

THE HUB

THINKING MARKETING FOR BUSINESS VISIONARIES™ | July/August 2005

BEST PRACTICES

DHL's Flying Colors

You could sum up DHL's re-branding strategy in a single word: **yellow.**

Okay—and a splash of **red**, too.

Even though DHL is the number-one shipping company worldwide, it runs a distant third behind Federal Express and UPS in America. Having acquired Airborne Express, DHL knew it needed to make its presence felt in a big way. Almost overnight, the company did just that by re-painting some 17,000 trucks in a vibrant shade of yellow.

The package-shipping company also yellow-fied 20,000 worker uniforms, 467 service centers, 16,000 drop boxes and more than 275 million pieces of paper—at a cost of some \$40 million. The re-badging of DHL was not limited to paint jobs, of course. It was backed by a \$110 million marketing campaign.

In this exclusive interview with The Hub, Karen M. Jones, vice president of advertising and promotions for DHL, explains what the marketing team has in mind and why its strategy is working so well.

First of all... why yellow?

Yellow and red were the colors chosen by Deutsche Post World Net, our headquarters over in Germany. The colors were chosen for a lot of great reasons—for the boldness, the assertiveness, the confident tone that this company has. They are some of the most powerful colors that DHL could have chosen.

The decision to re-brand based on a color wasn't a direct response to UPS and its "brown" campaign?

I hate to dispel that myth or burst anyone's bubble, but that's not really true. UPS had brown for years and chose to capitalize on that. Our colors were chosen more from a merchandising standpoint, in terms of what would really pop visually and stimulate inter-

est, as well as what would fit with the personality of the brand moving forward.

It did seem to some that perhaps you were "picking a fight" with UPS and Federal Express.

I'm not sure I would call it a "fight." DHL had not advertised in 20 years in the U.S. market. That's a long time to go without any formal communication to the marketplace. Some really powerful things had to happen to re-launch this brand as a whole.

If you go through the spots (created by Ogilvy & Mather New York) you'll see that we didn't try to pick a fight or disparage our competitors. We leveraged their equity as shipping companies and established ourselves as being in the same category. We didn't make any bold claims of being better. We just simply said that we were a new choice for domestic as well as international delivery.

And you used humor.

Yes, absolutely, we used humor, which is always a very engaging way to get people on board and begin to make a connection with your brand. But more importantly, the humor really, truly, emanates as one of the core, key brand characteristics we have for DHL.

When you look at FedEx and UPS, they are such serious companies. They are very process oriented and don't project much in the way of fun or a sense of humor. That's something that sets our brand apart. DHL is a much more →



← approachable, human, humorous and fun brand to be engaged with. That's something that's very believable as you interact with the people at our company.

How much do you think your success depends on the ad campaign relative to other elements of your overall marketing mix or strategy?

In terms of percentages, I really couldn't give you one. Smart companies realize that even in tough times, keeping that top-of-mind awareness is an extremely important goal. That's especially true in a commoditized market like shipping.

Keeping that awareness top-of-mind is very critical when a salesperson goes in to make a call. Knowing DHL and what it does really helped us with driving our sales after that campaign. A lot of the sales folks were up against the fact that when they knocked on the door and said they were from DHL a lot of people would say, "who?" We had a sales rep who said, "Now all of our cold calls are warm calls."

So, the advertising has opened new doors and really helped position us in the marketplace. We have seen sales follow that. We've seen acquisition of new customers increase significantly and obviously we're taking share from our competitors.

How do DHL employees fit into the new image?

We've gone through the typical things that most merged companies have gone through. We're mixing Airborne people with DHL people and there are always the behavioral issues there. But the people coming from both companies were so hungry for a mission and a purpose and exposure through marketing campaigns that they have just glommed onto everything that we've done. It's created an entirely new image and approach for both companies.

As we move forward, we will have to do even more brand evangelism internally. That goes without saying because your brand emanates from the people who are inside the company. Bringing the two cultures together and having them rally

around the thought, the energy and the momentum of being an entrepreneurial company that's going to go out and aggressively get market share in this really tough, competitive environment has really been an outstanding thing for our workforce.

From a cultural standpoint, is it hard for DHL to assume the role of an underdog in the U.S. when you're top dog everywhere else in the world?

Everyone at DHL wants to feel like they're doing their part to contribute to our number-one position worldwide. We don't want to be the underdog in the U.S. It's within the American DNA to take a challenger brand and move it forward.



That's the spirit and the integrity of the company and the people.

It's a huge challenge. It's like David taking on Goliath in the U.S. But we are backed by a very strong company, and have the resources, the ability and the talent to make it happen. But it's not an overnight win; it's a journey. That's the important thing to keep in mind. We'll build this over time and we've already gained a tremendous amount of momentum just from a year ago. A year ago people didn't know who we were; today you can't miss us.

Our awareness numbers have trended significant growth — 40 percent unaided awareness growth. That's huge. That's only going to have a great payout longer term

for the company. But we've got to continue to sustain that.

Your emphasis is really on small and mid-size businesses. Why is that?

The small and mid-size market is the most profitable one, which is why you see most companies going after that market. But it's not the only focus that we have. I would typify our market more as a general-business audience. We have quite a few targets that we're trying to reach within that general-business audience.

If you think about who makes decisions and who influences in shipping, it can be anyone from an administrative assistant to a shipping manager who runs a shipping department at a medium to large company. Generally, it's a business owner who we're trying to influence because it's his or her dime on the line. Then we go all the way up to the C-level suite of some of the large, global corporate customers — like HP and Sun, for example — that we have in our portfolio.

Is there anything in particular you're doing to build loyalty among your smaller customers?

We actually are in the midst of developing a loyalty program for small and mid-size businesses. We do have a great direct-marketing program for current customers — for retention, acquisition and loyalty. But we are going to turn up the heat a bit on a greater effort focused on customer loyalty and retention in the next couple of months.

Is there a prominent online component in your mix?

We recently re-launched a whole new website which is much more focused on transactions and quickly getting the customer to where they need to be do business with us. We also have just developed a new microsite, which is really more promotional and marketing oriented, where all of our promotions and campaigns are featured. It's quite an impressive tool. Not only is it a promotional site but also it allows customers to start shipping with us, quickly and easily.

You recently announced a sponsorship with Major League Baseball. What is the thinking there?

We actually approached Major League Baseball instead of the other way around. We decided we wanted to be with a leadership property and to be the exclusive shipping provider. We wanted to make sure that our sales force had hospitality rights. We also wanted to make sure that we were aligned with a great American sport, since we're trying to establish our presence in America. We also didn't want to be where our competition was; we're not interested in following a me-too strategy.

We looked at all of that and in the context of our customer base — again looking at small and mid-size business. Baseball turned out to be the best demographic fit because if you look at who really watches and participates in baseball, it's about 56-44 male/female split. When you consider that two out of every three small businesses today are started by women, you realize that baseball has great demographic appeal based on our business objectives.

It's a nice fit because we're all about delivery and when you think about baseball, it's about delivering the game, delivering the pitch, the whole nine yards. So it works very nicely with the delivery thought and theme.

It's been about a year since the campaign launched — and also since you joined the company. What have you learned? What's the greatest takeaway you've had in that time?

I've learned that there are going to be tough times no matter what industry you're in, but you have to stay committed and focused on the vision and the goal. And then you have to develop the right set of marketing tools around that to make it happen. I don't have the dollars, quite frankly, that FedEx and UPS have. But that's good in many ways because it forces us to push harder, work harder, challenge our marketing mix harder, and think about it a little bit differently.

Sometimes when you have a lot of money, you make decisions that aren't

really well thought out. We think and put a significant amount of energy into everything we do and everything we spend our money on. We have to look bigger — we have to make each dollar look like five dollars. We've made a great start, but you have to be committed to it and you have to understand and you have to challenge everything you do. And you really have to look at the ROI on it and say: Is this going to have the return I need or is this just a nice-to-do? There are a lot of companies caught up in nice-to-do.

What's impressive here is that there's a clear mission and goal at DHL. Everybody knows what we're working towards. Having been in other industries, I've seen a lot of lip service given to marketing but not a lot of action behind it. What keeps me energized and motivated here is that our management team totally gets it and understands what it takes to make things happen.

At a lot of companies, the marketing budget is the first thing that gets cut during hard times. But our leadership knows how critical marketing is to us at this point in our journey and does everything it can to protect that. They understand that there's an investment level that needs to be made. We're committed to the goal, we have the backing of the management team, who understands the challenge, what we're up against, and that makes all the difference in the world.

Where does DHL go from here?

Our whole campaign has been about a new choice in domestic shipping. We've established ourselves there. The hardest work is yet to come — which is the "why"? Why choose DHL and continue to do so versus FedEx and UPS? That's the next phase of messaging and campaign.

It's easy to say, "we're here." It's easy to say, "we're an option." Now we have to roll up our sleeves and prove *why*. So that's the next phase of all our marketing message and it's pretty exciting. We're doing some really great things as a company and it's going to be a good time. ■

THE HUB

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