Where Does Privacy Stop and Publicity Begin in the Logistics Industry?

A comprehensive look at the complex privacy problems encountered by 3PL providers in the modern logistics industry

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Introduction

Third-party logistics (3PL) providers are brought in to handle the intimate details of their customers' supply chains. The 2013 17th Annual Third-Party Logistics Study reported that 65 percent of its survey respondents use 3PL providers rather than insource their shipping needs. This represents a significant increase from prior years, which the study attributed to more companies recognizing the cost-savings that 3PLs offer[1].

This boost has made the market more competitive, leaving 3PLs searching for ways to stand apart from their competition. Content marketing and social media are tactics that can establish online brand visibility and trust, but both present serious privacy concerns for 3PL providers.

Background: Content is King

The Content Marketing Institute defines content marketing as, "a technique of creating and distributing relevant and valuable content to attract, acquire and engage a clearly defined and understood target audience – with the objective of driving profitable customer action[2]."

3PLs can cement their brands in the market by creating and maintaining their presence through content marketing. This supportive content, such as white papers and case studies, are valuable to potential customers because they relay informative and example-driven stories. However, many 3PL providers don't know how to celebrate the work they do for their customers while maintaining the confidentiality necessary to securely transport commodities across the world.

Background: Customer Expectations

This dilemma has only been perpetuated by the advent of the social media age. In the past decade, social media has grown exponentially. In 2013, Facebook reported more than 1.19 billion users eager to seamlessly share their most personal stories online[3]. Twitter's 230 million users stand at attention, eager to spread breaking news or trending topics in their communities at the rate of more than 500 million tweets a day[4].

For logistics experts, the most lucrative platform is LinkedIn, a professional networking site that unites professionals around the world based on their mutual connections and industries. LinkedIn reported more than 259 million users in 2013, a steep increase from prior years[5].

Logistics trade publications are catching on to the social media trend, as well. Many offer articles that encourage 3PLs to create and maintain a company social media presence, citing other industries that have found the platforms to be lucrative[6].

The Privacy Problem

Today's social media world has led consumers to expect companies that are straightforward and explicit. This expectation is only perpetuated by the logistics industry's rapid growth, as companies seek out marketing strategies to help set them apart from the competition.

As online use increases, so does the concern about what information is shared in social media forums. In Sept. 2013, a Pew Research study found that 86 percent of online users are concerned about their privacy and have taken steps to protect their information[7]. This concern is prompted by the unprecedented scope and reach of the Internet, which makes it almost impossible to conceal private information once it's shared in an online forum.

This privacy concern is more prevalent for 3PL providers who face the reality of staunchly preserving their customers' privacy in a society seeking more transparency. Privacy breaches in this area can result in physical or intellectual theft that compromises their customers' livelihoods and reputations.

One such commodity theft occurred in March 2010, when thieves cut through the roof of a major pharmaceutical company's warehouse in Connecticut and made off with almost $70 million of the company's medications. According to the New York Times, the theft was one part of an escalating pattern of robberies of prescription drugs from warehouses and trucks around the country[8].

This theft represents a very real concern in the 3PL industry regarding the risks of compromised information and transparent supply chain practices.

The Privacy Solution

There are several steps 3PL companies can take in order to mitigate risk, protect their customers' privacy and publicize their work:

Use anonymous examples
If you have a customer success story to share, opt not to identify the customer in the story and simply focus on the work completed and challenges overcome. Keeping a customer anonymous when necessary in a case study, white paper and other content collateral allows a 3PL to achieve the level of depth and description this content

requires without compromising the customer's privacy or the provider's intellectual property.

Embrace the NDA
A comprehensive non-disclosure agreement formally protects both the 3PL provider and its customer and is the first step in a profitable and comfortable long-term relationship. The best NDAs clearly outline privacy requirements for both sides and set expectations on how information inquiries can be handled in the future.

Work with the PR people
Instead of relying solely on your day-to-day sales or distribution customer reps, include the marketing or communication departments in any information request. Employees in these departments are trained to understand the impact of publicity and address any external privacy concerns.

Update your policies
Technology changes at a groundbreaking rate, which means your company policies could become quickly outdated. Outdated internal policies leave room for employee interpretation, such as what websites may be visited on company time or what kinds of technology are appropriate in the warehouse. Update your internal policies every six months to account for new social media networks and trends, such as tablets or wearable technology.

Update your content
Revising your internal privacy and security policies is the first step of what should become a routine check of your 3PL's online content. Old case studies or customer spotlights should remain consistent with your current internal privacy policies. For example, if a customer requests to no longer be named in your marketing content make sure to remove them from any archived case studies or collateral material.

Stay updated
Freight Watch International has an online intelligence center that publishes alerts and reports regarding issues related to supply chain risk. Identifying and staying updated via resources like Freight Watch help 3PL providers stay ahead of the industry's most pressing security concerns.

Conclusion

The growth of the 3PL industry, coupled with the rise of social media, has many providers wondering how to distinguish themselves in the market while maintaining their customers' privacy requirements. There is no solution that fits every situation. Instead of

adopting generalized policies, MD Logistics believes in coupling constant vigilance with continued deference to our customers' privacy needs.

Resources

1. 2013 Third-Party Logistics Study (http://manufacturing.sco-summit.com/2014/cn/data/reports/file/1.pdf)

2. "What is Content Marketing?" from The Content Marketing Institute (http://contentmarketinginstitute.com/what-is-content-marketing/)

3. "What is Facebook" from Facebook Official Newsroom (http://newsroom.fb.com/Key-Facts)

4. "About Twitter, Inc." from Twitter (https://about.twitter.com/company)

5. "About LinkedIn" from LinkedIn (http://press.linkedin.com/about/)

6. "Has the 3PL Industry Been Left in the Internet Dust?" from 3PL Companies, a Division of Insight Media (http://www.3plcompanies.net/3pl/has-the-3pl-industry-been-left-in-the-internet-dust/)

7. "Anonymity, Privacy and Security Online" from Pew Internet Research (http://pewinternet.org/Reports/2013/Anonymity-online.aspx)

8. "2 Brothers Accused in Huge Theft of Prescription Drugs" from The New York Times (http://www.nytimes.com/2012/05/04/nyregion/2-brothers-arrested-in-10-theft-of-80-million-in-prescription-drugs.html?_r=2&)