

Planning for the Exit of DHL from US Market

Time to Get Busy, Says One Expert; Is the USPS a Real Player Now?

SCDigest Editorial Staff

As DHL unwinds its US domestic services, with plans to completely leave the market by the end of January, 2009 (while maintaining international services), what are parcel shippers who used the number 3 ranked player after UPS and FedEx to do?

Since its November 10 announcement (see It's [Bye-Bye for DHL Parcel Operations in US Market](#)), DHL has already stopped its drop off arrangement at Walgreen's and Office Max, picked up many of its big yellow drop boxes, communicated with numerous customers that they cannot schedule a call-in pick-up after December 10, laid off employees and otherwise rapidly scaled down its business in the US.

Even before service is officially ended in January, parcel shippers need to be cautious in using DHL services until then, says **Gerry Hempstead**, a former DHL executive and now president of Hempstead Consulting.

"I'm hearing of service issues resulting from their cancellation of their service guarantee on November 17. This now leaves to the discretion of the destination terminal management and the delivering driver when and if he wants to deliver your package today regardless of the service you purchased and paid for at the time of tender," Hempstead told SCDigest. "Now, with no published service guarantee, shippers have no recourse to get all or part of their money back" for shipments that take extra days to be delivered.

How should shippers that use DHL in whole or part for their parcel business prepare for its total demise?

First, Hempstead notes that if a company has pro-

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cured any of the DHL Ship Ready pre-purchased products, they should be used very quickly. A shipper also has the option of applying for a refund. (See Reader [Question: Prepaid DHL Envelopes](#).)

Second, Hempstead says that if you have not done so already, it's time right now to call in your FedEx, UPS and USPS representatives and lay out for them your DHL business and service needs.

"Yes, the USPS is a player now," Hempstead says.

"Position your shipping book in such a way that it is attractive to what the carrier is looking for," Hempstead says. "For example, commercial deliveries are far more desirable than residential deliveries to UPS and FedEx. Air shipments are more desirable than ground. International is more desirable than domestic."

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Finally Hempstead says that if your spend is at all

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significant, consider using a parcel consultant.

"History has shown that they will always achieve a significantly better discount for you because that's their core competency and they do it day in and day out," Hempstead says. "Most consultants you pay out of the savings achieved. If they don't save you money, you don't pay them anything."

Hempstead says there are other important changes going on. For example, UPS has quietly reduced its service commitment to over 1000 zip codes this month, as well as announced the largest tariff increase in recent memory for 2009.

"Having most of the market now concentrated in two carriers is going to require more diligence and attention to alternative methods and means of carrier and service selection moving forward into a soft economy" Hempstead added.

