

# Effective use of the marketing mix in logistics

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**Effective Use of the Marketing Mix in the  
Logistics and Transport Industry**

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**Introduction to Marketing and Consumer  
Behaviour (M4X01278)**

## Contents

|            |                          |           |
|------------|--------------------------|-----------|
| <b>1</b>   | <b>Introduction.....</b> | <b>3</b>  |
| <b>2</b>   | <b>Methodology.....</b>  | <b>4</b>  |
| <b>3</b>   | <b>Analysis.....</b>     | <b>5</b>  |
| <b>3.1</b> | <b>Product .....</b>     | <b>5</b>  |
| <b>3.2</b> | <b>Place.....</b>        | <b>7</b>  |
| <b>3.3</b> | <b>Price .....</b>       | <b>8</b>  |
| <b>3.4</b> | <b>Promotion.....</b>    | <b>9</b>  |
| <b>4</b>   | <b>Conclusion .....</b>  | <b>10</b> |
| <b>5</b>   | <b>References .....</b>  | <b>11</b> |

# 1 Introduction

This report will demonstrate how logistic and transport companies deploy and use the marketing mix within business. The report will demonstrate how effectively companies use the marketing mix and if it has a positive effect on the companies marketing strategy. The marketing mix tool analysed in this report will be the four P's, which are product, place, price and promotion. 'The 4P's is a major marketing mix tool but it is a simple framework that helps classify the many marketing tools used' (Armstrong, et al., 2015).

The 4P's marketing mix could be defined as 'the dominant and favourite marketing management tool available to marketing practitioners' (Constantinides, 2006). The marketing mix is used to 'identify what companies can do to influence the demand for its product' (Armstrong, et al., 2015).

This report will analyse how logistics and transport companies use the 4p's.

## 2 Methodology

The methodology used in this report will mainly consist of reading of books, journals and internet sites. Some of the report is based on practical experience working with a logistic and transport company.

## 3 Analysis

### 3.1 Product

The main component for most companies is the product. The product may not be just a physical item but a service or experience Good point that is provided, such as shipping or transporting of goods, is becoming as prominent a physical goods purchased. The customer experience and expectation of the service can be greater than the goods they receive. So with internet shopping having an increased share in the retail market 'from 11.6 per cent to 24.1 per cent of non-food goods from December 2012 to December 2017' (Bowsher, 2018) carriers such as Hermes, Yodel, Parcel Force/Royal Mail have an increasing amount of packages they Good point are asked to deliver. These companies provide mainly a service known as third-party logistics. 'Third-party logistics is the use of external company to fulfil the entire logistic process' (Lieb, 1992). Large companies such as Amazon and many online retailers use this service to deliver parcels. When logistic and transport companies such as Parcel Force think of product in the marketing mix, there should be a consideration for both the consumer and the business it is providing a service for  1

With the many different carriers available it can be difficult for companies and consumers to choose between them. To try and differentiate themselves from their competitors they offer a different experience to the customer. Parcel Force try to stand out by 'offering different levels of service including next day by a certain time, compensation cover, guaranteed delivery times and being a trusted carrier with over 20 years' experience' (Parcel Force Worldwide, 2018). Hermes offer 'Door to door collection and delivery from couriers who are from the local area or they collect from a pre-arranged safe place' (myHermes, 2018). Yodel offer customers 'ability to change delivery preferences, a 2-hour delivery slot, a seamless branded customer experience, additional care when delivering and off-shore delivery' (Yodel Delivery Network Limited, 2018 ).

All these companies do offer similar services but the more established companies like Parcel Force use the brand name and years of experience as part of the product. Other carriers such as Hermes offer what they perceive as value for money with no thrills. Yodel believe the customer experience is something which can differentiate them from the competitors. Most couriers offer different levels of service and international services. Some of the more established couriers such as Fed-ex and UPS offer services including transport of dangerous goods by road and air but don't profess to be cheap but reliable.

With more retail sales online, the increase of returns to companies increase 'Shoppers online are more sophisticated, they are now ordering multiple items and return any they do not like, average return rates are between 25 and 50 per cent' (Manners- Good point Couriers now offer a reverse logistic service which makes the return service easy for both customer and company the package is being r Good point

### 3.2 Place

With the increase of packages from internet sales, logistic and transport companies feel the need for more places for customers to be able to collect and drop-off packages. Geographic coverage around the UK for delivering parcels to places such as the Shetland Isles, the Channel Isles and other offshore islands is also a consideration for couriers. E-commerce has made a global market for all businesses which means that carriers must broaden their geographic coverage globally.

Courier companies now have many drop-off and collection points across the UK. These points take many forms, some are depots, shops, post offices and secure lockers.

Good point

Parcel Force has '54 depots and 3 sorting hubs across the UK' (Parcel Force Worldwide, 2018). With this widespread coverage of the UK, customers have more places to collect or drop-off parcels easier. The advantage of having this coverage also allows Parcel Force to sort and transport parcels across the country. Post offices are also a collection and drop-off point for customers. With this level of geographic coverage makes Parcel Force very accessible. Hermes also offer a similar service 'myHermes Parcelshop has 4500 of these open early until late, 7 days a week' (myHermes, 2018). This amount of points across the country also offers geographical coverage, many of these points maybe local shops or supermarkets. With this level of coverage offers good accessibility and location for customers. 'UPS launched UPS access points in the UK in 2013 starting with 500 this had grown to 2800 in 2016, launching this parcel shop network meant UPS joined the business to consumer market without the need to drastically overhaul the fleet' (Manners-Bell, 2017).

Good point

Couriers use the internet as a place for customers to track any packages they are expecting or have sent. This allows companies using any courier service the ability to see if the packaged has been received by the customer or for any other queries. Couriers have also designed apps for customers to track, arrange a shipment and to get quotes on shipping packages.

Many large courier companies have a substantial fleet of vehicles ranging from vans to articulated lorries. With this ability to transport many packages this makes the accessibility to customers much easier. These fleets could include aeroplanes, with this the accessibility again increases.

### 3.3 Price

The price set for shipping goods has one major factor, distance. “The cost of delivery is essentially dependent on the distance that has to be travelled” (Rushton, et al., 2017). This is a big factor on price of shipping a package. Courier companies of course want to offer a competitive price to customers. A practice large courier companies use to keep costs down, to keep prices affordable is to reduce the stem distance. ‘Stem distance is the distance covered to the first delivery point and distance from final drop point, if there are more depots the stem distance reduces which reduces cost’ (Rushton, et al., 2017). So larger carriers like Parcel Force reduce cost by having more depots and larger sorting centres.

Courier companies can offer discounts to large companies and small to medium businesses that use the courier as the third-party logistic partner. This may be a contracted deal. Couriers can offer a discount as they usually pick up hundreds or thousands of packages in one pick up so less travelling is involved to begin with. Couriers also may ask a company it is collecting large number of packages from to load the vehicle in an efficient manner. For example, Parcel Force may collect a full trailer of packages with different delivery services on, including 24-hour service or 48-hour service. They will ask for the 24-hour packages to be loaded in a manner, so they can be unloaded and processed first. With this practise means that packages are processed quickly and efficiently which can keep prices down.

### 3.4 Promotion

Logistic and transport companies use many forms of promotion. For many it is as simple as having the fleet of vehicles painted with the company colours (eg brown painted vehicles for UPS). Company vehicles also have the company logo very clearly marked on the vehicle. The major international courier companies including Fed-Ex, UPS and DHL also have aeroplanes which they use to ship goods, and these tend to be also painted in the company colours and logo. Those companies with aeroplanes may have a visual presence at airports which could be used as a place in the marketing mix.

Many courier companies are official logistics partners for large sporting clubs or for sport in general. This partnership/sponsorship is a very good place to build awareness. Below is a list of courier companies and the sport or sport clubs they sponsor:

- DHL sponsor Manchester United Football Club, Bayern Munich FC, Formula 1, Moto GP, Formula E, FIA World Touring Car Cup, FIA World Endurance Championship and Red Bull Air Race World Championship (DHL International GmbH, 2018)
- Fed-Ex sponsor UEFA Europa League and ATP World Tour (Fed-EX, 2018)
- UPS sponsor College Sports, Ferrari Formula 1 and Golf's Masters and Open Championships (United Parcel Service of America, Inc, 2018)

These types of sponsorships are lucrative and put these companies on the global stage. Social media is a big part of sports, this sponsorship adds another platform for these companies. Other smaller couriers may not have the sponsorship deals of other larger companies, but the use of social media is a big part of all courier companies with many having pages on all the major social media platforms, Facebook, Twitter, Pinterest and LinkedIn.

## 4 Conclusion

Logistic and transport companies can make effective use of the marketing mix or 4P's. Many of the larger courier companies can spread the business across all the P's. Although many couriers offer the same services or products each will try and differentiate from rival companies. These differences could be as simple as being reliable or for other companies the focus on customer experience is what makes them different. With the growth of internet shopping and global e-commerce couriers are having to offer new services such as reverse logistics or focus more on international shipping. The product has to offer reliability and traceability. Carriers are having to offer a greater geographic coverage for customers, this means that local collecting or shipping are more readily available. These locations are traditional depots such as a sorting office or the growing number of collection points in local shops or supermarkets. Couriers apps and websites also make tracking of packages easier for customers and companies sending parcels. With the growing number of depots and hubs, processing is quicker, delivery is more punctual. Price of shipping is a factor which larger companies can keep down with efficiency. With the growing number of online sales means that businesses are shipping more parcels at one time, so discount can be offered which then can be passed onto the consumer. Price is always a factor for any customer, couriers are finding ways to keep price down through logistic efficiency. Promotion is always a vital part of any company. Couriers have a ready-made promotion tool, the advertising of the company on the courier's fleet. However, with the growing popularity of social media, couriers now use sponsorship or partnership's with high profile sports and sports clubs. These partnerships offer a global platform to advertise the company, and with these events also covered across social media they make the brand more visible. 'The 4P's is the seller's view not the buyer' (Armstrong, et al., 2015). To help understand the 4P's better and look at it from the consumer's view, the 4A's could help. 'the major components of 4A's are Accessibility, Availability, Affordability and Awareness' (Dodd, 2015). If these 4A's into consideration when using the 4P's the marketing mix could be a bit clearer.

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## GRADEMARK REPORT

### FINAL GRADE

80/100

### GENERAL COMMENTS

#### Instructor

Excellent range of literature researched and used.

Excellent knowledge and understanding of the Marketing Mix with good definitions of all the elements.

Good analysis with excellent use of examples. Arguments supported with evidence.

Well-presented in a coherent manner.

An excellent piece of work.

PAGE 1

PAGE 2

PAGE 3

PAGE 4

PAGE 5



**Good point**

Good point



## Good point

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## Comment 1

The Logistics part of the PRODUCT is increasingly what provides a competitive advantage

PAGE 6

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PAGE 7

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PAGE 8

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PAGE 9

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PAGE 10

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PAGE 11

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