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## Itella Group to Make More Redundant



Itella Group will eliminate 390 redundant permanent employees in a second round of job losses that will affect both management and production staff, mostly in the Helsinki area.

The redundancies are linked to the planned transfer of manual mail sorting operations in Rovaniemi and Kajaani to the automated Oulu Post Centre and the closure of customer service operations in Savonlinna. Some Itella Logistics jobs in the Lahti region also will be affected.

These latest job losses are subject to statutory labour negotiations. They follow seventy redundancies earlier this year in data administration, procurement, financial administration, marketing and communication.

Total redundancies this year will reduce Itella's workforce by almost two percent.

The company said it was cutting costs and enhancing operations to prepare for ongoing structural change in the postal industry.

Jukka Alho, president and chief executive officer, said customers such as newspaper and periodical publishers and mail order companies were facing difficult challenges; Itella had to adjust its operations to customer demand.

## Europe

### TNT Sees Decline Trend Flatten in Q1

TNT announced at its annual general meeting on April 8 that it expects to remain profitable in the first quarter following a flattening in the decline in express volumes. The quarterly results will be published May 4.

Declines in international express volume in the second half of 2008 worsened in early January when customers closed factories, said chief executive officer Peter Bakker. Since then, the decline has stabilised. Overall, in the first quarter, air volume is down by 23 percent year-on-year, road volume by 15 percent and domestic volume by 8 percent.

TNT Express claims it has not lost any major customers but says customers have been switching from express to services with longer delivery times. As a result, the company has adjusted its air delivery networks.



Marie-Christine Lombard, managing director of TNT Express, told shareholders there were signs of companies restocking, an indication that volumes might recover in the third or fourth quarter.

Priorities for TNT this year are to implement EUR 200 million in structural cost savings, reduce locally incurred costs and continue expanding in emerging markets.

Shareholders determined the 2008 dividend at EUR 0.34 per ordinary share (the amount had already been paid in cash as an interim dividend). In addition, a stock dividend of one ordinary share for every 40 held is being paid out of the share premium reserve.

### Bakker: Why Royal Mail is a Good Buy

TNT chief executive officer Peter Bakker told shareholders at their annual general meeting that TNT could replicate in the UK its "wonderful" record for making the Dutch postal company more efficient. The alternative path of creating its own national delivery network in the UK would be time-consuming and expensive.

To date, TNT is the only company named officially as interested in purchasing up to 30 percent of Royal Mail following recommendations made by the Hooper review.

German newspaper *Welt am Sonntag* reported at the beginning of April that Deutsche Post DHL and British financial group CVC are also on the short list of final bidders for Royal Mail. Deutsche Post DHL declined to comment on the report.

Peter Bakker has warned that any deal involving TNT would need to permit "tough decisions" at Royal Mail. Noting the political debate in the UK on partial privatisation, he said: "We can only watch what's happening; it's up in the air."

The plan to sell shares in Royal Mail has attracted widespread opposition in the ruling Labour Party, while an all-party parliamentary committee criticised the plan as being not clearly justified and "not transparent".

## Hermes Returns Parcels to Austria Post

Austria Post has won back delivery of several million parcels a year in a contract with its major domestic competitor, Hermes, thanks to restructuring of its parcels business.

"We have now achieved a competitive cost level and represent the quality benchmark in the parcels sector," said Carl-Gerold Mende, Austria Post board member responsible for parcels and logistics. "The combination of these two factors convinced Hermes to contract Austria Post with this parcels volume."

Two years ago, Austria Post lost millions of business-to-consumer parcels from its network when Hermes announced it would set up delivery in direct competition. In this latest move, Hermes will use Austria Post for delivery while continuing to cooperate with DPD, which provides handling and sorting in Austria. It will also expand its Parcel Shop network to 1,600 outlets for consumer-to-consumer shipments.

## Swiss Post Quality of Service Remains High

Swiss Post maintained a high quality of service for delivery of international letters in 2008 but its performance dropped slightly on the previous year owing to its changeover to new mail sorting centres.

Overall, 92.6 percent of letters from abroad were delivered in Switzerland on time, compared to 94.9 percent delivered on time in 2007. The performance level falls just short of the REIMS terminal dues quality target of 93 percent.

Swiss Post pointed out that it delivered international priority letters two days after posting, on average, while the average across Europe as a whole is 2.1 days.

## Swiss Post Reviews Post Office Network

Swiss Post is reviewing of about 420 post office locations between now and 2011 to see which ones it will recommend for closure.

It has pledged that those it finds not to be viable will be replaced by agencies run by local shops or home delivery services. If an affected local community disagrees with the Post's recommendation, an independent Post Offices Commission will make a determination, which the Post says it will follow.

The company said it had to adapt its sales network to future requirements and to become more profitable. It is making its agencies more attractive to customers, upgrading them substantially.

Agencies are to accept debit cards from providers such as EC and Maestro for both payments and deposits. New card terminals could be rolled out from the first quarter of 2010.

Swiss Post currently has 2,154 post offices, 226 postal agencies and 1,123 home delivery services.



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## Royal Mail Enhances Customer Databases

Royal Mail has launched a new service – DataSURE - to help companies better target their business-to-business direct mail.

Data SURE helps firms update and enhance their business-to-business databases by bundling several data products from within the Royal Mail portfolio with data companies D&B and Experian.

Customers pay a single fixed fee, based on the size of their database for a five-stage service. This involves an initial data audit; removal of out-of-data records and the addition of attributes such as name of decision-maker, standard industry classification (SIC) code, size of company and its turnover.

The system provides a profile report of the geo distribution of customers in the database, by SIC code and workforce size. Finally, Data SURE includes additional companies that match the criteria of the existing client database.

Tony Lamb, head of data development at Royal Mail, said Data SURE was designed to maximise the effectiveness of any business customer database.

## Deferred Parcels Gain as Express Declines

The global recession is not impacting postal parcels and express business as much as it is their letter business.

A Universal Postal Union (UPU) survey of fifteen of the world's largest postal operators and express companies found that domestic parcels recovered 1.1 percent in the fourth quarter of 2008 compared with 2007, after a drop of 3.4 percent in the first three quarters of the year.

Chairman of Groupe La Poste, Jean-Paul Bailly, said at a UPU conference that his company's parcels business is holding up thanks to the trend from express towards more economical services. "We are seeing people switch from the top-of-the-range to deferred products, and that is benefitting us," he said.

Chronopost, La Poste's French domestic express subsidiary, registered 8 percent turnover growth in 2008 to EUR 637 million. Due to substantial restructuring and cost reduction. It predicts 1 percent growth in 2009 which chief executive officer Christian Emery described as "not that bad in a market estimated to drop 5 percent in the first half year".

A survey of German courier, parcels and express operators revealed year-on-year growth of 3.6 percent in 2008 and optimism for 2009.

Parcels, the largest market segment with a turnover of EUR 6.7 billion in 2007, saw growth from mail order business, although some growth forecasts for online shopping had been over-optimistic.

At the UPU conference, called to discuss the economic crisis, Chan Yau-fung, acting postmaster general of Hong Kong Post, said parcel volumes were soaring, with a 40 percent increase in shipments to the United States and a 10 to 15 percent increase to Europe.

TNT's express services have been hard-hit in the recession, but many customers have shifted to the company's deferred services.

## Business Post Gains Market Share

United Kingdom mail and parcels operator Business Post Group says it is winning market share and expects to show a profit increase for the financial year ending March 31, 2009.

The company increased its revenue by 16 percent in the first half of 2008/09 though it did see a slight reduction in revenue year-on-year in the second half, owing to the economic downturn.

The company said it market share gains and reduced operating costs would offset the profit impact of lower revenues. It expected pre-tax profit to be "somewhat above market expectations".

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## Procurement Studies Gain Recognition

Deutsche Post DHL and the Supply Management Institute of the European Business School presented the third ProLog Award for Procurement and Logistics.

Two winners; Dr Helen Walker from Warwick Business School, for her study "Sustainable procurement: literature review", and to Professor Stephan M. Wagner (ETH Zurich), Dr Linda Silver Coley (Miami University) and Eckard Lindemann (WHU Otto Beisheim School of Management) for their analysis of the effects of imbalances within the customer/supplier relationship.

"Both sustainable procurement and our relationship with suppliers are issues that concern us every day. Both of the prize-winning studies provide new ideas in this area," said Dr Hugo Ecksele, who is responsible for Corporate Procurement at Deutsche Post DHL.



## FedEx Supports Travel-to-Work Scheme

FedEx Express has renewed its support for the Papa Charlie Association, a charity founded by Aéroports de Paris to help the unemployed set back to work by making rental vehicles available.

The company, a major employer at Roissy-Charles de Gaulle, has donated USD 50,000 to help Papa Charlie extend and renew its fleet of cars. These are rented out for EUR 120 a month to unemployed people who find jobs that are not linked to public transport.

## DHL Simplifies Services in Germany

DHL Germany has streamlined its domestic express services to offer four basic products: next day delivery, and three time-specific deliveries before 09.00h, 10.00h, and 12.00h. It now offers GoGreen carbon-neutral option on express shipments.

The company says it is simplifying its services and providing sustainable solutions in line with its Strategy 2015.

Options include Officepack for documents up to 3 kg, Valuepack for high-value consignments, DHL Express Ident for authorised receipt of sensitive shipments and cash on delivery.

## >>In Brief - Europe

**Itella Wins Accolades for EMS**  
Itella Logistics' customer service unit at the foreign mail terminal has been awarded the Universal Postal Union's EMS Customer Care Award, based on evaluations by users. Itella also received silver certification for the quality of its EMS in Finland.

**FedEx a Great Place to Work in Belgium**  
FedEx Express in Belgium has been recognized for its commitment to diversity in the workplace winning an award from the Great Place to Work Institute which organises an annual survey in association with the Vlerick Leuven Ghent Management School.

**GLS Achieves 98% Delivery Performance**  
GLS Slovenia has achieved a 98 percent performance for next day delivery in the past six months thanks to the introduction of new systems and processes.

**Night Star Wins BMW Contract**  
German company Night Star Express has begun operating a new contract to transport fifty tonnes of BMW spare parts daily from the automobile manufacturer's Munich factory to 214 retailers in southern Germany.

**Qatar to Host the Next UPU Congress**  
The Universal Postal Union and the Qatar Government have signed an agreement to formalise the hosting of the 25th Universal Postal Congress in the Qatari capital, Doha, in 2012. More than 2,000 delegates from 191 countries are expected to attend the Congress.

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## Americas

### TNT and Con-Way Forge Partnership

TNT and leading less-than-truckload operator Con-Way Freight have formed a partnership to provide cost-efficient express freight international services inbound and outbound in the United States.

The companies will link their road networks so that Con-Way will be TNT's primary partner for Economy Express deliveries in the United States, and Con-Way customers will have a delivery channel in 35 countries via the TNT global air and express road network.

The partnership also offers both companies the opportunity to develop an expanded range of international freight services under their own brands but utilising the connectivity between their networks.

### Intelligent Mail Gains Pre-launch Approval

Mailers in the United States have welcomed Intelligent Mail from the United States Postal Service. About 90 percent of 1,000 participants attending pre-launch webinar symposiums across the country rated the sessions as "excellent" or "good", according to the Postal Service.

Intelligent Mail will launch on May 18. It is based on a barcode with enhanced data capacity placed on all letters and flats. The barcode holds full routing and sorting information and allows each mailpiece to be identified separately within a mailing.

By signing up, business mailers can receive automated address correction to help them achieve a greater return on their direct mail investment. The Postal Service says that mailers will be able to track mailings end-to-end when Intelligent Mail is combined with print production and logistics systems.

### Potter Shares Thoughts on Troubled Times

United States Postmaster General John E. Potter addressed the Universal Postal Union (UPU) global conference on the economic crisis.

While the economic downturn is a challenging time for postal operators, Mr Potter said, it was also a perfect time to focus clearly on priorities and new business opportunities.

He told the high-level delegates that the US Postal Service faces a USD 6 billion loss this year and a 12.5 percent drop in volumes. It aims to save costs by reducing its workforce and scaling back to delivery five days a week. "It is a great time to think about the definition of the universal service obligation," he said. "US consumers would prefer fewer delivery days to higher prices."



CEO, US Postal Service, John E. Potter

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### UPS Offers Fast Freight Service to Mexico

UPS Freight will offer a door-to-door service between the United States and Mexico, providing customs brokerage and single invoicing for all services between the US, Canada and Mexico.

It says that transit times will be faster in both directions. Freight will use five border crossings, three between points in Texas and Matamoros, Ciudad Juarez and Nuevo Laredo; one in California at Otay Mesa-Mexicali and one in Arizona at Nogales.

The new service complements UPS's expansion strategy in Mexico which dates back to 2006. Griselda Hernandez, UPS Mexico country manager, said: "We know that more than 80 percent of exports to countries north of Mexico are transported using ground services. Our expanded service will benefit exporters who seek to deliver their products to the United States and Canada at competitive rates."

Meanwhile, UPS has extended the radius for next day freight services to and from Toronto to northern Ohio, northern Indiana and Michigan.

### FedEx Opens 35th Retail Centre in Mexico

FedEx Express has opened a retail centre in San Luid Potosi, northern Mexico, offering a full range of domestic and international express services. The company has 35 UPS centres in Mexico plus 326 authorised ship centre locations.

### US Small Businesses Remain Optimistic

Despite the economic downturn, 75 percent of small businesses surveyed in the United States said they were confident they would be in business this time next year. Nearly half of the respondents (46 percent) - who were participating in the second FedEx Office survey of businesses in the United States employing five to 100 people - also said they would be willing to open another small business today with the proper financial backing.

The Signs of the Times survey found that 54 percent of respondents were very concerned about the economy's impact on their business, fourteen percentage points more than the previous year. Seventy percent said their 2008 profits were adversely affected by a decline in consumer spending, and 39 percent of these had seen their profits drop by more than 25 percent.

### FedEx Cuts Jobs and Aircraft to Save Costs

FedEx shed 1,000 United States employees at the beginning of April as part of its cost-cutting programme to save a further USD 1 billion in response to the market downturn.

The job cuts were implemented across the country, but about half the redundancies were at the company's headquarters in Memphis among salaried and managerial staff.

The job losses followed network capacity reductions at FedEx Express and FedEx Freight and further reductions in work hours and pay.



Later in April, FedEx unveiled plans to take 14 older jet aircraft out of service during the fourth quarter ending May 31, triggering a fourth quarter impairment charge of USD 180 million.

The company said the decision reflected management efforts to optimise the company's express network in the face of excess aircraft capacity resulting from weak economic conditions. FedEx expects delivery of a newer, more fuel-efficient aircraft in fiscal year 2010.

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### Canada Post Pension Weathers Storm

The net assets in Canada Post's pension plan decreased by CAD 2.96 billion in 2008 to CAD 11.71 billion, owing to the sharp decline in financial markets.

The plan ended the year with an estimated solvency deficit of CAD 1.19 billion, representing a solvency funding ratio of 91 percent, significantly better than most large Canadian plans, according to the corporation.

It said the plan was fully funded on a going concern basis with an estimated surplus of CAD 675 million.

### SkyPostal Raises Revenue

SkyPostal Networks, the Miami-based company operating a private postal network in Latin America, increased its revenue in 2008 by 4 percent to USD 9.1 million but ended the year with a net loss of USD 6.2 million.

The company signed a distribution agreement with DHL Global Mail during the year and extended its wholesale postal mail delivery network in Europe. It also launched PuntoMio.com, an online shopping and fulfilment service.

The company said it saw opportunities for consolidation in the international postal market and planned on concentrate on an aggressive acquisition strategy.

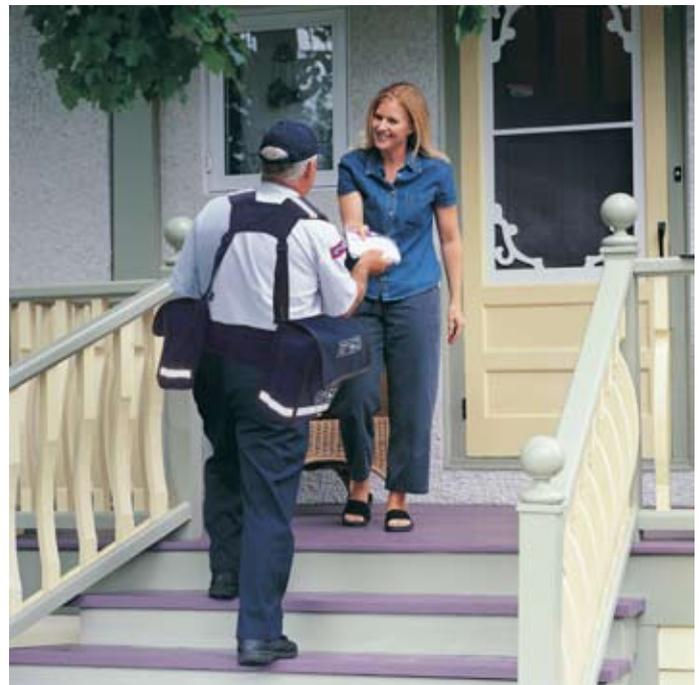
## >>In Brief - Americas

### DHL ProView Spreads Further

DHL Express has introduced its global online tool, ProView, to 25 countries in Latin America, the Caribbean and Canada. ProView, designed for medium and large companies, tracks an unlimited number of shipments simultaneously for up to 2,000 accounts.

### Ace Expeditors Buys Network Express

US time-critical delivery company Ace Expeditors has acquired Network Express, a specialised distribution service for pharmacies, to become a leading dedicated route logistics provider in the United States, according to its owner, private equity firm Atlantic Street Capital.



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### High Valuation for Australia Post Brand

The Australia Post brand has been valued at AUD 900 million and ranked 11th out of Australia's top twenty brands in the Best Australian Brands report, published by global brand consultancy Interbrand.

The valuation of the Australia Post brand has increased by AUD 120 million since the last study in 2004. The Interbrand report states: "By staying at the forefront of innovation in the post and logistics industry, Australia Post has been able to maintain its brand leadership in Australia. The recent 'Part of every day' campaign has positioned the brand as more contemporary and relevant, breathing new life into the Australia Post brand."

When was the last time  
you ripped open an email?

A parcel arrives.  
What's inside? Who's it from?  
The possibilities race through your mind.  
You tear it open and smile at its contents.  
At Australia Post we are driven by this thrill.  
The delivery of your products, your letters,  
your business into the hands of your  
customers and loved ones is what continues  
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Part of every day.

AUSTRALIA  
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### FedEx Brings Economy Express to India

FedEx Express is expanding its International Economy service in India to provide a lower-cost, day-definite, customs-cleared, door-to-door service.

The company said delivery would be around two days longer than the premium International Priority Express service.

### TNT Focuses on Growth in Indonesia

TNT Express is targeting 20 percent growth in Indonesia despite the global downturn and is planning to expand its facilities.

The company will upgrade existing depots to improve management of inbound and outbound packages and freight.

It believes its Indonesia operations are ready to meet large demand for freight services from customers in the high-tech, equipment, machinery and fashion sectors that are increasingly moving high volumes of high-value goods between Southeast Asia, China and Europe.

### TNT Opens Road/Air Hub in Singapore

TNT has opened its expanded regional hub in Singapore. This provides both increased handling capacity and direct connections between the company's Asia road network and freighter flights to China and Europe.

The regional hub is almost three times larger than the previous facility at 7,334sq metres and claims to be Singapore's first integrated air and road hub.

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