

TOP SPEED DELIVERY

Couriers do what ordinary mail cannot – guarantee that documents and parcels get to their destination on time.

OVER the years, different discoveries have led to the betterment of the quality of human life. The invention of the wheel and the jet engine, in particular, contributed quite significantly in this endeavour. They have succeeded not only in cutting short transportation time, but also in extensively facilitating convenience.

The courier service is one industry that has enjoyed the benefits of these inventions. In Malaysia, the courier industry is a thriving business worth approximately 65 million rgt. And depending on the status of the local economy and the global scenario, United Parcel Service (Malaysia) or UPS anticipates a conservative annual growth of about 10 to 15 per cent in the next five years for the industry.

A peek into the Malaysian courier scene reveals several interesting trends. The local courier service has gradually grown into an industry the public has learned to depend heavily on. While this in no way indicates that there are flaws in the postal system, it does show a need for faster delivery of documents and parcels. With information technology enveloping almost every facet of society, and the speed of delivery being constantly emphasised, reliance on couriers is set to gain momentum.

Competition is stiff in the crowded courier marketplace. Players are always on their toes, scrambling for fresh ideas to compete. Service quality, speed, rates, convenience, trustworthiness and reliability are some of the areas that have experienced fierce competition.

Gone are the days when the public and the corporate community rely solely on the post office to have their documents and parcels transported. In a frantic effort to solicit business, price undercutting has been known to be a common practice. The courier price war which started in the early 1980s has caused courier charges to take a dive. The cost of these services is now within the reach of most.

The Malaysian courier industry was established when two multinationals set up their companies here. DHL International was the first to break into the scene in 1974, and TNT Skypak follow suit two years later. Two other local companies, City-Link and Nationwide Express, joined in the fray in 1978, and numerous others followed later in the attempt to grab a piece of the lucrative courier pie.

Now the public sector, too, has a piece of pie. The postal service launched its EMS Poslaju in 1988, which provides delivery of documents and parcels within 24 hours to any place in Malaysia. When EMS Poslaju was first introduced, there were only 107 contract customers, all private companies. The number has since shot up to 325.

The Postal Services Department recently changed the name of the EMS Poslaju service to Postal Courier. Its deputy director-general (operation and investigation), K Sreenivasan, said the change in name was to reflect the role of the service as a courier service. There are currently 60 Postal Courier centres around the country. In a recent Press report, Sreenivasan said: 'The department set a realistic target when it first

entered the industry, but was surprised when it achieved a more than 300 per cent increase (in terms of volume and income) by the second year.'

UPS, a US-based courier made its debut on the local courier scene in October 1988 after the acquisition of the Asian Courier System. Despite the tough competition and being in operation for only about two years, it claims to have secured a 5 per cent share of the local express delivery market.

The lion's share still goes to DHL, TNT Skypak, City-Link and Nationwide Express. Eddie Foo, UPS' country manager, is nonetheless optimistic and confident that UPS operations in Malaysia will continue to grow and that the company will become one of the industry leaders in the near future. For 1990, UPS is expecting a 130 per cent growth in turnover over that of 1989.

Although it is a relatively newcomer to the Southeast Asian region, UPS is no less aggressive in its expansion plans. Over the last six months of 1990, UPS has expanded its services to Malacca and Taiping. It anticipates opening six more offices in Malaysia within the next 12 months. On the global front, it has targeted Indo-China in its marketing strategy, but has received restraining orders from the American government on operating in Vietnam.

DHL is also rapidly making inroads into the emerging economies of Indo-China and Eastern Europe. DHL now has services to Vietnam, Laos, Cambodia and Myanmar. TNT Skypak, another major courier company with a world-wide network in 190 countries, has entered into several joint ventures to further enhance its Soviet, Hungarian and Yugoslavian services. Plans are in the pipeline for TNT Skypak to extend its coverage to Poland, Bulgaria, Romania and Albania in the near future.

Rick Foxhaven, general manager of TNT Skypak's Singapore operations, has this to say: 'These developments ensure that businessmen in Singapore and Asean will now have a quick and reliable delivery service to Eastern Europe. This is important in view of the rapid development taking place in that region.'

What is the secret behind the ability of courier companies to deliver documents and parcels faster than any other means? Basically, the flying couriers or Couriers On Board (COB) are used. COBs are company employees who will deliver documents and parcels from one destination to another by air.

A COB has the responsibility of ensuring that all documents and parcels are safely lodged in the aircraft as his baggage and subsequently cleared without much hassle at the destination airport. On the average, a COB baggage is cleared within 30 minutes and is ready for sorting and delivery. According to sources at DHL, although more costly than the conventional unaccompanied airfreighting, COB has proven to have an advantage when speed of delivery is of top priority.

Maintaining a competitive edge through a constant upgrading of services is crucial if courier companies want to stay ahead. Watching out for competitors is good, but courier firms need also to guard themselves against the onslaught of new developments in the telecommunications world. For instance, the facsimile machine, upon its introduction in the market, took away a substantial portion of business from the courier companies.

Courier companies are investing heavily to upgrade their technology and facilities. UPS in Malaysia is continually investing in training its employees so as to provide the best customer service. In addition, UPS has in its stable one of the world's most advanced computer link-up systems, known as the 'electronic pre-

alert' link up. This system allows the destination country to receive all relevant information and to clear a package prior to its arrival, resulting in speedier delivery. UPS is also considering the possibility of setting up regional warehouses for its customers.

DHL estimates spending close to 200,000 rgt this year on staff training. Using a mixture of in-house and external trainers, DHL's staff training programmes focus on customer service and security. Apart from staff training, it will also spend about 4.05 million rgt to upgrade its Unix-based computer system.

Similar plans are underway for other courier companies – upgrading of their computer systems, increasing their network and the fleet size of their carriers, and training of human resources to provide quality service. These efforts aren't too ambitious when one considers the buoyant economy and the size of foreign investments coming into the country.