Production involves both a service provider, the active participation of the customer, and the service environment -> standardizing services is quite difficult

2.3.4. Inventory

- The Degree of Perishability
  - Services cannot be saved, their unused capacity cannot be stored
  - If a service becomes more and more intangible, the degree of perishability increases
  - Not being able to store services creates the complexity of matching demand and supply
  - The difficult task of service organizations is to minimize “unused capacity” in quiet times and “no sales” in busy times

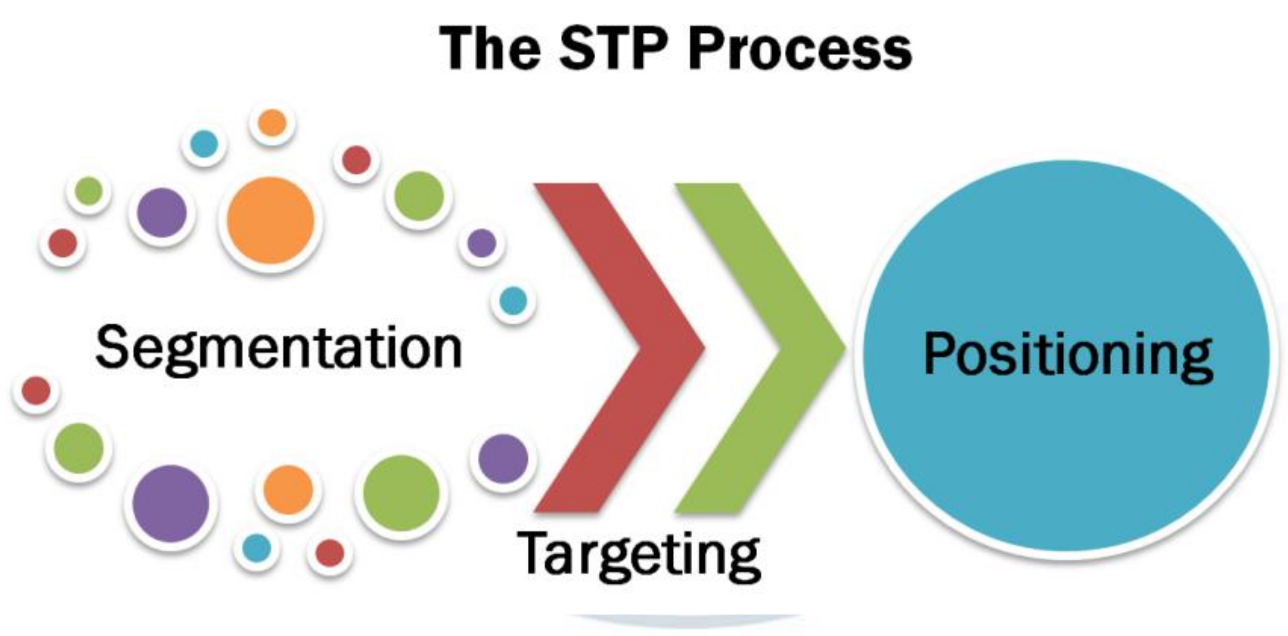
2.3.5. Inability to Own

- Buying services does not always result in a transfer of title
  - an engineer may service your air-conditioning, but you do not own the service, the engineer or his equipment

Chapter 3
STP Concept

3.1. What is STP Concept?

- Before we start thinking of Marketing Mix or develop the Marketing Mix. We have to identify the STP Process.



3.1.1. Segmentation

- Segmenting is the process of dividing the market into segments based on customer characteristics and needs.

- The main activity segmenting consists of four sub activities:
  1. determining who the actual and potential customers are
  2. identifying segments
  3. analyzing the intensity of competitors in the market
  4. selecting the attractive customer segments.

3.1.1. Segmentation – Cont.

- To be useful, segments should be:
  - Measurable
  - Accessible (can you reach them)
  - Profitable
  - Distinct from one another
- The objective of segmentation is to find attractive markets. Strategies include
  - Break market into components
  - Regroup into market segments
  - Select which segment to target

3.1.2. Targeting

- After the most attractive segments are selected, a company should not directly start targeting all these segments -- other important factors come into play in defining a target market. Four sub activities form the basis for deciding on which segments will actually be targeted.
- The four sub activities within targeting are:
  1. Defining the abilities of the company and resources needed to enter a market
  2. Analyzing competitors on their resources and skills
  3. Considering the company’s abilities compared to the competitors' abilities
  4. Deciding on the actual target markets.

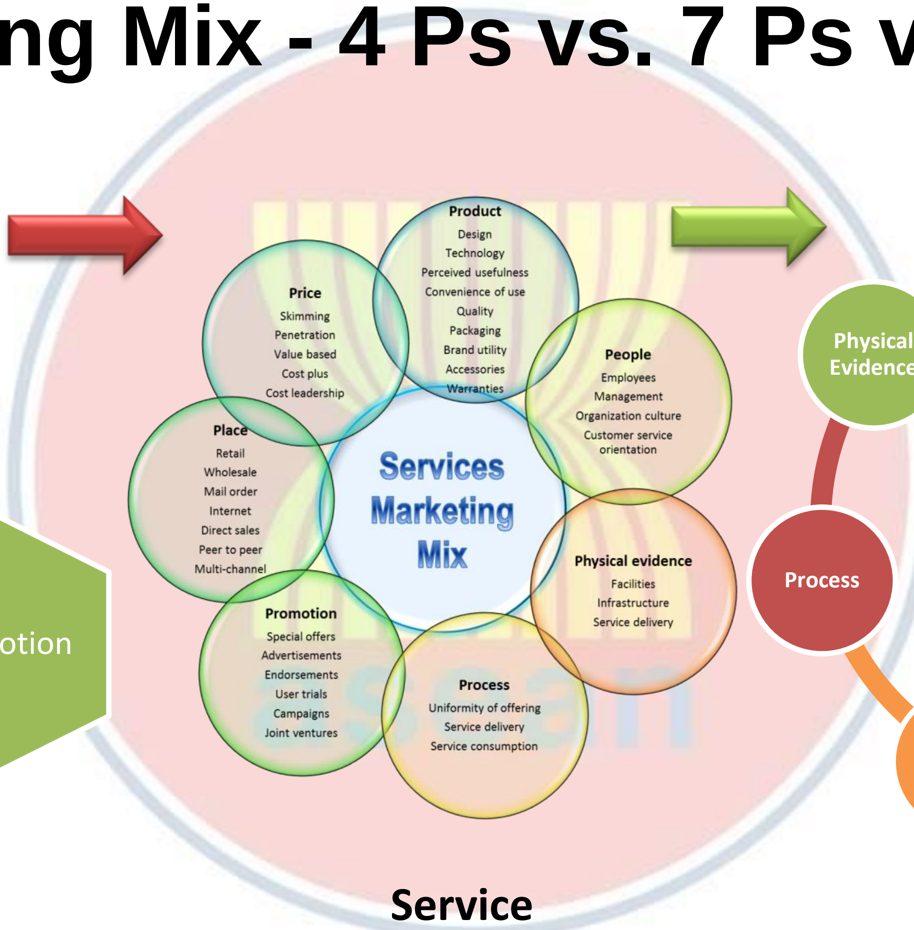
3.1.3. Positioning

- When the list of target markets is made, a company might want to start on deciding on a good marketing mix directly.
- But an important step before developing the marketing mix is deciding on how to create an identity or image of the product in the mind of the customer.
- Every segment is different from the others, so different customers with different ideas of what they expect from the product.
- In the process of positioning the company:
    1. Identifies the differential advantages in each segment
    2. Decides on a different positioning concept for each of these segments. This process is described at the topic positioning, here different concepts of positioning are given.

Chapter 4
Marketing Mix

4.1. Marketing Mix - 4 Ps vs. 7 Ps vs. 8 Ps

Product



Service

Logistics

4.2. Marketing Mix – 4 Ps.

- Successful marketing depends upon addressing a number of key issues.
- These include: what a company is going to produce; how much it is going to charge; how it is going to deliver its produce or service to customer; and how it is going to tell its customers about its products and service.
- Traditionally, these considerations were known as the 4Ps – Product, Price, Place and Promotion.

4.2.1. Product

- The perfect product must provide value for the customer. This value is in the eye of the beholder – we must give our customer what they want, not what we think they want.
- A product does not have to be tangible – an insurance policy can be a product.
- Ask yourself whether you have a system in place to regularly check what your customers think of your product, your supporting service, etc. what their needs and now and whether they see them changing.
- Beware going too far with product quality. Don’t try to sell a Rolls-Royce when the customer really wants a Nissan Micra.

4.2.2. Price

- A product is only worth what customers are prepared to pay for it.
- The price also needs to be competitive, but not meet the cheapest.
- Thinking of price as ‘cost’ to the customer helps to underscore why it is so important.
- Price positions you in the market – the more you charge, the more value or quality your customers will expect fro their money.
- Existing customers are generally less sensitive about price than new customers – a good reason for looking after them well.

4.2.3. Place

- The place where customers buy a product, and the means of distributing your product to that place, must be appropriate and convenient for the customer.
- The product must be available in the right place, at the right time and in the right quantity, while keeping storage, inventory and distribution cost to an acceptable level.
- Customer surveys have shown that delivery performance is one of the most important criteria when choosing a supplier.
- Place also means ways of displaying your product to customer groups. This could be in a shop window, but it could also be via the internet.

4.2.4. Promotion

- Promotion is the way a company communicate what it does and what it can offer customers.
- It includes activities such as branding, advertising, PR, corporate identity, sale management, special offers and exhibition.
- Good promotion is not one-way communication – it paves the way for a dialogue with customers.
- Promotion should communicate the benefits that a customer obtains from a product or service.
- The promotion material should be easy to read and enable the customer to identify why they should be your service/ product.

4.3. Marketing Mix – 7 Ps.

- As marketing become more sophisticated discipline, the fifth ‘P’ was added – People. And recently, two further ‘P’s were added, mainly for service industries – Process and Physical evidence.

4.3.1 People

- Anyone who comes into contact with your customers will make an impression, and that can a profound effect – positive or negative – on customer satisfaction.
- The reputation of your brand rests in your people's hands. They must be appropriately trained, well motivated and have the right attitude.
- The level of after sales support and advise provided by a business is one way of adding value to what you offer, and can give an important edge over your competitors. This will probably become more important that price for many customers once they start to use you.

4.3.2. Process

- The process of giving a service and the behavior of those who deliver are crucial to customer satisfaction.
- Issue such as waiting times, the information given to customers and helpfulness of staff are all vital to keep customers happy.
- Customers are not interested in the detail of how you business runes. What matters to them is that the system works.
- Do customers have to wait? Are they kept informed? Are your helpful? Is your service efficiently carried out? Do your people interact in a manner appropriate to your service.

4.3.3. Physical Evidence

- A service cannot be experienced before it is delivered. This means that choosing to use a service can be perceived as a risky business because you are buying something intangible.
- This uncertainty can be reduced by helping potential customers to 'see' what they are buying. Facilities such as a clean, tidy and well-decorated reception area can also help to reassure. If your premises aren't up to scratch, why would the customer think your service is?
- Although the customer cannot experience the service before purchase, he or she can talk to other people with experience of the service. This is credible.

4.4. Marketing Mix – 8 Ps.

- Since logistic is the service, it shares the same marketing planning process 7Ps the same way as all service business.
- However, one and maybe most important element to be included into this 7Ps is Partnership.

4.4.1. Partnership

- Without the good partnership with all the suppliers in the logistics procedure, the logistics job cannot be going smooth as promise to the client at all.
- So we have to strengthen the partnership between partner in order make the best our of them.

Chapter 5
BCG Models

5.1. What is BCG Matrix?

- The growth–share matrix is also known as BCG Matrix is a chart that was created by Bruce D. Henderson for the Boston Consulting Group in 1970 to help corporations to analyze their business units, that is, their product lines.
- This helps the company allocate resources and is used as an analytical tool in brand marketing, product management, strategic management, and portfolio analysis.
- Analysis of market performance by firms using its principles has recently called its usefulness into question.


High
Market Growth
Low
QUESTION MARKS
Low Market Share
and
High Market Growth
Don't know what to do
with opportunities;
decide whether to
increase investment.
STARS
High Market Share
and
High Market Growth
Doing well, great
opportunities.
DOGS
Low Market Share
and
Low Market Growth
Weak in market,
difficult to make profit.
CASH COWS
High Market Share
and
Low Market Growth
Doing well in no growth
market with limited
opportunities.
Low
Market Share
High

5.1.1. Cash cows

- It is where company has high market share in a slow-growing industry.
- These units typically generate cash in excess of the amount of cash needed to maintain the business.
- They are regarded as staid and boring, in a "mature" market, and every corporation would be thrilled to own as many as possible.
- They are to be "milked" continuously with as little investment as possible, since such investment would be wasted in an industry with low growth.

5.1.2. Dogs

- It is more charitably called pets, are units with low market share in a mature, slow-growing industry.
- These units typically "break even", generating barely enough cash to maintain the business's market share.
- Though owning a break-even unit provides the social benefit of providing jobs and possible synergies that assist other business units, from an accounting point of view such a unit is worthless, not generating cash for the company.
- They depress a profitable company's return on assets ratio, used by many investors to judge how well a company is being managed. Dogs, it is thought, should be sold off.

5.1.3. Question Marks

- They are business operating in a high market growth, but having a low market share. They are a starting point for most businesses.
- Question marks have a potential to gain market share and become stars, and eventually cash cows when market growth slows.
- If question marks do not succeed in becoming a market leader, then after perhaps years of cash consumption, they will degenerate into dogs when market growth declines.
- Question marks must be analyzed carefully in order to determine whether they are worth the investment required to grow market share.

5.1.4. Stars

- They are units with a high market share in a fast-growing industry.
- They are graduated question marks with a market or niche leading trajectory
- Stars require high funding to fight competitions and maintain a growth rate.
- When industry growth slows, if they remain a niche leader or are amongst market leaders its have been able to maintain their category leadership stars become cash cows, else they become dogs due to low relative market share.

Chapter 6
SWOT Analysis

6.1. What is SWOT?

SWOT, which stands for Strengths, Weaknesses, Opportunities, Threats, is a way to analyze and evaluate your current situation and environment. While it's typically used for strategic planning in business settings, it can also be used in goal setting to help you identify goals that will give you the most benefit. It is a way of matching your internal capabilities, resources and liabilities with the external factors you are facing

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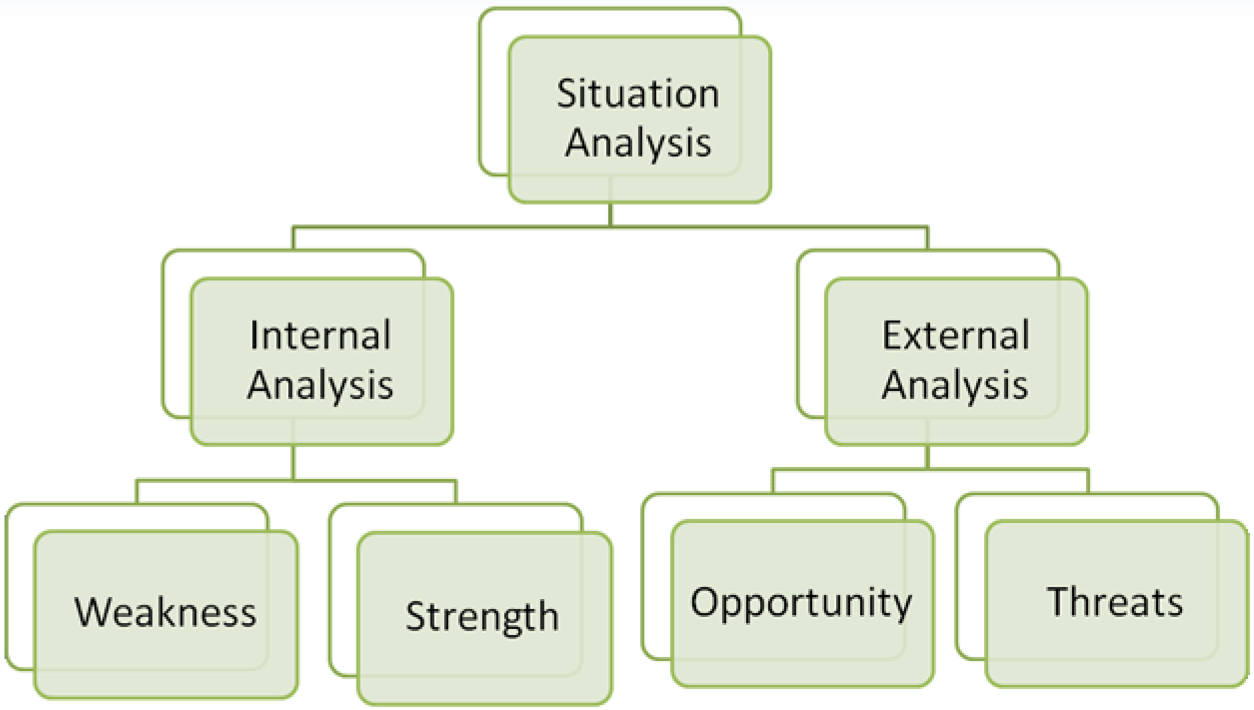
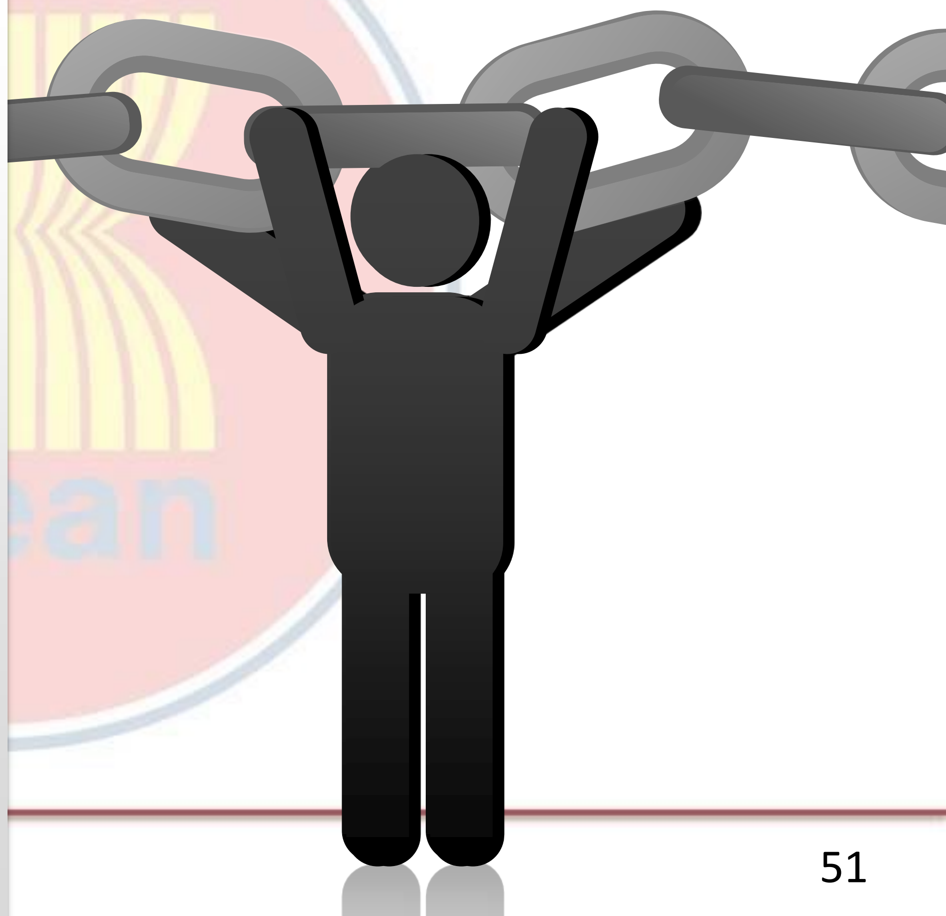

Situation Analysis
Internal Analysis
External Analysis
Weakness
Strength
Opportunity
Threats

6.2. Strengths

STRENGTHS

- Characteristics of the business or a team that give it an advantage over others in the industry.
- Positive tangible and intangible attributes, internal to an organization.
- Beneficial aspects of the organization or the capabilities of an organization, which includes human competencies, process capabilities, financial resources, products and services, customer goodwill and brand loyalty.
- **Examples** - Abundant financial resources, Well-known brand name, Economies of scale, Lower costs [raw materials or processes], Superior management talent, Better marketing skills, Good distribution skills, Committed employees.



6.3. Opportunities

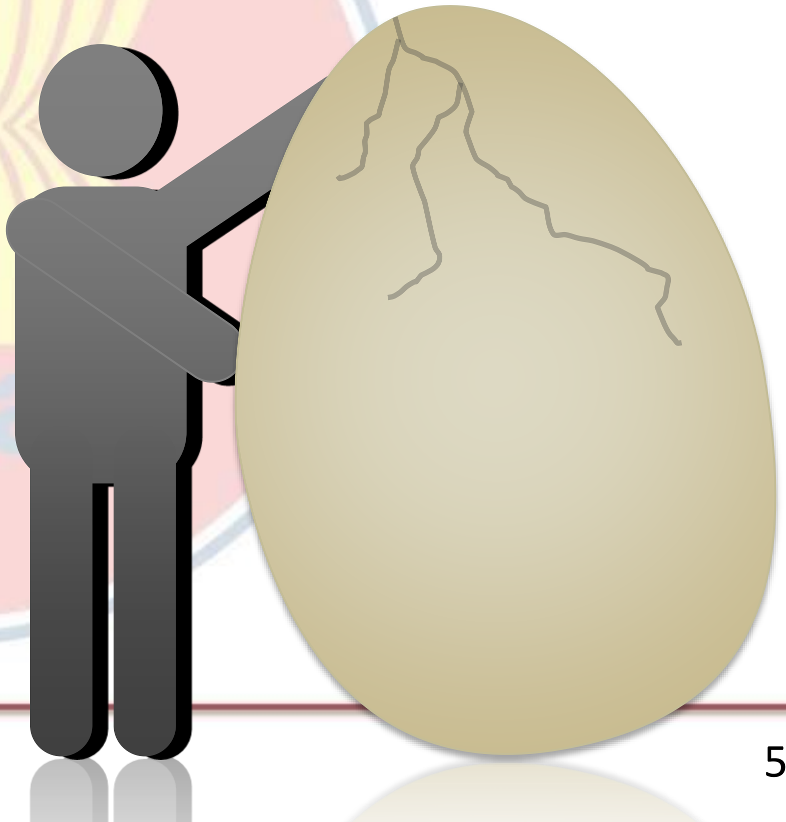
OPPORTUNITIES

- Chances to make greater profits in the environment - External attractive factors that represent the reason for an organization to exist & develop.
- Arise when an organization can take benefit of conditions in its environment to plan and execute strategies that enable it to become more profitable.
- Organization should be careful and recognize the opportunities and grasp them whenever they arise. Opportunities may arise from market, competition, industry/government and technology.
- **Examples** - Rapid market growth, Rival firms are complacent, Changing customer needs/tastes, New uses for product discovered, Economic boom, Government deregulation, Sales decline for a substitute product .

6.4. Weaknesses

WEAKNESSES

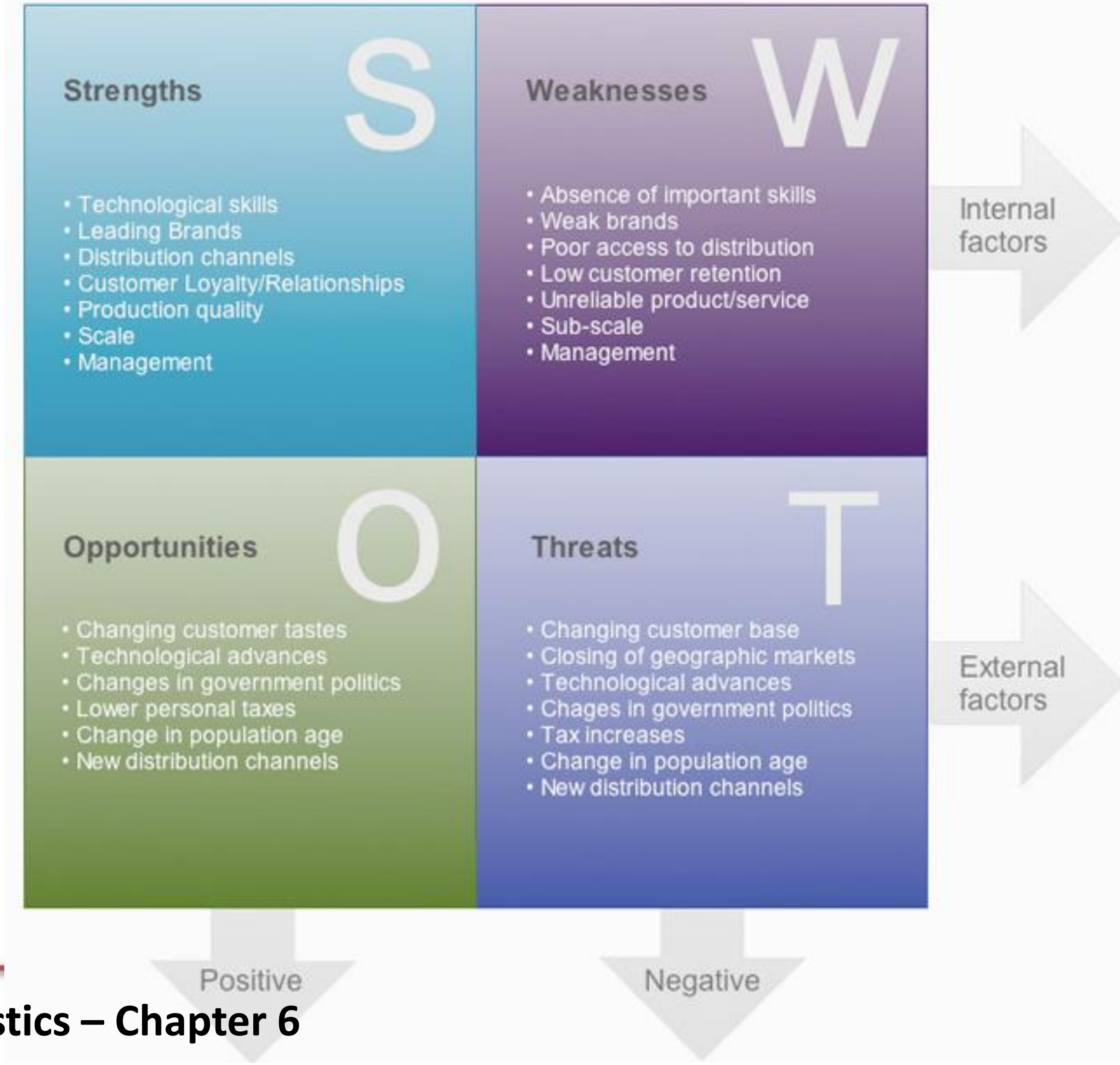
- Characteristics that place the firm at a disadvantage relative to others.
- Detract the organization from its ability to attain the core goal and influence its growth.
- Weaknesses are the factors which do not meet the standards we feel they should meet. However, weaknesses are controllable. They must be minimized and eliminated.
- **Examples** - Limited financial resources, Weak spending on R & D, Very narrow product line, Limited distribution, Higher costs, Out-of-date products / technology, Weak market image, Poor marketing skills, Limited management skills, Under-trained employees.



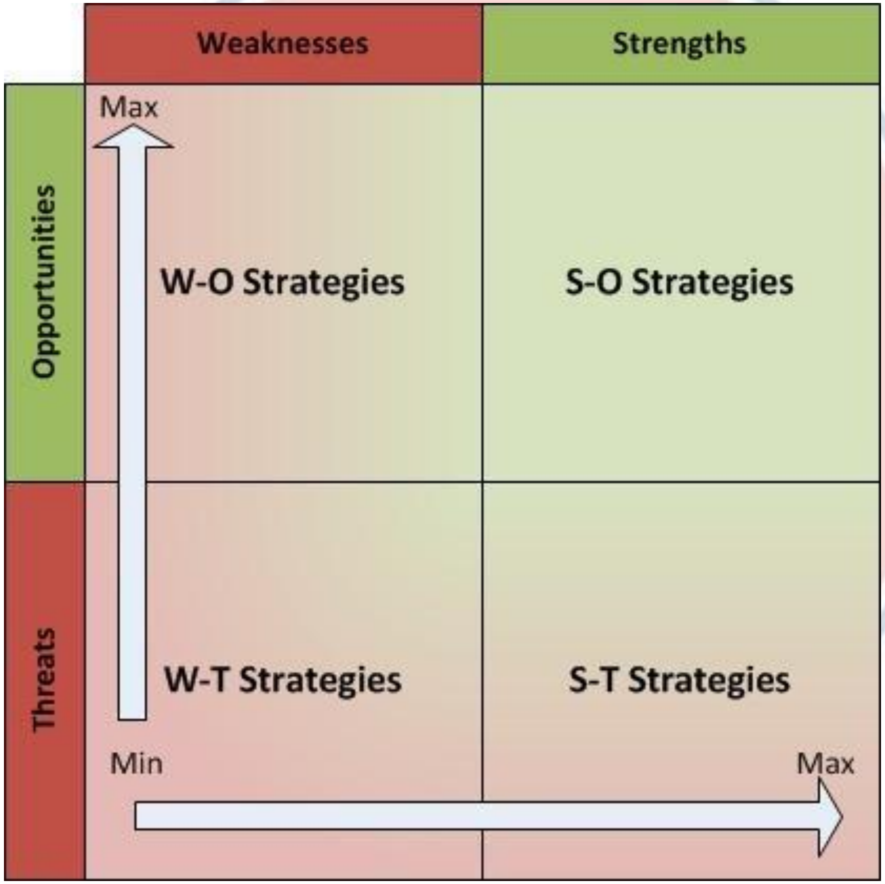
6.4. Threats

THREATS

- External elements in the environment that could cause trouble for the business - External factors, beyond an organization's control, which could place the organization's mission or operation at risk.
- Arise when conditions in external environment jeopardize the reliability and profitability of the organization's business.
- Compound the vulnerability when they relate to the weaknesses. Threats are uncontrollable. When a threat comes, the stability and survival can be at stake.
- **Examples** - Entry of foreign competitors, Introduction of new substitute products, Product life cycle in decline, Changing customer needs/tastes, Rival firms adopt new strategies, Increased government regulation, Economic downturn.


S
Strengths
• Technological skills
• Leading Brands
• Distribution channels
• Customer Loyalty/Relationships
• Production quality
• Scale
• Management
W
Weaknesses
• Absence of important skills
• Weak brands
• Poor access to distribution
• Low customer retention
• Unreliable product/service
• Sub-scale
• Management
Internal factors
O
Opportunities
• Changing customer tastes
• Technological advances
• Changes in government politics
• Lower personal taxes
• Change in population age
• New distribution channels
T
Threats
• Changing customer base
• Closing of geographic markets
• Technological advances
• Chages in government politics
• Tax increases
• Change in population age
• New distribution channels
External factors
Positive
Negative

6.5. TOWS Matrix



6.5.1. SO situation - maxi-maxi strategy

- Strategies that enable competitive advantage, external opportunities match well with internal strengths, allows for competitive advantage to be built and maintained.
- This situation applies to the company for which dominates strengths in the environment and opportunities within.
- This situation corresponds to the maxi-maxi strategy: strong expansion and diversified development.

6.5.2. WO situation - mini-maxi strategy

- In this situation company has the more vulnerabilities - weaknesses, but its environment gives more opportunities.
- The strategy should include the use of these opportunities while reducing or correcting weaknesses within the organization.
- Acquisition/Development Strategies, situation where strategies are formulated to acquire or develop new resources/capabilities to take advantage of external opportunities.

6.5.3. ST situation - maxi-mini strategy

- The source of development difficulties for the company are unfavorable external conditions (prevalence of threats).
- The company may use large internal strengths in attempt to overcome threats from environment.
- Mitigation Strategies, firm possesses internal strengths that facilitates neutralization of external threats, may lead to temporary advantage if competitors are impacted by environmental threats.

6.5.4. WT situation - mini-mini strategy

- The company in this case is devoid of any development opportunities.
- It operates in hostile environments, and its potential for change is small.
- It does not have significant strengths, which could withstand threats.
- Mini-mini strategy boils down to a pessimistic version of the liquidation or in optimistic situation - to strive for survival, or merger with another organization.
- Consolidation/Exit Strategies, if firms can’t find ways to convert weaknesses to strengths via acquisition/development, exit from market is recommended.

Chapter 7
Case Study – TNT Express

7.1. Introduction

- Founded in Australia after the Second World War, TNT went Dutch in 1992 following rapid international expansion. Our history is noteworthy for decisive acquisitions and a drive for excellence.
- Today, TNT Express is a global company, operating in 200 countries around the world. But the company actually started from very humble beginnings, in Australia back in the 1940s, when Ken Thomas set up his own transport business with just a single truck.
- Business boomed in the 1950s as Ken's company began offering road and rail freight services across Australia including, for the first time, new overnight services.

7.2. Situation - Going Up Against the Big Guys

- TNT Express Worldwide was a multi-billion dollar overnight courier service, headquartered in Australia. They were a major presence in the Australia and European business markets with a comparatively small business in the U.S.
- Competing against the giants in the industry, FedEx, UPS, DHL, etc., they needed to develop a growth strategy against these much larger, and better funded companies.
- Previously, like their competitors, TNT had a horizontal approach to their sales and marketing programs, i.e. their sales people called on prospects in every industry, and their marketing effort tried to appeal to everyone.

7.3. Solution

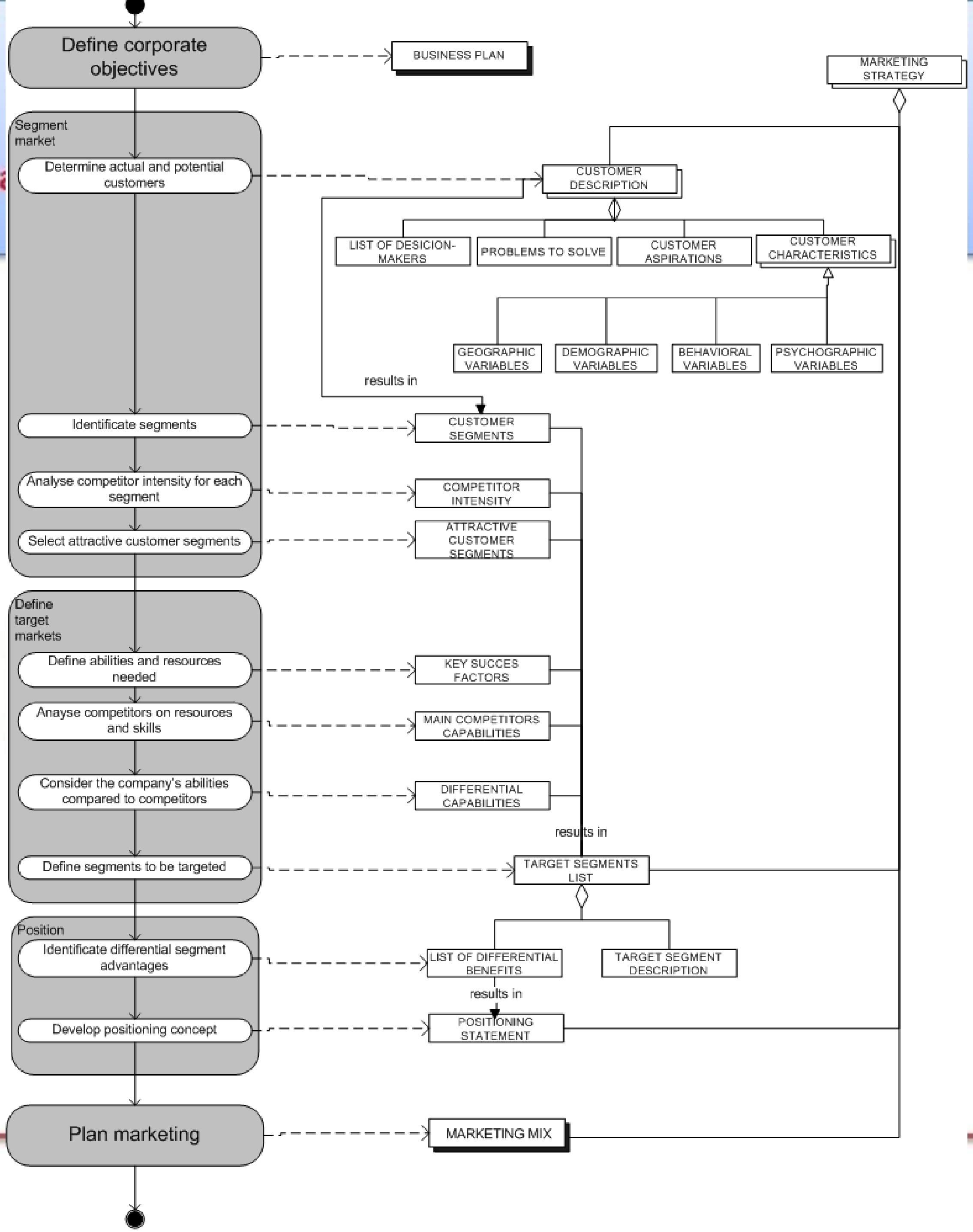
- A segmentation strategy was developed to concentrate on the vertical markets where TNT was most competitive.
- Their unique products for these verticals formed the foundation of the marketing programs for each vertical.
- These unique products afforded them the opportunity to be added to the list of overnight couriers for prospects instead of the need to replace an existing vendor.
- This niche strategy avoided head on sales and marketing clashes with Fedex, UPS, DHL, etc.
- A revamped sales commission program rewarded the sales team for new clients in the selected industries, encouraging the sales team to focus on these new target verticals.
- By concentrating all their marketing dollars against the verticals that the sales team was now calling on, TNT was able to create a presence for itself against its highly targeted audiences.

7.4. Result

- After a Year of This New Marketing Strategy, Sales Are Up 25%
- Revenue increased 25%.
- Margins were retained on all product offerings.
- Marketing spending was maintained at the previous levels.

7.5. Plan Your Own Marketing Plan

- From the case study above, you may wish to start writing your own marketing strategy to compete with your respective competitor.
- Use the following tool to help you to map your marketing plan and strategy.


Define corporate objectives
BUSINESS PLAN
MARKETING STRATEGY
Segment market
Determine actual and potential customers
CUSTOMER DESCRIPTION
LIST OF DESICION-MAKERS
PROBLEMS TO SOLVE
CUSTOMER ASPIRATIONS
CUSTOMER CHARACTERISTICS
GEOGRAPHIC VARIABLES
DEMOGRAPHIC VARIABLES
BEHAVIORAL VARIABLES
PSYCHOGRAPHIC VARIABLES
results in
Identificate segments
CUSTOMER SEGMENTS
Analyse competitor intensity for each segment
COMPETITOR INTENSITY
Select attractive customer segments
ATTRACTIVE CUSTOMER SEGMENTS
Define target markets
Define abilities and resources needed
KEY SUCCES FACTORS
Anayse competitors on resources and skills
MAIN COMPETITORS CAPABILITIES
Consider the company's abilities compared to competitors
DIFFERENTIAL CAPABILITIES
results in
Define segments to be targeted
TARGET SEGMENTS LIST
Position
Identificate differential segment advantages
LIST OF DIFFERENTIAL BENEFITS
TARGET SEGMENT DESCRIPTION
results in
Develop positioning concept
POSITIONING STATEMENT
Plan marketing
MARKETING MIX

Thank You!!!