

REGIONAL ALTERNATIVES

with **Rob Shirley**



Place — One of the Four Ps of Marketing

Classic marketing is generally divided into four parts called the Four Ps of Marketing: Product, Price, Place and Promotion.

Place includes channels that marketing generally determines by selecting the path(s) through which products, services and solutions will be offered to existing and potential customers, including: direct sales, agent sales, retail, online and catalog orders. It also incorporates operational focus zones, which the marketing department never gets involved with.

Some thoughts on four critical focus zones:

Distribution centers should be placed in locations closest to customer groups. Customers can be real ones (Amazon), company or franchise owned “internal” (Hilton) or mixed (Macy’s). Startups have one location, and when they add a second, it is generally placed at a transportation nexus to balance the first one (original in Salt Lake City, second one in Cincinnati). *Observation:* Allow freedom for management of that location to adapt to the local market, like utilizing carriers that are designed for that market. Innovation should dwarf cloning here and in every other DC added. Make it a showcase with floors “clean enough to eat from.”

Inventory management balances finance (cost and quantity of inventory), IT, people, warehouse (size and rack space), equipment, sales, logistics and customer service. The DC and its inventory are akin to a heart with arteries and veins reaching in and out. *Observation:* Make sure that software for inventory, order entry and barcodes is the best you can acquire as it will serve you well in good times and rough waters. There are opportunities these days to be eco-friendly with packaging and forklifts.

Order processing should be the spot where the Four Ps all come together. When customers change from being hesitant to placing orders, they are going to expect a high-quality and frictionless flow. Orders can originate online, mobile, phone, fax and direct sales. *Observation:* Everything needs to be well integrated. Order time in relation to processing and final delivery matters. Make sure your team is well-versed and measures everything from the viewpoint of your customers. Consider tying MBO (Management by Objectives) bonus to this.

Transportation is the last step in dozens to make this all come together. This is, of course, a two-way street with inbound for new inventory and outbound, in smaller units, for customers. The calculus on how to work this best depends on: dock space, cutoff times, distance to/from vendors and customers, speed (of carrier and order process), cube/weight of product and rates. *Observation:* Don’t put all of your eggs in one basket with one carrier. Carriers are better for one service and not as good for another. Negotiate all aspects including ancillary surcharges. Insist on agreements in writing, preferably for three years.

Keep your competition in mind, and remember, the whole needs to add value to the entire Four Ps. ■

ROB SHIRLEY is CEO of ExpresShip, Inc. driving business development in the supply chain. Contact him via email at rob@xpship.com.