

# inside LASER

Spring 2009

An internal publication keeping the team informed, involved and updated.



## From the Editor

The 21st century is the age of connectivity between people.

National and cultural borders are crumbling under the weight of facebook, skype, blogging and twitter, and who knows what is to come next?

The coming decade will be one in which the quality of our communication will define our success. Communication will connect us. Connections will create co-operation. Co-operation will make us resilient in the tough times, swift when speed and innovation are needed, assertive when the market calls for action, and intensely and passionately team driven in all markets.

The lone genius and the selfish holder of knowledge will transform into harvesters of the wisdom of crowds. Diversity will be championed and harnessed to the benefit of all - so let us communicate, connect and co-operate.

**Feroza Petersen**  
Communications and Marketing Manager

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### The Laser Group

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# LASER

As always, it is with great pleasure that we have another opportunity to share with you some of Laser's highlights over the last quarter and our thoughts about the prospects for the months ahead.

Laser has always instigated a hard work ethic and that's been put to the test in the current economic climate. This was meant to be the year when the world economy crashed and burned. Some are now saying the worst is over, others say the worst is yet to come. But what does the business of Laser reflect?

### **IMPACT ON EXPRESS DISTRIBUTION**

Our express distribution businesses Dawn Wing and Time Freight have been less impacted by the global economic downturn. Primarily because our clients are moving less, more frequently. We have noticed that clients are moving away from the time-sensitive premium service to a more deferred mode, which is less costly for them.

### **CLEARING & FORWARDING**

Laser's clearing and forwarding division, GAC Laser, has been more affected by the economic slowdown due to the decline of imports into South Africa, and the impact on the export trade too. Where we have been fortunate is that we have been able to offset that trend, to some extent, through our association with the global network of Gulf Agency Company (GAC), where there is a more captive customer base.

### **DECLINE IN DISTRIBUTION OF LUXURY GOODS**

With the fall off in consumer spending, Laser Logistics has been impacted the most. A part of the division has been dedicated to the warehousing and distribution of luxury goods. And, as a fixed cost provider, any decline in volume is immediately noticeable. What we've spent a lot of time working on, is offering a broader range of businesses and services, and so leverage the customer base across those.

### **LASER CONTINUES TO INVEST**

Despite the industry challenges, Laser has continued to invest. In June last year, we commissioned a new, state-of-the-art cross-dock distribution facility for Time Freight in Durban. And in September, we



commissioned a 10 000 square metre warehouse in Durban for GAC Laser.

### **PUBLIC WAREHOUSING**

More recently in the business of Laser Logistics we've introduced into our warehousing offering a whole new warehousing concept. The concept, also referred to as public warehousing, is popular in the US and Laser is pioneering it in South Africa. It is the concept of dedicated, modular warehousing sold on a suite of services basis. Read more about our investments in this publication.

### **POSITIVE STRATEGIES FOR THE FUTURE**

We are positively optimistic for the future. Our strategy is dominated by our belief in the possibilities for Africa and its trade with the Middle East, China, and obviously the ongoing European and American trade. We are most definitely starting to feel the benefits of South Africa's hosting of the 2010 FIFA World Cup and our support of the event.

Our international partnerships and our securing of representation rights outside South Africa is important to us, and it is an area in which we intend to develop.

### **IMPROVING EFFICIENCIES**

Whilst we are optimistic about our future, we must continue to find ways to manage our costs and adjust to declining incomes. A helpful control of waste, cost and efficiency is therefore important.

### **NUTURE CLIENT RELATIONSHIPS**

However, even in this uncertain time, we continue to grow our relationships with clients and expand our business networks. The most important thing is to focus on the customer.

Particularly in these tough economic times, the customer is under pressure and is therefore looking for a different level of service, convenience and greater value than they have before. Done diligently, this should position us well when the global market strengthens and improves.

Just a few more months to the end of the year, just a few more hurdles to cross, a few more goals to meet. Thank you in anticipation for all your efforts through our busiest of seasons.

Regards

**Michael Fuller and Philip Hayes**

# Our Clients are saying...

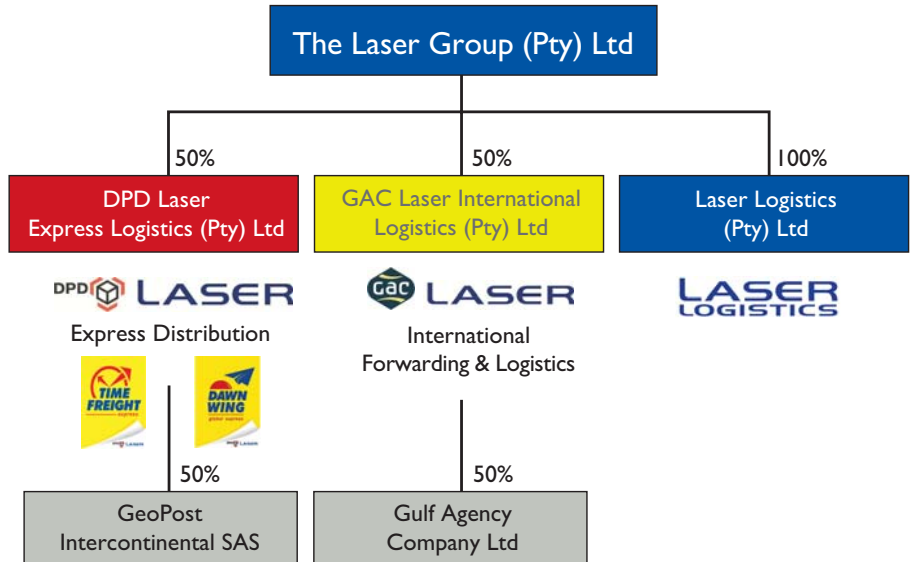
Ongoing networking and relationship building opportunities are invaluable to any industry. A Laser team recently attended a Cape Chamber of Commerce breakfast where every delegate (38 in total), by way of introduction, had a one minute opportunity to introduce their business.

After presenting Laser to the meeting, one of the delegates, Tess Rodrigues from Property Factor, commented to all present about her continued positive experience in utilising Dawn Wing. Tess said, "If all the other divisions within Laser operate as well as Dawn Wing does, then I can highly recommend all present to make use of Laser. Dawn Wing is by far the most efficient and proactive courier company we have ever used."

At the conclusion of the breakfast, another delegate, Sue-Ann Allen of Lights by Linea commented, "Of all the suppliers we utilise, Time Freight is the only one that has given us exceptional service. I have now used the company for 8 years and have not had a single bad experience."

While we know that our service is good out there, it is always encouraging to hear it from a client. To have two clients compliment our service from a random sample of 36 business people is great!

# Organisational Structure



# Laser's Value Proposition

	Logistics Fulfillment				
Time Sensitivity	Express Distribution			Other Logistics	
Time Certain	Express Distribution			International Forwarding	
Day Certain	Express Distribution			International Forwarding	
Day Uncertain	Express Distribution			International Forwarding	
Weight	0kg	30kg	100 kg	1 000kg	>1 000kg
Cargo Type	Documents	Parcels	Freight	Palletised	Containers
Market	Express Distribution		Other Logistics		International Forwarding
Operating Brands	Dawn Wing	DPD Laser	Time Freight	Laser Logistics	GAC Laser
Service	Single or Integrated Service				
Customer	Multiple Customers				
Industry	Multiple Industries				

## Group Activity: Expanding Laser

Updating you on recent developments at Laser



The past few months have seen Laser Logistics revising its approach to market, analysing customer trends, refurbishing the warehouses, refreshing the fleet - all ready to go to market with new service offerings, a revitalised brand and corporate image. More recently, Laser Logistics has introduced a whole new warehousing concept into its broader warehousing offering.

“It’s all about meeting the clients’ needs”, says CEO Warren Hewitt. “Unique to South Africa, the concept, also referred to as public warehousing is dedicated, modular warehousing sold on a suite of services basis. We offer warehousing in modular forms of 50 square metre, upward to 500 or 600 square metres.”

Warren continues, “Our dedicated public warehousing is a straightforward concept in which pricing is based on the usage factor. You only pay for what you use in terms of space and labour.”

Today nearly 30% of our warehouse space is operated on this flexible basis. Companies use our public warehouses to store overflow products, ramp up inventory for seasonal spikes, and have the ability to quickly set up a nationwide network using Laser’s extensive network and experience.

Although most companies see public warehousing as a short-term solution, it can often turn into a long-term relationship. Laser Logistics has invested significantly in upgrading and modernising

the facilities to remain competitive. “We offer our clients increasing levels of flexibility and strive to deliver exceptional service,” says Warren.

Laser Logistics also offers a range of other solutions with its public warehousing offering, including picking, packing, inventory control, software and a dedicated workforce. 🌐



visit our web site on  
[laserlogistics.co.za](http://laserlogistics.co.za)



# GAC LASER

## strengthens presence in KZN

The most recent addition to GAC Laser strengthened its presence in KwaZulu Natal during September, with the first class facility at 96 Lansdowne Road, offering professional international logistics and transportation services. A welcome solution to client needs, GAC Laser hopes to increase efficiency, improve customer service and bring its logistics and freight forwarding operations together at the 10 000 square metre office and warehouse complex in Jacobs.

Durban is South Africa's busiest port, and GAC Laser's facility in Jacobs is strategically located within Zone 2 of the Durban Port and within close proximity to the M4, N2 and N3 freeways. With 14 container handling bays, the new premises can accommodate the loading of diverse commodities and superlink vehicles.

GAC Laser's specialist warehouse in Nandi Drive,

Riverhorse Valley is now complimented by the new Jacobs premises as it brings the benefits of both operations to take full advantage of the Group's experience, strong partnerships and the global Gulf Agency Company brand. Carol Holland, Regional Managing Executive of GAC Laser said: "Expanding in this important market enables us to meet the diverse needs of importers and exporters in the region with our comprehensive suite of logistics and global transportation services."

GAC Laser also recently introduced best-of-breed warehouse management technology to manage its warehouse operation more effectively. The warehouse management system provides for unique barcode identification and access via the Internet to customers.

Addressing the guests at the opening of the premises on 16 September 2009, Carol said, "We are delighted that these new premises allow for various 'transit' options for all

our clients, ensuring cost savings."

Two long standing clients, NLA Imported Timbers and Bedson Africa, were honoured for their continued support. In response, Sean Lourens of NLA Imported Timbers said: "GAC Laser has always delivered good service to NLA. Congratulations to GAC Laser and we look forward to continued great service." NLA has been a client with GAC Laser for 11 years, and Bedson Africa for 10 years.

The partnership between GAC and Laser combines GAC's global network with Laser's local expertise to provide professional international logistics services to the South African market. The combination of over 70 years of local expertise with the worldwide infrastructure and resources of GAC enables GAC Laser to offer a full suite of supply chain solutions to South African importers and exporters. 🌐

Visit our website @ [gaclaser.co.za](http://gaclaser.co.za)



Pictured in the warehouse from left to right: GAC Laser CEO Simon Hayes, Sean Lourens of NLA Imported Timbers, GAC Laser Regional Managing Executive Carol Holland, Philip Hayes CEO of Laser with Raj Balmakhun of Newlyn Investments



Byron Conway of Bedson Africa, pictured with Simon and Carol

# Final countdown to kickoff

Laser has introduced into its organisation initiatives that have both created an awareness of FIFA 2010 and also increased excitement and anticipation for the event. The initiatives have been formulated to emphasise not only the enormity and spectacle of the event, but more particularly the possibilities that the event provides for us as South Africans.

We have a strong view that if South Africa is to make the most of the 'possibilities', then it is an imperative that organisations such as ours (small and medium size businesses) proactively market the event internally while also overtly demonstrating our commitment to it to other South Africans and South African corporates.

The process commenced in August 2008 and has now gathered a momentum of its own. Conducted under the banner of Laser's 'Proud Supporters' campaign, the initiatives include inter alia:

- Distribution of 'countdown boards'
- 2010 workshops and presentations with television and soccer personality Gary Bailey
- Development and distribution of a DVD viewed by all of our 2 300 staff
- Application of 'Proud Supporters' decals onto vehicles, corporate wear, and marketing material
- Confederations Cup ticket competition
- Support for participation in FIFA's volunteer programme
- Other Internal events introduced on a monthly basis including Football Friday, Fly the Flag and other activities.

The platform of 2010 has enabled broad organisational development within Laser. Specifically it has provided for a more collective and collaborative approach to important criteria such as corporate social responsibility, skills development and training. ⚽

## LASER PROUD SUPPORTERS TO 2010

August 2009	September 2009	October 2009
<p><b>14 Sept: 300 days to go</b></p> <p><b>Football Friday</b></p> 	<p>5 Sept: SA vs Germany 8 Sept: SA vs Ireland 19 Sept: SA vs Angola</p> <p><b>Fly the Flag</b></p> 	<p>10 Oct: SA vs Norway 13 Oct: SA vs Iceland</p> <p><b>Mad</b></p>  <p><b>Makaraba's</b></p>
November 2009	December 2009	January 2010
<p>14 Nov: SA vs Japan 17 Nov: SA vs Jamaica <b>22 Nov: 200 days to go</b></p> <p><b>WOLK WEDNESDAY</b></p> 	<p><b>4 Dec: Final Draw at CTICC</b></p> <p><b>Road to Finals</b></p> 	<p>10 Oct: SA vs Norway 13 Oct: SA vs Iceland</p> <p><b>Adopt an African Nation</b></p> 
February 2010	March 2010	April 2010
<p><b>LET'S GET LOUD &amp; PROUD</b></p> 	<p>10 March: SA vs Chile 17 March: SA vs Jamaica <b>3 March: 100 days to go</b></p> <p><b>Friday Footie Half Hour</b></p> 	<p><b>Festival of Nations &amp; Stadium Tours</b></p> 
May 2010	June 2010	
<p><b>Bafana Pledge &amp; Jersey Distribution</b></p> 	<p><b>2 June: 10 days to go</b></p> 	<p><b>Proud Supporters</b></p> 

Laser has developed a calendar of events leading up to 11 June 2010, when the games begin!

# Gold rush



Made of solid 18-carat gold, the 36cm tall World Cup, weighing 6kg, boasting two layers of semi-precious malachite, left the FIFA headquarters in Zurich, Switzerland on Thursday 24 September 2009, en route to Cairo, Egypt. It will wrap up its African tour in Cape Town on 2 December 2009, just in time for the FIFA World Cup draw taking place in Cape Town on 4 December 2009. ⚽

# Updated stats on 2010 World Cup African gains

## MANY SPINOFFS FOR THE COUNTRY

South Africa will have a better equipped police force, improved roads, Olympic-class stadiums, more job opportunities and a heightened profile internationally, all because it is playing host to the 2010 World Cup.

will travel from the rest of Africa and these will boost attendances at host cities like Polokwane and Nelspruit. 2010 has been a catalyst for the building of approximately 25 new hotels, and visiting football fans will spend at least R8.5 billion during the month-long event.

Soccer fans will spend some R8 billion during their travels, and soccer ticket sales will bring in R6 billion. Sponsorship deals are close to R1 billion and tax income to government is expected to be about R19 billion. 600 000 tickets have already been sold, with the final match being 3 000 percent oversubscribed.

## SAFETY AND SECURITY

This World Cup has given our security forces the best technology to fight crime. R1.3 billion has been spent on safety and security equipment and resources, with over 40 000 security personnel trained and ready for duty during the event (700 police members will patrol the stadiums at each match).

Economic impact assessment studies conducted recently confirm that the World Cup will contribute R55.7 billion into the SA economy.

More than 20 000 jobs have already been created and the additional contribution to the GDP will sustain the equivalent of around 120 000 jobs.

## TOURISM

Whilst there are only 96 hours of football, there are four to six weeks of solid tourism, if not

**The World Cup has the potential to fundamentally alter the future landscape of South Africa and the sub-continent.**



## Football Friday



# FOOTBALL FRIDAY at Laser

Spreading the football fever at Laser, from top left: Laser Logistics, Laser Central Services and GAC Laser in Durban.



# Delivering excellence at Time Freight



THE PAST SIX MONTHS FOR TIME FREIGHT Cape Town can best be described as a period of consolidation. With the reduction in outgoing freight primarily to the outlying areas, new measures of cost cutting and efficiency drives were introduced. These have thankfully balanced out the main effect of the turnaround on the Cape Town hub.

In the outlying areas, cost cutting measures included the recent restructuring of the Vredenburg, Springbok and Upington depots. The focus is always on improving efficiency and service and has proved to be a successful strategy to date.

While Time Freight is synonymous with great service, the challenge is to continue to sell service over price. Trends reflect that currently, the bulk of potential clients will sacrifice service for price, particularly in the outlying areas. To combat this trend, Time Freight has introduced competitive bulk rates in order to maximize the loads on routes running below capacity. Good bulk loads have been obtained from a number of customers and the focus now is to continue to get closer to our major customers to anticipate any future developments.

We are continuing to target other logistics providers with loads to the outlying areas out of Cape Town. Loads have dropped for all players due to a lack of critical mass. It is pleasing to note that Schenker SA (Pty) Ltd has decided to utilise our services to the outlying areas of the Western and Northern Cape regions.

Looking forward to the next six months of trade, we will continue to focus on efficiency and sourcing freight for our underutilised routes. 🌐

# TAKING FLIGHT

## from Africa to China

DAWN WING's INTERNATIONAL PARCEL EXPRESS DIVISION has marked the 2nd anniversary of its alliance with global courier partner DPD, one of Europe's largest courier and logistics companies. The successful alliance has opened gateways for Dawn Wing to the rest of Europe, the Middle East and the Far East.

The growth in our international business is evidenced by the fact that Dawn Wing has developed ten new direct routings into sub-Saharan Africa and the Far East - including Zimbabwe, China and Taiwan - making it an exceptionally exciting time for the company. The total DPD network offers clients delivery access to over 200 countries worldwide.

Our excitement about international business has been echoed within the market. Whilst the downturn in the worldwide economy has weighed on some of our clients, we have also noted that many South African businesses are increasingly exploring and realising global opportunities, resulting in clients who have traditionally used domestic courier services expanding their international portfolio. We expect this trend to continue going forward.

In the past decade, Dawn Wing has firmly entrenched itself as a leader in domestic courier services and has enjoyed growth locally. Given our successful joint venture with DPD and the combination of our extensive on-line facilities for services ranging from billing to on-line tracking, we hope to firmly entrench our international courier division as a leading player within the next three years.

The investment in technology extends to our comprehensive international track and trace facility, which will soon be available to our African agents. We know from experience that our clients trust and appreciate networks that can display scans, track the collection and arrival of parcels, as well as provide proof of delivery information. Therefore, we are proud to offer this facility to clients using our services throughout Africa.

Last but not least, our import division has also had numerous trade enquiries from foreign express companies to perform clearance and fine distribution services on their behalf within South Africa and the SADC regions, further establishing our international reputation and reach.

Our division trades and operates on a daily belief that service is an attitude and it is a culture that we work hard to maintain. 🌐

delivering beyond your horizons

**DAWN WING**  
global express

DPD LASER

**QUICK • SMART • RELIABLE™**

An express delivery solution to accommodate all your needs!  
With Dawn Wing's partnerships and technologically advanced systems you'll enjoy a national footprint and global reach into 220 countries worldwide. Bringing the world to your doorstep!

Smart People. Reliable Technology. Making "Quick" happen!

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2008  
**GOLD**  
Logistics Achiever  
Award Winner

Sean Conry, pictured right, is Executive of the International Division and has extensive knowledge of the industry. He recently moved from the position of Regional Executive: Pretoria.

The rest of the Dawn Wing International team comprises Sarah Nortje in Johannesburg, Natasha Govender in Durban and Marlon Klaase, Nicky de KoK and Shane Laubser in Cape Town.

You may have noticed that Dawn Wing's latest marketing campaign is aggressively supporting its international services. Our concerted drive for the final quarter of this year is to increase our client base by offering a good value international courier service.



Laser's international partners are themselves substantial global logistics businesses. Laser partnered with GeoPost Intercontinental SAS (a subsidiary of La Poste, the French Post Office) in its Express Distribution business and with Gulf Agency Company Ltd (GAC) in its International Forwarding business. This issue shares details of DPD whilst GAC will be featured in the next issue of inside Laser.



DPD Laser Express Logistics is a company jointly owned and controlled by Laser and GeoPost Intercontinental SAS, a wholly-owned subsidiary of GeoPost, a parcel distributor specialist made up of the Express subsidiaries of the La Poste Group. GeoPost, through its operating subsidiaries, is the second largest express operator in Europe. Branded DPD, GeoPost aspires to be the world's fifth largest integrator.

## DPD CONTINUES EXPANSION OF GLOBAL NETWORK

SINCE ITS ESTABLISHMENT IN 2005 AS THE INTERNATIONAL EXPANSION VEHICLE for GeoPost, GeoPost Intercontinental has focused on building a presence in the emerging markets of Brazil, Russia, India, China and South Africa (the BRICS countries). These markets have been identified due to their high economic growth potential and the significant business opportunities which this has created.

Over the past 5 years GeoPost Intercontinental has successfully established market-leading positions through partnering in South Africa and Russia, as well as the solid foundation in the Chinese market. The formation of DPD Continental in India represents a significant strategic milestone for GeoPost. DPD Continental represents a strong link in this chain, with headquarters in New Delhi and regional stations operating in Mumbai, Bangalore and Chennai.

With a presence established in Russia, India, China and South Africa, GeoPost Intercontinental's global 'business community' now covers almost all of the key BRICS markets. Wolfgang Lehmacher (pictured above), the President and CEO of GeoPost Intercontinental, described the foundation of DPD Continental as a "significant step in the realisation of GeoPost



Intercontinental's global strategy" which will "strengthen its position as the world's domestic express parcel specialist."

In addition to the benefits for trading partners in the European and Indian markets, customers and partners in South Africa's DPD Laser business will also benefit from increased access to network capabilities in India.

These benefits will support the development and growth of DPD Laser, which has achieved a number of milestones recently. The inbound volumes into South Africa have experienced significant growth and are expected to continue to increase over the coming months.

Recently, the teams of Dawn Wing and GeoPost Intercontinental's Hong Kong-based partner, the

Lenton Group, have indicated their intention to leverage mutual capabilities to develop volumes between South Africa and Asia. In addition, during her visit to South Africa, Kerstin Reissmann, COO of GeoPost Intercontinental, discussed numerous business opportunities for Dawn Wing with the team.

Another recent development has been the increased visibility of GeoPost Intercontinental's world-class brand DPD, which has become even more visible in the South African market with some vehicles of the Dawn Wing fleet being re-branded as DPD.

All of these new opportunities will continue to strengthen DPD Laser's market-leading position in South Africa, which is also expected to benefit significantly from increased volumes and business during the FIFA World Cup to be held in June 2010.



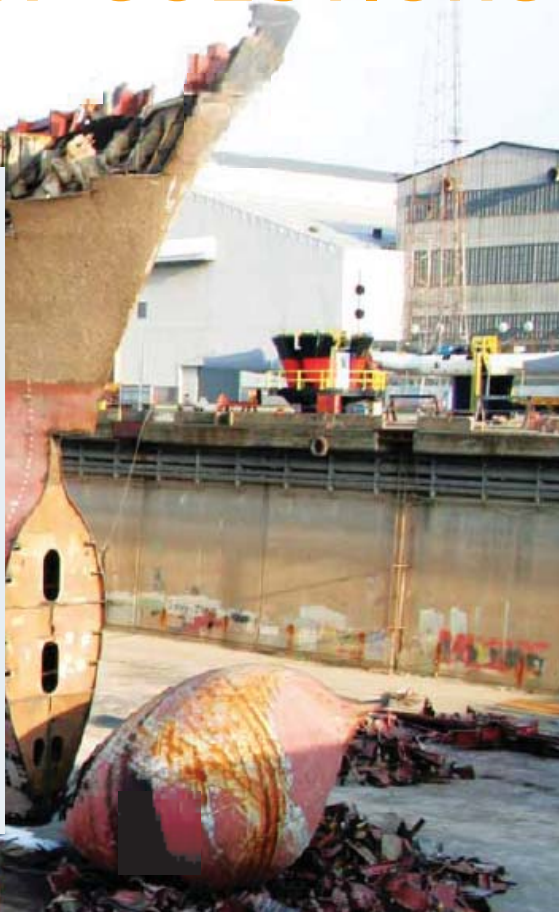
# Innovative new product

## LAY-UP SOLUTIONS

As the global financial crisis bites and ocean freight rates plummet, many ship owners and operators are opting to lay up ships. In response, GAC has created GAC Ship Lay-Up Solutions (GLUS) to help them.

Not only does it avoid unprofitable journeys and over supply, it also reduces wear and tear, crew costs, fuel consumption and insurance premiums during the idle period. Although effectively idle, laid-up vessels still need to be taken care in a cost-effective way.

GAC provides many lay-up locations close to major shipping routes by having almost 400 offices in more than 40 countries.



## Bringing the F1 Roadshow to town

GAC brought the Asian Formula One roadshow to motorsport fans in Singapore, Bangkok and New Delhi.

GAC transported staging and equipment to the three cities. It has also moved a full-size replica Renault F1 race car and two F1 Race Simulator Cars used for the ING Simulator Grand Prix Challenge in all the cities.

GAC Logistics was responsible for all inbound and outbound cargo movements from all three destinations.

Over the past decade, GAC has become a recognised name in Event Logistics, taking care of air freight bookings, documentation, packing and unpacking, speedy customs clearance, physical cargo checks, land transport, precise timings of up-lifting and arrival of consignments, and ensuring timely delivery to and from the venue.

GAC's proven track record in handling motor sports racing equipment in other major motor racing events and entertainment roadshows was key to their appointment as ESPN STAR partner.

## Group Corporate Social Responsibility

Laser's corporate social responsibility initiatives

## Outreach sports clinics



"Our strategy is to get actively involved in all our Corporate Social Responsibility sponsorships rather than merely making monetary donations," says Michael Fuller, Chairman of Laser.

The company not only sponsors skills development for children, but also supports those organisations that are making a positive impact in the poorer areas.

Michael says, "We look to the entire project to be sustainable through educational programmes attached to the investment, and the Solstice Foundation is one such foundation that Laser supports."

Laser sponsored the main prize at the Solstice Annual Charity golf day in September this year.

The profit raised from the golf day amounted to R45 000, derived from sponsorships, 4-ball fees, and raffle ticket sales.

The majority of the funding will be used in outreach sports clinics and sports infrastructure needs identified at various sports clubs in townships.

Each year a primary beneficiary is identified as the main recipient of funds raised. This year, the Foundation continues to fund Indawo Yentsikelelo Creche and Aftercare Youth Project in Nyanga, the Wilge Special Care Day Care Centre for disabled children in Atlantis, and KiDS, where five Secondary School children are receiving funding for school fees until they matriculate.



For more information on this credible organisation, visit their web page [solsticesa.org.za](http://solsticesa.org.za)

## Profiling our People

### Staff achievements

CAMERON HEYNS JOINED THE COMPANY as a van assistant in 2002 at the age of 19. His immediate goal was to obtain his driver's license and become a driver with his own "route". This he achieved within six months and was rewarded with a dedicated route that covered the Durbanville area.

During his first year as a driver, he significantly increased his volumes to this area and attributes his success to his special passion for customer service. This was recognised by management and after a year of performing duties as a Time Freight driver, Cameron was offered a position in the Call Centre in the Cape Town hub.

The knowledge that Cameron had gained as a driver was of great benefit and was invaluable in handling customer collections and queries. He proactively contributed new ideas and was instrumental in improving processes through continual feedback and innovative plans. 🌐



His ability to manage customer queries efficiently, his friendly manner and his problem solving skills all contributed to his recent appointment as a Call Centre Supervisor who oversees a group of 23 operators. He shares this position with two other colleagues.

## Industry News

### Topical industry news

# PARCEL FIRMS MUST INNOVATE to retain value



PARCEL FIRMS MUST DO MORE TO INNOVATE in order to retain their value, and focus more on customers amidst a declining market. This was the key message at the Post-Expo on 29 September.

Mention was made that the European parcels market could decline by about 11% in volumes and about 10%-12% in revenues this year. "For the first time since 1976 the parcel market is not growing," said Carl-Gerold Mende, head of Austrian Post's parcels logistics division.

At present there is a large risk of a price war in the European parcels market. Since customers are more price-sensitive, there is pressure on volumes, and it appears that 'parcels' are becoming a more cyclical business. Looking ahead, however, the sector has the opportunity to benefit from e-commerce growth as well as from downtrading from express to cheaper parcel delivery services.

But Mende criticised how the express parcel sector has built up large-scale capacity over the years. "The capacity has devalued the service we are offering to customers," he declared. "We need to address the issue of capacity and how valuable our service is. That is how we are missing the boat. Everyone is buying volume from competitors. The only result is that we are devaluing ourselves."

Instead, parcel operators must move away from 'industrial production thinking'. Mende said: "The industry must become more customer-driven and develop products and services focused on customer needs."

Source: CEP-Research September 2009 🌐