

5 The Deadly Sins of 3PL Marketing

Third party logistics (3PL) remains a growth industry, but it has become a fragmented industry with many players chasing the same customers. The situation calls for smart, strategic marketing that helps your company break through the clutter and create awareness that leads to more opportunities and more sales.

Here are five common mistakes we see. Avoid these and you'll be a step ahead of your competitors.

Marketing Like 6-Year-Olds Play Soccer

Ever watch little kids play soccer? To them the ball is like a magnet that they follow, in one big pack, from sideline to sideline. They want to score, and you can't score without the ball, right?

So they bunch up and battle it out while, on the sidelines, the forlorn coach tries to be heard above the screaming players and cheerleading parents, "Play your position!"

The irony the coach recognizes is that scoring chances greatly increase if players stop chasing the ball and, instead, stake out a position on the field and wait for the ball to come to them. 3PLs often make the same mistake as the six-year-old soccer player. They want to be part of every play. But in an increasingly competitive market, a "we'll do anything for anybody" message won't cut it. Customers know you can't be an expert at everything. And even if you wanted to, you couldn't afford it.



The alternative is to leave this "opportunity du jour" marketing strategy behind and define your positioning in the market. Decide what area of the playing field you want to occupy and control.

Examples of positioning strategies abound. In the auto industry, for instance, Volvo's are positioned as safe cars, BMW's are drivers' cars, while Mercedes are positioned as prestige cars for people who have "made it" – or want others to think they have! Smart brands are willing to sacrifice parts of a very large market in order to win a big share of a specific market segment. With the U.S. outsourced logistics market now at about \$150 billion, even small segments offer plenty of growth opportunity.

But many 3PLs are not comfortable with market strategies that they perceive as limiting, such as those aimed at specific industries or specific logistics functions. They want to position themselves squarely in the middle of the soccer field so that they are in position to chase the ball anywhere on the field. Consequently, their messages remain general and undifferentiated. For the prospect, too much of the same information is confusing. If everyone says "we're tops in quality...we're easy to work with...we can provide 24/7 visibility...." how does the prospect know who to buy from? She doesn't and, for want of helpful information, the message is ignored and some portion of the marketing budget is wasted.

Good marketing strategy starts on the outside

When developing your positioning strategy, don't gather your top staff in the conference room to discuss company strengths and key features. Yet.

First, look at the marketplace. What trends are impacting your business or the markets you serve? How do you stack up against competitors? Then consider your customers. What do they look like? (Your best prospects often look like your existing customers.) Why did they choose you? Then understand the needs, wants and frustrations of your target market. Is there an unmet need you can address?

Finally, examine your own strengths and weaknesses. What are the unique ways in which you drive value for specific customers? The best market positioning for your company might be found where your unique value drivers intersect with the challenges your prospects need to overcome.

Positioning strategy more important in a consolidating market

Third party logistics is increasingly made up of large generalist providers that offer scale and convenience and specialist providers that offer focused expertise. In the middle are the generalists who offer similar value propositions. For these providers, it may be wise to follow the advice of the youth soccer coach and play your position. After all, it's better to kick the ball three times and get two goals than to kick it 10 times with nothing to show.

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Over-investing in Sales at the Expense of Marketing

For logistics companies that want to grow, the default strategy is often to hire more sales people. This can make sense in certain segments of the industry, such as selling tactical transportation services, where switching from one provider to another can happen quickly with little risk. But high-value logistics contracts involve long buying cycles, from 6 to 24 months. For much of this time, companies are doing research and not yet in a buying mode.

Still, growth-minded 3PL executives add salespeople and give them aggressive prospecting goals, hoping that an increase in the volume of contacts will turn up a handful of deals. In essence, they are asking salespeople to fill the sales pipeline, as well as close these opportunities. But this approach can lead to inefficiency, sub-par sales results and even attrition among your best sales talent.



Different roles, different skill sets

Let's look at the complementary roles of marketing and sales during the buying cycle.

The marketing function uses advertising, web marketing, public relations and other tactics to create broad *awareness and understanding* of your brand's value – and to generate a portion of the

leads that your sales team pursues. In contrast, sales interactions are one-to-one and best designed to create *preference and choice* for your services among companies that have already expressed an interest.

Success at the front end of a buying cycle requires analytical skills to define the brand's value proposition and identify companies that best align with this value proposition. Next, it requires strong communication skills and an understanding of available media and tools required to communicate this value through the most effective channels. These are not skills that 3PL sales professionals typically possess. Salespeople shine at the latter stages of a long buying cycle, diagnosing problems, building trust with customers, and coordinating and selling a solution.

The key is to keep these great salespeople in front of live prospects instead of at their desks developing the next lead generation campaign. You do this with smart marketing support that tees up opportunities for sales.

To use a sports analogy, many basketball teams with great scorers have found themselves in the loser's circle. Why? Because the team lacked a player who could deliver the ball to its superstars. Marketing's role in the sales process is like that of a basketball point guard – a position whose primary role is not to score but to create opportunities for teammates. 3PLs that ask sales to both create and close sales opportunities ignore the fact that these roles, while complementary, require different skill sets.

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Taking a Shotgun Approach to Lead Generation

First, a story....

A Do-It-All Global Logistics sales rep called ACME Chemical and learned from its logistics director that ACME had no immediate need for services. Sensing there was little future opportunity, the sales rep did not follow up.

Six months later, ACME management made a decision to outsource distribution and charged its logistics director with finding a chemical warehouse provider. She did a web search on "chemical warehousing" and was led to Your Way Logistics, which had just posted a press release on its new chemical distribution center. While on the site, she noticed an offer for a free white paper on transporting hazardous goods, which she downloaded after providing her name, company and e-mail address. Shortly after, she received a call from Your Way acknowledging her visit and asking how else they could help. She explained ACME's intent, but noted that she was early in her analysis.

Over the next six months, she networked with IWLA's Council of Chemical Logistics Providers (of which Your Way was a member), attended a conference on chemical logistics (at which Your Way spoke) and

read various trade articles on the subject (some of which quoted Your Way executives). She also received periodic updates from Your Way, including a link to a new instructive video. During an internal meeting to determine which logistics providers, in addition to Your Way, would be considered, ACME received a call from another Do-It-All sales rep asking if the company had any current logistics needs. ACME's logistics director simply said "no" and hung up.

Today, 3PL services are bought, not sold.

Before talking to 3PL partners, logistics executives with a problem first educate themselves – using the internet and their own contact networks – on how to solve the problem, and which service providers have the expertise to help. This research leads to the creation of a short list of pre-qualified providers truly able to solve the problem.

Many 3PLs fail to recognize this seismic shift in how high-value services are bought. So they continue "selling" to generate sales leads. News flash: *your prospects don't care about you*. They care about solving their own supply chain challenges, and they're out there looking for answers.

The best way to engage with them is to give prospects a reason to find you. Create content about how to solve their biggest problems – articles, eBooks, videos, blog posts – and share that content, either directly or by posting it where your prospects are most likely to see it.

Traditional Marketing	Content Marketing
Selling a service	Sharing an idea
Interrupting with unsolicited calls/emails	Educating with helpful content
Buying or begging for attention	Earning attention
All about you	All about customers and their problems

Metaphorically speaking, it's the difference between choosing a magnet or a shotgun as your marketing weapon of choice. The shotgun blasts out unsolicited promotional messages, hoping to hit a company when they are searching for a service provider. The magnet creates content that leads the best prospects to you. This content is the magnet – the core of a "content marketing" strategy, also called "inbound marketing" because it emphasizes prospects reaching out to you.

So think about how your expertise solves real problems, then stop selling to cold prospects and start educating. This shift will demand time from your company's best minds and may pull them away from other important activities. In the end, it's a choice. Either invest to create content that will lead your best prospects to you, or load up the shotgun and fire away.

Not Integrating Sales and Marketing Functions

Large consumer product companies are marketing-driven organizations, where large marketing departments, fueled by big budgets, shape everything from product design and packaging to channel management and demand generation. At 3PLs, and many business-to-business companies, marketing is less likely to drive business strategy.

Marketing responsibility is often given to the top sales executive. Ironically, this structural integration does not always translate into strategic integration. Too often marketing becomes merely a tactical sales support arm, generating slides, sales collateral and other marketing communication tools.

3PLs would benefit from a tighter integration of the sales and marketing functions. Sales results are simply better if the two functions are aligned on the company's target markets and the prospects who align best with your value proposition. Sounds simple, but sales plans and marketing plans are often constructed separately. An integrated plan brings joint focus to growing specific services, target verticals and prospects. Salespeople are the biggest winners from this integration since they benefit from awareness-building, lead-generating campaigns aimed squarely at the prospects they are targeting.

Other benefits of Sales/Marketing integration:

- **Improve ROI measurement on marketing investments.** One clear sign of a Sales/Marketing disconnect is a lack of coordination on how the company's Customer Relationship Management (CRM) system is used. CRM systems, such as Salesforce.com, have become very sophisticated, with an ability to link marketing and lead generation activity to sales meetings, quoting opportunities and closed sales. But many 3PLs fail to capitalize on this capability. Companies that fully leverage the CRM to link sales and marketing take the time to learn and program the system and establish clear data entry standards. This ensures that, when the boss wants hard evidence to support marketing budget requests, accurate numbers are easy to access.
- **Make salespeople more productive.** Given the length of the sales cycle for logistics services, most prospects are not ready to buy immediately. But it's wise to nurture these early-stage leads to keep your company top of mind when an opportunity does arise. While salespeople are not wired to "nurture," marketing is ideally suited to communicate with prospects until they are "sales ready." With marketing working the top of the sales funnel, salespeople are freed to

focus on sales-ready leads. Marketing software can be used to automate much of this ongoing communication and can track prospect interactions with company emails and your website to monitor interest. It can even generate lead scores to rate the prospect's readiness for sales contact.

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Not Investing to be Remarkable

Ask salespeople, "Would you have more success if you had a superior product to sell or a superior marketing program?" While they obviously want both, almost 100% will say it's the superior product.

Yet when it comes to new business growth, 3PLs tend to focus on how to market and sell more of what they have rather than developing a new service that solves a market problem in a way that competitors can't.

In the logistics sector, where many providers perform similar services in the same way, it's much easier to convince people you're different than better. Before investing more in sales and marketing to "sound" remarkable, first invest in your product to actually "become" remarkable. If your remarkable product generates remarkable results for your customers, word-of-mouth marketing will take over. Your customers will become your best salespeople.

As a 3PL executive, marketing deserves your attention. Great service at an acceptable price are now table stakes, and therefore difficult to leverage as a source of competitive advantage.

You'll need smart marketing to help understand the market, identify profitable niches and create awareness and understanding of your company's unique value among those most likely to purchase your services.

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