

***PHENIX ENTERPRISES:  
WHAT IS THE BEST DIGITAL MARKETING STRATEGY TO  
TURN REGULATORY CHANGE INTO COMPETITIVE  
ADVANTAGE IN THE SMALL VAN INDUSTRY?***

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For over 40 years, Rick Albertini and his father manufactured truck bodies at Phenix Enterprises in Pomona, California. A new regulation in the market brought about a significant potential source of competitive advantage. The company manufactured a van solution that satisfied regulatory compliance; the potential increase in demand would create an opportunity for Phenix to lead the market or at least gain a significant share. It motivated Rick Albertini and his management team to enter uncharted territory, growing into online channels. Albertini was confident that the new regulatory change would generate demand for a van solution that met compliance needs. Rick was already in the process of making product improvements and modifications, even before the regulatory change was introduced, because of increasing demand for temperature-controlled small vans. All were in favor of his vision; however, the company seriously lacked an online presence and experience. Furthermore, the company's competitive differentiation strategy needed to be formulated and communicated effectively to consumers.

The team was excited to tackle the challenges stated above. Initial research on the target audience and competition was sufficient to get started with setting communication goals and generating ideas for electronic media.

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## Historical Background

Since 1978, Phenix Truck Bodies and Van Equipment (<https://phenixent.com/>) had been manufacturing specialty custom work trucks for Southern California Municipalities, Utilities, Fire Departments, and the U.S. Government. *“Our history has been to sell to fleets,”* said Rick Albertini, who with his brother Paul operated the company that their father had started 35 years ago. The company had a manufacturing facility, where they could design and build any type of work truck, and customize the interior to answer the needs of a business owner. For example, if a contractor needed special drawers to hold equipment, or a fire truck needed the hose to be operated mechanically, Phenix could address these needs. *“Some of these fleets operate a variety of trucks. They need the service bodies that we build for them, or they need vans equipped with interior packages. We provide installation of the equipment as service,”* Rick noted.

Long-term customers of Phenix included Southern California Edison, Southern California Gas Company, Los Angeles County Fire Department, USDA-Forest Service, and Los Angeles County Department of Public Works.

Phenix successfully operated in the van manufacturing industry and became the leader in the Southern California area. The company’s family approach to employees, its democratic managerial style, and its professionalism with stakeholders ensured prosperity and a safe position in the market. Nonetheless, Rick Albertini and his management team were contemplating a change. *“Our niche was fixed, and we were not able to grow,”* Albertini explained. *“We knew we needed to expand. Even our largest customer said we should diversify.”*

In 2013, Phenix made a giant leap: new products, larger quarters, and a more comprehensive range of customers. The company even adopted a new name — Phenix Truck Bodies & Van Equipment — to reflect what it was all about. *“The concept was to diversify products and*

*services to allow Phenix to provide solutions to any fleet, regardless of size and industry,”* said Todd Davis, vice-president. *“Phenix can now provide products and solutions for all market segments.”*

Phenix also started a separate equipment and accessories division to distinguish its new activities from traditional manufacturing operations. In addition to producing bodies, Phenix started customizing Knapheide bodies to meet standard specifications popular in the company's trade area. (Knapheide was a manufacturer of work truck bodies and truck beds operating in North America.) To meet the demands of the new approach, Albertini added new personnel. The company hired truck equipment specialists, parts and services personnel, people with warehouse experience, and new sales members. They also added 50,000 square feet to their existing facility, doubling the area.

Phenix Enterprises reached out to a local university to collaborate with its research center to conduct initial market research. The center provided the company with analyses of (1) potential growth for last-minute delivery services in the greater Los Angeles area, (2) the target audience's media consumption, and (3) the competition media audits (see Appendix).

### **Changing Trends and Potential Demand**

The changes made Phenix ready for the next step - migrating to the online world and expanding for new customer acquisition. The tipping point came when a new regulation became effective in the food industry.

The Food Safety Modernization Act (FSMA) was signed into law by President Barack Obama on January 4, 2011 ([FDA Food Safety Modernization Act](#)). The act required food delivery vehicles to monitor and report their temperatures before, during, and at the moment of delivery to avoid food-borne illnesses in the cold chain, along with several other food safety measures that ensured the hygiene of the vehicles.

The act gave the Food and Drug Administration FDA the authority to regulate the way foods were grown, harvested, and processed. More importantly, a specific section of the act added in 2017 detailed the mandatory rules on sanitary transportation of human food and animal food.

According to these rules:

- The design and maintenance of vehicles and transportation equipment needed to ensure that they did not cause the food transported to become unsafe.
- Before loading, a food temperature check of the refrigerated cold storage compartment needed to be recorded, and precooling needed to be done if necessary.
- The shipper and carrier could agree to a temperature monitoring mechanism for foods that require temperature control safety.
- The carriers needed to demonstrate that they maintained the requested temperature conditions during transport upon request.

For the supply chain and logistics industries, the regulatory change meant that existing fleets required an upgrade to meet the new standards for hygiene and temperature maintenance inside the cargo. Fleets also needed to install technology for continuous monitoring of the temperature. Depending on the cost and the age of the existing fleets, fleet managers might have preferred to replace vehicles completely with the newer, operation-ready ones. For small businesses, such as fish markets or restaurants, who would need to transport fresh food or frozen food to short distances, getting an FSMA-compliant minivan would completely solve their problem. The target B2B population for Phenix were these small businesses.

These changes in regulation provided Phenix Enterprises with a unique opportunity and a competitive advantage because its refrigerated van solution was one of the readily FSMA-compliant options for food delivery customers who were looking for fast compliance. Another option for customers was to redesign the body of their existing trucks by inserting insulations and monitoring devices, which Phenix Enterprises also provided.

## Turning Regulatory Change into an Advantage

Rick Albertini wanted to take advantage of the regulatory change and pioneer the temperature-controlled small vans market. The company was confident of its manufacturing abilities and skilled sales team. Phenix had almost half a century of business experience and excellent customer relationships. However, the company maintained a traditional attitude towards advertising, relying on word-of-mouth and personal relationships with customers and other stakeholders. The company had an awe-inspiring reputation for excellence. It had testimonials from big-name clientele such as Southern California Gas and Southern California Edison. Phenix needed new marketing channels to reach out to potential customers, such as social media, forums, online trade magazines, and the website. Time was pressing to find the fastest and the most sustainable means to reach out to existing customers and new target audiences before competitors did so.

The company faced challenges starting the new journey. The digital channel was new for the entire organization. The lack of technical expertise in the area was a problem. Rick Albertini was ready to invest in a new team - but beforehand he wanted to have a solid strategy. Another important challenge was not knowing the online audience's behavior and needs. The company was well versed with the sensitive topics for customers in person, but online information-seeking could be different for the target customers. Research was needed. Finally, FSMA compliance enforcement would take time. The government was not punishing non-compliers just yet, acting slowly and leaving room for changes. Non-punishment might affect demand in various ways, and indirectly the communication styles needed. For example, if enforcement was strong, then urgency messages would make sense, but government not taking serious action would suggest persuasive communication.

The employees and the administration both had a positive attitude towards the digital transformation. Todd Davis said that the company was ready to handle the increased demand by operations, and the company already had sufficient inventory for the ready-made Phenix

Solution. If a customer needed customization or upgrades, the company was able to supply that too.

### The Product and Pricing Strategy

Rick Albertini wanted to increase product awareness for the product solution in response to this new market situation, namely the Phenix Solution.

#### **Exhibit 1. The Phenix Solution Van**

Source: <https://phenixent.com/manufacturers/gruau/>



Phenix Solution was a van that offered a pre-installed insulation panel that fit the interior, a refrigeration unit, and a temperature control kit. These features enabled temperature maintenance and monitoring, as required by the new regulation. Iso-temp insulation could be implemented on several makes or models of vans. The Phenix Solution was designed in partnership with Gruau USA. Gruau was a French manufacturer of utility vans. Phenix also offered other brands (*e.g.*, Ford Transit, Mercedes-Benz Sprinter, Nissan NV 200, Chevrolet City, Ram Promaster, or Mercedes-Benz Metris) with temperature logging devices installed to make them FSMA compliant and operation ready.

The Phenix Solution (Gruau+temp kit) was arguably the highest quality, the most reliable, and longest-lasting solution in the market with excellent post-sale customer care opportunities.

However, it was probably the most expensive as well. The product ranged somewhere between 22-25K U.S. Dollars. The solution kept temperatures longer and used less energy due to its strong insulation. This was a crucial selling point as the Southern California routes got undesirably hot during transportation in late spring and summer.

Since Phenix had been in the business for a long time and had great relationships with suppliers, it had an advantage of relatively low costs. However, since it was one of the only operation-ready options in the market, Phenix could select premium pricing. Rick Albertini and Todd Davis needed to decide on how to position the product.

### Industry Analysis

The refrigerated transport market was valued at USD 15.5 billion in 2019 and had increased from USD 13.9 billion in 2017. The market was projected to reach USD 21 billion by 2025 globally, growing at a Compound Annual Growth Rate (CAGR) of 5.8% from 2019 to 2025 during the forecast period (Refrigerated Truck Market, 2019).

Similarly, in the Local Specialized Freight Trucking industry expected revenue increases at an annualized rate of 1.1% to \$47.5 billion over the five years to 2021, including the growth of 5.5% in 2021 (Local Specialized Freight Trucking in the US). Growth was based on frozen food, and the fish and seafood segment accounted for the largest share in the refrigerated transport market. In addition, with the increasing preference for on-the-go food products, demand for chilled and frozen food was projected to increase.

In the United States, commercial truck classification was determined based on the vehicle's gross vehicle weight rating (GVWR). The classes ranged from 1 to 8 (Alternative Fuels Data Center: Maps and Data - Vehicle Weight Classes & Categories, n.d.). The Phenix Solution was classified as a light truck in Classes 1 and 2. Commercial truck chassis sales for 2017 increased for the light truck category Class 1-2.

**Exhibit 2. U.S. Commercial Truck Chassis Sales for 2017**

Source: Latin-Kasper (2019)

Date	2015	2016	2017
Jul-17	2,255,000	2,093,000	2,111,000
Dec-17	2,270,600	2,318,200	2,357,600
Dec-17/July-17	0.70%	10.80%	11.70%

Similarly, the North American Commercial Truck Association forecasted increasing sales in the same class.

**Exhibit 3. North American Commercial Truck Retail Sales Forecast by Class**

Source: NTEA



Major players in the refrigerated truck market included [Bush Refrigerated Trucks](#), <https://www.ttruck.com/ReeferTek USA>, [Thermobile](#), [CoolFox USA](#), and [FleetCo.](#) These companies were competing for manufacturing trucks and potentially manufacturing FSMA compliant solutions.

**Exhibit 4. List of the Direct Competitors of Phenix in California**

Source: Authors' Notes

- [Royal Truck Body, CA](#)
- [Harbour Truck Body and Van Interiors, CA](#)
- [Scelzi Truck Bodies, CA](#)
- [Refrigerated Thermobile, CA](#)



Phenix had been a major player in the California area for truck body and van manufacturing. There were three companies in the same state that were direct rivals if customers wanted to have their temperature controlled small work vans built from scratch: Royal Truck Body, with branches in Los Angeles and Sacramento, Harbour Truck Body and Van Interiors, which worked through dealers, and Scelzi Truck Bodies, located in Fresno. Thermobile was located in NY, and primarily focused on Class 3-8 (large) refrigerated trucks, as well as small vans. However, service and after-sales care could be problematic if the FSMA compliant seeker's business was located in California. All these companies were able to manufacture a temperature-controlled van interior or upgrade a van to fit a temperature-controlled unit into a van. The level of awareness of the potential demand by competitors was unknown. The online channels of these companies showed no indication of such information, which arguably meant that Phenix had a head start. Todd Davis noted that Phenix did not have good data on competitors' brand recognition or customer loyalty. Davis explained that the companies mostly relied on dealerships to build customer awareness and loyalty.

### Exhibit 5. Sample Social Media Posts by the Competition

Source: Facebook.com



royaltruckbody · Follow

royaltruckbody The Royal Service Van body's RSV super structure offers several height configurations from cab high to a full walk-in version. It is equipped with a conduit access door on the rear and standard Internal Master Lock. This premium line of bodies offers maximum storage and security. Learn more at our website, link in bio!

37w

16 likes  
JUNE 4, 2021

Thermobile added 3 new photos — at Thermobile.  
September 14, 2017 · 🌐

Dry Storage - Refrigerated Storage - Best of both worlds.  
Thermoking V-200-20 with Standby option. #thermoking #catering #edibles #flowers #Nissan

2  
1 Share

## The Target Population

The refrigerated truck manufacturing industry had two major buyers: freight operators and wholesalers. The freight trucking industry was split between trucking companies and independent owner-operators. Trucking companies that purchased new vehicles accounted for a significant share of the sales of new vehicles in this industry. On the other side, independent owner-operators preferred lower-cost used trucks rather than new models to cut their costs.

**Exhibit 6. Buyers for Refrigerated Trucks**

*Source: Authors' Notes*

<b>Refrigerated Truck Manufacturing</b>	<b>1<sup>st</sup> Tier Buyers</b>		<b>2<sup>nd</sup> Tier Buyers</b>	Grocery Wholesaling
				Fresh Food Delivery
		Refrigeration Trucking in the US		Dairy Wholesalers In the US
		Local Freight Trucking in the US		Frozen Cake and Pastry Manufacturers
		Truck Dealers		Fish and Seafood Markets in the US
		Independent owner-operators		Ice-Cream and Gelato Store Franchises in the US

Phenix Truck Bodies sought two targets: Fleet sales for large scale business customers and directly addressing independent operators. Potential customers in the first tier included but were not limited to local freight trucking companies, refrigeration trucking companies, truck dealers, and independent owner-operators. The second-tier audience was last-mile temperature-controlled delivery companies. These companies included deli and meat/fish distributors, fresh and frozen wholesalers, dairy wholesalers, ice-cream, and frozen cake manufacturers.

According to the United States Department of Labor (2019), the median age of people working in food manufacturing (fruit and vegetable, dairy products, seafood, and animal food) was 42.1 years, ranging from 25-64 years old. Buyers in the target market were typically married, had children, and had stable jobs. Van business owners tended to be males; they already had a van

or were planning to purchase a van soon. Foreign van owners were more likely to repurchase a foreign van. The target population tended to be loyal consumers who were willing to try new brands to benefit the business in the long run. Also, they were more likely to buy a product if it benefited society or the environment, but less likely to do so if there was no sense of urgency or absolute necessity.

The university research center came up with two target personas that fitted the B2B profiles and researched the media consumption behaviors of these personas (see Appendix A).

### The Digital Transformation

Phenix had a company website and an inactive Facebook account as of 2018 for its online presence. The company had long utilized traditional media and customer word-of-mouth to build its reputation and promote the business. Luckily, the truck manufacturing industry was not famous for IT integration for promotions. Therefore, Rick Albertini was a pioneer in the market by stepping into the digital world. The company needed to establish a proper online presence, run awareness campaigns for FSMA compliance, and slowly nudge customers towards Phenix's solutions.

#### *Revisions to the Website*

To achieve an online presence, the company first needed to revisit its outdated website. The site acted as a business card for many years with no monitoring or maintenance. The action calls and information design needed to be revised. Future digital campaigns were required to have headquarters. The social media campaigns, search engine advertising, and affiliated marketing efforts all needed to be directed to the relevant pages on the website.

The first update of the website covered visual redesigning of the entire website, a new site map (see Exhibit 12), and elimination of products and services that were no longer available. The website had many pages with only the logo or a single image with no explanation. The design

team wrote product information, product-category alignment, and created a video carousel for the home page to welcome users to a virtual visit to the Phenix facilities in Pomona. Earlier versions can be viewed [here](#).

The design team mostly revised all the static parts of the website. To increase organic search engine ranks, the dynamic parts needed to be included. Rick Albertini needed to decide what further revisions were needed so that the company website would drive leads generated by the regulatory change to the company page or product pages.

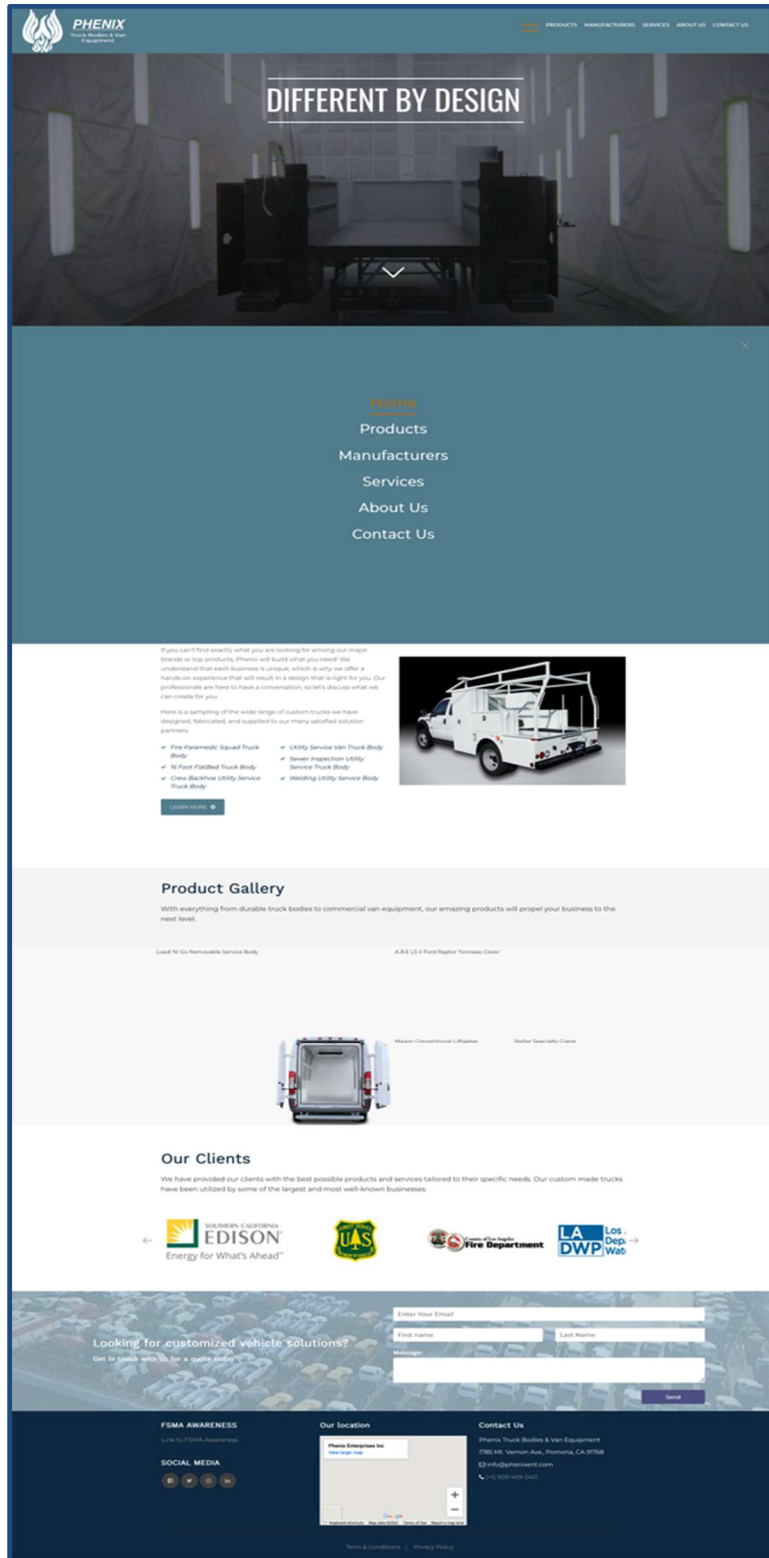
### Exhibit 7. Earlier Version of the Phenix Company Website (2017)

Source: Phenix



Exhibit 8. Updated version of the Phenix Company Website Home Page

Source: Phenix



### ***Selecting the Right Social Media Platforms***

Rick Albertini was aware that not having any presence on social media was slowing Phenix's potential growth. However, there were risks associated with moving too fast without appropriate preparation. The company had had previous bad experiences with Google business reviews and did not want to take risks of negative reputation. Towards that goal, Albertini hired new talents to his sales team, formed an IT department, and outsourced a creative team to produce multimedia content. Having met several times during 2019 to discuss the marketing goals under the guidance of Todd Davis, the company was ready to implement the strategy and launch the FSMA Awareness Campaign by 2020.

### ***Creation of the Digital Strategy***

The company was very good at direct sales. The sales team had a 90% success sale rate with customers who visited the facilities to inquire about products. Therefore, the call to action of the digital campaigns would be to drive traffic to visit their facilities. The content for lead generation and the relevant advertising opportunities needed to be researched and explored. Albertini stated that the company was ready and willing to invest in the digital strategy.

## **Conclusion**

Phenix potentially had a unique competitive advantage, and it had now devised a goal for communication. Nonetheless, important questions remained to be answered. (1) Which social media platforms were to be chosen? (2) What revisions needed to be done on the website to communicate the strengths of the company? And (3) what digital strategy should Rick Albertini follow to obtain leads generated by the regulatory change?



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