

## Ti Consulting: Assessing an investment target in the European Express Parcels market



### The Brief

“Ti frequently undertakes research for financial institutions including banks, private equity and hedge funds which are looking to make investments in the express, logistics and supply chain industries. Using our knowledge of the sector, our experienced consultants and tried and tested methodologies we are able to provide fast and in-depth in-sight into the market environment and the target company’s positioning.” **Joel Ray, Head of Ti Consulting.**

The Client, a leading financial institution, asked Ti to provide advice on the current strategic, competitive and operational positioning of an express parcels carrier in Europe as well as a review of its wider competitive environment within the European express market.

The Client wanted to better understand:

- The competitive strengths and weaknesses of the company, including a review of its product range, geographic coverage, service quality, price, technology, innovation and brand compared with its main competitors.
- The European express market, particularly with regard to the position of its main parcel competitors, including the general customer perception of the players, the intensity of competition, likelihood of consolidation and possible new entrants.
- Any likely structural changes in the market and how these may affect the company. For example, the impact of modal shifts, distance-based pricing, point-to-point line-haul rather than

hub-and-spoke, B2B-B2C, etc. Also, a review of structural drivers (e.g. cyclical, trading down, cost inflation, supply chain optimisation)

- Areas of likely volume growth potential, especially in B2B domestic express, B2B domestic deferred, B2B Intra-Europe cross-border express, B2B Intra-Europe cross-border deferred. In addition, an assessment of future possible pricing strategies adopted by the main players, including drivers (competition, cost inflation, etc.) and the margins that are likely to be achieved in the future.
- The perception of the attractiveness of the company as an employer (culture, career opportunity, incentives/pay).
- The perception of the company’s management and strategy going forward.

### Ti's Approach and Methodology

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In order to provide the level of insight required by the Client, Ti deployed a variety of primary and secondary research techniques, combined with its own analytical models and industry experience.

#### **Industry experienced consulting team**

Ti's consulting team was led by two senior analysts with extensive operational and strategic experience of the European express market, formerly executives within market leading express and postal companies. The internal team was augmented by senior external associates brought in for their deep expertise in technology and finance.

Ti's senior analysts speak regularly with senior management within express and logistics corporations to discuss the current trends and developments impacting the sector and likely future direction of the market.

#### **In-house research resource**

Ti's team of researchers and analysts already tracks on a real time basis the European express market and the main international, pan-European and domestic players operating within the sector through its Global Supply Chain Intelligence portal. This meant that the team dedicated to the project had unique access to an unparalleled proprietary resource of data and analysis, substantially reducing the time needed for research enabling them to meet tight project deadlines.

#### **Primary research techniques**

Ti's analysts set up a programme of face-to-face and telephone interviews with external industry experts, including many of the companies' competitors and customers. They also spoke to respected industry contacts on their views on the company and its current positioning providing a 360 degree view of the carrier.

An extensive electronic survey of industry executives was also undertaken using Ti's own proprietary database as well as using social media pay-per-click (PPC) targeting multiple European markets. This allowed Ti to identify the company's competitive advantage and brand perception in the market relative to its main competitors. It also allowed Ti to assess how well the company was meeting the needs of its customers and where there was room for improvement.

#### **Market size and share**

Ti has been sizing the European (and global) express market for over 15 years and has a wealth of data tracking its development. Analysts were able to draw on the data to identify the company's market share in individual countries and estimate, where necessary, its position in certain niche segments relative to its competitors. Using econometric forecasting models it was able to assess how well positioned the company was compared with many of its competitors.

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### The Outcome

Following the primary and secondary research, Ti was able to provide a range of quantitative and qualitative analysis to the Client on the positioning of the company against a range of criteria.

The report and subsequent presentation to the investor team allowed the financial institution to take a positive view on the potential of the company.