



Picture: DPD - passion for football unites 11-06-10

## Interview - DPD scores in South Africa

by Ewgenia Molotchnik

DPD has scored with new business in South Africa thanks to the World Cup after having successfully established itself as a leading operator in the country's express and parcel market in recent years, top executives told CEP-Research in an exclusive interview ahead of the soccer mega-event that kicks off today. Further growth lies ahead.

DPD Laser Express Logistics wants to use the forthcoming World Cup to boost publicity for the joint venture and to market its services to international visitors, Wolfgang Lehmacher, CEO of GeoPost Intercontinental, and Philip Hayes, CEO of The Laser Group (Laser) in South Africa, said in an interview about DPD Laser Express Logistics' latest developments, new opportunities and future strategies in the country. The company has already grown considerably in the region and increased its geographical coverage in recent years thanks to successful cooperation between locally-based Laser (with its express and parcel brands Dawn Wing, Time Freight) and the international network of the DPD brand, they stressed.

Asked if the World Cup will generate any additional business, Lehmacher said: "The World Cup has already generated new business, particularly for Dawn Wing. The specific 2010-related business includes express services around the 2009 Confederations Cup and marketing and promotional items for FIFA partners and sponsors."

Hayes added: "We are privileged to be participants in FIFA 2010. Our commitment to the event and all of its possibilities has stood us in good stead. It is notable how many other companies are only now indicating their support and excitement. We should feel proud that we embraced from early on all that the event promises – during and after the 64 games starting 11 June – and that to some extent we led others in this regard."

In addition, the 2010 platform provided by the World Cup has enabled broad organisational development within the business, he pointed out. Specifically, it has provided for a more collective and collaborative approach to important criteria such as corporate social responsibility, skills development and training.



Picture: Phil Hayes

### **Steady growth for South African CEP market**

Discussing longer-term trends, the two managers said that the express and parcel market in South Africa has developed slowly but steadily in recent years due to the challenging economic environment. The economic slowdown has resulted in some customers shifting from premium express to slower services while the regional parcel and express industry has benefited from the rising B2C volumes generated by the growth in online shopping.

DPD Laser Express Logistics has developed strongly in South Africa over the last couple of years. In 2007, it introduced and developed international product and service capability. “In the last two years, we have substantially increased the number of hubs and depots in South Africa. We also extended our geographical coverage into Eastern Cape and Northern Province to even better serve our customers,” Hayes explained. “We managed to grow our market share in the country in times of economic downturn, confirming our appealing and convincing value proposition.”

The South African DPD entity, trading under the ‘DPD Laser’ brand, was established as a joint venture between GeoPost Intercontinental and the leading South African logistics company The Laser Group. DPD Laser has a total of 89 depots and agencies and transports around 5,600 tons with 242,000 shipments per month. The company employs 1,424 people and has a fleet of 478 vehicles.



Picture: Wolfgang Lehmacher

### **Strong local brands and dense network**

DPD Laser operates through its two entities, Time Freight and Dawn Wing, which are both recognised brands in South Africa. Dawn Wing is better known as an air express / courier business and is a strong quality domestic player with global reach. Time Freight is a road express operator with a very dense network within South Africa.

Founded in 1990, Dawn Wing is one of South Africa's leading domestic courier companies, trading locally and internationally. With effect from 1 January 2007, the division was transferred to DPD Laser Express Logistics. Dawn Wing provides a comprehensive suite of express delivery solutions including a same day, overnight, economy and road freight service and express warehousing. Its major distribution hub with an area of 12,000 sqm is located at Johannesburg airport. Dawn Wing employs 510 staff and operates a fleet of 194 vehicles.

Established in 1984 as a road-based operator, Time Freight is one of South Africa's leading road express businesses providing a comprehensive road network for rapid collections and delivery throughout South Africa. The business was expanded in 1991 to incorporate Gauteng and the Northern Provinces. In 1999, it was acquired by Laser and became a national road express operator in 2002. With effect from 1 January 2007, the division was also transferred into DPD Laser Express Logistics. Time Freight operates major hubs in all main centres complemented by approximately 80 depots and agencies nationally. The division employs 914 staff and operates a fleet of 284 vehicles with a head office in Pietermaritzburg.

Lehmacher explained the competitive edge of DPD Laser Express Logistics: "Dawn Wing and Time Freight are highly visible brands which stand for performance, reliability and experience. Their extensive local coverage, coupled with the global reach of the GeoPost DPD organisation and its premium brand DPD, provides customers with a new combination and value proposition on the South African market."

"DPD Laser has a national footprint which is probably the most established and dense footprint of all providers in South Africa," Hayes stated. "As operating divisions of DPD Laser, Dawn Wing and Time Freight are positioned as businesses with strong partners – Laser as a leading local logistics provider in South Africa and GeoPost DPD as the established international network partner." All major South African cities can be accessed on an overnight basis through the provision of cost effective road and air services, provided on a door-to-door basis as well as proven technology and growing expertise and experience in the B2C market, he added.

Commenting on the 2009/2010 results of Laser, Hayes said: "We are delighted to report that whilst profits were down in 2009 on 2008, they remained at an acceptable level. Critically, all of the operating businesses were stronger businesses at the end of the year than they were at the beginning without exception, well positioned for growth in the year ahead."

"We are pleased to say that the cautious optimism that we expressed towards the 2009 close has been supported by a great start to this year. Each of our businesses has experienced strong revenue growth and this can be attributed to our efforts last year but also to improving 'external' conditions. We must continue to ask ourselves what more we can do to enhance our customer service, enhance our competitiveness, enhance our operational efficiencies and find ways of better positioning ourselves for future opportunity," Lehmacher added.



Picture: DPD in South Africa

## **Regional expansion plans**

Looking ahead, Lehmacher commented on future plans of DPD South Africa. “In the coming years, we want to grow our business in South Africa and leverage the partnership with The Laser Group through innovative solutions and broaden the product and service offering to continuously suit clients and the emerging markets,” he said. “In this light, we plan to establish ourselves as a regional operator for the SADC.”

The SADC is the Southern African Development Community, representing 15 countries, and its vision is to ensure within a regional community economic well-being, improvement of the living standards and quality of life, freedom and social justice; peace and security for the peoples of Southern Africa. “This shared vision is anchored on the common values and principles and the historical and cultural affinities that exist amongst the peoples of Southern Africa,” Hayes noted