



**THE TIMES 100**  
**BUSINESS CASE STUDIES**



**Product – Parcelforce Worldwide**

Parcelforce Worldwide is part of the Royal Mail Group and is a leading provider of express parcel deliveries. It provides a range of services including a guaranteed delivery on certain times or days. In the last few years Parcelforce Worldwide has made big changes to improve its business. It has improved its quality of service by focusing on time-critical products. In 2007, an analysis of a customer research survey showed Parcelforce Worldwide needed to improve its international services. It also needed to change its marketing to respond to an increase in competition and changes in the **external environment**.

The product was the key starting point for Parcelforce Worldwide. As a service organisation, it looked at the service range it offered the market. A range may be broadened or a product strengthened for tactical reasons, such as matching a competitor's offer. Alternatively, a product may be re-positioned to make it more acceptable for a new group of customers. An example of this is Parcelforce Worldwide's International Datapost service. This covered both the **urgent**(i.e. very fast) and **deferred**(i.e. medium-speed) categories of its delivery range. Parcelforce Worldwide needed to **differentiate** the product to meet the needs of the different users. As a **market-orientated** organisation, Parcelforce Worldwide must understand what its customers want to meet their needs. Market research helped Parcelforce Worldwide decide what it needed to change to best meet those needs. Market research falls in two types:

1. Primary research . this involves gathering information from original sources. Research may be either:
  - Qualitative methods that try to find out how people feel. Samples of customers are often asked to discuss products and services while researchers take notes.
  - Quantitative methods that produce figures or statistics. Questionnaires, telephone and internet surveys are often used.
2. Secondary research . this involves compiling information from existing or published sources. Internal sources include Parcelforce Worldwide's own customer databases; external sources include published materials like newspapers, trade publications and the internet.

Parcelforce Worldwide focused on primary research through web interviews to see what customers thought about its services. One key question was to find out what was the main factor affecting the decision making of customers using the Urgent service. The research showed that for most of these customers, speed not price was the primary factor. The other key issues the research identified were:

- Parcelforce Worldwide's **product portfolio** was not aligned to customer needs.
- In the urgent market, customers were mainly interested in speed of delivery; in the **deferred**market, customers wanted a balance of speed and price; and lastly, there was also a market where price was the main purchasing consideration.
- Across all services, customers had a number of factors they required as a minimum. These included reliability, high levels of customer service, management reporting & good tracking.

To meet these needs, Parcelforce Worldwide has created a new set of international services which have these factors as attributes and which are then differentiated by price and speed in line with customers needs. It has also created product names (or brands) that help to reinforce and clarify for customers what each service offers.

Market	Urgent	Deferred	Non-urgent
Price or speed	Speed	Balance of price/speed	Price
New service	Global Express	Global Priority	Global Value
Description	Urgent parcel delivery with guaranteed speeds from next working day. Higher priced service	Mid range delivery speed from 2 working days. Mid range price	Delivery from 4 working days. Lower priced service



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### Questions

1. Product is just one of the four elements of the marketing mix. What are the other three?

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2. Products and services should meet the needs of the customers. How did Parcelforce Worldwide find out what these needs were?

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3. Explain how Parcelforce Worldwide differentiates its International Datapost services.

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4. Analyse the other factors that customers find important about the products offered by firms like Parcelforce Worldwide.

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### Task

Make a list of all the factors that may be important for the product element of the marketing mix. Use your answer to question four above as the Product PowerPoint to help if necessary. Now, for a product of your choice explain how it achieves all of these factors.

Here's an example....

**Product** . Dyson vacuum cleaner

**Factor 1** . Having a unique selling proposition

Dyson developed the bagless vacuum cleaner which was able to differentiate the product from anything else on the market at the time. A patent helped to keep the concept unique to Dyson.

### What have you learned?

*Mind the gap* . write a paragraph about the product element of the marketing mix, leaving some of the key terms blank. Now swap with a partner and try to fill in the gaps in each others work.