

Appendix A:

DHL Keeps Your Promises

David Jobber, *Principles and Practice of Marketing*, third edition (2001), pages 381–384

Founded in California in 1969 by Adrian Dalsey, Larry Hillblom and Robert Lynn, DHL was the first international express-delivery business. Currently DHL delivers time-sensitive packages and business documents across five continents. The worldwide express industry has shown the fastest growth ever during the 1990s. In 1982, the total worldwide express market was worth only \$0.5 billion, By the end of the decade, it had grown to \$4.5 billion with a growing rate of 4.5 per cent per annum. The industry has expanded from an air express market in an emergency document service to become an integrated logistic partner where distribution is seen as a major business tool and a key contributor to competitive advantage. Therefore, companies like DHL have to form an integral part of their customers' distribution strategy. In order to take up this challenge, DHL has recently formulated a new marketing strategy.

Marketing objectives

DHL aims to set the industry standards through exemplary levels of customer care with tailor-made programmes and services designed around customers' business needs. DHL's objective is to remain the market leader and to be recognized as the industry bench-mark for excellence in consistent customer responsiveness, the latest pick-ups and equipment, the earliest possible deliveries, the fastest transit times and the best access to shipment information. In order to achieve these objectives, DHL is working on a new marketing strategy based on market segmentation and target-market segments, focusing on building even stronger relations with current users as well as creating bonds with new ones. In this attempt, DHL concentrates on penetration and awareness. That is, DHL wants to penetrate the market in order to increase its market share and make users aware of its services and strengths, as compared to competitors, when buying distribution services.

Market segmentation and target markets

DHL is moving into market segmentation in order to be better able to divide the market into distinct groups of buyers with different needs and characteristics of behaviour, such as reasons for buying and the scale of purchases. These groups require separate products, services and marketing mixes. DHL distinguishes three market segments:

- standard customers (occasional users)
- knowledgeable customers (informed users)
- super-user customers (heavy users, day-to-day basis).

These market segments are further evaluated, looking at the value and growth of different industries. High-value industries according to DHL are:

- bank and finance sector
- pharmaceutical industry
- high-tech and computer industry
- telecommunication industry.

DHL focuses on continuously developing new products and services to create profit margins for its customers, such as timed delivery and Sunday delivery. Some industries, such as the textile industry, require certain types of packaging, aircraft space and containers. In addition, this requires further investment for DHL and also further growth in some local markets. For instance, a delivery for the textile industry from Italy to the USA requires, in addition, a delivery from the USA to Europe in order to bring the aircraft and containers back again. To bring return on the investment, DHL has to become stronger in the States before entering this subsegment and investing in essential equipment.

Positioning

Because of DHL's intention to follow a more focused market segmentation approach, it would like to be perceived by customers as a friendly, approachable and helpful company that has a strong functional performance and is proactive in the sense that if the customer has a problem, DHL delivers creative solutions. However, according to the results of a recent market research in five European countries (UK, Italy, The Netherlands, France and Germany) during the period October 1998 – February 1999, people currently associate other characteristics with DHL, as shown in case Table C19.1.

Table C19.1: Image of DHL and its competitors

DHL	UPS	FedEx	TNT
<ul style="list-style-type: none"> • Young • Dynamic • Trendy • Arrogant 	<ul style="list-style-type: none"> • Military machine • Big • Efficient 	<ul style="list-style-type: none"> • High quality • Not much local 	<ul style="list-style-type: none"> • Rough cowboys • Capable

DHL, as well as its main competitors, has mainly been using a service differentiation by stressing speedy and reliable delivery. Keeping in mind the position that it is going for, it will try to position itself further on product and services differentiation to create the strong functional performance association. This type of differentiation is reflected in the variety of products offered by the company. However, to achieve a perception of being friendly, approachable, helpful, and proactive it will stress a personnel differentiation. It already acknowledges that 'our success is ultimately due to our people. Their attitude, commitment and obsession with excellence are regularly acknowledged among the best of the best'.

Marketing mix

DHL is a typical example of the 'think global, act local' philosophy. Although it operates globally, marketing mixes are designed locally. A general description of the main instruments of the marketing mix look as follows. It offers express logistic solutions and international services for documents, small packages and heavier shipment. Shipment modes consist of air, road and Internet. In view of DHL's 'Global Service Commitment' which stands for the anticipation and following of customers' growth, it will respond by developing logistic solutions to help the customer whenever the latter's business is becoming more global. To this end, a range of new products and services were developed, such as export assistance, insurance services, flexible billing, help desks for key account customers and weekend collections and deliveries.

DHL's price is comparable to its main competitors, but it is higher than small local firms, situating itself in the medium- to high-price segment. Because of local conditions (labour and system costs, for example) price differs between countries. This implies that the price of a shipment from Madrid to Stockholm will not be the same as a shipment from Stockholm to Madrid. Through the Web, electronic data interchange, PC applications and touch-tone phones the customer is connected directly to DHL and can receive instant service, information and track the status of deliveries.

Marketing communication

The objective of DHL's communication is to create customer value. Customer value is not only the benefit of fast and reliable service gained by using the company, but it is also about making the customer feel more important by using DHL. Target groups consist of a wide range of users and decision makers going from secretaries to shipment and export managers. Examples of messages that have been used by DHL are 'We Keep Your Promises', 'Trust is never a matter of luck', 'The strongest partnership work hand in hand', 'Nothing moves without them', and 'I don't work with amateurs'. Key aspects that are stressed are speed, reliability, trust and passion. Reliability is also stressed in competitors' messages. FedEx, for example, has used the baseline 'The World on Time', UPS has conveyed the message 'Consider it done', while TNT has come up with 'We take it personally'. In the future, DHL wants to stress more the elements of speed, fun and humour in its ads. In this vein, a campaign has already been launched in Belgium using jungle animals such as tigers together with the well known baseline 'We keep your promises'.

The communication mix consists of several tools. Advertising has been extensively used in several media. For example, ads in local newspapers, distribution and logistics magazines, and in the national press were used to create awareness. Furthermore, billboards have been used, as well as ads on buses and in the metro to reach decision makers who use public transport. Radio advertisements had the objective to reach the post-room clerks. Since they usually have the radio on, timing is chosen towards the end of the day when all mail and express deliveries are about to be sent believing that this will influence the decision. Besides advertising, DHL sponsors secretarial shows, world express conferences and sailing tournaments. Public relations are used as well. In Germany, for example, it launched, together with the top German dance aerobics firm, a fitness and back exercise programme for employees and customers, called 'Work well with DHL'. Furthermore, DHL obtained media coverage aiding and supporting crisis areas and countries in need, such as Bosnia. Personal selling also forms part of its communications mix. Local station managers, key account managers and local sales staff are used to create close and familiar long-term relationships with customers and to approach decision makers to build preferences.

Results

How far has previous marketing action brought DHL up to now? It has been doing very well in the past. It employs more than 60,000 employees, operates in 227 countries and has almost 3,000 operating stations around the world (Table C19.2). The latter means a greater worldwide coverage than Coca-Cola and McDonald's.

Table C19.2: Worldwide activities of DHL

Region	No. of countries	No. of stations	No. of employees
Europe/Africa	118	1,470	28,762
Asia/Pacific	40	793	14,134
Middle East	11	96	1,582
The Americas	58	595	16,008
Totals	227	2,954	60,486

Table C19.1: Worldwide market share of express shipments (international shipments)

Company	Market share
DHL	41%
UPS	20%
FedEx	15%
TNT	12%
Others	12%

DHL carries 200 parcels every 60 seconds which makes more than 100 million documents and packages a year and currently is the global market leader in international air express (Table C19.1). However, DHL is mainly operating with shipments up to 250 kg. If heavier weight were to be included, TNT would have the largest share. Also, market share looks different if specific regions are considered. For instance, FedEx followed by UPS are market leaders in the USA. The future will show whether DHL's new marketing strategy can retain its leadership and create the desired image and position in the customer's mind.

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Appendix B:

Mini-case: North West Valley Sailing Club

Mini-case written by Angela Hall, Senior Lecturer, Manchester Metropolitan University Business School

Introduction

The North West Valley Sailing Club is based at a reservoir 25 miles north of Manchester. The reservoir is located in an attractive area of moorland. The Manchester bus passes the reservoir every 15 minutes from Monday to Saturday, and hourly on Sunday. The geographical location of the 90-acre reservoir is 300 metres above sea level and lends itself to fresh, clean winds. It is noted as the north-west high wind centre. It is generally recognised to be the best inland location for dinghy and board sailing in northeast Lancashire, if not the whole region. The water itself is very clean, coming straight off the moors, and the bottom of the reservoir has no pollution.

The water is relatively shallow by reservoir/lake standards, and therefore warms up earlier and stays warmer longer than inland counterparts.

In 1998 the club managed to secure lottery funds to build a new clubhouse. This was completed in 2001. The total cost of this development was over £400,000. It provides changing facilities, showers and toilets, a bar/food/lounge area, a separate large function room, an indoor viewing area and an outdoor covered patio viewing area. An on-site business, which is independent of the club, is also attached. This business sells sailing equipment and courses for windsurfing and sailing. Outside the clubhouse there is a dinghy park where members may berth their craft. Two concrete jetties provide ease of access to the water's edge. There is a designated grass rigging-up area for windsurfers and a large car park area.

Target audience

The broad aims and objectives of the club, enshrined in its constitution, are to:

- promote and facilitate sailing and other allied non-powered watersports;
- encourage interested people of all abilities to develop the skills of sailing through the provision of training and coaching;
- provide such social and other facilities to members as may be from time to time determined by the club;
- encourage and develop the use of the water, surrounding land and clubhouse by users other than members of the sailing club.

It is recognised that a higher percentage of social grade A, B, C1 are attracted to sailing; these are therefore the groups targeted. Analysis of membership in 2002 indicated the following occupations for members:

<i>Occupation</i>	<i>Percentage</i>
School/students	17
Retired/unemployed	1
Local government	5
Fire/Police	5
Teaching	10
Medical	6
Art/Design	4
Food industry	4
Printing industry	3
Computing	9
Banking/Accounting/Surveying	8
Engineering	18
Manufacturing/Retail	9
Other	1

Analysis of the age range of the members registered in 2002 shows the following:

<i>Age</i>	<i>Percentage</i>
Over 50 years	17
30-49 years	44
21-29 years	15
Under 21 years	19

When the business plan was written for the lottery fund bid a number of key target audiences were highlighted as being important:

- young people
- women
- people with disabilities

Young people

Watersports and in particular sailing have always held an attraction for young people; however, often the lack of facilities and the initial cost of the equipment put the sport out of the reach of many of them. By providing the necessary facilities, equipment, encouragement and training the club aims to provide opportunities for young people to progress in the sport in an enjoyable and safe environment. The club provides facilities to sail wind surfers and dinghies. It sports a thriving junior section that meets regularly and excels on the junior racing circuit.

Windsurfing is a dynamic sport similar to other youth culture sports such as surfing, snowboarding and skateboarding. It therefore has the potential 'street cred' for today's youth. Young people new to the sport have natural physical advantages. Their light weight, general fitness and athleticism give them the ability to learn quickly and to progress to more advanced equipment and techniques. Young people benefit from a lack of fear. They are naturally daredevil and have a 'go for it' attitude to sports.

School children have a lot of time available during the long school holidays. Sailing as a sport (after the initial outlay on the necessary equipment) is not expensive on a day-to-day basis. The theory of the sport will teach young people knowledge of weather patterns, the dynamics of sailing and windsurfing, and the theory of aerodynamics and resolution of forces. These can be used to build on in school education.

Women

Many of the points made about young people are also relevant for women. The advantages of being light weight together with modern lightweight equipment gives women an excellent opportunity to learn and excel at the sport. The apparent restriction of a lack of basic strength can be overcome by development of good technique. Sailing is an ideal family activity. Every member of the family can enjoy the sport whatever their standard or abilities. The club wishes to change the perception by women that sailing, and wind surfing in particular, are sports for men only.

People with disabilities

The potential for people with different disabilities has been researched as shown in the following table.

Category	Windsurfing	Dinghy sailing	Canoeing	Mountain biking	Horse riding	Fishing	Walking
The deaf	A	A	A	A	A	A	A
The visually impaired	B	B	B	C	B	B	B
The blind	D	B	B	E	B	B	B
The amputee	D	<i>B/S</i>	<i>B/S</i>	<i>C/S</i>	<i>B/S</i>	B	B
The paraplegic	<i>E/S</i>	<i>B/S</i>	<i>B/S</i>	E	<i>B/S</i>	B	B
The quadriplegic	F	<i>B/S</i>	E	F	C	E	<i>D/S</i>
Those with learning difficulties	B	B	B	B	B	B	B

Key

A No physical problems - communication is more difficult

B Possible with assistance

C Difficult

D Very difficult

E Extremely difficult

F Almost impossible

/S With special equipment

The club plans to provide, either directly or through other agencies, access to both the water and surrounding countryside and to welcome use of the club's facilities by all groups of people with disabilities. Club facilities will be made available as necessary. The clubhouse interior has been designed with disabled people in mind, and has had direct input into this design from disabled groups in the area.

Membership details

The club has a membership of over 100. A key objective is to increase membership by at least 12 per cent each year.

Membership details from 1995 to 2003 are shown below.

	1995	1996	1997	1998	1999	2000	2001	2002	2003
New members	30	33	35	35	40	40	35	37	35
Wind surfers					100	110	114	117	114
Dinghy sailors					35	39	41	44	41
Adult	50	55	55	60	62	64	66	66	66
Family	39	29	30	30	31	35	36	38	36
Junior	15	15	15	18	20	22	23	23	23
Temporary sailing	200	103	120	130	150	180	190	197	190
Temporary fishing	30	32	30	31	32	30	35	39	35

Notes

New members are for all categories of membership.

Windsurfers and dinghy sailors - since 1999 information has been held on each member and which type of sailing they are interested in.

Adult membership is for those over 16 years of age.

Family membership is for two people or more, living at the same address. It includes up to four children.

Junior membership is for those under the age of 16.

Temporary sailing is available for non-members on a daily basis (includes windsurfing and dinghy sailing).

Temporary fishing is available for non-members on a daily basis.

Note that figures for family/junior/adult membership do not equal number of windsurfers or sailors due to family members. One family membership could, for example, contain a family of four, or might just consist of two.

Prices for courses and membership

Membership costs

Adult membership, 1 year, per person	£95
Junior membership, 1 year, per person	£45
Family membership, 1 year, per family	£160
Unemployed/retired/student membership, 1 year, per person	£55

Occasional user costs

Day sailors	Adult, per day	£8.00
	Under-16, per day	£6.00
Hiring equipment	1st hour	£6.00
	After 1st hour, per hour	£5.50
Day fishing permit	Per day	£8.00

Courses for non-members (10 per cent reduction for members)

Learn to sail/windsurf	Adult two-day course	£75
Junior 3 hrs x four days		£40
Improver course	Adult 3 hours individual	£40
Junior 2 hours individual		£30
Saturday morning juniors sailing		£7.50
School parties (minimum ten people) 3-hour session		£8.50

(free to staff accompanying children)

Above prices include use of equipment and wetsuit, and prices are per person.

Competition

There are a number of competitors within the North West, details are as follows:

Club 1 – located on a reservoir around 10 miles away, also in Lancashire. The only users of the water are windsurfers. The sailing area is of a smaller size, and wind conditions are not quite as good due to its location. Membership costs are lower, but facilities are old, and there are no organised social events. There is no shop, nor bar or catering facilities.

Club 2 – located around 35 miles away in North Yorkshire. The club is located on an extremely large area of water. Wind conditions are very good. Membership costs are lower, but facilities are old and very basic. Many day sailors visit due to the large sailing area. There are mainly windsurfers, but some dinghy sailing takes place.

Club 3 – located in South Manchester, around 35 miles away. The club is situated on a large area of water and is more popular for water-skiing and jet-skiing. Membership costs are considerably higher. Good modern facilities.

There are other clubs located around the region, but the above are the only inland sailing clubs.

Marketing communications

The club communicates to existing members through a quarterly newsletter, which is sent to the home address of all members.

During the building of the new clubhouse a number of press releases were sent to local newspapers. However, since 2001 this has ceased.

Research among the existing membership in 1999 indicated that there was a definite potential to make use of word-of-mouth recommendation providing an appropriate incentive was available. This has not yet been implemented.

No marketing communications have yet been devised that promote the other facilities available for use to existing members.

A small number of leaflets have been distributed to some schools and local housing estates over the last few years. No information has been collated on whether this has been successful. These leaflets have not been updated since the new clubhouse was built.

Each year the club has an open day where anyone can come and have a look around, meet existing members, and have a free sailing lesson. This tends to be advertised by putting signs on the main road close to the entrance of the club. A number of new members have been recruited this way, but there is a feeling that these tend to be friends/family of existing members. More publicity of these open days is required. Currently these open days take place at the weekend, but could quite easily either be extended or moved to evenings (those evenings when it is light).

The club is in the process of developing a Website. Car stickers are provided each year with each membership renewal.

The club would like to raise its profile. Its ambition is to become the premier inland windsurfing and dinghy sailing club in the region. It also wants to increase its membership by at least 12 per cent each year. Membership increases are especially sought from those thought to be underrepresented at the club (e.g. women, youngsters, the disabled, and those in lower socio-economic groups).

New developments

When writing the business plan to secure lottery funds, one of the key areas was generating increased use of the water and surrounding area. This could include canoeing, mountain biking, horse riding and walking. Some preliminary research among members found that a significant number of sailors are also involved/interested in mountain bikes. Specific

groups of people underrepresented were thought to be young people, women and people with disabilities.

The reservoir and land are leased from North West Water, which does not permit the use of powerboats.

Additional information

During 2000 the club marketing secretary resigned owing to other commitments. Since this time there has been little or no marketing activity. There is no marketing communication plan in place. The club is concerned that at a time when it has some excellent and new facilities membership has not significantly increased.

The club tends to be most busy at weekends, with less use during the week. Courses are available seven days per week and it is open for sailing seven days per week. Some sailing takes place during weekdays, but this tends to be from those who work shifts, are retired, etc. Occasional courses for schools take place in the late afternoon. Wednesday evening is the Junior Club evening, which tends to be quite popular. The majority of people sail from early spring through to late autumn, although a small minority sail throughout the winter months.

The function room is currently used for committee meetings once per month, and for occasional social club events for members. Increased usage of this room is sought from existing members, local associations/clubs, etc, and by the general public. A small fee is charged for hiring the function room.

There are no paid club members - all work under-taken is on a voluntary basis. A number of members have said that they will offer some of their free time to assist in supporting marketing activities, such as contacting various organisations, distributing literature, assisting at open days, etc.

The budget available for marketing communications is exceptionally small however; money has been found for this year only up to a maximum of £10,000.

Brief

You are a marketing communications consultant assigned to the North West Valley Sailing Club. Your task is to develop a marketing communications plan that is to be implemented in the next 12 months.