# THE IMPERATIVE FOR ATTENTION TO BRAND IN LOGISTICS MANAGEMENT

*ELAINE S. POTOKER, Maine Maritime Academy*

*The extent of literature addressing the importance of brand to logistics-dedicated services is scant, indeed, compared to that of consumer goods. This paper points to the rationale and imperative for attention to brand-building in logistics, and provides a model that aims to facilitate conceptualization and operationalization of the process.*

## INTRODUCTION

Logistics providers generally address one or more of the value-adding, functional activities throughout the supply chain channel that provide time and/or place utility to customers—i.e, those end-users (consumers), or intermediate channel members who purchase a component or a product for industrial use. In contemporary times, logistics functions are said to include inbound and outbound transportation, inventory management, information flows and maintenance, purchasing, order processing, warehousing, materials handling, and protective packaging. If executed successfully, results ultimately (and hopefully) lead to cost savings and customer-want-satisfaction.

Conceptual discussions generally characterize *services*—contrasted with goods—as intangible(s). Logistics services largely fall within this profile. Other conceptual discussions of *services* frequently mention that customers' perceptions of the service itself are synonymous with that of the provider. Failures and successes in service performance are viewed inseparably from that of the service provider. Therefore, as *services* (vs. goods), it is argued that logistics activities bear unique characteristics that *should* have a significant impact on marketing program development.

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Service strategy challenges to marketing mix development potentially include: How to position the logistics provider and its functions *distinctively* from rivals. If services are, in fact, "inseparable" from the provider, how do the organization and its activities measure up to the burgeoning competition? What is the organization doing to audit customers' perceptions of those activities? How will the organization make innately intangible functional activities more tangible in the mind of the buyer? Responding to these challenges, this paper points to the importance of brand auditing and building in logistics management, and provides a model that aims to facilitate conceptualization and operationalization of the process. It is argued that branding principles merit as much consideration by logistics providers as they do in consumer and business-to-business goods sectors—perhaps more, given their service characteristics, and should be a vital consideration in an organization's strategic planning.

## BRAND, BUILDING BRAND, AND LOGISTICS

While there is extensive discussion of the importance of brand and brand management relative to that of consumer products, a review of on-line databases of journal resources (e.g., *ABI Inform, Transport, Business Source Elite, Wilson Business Abstracts)* reveals scant attention and application of brand building principles to logistics organizations and their activities. This paper does not attempt to explore why this is, except perhaps to note that as a marketing activity, study of logistics as a field is relatively recent. Yet, there is an irony in this phenomenon—as this is a field where seamlessness is apparently the pinnacle of service utility creation; and, this is a time when services industries dominate U.S. gross domestic product ("Top 10 U.S. Services Exports" 2001). The third party logistics (3PL) service segment alone is valued at over $56 billion annually ("Ratings of Logistics Firms" 2001). The following are reasons to employ brand within a logistics service strategy arsenal. Inherent in each is the imperative to audit consumer brand perceptions as a regular marketing development activity:

> "A brand *[defined]* is … a critical component of what a company stands for" (Davis 2000, p. 3). This is an era when operational and cost effectiveness are necessary but not sufficient elements of strategic positioning. Outperformance over rivals is optimized if companies can identify differences that can be preserved (Porter 1996). How true this is in the field of logistics. As economies of scale become more and more challenging to achieve, companies will seek to improve efficiencies wherever they can. One prime area, therefore, for analysis is supply chain management. Rivals in different logistics activities are quickly appearing to duplicate one or more of the activities of their competitors. Customer research should be comparing what the logistics provider stands for. In failing to do so, competitors may claim the same benefits and associations.

> "A brand *[defined]* is a set of consistent promises. It implies, trust, consistency, and a defined set of expectations" (Davis 2000, p. 31). Research generally supports that strong brands foster closer, more defined relationships between buyer and seller. Many writers refer to the emotional chord that a strong brand rings in the buyer-seller relationship. The brand's supporting role in this relationship is so important—given the inseparability profile of (logistics) services. Indeed, "if a packaged good's brand is intimately entwined with its package, then a service brand is intimately entwined with its people" (Duboff 2001, p. 16).

Despite the limited discussion of brand-building as it applies to logistics functions, there are, nevertheless, case studies that are illustrative of its importance (Fotheringham 2000; Parry 2000). Public transit, as one example, competes within a total travel market dominated by private transport. There are many operational variables that have potential implications to trust and consistency. Yet, while the service may be intangible definitionally, case study (Fotheringham 2000) of the Utah Transit Authority (UTA) illustrates how marketing's research managed to convert customer expectations into "tangibles" by:

a) Auditing the customer's psyche—i.e., identifying and quantifying the expectations customers had for bus travel, and the barriers they foresaw in riding the bus; and
b) Establishing an organizational brand essence (identity) and commitment to consistently meet and exceed customer expectations.

UTA marketing research showed congestion, safety, and other concerns caused highly emotional responses in non-riders. Marketing's approach, according to the CEO of FJCandN Agency, was to develop a better bridge between UTA and the public. The Agency's (and UTA's) objectives were grounded in branding principles, as described above. Deliverables to be operationalized were:

- To position UTA as a transportation leader and a public servant (aka "UTA brand identity").

- To create what David Aaker and Erich Joachimsthaler (2000, p. 46) call the brand's "value proposition" with its public—e.g., reduce congestion, help the environment.

- Identifying potential customer relevancy was key. As one example, the UTA informed that UTA service meant 74,000 car trips off the road every week day.

- Related to "a" above are other deliverables such as the need for timely information flows, and the need to develop a quality supporting infrastructure that would include light rail service.

- To develop a logo(s), promotional pieces, multimodal messages, and taglines that reinforce the organization's brand identity decisions detailed above.

Admittedly, building brand does not take place overnight. Brand identity evolves as a strategic decision that is managed over time. As with all marketing efforts, success is measured in the future. Brand equity—the perception of the brand in the mind of the buyer—needs to be audited as an ongoing process. Elements of a brand audit might include: What do customers think of when the brand name is mentioned? In the case of UTA, do they think, "transportation leader" and "public servant?" What do non-riders think when the brand name is mentioned? Do riders readily name the value-added propositions the organization believes it delivers?

This paper argues that branding principles are imperative to strategic thinking and applicable to any organization dedicated to one or more of the functional activities of logistics. A prerequisite to brand-building, however, is also to first be dedicated to the "doing of" marketing activities, including, but not limited to environmental analysis, competitive analysis, SWOT analysis, and relationship marketing vs. transactional thinking (Potoker 2000). The following section addresses how branding principles help to convert the intangibility of services into tangible assets.

## THE BRAND DICHOTOMY: BRAND AS AN INTANGIBLE/TANGIBLE ORGANIZATIONAL ASSET

Brand is generally acknowledged as a component of the Product/Service Strategy of the Marketing Mix. Product/Service Strategy is one of the famous 4 Ps of marketing. The following recalls the elements of each of the four strategies of the Marketing Mix and the utilities (U) they aim to create. Collectively they support the organization's *raison d'etre.*:

PRODUCT/SERVICE STRATEGY (U=form utility)
Form, accessories, packaging, warranty, **brand**

PRICING (U=ownership utility)
Rebates, geographical terms, buy backs, discounts, financing

DISTRIBUTION STRATEGY (U=time and place utility)
Order taking, materials handling, inbound logistics, outbound logistics, channels of distribution, protective packaging, warehousing, information flows and maintenance

PROMOTIONAL STRATEGY (U=ownership {through sales} and ownership expectations of utility).
Advertising, promotional relations, promotional give-aways, direct sales

A strong brand is also generally regarded as an *intangible* organizational asset. As an example, Virgin Airways' brand essence--i.e., the single idea that captures the soul of the brand, resonates in the customer, and (hopefully) distinguishes them from others--is characterized as "iconoclastic" (Aaker and Joachimsthaler, p. 46). For Nike, "essence" is cameoed in a vision of achievement and excellence. Granted, as essence, these cameoed thoughts are intangibles. Yet, this author argues that a strong and distinct brand essence guides the organization to convert intangibles into tangible assets. How can a brand be both an intangible and tangible asset? It can be and (probably) should be. As an example, "iconoclasm" for Virgin Airlines translates into the promotional messages and symbols that reinforce Virgin's essence and core identity. These symbols and messages include the CEO's life style, the Virgin blimp, Virgin's logo, and more ("Keeping Up With Appearances" 1996). Brand decisions influence what the brand promises. If "fun"—then fun must be operationalized. If value-proposition, then cost and innovation must become deliverables. Yes, a strong brand is in-and-of-itself a strategic marketing management dichotomy where intangibility and tangibility co-exist. And so, therefore, the message to logistics providers dedicated to one or more of its functional areas: There is, indeed, an imperative to develop brand as an asset in the (logistic) services sector.

## THE STAR: A MODEL FOR BRAND BUILDING AND BRAND AUDITING

In reviewing the literature (e.g., consumer goods, business-to-business goods, and logistics-related) regarding the tangible deliverables characterizing strong brands, certain ones surface frequently. Those are conceptualized in the Figure 1, Star Model. As a tool of analysis, five dimensions to consider include:

A = Auditing Brand Equity
B = Benchmarking
CL= [engaging in] Collaborative Logistics
IT= [excelling in] Information Technology
OD=[assessing the responsiveness of] Organizational Design
ST= Story Telling

The model's purpose is twofold: a) to conceptualize how brand-building may be operationalized and audited; b) to illustrate that in successful brand-managed companies, brand-building and auditing can also serve to rally the organization around the brand. The entire organization and its supply chain should be engaged in monitoring the tangible elements of its core identity to assure the organization is delivering its brand promises. In short, literature review appears to support that application and auditing of the Star Model elements optimizes performance in the brand building arena.

Specific to Figure 1 and each of the Model's elements.

### Technology

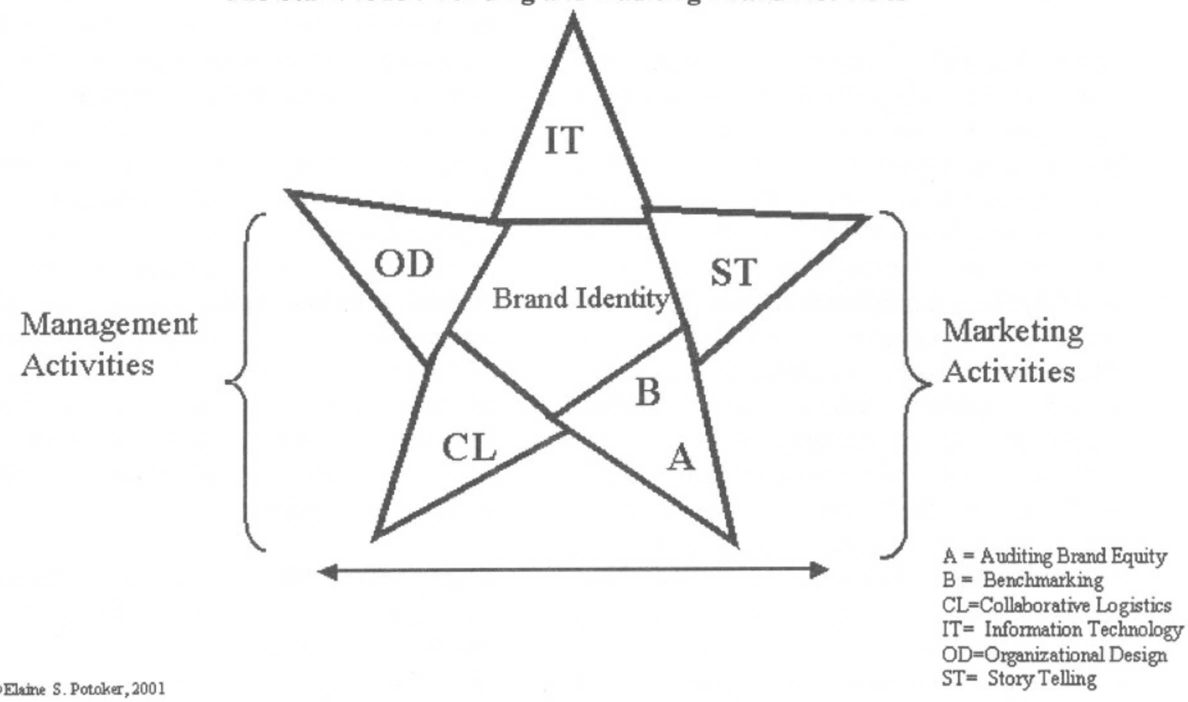
Commitment to superiority in information technology (**IT**) continues to be essential to enhance end-customer value. Customers will continue to define what value-added is. Promises of service and reliability--the value-proposition--translate into the following examples of logistics-related tangibles that aim to position the organization differently from others:

- Deutsch Post operates under the brand name Deutsch Post World Net to reflect its global logistics strategy. Management seeks to position itself to excel in solutions for dispatches of any weight, to include warehousing, packaging, sorting, payment collection and financing. Offering more than a name, however, management claims commitment to develop operations covering all aspects of e-commerce including digital mailing, financial services, online brokerage and logistics. Its partnership with International Business Machines aims to develop logistics offerings and technology targeting internet retailers ("TPG Launches E-Commerce Suite" 2000).

- TNT Post Group boasts of an e-commerce suite that targets European automotive, electronics and pharmaceutical industries. While it is said that TNT is going after United Parcel Services, FedEx Corp. and DHL Worldwide Express's U.S. business, its North American technology goals target high-end customers with specialized needs. TPG, the parent company of TNT, boasts development of an intelligent sourcing and ordering system for global, domestic, and cross-border e-fulfillment ("TPG Launches E-Commerce Suite").

- Danzas' North American unit offers the gamut of the functional activities of logistics. Yet, technology integration helps them offer services such as Cash Forwarding—a trade financing program. Danzas assumes responsibility for the credit insurance process on a foreign buyer as well as delivery of product (Saccomano May 1998).

**FIGURE 1**
**The Star Model: Building and Auditing Brand Activities**

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- Technology also serves to overcome data gaps and remove inefficiencies from the supply-chain process (Keenan 2000) . IT integrates demand and supply and production planning, which in turn, is important to customer-organizational relationships. Yet, by itself, prowess in management of information flows is not sufficient to complete a profile of brand leadership.

**Doing Marketing**

An organization should also be dedicated to the doing of marketing activities (Potoker 2000). Those include, but are not limited to conducting individual interviews, positioning research--through which organizations distinguish their core identity and value propositions from those of their competitors, and comparative review of promotional messages. Mapping--preparing visuals that profile similarities and differences--is useful to both internal and external customers. The above IT examples demonstrate how the marketing process generates strategic positioning decisions. Finding the right organizational fit and target market is a key marketing research activity—particularly in a fiercely competitive global marketplace. Doing marketing also includes the following activities:

- Benchmarking (**B**): Benchmarking refers to comparative research of best practices within one's field and in other fields. Assessing performance in areas such as asset management, cycle times, IT, materials handling systems, and others is key to strategic positioning, customer relationships, continuous improvement and growth (Rogers, Daugherty, Stank 1995; Stank, Rogers, Daugherty 1994). For those logistics generalists performing a combination of logistics functions, developing a family of brands where each functional area is a brand, in-and-of-itself, appears to be a new frontier for many. An interesting benchmark for development of this concept is literature discussing brand management in the automotive fleet sector. Managing each brand within a fleet requires strategic thinking about the relationships of the brands within the parent company and the promises/benefits that each and/or all offer to the customer ("Truck Brand Managers…" 1998).

- Story-telling (**ST**): Marketing's research and organizational history inspire grounded stories and supporting tag lines that often are key elements of organizational culture. As examples, acknowledged brand leaders from the product sector such as Nike and 3M (Bromiley 1998) are frequently cited examples of organizations whose brand essences are imbedded in the stories and activities of organizational culture. Regarding 3PL providers, FedEx is generally acknowledged as brand leader. FedEx's early tracking technology was a benchmark to many on the operational details of moving packages. Yet, IT is not enough. Marketing's work also plays a role in brand-building. Promotional messages—e.g., advertising, web site, and company stories work to reinforce the promise that goods will be to the world on time. Earlier successful advertising campaigns urged customers to contact FedEx when packages, "absolutely, positively had to be there overnight" (Saccomano January 1998).

**Management**

A management that supports marketing activities (as a financial line item), rallies the organization around brand identity, and establishes distribution channels that support (and deliver) value propositions is another element of the Star Model. Rallying includes designing the organization to respond to market needs in the following ways:

- Brand Audits (**A**): Measuring brand equity is a collaborative function of both management and marketing, as the process depends upon the doing of the research itself, and a bottom line for measuring brand loyalty (e.g., number of repeated transactions), brand awareness, and the assets or liabilities the customer perceives in the brand. Translating what the research reports into action plans is also key to the Star profile. Consider as a (benchmark) example, British Airways' (BA) "marketplace performance unit," created to measure how the organization is doing relative to BA's standards. The unit's mandate is to represent the customer point of view. Its design makes it completely independent of the functional areas of marketing, selling and operating sides of the business. If data are not available, the unit is mandated to create it. Over 300 key performance areas (i.e., the value-propositions and organizational promises) are measured: e.g., check-in cycle times, cleanliness, punctuality (Prokesch 1995). There are so many human interactions involved in logistics' functional activities. Commitment to gap analysis—analyzing what accounted for the difference between what the buyer expected and what was delivered—is essential to brand-building performance.

- Organizational Design (**OD**) and Collaborative Logistics (**CL**): are Star Model elements: Management utilizes intranet, extranet, and the Web to enhance the organization's physical design for communication and information sharing throughout the supply chain.
  ▸ Armstrong & Associates (2001) rated Danzas/AEI, number one among the North American-based 3PL providers. Danzas counts on a Focused Management Program for its multinational accounts (Saccomano May 1998). Dedicated management teams involve organizational design and communication considerations—e.g., how can physical world internal designs and virtual worlds attend to all customs, import and export activities?
  ▸Recalling the automotive fleet benchmark example ("Truck Brand Managers" 1998,) physical design frequently includes brand teams and platform teams. A brand team manages each brand or product line and/or SBU. Platform teams are cross-functional groups dedicated to integration of functional areas and supply chain members which include the customer. Integrated logistics will increasingly depend upon innovative and responsive organizational designs (Keenan 2000; Goldsby and Stank 2000), *and* innovative and creative organizational leadership.

## IMPLICATIONS AND CONCLUSIONS

There is a limited discussion of the application of branding principles to the business of logistics. It is obvious that operational efficiencies will be necessary, but not sufficient for dominance in one or more functional areas of logistics over the long haul. This paper posits that commitment to brand-building and brand auditing will be vital to guide logistics-dedicated organizations in their journey to differentiate themselves from others. In closing, the author notes that there is a great deal of research that needs to be done regarding the relationship of brand to performance of logistics providers—e.g., whether specific brand-building efforts result in increased profits or stock returns. Other research involves benchmarking of best practices across industries for applications to logistics' activities. This is fertile ground, and territory that is sure to be explored to make seamlessness tangible in the mind of the consumer.

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