

Marketing and sales development in the logistics startup.

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Bachelor's thesis

May 2017

Technology, Communication and Transport
Degree Program in Logistics Engineering

Jyväskylän ammattikorkeakoulu

JAMK University of Applied Sciences

Author(s) Semen Klimenok	Type of publication Bachelor's thesis	Date 04.2017
		Language of publication: EN
	Number of pages 46	Permission for web publication: x
Title of publication Marketing and sales development in the logistics startup.		
Degree programme Logistics Engineering		
Supervisor(s) Tommi Franssila, Petri Vauhkonen		
Assigned by		
Abstract <p>The subject of the thesis was decision if the marketing strategy for the start up company "Prosto Logistika". Management of the company was concerned about making the provided service desired by choosing the most effective marketing tools. The purpose of the final strategy was combination of marketing activities in a way that requirements of financial and rational aspects are met.</p> <p>The aim was to develop the most economically efficient marketing path, and after the analysis I was able to come up with a strategy to be followed during the next period of company's life. The strategy brings the value for the competitive advantage of "Prosto Logistika" keeping the ability of the company to adjust to the current needs.</p> <p>Main part of the thesis concentrates on the marketing tools and how these options can support the core business. The thesis provides analysis of possible marketing strategies, gives the comparison of tools available and there is a proposal for the final strategy to be implemented.</p>		
Keywords/tags Marketing, marketing management, lead, called calling, search engine optimization		
Miscellaneous		

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1.Introduction

This thesis work will have a deep research on the marketing and sales problems of the company, as it is a startup, the main challenge is to find customers that are willing to work with a «young» enterprise with a few real feedback. As the research will be connected with a real sales and marketing process, it will include the feedback for different tactics and technologies.

A valuable point in this research is that it will be easily scaled, in the day it was started, the company Prosto Logistika Ltd has about 15 full trucks transported in a month, with 4 customers and 4 persons of staff. As this research will go through, the information will be updated and it will allow us to track the development of the company as well as the wellbeing of each department.

As it is a logistics startup, some logistics concepts will be also discussed shortly in order to connect our marketing work to the service level of the core business.

Summing it up, the main research mission is to find a right pass for a sales and marketing process that will allow the company to break through and start a development process.

2. Research questions and research methods

The main research question for this thesis work is to find the most economical and efficient marketing path that will allow the company to break through and reach the first positive sales dynamics.

Even though research will be mostly based on the short-term company`s development, a lot of data for the further plans will be acquired. In this way, one more research target is to pre-analyze and describe information in a way that it can be easily used in building new strategy in the future.

The research will be done with a help of deep practical and theoretical analysis of the most popular marketing strategies. After the analysis will be done implementation results and budgets sheets will be shown in order to evaluate the quality of the research.

The theory is gathered from books, articles, and Internet publications. The thesis also includes author's own knowledge, experience, and ideas. However, theory part will be described in a very brief way in order for the reader to acquire the basic understanding of terminology. This understanding will allow getting a full picture of the research.

3. Logistics market

From the very beginning, in most of the cases, each startup faces a problem of an effective development in the framed human resource, budget as well as some lack of experience. In this situation, it is highly important to find the most reasonable and effective sales and marketing strategy in order to find new customers with the least cost spent per each customer. I would say that the ratio between money spent on marketing and sales process and a number of new customers gotten is the most important marketing KPI for every start up.

Scaling it down to Prosto Logistika case, what company has is a very limited budget that has to be cut to the different operations that can be divided to fixed and variable:

Fixed costs

- Accounting
- Employees remuneration
- Rent and office holding costs
- Web-site operation

Variable costs

- Marketing operations
- Taxes
- Business trips
- Special soft platforms

As it can be easily understood, the budget of the sales and marketing department is strictly limited and it is almost impossible to make major mistakes as losing money and time here will affect the total wellbeing of the company and its employees.

3.1 Situation on the world`s logistics market for startup

Fast and efficient transportation of the goods, as well as warehousing and a right or just in time delivery, were valued at any period of the time. The fast growing world`s economy and globalization of the world have born a lot of the companies that are willing to take a piece in a big cake of the trade. However, the situation cannot be stable all the time and the demand is changing, a lot of the companies have to struggle with a lack of orders or closing facing up the volatile economics situation.

Companies, that want to be truly profitable have to offer up to date service that meets customers` expectations and demand, they have to be flexible and offer better service at a better price level.

Talking about the logistics services in Russia, It has faced a change in the past few years, political and economy realities have changed the market so much that the whole industry has to follow and find the new ways to operate in order to be afloat.

First of all, European Union sanctions have dramatically decreased the trade with EU, especially with neighbor countries such as Finland, Estonia, Lithuania, and Latvia. Many logistics services providers have had these directions as their core specialization, which could make up to 100% of their income. Facing this, they had to concentrate on another direction or go breaking the law, finding the ways of illegal transportation of banned goods to Russia, which was also a big market.

Also, the value of Russian ruble has significantly dropped down, which has affected not only the trade with western countries, which imposed sanctions but all of the incoming trade. What the logistics business sector have faced is the companies that have lost their markets are looking for the new customers, and at the same time, other companies feel the significant drop in sales and revenues.

Many European and Asian logistics companies were gaining much from the trade with Russia and they did not want to lose a significant part of their revenues, which have also made them think of the new strategies.

This situation has born a tough competition and fights for each customer, companies have started to offer dumping prices which gave them a feeling of wellbeing but started to slowly

eating their savings and killing them. In a year, the number of logistics providers in Russia have been cut by almost 30%.

This amount may seem significant, but the structure of the Russian business area is so that there is a large percentage of very small-scale companies (up to 5 employees), which are unprotected from any fluctuations and functioning with a very limited budget. Most of the bigger scale companies still exist, but every month few of them go bankrupt. This tells that the bottom of the industry crisis is not still reached.

In the same time with active customers seeking, companies are trying to cut the spends as the years of wellbeing made some of them quite inflexible and when they have faced the budget shortage, they have started to look for an optimization.

In such an uncertain situation on the market, it may seem quite risky to establish a new company that will not offer some technical innovation, however, every crisis is a time for possibilities. While bigger companies are too inflexible to offer something with a minimum margin or too conservative to listen to the customer needs, small businesses come to the forefront.

However, with an ability to offer better cost, solutions, and service, small-sized companies or startups are struggling with a lack of reputation, status and brand awareness. Some customers even have a rule that they are not working with service suppliers that were registered less than one year before the purchase.

Understanding their competitive advantages as well as disadvantages, small scale companies have to find an appropriate way of the marketing process to be able to deliver their core advantages and abilities to the final customer. In addition, they have to be strong enough in order to break the wall of distrust, caused by the lack of real feedback and an experience as an independent company.

3.2 Logistics niche of Prosto Logistika

Niche product or service of each company have to be carefully chosen, as it is almost impossible to cover all of the areas even in one business direction. Talking about the logistics company, the range of possible activities can be so diverse that it is impossible to concentrate and to be a professional in each area. Sometimes, you have to be even officially qualified enough to perform some business activities.

When the startup was only an idea, we were revising all the possible service areas in which we could possibly be strong in order to concentrate on them and advertise as our competitive advantages or core operations. It was decided to concentrate mostly on the EU-Russia-EU road transportation network. An advantage of such a narrow working area is that it is possible to concentrate on the customers at one zone and work with them more carefully. However, it is also easier to become price leaders this way, because, at the same time, it is also more likely to have a closer relationship with service suppliers and make better agreements.

Even if the core business of Prosto Logistika is a road transportation between CIS and EU, we are always ready to offer customers a full range of solutions for transportation needs. If the case is different from the road transportation, we are relying on one of our partners that are many years experienced professionals and also focused on one transportation mode. Prosto Logistika has special price conditions so the final customer gets the same price, as he would directly ask from our partner. This also works for our partners; they are using our road transportation services for the special price and term conditions.

Many customers are also asking for a customs declaration services, in such cases, we directly connect them with an experienced company as such service requires a special license.

4. Marketing

4.1 Marketing overview

According to (Gary Armstrong, 2017,587) marketing is a process or an activity that the company or an individual does in order to acquire new customers or maintain a relationship with existing ones. It may include advertising, making special deals or anything, that can catch customer's attention on your product.

In a bigger scale, marketing is a number of activities used by the companies in order to increase their sales; this may include almost every activity where the company makes a contact with a potential customer. The company that makes this contact is trying to use this moment to bring out the product or service benefits in order to convince the customer to make a purchase.

(Gary Armstrong, 2017, 589) states that the basic principles of marketing can be formed to the 4 «P»s strategy:

1 Product – marketing department has to be closely involved in the development of the service or product that meets the expectation of the new or existing customers. This requires the knowledge of the customer needs that can be acquired by the detailed research.

2 Price – marketing decides how much to charge for a product or service by studying the competitive services and demand. This also requires an overall understanding of the market lifetime, seasons and other unstable factors. The price has to be calculated in order to ideally maximize the revenue and increase the sales in the same time.

3 Place – this step requires an understanding of activities connected with distribution. Distribution costs and competitive dynamics of the regional market spaces have to be taken into consideration.

4 Promotion – marketing has to develop all company communications such as advertising, direct marketing, public relations and websites. This also includes the development of marketing campaigns that stimulate the customer`s interest for the product or service.

Scaling it down to the logistics company marketing, the 4 «P»s strategy can be modified, considering that mostly service is provided:

The product can be developed in the sense of the customer`s logistics needs, it may include the most popular routes, transportation modes or special conditions. It is highly important to study the market needs and come up with a product that may catch customer`s attention.

It is also important to find a price niche for the company; some of them choose to make a downstream pricing, trying to win on the price basis. Others try to bring more value to the customer and maintain a high service level.

The place is a component that may not come to the first place in the logistics business area, but many customers are willing to cooperate mostly with local providers. Some of them feel the lack of confidence in foreign service providers, others find it technically hard to work with them.

Promotion is the most critical point for a logistics company nowadays. Especially for the start up, the bright and wise promotion campaign in combination with a right service and price level

may bring not only the first customers but also a chance to find its place on the market and get a stable market share. Further, this thesis research will study different promotion strategies, describe the process of their implementation and discuss the outcomes of each promotion strategy.

4.2 Marketing activities

Set of marketing activities may differ for each company, it can depend on its size, business area, history, position on the market, competition, location, brand awareness and so on. In this list I would mention some activities, that would be useful for a logistics company with no or few real feedback.

4.2.1 Cold-calling

This is one of the most used marketing activities in the world, no matter how big the company is or how long it is on the market. They just call people up on the phone and offer them different services. According to (Merriden, 2001, 112) although a company may not make a sale as a result of most of these calls, some calls can be successful, and brand loyalty is boosted in existing clients even if new they don't buy anything this time. People who were previously unaware of the company might have their interest by the call and find it useful if they will face a need in this product or service next time.

4.2.2 Search engine optimization (SEO)

Is a tool that helps companies to be found online when someone types specific search terms in his browser. The main target of this activity is to be a top result in any area related search. According to (Stokes, 2010, 27), almost 40% of people are looking for the products and services online and 74% of them do not scroll the result list further than the first 10. Companies are trying to fill their websites with keywords and phrases in order to maximize their search engine rankings and get on top of the search list result. This activity's efficiency might also differ from the company's core customers, business sector, and region. SEO is mostly efficient for B2C (business to customer) model companies.

4.2.3 Pay per Click advertisement (PPC)

Is a widely used tool that can substitute or complement SEO. According to (Stokes, 2010, 31), pay per click is a model that transfers an internet user directly to the advertiser's website for a certain commission. Usually, pay per click results appear in the top of the search results list and are specially marked so the user can distinguish them. Prices for this model vary from the popularity of the search words and a number of competitors and usually set on the special auctions. One of the most famous pay per click platforms is Google AdWords; however, almost every search engine has its own platform. According to (Strauss, 2012, 17) pay per click advertisement is a great tool for new companies as it takes much time to get on the top of the search engines with a SEO, but as soon as the company was able to make it, PPC can be stopped.

4.2.4 Lead generation

Is a process of collecting contact details of people that might be potentially interested in a product or service so the sales team can contact them periodically and transfer them to real customers. According to (Kotler, 2013, 82), such follow-up raises the percentage of leads transferred to the customers as there is always a huge percentage of the customers that are not willing to buy the service or goods immediately or they have no need at the specific moment. Such lead lists are collected by the marketing team, for example, special website questioner that gives some valuable benefits if an interested person fills it in.

4.2.5 Web site development

According to (Kotler, 2013, 94) website development is a great marketing tool for every company, no matter which business sector it belongs or how big it is. Nowadays, most of the people are searching for goods and services online. Moreover, it is not only important to be the first on the search list, but it also very hard to keep the potential customer on your website. If the person stays on it and contacts you, it means he has found that your product or a service meets his needs. Every website has to be updated with a relevant information often as every customer wants to get the actual information on your website first.

4.3 Marketing strategies

According to (Newlands, 2017, 1) marketing strategy is a fundamental goal of increasing the brand awareness and build a sustainable competitive advantage among other companies. Marketing strategy consists of the set of short-term and long-term goals and activities in the field of marketing. Evaluation of the marketing strategy is based on the comparison of the current situation with scheduled company`s objectives.

Building of the business strategy usually starts with a deep study of the business environment; this includes an understanding of the market conjuncture and strategic constraints. Marketing team, together with company`s management sets the goals. Then, marketing strategy is released, it is actually, an explanation of the specific actions have to be taken in order to achieve the objectives. Most of the marketing strategies is a unique set of actions. However, there are some universal once that are widely used in the business world. In this list, I would describe some strategies that would be helpful for a logistics startup or were implemented by Prosto Logistika LLC.

4.3.1 Partner with allies

According to (Collins, 2017, 1) marketing partnerships with friendly oriented companies have a number of benefits. Especially for the young companies, collaboration with a stronger partner will help to bring more value to their services or increase the number of services provided. From the other point of view, according to (Newlands, 2017, 1), it is also possible to increase the revenue by offering some niche service to the marketing partner, usually, stronger companies outsource minor activities but have lots of orders for them. Anyway, marketing partnerships are cheaper to create, faster in delivery to audience and it is possible to expose your brand, good or service to the wider circle of audience

4.3.2 Help customers solve a problem

Businesses are valued because they provide solutions. Any business in any area provides some kind of solution; however, the level of customer orientation at this point is very important. Logistics company can provide some exclusive services or delivery times in order to make customer`s life easier. For example, loading solutions or fast customs track is a good way to attract the new customers by making their lives easier.

5 Sales process

5.1 Sales overview

According to (Collins, 2017, 1), selling is a process involving the interaction between the potential buyer and a person obligated by the company to sell its products to the potential customers. The sale itself, referring to (Collins, 2017, 2) is a contract involving the transfer of the possession and ownership of a good or property, or the entitlement to a service, in exchange for money or value. Essential elements of each sale is a competence of the seller and buyer to sign the contract and the agreement of the money or equivalent to be paid for the certain good or service. Professional selling involves the series of steps of acquiring each sale; most experts divide it to 8 activities.

5.2 Sales activities

5.2.1 Generating sales leads

Each sale begins with identifying good`s or service potential customers and the target audience. Understanding its target audience gives the company a way to find the potential leads. Some companies are constantly looking for new leads, other just process leads requests left on their websites.

However, in most of the companies, leads generation takes a major part of the sales team working time. There are different methods of generation, for example, cold calling, but it is more important to know where the potential leads are. It is absolutely not useful to offer logistics services to the barber shop, in the same way, sales team should always analyze new potential markets for the products, even if the whole market is covered, there is always a way to extend the market by finding new ways of the goods or material application.

According to (Collins, 2017, 1) , sales leads can also be gathered by the following ways:

Profile fitting – using marketing research tools such as company profiles or special databases in order to identify companies that are likely to use products or services that you offer.

Market monitoring – monitoring of special business magazines, corporate reviews or websites, looking for an information related to your specialization.

Canvassing – leads generation with a help of cold calling or just any interaction with someone without notification.

Data mining – this technique`s main idea is to study previously gathered information about the leads that could turn into customers, but didn`t. This study analyzes and detects possible faults in cooperation. This gives a chance to grow the number of leads turned to customers by, for example, implementing new sales technique or offering a new product that can interest them more than previous.

5.2.2 Qualifying sales leads

According to (Newlands, 2017, 1) not all of the leads may become the potential customers; there are different reasons for it, such as:

Cannot be contacted – some of the leads may be very wanted once but it is almost impossible to contact or meet them due to secretary barrier or level of the person (top managers of big corporations or government executives).

Need already satisfied – going further to the thesis research, this would be one of the biggest problems in the sales of logistics services. The customer has already purchased a similar service or good, so his need is satisfied and he doesn`t need an additional one. However, even when it comes to the regular logistics services, some of the customers feel so comfortable with one service supplier that it almost impossible to convince them for a change.

Lack of financial capacity – just because you want a certain service it does not mean that you can afford it. Lack of finance is one of the reasons that lead does not become a customer.

May not be a key decision maker – a lead may not have a needed authority to make a decision for a purchase.

The process of qualifying the lead may be even done prior to the contacting him by studying open sources about him. However, most of the sales persons are not able to qualify the lead until they establish a contact.

5.2.3 Preparing for the sales meeting

If a lead has been qualified as a potential customer or qualification cannot take place until more information is received, the sales person has to make an eventual call. During the call, the sales person has gained as much information as it is possible by making directed questions. For example, according to (Coe, 2004, 30), it is highly recommended to collect following information:

- Who is a major decision maker?
- What is the organizational structure of the company?
- Which products or services have been purchased currently or going to be purchased.

Gathering this information will help a sales person to prepare for the future meetings or product presentations. For example, if you receive the information which competitor is currently supplying a product to lead, you can prepare the materials that make a comparison between the product you offer and your competitor's. Furthermore, the more information the sales person gain on the preparation phase, the more confident he is in the other steps of the sales process.

5.2.4 Making initial contact

When information about the prospect is collected, it is time to make an initial meeting.

Sometimes, it is challenging to make an appointment or just take few minutes of prospect's attention during the phone call. However, if the presentation during an initial contact was successful, there is a good tendency that the lead will transfer to the real sale.

5.2.5 The sales meeting

According to (Collins, 2017, 1) the main challenge of each selling process is a meeting between the seller and prospect. If the seller was doing everything right so far and the prospect was interested the next logical step is a meeting. In this stage, the salesperson takes some amount of time for the presentation of the product or service he is offering. The most professional sellers are trying to avoid talking much about features of the product; they are making it as a give-and-take conversation. Such conversation type allows to study customer's needs more precise and show the product through the mirror of them.

5.2.6 Handling buyer's resistance

It is very unusual if the salesperson doesn't face prospect's resistance. It might be a concern how does a certain product or service might fit his company or help in a certain situation. This resistance might be either showed verbally or expressed in any other way.

Some professional sellers even prefer to see a resistance from the prospect as it shows that he was paying attention during the presentation and this topic is quite interesting for him.

Referring to (Collins, 2017, 1) there is no cliché of meeting the customer's resistance, each situation has to be thought separately, however, this is a normal situation, almost every sale has some kind of resistance from the beginning.

5.2.7 Closing the sale

Closing the sale might be one of the toughest parts of the sale process. This step is the point when a prospect becomes a buyer by making some purchase agreement. According to (Coe, 2004, 32) as many prospects are not ready to make any decisions or unwilling to make a commitment, they reject the offer or a whole contract. Some of the prospects have a very high lead-time and many expectations made on them from the companies, thus if such situation occurs, it might be difficult to overcome.

It also happens that this step might take an enormous amount of time due to the long contracting from the both sides. This situation might also affect the wellbeing of the sale as the customer might associate seller's company with additional, unneeded paperwork and problems. If long contracting caused by the prospect, the salesperson should carefully finish the whole process without any errors as they might affect the total impression.

Referring to (Rosen, 2007, 62) for most sales persons closing the sale is fairly easy if they prepared enough and worked hard enough in developing the good relationship with a customer. To sum up, it is equally important to find a right way to convince the prospect to finalize the sale and to be prepared enough for this step as the contracting and the first challenges occur at this point.

5.2.8 Account maintenance

After sale period is the most important time that determines customer's impression about company's products or services and gives a possibility for the future deals with the same customer as well as good feedback. The moment when customer have made a payment, he

should feel even more confident that de will receive expected goods or services and will be served accordingly. By maintaining the regular contact after the purchase is done sales person gets higher relationship level. This allows him to study more information about the customer`s business in order to be presented with more selling opportunities.

6 Introduction of the company case

6.1 Starting situation analysis

The traditional way of optimization of the selling process is to redesign sales service plan and marketing strategy based on the wishes of the management of the company. Often, these plans are not in line with market realities because management lacks engagement into the process. In the case of Prosto Logistika management is highly interested in all the processes and willing to do a deep research on the subject before any decisions are made. The increasing of a number of "cold" calls, personal visits made by managers to attract customers, the reduction of official salaries and increase the motivation by payments (percent with sales, bonuses) are the most common methods to change the current financial and operational results.

Prosto Logistika is searching for a long-term strategy, which will be flexible for market changes but constantly active at the same time. One of the current decisions was to reduce the cost of services in the hope of gaining a competitive advantage. The disadvantages of this approach may include low potential since low margins in the logistics business are a feature of the current Russian market. There is a chance, that customers, even with a decrease in prices for services are not prepared to risk the stability of the existing supply chain and change logistics partners that have established strong and reliable relationships. At the same time offer services at lower prices makes potential clients more confidence in the desire to start the cooperation.

Marketing is the main tool that creates a strategy of Prosto Logistika. Sales, the performance of managers, the effectiveness of the ERP-system are important, but marketing can subordinate all these efforts to the real needs of customers.

6.2 SWOT analysis

From the beginning, each company should have a clear idea of where they are now and what they are aiming for. Even if it is just set up, the team should analyze the starting positions using some special tool. For Prosto Logistika, SWOT analysis was chosen.

Strength – almost each startup has great ideas to improve an existing industry by setting up a new company and offer some better products and services. For Prosto Logistika case, it was aimed to offer higher service level and at the same time keeping the price level low enough by optimizing the spends and continuous work for the price level improve. From the very beginning, the company has found employees that were qualified and experienced enough to turn it into action.

Weaknesses – as it was mentioned previously, young companies struggle with a lack of real experience as an enterprise and well as real feedback. Some customers find it too risky to work with inexperienced companies; others just do not consider them seriously. That leads to the situation that Prosto Logistika has to find a way to offer something really outstanding to be seen, this may bring the lack of the budget as it is always easy to cut the margin first.

Opportunities – the financial crisis in Russia and CIS countries has dramatically changed the overall market situation. Some big logistics companies went bankrupt while some have changed their marketing strategies or business structure. Each crisis is the time of opportunities.

Threads – Russian logistics market has the same tendencies as most European do. Transport corporations tend to take almost 100% of the market by offering the dumping prices for their own fleet operations and at the same time providing excellent service level. It is almost impossible to compete with them as hundreds of millions invested to make them feel very stable. The government toughly controls such corporations.

Table 1.SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • High involvement • Openness for new methods • Product is friendly for the customer • Agile company type 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Experience • Almost no feedback • Finance
<p>Opportunities</p> <ul style="list-style-type: none"> • Regional crisis made some competitors weak 	<p>Threads</p> <ul style="list-style-type: none"> • Transport corporations • New regulations • Unstable political situation

The above analysis makes it possible to see the picture of the current situation and come up with ideas to improve marketing activities. Among the problems are a lack of service sales as a result of poor use of competitive advantages and advertisement, low level of marketing research.

Proper choice of marketing tools will lead to better efficiency results, increase profit and sales volume, as well as more clearly defined responsibilities of each staff member, in a way that everyone will do their work.

Marketing activity of Prosto Logistika aims to be reasonably based on market demand, set specific current and mainly the long-term goals, achieving them, determine the range and quality of services provided, their priorities and the optimal conditions of their delivery and the desired profit.

For the successful implementation of the marketing strategy, it must comply with the general culture of the company. Marketing strategies that do not meet the company's culture are difficult to implement. For the current state of Prosto Logistika, it is possible to develop a strategy that is consistent with their current level of culture, and there is no need to change company's style and culture, adjusting them under the new strategy. The Proper decision of marketing approach, which takes features of the Prosto Logistika into consideration, can be a great tool for the support of every single activity performed.

6.3 Budget for acquiring leads

As every startup is facing the lack of budget, it was very important to set the certain KPI's in order to measure the outcomes of each marketing technique. For the sales purposes, such term as «lead» is used. Leads are the people or companies that are able to purchase the product or service you offer and also potentially interested in buying it. As it was described in theory part, there are many ways to gather leads, but not all of them are suitable for each business area.

From the very beginning, it is important to analyze how valuable each lead is. If you sell oil pumping equipment or luxury cars, you can afford to spend thousand euros to gather the potential leads as only one customer gotten will easily cover all of the spends. However, for the logistics company, you can easily get 20-30 potential leads per working day and only a few percent's of them will become your customers. For example, Prosto Logistika cold calling graph is shown below:

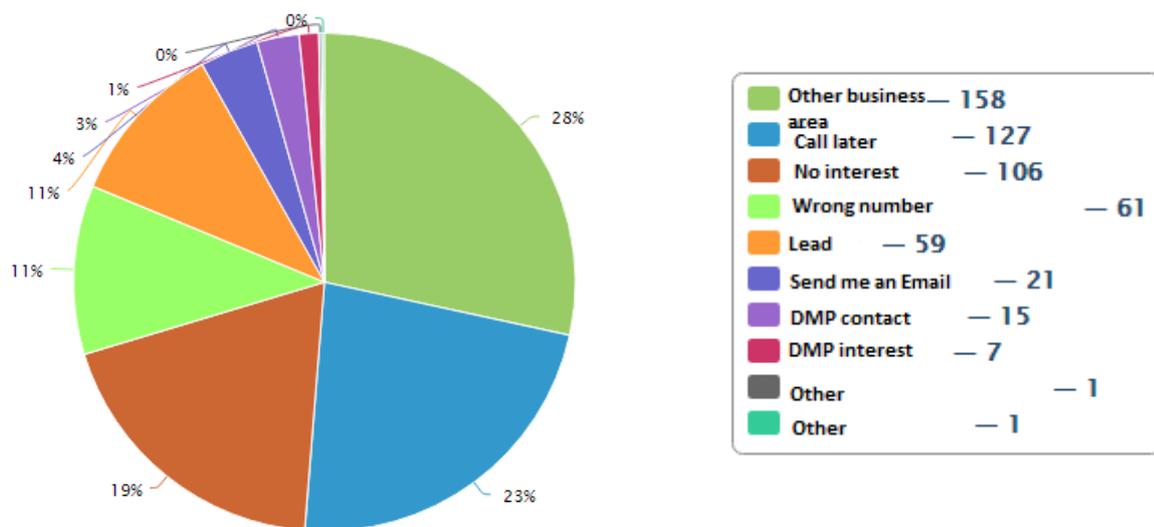


Figure 1. Prosto Logistika cold calling graph

This graph shows the distribution of the people who have received a phone call from Prosto Logistika call center in November 2016. As it could be easily seen, 59 companies were interested in the offered service and became leads. 11 % of random calls turned companies to leads.

This simple calculation gives an idea of how many people can be sorted from the random industry call list. However, this information is not enough to indicate the reasonable target price for each lead as two more things have to be calculated.

1. The conversion rate is a percentage of leads turned to customers, this value cannot be easily predicted and there is no cliché value for the industry as it all depends on the company's competitive advantages, sales personal, punctuality and so on. When Prosto Logistika team have started to study the information, it was almost impossible to find

even average value. Some team members have had the previous experience in the field, with the help of their previous knowledge average value was known as about 3%. It was agreed that the target conversion rate for Prosto Logistika was 2%. For better research, 1% and 3% will be calculated.

2. Average income from each customer for a year. Defining this figure will allow understanding the income received from the customer. By analyzing this figure it is possible to define a number of possible investments for marketing process. As Prosto Logistika did not have any real annual figures by that time, the estimation was used. It was estimated that each customer in average has 2 orders monthly, each order gives about 100 EUR of profit. However, it was decided not to use 12 months for the calculation as normally, mid-July, August and the first two weeks of January are not business times in EU and Russia.

The following formula was used, where A – average amount of sales for each customer per month, P – average profit per each sale (EUR), M – number of the operational months. The received value can be measured in EUR/month.

$$A * P * M = X$$

$$2 * 100 * 10 = 2000 \text{ EUR/month}$$

3. Desired marketing budget. Is an amount of money that the company is ready to spend for marketing purposes. This value cannot be precisely calculated, but if the company operates more than a year, finance department can have a better understanding of marketing investment by analyzing the data and comparing the historical investment value to profit value. As Prosto Logistika did not have any data to analyze, it was decided to invest 5% of income.

For the calculation following terms:

C – a number of leads received.

R – the conversion rate.

B – desired marketing budget.

I – average income from the customer.

The following formula was determined. X – is the amount of investments in EUR that is possible to spend per one lead.

$$(C \cdot R \cdot I \cdot B) / C = X$$

For 2% conversion rate:

$$(59 \cdot 0,02 \cdot 2000 \cdot 0,05) / 59 = \mathbf{2 \text{ EUR.}}$$

For 1% conversion rate:

$$(59 \cdot 0,01 \cdot 2000 \cdot 0,05) / 59 = 1 \text{ EUR.}$$

For 3% conversion rate:

$$(59 \cdot 0,03 \cdot 2000 \cdot 0,05) / 59 = 3 \text{ EUR.}$$

Table 2. Budget per each lead

Conversion rate	1%	2%	3%
Budget per lead	1 EUR	2 EUR	3 EUR

This simple calculation gives an idea of a reasonable amount of money that Prosto Logistika can use to gather each lead. For the future decisions, the conversion rate of 2% was used; it was decided on the team meeting as the most reasonable.

This calculation way is absolutely not perfect and it doesn't consider many factors, thus the results of it may not be used as an ideal target, however, it gives a good understanding of the reasonable amount of money that can be used.

Why is this figure so important? Because the research for marketing and sales methods will be based on it, each method will be analyzed cost wise and as the cost is very critical for every start up from the beginning, it will be the most valuable evaluation criteria.

6.4 Customer database

There are many different methods of reaching the target auditory with your marketing campaign. From the beginning, it is extremely important to understand how do you find your potential customers. Some of the older companies just process website or phone requests, thus they do not actually need to look for a new database, they have an existing one.

In Prosto Logistika case, the situation was more complex. Due to the lack of real customers and bad website position in the search it would be a wrong decision to just wait for the requests, it was important to make an aggressive marketing campaign. Still, it was unclear who would be the recipient of these campaigns. A deep research was done in order to understand how the existing market players find the counterparts. Some of the most popular methods are:

1. Internet search. This is one of the most popular ways to find the potential prospects. Call center specialists just sort companies by business sectors or cities and just call to any company that might be somehow connected with what they offer. This is very slow and inefficient way as lots of time is spent on the search. Most of the companies do not have even a potential need in what they offer.
2. A careful search for the companies that are specializing in the product or service your offer. The quality of the calls will be higher, however, the percentage of companies covered with your campaign will be extremely low.
3. Outsource the database collection or buy an existing one.

In Prosto Logistika case, it was decided to go by the third way, as it seemed the most logical. However, outsourcing of the prospect database is not easy to set up. After a long time spent on finding a supplier, the team found out that there are open customs databases existing, this was a great tool for the campaign. This database contains the list of the companies that have made the customs clearance for their cargo at the period of the last year. It also includes their phone numbers and emails.

With this database Prosto Logistika team has got a perfect tool for the marketing campaign as they did not have to call up thousands of companies, looking for the one with a potential logistics service need. They have got a list of them, the only thing left was to find a right way to contact them and offer services the way they would purchase it.

7 Marketing methods review.

As Prosto Logistika was not able to spend budget to try an effectiveness of each marketing method, it was decided to make an analytical study first. In this study, it was important to review each technique from the different aspects in order to understand its utility for the logistics industry. This research couldn't be ideally done due to the lack of real experience, however, it could help marketing team to avoid some unnecessary spending.

7.1 Cold calling

From the very beginning, it was understandable that this technique could be the most productive and there was almost no doubt that it will be used. Such confidence was caused by the previous experience of Prosto Logistika team members. However, to make a fair study, we have decided to look at it as well.

1. Industry coverage. Cold calling is a process of calling up to the list of potential customers and offering them your products or services. Depending on the quality of the calling list, it is possible to cover almost 100% of the industry customers. For the logistics purposes, customs database is perfect, however, it doesn't cover those customers that are seeking for the internal transport services, they have to be found separately. **Industry coverage is around 70%.**
2. A number of leads per day. Depending on the number of call center specialists, it is possible to cover a big amount of prospects. For one specialist it is comfortable to make 100 calls per day, however, the number of prospects turned to leads is relatively low as people usually do not feel very comfortable when strangers call them. Sometimes it is even impossible to reach the decision making person due to the secretary barrier. On average, it is possible to gather around **5 leads per working day.**
3. Price. The price for this technique is relatively low as the only straight cost is HR based. There are also spends for the phone service and special soft, however, they are so low that it is possible to just neglect them. The average calculated cost for a lead was considered **1 EUR**, which is very low.

4. Time until the first tangible results. Average time to gather the first good results is relatively small because cold-calling technique is an active one. Usually, good results come in **two-week time**.
5. Customer`s feelings. Everyday specialists of every company receive a few calls from different companies, offering different product or services, this is bothersome and customers might even neglect the good offers as they get terrified by the number of other SPAM calls. **Customers do not like the cold calls.**

Table 3.Cold calling results

Factor	Industry coverage	Av. leads per day	Price	Time	Customer`s feelings
Result	70%	5	1 EUR	2 weeks	Do not like

7.2 Search engine optimization

Search engine optimization is a technique that concentrates on website optimization that helps the website to appear at the top of the search results list. This technique is also based on the fact that almost 90% of the web users find the requested information on the first page of the search list results, that means that almost nobody clicks on the second page.

That means that the «Top 10» companies get the 90% of the request. Many companies are willing to be in this top, so they invest more and more money into search engine optimization.

1. Industry coverage. If the company is on the top of the search list, everyone who is looking for logistics service will see it and most probably will visit the web page. From that point of view, the coverage will go even up to 100 percent, however, there is a fact that the companies are not constantly looking for new service providers. Usually, customers have 2-3 service providers that cover all of their needs and they are using internet search only in case of some extraordinary

difficulties or the loss of provider for any reason. Taking this point, the average **industry coverage is around 40%**.

2. A number of leads per day. According to Yandex, which is the most popular search engine on the territory of Russia and CIS, there are around 1000 «EU-Russia transportation» related requests monthly. Additionally, 1000 requests can be added from the other search engines. That means that there are about 66 requests daily. As this is a passive type of selling and the request is quite a niche, 10% of prospects will probably turn to leads, which will bring around **7 leads daily**.

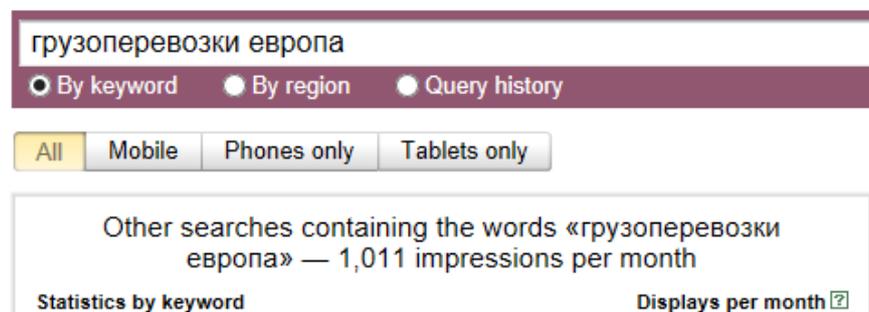


Figure 2. Search engine optimization impressions calculation

3. Price. Price for the search engine optimization will vary on many factors, first of all, how many competitors there are on the market. If your company is one and unique, there is almost no need for SEO, it will be on the top of the lists anyway. For the case of a logistics company, the situation is much different. The market is overfilled with offers and competitors, which means that the price will be higher than the average. However, many companies are ready to cover these costs as they find this marketing way as the main path to enlarge the number of customers.

The average price for the search engine optimization in Russia is 500 EUR per month. When the price calculation is done, it has to be clearly understood that the first 5 months will most probably not bring any leads, that means that for the first 12 months with a price of 6000 EUR, 1470 leads are expected, which gives an approximate price of 4 EUR per lead. However, when the website will get on top, the price will drop to 400 EUR as it will take less work to keep it above and the annual price of 4800 EUR will give 2 520 leads with an average price of 1,9

EUR per lead. Even that the second year price is quite affordable even for the startup, first year price of **4 EUR** will be considered in this analysis.

4. Time until the first tangible results. As search engine optimization is a passive type of sale, it takes more time from the beginning. Moreover, if the request is popular in the web search, it takes **up to half a year** to be in the first ten results.
5. Customer's feelings. People usually search online when they have a certain need or interest in something. If they search for a logistics service, most probably they are looking for a service supplier that will fulfill their certain need. If they find such help, they are satisfied. Customers usually have a **good feeling** towards such marketing.

Table 4. Search engine optimization results

Factor	Industry coverage	Av. leads per day	Price	Time	Customer's feelings
Result	40%	7	4 EUR	½ year	Good

7.3 Lead generation

Lead generation is a marketing technique that mainly uses the prospect's interest that was shown in the past in order to stay in touch with him with the latest offers or deals in order to slowly transfer prospects into the leads. One of the examples of such strategy is that many online shops offer some discount if a customer leaves his contact details. These details get into the database that allows this shop to make the customers follow up. In this analysis, it was decided to take web-site fill in forms for consideration.

1. Industry coverage. Lead generation is a passive type of marketing tools; this means that only the person that is interested in the certain service may probably face it on your website. Nevertheless, there is still a factor that if a person sees some kind of lead gathering method, he is already on your website and most

probably, he has already made some impression against your company. From this point of view, lead generation strategy does not make any industry coverage, because this tool only helps to grow the conversion rate by following up prospects that did not become leads by some reason. Industry coverage can be calculated as the average from search engine optimization and pay per click advertisement with a deduction of prospects that will not fill in those forms.

Industry coverage was considered 15%.

2. A number of leads per day. This factor has the straight relation with the number of website visitors. The more they are, the bigger amount of prospects will probably fill in the form with their contact information. Summing up a number of leads from pay per click and SEO gives around 4 leads daily on average. The conversion rate for those people who will probably like to leave their contact information wouldn't go higher than 30%, this gives around **1 lead per day** with a mark that SEO and pay per click tools will be working accordingly.
3. Price. Price for this kind of tool itself is almost nothing and it can be neglected in the calculation, however, it would not give any result without the website visitors, which are a result of pay per click advertisement or the search engine optimization. Once again, the price can be calculated by taking the average sum of both strategies and multiplying it with a conversion rate of 30%. This may theoretically give a number of 19 EUR per lead, but this figure cannot be considered as final because the investments cannot be paid twice. Once the company uses SEO or pay per click, they have already paid for it and the lead generation tool will be based on it almost for free. Taking this into consideration, the lead price of **1 EUR** was set.
4. Time until the first tangible results. Depending on which way company is using, this may take **from three weeks for pay per click to half a year** for the search engine optimization.
5. Customer's feelings. If those fill in forms on the website are not too annoying, most prospects do not mind seeing them on the website. Depending on the person, some people like to share their contact information and some don't. The overall attitude towards fill in forms on the website is neutral.

Table 5. Lead generation results

Factor	Industry coverage	Av. leads per day	Price	Time	Customer's feelings
Result	15%	1	1 EUR	3 weeks – ½ year	Neutral

7.4 Pay per click advertisement

Pay per click advertisement core function is to promote and advertise products or services in the web places that customers feel comfortable on. This can be a professional logistics website or some place in the result of the web search. The user clicks on this advertisement and gets redirected to the advertiser's web page. The website from which the user was redirected gets the money for this click from the advertisers.

Nowadays, the most popular way of pay per click advertisement is Google AdWords and this analysis will be done mostly on this method.

1. Industry coverage. As pay per click advertisement covers almost the same auditory as search engine optimization, it may have the same level of the industry coverage, however some part of the potential prospects don't take advertised results seriously, thus they will never click on them. Taking this into account the industry coverage may be not higher than **30%**.
2. A number of leads per day. Taking it with the same logics as search engine optimization, there are 2000 people per month looking for a logistics services on the web. Considering that advertised links are less attractive, only 5% of the users will turn to leads that give a number of **4 leads daily**.

3. Price. The price for the pay per click advertisement is always higher than traditional search engine optimization as it gives almost an immediate result and allows to predict a number of leads daily. This number helps managers to plan the HR strategy accordingly. For the start up, from one side, it is a great tool to be seen in the web search from the beginning; however, it is quite a dangerous way, because it might take more money than the income. For the Prosto Logistika case, the simple price calculation was made in order to understand an average campaign budget:

Yandex

Ad campaign plan "Prosto Logistika"
(Keyword suggestions)

Campaign duration: month
Sites: all
Currency: EUR
Display regions: Russia, CIS (except Russia), Europe, Asia, Africa, North America, South America, Australia and Oceania

Proposed keyword phrases	Approximate number of requests	Position	Approximate number of impressions in month (for selected position)*	Approximate number of clicks to month (for selected position)*	CTR forecast (for selected position)	Average set CPC (for selected position), EUR.	Average click price (for selected position), EUR.	Approximate budget, EUR. (for selected position)
автомобильный перевозка	61496	1st place	24227	201	0,83	3,48	0,54	108,98
груз европа	9742	1st place	3795	36	0,95	9,02	1,49	53,61
груз сборный	20351	1st place	8398	164	1,95	6,30	1,46	239,59
грузоперевозки европа	956	1st place	445	9	2,02	5,68	1,07	9,60
Total for selected positions**	92545		36865	410				411,78

Figure 3. Prosto Logistika PPC campaign calculation

As it can be seen on the sales forecast, 1 click costs around 1 EUR, this may seem a good price if the leads are taken into account, however, it is important to understand that click doesn't indicate that the prospect will definitely turn to lead. According to (Gary Armstrong, 2017, 612), the average conversion rate for the click is from 2-20% for the different types of advertisements, as logistics company is considered to be a service oriented, the conversion rate of 8% was chosen. 8% rate gives a forecast of 33 leads monthly with a cost of **12, 5 EUR** per lead, which is definitely high for the startup company.

4. Time until the first tangible results.

The big advantage of the pay per click advertisement is a short time until the first leads appear, it is possible to start a campaign in a day and get the first results on the next day. But there are two things that have to be highlighted. First of all, each campaign has to be carefully studied and planned as it is really easy to spend the whole budget and don't get any results. All of the search phrases have

to be studied and analyzed with a following question «Is really a person that search will be interested in what we offer?». When the set of search phrases is chosen, then the next step has to be done.

The conversion rate of 8% that was mentioned in the price sector of pay per click method analysis is an average and it doesn't exactly mean that it is impossible to get just 2% or 10%. When a person clicks on the web-site, he mainly wants to find what he needs and how to contact you. If he didn't find it, he will most probably switch to another web-site. Based on this logics, web-site has to be carefully revised in order to understand how easy it is to navigate, find services information, find contacts.

Taking all of these steps into account, the **wise** start of pay per click campaign may take up to **3 weeks** of research and optimization before the actual start, but the first leads will appear just in a few days after the start.

5. Customer`s feelings. Web search is a passive type of marketing and pay per click advertisements are a part of it. However, it is only a part of the story, apart from the web search results lists, if you search for something, search engines receive an information that you have been looking for a certain kind of service and from that time, you start to receive this topic related banners everywhere. Even if the need for this service is fulfilled, you still receive them for some time, which is quite bothering. Considering the banners related part, It may be understood that not all of the prospects like this, but it is not as bothering for them as cold calling method, therefore, the average auditory is **neutral** about it.

Table 6. Pay per click advertisement results

Factor	Industry coverage	Av. leads per day	Price	Time	Customer`s feelings
Result	30%	4	12,5 EUR	3 weeks	Neutral

7.5 Website development

Website development is a technique that concentrates on making the most out of the website in order for it to be as informative and selling as possible. The website is usually the first thing that a customer sees and what makes the first impression. You can never make the first impression twice that means that when the prospect clicks, he must find all of the required information and be confident enough to make a call or write an email with a request for proposal.

For the website development, it is quite impossible to make a standard analysis because this is a next step in the marketing chain and it is hard to tell what is the industry coverage, the same way it is hard to estimate the price. However, this technique is an essential part of most of the enterprises and the further globalization goes, the more important it will be.

1. **Content.** The content of the website should give a full information about the services you offer, about company, team and so on. If the customer could not find something that does not exactly meet his needs, most probably he will go to another website. Therefore, it is important to shortly describe all of the products or services you can offer, even potentially, because one day it may be interesting for someone.
2. **News.** The customer wants to see a website that is alive and makes constant improvements. The best way to show the company's activities is to always add industry related or company's news where they tell about ongoing projects or personal achievements. That shows the professional abilities for the customers as well as helps for the search engine optimization.
3. **Contacts.** Contacts page has to be easily accessible so that it is easy to find the phone number or email at any time from any page, even the personal experience shows that there are thousands of company's websites that are carefully done and nice looking, however, it is almost impossible to find how to contact them. This step seems basic, but many companies are doing huge mistakes based on it.
4. **Team.** Depending on the industry or services offered, many customers like to see people that they are working with. Placing team photos on the website helps to show openness of the company as well as its stability if a customer sees that the same team works for a long time it indicates that the internal atmosphere of the company is quite good, which leads to the lower risk level.

5. Feedback. It is good to place the feedback from the existing customers with a description of the work done as well as the budget saved. For example, the customer used to order the full load truck with a route Warsaw- Helsinki for 2400 EUR and the new budget was 2100 EUR. The more cases it is possible to show, the better it is. If a prospect sees the route he is currently looking for, he will understand how much it is possible to save by ordering your services.
6. Certificates and other relevant information. Based on the same logic, it is important to describe as many advantages of the company as it is only possible, certificates allow to show the special skills of the team (language or professional) as well as some approvals of the company (hazards transportation or customs association). Showing those makes prospects more confident in what you are doing and all of that enlarge the chance of receiving the phone call from them.

Summing all of this up, it is highly important to make the website prospect friendly that way that after study the website he does not have any uncertainties left and ready to purchase your products or services. Of course, it is an ideal target that it is really hard to achieve. However, every improvement made on the website leads to the higher conversion rate, which brings more leads that are possibly become customers. Prosto Logistika team has decided to use the website development technique; fortunately, it does not require much investment as the team has a necessary know how to implement it without an expensive outsourcing.

8 Techniques choice. Results for the main research question

8.1 Factors importance

The analysis was finished and Prosto Logistika team was ready to make the choice, but there was one thing to be still done. Five factors were used in order to evaluate the effectiveness of each method, however, not all of the factors are important equally, for example, as Prosto Logistika is a start up, price and leads number is much more important than the customer`s feelings. It was decided to indicate how important each factor is to make a wise comparison.

1. Industry coverage. As Prosto Logistika did not have any existing customer database, industry coverage did not seem so important factor. This factor might be critical for the companies that are existing for a long time and have contacted most of the companies with their offer, however, they are looking for a way to get in contact with almost 100% of potential prospects in order to get the most of the market. For such a small enterprises as Prosto Logistika, getting a small market share is already a big achievement. That is why spending more money on the techniques with a high industry coverage does not make any sense for startup (maximum 3 points in the comparison table).
2. A number of leads per day. This number indicates not only a number of people that were interested in what is offered but this number also important from many other points of view. First, it determines the HR policy of the company, as one manager cannot serve 20 new leads daily. Understanding an amount of leads gives an understanding of the staff number that is needed, at Prosto Logistika, two managers were barely enough for the seven new leads every day. It is important to see that seven leads are just a daily addition, which does not cancel cooperation with those who were contacted 2-3 days ago or even a month. From the other side, if the supply of leads is higher than the HR capacity, it has a bad influence on the brand reputation. Summing this up, daily supply should be the same as HR capacity. As startup does not have many resources to employ many managers, a number of leads per day do not matter so much (maximum 3 points).
3. Price. Price is one of the most important factors that did influence the choice. By the opinion of Prosto Logistika team; the price for each lead is the most crucial factor for the choice of the marketing technique. Taking it from another point of view, low price of the lead acquiring might affect their quality; however, it will still be more reasonable to gather more leads with the lower conversion level than spent much more on everyone. Leads quality is also not so critical for the logistics sector as it is very mass service and almost any lead may bring a result, this basically mean that the price does not affect the conversion rate accordingly, therefore. Price is an important factor (maximum 5 points).
4. Time until first tangible results.
As every company doesn't want its employees to waste time while they don't have actual tasks, time until marketing technique starts to bring the first leads seems to

be important. No matter if it is a startup or a company with a long history, no one wants to make a long time investment, it is preferable to see the results immediately. However, sometimes, marketing techniques with a long lead-time are still chosen because once they are implemented, they make a huge growth of orders and requests. For Prosto Logistika case, the initial budget of the company assumed that company had to make the first deals within the first four months or it will go bankrupt. Therefore, the lead-time until the first leads gathered seemed to be critical for the company (maximum 5 points).

5. Customer`s feelings.

The question of the customer`s feelings is very discussable, on one hand, companies that use active marketing strategies are annoying for the customers and many of them don`t like it but, sometimes, it brings better sales results. On the other hand, companies that are willing not to annoy their customers may have better relations but lose the potential sales. Being aggressive on the marketing field or staying neutral is always a big question for every company that wants to have a stable relation with its customers and in the same time getting the most out of the market. For the startup, the only way to get out of the industry bottom is to offer something outstanding and new or to be aggressive and very customer oriented at the same time. Taking this into consideration Prosto Logistika team have decided to be aggressive In the marketing sphere, this conclusion was based on the simple logics – is you are doing an aggressive marketing, you have a chance to get the new customers, but they may not like it, if you stay neutral, they will not even know about you. Customer`s feelings are important, however, it is possible to neglect it on the starting phase (maximum 2 points).

8.2 Main research question results

After all of the most used techniques were analyzed from many different aspects, it was possible to compare them from many different factors in order to choose the most appropriate once. Of course, the analysis that was done did not pretend to be very accurate, however, it

helped to save some budget because even after the short analysis it was understood that some techniques are not suitable for Prosto Logistika at the certain stage. However, to make a decision on which techniques will be used at the start, Prosto Logistika team has decided to use a chart comparison method in order to see the clear picture at one table.

First of all, all of the results were fitted at one table:

Table 7. Results overview

Factor	Industry coverage	Av. leads per day	Price	Time	Customer`s feelings
Cold calling	70%	5	1 EUR	2 weeks	Do not like
Search engine optimization	40%	7	4 EUR	½ year	Good
Pay per click advertisement	30%	4	12,5 EUR	3 month	Neutral
Lead generation	15%	1	1 EUR	3 month - ½ year	Neutral

After placing everything in it, it was clear that it is almost impossible to make a clear comparison this way because all of these lines had different units to compare. In order to review it as a straight chart, points for each factor were given for every technique. Depending on the importance of each factor, a certain amount of maximum points can be given. These points were described earlier in this work, the more points there are, the better results it is. By the logical way, techniques that would get the maximum sum of the points would be chosen.

Table 8. Factors importance

Factor	Cold calling	Search engine optimization	Pay per click advertisement	Lead generation	Website development
Industry coverage (max 3 points)	3	2	1,5	1	
Av. leads per day(max 3 points)	2,5	3	2	1	
Price(max 5 points)	5	2,5	1	5	
Time(max 5 points)	5	0	3	2	
Customer`s feelings(max 2 points)	0	2	1	1	
SUM	15,5	9,5	8,5	10	Without comparison

The first results of the comparison were received and the choice was made. Prosto Logistika team has decided to base the marketing structure on the cold calling, lead generation, and website development techniques. This comparison can be only valid for Prosto Logistika case, as certain factors were much more important than others were, most probably this ratio can only be valid for the certain company. However, simple but clear comparison method was developed, by using it every company can decide the strategies they want to analyze and set the importance of each factor to make an analyzed decision concerning the track they want to move on.

9 Introduction to the marketing strategy of Prosto Logistika

When the choice has been made and everything was ready to start the marketing campaign, the implementation phase took place. Every technique that was analyzed was studied quite carefully before; however, the techniques that had to be implemented had to be studied more in order to get the best use of them.

Every technique has hundreds of variations and it was important to identify which one would be the most suitable for the logistics company with certain customers and core operations. Some of the techniques were picked over other companies while some settings were made especially for Prosto Logistika conditions. While setting everything up, some of the methods were far from the initial ideas, as they have seemed not useful in the initial phase.

9.1 Cold calling

By the sum of many factors, cold calling became the most promising lead gathering techniques of the whole team as it could bring first «cheap» leads in the short amount of time with a good price. Everything seemed to be useful until it was realized that it is quite hard to find a specialist that would like to make the cold calls. The main disadvantage of such work that this person has to disturb people and they do not like it, moreover, he has to do it the way that prospects give information he needs. Some of the team members have tried it but they were not successful in it.

The company has faced the problem that the person with a special know-how had to be employed in order to fulfill use this technique. When the budget was analyzed, it was understood that company could not afford one more employee that would work with a full-time shift. First of all, it would require additional investments that are hard to get. One more idea was that the team did not want to create an over-employed company as it would make the company inflexible and this would kill it one day.

The question was to find a person who will make this work but would not require a full-time employment. The solution was found quite soon, freelance advertisement on the special web-site was created, it has explained the content of work and an average remuneration with the following system:

Table 9. Cold calling remuneration basis

Type of the call	Call lasted more than 10 seconds	Decision making person was contacted	There was an interest of decision making person	The first request for quotation was received daily	Every next request for quotation that was received daily
Remuneration	0,1 EUR	0,2 EUR	0,4 EUR	1,6 EUR	+0,5 EUR for the last sum.

This system was perfectly suitable for the budget of the company, but the team was afraid that the price is too low to get an employee. However, few persons have contacted Prosto Logistika with their replies and two specialists were chosen. One was agreed to work with all the time and the second would start if the team would be ready to process more leads than there would be supplied from the first one. The person that was employed for this work has to also be described as he is working in the big call center company and living in the city that is +6 hours from Moscow, where Prosto Logistika headquarters are situated. This means that this person is doing the freelance job right after finishing a regular one. This is great from the HR point of view, as the temporary stop in cold calling due to the lack of time to process all of the leads would not make him look for another job. In the same time, he doesn't have to be paid at the time that he is not working for the company's internal reasons.

The disadvantage of such employee that he is not specialized enough to talk with a customer the way that the regular team member can. This problem was also solved, the system of cold calling in Prosto Logistika was set in the following way:

1. Call center specialists make around 100 calls per day with a help of the list of the potential prospects that team members prepare in advance. This list is obtained from the customs database and sorted by the certain group, mainly by geographical preferences. For example, on the first month prospects that have an interest in Russia-Poland transportation are called up. Such geographical grouping gives a higher efficiency rate. Almost all of transportation companies

specialize mainly on one or few countries and points where they are operating. When Prosto Logistika manager receives a request for proposal, he does not have to contact tens of transportation companies daily, he just needs to contact those who specialize on Poland. Call center specialist only makes initial calls and if there was an interest, everything goes to step two.

- When an interest or request for proposal is received prospect turns to lead and this means that most probably they are more willing to communicate and company`s managers that are specialized enough can take the lead for the follow-up. First of all, all of the leads are put into the special database which allows to track each lead in all of the steps and monitors the overall wellbeing of the sales department. This software is called «AMOSRM» and here is a short overview:

The screenshot displays the AMOSRM software interface, which is a CRM system for managing sales leads. The interface is organized into four main columns, each representing a different stage of the sales process:

- ДОЛГИЙ ЯЩИК (Long Queue):** 35 deals, 0 rub. This column lists leads that have been in the system for a long time. Examples include:
 - Ирина, ООО "ИНЛАЙТ" (05.12.2016)
 - Игорь Михайлович, ООО "СПОРТСТРОЙСЕРВИС" (17.11.2016)
 - Сергей, ООО "СЕЛЕНА" (16.11.2016)
 - Иван, ООО "ТЕРМОГИД ПЛЮС" (16.11.2016)
 - Денис, ООО "АРТСТРОЙ" (16.11.2016)
 - Сергей Михайлович, ООО "АГРОТЕХКОМПЛЕКТ" (16.11.2016)
 - Игорь, ООО "ТЕХНО ГРУПП" (16.11.2016)
 - Сергей Владимирович, ООО "ФИНВАЛ" (16.11.2016)
 - Андрей Витальевич, ООО "ИНТЕРСТИЛЬ" (16.11.2016)
 - Елена Станиславовна, ООО "ЕВРОФОМ-КАЛИНИНГРАД" (16.11.2016)
 - Евгений, ООО "ТРЕЙД ГРУПП" (14.11.2016)
- НА КОТИРОВКУ СТАВОК (For Quotation):** 62 deals, 0 rub. This column shows leads that are currently being quoted. Examples include:
 - Дмитрий, ООО "ППГ ИНДАСТРИЗ" (09.12.2016)
 - Дмитрий, ЗАО ПКФ "ЭЛЕГАНТ" (09.12.2016)
 - Елена, ООО "СВИТ ЛАЙФ ФУДСЕРВИС" (09.12.2016)
 - Владимир, ИП МАРТЬЯНОВ ВЛАДИМИР НИКОЛАЕВИЧ (05.12.2016)
 - Николай, ОАО "ЭНЕРГОПРОМ-НОВОЧЕРКАССКИЙ ЭЛЕКТРОДНЫЙ ЗАВОД" (05.12.2016)
 - Елена, ООО "ХИМ-НН" (05.12.2016)
 - Елена, ООО "СТТ ЛОГИСТИКА" (01.12.2016)
 - Светлана, ООО "ТРИАНОН-СЕРВИС" (30.11.2016)
 - Алина, ООО "БРОЕН" (30.11.2016)
 - Татьяна Натеева, АО "БОРОВИЧСКИЙ КОМБИНАТ СПИЧКОВ" (30.11.2016)
 - Сергей Лопаткин, ООО "ПРОФ ВЭД" (30.11.2016)
- СТАВКИ ПРОКОТИРОВАНЫ (Quotes Submitted):** 3 deals, 0 rub. This column shows leads where quotes have been submitted. Examples include:
 - Анна, ООО "БИСТЕРФЕЛЬД РУС" (09.12.2016)
 - Елена, ООО "АРНЕГ" (09.12.2016)
 - Алексей, ООО "БЕЛЛА-ДОН" (09.12.2016)
- КП ОТПРАВЛЕНО (CP Sent):** 4 deals, 0 rub. This column shows leads where the CP (Contract Proposal) has been sent. Examples include:
 - Алина, ООО "ХАВЛЕ ИНДУСТРИВЕРКЕ" (09.12.2016)
 - Мargarita Бражотская, ООО "ФИПАР" (09.12.2016)
 - Алина Богданова, ООО "БИЗНЕС-ПЛЮС" (01.12.2016)
 - Нонна Евгеньевна Тарасова, ООО "ФОРА" (09.11.2016)

The interface also features a search bar at the top, a sidebar with navigation icons, and a header with the text "СДЕЛКИ" and "Поиск и фильтр".

Figure 4. «AMOSRM» software overview

Each customer gets a cell in the database and each sale can be programmed in the way that manager wants. It also allows relocating the tasks for each customer through the team. On the early stage, Prosto Logistika team was trying to use Excel spreadsheets as a customer

database, however, the information was really hard to read as through the period of time a number of leads are getting more than few hundreds. The price for this software is 125 EUR for a year, which is very affordable even for the small enterprise.

3. Once all of the daily leads are placed in the software, the first manager starts his task, which is an actual follow up of each lead. First, he contacts every lead once again to personally introduce and collect more information that will help to make the most accurate proposal for the transportation. When the information is received, manager transfer all additional data into the database and sets the task for the operational manager to prepare an offer.
4. The operational manager receives the task in the software and starts his operation. He contacts the transportation companies with requests for proposal in order to compare and choose the most cost and condition appropriate service provider. Once an appropriate truck has been founded, operational manager fills in an offer form and uploads it to the software.
5. When the offer is ready, the manager sends it to the lead and contacts him to check if it was received.
6. The next step is quite psychological, as a manager have to contact the lead in order to check his reaction to the offer. Usually, people do not tell their thoughts straight away, so the manager has to make certain questions that allow understanding the quality of the offer. If the lead did not like the price, the process goes back to step 4 and the operational manager is looking for a better price.
7. If the price suits lead`s expectations, he becomes a customer and the loading is scheduled.

9.2 Lead generation

Lead generation cannot be used to a full potential from the very beginning as the website is not known at all and people would not even find it on the web in order to leave their contact

details. Nowadays it mostly works as contacting with previously gathered customers. They were mostly gathered from the cold calling scheme.

It was quite hard to make a reliable working scheme for the future when the website will be known enough that prospects will be willing to leave their contact details there as the team has the lack of experience in a typical customer's behavior in this business area. Probably more information can be gathered in the next few month and this thesis work can be updated with a more relevant information concerning the lead generation method.

9.3 Web-site development

Website development was not the toughest point for the company from the very beginning as the team members have previously had a great experience in the web-site development. The biggest challenge in this method is connected with a competitor`s density. There are hundreds of companies in one region that state the same services on their websites and the one that will do it extra careful and different would get a competitive difference.

The website development can be split into a few sectors:

1 Initial type of the website

There are many types of websites existing and it is important to choose the most suitable one from the start as the wrong choice may bring many unnecessary costly operations in the future. The logistics company website can be either a basic one (basic information about the company, contacts, etc.) or full of complex rate calculations, such as DHL or FedEx. The second type of the website is more suitable for big, B2C oriented customers. They are willing to get an offer just in time. B2B customers that are looking for such services that Prosto Logistika is offering are using websites in order to get the basic company`s information, they will have a personal contact anyway, therefore, the basic «business card» site was chosen for Prosto Logistika.

2 Design

For Prosto Logistika team, the design was the key point that would differentiate their website from the hundred others. As the design is a matter of the personal preferences, it was hard to give exactly what every person would like to see. However, it was decided to make the website

as modern as it could be. Moreover, it was important to skip the typical stereotypes about logistics. Therefore, the team was trying not to add too many pictures of trucks and trains.

Even in the frames of the small team, it was hard to find a unique compromise in what is a good design, the result of the work can be seen below:

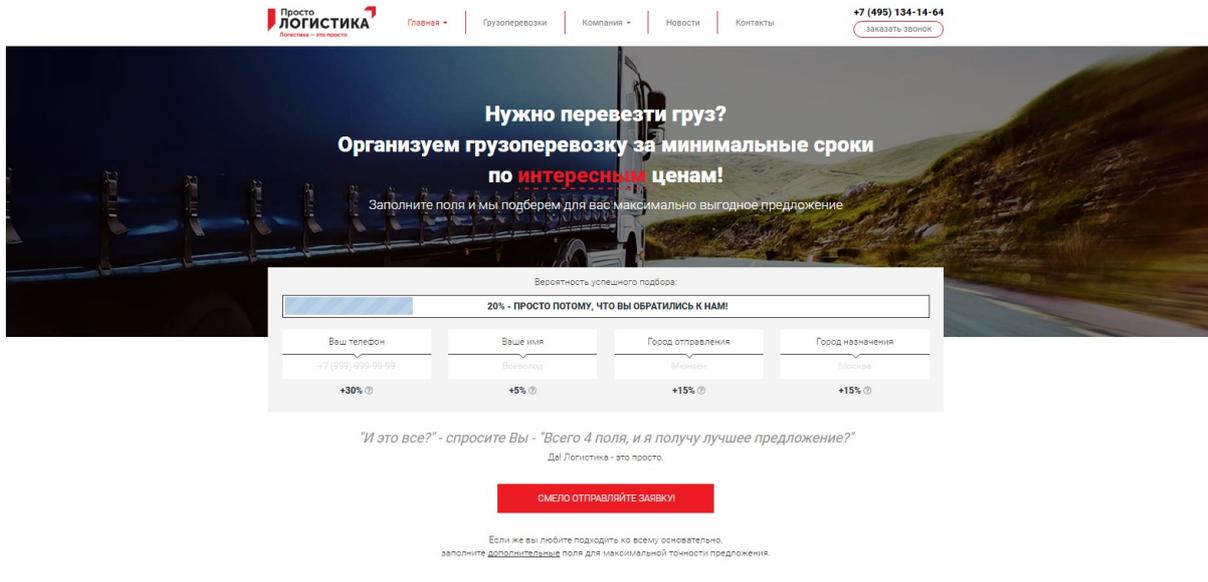


Figure 5.Prosto Logistika main web-site page

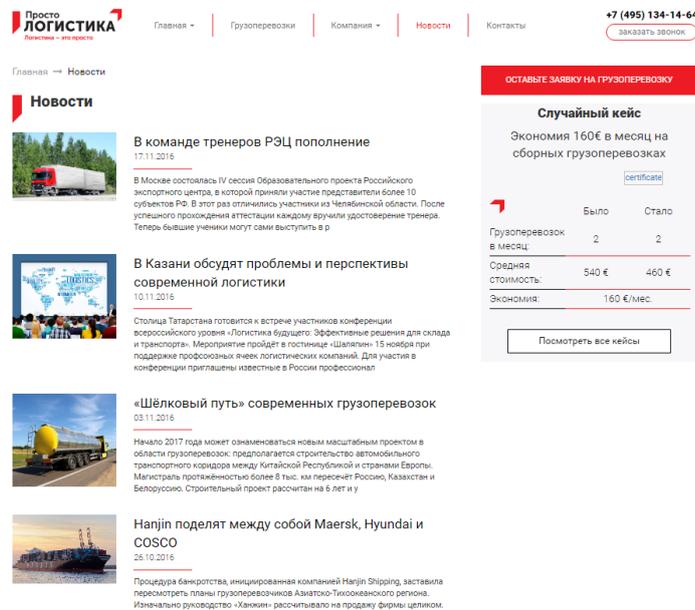


Figure 6.Prosto Logistika news web-site page

Figure 7. Prosto Logistika contacts web-site page

10 Startup budget figures

As the research is going to an end and all of the techniques are chosen and implemented, it is time to calculate an overall budget of the enterprise in order to get the most reasonable KPI for this research. It is time to check if the results were right and the budget did not exceed the predicted one.

For the better navigation, all of the figures were combined to one table below:

Table 10. Company's budget calculations

Startup Budget for the first 1/2 year					
Outcome			Income		
Monthly costs		% of Total	Av monthly amount of new customers	6	
Salary of the owner-manager, EUR	0	0%	Amount of customers acquired in a 6 month period	42	
All other salaries and wages, EUR	900	6%	Av monthly income from 1 customer, EUR	115,5	
Rent, EUR	250	2%	Month to month, new customers		Total
Marketing expenses, EUR	218	1%	Month 1	0	0
Phone, EUR	50	0%	Month 2	2	2
Legal and other professional fees, EUR	100	0,69%	Month 3	14	16
Subtotal for 1 month	1518	10%	Month 4	11	27
Period subtotal	9108	62%	Month 5	8	38
One-Time costs			Month 6	7	42
Office equipment, EUR	500	3%	Total income in a 6 month period		14437,5
Licences and permits, EUR	625	4%	Total incomes, EUR		14437,5
Website establishment, EUR	3600	25%	Total outcomes, EUR		14583
Soft purchase, EUR	450	3%	Incomes-outcomes, EUR		-145,5
Logo design, EUR	300	2%			
Subtotal	5475	38%			
Total startup costs in a 6 month period	14583				
Monthly marketing expenses			KPI for Cold Calling price calculations		
Cold calling, EUR	178		Av number of monthly calls		2300
Website development, EUR	40		Av number of leads monthly		136
Subtotal	218		Monthly cold calling expenses		178
			Av price for 1 lead, EUR		1,308824
			Expected price for 1 lead, EUR		1
			Difference		0,308824

As it can be seen, the real marketing costs have exceeded calculated once by almost 30%, however, the calculation was quite precise as the real cost difference did not have any real value for the budget deficit.

11 Summary

Before the start of this research, Prosto Logistika team has had almost no idea of the marketing strategy it will follow. As this question was extra crucial, it was decided to make a deep research to choose the marketing path to follow. Summing up the results of the research, the right path that was detected allowed the company not only to reduce an amount of initial investments but also to find a necessary amount of orders to get to no loss level.

For me personally, thesis work have brought a unique vision of the marketing process in the logistics company with all of its specific features, which can be a big advantage for the professional level of a logistics engineer.

Considering an overall enterprise wellbeing, Prosto Logistika team has decided to continue company`s development as the figures showed the great growth in a first 6 month. Even if the budget has shown the minus dynamics, it is important to understand that almost all of the companies have a long way to the breakthrough point. The fact that Prosto Logistika has made this way just in 6 month shows that the team was doing a great job and the excellent marketing research was performed. This is the greatest KPI that gave the whole team a force to move forward!

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