

ASSIGNMENT # 01

PRINCIPLES OF MARKETING – MGT301

Khurarranwala (Faisalabad) is well known as an Industrial Hub in Pakistan. Many Textile firms are manufacturing different products and mostly export these products to foreign customers. Merchandisers of each industry send their product's samples to foreign customers for approval of product design, shape, and quality etc. Till 2004, most of the industries had to go to FedEx office Faisalabad to handover their parcels to be delivered to the foreign customers. By analyzing the growing demand in this area, DHL opened its office in Khurarranwala in 2004. DHL offered the logistic services to all firms for sending their product samples to foreign customers. Textile firms in that area used to hand over their parcels to DHL at their Khurarranwala office and the daily closing time of sample collection was 05:00 PM. Some of the students of a University located in Faisalabad conducted a research and found that 70% market share in that area was captured by DHL till end of 2005. At the end of 2006, all firms switched over from FedEx to DHL. The major reason of switch over was the distant location of FedEx as it was 40 KM away from the area. After analyzing this situation; FedEx started to collect samples (parcels) from each and every firm in that area and created the competition for DHL. FedEx got the 90% market share in that area at the end of 2009 but DHL had only 10% market share at that time. Customers are more satisfied with FedEx as many merchandisers said that FedEx delivery system is bit fast.

1. How could DHL have got the lost customers back?
2. If DHL had also started collection of samples from every firm then how would FedEx have retained its competitive edge?
3. How both companies will work at the notion of customer relationship management?

SOLUTION

1. How could DHL have got the lost customers back?

To attract lost customers, DHL can introduce following services and strategies:

- DHL can start collection of samples at the doorstep of every organization which will help DHL to develop caring and personalized services image.
- DHL can also attract lost customers by providing the value added services to customers like it can extend the sample collection closing time from 5:00 PM to 10:00 PM, which will enable the maximum merchandisers to handover product samples in the same day. DHL can also offer freight discount on specific number of samples. For example, freight discount can be offered to a customer on 30 or more than 30 cartons per month.
- A packaging service can also be provided by the DHL.
- DHL can also update its customers about delivery status by using tracker system, for example, providing details to the customers through emails, mobile messaging service, and telephone calls.

2. If DHL had also started collection of samples from every firm then how would FedEx have retained its competitive edge?

FedEx being the pioneer company offered the collection of samples at the doorsteps of the organizations and by providing fast delivery services that enabled it to create brand image in the market. If DHL also start providing the same services like collection of samples at doorsteps etc, it may negatively affect the loyalty of FedEx customers. FedEx can maintain its competitive edge by offering competitive prices, discounts, as well as it can offer package pricing like flat rate for delivery of minimum 20 cartons, secure packaging, and self tracking system on the web.