MARKETING MANAGEMENT

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EXECUTIVE SUMMARY

The purpose of this case study is to provide an analysis for the strategic marketing development in Aramex Company using different marketing theories and concepts, and provide a set of recommendations for the coming years. It has used acquisition, joint ventures and franchises to grow its brand globally. Aramex experienced few challenges related to time zone, language, cultural and legal differences and capital constraints. It is recommended that Aramex must continue with further growth in international markets through acquisition, joint ventures and franchises, as well as grow the business in the domestic market.

BRAND OVERVIEW

Aramex is a leading logistics and transportation company with revenues of more than 900 million USD and operations in more than 60 countries across the Middle-East, Africa, Asia, Europe and North America. In 1997, Aramex successfully became the first Arab company to trade its shares on the National Association of Securities Dealers Automated Quotations (NASDAQ). In 1984, the company's operations were less than $1 million in revenue. Aramex offered [Airborne Express](https://en.wikipedia.org/wiki/Airborne_Express) 50% ownership of the company for $100,000, that year. Airborne Express declined the offer because it did not have the resources to invest in a small market such as the [Middle East](https://en.wikipedia.org/wiki/Middle_East). The partnership made Aramex responsible for Airborne's business in the region. Aramex moved its headquarters to [Dubai, United Arab Emirates](https://en.wikipedia.org/wiki/Dubai) in 1985.[Aramex gained [Federal Express](https://en.wikipedia.org/wiki/FedEx) as a client in 1987.In the first year of partnership, 30% of Aramex's revenue came from packages originating from the Federal Express network. Airborne Express acquired 9% of Aramex for $2 million. Aramex was listed on the [NASDAQ](https://en.wikipedia.org/wiki/NASDAQ) stock exchange in January 1997. The company became the first Arab-based company to trade its shares on an American stock exchange. Aramex’s valuation was $24 million and the [IPO](https://en.wikipedia.org/wiki/Initial_public_offering) raised $7 million. The company accrued $66 million in revenue .The company expanded its operations to 120 locations in 33 countries, primarily emerging markets in the Middle East and [Southeast Asia](https://en.wikipedia.org/wiki/Southeast_Asia) by 2001.[[2]](https://en.wikipedia.org/wiki/Aramex#cite_note-globalens-2) The company's strategy was to enter high-growth markets characterized by high populations and liberalizing economies. During summer 2001, [Abraaj Capital](https://en.wikipedia.org/wiki/Abraaj_Capital), the first private equity firm in the Middle East, proposed Aramex a leveraged [buyout](https://en.wikipedia.org/wiki/Management_buyout) offer that would take the company off of the NASDAQ stock exchange. The deal was accepted and Abraaj Capital acquired the majority of Aramex for $65 million in February 2002. The deal allowed Kingston and Airborne to exit, while Ghandour retained 25% of the company and management control. Abraaj acquired 75% of Aramex and made 6% of its shares available to company employees in the form of stock.Between 2002 and 2003 Aramex's net income rose from $4 million to $10 million. In 2003, DHL acquired Airborne Express, Aramex's main United States partner. This resulted in Airborne Express exiting the Airborne Alliance. In the same year, Aramex took over the alliance and co-founded the Global Distribution Alliance (GDA), a global alliance of 40 express companies with combined revenues of $7.5 billion. Aramex is chairing the alliance which uses a shipment management system developed by the company. Aramex went public on the [Dubai Financial Market](https://en.wikipedia.org/wiki/Dubai_Financial_Market) in February 2005.The IPO raised $270 Million. The Company’s revenue increased 23% over 2004 and net income increased 56% that year. Aramex provides different integrated logistics solutions and supply chain services such as international and domestic express delivery and freight forwarding. Aramex provides five core services under four markets; Middle East and Africa, Europe, North America, and Asia. The company achieved good results in 2014 where there was 10% increase in revenues and 15% increase in net profits. In order to understand the Service Life Cycle and service portfolio, two types of analysis were conducted. Firstly, the revenues per each service group were analyzed and secondly, the revenues per each market.

Summary for the Service Life Cycle analysis for Aramex Company:

* The highest revenues were coming from the international express service (34%) and the freight forwarding service (34%), and the publication and distribution service was almost contributing for nothing (0.3%);
* International express, freight forwarding, domestics and logistics services were showing positive trends, while publication and distribution service showed a negative one;
* Although the contribution of the other services was small (5.7% of the total revenue), they were showing a positive trends. The other services included the new e-commerce solutions that Aramex is continuously provide;
* Middle East and Africa region represented the highest market in all services with a positive trend between 2013 and 2014;
* The second highest market in the international express service was Asia followed by Europe, while in the freight forwarding service, the second highest market was Europe followed by Asia; and
* In the domestic service, there was a change in the trend, where the second highest market after Middle East and Africa market was Europe followed by Asia. In 2014, the results were flipped and Asia market became in the second place.

COMPETITION OVERVIEW

**Aramex's** competitive set are DHL, FedEx, and UPS.Together they have raised over 5.1B between their estimated 1.9M employees.

DHL: DHL International GmbH is a German courier, parcel, and express mail service which is a division of the German logistics company Deutsche Post DHL. Deutsche Post DHL is the world's largest logistics company, now in over 220 countries and territories worldwide, particularly in sea and air mail. DHL Express's global headquarters are part of the Deutsche Post headquarters in Bonn. Headquarters for the [Americas](https://en.wikipedia.org/wiki/Americas) are located in [Plantation, Florida](https://en.wikipedia.org/wiki/Plantation,_Florida), USA, while its Asia-Pacific and emerging markets headquarters are located in [Singapore](https://en.wikipedia.org/wiki/Singapore), [Malaysia](https://en.wikipedia.org/wiki/Malaysia), [Hong Kong](https://en.wikipedia.org/wiki/Hong_Kong), and [China](https://en.wikipedia.org/wiki/China). The European hub is in [Leipzig](https://en.wikipedia.org/wiki/Leipzig), Germany. Most of DHL Express' business is incorporated as DHL International GmbH.

FEDEX: **FedEx Corporation** is an American [multination **FedEx Corporation** is an American [multinational](https://en.wikipedia.org/wiki/Multinational_corporation) delivery services company headquartered in [Memphis](https://en.wikipedia.org/wiki/Memphis,_Tennessee), [Tennessee](https://en.wikipedia.org/wiki/Tennessee). The name "FedEx" is a [syllabic abbreviation](https://en.wikipedia.org/wiki/Syllabic_abbreviation) of the name of the company's original air division, **Fed**eral **Ex**press now[FedEx Express](https://en.wikipedia.org/wiki/FedEx_Express), which was used from 1973 until 2000. The company is known for its overnight shipping service and pioneering a system that could track packages and provide real-time updates on package location, a feature that has now been implemented by most other carrier services. FedEx is also [one of the top contractors of the US government](https://en.wikipedia.org/wiki/Top_100_Contractors_of_the_U.S._federal_government)nal](https://en.wikipedia.org/wiki/Multinational_corporation) delivery Services Company headquartered in [Memphis](https://en.wikipedia.org/wiki/Memphis,_Tennessee), [Tennessee](https://en.wikipedia.org/wiki/Tennessee).[[2]](https://en.wikipedia.org/wiki/FedEx#cite_note-2) The name "FedEx" is a [syllabic abbreviation](https://en.wikipedia.org/wiki/Syllabic_abbreviation) of the name of the company's original air division, **Fed**eral **Ex**press now [FedEx Express](https://en.wikipedia.org/wiki/FedEx_Express), which was used from 1973 until 2000. The company is known for its overnight shipping service and pioneering a system that could track packages and provide real-time updates on package location, a feature that has now been implemented by most other carrier services. FedEx is also [one of the top contractors of the US government](https://en.wikipedia.org/wiki/Top_100_Contractors_of_the_U.S._federal_government).

UPS: **United Parcel Service** shortened in initials as **UPS**; stylized in all lowercase is an American [multinational](https://en.wikipedia.org/wiki/Multinational_corporation) [package delivery](https://en.wikipedia.org/wiki/Package_delivery) and [supply chain management](https://en.wikipedia.org/wiki/Supply_chain_management) company.[]](https://en.wikipedia.org/wiki/United_Parcel_Service#cite_note-7)Along with the central package delivery operation, the UPS brand name (in a fashion similar to that of competitor [FedEx](https://en.wikipedia.org/wiki/FedEx) is used to denote many of its divisions and subsidiaries, including its cargo airline [UPS Airlines](https://en.wikipedia.org/wiki/UPS_Airlines), freight-based trucking operation [UPS Freight](https://en.wikipedia.org/wiki/UPS_Freight), formerly Overnight Transportation, and its delivery drone airline ([UPS Flight Forward](https://en.wikipedia.org/wiki/UPS_Flight_Forward)).[[8]](https://en.wikipedia.org/wiki/United_Parcel_Service#cite_note-8) The global logistics company is headquartered in the U.S. city of [Sandy Springs, Georgia](https://en.wikipedia.org/wiki/Sandy_Springs,_Georgia), which is a part of the [Greater Atlanta metropolitan area](https://en.wikipedia.org/wiki/Greater_Atlanta).

TARGET MARKETING

During its early days the focus was on shipping services for a [specific target market](https://buildsuccessfulstartups.com/market-segmentation-examples/) i.e. cost-sensitive small to medium sized businesses. Today E-commerce businesses play a major part in Aramex’s growth due to the explosion in this sector globally. CEO OF ARAMEX (Bashar) explains:

(**Our performance in 2018 was largely driven by the growth of global e-commerce activities, which continue to be the main contributor to the growth of our Express business.)**

Aramex has benefitted immensely from its online platform and e-commerce strategy, particularly in the retail sector globally. In fact, the company’s revenues increased by 23 percent in the year 2013 because of its global e-commerce trading activities. Specifically, this strategy has facilitated business in Africa and Asia by linking high growth emerging economies with its established businesses in other regions. Consequently, increased acquisition has become the main approach that Aramex uses in these regions to increase trade link Aramex has noted strong performances notwithstanding increased difficulties in international markets. The company has attributed such increased revenues to the growing international business in its major geographical regions and high potential areas, particularly in the Gulf region and emerging markets in Africa. Aramex, therefore, aims to promote its strategy with the purpose of seizing current and future trade opportunities across several emerging economies. The company has noted that its core markets are found in the Persian Gulf. These markets contributed the most revenues relative to other regions. Sub-Saharan Africa also recorded strong growth. Aramex asserts that emerging markets and its entry strategies of connecting emerging economies have facilitated global operations and created reliable business hubs.

SWOT

Aramex is an internationally renowned courier and logistics company that is based in Dubai, UAE. The company was first started in 1982 and have risen in the financial [market](https://www.marketing91.com/market/) since. It is also the only Arab based company that got a mention in the NASDAQ. The current CEO of the company is Bashar Obeid. Aramex currently serves in 54 countries and has over 13,800 employees. In 2016 then garnered a net income of $116.1 million. Aramex is dedicated to their work and every year they surpass their previous [goals](https://www.marketing91.com/goals/). They made themselves quite strong in the area of Sub-Saharan Africa they have app types of shipping available to help [people](https://www.marketing91.com/people-marketing-mix/) receive and send stuff in the right way.

Strengths in the SWOT analysis of Aramex

Strengths are the points in which the company has worked marvelously throughout its growth period. They should be observed as the right way to work in the financial market for similar types of company. Here are the strengths of Aramex:

* **The price point of the company is great:**The prices that Aramex have kept are quite reasonable when compared to other couriers. The [service quality](https://www.marketing91.com/service-differentiation/) isn’t hampered due to the price and the customers are satisfied as well.
* **They have a huge market and have continuous expansions:** Aramex started by expanding in the Middle East and South East Asia due to less competition and it was great for them. They are also expanding themselves by taking up courier companies around the world. It has established in the Dubai Financial Market which is a big thing for any company.
* [**Innovation**](https://www.marketing91.com/diffusion-innovation/)**is used in all spheres:** Aramex have incorporated all type of innovations into themselves. They have a beautiful website and several applications for different Operating Systems. Also utilizing the [technology](https://www.marketing91.com/how-to-make-your-business-more-efficient-by-upgrading-technology/) in their delivering service has helped them deliver things quickly.

**Weaknesses in the SWOT analysis of Aramex**

Weaknesses of a company are mainly the points that a company lags in. A company can work on the points to make themselves better in the sphere that they are currently tacking. Here are some weaknesses that the company possess:

* **Bigger logistics and shipping companies:** The huge names in the same field are [DHL](https://www.marketing91.com/swot-analysis-dhl/), [FedEx](https://www.marketing91.com/marketing-mix-of-fedex/), and UPS who mainly hold the [international](https://www.marketing91.com/international-marketing/) market. Aramex has a long way to go in terms of Western countries and in establishing themselves in a better way.
* **Not being able to establish in bigger**[**markets**](https://www.marketing91.com/types-of-market/)**:**Aramex hasn’t been able to bring changes in the markets of USA, UK or Canada. This is a weakness as the company is not able to show their full potential in the international market.
* **Collaboration with weaker companies:**Aramex have been expanding at a fast rate but they mainly eye the small companies. Working with bigger companies will give them the better [opportunity](https://www.marketing91.com/opportunity-analysis/).

**Opportunities in the SWOT analysis of Aramex**

Opportunities are the points which can make a company stronger if they work on it. There are several scopes in which a company can expand themselves to increase their value. Here are some of the opportunities that Aramex should look forward to.

* **Expanding more on an International Level:** Aramex should indulge in expansions around the world. Bigger countries have more competitors but the market is also seemingly huge and so is the need.
* **Advertisements:** Many advertisements aren’t seen by the company but it is crucial. Advertisements produced during the holiday seasons often attract much more customers than ever. To expand throughout the world Aramex will need to establish good advertisements.
* **Enhancing their services:**Aramex is a good company with lots of potentials. They should definitely look into improving their services, even more, to make customers happy. They can definitely enhance their freight and international shipping to make them faster. They should also include different forms of shipping and package options.
* **Enhancing Employment and Establishing more centers:**Aramex doesn’t have many employees as they work with several small companies. In the near future, they can include more people to increase their strength

**Threats in the SWOT analysis of Aramex**

* Threats are points which can harm the company. It can be the current situation or even an [event](https://www.marketing91.com/event-marketing-brand-equity/) that can happen in the future. Here are some of the threats that Aramex may possess:
* **Huge competition:** They are quite famous in the Middle East and South East Asia but bigger companies like DHL and FedEx are also making their presence in these areas. So Aramex does have to better themselves.
* **The rise of costs:** Aramex has a good price point but costs are increasing every day. Their weakness can be utilized by other companies or increasing prices may lead to loss of customers.

MARKET RESERCH

Aramex’s market entry strategies of acquisitions, franchises and joint ventures have worked exceptionally well. The company, therefore, should continue to focus on these modes of entry to grow its brand in the international market as competitions with local firms increase. At the same time, it must focus on experiential marketing to engage new customers. Customers will have opportunities to experience Aramex’s international express and logistics services firsthand. Hence, they will understand how Aramex’s products and services will improve their lives and businesses. The company can provide cost-free and risk-free services for new customers and other existing customers to grow its market share globally.

PRODUCT: E-commerce solutions such as Information Management Solutions and Shop and Ship in Middle East and Africa market Joint Venture with In Post to introduce parcel lockers network solutions.

PLACE: Seek acquisitions and franchise relationships with partners in Asia and Africa markets. Phase- out the publication and distribution service in order to use the money in other services especially the e-commerce one. Utilize the revenues generated from the Middle East market to finance the e-commerce services

PRICE: the company must develop its e-commerce business model to facilitate growth and establish strong links with new markets .This should include a same day e-commerce delivery business (Aramex buys same day e-commerce delivery firm in Australia 2014). Aramex, however, should not ignore its domestic markets since it recorded slow growths at home Banalieva and Damara 2013

Conclusions and Recommendations

Multiple sources of information about Aramex Company were analysed as per the previous framework in Section 2. The micro- stage analysis helped to understand the market and the forces that may control it, while the macro- stage analysis helped to understand the Service Life Cycle and the growth strategies using Ansoff's matrix and BCG matrix. Life Cycle analysis showed the trends in each service groups and the revenue breakdown per each market, Ansoff's Matrix showed how Aramex utilized the four marketing strategies to sustain its position and finally, BCG matrix classified the service portfolio of Aramex into Star, Cash Cow, Question Mark and Dogs. The two stage of analysis were used to formulate a set of strategic recommendations for Aramex using TWOS matrix as shown in Appendix D.

As a conclusion, the main recommended strategies that Aramex Company may consider in the future can be grouped under four buckets which are:

Growth

Seek acquisitions and franchise relationships with partners in Asia and Africa markets.

Phase- out the publication and distribution service (which is its Dog) in order to use the money in other services especially the e-commerce one.

Utilize the revenues generated from the Middle East market (which is its Star) to finance the e-commerce services (which is its Question Mark).

Performance

Implement lean six sigma program to reduce delivery time, costs and ensure more efficient operations in order to meet the expected growth in the market.

Develop business continuity plans for the stressed countries.

Seek financial support to cope with the fluctuating oil prices.

Innovation

Utilize the good knowledge in building new innovative solutions especially in the e-commerce side.

Establish detailed advertisement strategies to meet the rapid changes in consumer habits.