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International expansion, rate case will dominate

By Melissa Campanelli

HOW FAR and how much: those are the prime issues facing carriers next year.

This means that international expansion and preparing for the upcoming postal rate will dominate the delivery discussion.

“The No. 1 challenge is global growth,” said Dale Hayes, vice president of customer relationship management at Atlanta-based UPS Inc.

Lindsay Birley, executive vice president of international products and services for DHL, said the international arena will be a main focus for his Plantation, FL-based company next year.

“This year, domestically, volume decreased, but our international market volume has increased,” Mr. Birley said.

DHL is seeing an increase in exports from the Asia-Pacific region, certain South American countries such as Brazil and Argentina, as well as Germany, Britain and the Netherlands.

“All of these areas have grown quite well over the past few years, and we expect that to continue in 2007,” Mr. Birley said.

As a result of the increase in international shipping, all the carriers have introduced tools and expanded their businesses in an effort to help their customers navigate international waters. This focus will continue next year.

In 2006, for example, UPS expanded globally its CampusShip, a Web-based shipping tool, and introduced time-of-day delivery options to the world’s 30 most active trading countries.

FedEx Corp., Memphis, TN, on the other hand, announced that its FedEx Express unit has signed an agreement to acquire its Indian service provider, Prakash Air Freight Pvt. Ltd., for \$30 million.

The transaction will offer allow FedEx to wholly own and operate a domestic express company in one of the world’s fastest growing markets.

Another issue facing carriers and mailers next year is the U.S. Postal

Service’s proposed rate case and supporting new operating rules. This will present significant challenges in 2007 and may cause mailers to change the way they ship their material, according David Marinkovich, senior vice president of sales, marketing and customer service at DHL Global Mail.

DHL Global Mail, Weston, FL, offers international mail services for international direct marketers and publishers.

The possible rate case, however, will offer opportunities, Mr. Marinkovich said, as direct marketers will look to carriers to help guide them through the proposed rate case changes.

“Carriers may help mitigate some of the proposed dramatic rate increases for shipments dropped at BMCs [bulk mail centers] by carrying them further downstream and dropping them at discounted DDU’s [destination delivery units], and service providers could expect growth and additional business from the e-commerce and pharmaceutical markets,” he said.

Mr. Marinkovich said that 2006 also saw many changes, and carriers had to rise to the occasion to meet these challenges.

For example, he said 2006 saw a number of companies — DDU Express, Total Logistics, Parcel Corp. of America and APX — cease operations.

In addition, “shippers and carriers alike had to deal with stricter enforcement of customs rules and regulations, and additional documentation requirements by the Transportation Security Administration and Department of Homeland Security. As a result, many carriers were forced to make significant changes to the way they do business in order to comply,” Mr. Marinkovich said.

To stay successful in 2007, Mr. Marinkovich said shippers should “ensure that they are working with carriers that understand the implications of the proposed rate case changes and new operating rules.” ■



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