

5 Big Trends in Transportation & Logistics

And How Marketing Leaders Can Create Exceptional Brand and Customer Experiences for Long-Term Growth and Success



Introduction

Transportation & logistics industries are undergoing massive disruption as technology continues to advance rapidly alongside major demographic, climate, economic, political, and other shifts.

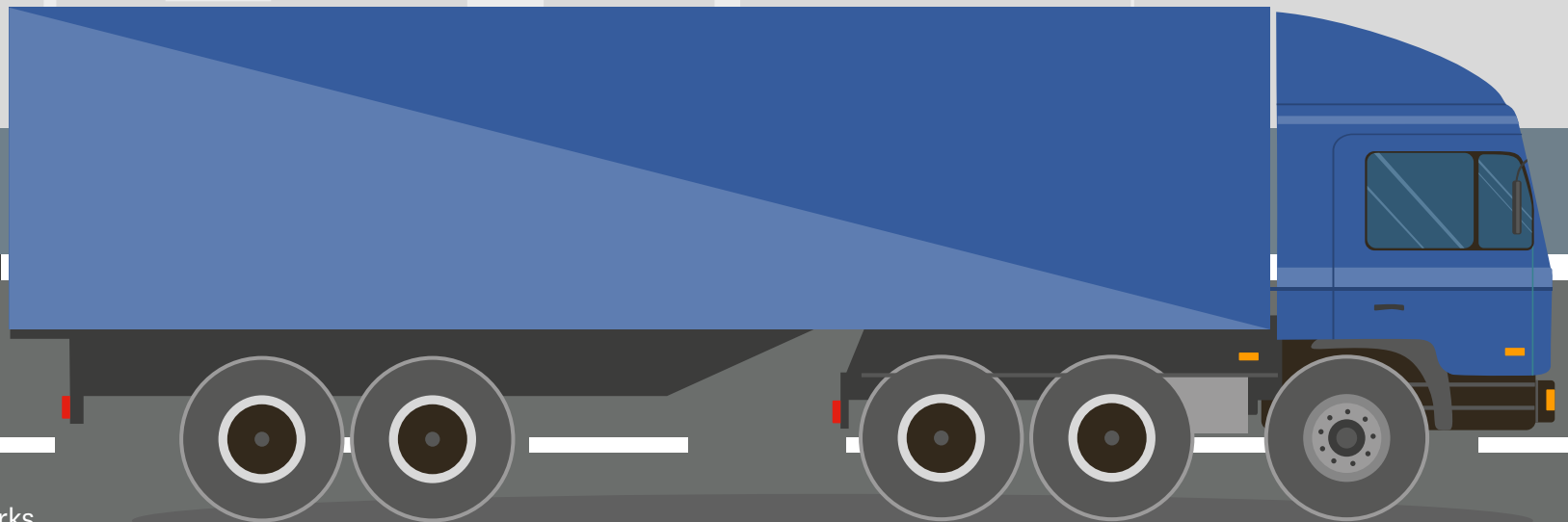
To survive and thrive amidst this sea change, transportation & logistics enterprises are going to need plenty of creative, talented people, working effectively and efficiently with the best-available information and tools, and taking well-calculated risks in virtually every area of their organizations.

This eBook explores some of the biggest predictions being made at present for the transportation & logistics industries. The intent of this work is to serve as a starting point for in-depth, innovative conversations around how marketing and sales teams will contribute to ensuring their companies come out on top competitively.

We hope you find the work thought-provoking and useful as you plan your future strategies and tactics.

Sincerely,

The Freshworks team



5 Big Trends in Transportation & Logistics

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Fox Business¹ cites 795 trucking company failures with 24,000 trucks being removed from the nation's capacity in 2019. Meanwhile, the ELD mandate is projected to cut industry-wide productivity by 3-5% and average daily driver miles by 16%².

¹Will 2020 bring more pain for the trucking industry, Fox Business, Jan 6, 2020

²Truck Capacity Shortage: The Past, Present And Future, Talking Logistics, April 2018



Physical capacity tightens

Forecasters expect demand for transportation & logistics services to grow strongly over the long term, while constraints continue to emerge on the supply side. Atop persistent economic growth, there is an ongoing structural shift from bricks and mortar to e-commerce shopping — the Amazon effect — which will both increase and fragment demand for transportation services. On the supply side, a major glut in trucking capacity in 2018 drove hundreds of carriers out of business and removed tens of thousands of trucks from the nation's fleet in 2019. Add to that an acute shortage of driver capacity due to an aging driver population, historically low unemployment rates, and regulatory developments such as the electronic logging device (ELD) mandate for enforcing driver-hour limits. An influx of asset-light market entrants (see page 9) also suggests that competition for access to physical truck, warehouse, and DC capacity should continue to intensify moving forward.

WHAT TO DO ABOUT IT

MARKETING LEADERS

- **Expand your concept of brand.** In addition to building your brand as a service provider, brand strategy and management needs two additional faces:
 - **Customer brand:** Especially if asset-light, it will be increasingly important to be known in the marketplace as a customer of choice among asset-owning companies. This entails becoming well known for such things as: adopting and adhering to industry standards, sharing detailed demand forecast and other data with carriers, integrating information systems, paying on-time, sharing risks, and paying attention to how SLAs and other performance requirements affect service providers' costs and profitability.
 - **Employment brand:** To win escalating wars for both drivers and technology talent (without driving costs up excessively), transportation & logistics companies need to position themselves as employers of choice via inclusive/positive cultures, recruiting incentives, flexibility, responsiveness to how younger generations prefer to work and engage with employers (gigging, remote, mobile), and consistent investment in training and development.

SALES LEADERS

- **If your company is asset light, you will need to be a preferred customer** among asset-owning companies. If your company owns assets, capacity optimization becomes more crucial than ever before. Either way, sales reps can aid these efforts by working with clients to:
 - Adopt and adhere to industry standards — from carton sizes, to labeling, communications protocols, paperwork generation, and so forth — which helps with capacity optimization.
 - Obtain detailed demand forecast data, which can be either used internally for capacity optimization or shared with service providers.
 - Understand how customers' SLAs and other performance requirements affect costs, capacity utilization/optimization, and profitability, and adjust as needed.
- **Explore how CRM might be used to support and drive the above types of activities.** For example, you might compel sales reps — via automated tasks, metrics, etc. — to more effectively capture and document customer business requirements in formats that can be readily aggregated. Likewise, you can monitor customer interactions more closely to ensure reps are working collaboratively in support of standardization and capacity optimization initiatives.

Automation advances

A massive drive to automation and other advanced technology adoption is underway in virtually every facet of transportation & logistics. Key technologies being explored and exploited include: Internet of Things (IoT)/telematics, artificial intelligence (AI)/machine learning, blockchain, drones and self-driving vehicles, automated lane control, braking, and other safety enhancements for trucks, plus literally dozens of technologies for automating virtually every function occurring inside of warehouses and advanced distribution centers. Data — in terms of both quality and quantity is exploding. Key challenges for transportation & logistics executives will be learning to harness and exploit increasingly granular information and managing brand and market risks associated with major forays into new automation technologies.

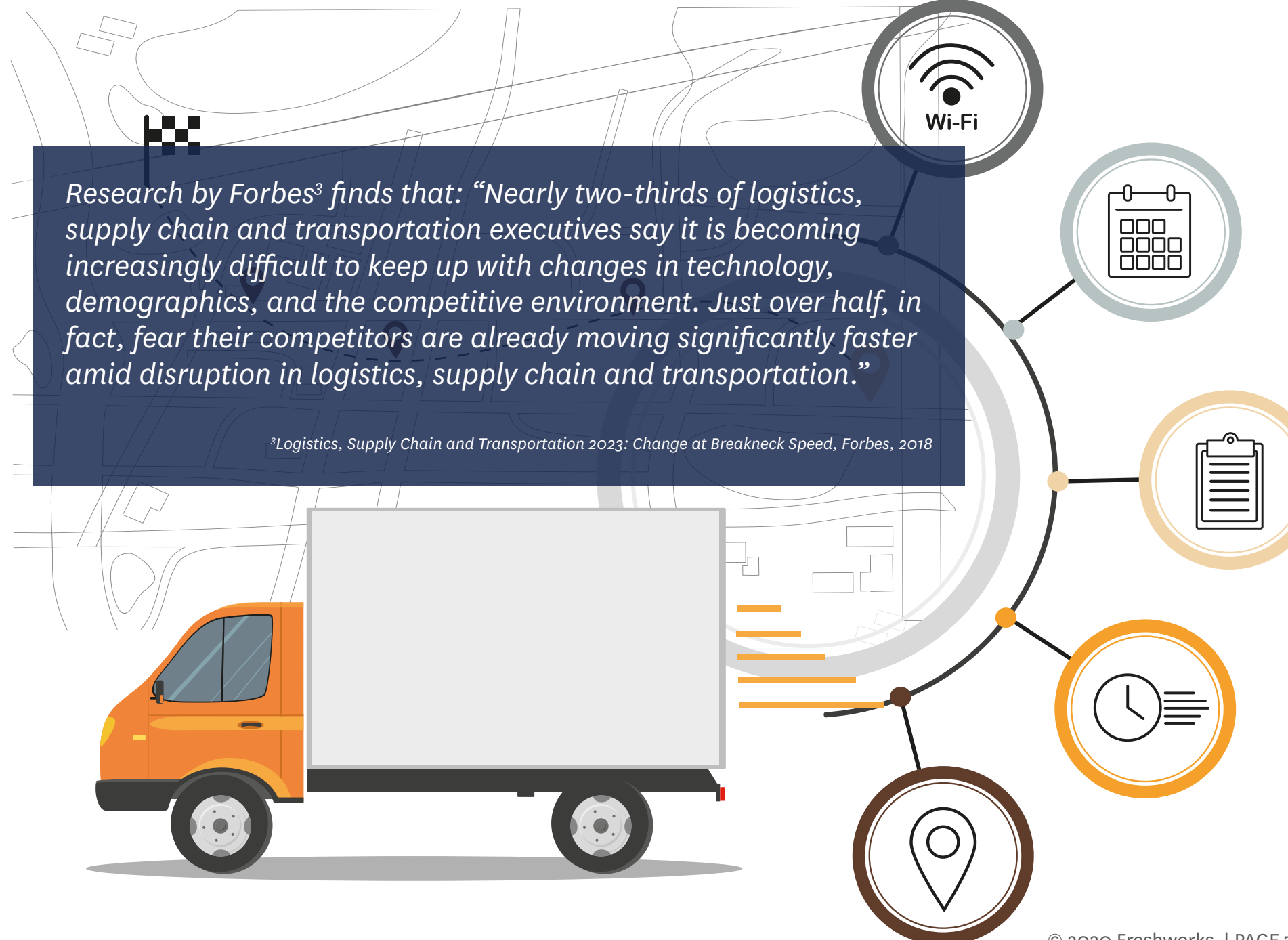
WHAT TO DO ABOUT IT

MARKETING LEADERS

- **Collaborate with operations teams to measure and document automation-related speed,** information accuracy, reliability, and other performance improvements. Where favorable, incorporate performance improvements into market messaging that differentiates your brand and potentially enables higher price points for service offers.
- **Forecast and manage brand risks.** Collaborate with senior management and product/service developers to ensure that major automation investment decisions adequately consider questions around brand and end-market risks. For example: How aggressive should we be in pursuing adoption of drones or autonomous vehicles; what are the potential brand risks of moving too quickly before safety issues have been adequately addressed? How aggressive should be in partnering with upstarts on last-mile delivery; what is the risk to our brand when someone tweets about how a ride-share driver stole or damaged their package?
- **Automate marketing.** Leverage artificial intelligence/machine learning and so forth to fully utilize granular data and insights for choosing what markets to play in, pushing content to prospects and clients, grading/nurturing leads, and so forth.

SALES LEADERS

- **Collaborate with operations teams/marketing to ensure that cost benefits of automation are being measured,** documented, and translated into how your team is pricing and quoting services.
- **Protect customer experience.** Sales personnel are often called upon to advocate for clients, and sales has direct insights into customers' pain points and, therefore, into where greatest ROI might be earned from automation investments. Pay close attention to internal automation initiatives and become directly involved in managing potential risks to customer experience as well as ensuring that internal automation and digitalization initiatives remain consistently focused on delivering real customer value (versus being cool).
- **Stay abreast of developments and opportunities to utilize AI/machine learning and other automation tools in sales processes.** For example, do we have (and, if yes, are we making optimal use of) capabilities in CRM for automating assignment of leads and other sales tasks; measuring, and managing performance across multiple sales metrics; assessing customer profitability, and predicting which prospects are most likely to convert into active client accounts?

The background features a stylized illustration of a delivery truck with an orange cab and a white cargo box. To the right of the truck is a circular network diagram with a central black line and five colored nodes (blue, grey, orange, orange, brown) connected to various icons: a Wi-Fi symbol, a calendar, a clipboard, a clock, and a location pin. A checkered flag icon is positioned above the text box. The entire scene is set against a backdrop of faint, sketchy lines representing a city or road network.

Research by Forbes³ finds that: “Nearly two-thirds of logistics, supply chain and transportation executives say it is becoming increasingly difficult to keep up with changes in technology, demographics, and the competitive environment. Just over half, in fact, fear their competitors are already moving significantly faster amid disruption in logistics, supply chain and transportation.”

³Logistics, Supply Chain and Transportation 2023: Change at Breakneck Speed, Forbes, 2018

With new competition opening on multiple fronts, temptation will be strong to fight all battles both in acquiring new customers and retaining old ones. But while industry disruption can be frightening, incumbents also know things and have infrastructure and access to customer insights that new entrants do not. Sales executives can focus on developing and using increasingly granular data to identify which existing and potential customers will be most and least profitable moving forward. Marketing execs, meantime, can play key roles in maintaining discipline, defining favorable market niches, and delivering tight, consistent brand messaging.



Competition explodes

Incumbents in transportation & logistics face new competition from multiple directions — technology startups, new fulfillment, 3-, 4- and 5PL entrants, Amazon.com and other e-commerce behemoths, and also from traditional customers who are vertically integrating and diversifying into selling advanced transportation and logistics capabilities. Startups especially pose significant competitive risks, as they are building organizational, technological, and other infrastructure from the ground up with both present and future market dynamics in mind, versus industry incumbents who are often organized and enabled for a largely bygone era and who face daunting work in tearing down and replacing traditional organizational silos, knowledge bases, legacy information systems, and so forth.

WHAT TO DO ABOUT IT

MARKETING LEADERS

- **Invest more in brand building.** In competitive markets where shippers do not seem to care much about brands; where buying decisions often come down to price, speed, capacity, and reliability; and ROI on brand advertising can be difficult to prove, it may be tempting to back away from traditional brand-building activities. But there is danger in ceding this territory as savvy market entrants, backed by venture capital, will be investing heavily in developing name recognition.
- **Excel at all aspects of content marketing.** Many marketing teams are good at some aspects of content marketing, but few have learned to excel holistically — from content planning, through creation, promotion, lead capture, nurture, and conversion. A failure to engage and integrate with sales is one major culprit. Another is failing to create content for each phase in the sales cycle, which provides reps with opportunities for contacting customers consistently.
- **Scout for opportunities to acquire or partner with newer competitors** and establish processes for flagging opportunities to upper management. With a focus on earning and protecting market share, marketing is uniquely positioned to spot opportunities for strategic partnerships and collaborations with new competitors.

SALES LEADERS

- **Increase focus on customer retention.** It is usually more efficient and cost effective to keep existing customers than it is to acquire new ones. Ensure your sales force is consistently capturing knowledge about why existing customers use you, what they value, and how they need you to improve. Package and consistently pass this information to marketing and explore opportunities to use CRM to create incentives for driving referral business from existing customers.
- **Use CRM to refine sales pipeline management.** Explore, for example, how better lead scoring and advanced capabilities such as predictive AI/machine learning can focus your sales force and prioritize tasks around only the most profitable relationships and promising prospects.
- **Prioritize excellence in online, competitive bidding.** Leverage organizational infrastructure to be faster, better organized, more consistent, and more responsive in complex online bidding events than newer competitors who typically have fewer dedicated resources. For example, aggregate questions received across multiple eRFx and create a library of responses that can be easily accessed in eRFx events, establish clear upper and lower service price limits, and so forth.

Here comes Gen Z!

If you thought Millennials were disruptive, get ready for Generation Z! Born from 1995 to 2010 — this cohort is going to have an even greater disruptive impact on transportation & logistics industries. As consumers, Gen Zers expect personalization, frictionless omnichannel shopping experiences, and rapid, low cost (often free) delivery and returns of goods. As employees, meantime, Gen Zers are not going to tolerate kludgy, old technology tools. To successfully recruit and retain this crucial demographic going forward, transportation & logistics companies will need to equip them with well-designed, intuitive, and mobile-friendly applications that truly support their work.

WHAT TO DO ABOUT IT

MARKETING LEADERS

- **Create plenty of entry-level marketing jobs for Gen Z.** As the first true digital natives, this generation – now entering the workforce – has highly-tuned social media skills, is trained to be driven by data, and will not hesitate to make optimal use of new and continuously evolving marketing automation technologies.
- **Be authentic.** Gen Z values ethics, inclusiveness, and pragmatism. Look for opportunities to incorporate these qualities into brand messaging, but only where it can be done authentically. Above all else, Gen Z values truth and will be quick to put “on blast” any inconsistencies it notices between what brands say and do. And, they *will* notice. Avoid, for example, going out with “green” messaging if your brand is not really walking that talk.
- **Empower Gen Zers to help evolve and transform your service offers.** As many industries — media, banking, insurance — are learning the hard way, it is exceedingly difficult to decode how younger, digital native generations think and behave. Empower Gen Z to contribute and capture what they know about how to target this demographic via innovation labs, hackathon events, and the like.

SALES LEADERS

- **Invest in traditional sales training, development, and intensive mentoring of Gen Z hires.** Key imperatives will be to sell at higher levels – to senior executives, procurement, and supply chain professionals – within client organizations (versus at the loading dock), to sell comprehensive solutions (versus simple services), and to educate and work consultatively with both prospects and existing clients. All will be immensely challenging for young, new hires to step into. Many companies slashed training and development during the Great Recession and few have reinvested. Those who do invest will win in terms of recruitment, retention, and succession planning as Baby Boom personnel continue to move into retirement.
- **Focus on flexibility and mobility.** Understand that Gen Z is into the freedom associated with gigging, working remotely, and even side hustles. Structure jobs and work requirements accordingly and enable with mobile-friendly technology.
- **Make Gen Zers part of due diligence and decision making around new technology investments** and use them to reverse mentor existing/more mature sales force in becoming habitual, effective users of CRM and other technology tools.

The first true digital natives, McKinsey⁴ describes Gen Z as a “hypercognitive generation very comfortable with collecting and cross-referencing many sources of information and with integrating virtual and offline experiences.”

⁴True Gen': Generation Z and its implications for companies, McKinsey&Company, Nov,2018



Top executives will be looking to all functions within transportation & logistics companies to contain costs, manage risks more proactively, and add innovative, high-profit service offers.



Profits pressure intensifies

Even before big market changes and competitive disruption, transportation & logistics was on the slim side in terms of overall industry profitability. While recent economic growth has kept profitability healthy in recent years, longer-term, noncyclical trends suggest profitability needs to be a major focus going forward. The fight for truckers and tech-savvy talent will place upward pressure on labor costs. Tightening physical capacity will disadvantage asset-light logistics companies. Rising political and trade tensions worldwide and increasing incidence of extreme weather events suggest significant fuel and other costs risks. The Amazon effect, the rise of 3d printing, and shifting consumer preferences are profoundly altering manufacturing production and shipping patterns. Industry incumbents will need to be exceptionally nimble at spotting and reacting quickly to these shifts if they wish to remain competitive and consistently profitable.

WHAT TO DO ABOUT IT

MARKETING LEADERS

- **Take full advantage of increasing granularity in available market data and intelligence.** Leverage to identify and understand from the perspective of profitability, which markets and lanes you should be competing in for share, which ones to skip, and how global trade patterns are expected to shift moving forward.
- **Focus on developing and acquiring rigorous data sets to support marketing performance metrics that connect directly to business profitability.** For example: Which tactics and media channels yield the best results for our most profitable service offers? Which service offers are best bundled together (and what doesn't work in terms of bundling)? What is the cost differential between acquiring new customers and retaining old ones? What is the value of a customer through their entire lifecycle with us?
- **Once you have solid data from that exercise,** consider investing in tools that leverage the information into automated, algorithmic recommendations and decision making around which tactics, expenditure levels, media channels, and audience targeting should be used for specific service offers and bundles.

SALES LEADERS

- **Focus on creating exceptional customer experiences.** Equip your sales force with tools that enable them to be faster, more responsive, more accurate, efficient, and effective than the competition. Work diligently to uncover and address all customer pain points.
- **Collaborate with marketing to create and deliver educational content that creates real business value for customers** above and beyond your service offers. This could be anything from a webinar on '5 Common Packaging Mistakes That Drive Up Your Shipping Costs' to a customer case study on "How Acme Manufacturing Company cut 10% from Shipping Costs in an Inflationary Market."
- **Focus on gaining accurate and granular understandings of what it costs to do business on a client-by-client basis.** How do customers' service level demands and risk-shifting drive activities (and, therefore, costs) within your operation? For high-cost, low profitability clients, work to develop customer relationships that invite deep engagement and collaborative discovery of mutually beneficial means for sharing risks and lowering total costs of doing business.

About Freshworks

Freshworks provides innovative customer engagement software for businesses of all sizes, making it easy for teams to acquire, close, and keep their customers for life. Freshworks SaaS products provide a 360 degree view of the customer, are ready to go, easy to use and offer quick return on investment. Headquartered in San Mateo, Calif., Freshworks' 2,500+ team members work in offices throughout the world. For more information, visit www.freshworks.com.

Founded in October 2010, Freshworks Inc., is backed by Accel, Tiger Global Management, CapitalG and Sequoia Capital India. The company's cloud-based suite is widely used by over 150,000 businesses around the world

