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Interview - GeoPost unveils intercontinental growth strategy



Picture: Wolfgang Lehmacher

GeoPost, La Poste's CEP express parcel holding, will continue to build up a worldwide network of partnerships, ventures and subsidiaries to grow its intercontinental business and offer a competitive alternative to the four integrators, Intercontinental CEO Wolfgang Lehmacher told CEP-Research in an exclusive interview.

Alongside its European expansion, GeoPost has been gradually building up its worldwide activities in recent years through a combination of selective acquisitions and joint ventures under the DPD brand and international operational partnerships. It now offers worldwide delivery to 230 countries. Revenues and volumes for the intercontinental business are not disclosed, however.

"Our main ambition is to strengthen our position as the world's domestic express parcel specialist through a focused strategy and a flexible mix of owned infrastructure and partner capabilities,"

explained Lehmacher. "Following our success in Europe, GeoPost has chosen to expand through a collaborative partnership-based business model, which offers all stakeholders significant benefits. We are committed to strengthening our global capabilities by continuing to focus on the needs of the local markets and customers – this is the main driver of our success, both in Europe and around the world."

The German-born manager, CEO GeoPost Intercontinental since December 2005 and also a GeoPost board member, is responsible for all GeoPost entities outside of Europe, encompassing Russia / CIS, Turkey, East Asia, Middle East / South Asia, Africa and the Americas, and is responsible for the global expansion of the group and its worldwide network. He previously held senior positions at GeoPost's European subsidiaries and earlier worked at TNT Express.

In order to offer worldwide distribution for European customers, GeoPost initially set up an international linehaul air network through a strategic partnership with Air France-KLM and the latter's express subsidiary SoDExi, in which it has a 25% stake. Local distribution is provided by partners or subsidiaries. This 'asset-light' strategy combines low capital investment with the advantages of local expertise and capabilities through strategic partners, allowing GeoPost to focus on customer relationships and IT services such as global track-and-trace, Lehmacher explained.

"Our global presence now extends to most major high growth markets around the world," Lehmacher said. "The intercontinental network is being built around GeoPost's strategic investment in SoDExi, in conjunction with our JV partner AF-KLM, to provide linehaul solutions that link our European stronghold to our strategic presence across the world. The intercontinental air linehauls are being supplemented by regional networks built around partnerships with key local players, such as IBC and ARAMEX. These partners will provide regional linehauls as well as gateways in key countries. And they perform the deliveries where we ourselves do not have our own presence."

In Asia, GeoPost has set up DPD-branded operations in China, South Korea, and has cooperation agreements with Japan Post and Vietnam Post. Two significant partnerships were sealed in the region this year. "Mid-2008, GeoPost entered into cooperation with the Qantas-owned Asia network operator, DPEX, since then the GeoPost network partner for this region. We have also formed a partnership with Continental Carriers in India in 2008 which is important for our development in one of the highest growth areas in the region. Our owned operations in China and Korea continue to grow and develop according to plan," Lehmacher said. The company also opened an East Asia regional head office in Hong Kong in November.

Elsewhere, GeoPost has formed a strategic partnership with Turkey's Yurtici Kargo, which is also the GeoPost partner in Russia, Ukraine and Kazakhstan. In the UAE, a joint venture has been created with the Kanoo group, while in South Africa there is a joint venture with The Laser Group. GeoPost also opened up two new point-to-point routes this year (Paris - Miami and Hong Kong – Delhi).

Despite the poor economic outlook, GeoPost is optimistic about further growth in trade with emerging markets such as Asia and, increasingly, with Eastern Europe. "In light of the recent economic developments, our priorities have not changed as we are very well positioned and our business model has proven

successful," Lehmacher said. "The current economic climate requires companies, more than ever, to stay on top of costs while improving their competitive advantage. We believe that our approach is the most innovative way to create a competitive and collaborative express parcel network. This is especially so in volatile times, as companies seek to optimise their value chain in order to free valuable resources that can be used to focus on their core business."

GeoPost will continue to optimise its network in the short term, while extending its network capabilities in BRIC states in the longer term, Lehmacher said. "We will continue to enhance the performance of the global network and services by leveraging our partnership with AF-KLM and adding new direct, point-to-point links, mainly into Europe."

The product portfolio of 'day-probable' DPD Classic parcels and 'day-certain' and 'time-certain' Express parcels could be supplemented by new offers. "The successful initiation of an important inbound project from Asia to Germany shows the potential for intercontinental trade, with parcels handled both within the GeoPost standard set-up and through customised solutions with direct flights to key destinations in Europe." Lehmacher added.

Source: CEP-Research

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