

Report On

Negotiation as a Catalyst for Merchant Onboarding and Retention: Driving Sustainable Business Growth at REDX Logistics

Submitted By-
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An internship report submitted to the BRAC Business School in partial fulfillment of the requirements for the degree of Bachelor of Business Administration

BRAC Business School
Brac University
May, 2025

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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

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Letter of Transmittal

Afsana Akhtar
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Subject: Submission of Internship Report

Dear Madam,

It is an absolute pleasure for me to present my internship report written on- **“Negotiation as a Catalyst for Merchant Onboarding and Retention: Driving Sustainable Business Growth at REDX Logistics”** which I was appointed to under your guidance.

I have tried my best to prepare the report with all the necessary information and analysis related to the topic and have tried to present it in a concise manner.

I sincerely hope the report will meet your expectations.

Sincerely,

Maliha Maimuna
20104081
BRAC Business School
BRAC University
May 22, 2025

Non-Disclosure Agreement

This agreement is made and entered into by and between RedX Logistics Limited and the undersigned student Maliha Maimuna at Brac University.

Maliha Maimuna

20104081

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Raisa Fareen Chowdhury

Senior Program Manager, Tech

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Executive Summary

The main purpose of this report is to outline my internship experience at RedX Logistics Limited, where I have emphasized on negotiation strategy's impact on merchant onboarding and retention. The following report explains the importance of negotiation in merchant onboarding and retention procedure and how it drives the sustainable business growth of the company in the long run.

RedX Logistics have a dedicated sales team who works on onboarding and retaining them. Negotiation is not used merely as a tactic but it is used as a strategy for driving the attention of the new merchants and retaining them. The report focused on explaining how the company uses negotiation approach for the onboarding process and then how this strategic approach also influences the long term retention of merchants.

RedX Logistics uses a flexible negotiation approach for onboarding merchants. The company have some decisive factors but the negotiators have the flexibility to offer customized service to the merchant. The customized negotiation approach strengthens the relationship with merchants and it also helps in recusing churn rates. The collected data from interviews show that, the merchants who was offered customized service based on the negotiation during the onboarding procedure had a much higher retention rate than others.

Negotiation is a influencing factor in merchant onboarding and retention procedure. The RedX logistics flexible trading approach gives the company an edge in the industry. But, structured negotiation approach is a better tool that can help to track the negotiation points and it will provide a clarity of the negotiation.

Keywords- Negotiation, Onboarding, Retention, Sustainable Business Growth, Churn Rate, Customization, Sales Team, Merchant, Key Account Manager, SME, Cash-On-Delivery, Service Level Agreement.

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List of Acronyms

POC	Person Of Contact
SME	Small and Medium-sized Enterprises
KAM	Key Account Manager
FTL	Full TruckLoad
LTL	Less-than TruckLoad
3PL	3rd Party Logistics
COD	Cash-On-Delivery
SLA	Service Level Agreement
SOP	Standard Operating Time

Chapter 1 : Overview of Internship

1.1 Student information

Name - Maliha Maimuna

ID- 20104081

Program- Bachelor of Business Administration

Major/Concentration- Marketing

1.2 Internship Information

1.2.1 : Period, Company Name, Department/Division, Address

According to the requirements of the BBA course outline, a student needs to work at an organization to get real life work experience. So, I joined RedX logistics limited as an intern and served from 27th July 2024 to 31st October 2024.

RedX is a tech-based logistics company covering 64 districts nationwide and offers parcel delivery services for SMEs and corporate companies. I worked at the headquarters which is located on the 4th floor, SKS Tower, Mohakhali, Dhaka.

I joined the business growth department as a sales intern at RedX Logistics Limited. As the name suggests, the team works to ensure sustainable business growth.

1.2.2 Internship Company Supervisor's Information: Name and Position

During my internship period at RedX logistics, I was under the supervision of Raisa Fareen Chowdhury. She is the senior program manager of the ShopUp Tech department and is also overseeing the RedX Business Growth team.

1.2.3 Job Scope – Job Description/Duties/Responsibilities

I was an intern under the Business Growth team. The team basically consists of key account managers who are divided into two parts- hunters and farmers. Onboarding, nurturing and retaining merchants are the primary responsibilities of the key account managers. Hunters are responsible for onboarding merchants by generating leads through field visits and market research. Whereas, farmers are responsible for nurturing and retaining merchants.

The team's main goal is to ensure sustainable growth of the business. So, the main responsibility of the key account managers is to secure the full or maximum parcel volumes from the merchants. As I have had the opportunity to work with the core team, at first I was

assigned to conduct the welcoming call to the new onboarded merchants and help them with registration on the merchant panel. Then, verification calls were another job responsibility which is basically calling the customers to verify if they actually returned or canceled the parcel order. Then, conducting market research to identify potential leads and then working on converting the leads into active merchants was another job responsibility.

I have also had the opportunity to have an in-depth insight of the logistics industry. I was given the task to research on the competitors to identify the strengths and weaknesses. Also, as a part of the core team, I was assigned a 200 list of merchants with a daily parcel target of 300. So, I worked on meeting the parcel target daily by communicating with the merchants and assisting them with parcel related issues so that they can have a seamless experience with their courier partner.

1.3 Internship Outcomes

1.3.1 My contribution to the company

As a sales intern of the Business Growth team, at first I was assigned with customer verification calls. Initially, I used to make 300 calls to different customers throughout the day to verify if they actually ordered the parcel and wanted to take it or not. As per the customer verification, I used to input the data accordingly which eventually helped the operations team to identify the fake return and actual return parcels. Additionally, if any of the customers mentioned any issues that they faced during the delivery process then I used to escalate those issues to the issue resolution team.

As I mentioned earlier, RedX's logistics business growth team consists of key account managers. The key account managers are responsible for merchant onboarding, negotiating with the merchants and also with the operations and other teams as needed, supporting the merchants by handling their accounts, escalating any kind of delivery related issues to proper team and providing feedback to the merchants accordingly, maintaining a good relationship with the merchant which eventually helps in retaining them.

After a few days of joining, I was assigned with 200 merchants to handle their accounts. These merchants are titled as organic merchants as they themselves have chosen RedX logistics as their courier partner. The communication medium with the merchants was through Whatsapp. So, I connected with all these 200 merchants through whatsapp and those who were not active on whatsapp, called them for further communication. My main job responsibility here was to check all the issues that the merchants have escalated to me and then forward those issues to the respective departments and then provide feedback to the merchants at the end of the day. For example, if a merchant needed urgent delivery then at first I had to raise the issue in the RedX admin/cex issue panel then I used to share the parcel tracking ID to the hub manager as well to ensure that the parcel is assigned to a rider for delivery.

Then, I was given a sales target which was a daily parcel target of 300. I was assigned with 200 merchants but when I communicated with those merchants and checked previous data then the active merchant count came down to 120-130. These merchants used to give RedX logistics their parcel orders for delivery. So, I used to check the daily parcel numbers to track which merchants gave maximum parcels and which merchants stopped sharing their parcels. By checking the data, I used to communicate with both types of merchants especially with those who did not share the parcels to see if they faced any issues and worked on those issues to ensure that they are getting a good courier partner experience.

After that, I worked on merchant onboarding as well. RedX logistics customer experience department maintains a data entry document which includes the list of SME owners who are interested to work with RedX as a delivery partner. So, my responsibility was to check the file every morning and call those potential customers and negotiate with the terms and conditions of the company, delivery timing, parcel volumes and delivery charge and pickup

timing as well and then helping with account registration when they are successfully onboarded.

1.3.2: My gains from the Internship

I have learnt a lot of things from my internship experience at RedX logistics. The internship gave me real life exposure to the corporate world. Before joining RedX logistics, I did not have any real life work experience at any company. So, this internship gave me a real insight of the corporate world and especially as I got to work in the marketing department, I gained an understanding of the line of work that is relevant to my field of study.

During my internship period, I was assigned with merchants with whom I needed to maintain good communication. I have learnt how to stay calm under pressure, how to respond to different situations. I learnt that there may be a common problem but each merchant may not be convinced with the same answer. So, I maintained a bonding which eventually helped me to identify which answer can satisfy the merchant. Then, I mastered the art of negotiation. Talking to different people and identifying the requirements and then trying to onboard them accordingly while maintaining the company rules.

In my office, I have learnt about corporate culture. Working with cross-functional teams and maintaining a good interpersonal relationship with everyone at the office. I have learned about communication styles at the office both formal and informal communication. Then, I got to experience the workplace hierarchy and how to approach senior management and how decisions are made in teams. Again, I learnt the importance of teamwork, how teams work together and celebrate their team achievement together.

1.3.3: Problems/difficulties (faced during the internship period)

During the internship period, I was assigned with several merchant accounts. I was the key person of contact (POC) between RedX logistics and merchants. So, the first difficulty that I faced was merchants texted or called at any time of the day. As the maximum merchants that I dealt with were job holders, they used to contact me with the delivery or parcel issues after they were back at home. Then, as the courier service both parcel pickup and delivery are open almost everyday except for government holidays so, the merchants used to contact even on weekends and holidays as well.

There was a difficulty initially in communicating with hot-tempered merchants as they used slang and were very difficult to deal with. Moreover, adapting with the approach to communicate with different riders, hub managers and other delivery and pickup related persons was a bit challenging. Then comes the language and geographic area knowledge barrier. The language difficulty was that as I had to communicate with different persons connected to parcel delivery and pickup from different areas and districts as well, when they used to speak in their local language it was very challenging for me to understand their local terms and language. Then, initially I did not know much about which area falls under which district and if RedX have their operations in that particular area.

1.3.4. Recommendations (to the company on future internships)

As an intern I had the privilege to get hands- on-experience during my internship period at RedX logistics. I got the exposure to work in a corporate environment and in a department that helped me to connect my theoretical knowledge to practical experience. But, there are some recommendations to the RedX logistics that they can incorporate on the future internships-

- Emphasizing on developing soft skills. Organizing brief workshops or learning sessions for interns on different topics like MS excel, Power BI, data analytics, etc. These will eventually help the interns in the long term.
- Encouraging feedback from interns can help the company as the interns come with fresh and creative perspectives.
- The interns should be given the flexibility of work and time to complete their internship report. If the company retains any of the interns after performance evaluation then they should be given the opportunity and time to get done with their internship process.

Chapter 2: Organization Part

2.1 Introduction

The chapter provides an overview of RedX Logistics company. It explains the company's background, mission, vision, services, management practices to operational practices. This will help analyze and understand the company's delivery service approach. It will also provide an insight into how RedX logistics became the market leader and how it positioned itself in the dynamic logistics market.

2.2 Overview of the Company

RedX Logistics is a sister concern to Bangladeshi startup company ShopUp. It is one of the leading tech-based last-mile logistics service provider company of Bangladesh, ensuring smooth movement of goods across the country. The company took an aggressive expansion strategy to expand its logistics network covering all 64 districts of the country. At present, RedX serves across 64 districts and 490+ sub-districts of Bangladesh. REDX serves around 20,000 small merchants every month, a significant portion of whom are women entrepreneurs.

- **Mission:**

From small businesses to large enterprises, we go above & beyond to ensure our clients' businesses excel and expand all over the country.

- **Vision:**

Ensure smooth movement of goods and essentials throughout the country.

- **Tagline:**

The tagline has changed over time. The updated and current tagline of RedX logistics is - “LOKKHE POUCHABEI”. It emphasizes on reaching the destination.

2.3 Management Practices

2.3.1 Leadership practice

RedX logistics follows a democratic and participative leadership style. As a relatively new company with young co-founders and a top management team that is significantly younger than the industry average, the organization fosters open discussions. Decision-making at the highest level is collaborative, ensuring a participative approach that integrates diverse perspectives.

2.3.2 Recruitment and Talent acquisition

The recruitment policy at RedX, covers all aspects of the hiring process, including job postings, interviews, candidate assessments, reference checks, and onboarding. The policy applies to all departments and levels within the organization which ensures fairness and transparency.

Some key objectives of the recruitment policy are-

- **Transparent and Consistent Hiring Process**

- Equal Opportunity Employment
- Diversity and Inclusion
- Merit and Skill-Based Selection

Talent Acquisition Sources:

- External and internal hires
- Employee referrals
- Partnerships with educational institutions

2.3.2 Compensation System

RedX logistics compensation structure is designed to attract, retain, and motivate qualified professionals while maintaining internal equity and market competitiveness.

Compensation Principles include-

1. Providing competitive salaries to attract and retain talent
2. Ensure fairness and internal consistency
3. Recognize individual performance and contributions
4. Establish a transparent and structured compensation system
5. Align compensation with company financial performance and market dynamics

There are key factors in determining salary. It includes employee performance, salary positioning within the position, department and business unit, company's financial status, internal salary analysis and market trends.

2.3.3 Performance Appraisal System

RedX logistics employs a structured performance appraisal system to ensure fair salary adjustments and performance recognition. Salary increments are determined based on the company's financial performance, individual performance evaluations and salary positioning within the pay band. But, there are some key metrics which includes -

- Salary adjustments are applied to gross pay
- Employees must be active on payroll at the time of increment disbursement
- Adjustments take effect based on the salary as of December 31 of the previous year

2.3.4 Training and Development

After a drastic change in the company's management system, training and development initiatives took a new turn. There is no specific training and development plan for new hires. There is an onboarding process for the new employee. The employee needs to learn everything from his/her supervisor and they mostly learn by observing their respective teams.

2.4 Marketing Practices

ShopUp targets small business owners, suppliers, and retailers, with specialized approaches for its business units where RedX logistics, one of the core business units of ShopUp focuses on corporate and SME merchants.

2.4.1. Marketing Strategy

RedX logistics covers 64 districts and over 490 sub-districts nationwide. The courier service gained popularity in its early days during the pandemic. Even though it is a service provider company still the 4Ps of marketing mix strategy is mainly used as a marketing strategy.

- **Product/Service-** At present, the main product/ service is 3PL or Third-Party Logistics. The company used to have FTL (Full-Truckload) and LTL (Less-than-Truckload) services as well. But, the services are not available now. RedX logistics 3PL service includes - parcel pickup and delivery, customized offerings to merchants, parcel return, nationwide coverage, fastest solutions, next day payment, best COD rates and secure handling.
- **Price-** The company offers a competitive price to its customers. The default pricing can vary from merchant to merchant based on parcel volume and service agreement. The pricing chart is as follows-

Location	Up to 1 kg	Up to 2 kg	Up to 3 kg	COD charge
Inside Dhaka	60 taka	75 taka	90 taka	0%
Dhaka Suburb	90 taka	105 taka	120 taka	1%
Outside Dhaka	130 taka	160 taka	190 taka	1%

Table - 1 - Pricing Chart

- **Place-** To ensure the nationwide coverage and smooth run in operation, the company has its service centers commonly known as hub in all the districts. Almost every district has at least one RedX hub, but some places like Dhaka, Chittagong, Sylhet, Khulna have a hub in nearly every city.
- **Promotion-** For the marketing promotion, RedX logistics mainly uses social media marketing to be specific the facebook page of RedX logistics. Also, apart from

facebook marketing, it also runs marketing campaign in its mobile app and website. The company also arranges feedback and discussion session with potential merchants which also is a part of marketing and promotion of the service. Word of mouth and referral promoting of the brand is also given emphasis and it works effectively.

2.4.2 Target customer and Positioning Strategy

The target customers of the company includes corporate to small-scale SME merchants who needs courier partner. Daraz, Aroggo, Aarong, Bata, Falaq Food, Sundora beauty, ShajGoj, Rokomari, Sailor, RAW nation, Shorodindu, Pickaboo.com, Toofan courier, Lotto, Rangs Group, Ribana-are some of RedX logistics valuable customers.

- **Positioning Strategy:**
 - Competitive pricing
 - High product quality
 - Strong supply chain network
 - Convenience for business partners

2.4.3. Marketing Channels

ShopUp is a B2B company and hence it employs different marketing channels for each business unit. For the RedX business unit, the marketing channel is social media and lead generation, while the sales team builds brand value through direct engagement.

2.4.4 Product Development & Competitive Practices

RedX logistics ensures regular app updates, including real-time parcel tracking and OTP verification from both the merchant and customer, direct API integration and guideline in the website dashboard, parcel pickup and delivery updates in the merchant dashboard, improve merchant experience. Additionally, multiple product deliveries allow customers to choose their desired product upon receipt.

2.4.5. Critical Marketing Gaps

There is a gap in marketing as the company does not have a dedicated marketing team to regularly update the website or facebook, LinkedIn page properly. Also, the contents are not catchy. As the company was not doing well for a long time, the management team decided not to work on marketing or promotional activities until the service is back on track again. The facebook page lacks boosting and proper contents. Also, there are numerous facebook groups on courier services. There are very less amount of reviews on RedX logistics which creates a negative impact on merchants and customers.

2.5 Financial Performance and Accounting Practices

2.5.1.Finance Performance

Over the past 3–5 years, the organization has shown a stable financial trajectory supported by robust reporting and reconciliation processes. The finance team regularly conducts:

- Weekly and Monthly MIS preparation to track performance.
- Financial model preparation to support forecasting and strategic planning.
- Cash flow statements and reconciliation, including both direct and indirect method reconciliations.
- Working capital movement analysis to ensure efficient asset-liability management.

There are some key financial indicators that demonstrate consistent focus on-

- Liquidity is maintained through close monitoring of cash flows and bank reconciliations.
- Profitability & efficiency is evaluated through Business Unit-wise financial statements and budget variance analysis.
- The market value is done through financial forecasting and modeling help estimate future valuation metrics.

To gain a proper insight into the companies financial performance, the RedX finance team uses horizontal and vertical analyses, trend comparisons and market-value added framework where applicable.

2.5.2 Accounting Practices

The organization follows core accounting principles with compliance-driven practices. It operates on the accrual accounting method for accurate matching of revenues and expenses. The company follows a structured accounting cycle, from transaction recording to final reporting. The finance and accounts team regularly updates the Fixed Asset Register and applies the depreciation methods accordingly. The team ensures full financial statement preparation with notes and disclosures, aligning with regulatory and audit standards. Additionally, the team manages intercompany and bank reconciliations, and supports due diligence and audits as needed.

2.6 Operations Management and Information System Practices

One of the core team of RedX logistics is the operations team. The team includes first mile and last mile lead, associates, hub managers and others. They work to ensure the smooth first mile pickup and last mile delivery. They also ensure proper pickup of parcels, communicating with merchants regarding pickup timing, on time pickup and delivery, storing the parcels in the respective areas hub and delicately handle all the parcels.

The organization has integrated a range of information systems to support operational and financial efficiency. There is a dedicated data team and also product team who works information system practices. For storing, collecting, daily update and analyzing data and informations, there are some metabase queries made for each business units. The requirements must come from the business unit and the product team works as a middlemen to put forth the requirements to the data team and they will make the metabase query (MBQ)

as per the requirement. RedX logistics use some metabase queries daily to see the total parcel number, merchant and KAM wise daily parcel number, churn list and so on. These systems significantly enhance the quality management and assurance by ensuring data accuracy, scheduling of reporting cycles and audits, resource allocation across all business units and overall operational execution and transparency.

2.7 Industry and Competitive Analysis

Porter's Five Forces Analysis provides an insight into competitive analysis of the industry.

1. **Threat of new entrants:** It is moderately high. As RedX is currently not in a strong position in the market, so any new entrants might be targeted by the competitors.
2. **Bargaining power of suppliers:** The bargaining power is moderate as it is balanced by diversified sourcing.
3. **Bargaining power of customers:** The bargaining power of the customers is very high because of competitive pricing and flexible negotiation power.
- **Threat of substitutes:** The threat of substitute is moderate as the company is improving their service continuously and customized offering service is very effective.
- **Industry rivalry:** It is high due to market saturation and growing innovation.

SWOT Analysis:

Analyzing RedX Logistics company's overall competitiveness through SWOT analysis-

1. Strengths:

- The company provides nationwide parcel pickup and delivery coverage and it provides doorstep delivery even in the border areas as well.
- The inside Dhaka city delivery charge is lower than other competitors and it excludes the COD charge.
- Customized service offerings to merchants.

2. Weaknesses:

- There are operational challenges in the remote areas and it dissatisfies merchants.
- Insufficient delivery and pickup riders.
- Limited pickup and delivery vehicles.

3. Opportunities:

- Automation of intercompany reconciliations and real-time dashboards.
- Partnering with local courier service providers.

4. Threats:

- Environmental challenges is a big threat as constant rain causes flood and it disrupts the operational flow
- Increasing competition in the industry.

2.8 Conclusion

The company has a good management practice but the teams can be more productive and made efficient through training sessions. It can help to bring out new ideas as well. The

company must give importance to its marketing practice. Even though the company may not be in a good position in the market but it can attract merchants through properly utilizing social media marketing tools. The financial and accounting practices are coping up with the company's cash flow. There are some operational team inefficiency and man power shortage but providing door-step delivery in the rural areas helps to cover the lackings. In short, the company is working to regain its first position in the market.

2.9 Recommendations

- Emphasizing on training and development initiatives for better performance of the employees.
- Creating dashboards for real-time financial and operational monitoring.
- Monitoring the facebook courier groups and taking feedbacks and criticism for improving service.

Chapter 3: Project Part

3.1 Introduction

In today's highly competitive logistics industry, companies need not only operational efficiency but also sustainable relationships with the stakeholders to ensure a long term growth of the company. Merchants are the key stakeholders of a logistics company. Onboarding new merchants and retaining them is very crucial as it drives the operational and financial success of RedX logistics limited and also other logistics companies as well. Negotiation works as a strategy for sustainable business development. Negotiation acts as an effective strategy or catalyst for RedX logistics to onboard and retain merchants and it eventually helps to differentiate the company in the saturated logistics market.

Negotiation is an effective tool. RedX logistics uses negotiation as a strategic tool to achieve a competitive edge in the market. In the highly competitive and rapidly changing logistic market, continuously onboarding new merchants and retaining them is very important. RedX logistics emphasizes on effective negotiation as it helps in building trust, transparency between two parties, clarity in expectations, understanding the unique needs of the merchants and offering them customized solutions. So, the negotiation approach eventually helps RedX logistics in merchant acquisition and minimizes churn rates as it transforms merchants loyal to the company.

After onboarding a new merchant, the main challenge is to deliver the benefits and expectations that were set during the onboarding process. Retention of a merchant mainly depends on the merchant's satisfaction level. RedX logistics emphasizes not only acquiring new merchants, but also retaining them. Regular communication with the merchant, taking feedback, handling any kind of pickup and delivery related issues helps in earning trust of the

merchants and also maintaining merchant satisfaction. Satisfied merchants turn into loyal partners which helps RedX logistics to achieve sustainable growth of the business.

3.1.1 Literature Review

The e-commerce industry has changed drastically in the last 5-6 years. Sundarban, SA Paribahan, Continental and some other traditional courier services provide poor customer service. During the COVID-19 pandemic, the home delivery system took a new turn. The demand for delivery services increased drastically as people were buying everything online. According to the chief executive officer of e-Courier limited, people bought everything online and the number drastically increased as rural people also became familiar with online shopping during the pandemic. (Jui, 2021). According to the Courier Services Association of Bangladesh, many companies entered into the courier market as the new normal created a demand for delivery service providers and hence the number increased from 130 in 2019 to 500 in 2022. (Ahmed, 2022). The e-commerce association leader stated that e-commerce companies saw a growth of 80 percent during the 2020-2021 lockdown period. (Jui, 2021).

During the lockdown RedX logistics entered the market with the objective to provide nationwide delivery coverage. RedX logistics is a key player in the new generation logistics space as it aims to transfer the logistics service through technology and innovation. (Ali,2021). So, the company entered the market with the aim to offer tech-first logistics solutions. RedX Logistics covers 64 districts and 490+ sub-districts across Bangladesh and offers end-to-end parcel delivery services for both business and personal needs. (RedX)

The Bangladesh logistics market is saturated. Negotiation is used as a strategic tool to gain a competitive edge in this dynamic and saturated market which eventually leads a company to a sustainable business growth. For the logistics company, merchants are the key stakeholders.

Negotiation plays an important role for onboarding and retaining merchants. . Through effective negotiation skills, organizations can reduce costs and develop long term collaborations with its respective stakeholders. (Jayarathna, 2023).

For any logistics business to be successful, the company needs to have enough merchants or clients. Because without enough merchants or clients, a company can not run its operations in the long run. Merchants want to work with a courier partner that meets their requirements. The

courier companies target those businesses both SMEs and large that need courier partners. Then they try to negotiate and onboard those merchants who can give them a large quantity of parcels. The merchant onboarding process is very crucial and a good negotiation can help to close the deal. The process might take a very short time or it might take days to convince a merchant. Basically it varies from business to business and also merchant to merchant. The onboarding process is very important as it controls the risk, quality and reliability of the business and also influences upcoming collaborations (McAdoo, 2024).

For sustainable business growth, retaining merchants is very important. Maintaining a good relationship with clients with negotiating skills helps retain them. Proactive and personalized communication helps in building trust and addressing their concerns which eventually benefits both sides. So companies are constantly working to retain customers. Retaining customers helps in ensuring a steady flow of revenue and also saves the cost of onboarding new customers (Sunol, 2024). Satisfied customers become loyal customers in the long run and helps in organic business growth by recommending the service to others.

3.1.2 Objectives

- 1.** To evaluate the negotiation strategies that can be used to attract a wide range of merchants and help in long term retention of merchants.
- 2.** To assess the influence of effective negotiation which impacts on the merchants decision about working with RedX logistics.
- 3.** To identify the key decisive factors that influence merchant onboarding at RedX logistics company.
- 4.** To explore the merchant retention strategy of RedX logistics that contributes to sustainable growth of the company.

3.1.3. Significance

The issue is very significant as it directly impacts the company's operational success, increases revenues and also helps in strengthening the company's position in the industry. Negotiation works as a crucial factor as through negotiation cost can be optimized in different operational levels. At RedX logistics company, negotiation plays a crucial role while onboarding merchants as it helps in bringing in profits. Hence, this study aims to address the issue, provide valuable insights on the topic aligned with RedX logistics company.

3.2. Methodology

The report uses a qualitative research approach to analyze the influence of negotiation on merchant onboarding and retention which drives the sustainable growth of business at RedX logistics. The report also focuses on merchants' perception and feedback on the service of the courier company. The study uses primary and secondary research methods.

In the primary research approach, the report incorporated data from a structured in-depth interview of the growth manager of the sales team of RedX logistics. The interview aims to find out the in-depth experience of the growth manager who directly interacts with merchants and works on onboarding, retaining and maintaining good relationships with them. Also, merchants' feedback and sales team raw data are also included in the report for providing transparency of both the company and merchant side.

The data is collected for the secondary research approach from different sources like journal articles, newspapers, previous internship reports on RedX logistics, RedX logistics website and official files.

The ethical regulations are properly followed which includes maintaining anonymity of the merchants detailed information, getting consent from the growth manager regarding interview.

3.3 Findings and Analysis

To find the influence of negotiation on merchant onboarding and retention and the approach of RedX logistics, the study was conducted among the merchants and the sales team of RedX logistics. The growth manager of the sales team of RedX logistics have been interviewed regarding the negotiation approach of RedX logistics while onboarding and retaining its merchants.

3.3.1 Findings

Negotiation plays a crucial part as a strategy in any company. Logistics is a very dynamic industry. As the e-commerce platforms are rising rapidly, the courier services are also expanding their operations. RedX logistics company entered the logistics market during the pandemic and offered nationwide home delivery coverage. The company quickly drew attention to a huge merchant base and through negotiation, merchants started to work with the company. RedX logistics not only uses the negotiation approach for only merchant acquisition but also for retaining those merchants.

3.3.1.1 The negotiation approach for onboarding and retaining merchants

RedX logistics is one of the key players in Bangladesh logistics industry. There is no hard and fast rule for negotiation while onboarding merchants at RedX logistics. Understanding the market, targeted merchants and the requirements are some of the basic criteria that the sales team follows. The negotiation approach differs from merchant to merchant at RedX logistics. There are corporate merchants who share more than 2000 parcels per day and there are SME (small and medium enterprises) owners who share 2-5 parcels per day. So, there are categories of merchants that the sales team deals with everyday. During the interview, the growth manager of the sales team stated that -

“It is very important for a negotiator to understand the requirements of the merchants and offer the best deals accordingly”.

The requirements vary from merchant to merchant and so the negotiator also needs to understand what to offer or negotiate with the targeted merchant that can help to close the deal successfully. For the big clients and corporate merchants of RedX logistics like Pickaboo, Sundora, Falaq food, Wafilife, Rokomari, e-ourier, etc - these merchants demand lower rates and on time pickup and delivery service. The RedX logistics negotiation approach to such merchants basically comes down to the parcel volume of the targeted merchants. But, the approach varies while dealing with small merchants. There are almost more than 700 merchants in the RedX logistics database who share less than 10 parcels a day. There are some dedicated key account managers from the sales team who handle these merchants' accounts. One of the key account manager stated that-

“I do not spend much time negotiating with the merchants who give 4-5 parcels. We do not offer less pricing for these merchants and most of these merchants have only one requirement which is on time delivery”.

The negotiation strategy also differs in merchant retention at RedX logistics. For the small business owners, they need a dedicated point of contact (POC) from the courier service they are working with to get direct updates on their parcel related issues. As stated by the interviewee-

“ Big merchants care more about the service than pricing in the long run. While the small merchants want lower prices as their parcel volume increases and a dedicated contact person from the sales team who can handle their parcel related issues and this helps in retaining them”.

According to a former key account executive of Pathao -

“Pathao does not assign any key account manager to those merchants who share less than 300 parcels in a month. The merchants who share more than 300 parcels in a month become eligible for requesting a key account executive to handle their account”.

3.3.1.2 Negotiations impact on the merchants' decision

Effective negotiation is a crucial factor that influences not only the courier service providers decision and negotiation power but also the targeted merchants decision. A good negotiator with his/her excellent communication and negotiating power influences the merchants key decision factors about working with the logistics company. A well known brand always wants to work with a courier company that offers and meets their requirements. The logistics industry is highly competitive and the pricing rates are almost similar to maximum competitors. For example, Shorodindu is a renowned clothing, fashion and lifestyle brand in Bangladesh. They used to work with Pathao, a direct competitor of RedX logistics from their beginning. One of the key managers of the RedX courier chased the brand to have them onboard with RedX courier. During the negotiation process, they demanded to waive their cash-on-delivery (COD) charges from the offered pricing rate and committed to start with 50 parcels per day initially. As stated by the growth manager of the RedX sales team-

“During the negotiation, they demanded to waive their COD amount, where our competitor Pathao could not provide them on their regular parcel volume. We also offered to give them a discount on the delivery charge if they provide 100+ parcels per day as they committed and ensured that they will share their full parcel volume with us”.

It was very hard to get them onboard but then through negotiation and offering the deals that their current courier partner denied to offer influenced their decision to work with RedX.

There are segments of merchants in a courier company. Even though small merchants share less parcels per day, they bring in a good amount of revenue as they are giving the full delivery rates. But, they are very hard to retain as they give importance to delivering the parcel on time to their customers without any issue. If these merchants face any kind of issues then they quickly switch to another courier. For example, one of the merchants of RedX courier who gives 25 to 30 parcels per day faced constant delayed delivery issues with their parcels. Due to delayed delivery, most of their parcels got returned from their customers. They faced this issue constantly and decreased their parcel volume from 30 to 2 parcels a day. But, through proper communication with the merchant regarding their issue, did not let the merchant slip away and to get their full parcel volume again, the key account manager negotiated with them. As stated from the key account manager-

“They used to share good parcel volume but suddenly the parcel volume dropped because of this delayed delivery issue and also wanted to switch to another courier. I worked on their parcels issue and negotiated with them that if we solve the issue then they will give us their full parcel volume again. The issue was resolved and the negotiation impacted on their decision and they started increasing their parcel volumes”.

The same merchant stated that-

“I want my parcels to be delivered on time and I will work with that courier which helps to solve parcel related issues or else I will switch to another courier”.

3.3.1.3 Factors that influence merchant onboarding

There are many key decisive factors like clear communication, transparency and clarity regarding the service, meeting requirements, affordable pricing and clarity in SLA (Service Level Agreement) directly or indirectly influence the merchant onboarding process. At RedX Logistics, merchant onboarding is a strategic process shaped by the type of lead the sales team engages with. These leads are categorized into three primary groups, each requiring a tailored approach based on their behavior, business maturity, and existing relationships with logistics providers. Organic leads, referral leads and direct acquisition or regular hunt are the three categories that the sales team works on.

Organic leads are merchants who have registered on the RedX platform at some point either recently or long ago have not consistently used the services. Then the referral leads come from the existing satisfied merchants who recommend the service to fellow entrepreneurs. These leads are often high quality due to the trust transferred from the referring merchant. As stated by the growth manager-

“The referral network not only increases onboarding success but also strengthens long-term merchant relationships”.

Lastly, proactive acquisition or "Regular Hunt" is the most dynamic and challenging onboarding method of RedX logistics. It involves identifying and approaching merchants who have not yet interacted with the courier service.

For the highly potential merchants, the decisive factor is that RedX logistics can offer customized delivery pricing and services flexibility only if the merchant shares a good parcel volume. But, pricing negotiation is a challenge as the company needs to earn a steady revenue from those parcels. So, in some cases merchants agree to give full parcel volume after a trial period of 1month and meanwhile secures a discounted pricing rate but suddenly stops working and communicating with the courier.

Another decisive factor while approaching to a merchant for onboarding is type of their parcel and its size. For example, there are certain types of parcels especially fragile and liquid products. Small and new business owners who sell oil, serum, glass products which are very delicate to handle have certain boundaries. There is a specific packaging guideline for liquid and fragile items which the merchants need to follow as RedX logistics do not take any liability if those products are damaged for poor packaging.

Also, parcel size is another important decisive factor. RedX logistics used to take large parcels during its initial days as the company was booming at that time. But, the company is facing some setbacks as it is losing merchants over time. So, the company is taking parcels that are not more than 5kg. But, if there is any potential merchant who wants to share a good volume of large size parcels and also willing to pay some extra delivery price for those parcels only then that merchant is onboarded.

RedX logistics have a timing which is included in SLA (Service Level Agreement). But, merchants have different delivery timing requirements. For example, Shajgoj is a renowned brand and during the negotiation process, they demanded for an additional same day delivery service. Shajgoj committed to give a good volume of parcels for same day delivery and for regular delivery. But RedX does not offer the same day parcel delivery service to all of its merchants. It only makes an exception if there is a demand for the service from potential merchants. During the interview, the growth manager of the sales team stated that-

“Delivery timing is very important during the negotiation for onboarding merchants. If any merchant demands same day delivery in the suburb area then we have to let go of the deal as we have a fixed SLA for the parcel delivery in the suburb area”.

So, parcel delivery timing requirement is another decisive factor while onboarding merchants.

3.3.1.4 Retention strategies for sustainable growth

RedX logistics emphasizes merchant retention as it drives sustainable growth. Delivering consistent services, tailored offerings, maintaining strict SLA (Service Level Agreement) helps in merchant retention. RedX logistics assigns key account managers to potential merchants. The dedicated key account manager handles the day to day parcel related issues of their merchants. As merchants are given a key contact person to handle their account, this gives a sense of trust and reliability to the merchants. As mentioned earlier, RedX logistics assigns key account managers to every merchant whereas other courier services do not offer this service to the merchants who share less than 300 parcels in a month.

Then, for the potential merchants, the parcel delivery updates like how many parcels are delivered, returned and the percentage of successful delivery within SLA timing are shared everyday with the merchant. It helps maintain service transparency with the merchant. RedX logistics responds faster than competitors in terms of service failures like parcel damage, returned due to delayed delivery and lost parcels. One of RedX logistics merchant stated that-

“ I used to work with another courier. But, I have faced delayed delivery and damaged parcel issues. It has been 3 months but still I did not get my return parcels and the compensation for the damaged parcels. But, after switching to RedX courier, I am getting my return parcels quickly and for the lost and damaged parcels, they give compensation within 7 to 15 days”.

Not only the key account managers respond to the parcel issues but there is a dedicated team to cross-check the issues and works on to solve those issues within their SOP (Standard Operating Porcedure) time.

3.3.2 Analysis

The key findings were the negotiation approach for merchant onboarding and retention, key decisive factors that influence merchants' decision, factors that influence merchant onboarding and the retention strategies of RedX logistics for a sustainable business growth. Some of the merchants' perspectives are also incorporated to analyze the findings.

In the dynamic logistics industry, RedX logistics' flexible trading approach works as a strategic tool. RedX logistics do not have any clear-cut rules for merchant onboarding and retention processes so it gives the negotiator a flexibility to deal with different merchants. This helps in tailoring the offering according to merchants' parcel volume and requirements. The corporate and big clients demand lower delivery price rates and the small scale merchants mostly need on time parcel delivery and a key contact person.

RedX emphasizes on understanding the requirements of the merchants as it helps to offer them customized features that are beneficial for both ends. But, the direct competitors of RedX courier do not compromise on pricing rate easily. Identifying the needs of the merchant helps in effective negotiation and it also gives a leverage to the negotiator to prepare accordingly. But, as mentioned earlier in the findings, that negotiation approach varies from merchant to merchant. The small scale merchants are somewhat overlooked. So, it creates an inconsistency which leads to mistrust and confusion among merchants resulting in merchant churn in the long run.

Effective negotiation directly influences merchants' decisions about working and staying with RedX logistics. Merchants mostly choose to work with a courier partner that offers good price, on time delivery and maintains the SLA (Service Level Agreement). Shorodindu brand changed their courier partner from Pathao to RedX because of a successful negotiation. Also, the small scale SME merchant who wanted to switch from RedX courier due to delayed delivery issues was also retained through issue solving, proper communication and renegotiation.

There are some major key factors that influence the merchant onboarding process. Clear

communication and transparency regarding the service helps to deliver the merchant a sense of trust and clarity. Delivery timing, pricing and other services like compensation, return parcel, packaging of fragile and liquid items - these are all discussed during the onboarding negotiation. Also, parcel delivery timing is a crucial decisive factor for the courier service provider and the merchant. Shajgoj working with RedX courier grabs the attention of other renowned brands which helps to onboard other potential large scale merchants. Parcel type and size are very important factor as those are very tricky to handle and there are some company policies regarding fragile and liquid type of parcels which the merchants need to acknowledge during the onboarding process.

Negotiation not only works as a tool for successful merchant onboarding but also for retaining merchants. As RedX deals with merchants from large scale, corporate merchants to small scale SME (Small & Medium Enterprises) merchants, the company has an efficient sales team known as key account managers (KAM) to handle the merchants accounts. RedX assigns key account managers to all the merchants to handle their day to day parcel related issues. This differentiates RedX from its competitors as they do not offer the key account manager service to all their merchants. So, the merchants working with RedX, especially the small scale merchants, get a dedicated contact person who works on solving their parcel related issues and give them a seamless experience. This not only strengthens the bonding but also gives the merchants a sense of trust, reliability and credibility which makes them loyal to the courier service and drives towards a sustainable growth in the business. It is also mentioned in different studies that account management helps in driving the rate of customer retention.

In addition, faster issue resolution, providing compensations for lost or damaged products, handling merchants accounts efficiently drives merchant satisfaction. Satisfied merchants eventually bring in more customers and sometimes overlook operational disputes.

However, RedX logistics still face some challenges while onboarding merchants. Pathao offers same day delivery to all of its merchants' but RedX only offers this service based on parcel volume and delivery pricing rate of the merchant. Here, RedX loses a good amount of parcel volumes but right now the company does not have enough delivery riders to work on the same day delivery process. Also, merchants often exploit the trial period after getting a good delivery rate. These merchants then switch to another courier.

In a nutshell, RedX Logistics uses negotiation as a strategic approach in merchant onboarding and retention. There are some key decisive factors but those factors can be altered through effective negotiation. RedX uses negotiation strategy mostly during merchant onboarding and retention and also for cost-optimization. Hence, negotiation is a influencing factor in onboarding and retaining merchants.

3.4 Conclusion

In a nutshell, RedX Logistics company do not use negotiation merely as a sales tool but it is a strategic tool which ensures the sustainability of the business in the long run. The company's flexible negotiation approach gives it a competitive edge in the logistics industry. The customized negotiation process to meet the requirements for both corporate and small scale SMEs helps in onboarding and retaining merchants. Fast response to critical issues, regular engagement and followup through key account managers, proper issue resolution, maintaining transparency in service level - these proved to be very effective in keeping long term relationship with merchants. However, limitation to service like same day delivery, bulk parcel delivery, etc and inconsistency in handling small scale SME merchants needs improvement as these two areas can bring in a good number of potential merchants. To maintain the sustainable growth, the company needs to strengthen the service infrastructure, maintain a framework for onboarding and retaining merchants and maintain the harmony between the teams who are directly or indirectly connected to the merchants and parcel pickup and delivery process. It will help to onboard churn merchants, reduce churn rate and increase merchant satisfaction level which will eventually help in the business sustainability.

3.5 Recommendations

RedX logistics was the market leader during its initial days. But, the company started losing its position due to some changes in its management practice. The followings are some recommendations that can help to regain the position of RedX logistics in the market-

- 1. Developing a standardized negotiation framework-** The company follows a flexible negotiation approach. But developing a standardized negotiation approach can help reduce service inconsistency across merchant segments. The framework should include pricing ranges as per parcel volumes, customized service offering criteria, etc.
- 2. Introducing a top-down merchant loyalty offerings-** Based on parcel delivery success ratio, satisfaction level, parcel volume and consistency, introducing a structured merchant loyalty incentive offerings such as discounts, coupon, free delivery, enabling same day delivery option, API integration. It can help in boosting merchant satisfaction level, retention rate and also merchants will be encouraged to increase their parcel volume.
- 3. Use data analytics for merchant profiling-** To assess merchant potential and churn merchant list, using historical data points and analyzing those can help in differentiating potential and churn merchant lists. It can also help the sales team to use

these analyze points to prepare for negotiation to get back the churn merchants.

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