

# Main activities of tnt express marketing essay

[Business](#), [Marketing](#)



TNT started from very humble beginnings after the Second World War back in the 1940s (TNT Holdings B. V, 2011). The founder of TNT Holdings, Ken Thomas starts his business only with a truck. TNT's business began to boom in the 1950s when Ken Thomas offer road and rail freight services across Australia which includes new overnight services (TNT Holdings B. V, 2011). In 1958, the company became known as Thomas Nationwide Transport or TNT for short. By 1962, TNT had become so successful that it was listed on the Australian stock (TNT Holdings B. V, 2011). According to TNT Holdings B. V (2011) From the 1970s to 1980s, TNT bought over logistic companies in Europe, North America and Brazil. In this period of time, TNT has also stepped into Malaysia and has strategically moved from being a courier company to a full-fledged business – to – business express integrator. According to TNT Holdings B. V (2011) TNT is also the first transport company to own its own aircraft becoming the first European overnight service using a dedicated fleet. In the 1990s, the TNT group had 70, 000 employees and started new investment very quickly such as the Dutch connection, Cooperation with Swiss post, Acquisition of Jet services in France as well as expansion on international road and air hub expansion (TNT Holdings B. V, 2011).

## **1. 2 TNT Malaysia**

TNT's operations in Malaysia consist of three international gateways in Kuala Lumpur International Airport (KLIA), Penang, Johor Bahru and a network of 10 branches. TNT operates a state-of-the-art warehouse in Kuala Lumpur International Airport (KLIA) which is estimated to handle 80 per cent of TNT's in-and-out bound international business. The Penang international gateway is

the new facility opened in October 2009. It houses the latest equipment such as an in-house X-ray machine, automated conveyor belt and castor decks with built up ULD weighing capability. This gateway is capable of conveying 320 tonnes of shipments daily. In December 2005, TNT launched its 7, 620 km long Asia Road Network (ARN), an integrated road network spanning across 127 cities across Malaysia, Singapore, Thailand, Vietnam, Cambodia and South China. The road network is a secure, guaranteed day-definite transportation solution is the first in Asia. TNT Malaysia takes responsibility for TNT's main Security Control Centre in overseeing and tracking the entire road network operations in Asia. TNT's mission is state as they are a global team of empowered people that connects business, markets and people in a sustainable way. Their vision is to be the most admired delivery company. TNT also has their core values and qualities which most of the company do not promise to the world. TNT's core value is to be passionate about their customers, to care for people, to keep their promises and have a "can do" mentality. In addition, TNT's qualities are as followed, engaging people, working together, building local and global partnerships and delivering the orange customer experience.

### **Director of TNT Malaysia**

Moving our attention back to TNT Malaysia, in which started operations in the 1976 with Mr Chong Siang Chung as their Managing Director. According to Metro (2011), Mr Chong Siang Chung based in Petaling Jaya and manages over 600 employees and is responsible for overall TNT operations in Malaysia and Brunei. Mr Chong Siang Chung is the first Malaysian to be internally appointed as the Managing Director since the establishment of TNT Malaysia.

SC has led the company to achieve strong double digit revenue growth year after year, making TNT Malaysia one of the fastest growing business units in the Asia region.

## **Corporate Responsibility of TNT**

TNT Express' Corporate Responsibility strategy complements the overall strategy and has three main elements which are protecting our people; maximizing operational efficiency; and building win-win relationships.

Globally, TNT partners the United Nations World Food Programme (WFP), the world's largest humanitarian agency. Each year, WFP provides food aid to an average of 90 million people, including 56 million hungry children, in more than 80 countries. Among the initiatives TNT actively supports is the WFP's global School Feeding Programme, an initiative which encourages school attendance by offering free meals at schools to some of the world's most vulnerable children.

## **TNT Malaysia's Awards**

TNT Malaysia's leadership in quality service and technological innovations has earned the company numerous awards and recognition over the years. According to TNT's facilities have also attained ISO 9001: 2000 (Quality Management), ISO 14001 (Environmental Management), TAPA-A (Technology Asset Protection) and ISO 28000 (Security) (TNT Awards, 2011). TNT Malaysia became the proud recipient of the Investors in People (IIP) certification, SA8000 (Social Accountability), and OHSAS 18001 (Occupational Health and Safety Management) (TNT Awards, 2011). According to TNT Awards (2011), TNT was awarded the Best Road Haulier

Asia Award for the third time running in the Asian Freight and Supply Chain Awards (AFSCA) in 2007, Award for Corporate Branding-Best Brands in Logistics Solutions in 2010 and Express and Logistics Provider in 2008.

## 1. 6 Main activities

Figure 1. 0: Main activities of TNT Express

The main activity of TNT Express is import and export of goods and documents around the world with a focus on time-certain and day-certain delivery. Goods and documents have different weights, shapes and sizes and can have different requirements in terms of speed of delivery, security and point of delivery. Goods and documents can have very different distance requirements, ranging from domestic to international; for instance, cross-border or regional as well as worldwide. The express services provided and the prices TNT charges are primarily classified by speed, distances to be covered, sizes and weights of consignments (TNT Express, 2010). TNT provides its customers or economy express services which differ in price. According to TNT Express (2010), TNT' customers range from small and medium enterprises, major customers, high volume shippers and global customers. Each category of customers is managed by dedicated teams and processes. TNT builds strong relationships with its customers through regular personal contact and visits, as well as a wide range of communications media. The main sectors TNT serves are high-tech, automotive and industrial, healthcare and lifestyle (fashion) (TNT Express, 2010). TNT operates in the CEP market (Courier-Express-Parcels), which is usually segmented along two dimensions: speed or time-certainty, and weight (TNT Express, 2010). Within the first dimension, customers have different requirements in terms of speed and guarantees for their

consignments, ranging from same-day and time definite to day-uncertain deliveries. Within the second dimension the weight, shapes and sizes of delivery differ. They range from small and light goods (e. g. documents), to large and heavy goods. These varied requirements use different delivery networks and are served by different operators. These range from expeditious and time-sensitive (air and road) express networks operated by integrators to less expedited sea carriers (TNT Express, 2010). Freight forwarders operate networks that are partially ' virtual', using blocks space on other operators' planes, ships and trucks, and their own depots and sites in harbours and at airports (TNT Express, 2010). Couriers focus on same-day and (worldwide) next-day deliveries with a focus on light weights. TNT is a so-called ' integrator', covering most of the market segments, excluding mail services and transport of bulk goods. The other global integrators are UPS, FedEx and DHL.

## **2. 0 Analysis**

### **2. 1 Industry**

As cited in Road Safe (2013), TNT Express provides a unique combination of on-demand, time-sensitive, door-to-door international and national express delivery services. From a leading position in Europe, TNT Express offers its customers a global coverage for their express distribution needs through its depots and offices around the world. TNT Express mission is to exceed its customers' expectations in the transfer of their goods and documents around the world. And Delivers value to its customers by providing the most reliable and efficient solutions through delivery networks (Road Safe, 2013). TNT Express leads the industry by: Instilling pride in TNT's people, creating value

for TNT's shareholders and sharing responsibility for our world (Road Safe, 2013). The tool choosing by TNT is optimization models tool, these Global Optimization (G. O) tools are the econometric models that are used to calculate the best optimization solutions. They have met many criteria, according to Fleuren. H (2013) first is they have to be transportable so that they can be used in different countries, for different networks and even in other organizations. Secondly, and very importantly, despite the complexity of the models, their design has to be user friendly so that TNT's employees, who are not mathematicians and ability to work with them effectively. For TNT, mathematical modeling and in particular, operations research, became part of its modus operandi five years ago to enable the optimization of its global networks, hub and depots, and pick-up and delivery (PUD) operations (Hoorneborg, 2013). No one can predict the future, but modeling your business enables you to look at different scenarios and simulations in order to gain precious business insight. Key competitors of TNT are United Parcel Service (UPS), because TNT Express faces an uncertain future. TNT Express is in a precarious position as the group continued to post losses of , 3mil (RM12mil) in the third quarter of 2012 (TNT Express, 2013), on the back of sales of , 1. 8bil (RM7. 38bil). It has cut capacity in Europe because of weak demand, was hit by restructuring problems in Brazil, and is seen as a minor player in China. Its chief executive quit soon after UPS made its offer in March 2012. UPS had offered to buy TNT Express, Europe's second-largest delivery company, to compete with Deutsche Post's DHL for US\$6. 9bil (RM21bil). However, UPS dropped the deal earlier this month after failing to

obtain permission from the European Commission for the acquisition under its anti-competition regulations (Chung . S. C, 2011).

## **2. 2 Current Competitors**

Founded in 1907 as a messenger company in the United States, UPS has grown into a multi-billion-dollar corporation by clearly focusing on the goal of enabling commerce around the globe. Today UPS, or United Parcel Service Inc., is a global company with one of the most recognised and admired brands in the world. As the largest express carrier and package delivery companies in the world, we are also a leading provider of specialised transportation, logistics, capital, and e-commerce services. Every day UPS manage the flow of goods, funds and information in more than 200 countries and territories worldwide (UPS, 2013). UPS recently launched a simplified global portfolio for shipping air freight, including an expanded express freight option with guaranteed door-to- door service. The new air freight portfolio features an expanded international express service called UPS Express Freight. It more than triples the number of express lanes currently served and provides guaranteed time-definite, overnight-to-three day door-to-door delivery including routine customs clearance to major global metropolitan areas, the company said. For less time-sensitive global movements, UPS offers two non-guaranteed alternatives: UPS Air Freight Direct is a one-to-three day airport-to- airport service, and UPS Air Freight Consolidated is a three-to-five day airport-to-airport service. Both services are available worldwide and offer pickup, delivery and customs clearance as options (UPS, 2013). UPS Enterprise Strategy is to Create Value, Transform, and Invest to Grow. According to UPS (2013), TNT creates value for customers using our



superior portfolio of logistics capabilities and demonstrates how the power of logistics can create a competitive advantage for our customers. Offer products and services that expand our customers' access to global markets. Configure our broad portfolio of solutions for targeted industries. Meanwhile offer industry-leading technology that simplifies and improves our customers' business processes. They continually transform to strengthen our leadership position, which is delivered an exceptional customer experience (UPS, 2013). Apply marketing and sales excellence to drive profitable growth, and enhance performance through quality, efficiency, and technology. Follow by invest to accelerate growth in key markets and new opportunities through accelerate growth by leveraging our global network and scale. Build our infrastructure and presence in key emerging markets, and expand our offerings of integrated logistics solutions. UPS has one of the most robust and detailed programs for measuring and reporting the carbon impact of our own operations, as well as that of our customers. The efficiency of our network helps us to better calculate CO2. We also maintain an impressive set of Carbon Reduction Strategies (UPS, 2013). Our strategies include: Firstly is modal shifting which is use of the most fuel efficient transport mode or combination of modes to meet service requirements. Secondly are network efficiencies which are ability to handle express, ground, domestic, international, commercial, and residential shipments through one integrated pickup and delivery system. Thirdly is air fleet efficiencies which is as you might imagine, this is our most energy intensive mode of transport and makes up the largest portion of our carbon footprint. We continually measure and manage this environmental impact by operating one of the

youngest and most fuel efficient air fleets in the package delivery sector. We also maintain lower flight speeds; computer-optimized flight plans; computer-managed aircraft gate departures, and arrivals and taxi times; fuel efficient bio-diesel towing tugs; environmentally-friendly paint that reduces drag; and cleaner engines. Then continue with ground fleet efficiencies which is to maintain efficiency on the ground we use a variety of strategies like telematics, a set of technologies innovated by UPS to monitor vehicle performance; mile-reduction plans; and testing and implementation of alternative technology vehicles like our composite car. Finally is integration of technological and human factors which is UPS won regulatory approval for our pilots to fly more efficiently, leading to reduced engine emissions.

## **2. 3 Firm's Current Supply Chain & Logistics**

### **2. 3. 1 Strength**

Leading enterprise in the logistics sectorAs the international courier delivery services company, TNT provides a wide range of express services to businesses and consumers around the world. It also enhances its efforts to expand express services by expanding their logistic services. For example they have express delivery services and extensive expertise in most major business market in the industry to fulfil different customer needs. Besides, with more than 18 years of experience in Asia, they have built a freight service that is fast, reliable and cost effective. As compare to traditional freight forwarding, their upfront all inclusive pricing together with their limited administrative requirements provide their customers with greater transparency and increase the control over their time- sensitive export and import shipments. Furthermore, TNT act as one stop shop with solutions to

meet all the requirements regardless what their customer are shipping. This causes the customer to enjoy the same high level of service around the world. In addition, TNT is able to distinguish itself from competitors by offering its own operated freight service, for instance, sea freight service, air freight service and rail freight services. By owning this dominant strength, TNT can offer a dedicated and dependable freight services to its diverse range of customer, thus creating a strong barrier to entry as well. Advanced technology system adoption

As one of the leading logistic enterprises in the global market, TNT Express consistently retains and keeps up with high quality services to serve its loyal customers as its source of business growth. TNT is highly dependent on logistics system to streamline the operations and management of its business to ascertain timely delivery, as well as providing inventory information to its clients to assist in tracking their packages and consignments. In order to provide consistent services to its customers, TNT Express is adopting Information Technology (IT) system to control its daily operations as the system serves as a vital component in manipulating daily operations. In this case, TNT Express has heavily invested in acquiring and upgrading its system when the enterprise becomes aware that the business is highly dependent on the IT system. TNT use innovative technology to offer electronic booking services to reduce cost and speed its processes. Besides TNT adopting RFID that is use to track every one of the million parcels they deliver. Through the adoption of new technologies, TNT could smoothen business processes and operational efficiency system, hence, achieving cost efficiency, and improving the overall financial result of the group. With a stable finance generated from the IT system, TNT also invest heavily in its

high tech technology Mobile Worker on a global scale which will make it possible to connect the mobile terminal of courier with a system using which TNT customers can monitor the movement of their consignments.

Furthermore, TNT is adopting system such as TNT Wap Tracking, TNT SMS Tracking, TNT PDA Services and RFID that have multipurpose uses, to minimize administration and save customers' time. Strong Cash Flow TNT Express has the ability to generate strong cash flow. This strength allow TNT to aggressively invest and execute business strategy, thereby to enhancing its corporate value. For example, TNT has successfully expanded its business into other countries throughout the world such as Europe country, China and other international destinations. In order to achieve this expansion, it is essential for TNT to have a strong financial status and cash flow. Besides, strong cash flow means that TNT has sufficient fund for daily operation such as expenses on petrol, drivers and etc. Strong cash flow also important for TNT as their company has to bear a lot of cost of delivering the freight and carries all the company expenses. Thus, strong cash flow helps the company to create a substantial cash cushion to absorb all the cost and reduce the risk of delaying important payment. Lastly, by having a strong cash flow, it allows the company to continue to grow.

### **2. 3. 2 Weakness**

High cost operation High cost operation within TNT Express is also part of the weaknesses it's facing. They have to spend a vast of money in the maintenance cost of their transportations. In other words, TNT Express has to generate more profits from their freight services in order to cover the expensive maintenance cost than its competitor when they can save more

money in their maintenance cost. Besides that, TNT Express also has to spend a lot of money in maintaining and develop their technology system such as TNT web tracking, TNT PDA services and RFID that provide convenience for customer but at the same time make higher cost for their company. Poor customer service TNT Express has a poor customer service centre when they provide a slow service response to their customers. This issues arise is due to the lack of sophisticated management techniques where the service department unable to perform a potential management skill to deal with each problem faced by their customers. Besides that, TNT Express incapable to provide prompt services response to cope with this issue due to the unskilled workers and less train manpower in the organization. Consequently, this will lead to a poor customer relationship between TNT Express and their customers. Lastly, TNT Express receive a lot complaint from customer on the delayed of delivery service of customer goods. Insufficient of skilled workers TNT is having problem on the insufficient of skilled workers due to the expanding of their services in domestic and international market. As mentioned, TNT are adopting high technologies in their services, so they needs a lot of skilled worker to handle and control over all the technologies in order to achieve high efficiency in processing and transportation system management. A skilful technical team is highly demanded to manage their technological based service to achieve the highest level of customer satisfaction. In the lack of skilful workers, TNT is hiring fresh graduated workers which are lack of experiences and skills. These cause TNT to spend more money on training these unskilled workers

to become skilled worker in order to increase the efficiency and speed of their worker performance.

### **2. 3. 3 The firm strength and weakness against the industry strength and weakness and result in advantage and disadvantage**

**TNT First strength Leading enterprise in the logistics sector**  
Industry's strength Increase in demand on courier services  
The increases in demand on courier services create an opportunity for TNT to increase the company courier services. As the leading enterprise in the logistic sector, TNT has build fame and reputation for their company. Customer will take this as the priority to choose TNT courier services to deliver their packages. Besides, as the increasing in production of goods by companies that required to be transport in order to reach the market for their customers, TNT as a well established courier service provider would playing an essential role on helping in transport the goods. This will provide massive profits for TNT as they can provide different courier choice such as air, land and sea courier service for their customer to choose the types of courier service they want.

**TNT Second Strength Advanced technology system adoption**  
Industry's Strength Strong networking  
As a courier service provider, strong networking is very important to ensure the courier service can be done effectively. TNT is adopting high technology system to ensure the courier service can be done smoothly. The advancement of technology has helped TNT to be connected, control and operate their customer packages effectively. Due to the strong networking of TNT, they are able to make their task easier by using the advancement of technology system to control over all their

operations. Other than that, due to the global service provided by TNT, the efficient use of digital signature technology allow TNT to offer a secured electronic invoice over 30 countries, including Hong Kong, Singapore and Australia. This helps to reduce their paper processing costs and improve the account payable management process.

**TNT First Weakness Insufficient of skilled workers**

**Industry's weakness High cost**

A courier company with a continued high cost in doing business will bring disadvantages. Since TNT having the needs to improve the quality of their workers and giving training for their workers, this will causes a significant amount of cost in order to solving the insufficient amount of workers problem. The improvement of workers needs to be address immediately to ensure the company operation can be done smoothly. In the same time, TNT would need to implement and maintain its company facilities and technology as well. This would place TNT in an unfavourable situation because courier industry is a high cost industry and yet they still need to place extra cost to improve the quality of their workers. In short, the insufficient of skilled workers will increase the overall cost of TNT, This will bring a disadvantage in bringing a financial problem for the company.

**TNT Second Weakness Poor Customer Service**

**Industry's weakness Customer Dissatisfaction**

Poor customer services by TNT have causes the customer dissatisfaction occurs. Poor customer services such as delayed in delivery of customer goods and poor customer service centre have causes the loss of customers. This will spoil the reputation and image for the company as TNT are unable to provide a reliable service for their customer. Disappointed customer will leave TNT and choose other courier company to deliver their goods. But, at the same time, unsatisfied customer

spread the slow services to their sibling and friends which will further bring a disadvantages for TNT Company as this will indirectly affect the overall profit of the company due to loss of customer.

### **2. 3. 4 Current logistic/supply chain problem faced by TNT**

TNT Express is the European leader in global express and courier that carries

4. 4 million packages, documents and cargo to more than 200 countries

every week. TNT need to implement a system that would allow the company

to improve knowledge sharing across customer accounts to better scale and

adapt to its customers' needs while also enhancing the control and visibility

management had over TNT's various transport solutions. Some of the

problem that faced by TNT are lack of knowledge sharing across Contract

Managers that reduce the customer support efficiency. At TNT express, large

customer are assigned dedicated Contract Manager, those particular

customers are being focused to solve their problems. As a result, Contract

Manager don't always know what their colleagues are working on. Some

solution might be used for single customers and also other customers who

face with the similar problems. Second problem that is facing by TNT is lack

of visibility of the value of each solution and also lack of control over

individual activities. The management team had little insight on how much

value each solution provided by TNT was bringing to the customer. They did

not know the tasks of each Contract Manager are performing for each

customer. This lack of visibility and structure cause Contact Manager don't

join effort easily and provide better solutions to the end-customers. Contract

Managers ended up being general problem solvers. In some cases they are

working on things that others were also working on or working on activities



that were outside their scope. This resulted in an inefficient resource allocation due to a lack of workload and priority management. TNT facing a challenging European market, difficulties with its emerging-market operations, and costs across that company required to cut. Retrieving its pre-merger "2012 Turnaround Playbook" from storage, TNT Express recently announced plan it had intended to implement the previous year. They include cutting jobs across Europe and divesting itself of its small China business and unprofitable Brazilian operations. Recently UPS is trying to acquire the express business of Netherlands based TNT NV, a provider of mail and courier services and fourth largest global parcel operator "have slowed" due to various issues, this is one of the problem that is facing by TNT express although TNT has rejected a \$6.43 billion offer from UPS.

### **3.0 Strategy Analysis**

### **4.0 Recommendations**

### **5.0 Conclusion**