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## TNT Studies Plan to Sell Off Mail



TNT said it could separate off its mail activities and create a new business either in partnership with another operator or via an initial public offer (IPO). Prior to its annual general meeting on March 8, TNT released updates on its trading and its Vision 2015.

Chief executive Peter Bakker said that the company could separate the mail business internally later this year. He outlined two of the strategic options for the future: a partnership with other European mail operators or a listing of the mail business.

To explore the best structure for the mail business, the company will conduct an internal legal and financial carve-out, which will involve preparing documentation, pursuing partnership discussions and assessing options including a partial IPO.

The company said it would need to first assess the possible alternatives and review the regulatory position regarding to the Dutch universal service obligation, approvals from TNT shareholders and advice from works councils.

Current thinking on the mail business is in line with the Vision 2015 strategy, announced last December, which focused on five business areas: parcels, freight, special delivery solutions and emerging platforms.

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*(TNT Studies Plan to Sell off Mail continued)*

The announcement of plans for the mail business caused TNT's share price to rise strongly as the market speculated that a separate IPO for mail would leave the remaining express business open for a takeover bid from UPS or FedEx.

In its trading update, TNT said the express volume trend was improving but yield remained under pressure. Express operating income overall in the first quarter was expected to show significant year-on-year improvement supported by good cost control.

Addressed mail volume decreased in the first quarter by seven to nine percent in line with the range indicated by the company. TNT said mail operating income would be ahead of the same quarter last year owing mainly to more working days, lower pension costs and significantly better performance from emerging mail and parcels.

## Europe

### DHL Express Completes Move to Germany

DHL Express marked the completion of its European restructuring by receiving an Airline Operator Certificate from the German Aviation Authority and announcing a collective labour agreement with unions in Belgium.

The company is relocating its European head office and air hub to Bonn and Leipzig and its IT activities to Prague.

On April 1, DHL Express registered eleven Boeing 757 freighters with its newly formed Leipzig-based cargo airline, European Air Transport.

The Leipzig hub has been the principal operating hub for most of its European fleet since early 2008. The centre employs about 90 pilots and 430 ground staff for DHL's eleven freighters. In total, including Aerologic and third-party carriers, more than 50 aircraft fly DHL's intra-European and intercontinental express air routes from Leipzig.

The deal signed with trade unions BBTK, LBC and ACLVB provides a support package for employees in Belgium affected by DHL's move to Leipzig, Bonn and Prague. It gives guidance and support for employees moving to a new location and a "motivational fee" in the period prior to dismissal and redundancy remuneration.

DHL said the agreement aimed at retaining jobs via transfers within the group and re-employment of workers aged over 52.

Ken Allen, global chief executive, DHL Express, stressed that changes linked to the European headquarters would have no impact on local business operations in Belgium. "DHL is market leader in the country and we have a very strong country organisation that is committed to serving the Belgian market and our customers," he said.

### Norway Post Focuses on Logistics

Norway Post is merging its mail processing and retail operations and dividing its logistics activities into new, separate divisions for parcels and goods and logistics solutions. The ErgoGroup technology subsidiary will remain in its present form.

The company said the integrated mail division will be responsible for both customers and production and will be headed by executive vice president Tore K. Nilsen. It will be designed to adapt more quickly to changes in customer needs and to pave the way for further cost savings.

The creation of separate divisions for parcels and goods and logistics solutions will bring group management closer to the logistics market. The group has grown strongly in recent years in logistics and IT services; the organisational changes are in line with its strategy for 2009 to 2013.

Executive vice president Arne Bjørndahl will head the parcels and goods division while newly appointed executive vice president Pål R. Amundsen will head logistics solutions.

### Royal Mail Cuts Fuel Use, Boosts Safety

Royal Mail's vehicle and driver management strategy has reduced Royal Mail's fuel consumption by more than ten percent, saving it GBP 4.4 million, improved road safety and reduced its fleet size.

Royal Mail uses a real-time vehicle tracking system, C-Track from Digicore. This aids route planning and analysis, enhances driver performance and increases management control, according to Digicore

The vehicle and driver strategy includes a driver risk assessment of 27,000 Royal Mail drivers giving individual ratings. Drivers receive tailored training to improve their road skills and behaviour.

Royal Mail has increased driver productivity by three percent, reduced its accident rate by 20 percent and cut incidences of speeding by more than 60 percent.

Mike Devanny, head of fleet and maintenance services, said: "We have implemented the vehicle and driver management strategy to support our objective to become the lowest cost postal operator delivering market leading quality of service."



### DHL Enhances Import Delivery Service

DHL is keeping its focus on the international express business with a further expansion of its import services.

In a global advertising campaign, the company is publicising its guaranteed before 09.00 hours import delivery to 90 countries and before noon delivery to 135 countries. Optimisation of the DHL global network and enhancement of worldwide import billing capability paved the way for the newly expanded service.

"DHL's import services are ideal for regular import needs and help customers manage their import costs, cash flows and supply chain," said Roland Thomas, DHL Express global vice president, products and services. "Customers also benefit from a one company-one invoice-one currency approach."

### Savings Bolster GeoPost's Profit

Cost saving allowed Groupe La Poste's express and parcels subsidiary, GeoPost, and domestic parcels business, ColiPost, to increase their operating profit by three percent to EUR 324 million in 2009 and improve their operating margin by 0.5 percent to about 7.2 percent.

GeoPost's turnover fell 4.6 percent to EUR 3.09 billion, and volume dropped by 1.9 percent. The company maintained its rate of growth in Europe by acquiring ten further Seur franchises in Spain.

ColiPost recorded a 1.4 percent fall in turnover to EUR 1.39 billion. A 16 percent increase in e-commerce sales compensated partly for a decline in mail order business.

## Royal Mail Appoints Board Member

Royal Mail Group has announced the appointment of Nick Horler as a non-executive director. As chief executive of Scottish Power, Mr. Horler brings experience of another regulated, consumer-facing business to the board.

## Surveys Find Royal Mail Customers Satisfied

Surveys conducted by UK postal regulator Postcomm have revealed a high level of satisfaction with postal services among consumers and businesses.

Postcomm conducted two annual surveys during industrial action at Royal Mail last year. One covered 1,500-plus consumers and small businesses and the other 800 larger mailers spending more than GBP 5,000 a year on mail. Respondents were asked about licensed area mail weighing up to 350 grams at rates less than GBP 1. In both surveys, eight out of ten respondents rated the services of Royal Mail as satisfactory.

The area of least satisfaction was in complaints handling for mis-deliveries and damaged, lost or delayed mail. Most complainants were dissatisfied with the service they received. Despite high overall satisfaction, larger mailers were markedly less loyal to Royal Mail in this year's survey, with only half as many respondents as last year saying they would never switch provider.



## Itella Does Groupage to Russia

Itella Logistics has launched scheduled groupage services to Russia and will add domestic transport across the whole country later this year.

The company's subsidiary, ItellaNLC, operates from Moscow and St. Petersburg to Vladivostok via a network of secure logistics centres following TAPA safety standards. It has a total of 600,000 sq metres of warehousing in Russia.

## UK Mail to Match 2009 Revenues This Year

UK Mail Group says it increased its revenue by two percent in the fourth quarter from January to March owing to higher mail and parcel volumes.

The company, formerly Business Post Group, said full year revenues would be in line with the GBP 385.7 million achieved last year.

The parcels business improved revenue and market share in the second half of the financial year, UK Mail said, but price pressure more than offset volume growth.

Mail revenues continued to grow. The company will soon begin operating a package collection and delivery service following a contract with Royal Mail to utilise the postal network for final delivery. "This will enable us to offer customers a price competitive service in the high growth packet sector of the postal market," the company said.

## DHL to Manage In-Plant Logistics for VW

DHL Supply Chain is extending its relationship with Volkswagen in a new five-year contract to provide in-plant logistics at the assembly plant in Bratislava, Slovakia.

Some 800 DHL employees will manage inbound receiving, put-away and storage, picking and kitting, sequencing and line-side delivery to production lines for half the production materials for models produced at the Bratislava plant.



## New Russian-Italian Cooperation Begins

Poste Italiane and Russian Post have signed a cooperation deal to develop hybrid mail and postal financial services in Russia.

A Russian-Italian working group is developing a plan for interaction between the two companies, determining the objectives of the cooperation and allocating responsibilities and resources.

## Only Short-Term Relief for Russia's Backlog

Emergency working measures have halved the backlog of international import parcels waiting for customs clearance in Moscow, but a long-term solution has yet to be found, according to industry sources.

"It is necessary to increase the number of customs officers and their working efficiency," said Ivan Shatskikh, head of UPS Russia and CIS countries.

Despite efforts such as round-the-clock working, Russian Post admitted that it had only found a short-term solution. It has transferred some cargo to other cities for processing, but the dramatic growth in orders from international online shopping websites could outrun the new measures.

DHL has retained its temporary suspension on the import of dutiable shipments to Moscow because it cannot provide the level of service expected by its customers. "We are still delivering documents to Moscow and the service to all other cities remains unchanged. Our export service and delivery service within Russia is also unaffected," said DHL Express Russia.

## Chronopost Upgrades Sorting at Roissy

Chronopost is spending EUR 7.5 million on high-capacity sorting systems for its distribution centre at Roissy-Charles de Gaulle Airport.

The new systems are due to be operational for national shipments this spring and for international shipments in the autumn. The modernisation involves installing three belt tray sorters manufactured by Beumer.

## New Managers Buy into DX Group

Two senior executives who developed UK company Target Express are to take over the running of British mail and courier company DX Group.

Petar Cvetkovic and David Hoare will become chief executive and chairman of DX in a management buy-in that involves a GBP 15 million injection of fresh equity from the main shareholder, private equity house Candover Partners Limited.

The current chief executive of DX, John Coghlan, will resume his previous position as non-executive director. He said: "DX Group has weathered an unprecedentedly tough trading period over the last 18 months but has remained profitable and cash-generative. Now, with the support of Candover and our banking group, we have strengthened the balance sheet and the freedom to push ahead."

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### GO! Expands in Leipzig

German courier and express company GO! has opened a station in Leipzig to increase capacity in response to rising volumes. The new branch on a 4,000 sq metre plot has 2,000 sq metres for handling and storage and is nearly three times larger than the previous centre.

### CitySprint Retains Chesapeake Business

UK courier company CitySprint has a two-year contract extension with international packaging manufacturer Chesapeake for UK and international deliveries. It is continuing to make same-day deliveries to Chesapeake's customers across the UK and will carry out international deliveries.

### Time:matters Rail Service Extends to Paris

German express operator time:matters and Deutsche Bahn have extended their ic:courier

service to France opening their first international ic:courier station in Paris. The service offers delivery from Germany to Paris by rail including pick-up and direct delivery.

### Aeroflot to Transport Mail for La Poste

La Poste, France has contracted Russian airline Aeroflot to transport mail shipments from France to Moscow and several other CIS destinations. The deal follows a La Poste tender won by Aero Cargo, an authorised agent of Russian Post, with Aeroflot's assistance.

### FedEx Supports Flying Eye Hospital

FedEx Express recently supported the non profit organisation ORBIS and its Flying Eye Hospital aircraft by hosting a tour for government officials and media in Dubai. The aircraft with an onboard hospital was maintained and supported on the ground by FedEx Express at its Dubai hub.

## Americas

### Sample Showcase Boosts Direct Mail



The United States Postal Service has devised a new marketing strategy to facilitate product sampling by consumers at home and to make sure that direct mail is the sampling method of choice.

In May, the Postal Service will test-market "Sample Showcase" nationally in larger quantities to consumers in Charlotte, North Carolina, and Pittsburgh, Pennsylvania.

The Sample Showcase is a box of assorted beauty, health and snack food items from multiple consumer goods companies. It will be branded with the Postal Service logo and will carry the tagline: "A selection of free product samples."

The initiative is expected to make direct mail sampling more attractive, because it allows multiple manufacturers to share marketing and postage costs.

The Postal Service will carry out research to determine the cost-effectiveness of the programme and the value it provides to manufacturers and consumers.

### DHL Settles Differences with ABX Air

DHL Express has reached long-term agreements with ABX Air to resolve differences resulting from its withdrawal from the US domestic delivery market.

ABX Air will operate 13 scheduled Boeing 767 freighters in the United States for the next five years on DHL's domestic US cargo network. The agreement can be extended to March 2020 by mutual agreement.

ABX and DHL also entered an agreement terminating their current agreement covering the settlement and release of all residual liabilities and commitments.

Among a range of items, DHL agreed to pay ABX Air USD 31.1 million in settlement of open DC-9 and B767 freighter aircraft values and an additional USD 11.2 million for reimbursement of accrued vacation paid out to ABX employees adversely impacted by the restructuring. In exchange, ABX agreed to pay USD 15 million towards the outstanding DHL note balance, thereby reducing the remaining balance outstanding to USD 31 million.

### USPS Extends Medicine Mail-Back

The United States Postal Service (USPS) has further extended its prescription mail-back initiative in cooperation with the US Department of Veterans Affairs.

The mail-back initiative provides postage-paid envelopes and instructions on how to return unused or expired medicines for safe destruction so that they do not end up in municipal refuse, soil or ground water. The envelopes are available at supermarket pharmacies, in doctors' and dentists' offices and at hospitals and clinics.

"This initiative pairs the convenience of the mail with the safety of a federally approved prescription drug disposal process," said Robert Bernstock, president, mailing and shipping services.

Under a new pilot programme, an estimated 780,000 veterans living in Baltimore, Maryland; Washington, DC and West Virginia, will receive the pre-paid envelopes with their prescription fulfilment.

### UPS Offers App for Android

UPS has extended its range of mobile applications to Android, offering an application to ship and track packages and locate the nearest UPS facility.

The free download enables users of Android 1.6 and higher to create shipments using the My UPS address book and calculate shipping rates and transit time as well as track packages and locate UPS facilities.

UPS already offers apps for the iPhone and Blackberry.

### TNT Strengthens Brand in Brazil

Brazilian express company Expresso Araçatuba is re-branding as TNT Araçatuba as part of the ongoing integration of TNT's operations in Brazil.

The most visible part of the brand unification will be on company's vehicles. On one side, they will have the TNT Araçatuba brand and on the other, TNT Mercúrio.

The name change coincides with a technology upgrade and the implementation of barcode scanners for shipments tracking at Araçatuba.

"Our goal is that clients identify TNT as a single point of contact for several transport services," said Roberto Rodrigues, country general manager of TNT Express Brazil. "This way we can combine TNT's reputation in the international transportation sector with brands widely recognised in the domestic market."

TNT Araçatuba has a strong presence in Brazil's central west and north regions. It will operate alongside TNT Express and TNT Mercúrio, whose strongholds are in the south, southeast and northeast.

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### FedEx Office Equips with Canon and HP

FedEx Office has formed an alliance with Canon USA and HP to provide printing and imaging capabilities in its outlets. From May, Canon and HP will be sole-source providers in their respective printing categories deploying more than 12,000 printing devices across more than 1,800 FedEx Office locations in the United States and Canada.

### Automated Shipping from FedEx

FedEx Electronic Trade Documents is a new online service that allows shippers to upload their international documentation electronically, thus automating the preparation and flow of international documents.

## Asia-Pacific

### DHL Raises Tokyo-Hong Kong Capacity

DHL Express has increased its air freight capacity between Tokyo and Hong Kong, adding a sixth dedicated flight each week through Air Hong Kong, a joint venture between Cathay Pacific and DHL.



Air Hong Kong plays an important role in DHL's global network as Asia continues to be a key driving factor for growth in world trade, DHL Japan said in a statement. The company operates 16 weekly round-trip freighters between DHL's three Japanese gateways including Narita, Chubu International Airport (Centrair) and Kansai International Airport and the DHL Express Central Asia Hub in Hong Kong.

The additional flight between Tokyo and Hong Kong, operating every Friday, was introduced on April 2. It is one of several upgrades DHL is implementing to optimise its global air network and improve its operational processes.

DHL operates more than 200 dedicated and commercial flights a week to and from Japan and offers services to almost 120,000 destinations in 220-plus countries and territories.

### TNT Wins Best Brand Award

TNT Express Malaysia has won the Brand Laureate Award given by the Asia Pacific Brands Foundation for the Best Brand in Logistics Solutions.

The award honours the best brands in Malaysia and Asia-Pacific. TNT was recognised for its commitment to service, reach and flexibility, scale of operations, research and development and innovation.

### Kerry Opens Danang Centre

Logistics service provider Kerry Logistics has opened the first phase of its 9,000 sq metre centre in Danang, central Vietnam, to strengthen its network in Asia.

The facility will be completed in the second half of 2010 and will add to the company's facilities in Ho Chi Minh City and Hanoi.

Kerry Logistics was among the first companies to build an ASEAN cross-border trucking service. Through Kerry Asia Road Transport it connects Thailand, Malaysia, Singapore, Vietnam, Laos and Cambodia, providing door-to-door service.

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**IPC**  
**Head of Communication**  
**Avenue du Bourget, 44**  
**1130, Brussels**  
**Belgium**

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