

## In this issue

### Europe

- Dag Mejdell appointed Chairman of the International Post Corporation
- New services and parcels boost UK Mail
- eBay traders prefer DHL Parcel Germany
- GLS brings four new services to Italy
- UPS looks for more consumer business
- Returns crucial to customer retention
- Hermes expects 40% growth this Christmas
- DHL aims to lead in earnings growth
- UK postal chiefs debate industry's future
- TNT operates new dual-mode route
- Trans-o-flex enhances temp-control service
- Post Office reveals its plans for success
- DHL and Emirates drive e-freight operations
- Germany acts against security breaches
- Royal Mail exceeds in quality targets
- An Post targets SMEs in DM campaign
- Royal Mail offers direct at sale prices
- Growth is the three-year focus for bpost
- Russian Post pays more to motivate staff
- DHL adds Tunisia to Euroconnect service
- Royal Mail cuts its management by 25%

### Americas

- Contract talks continue with APWU
- US politicians move to tighten air security
- Canada Post launches iPhone app
- UPS extends its mobile apps to Canada
- Flat-Rate Boxes celebrate six years' growth
- UPS sells technology subsidiary

### Asia-Pacific

- Speedy exports from Vietnam to China
- Sea-air route from China to Europe
- FedEx ranked high in most-admired list

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## Dag Mejdell appointed Chairman of the International Post Corporation

**Mejdell brings proven leadership and forward-thinking business know-how to leading the postal industry during a time of evolution and change.**



Dag Mejdell, CEO of Norway Post, has been appointed Chairman of the International Post Corporation (IPC).

Mejdell's appointment comes at a critical juncture as the postal industry innovates to respond to an evolving business landscape. He took up his position in steering

IPC's board of directors - made up uniquely of member post CEOs and IPC President and CEO Herbert-Michael Zapf - on 01 December 2010.

Mr Mejdell said he was "honoured to have received the confidence of the Board" of the International Post Corporation to serve as its Chair and to represent 24 of the world's largest posts at a time of enormous opportunities for the industry. "In order to remain relevant and 'partners of choice' in the future," he noted, "posts must meet the needs of a rapidly-changing marketplace and respond to our stakeholders with the innovation, quality and delivery solutions that fit those needs. My focus as Chairman of IPC will be to lead members in these efforts."

Europe

Americas

Asia-Pacific

Market Flash Issue 420 | 13 December 2010



"I'm delighted to welcome Dag Mejdell to the helm of the IPC Board," said IPC President and CEO Herbert-Michael Zapf. "Dag brings to the chairmanship a wealth of experience from a number of industries and to the postal industry as a whole the invaluable, clear vision for the future he has shown at Norway Post. I am particularly enthusiastic about the prospect of working closely with him in providing IPC members and the wider postal community with leadership and vision."

Mejdell succeeds as Chairman of IPC Jean-Paul Bailly, CEO of Groupe La Poste. Zapf saluted Bailly's tenure as one of "astute stewardship". "I want to personally thank Jean-Paul for his leadership and deep commitment to excellence. Jean-Paul was an extremely personable chair who will be missed in the role as much for his great human warmth as for his incisive business acumen," said Zapf.

Mr Mejdell has been CEO of the Norway Post Group for the past five years and also serves as the vice chairman of the board of EDB ErgoGroup ASA and SAS AB. He holds a degree in Economics from the Norwegian School of Economics and Business Administration. He began his career with Dyno Industrier in 1981, holding various executive positions there before being named CEO in 1997. He was CEO in the successor Dyno Nobel between 2000-2005, when he left to join Norway Post as its CEO.

## Europe

### New services and parcels boost UK Mail

United Kingdom mail and parcels company UK Mail achieved a "modest" 4.9% increase in its half-year net profits to £5.3m, thanks to cost cutting and stronger results from the parcels business.

Group revenues rose by 1.3% to £190.7m in the six months to end September, while operating profit rose 4.3% to £7.5m.

Mail operating profits declined 5.6% to £5.6m owing to a "competitive pricing environment" and margin declined from 7% last year to 6.5%.

To compensate for decline in transactional mail, UK Mail has been developing new products and services.

Its Packets service launched earlier this year targets the e-commerce sector and now handles up to 15,000 items a night, according to the company.

The parcels division increased its half year revenues by 1.3% to £81m. Operating profit increased by 1.7% to £6.5m. Volumes rose by 4.3%.

In May, the company launched its new Retail Logistics service, a market it estimates to be worth £1.2bn.

Revenue from the pallet-load business was down 4.2% to £14.4m but profits improved by 8.5% to £0.9m owing to efficiencies and cost savings.

"As always, market conditions for the balance of the year remain hard to predict...Overall the group is in a good position," said chief executive Guy Buswell.

## Europe

Market Flash Issue 420 | 13 December 2010

Americas

Asia-Pacific

### eBay traders prefer DHL Parcel Germany

DHL Parcel Germany has emerged as the preferred shipping provider for online traders in Germany, according to the results of eBay's Online Business Barometer which surveys 859 e-retailers.

DHL Parcel's speed was a positive factor for 88% of respondents while its reliability drew a positive score from 83%.

"We make it as simple as possible for the shippers and recipients – this is our main strength. We know exactly what our customers need: high quality, easy handling, quick delivery and nationwide service," said Ingo Bohlken, chief marketing officer, mail and DHL Parcel Germany.

### GLS brings four new services to Italy

GLS Italy has launched four new services for businesses and consumers.

Express 12 guarantees delivery before noon in 1,684 local districts. Exchange Service enables customers to return defective or unwanted items and is designed for companies that regularly order raw materials.

The third new service, Document Return, delivers paperwork and collects signatures for distance sellers. GLS said the service could be of value to mobile phone companies receiving orders by phone but requiring signed contracts.

The fourth service, for the business-to-consumer sector, provides advance delivery notification to recipients by SMS or email.

"We are adapting our offering to the challenges of the future, offering modern solutions, especially for distance selling and e-commerce," said Klaus Schädle, managing director of GLS Italy.

### UPS looks for more consumer business

UPS chief executive Scott Davis has said the company wants to expand its consumer business in Europe through small takeovers or partnerships and possible cooperation for last mile delivery.

He told German business magazine *Capital* that UPS needed more delivery points and was focusing on small to medium-sized businesses that could fill strategic niches or gaps in the network.

### Returns crucial to customer retention

A specialist parcel drop-off and collection service operator championed the benefits of efficient returns in a speech at the Future of *UK Postal Services conference* in London.

Mark Lewis, chief executive of Collect+, said that 58% of potential parcel customers had stopped shopping with a distance seller or e-retailer after a poor returns experience.

Collect+ began providing returns services for distance sellers in the UK in 2009. It uses a network of 3,500 local stores for customer drop-off and collection outside normal business hours, working with Yodel (formerly Home Delivery Network) as its transport partner.

"The facts are pretty well established now that delivery is a real opportunity to serve the customer better and retailers are beginning to see that getting returns right is a key part of customer retention," Mr Lewis said.

He claimed that Collect+ returned goods to retailers "24 hours earlier" on average, allowing stock to be re-sold quicker.

Europe

Market Flash Issue 420 | 13 December 2010

Americas

Asia-Pacific

**Hermes expects 40% growth this Christmas**

German business-to-consumer parcels company Hermes has said it expects its shipping volumes to rise 40% above last year during the Christmas period. It is planning to move about 37m shipments across Germany.

At the beginning of November, Hermes extended its geographical coverage to Switzerland and Liechtenstein with the launch of ProfiParcel, a delivery service for German e-retailers with small to medium shipping volumes wanting to extend their reach in the Alpine region.

**DHL aims to lead in earnings growth**

Deutsche Post DHL has specified new targets for earnings growth.

The company's objective for its DHL divisions is to generate annual 13% to 15% growth in EBIT (earnings before interest and tax) until 2015. It is basing its target on an expected operating profit this year of more than €1.3bn.

The mail division is expected to stabilise its annual earnings contribution at about €1bn and during the current year is expected to generate between €1.1bn and €1.2bn.

Chief executive Frank Appel said Deutsche Post DHL intended to set the pace in its industry for profitability. "In recent years, we have laid the strongest foundation for this by introducing far-reaching efficiency-enhancing measures. In future years, our focus will be directed clearly at generating growth in terms of both earnings and revenues."

To achieve its goals, the company will invest in strategic initiatives to develop new products, tap into new customer groups and expand its market position in rapidly growing industrial sectors. Work is already in progress on specific logistics solutions for the life sciences and health care, technology and energy industries.

**UK postal chiefs debate industry's future**

The United Kingdom's 9th *Future of UK Postal Services* conference took place in London on 23 November.

Speakers included Moya Greene, chief executive officer of Royal Mail Group; Tim Brown chief executive of regulator Postcomm; Dave Ward, deputy secretary general of the Communications Workers Union; and Richard Hooper CBE, chairman of the independent review of the postal services sector in the UK.



**Europe**

Market Flash Issue 420 | 13 December 2010

Americas

Asia-Pacific

Ms Greene defended progress on modernisation, saying the company had created "some of the most efficient processes in the world". She called for lighter regulation of mail as a very small part of the communications market.

She added: "Why, for example, would the direct marketing mail market be regulated at all, when it is in competition with so many other things?"

Postcomm chief executive Tim Brown said Royal Mail needed to continue modernising quickly and pointed out that Postcomm was attempting to change the regulatory regime. He warned, however, that there was still a need for regulation while Royal Mail continued to control 99% of the downstream mail market.

Communications Workers Union general secretary Dave Ward claimed that Richard Hooper's second and third reports on the postal sector were designed to make a case in favour of privatisation. "We believe the Hooper report is based on flawed analysis," said Mr Ward.

In response, Mr Hooper said there were examples of successful diversification by privatised postal operators.

Competitors to Royal Mail attending the conference warned that privatisation should not be achieved at the expense of competition. UK Mail's sales and marketing director, Steve Patrick, questioned Royal Mail's claim that it was making a loss of 2.5 pence on every piece of access mail delivered.

UK chief executive of TNT Post, Nick Wells, said competitors would need protection in the downstream access regime for some time because of the dominant power of Royal Mail. He did express optimism, however, that the UK Government would change rules on VAT that he said favoured Royal Mail.

Mr Wells said: "The likely outcome of VAT change is that it will stimulate full end-to-end competition. And of course final mile delivery will enable us to compete for the final mile. We are doing tests in Liverpool, and they are going well, but that is the extent of our current opportunity."

**TNT operates new dual-mode route**

TNT has launched a combined road and rail linehaul service between Duiven in the Netherlands and Barcelona, Spain.

The service operates every weekend. Trucks travel from Duiven to Bettembourg in Luxembourg where the trailers are loaded on to the Lorry-Rail service for Le Boulou in southern France. The final leg of the journey is undertaken by road.

TNT said its dual-mode operation avoids weekend road restrictions in France as well as saving cost and reducing CO<sub>2</sub> emissions.

**Trans-o-flex enhances temp-control service**

Austrian Post's German parcels subsidiary, trans-o-flex, has enhanced the services provided by trans-o-flex ThermoMed in Austria.

The temperature-controlled operation is cooperating with its Austrian subsidiary, Scherübl, to offer shipment tracking using radio data transmission technology. The system produces delivery confirmation that provides an uninterrupted temperature record as well as shipment and recipient data.

The company is using new mobile computers partly developed in-house to increase process reliability; an acoustic warning signal sounds if a driver loads the wrong shipment for his delivery round.

In Germany, ThermoMed has won a contract from Berlin-Chemie to handle all distribution across the country. The company will transport goods at chilled and ambient temperatures in special vehicles travelling from Genshagen, close to Berlin, to pharmacies and wholesalers.

## Europe

Market Flash Issue 420 | 13 December 2010

Americas

Asia-Pacific

### Post Office reveals its plans for success

The United Kingdom Post Office intends to become “the front office” of national and local government services while maintaining a close relationship with Royal Mail through a commercial distribution agreement.

At the *Future of UK Postal Services* conference in London, the new managing director of Post Office, Paula Vennells, outlined plans for Post Office once its conversion to a mutual-style ownership was completed.

Post Office would improve access locally in towns and cities and online. “We will modernise the network, primarily around improving the hours that people are able to access its services, and also develop new products and services and make those available,” she said.

Trials are already under way of a new, lower cost format for agents, known as sub-postmasters. Post Office Essentials is already being piloted in 50 locations and will be known as Post Office Local when it is officially rolled out.

“This has been hugely successful and seven out of ten operators are now actively recommending this to other small convenience store retailers as the solution to running small, viable, long-term post offices,” said Ms Vennells.

### DHL and Emirates drive e-freight operations

DHL Global Forwarding and Emirates Skycargo, the cargo division of Emirates airline, have formed a partnership to drive the implementation of e-freight across their networks.

E-freight is an industry-led project involving carriers, freight forwarders, ground handlers, shippers and customs authorities. Its aim is to remove paper from the air cargo supply chain, streamline processes, improve speed and reduce costs.

### Germany acts against security breaches

The German civil aviation authority, LBA, has withdrawn known shipper status from three unnamed companies and rejected Authorised Economic Operator (AEO) applications from three logistics companies in a crack-down on air cargo security standards.

LBA carried out unannounced inspections at 70 companies in its continuing checks on security measures. These followed the news that a parcel bomb passed through Germany before being discovered in the United Kingdom as the result of a tip-off.

Inspectors checked access points to company facilities, observance of written security regulations and security controls during shipment handling.

In addition to the six companies to have licences rejected or withdrawn, 20 of the 70 companies inspected had minor security weaknesses such as insufficient documentation on security staff training or missing freight papers. They were ordered to improve standards and will undergo further checks.

“We must remain on our guard to ensure the highest possible security,” said Germany’s transport minister, Peter Ramsauer.

### Royal Mail exceeds in quality targets

Royal Mail exceeded its quality of service targets for first and second class mail and standard parcels in the three months to the end of September.

A total of 93.7% of first class stamped and metered mail was delivered the next working day after posting, ahead of the 93.0% target. Second class stamped and metered mail achieved a 99.0% performance for delivery within three working days, ahead of the target of 98.5%.

Standard parcels achieved a quality of service of 96.8% against a target of 90.0%.

Europe

Market Flash Issue 420 | 13 December 2010

Americas

Asia-Pacific

**An Post targets SMEs in DM campaign**

An Post is targeting small and medium-sized enterprises (SMEs) with an online direct mail tool.

The postal operator has mounted a campaign inviting SMEs to a website with a personalised URL. Companies responding will be taken through three steps on how direct mail can help grow business and increase profit through customer reach, increased loyalty and sales generation.

“Research has proven that direct mail is the perfect tool to help drive a business back to profit. SMEs working in the business-to-business area in particular can see the results from using effective and powerful direct mail,” said Amie Peters, head of direct mail at An Post.

**Royal Mail offers direct at sale prices**

Royal Mail has announced a “direct mail sale” offering a 20% discount on new or additional mail volumes during March and April 2011. This second initiative follows Royal Mail’s first direct mail sale earlier this year.

In March and April next year, marketers will be able to take advantage of lower rates for the first time on larger sized mailpieces and mailpieces carrying samples. The offer applies to advertisers willing to increase their direct mail volumes above their normal levels in previous years.

**Growth is the three-year focus for bpost**

bpost has unveiled a strategic plan for 2011-2015 focusing on maintaining the company’s financial results and ensuring growth despite a decline in mail volumes.

Chief executive Johnny Thijs told journalists that hybrid mail and document management were attractive revenue sources.

“After 01 January 2011 and in the following years, we must continuously adapt our processes to technological development and thereby automate a growing number of activities, especially mail and parcel sorting,” Mr Thijs said.

Essential to success would be cost-cutting, coupled with e-commerce-driven growth in parcels, document management and financial services.

**Russian Post pays more to motivate staff**

Russian Post plans to raise postal workers’ remuneration in 2011 by up to 12% through a piecework system, provision fees for services and bonus payments.

Chief executive Alexander Kiselyov said he believed that insufficient pay was one of the company’s main problems.

He told the national postal union that low productivity was making improvement difficult. The new remuneration system was expected to motivate the 400,000-strong workforce to raise production and maintain quality.

**DHL adds Tunisia to Euroconnect service**

DHL Freight has further expanded its road services in North Africa to offer its Euroconnect groupage services to and from Tunisia.

The new link follows the opening of a Euroconnect route to Morocco in April this year. The European gateway to Tunisia is Lyon, while the gateway to Morocco is Barcelona. Shippers to either country can access existing national distribution networks.



Europe

Americas

Asia-Pacific

Market Flash Issue 420 | 13 December 2010

## Royal Mail cuts its management by 25%

Royal Mail is understood to be the process of losing 4,000 managers in an enhanced voluntary redundancy programme. By the end of the year, half the 4,000 will have left the company with the remaining 2,000 going in January.

Royal Mail declined to confirm the number of management job losses saying it was still in discussions with the managers' union, Unite.

It is believed that around 60 of Royal Mail's most senior managers will be leaving and that the total number of 4,000 represents about 25% of all manager-level employees.



## >>In Brief - Europe

### DPD's new terminal raises capacity four-fold

DPD Russia has expanded further with the inauguration of a new, 4,000 sq metre terminal in St Petersburg capable of handling 8,000 parcels a day. The automated terminal replaces a smaller facility with capacity to handle 2,000 parcels a day.

### NetDespatch doubles its business in 2010

The specialist in internet-based shipping solutions, NetDespatch, said it had doubled its transactions in 2010. The company provides services for label production and tracking for customers including Royal Mail, New Zealand Post, Nordic Parcels and DHL Sameday.

### InTime enters the Czech Republic

German express company InTime Express Logistik has expanded into the Czech Republic by opening a branch office in Pizen. The company has also secured capacity at a sorting centre close to Prague.

### TNT takes delivery of new freighters

TNT Airways has taken delivery of the first of 11 converted B737F aircraft on lease from CE Capital Aviation Services. The aircraft will eventually replace the existing 737 fleet.

### PostBus wins Liechtenstein contract

Swiss Post's PostBus has won a seven-year contract to provide scheduled services on 14 routes in Liechtenstein. The company also won four of the five school transport contracts in partnership with local transport companies.

Europe

Market Flash Issue 420 | 13 December 2010

Americas

Asia-Pacific

## Americas



### Contract talks continue with APWU

The American Postal Workers Union (APWU) and the United States Postal Service agreed on 30 November to continue contract negotiations and to extend the 2006-2010 Collective Bargaining Agreement for a third time.

The original deadline passed without agreement on 20 November but APWU president Cliff Guffey was optimistic. "We believe there is still potential to negotiate an agreement," he said.

A main goal for the union is to restore work that has been outsourced or given to supervisory personnel. "The proposals we have submitted to achieve this objective would also benefit the Postal Service," said Mr Guffey. "The simple fact is that our members can perform these duties more efficiently and less expensively."

Meanwhile, negotiations with the National Rural Letter Carriers Association (NRLCA) had reached an impasse when the existing contract expired on 20 November. Without agreement, an arbiter, who is not legally required to consider the Postal Service's financial obligations, will determine the final outcome.

The Postal Service stressed it needed to control costs through a flexible workforce if it were to adapt to changing mailing trends. Reasonable wages and benefits were just one element needed to help it meet fully its financial obligations and remain strong in the future.

### US politicians move to tighten air security

United States politicians have been calling for tougher security checks on air cargo following the discovery of parcel bombs on aircraft bound for the United States.

Senator Susan Collins urged the Department of Homeland Security (DHS) to use risk-based screening of maritime cargo as a roadmap for air cargo screening.

"Currently, maritime cargo manifest information must be submitted to DHS at least 24 hours before a cargo container headed to the United States is loaded on a ship overseas," she said. "In sharp contrast, air cargo manifest information is required to be submitted only four hours before that cargo arrives in the United States. That means the information is often transmitted to DHS while the aircraft is in the air."

US Customs and Border Protection (CBP) had received overwhelming support from the air cargo industry, said Commissioner Alan Bersin. "We are increasingly confident that the department can move to pilot different advanced air cargo strategies before the end of the year."

Meanwhile, Representative Edward Markey, the author of a 2007 law requiring 100% screening of cargo on passenger planes, has introduced the Air Cargo Security Act to expand the 100% screening mandate to cargo-only aircraft. If passed, DHS would be ordered to develop a system to screen all air cargo within three years and 50% within 18 months.

The US Air Forwarders Association called on Congress to work with the Transportation Security Administration and the CBP to implement risk-based assessment for securing inbound air cargo, based on international cooperation and a harmonised programme.

Brandon Fried, the association's executive director, said: "We urge Congress to reject additional calls for 100% screening of inbound cargo. Instead, policymakers should enact a risk-based system for global air cargo security, as recommended by the supply chain and our international partners."

Europe

Americas

Asia-Pacific

Market Flash Issue 420 | 13 December 2010

### Canada Post launches iPhone app



Canada Post has launched a free application for iPhone, iPad and iPod touch giving its customers access to package tracking and the location of the nearest post office.

Track a Package and Find a Post Office are two of the most frequently used tools on Canada Post's website.

"We have seen an increase in the use of mobile devices to access our website and we expect demand for mobile-enabled services to continue to grow," said Louis O'Brien, senior vice-president and chief customer officer at Canada Post.

### UPS extends its mobile apps to Canada

UPS has extended its mobile applications for BlackBerry and Android and its mobile website for smart phones to customers in Canada, Germany, the United Kingdom and France.

The website and applications enable users to create and track shipments and calculate shipping rates and time-in-transit.

### Flat-Rate Boxes celebrate six years' growth

The United States Postal Service's Priority Mail Flat-Rate Boxes are celebrating their sixth anniversary.

Since launch in November 2004, more than 350m boxes have been shipped, almost 12m of them in September this year alone. Average year-on-year growth for Flat-Rate Boxes has been 58%.

Revenue for fiscal year 2010 was 63% above the previous year at US\$1.2bn with volume up 77% year-on-year at 127.7m pieces.

"The marketplace has embraced this product, and it now occupies a unique place in the mind of consumers," said Gary Reblin, vice president, shipping services. "Its success shows the Postal Service has the ability to design a unique, innovative product line and compete effectively when given the opportunity to do so."

### UPS sells technology subsidiary

UPS is to sell UPS Logistics Technologies to private equity investment company Thoma Bravo LLC for an undisclosed sum.

It acquired the developer of high-tech transportation routing and fleet management systems in 1986 and said its decision to sell was based on its desire to focus on developing technology tied directly to its own networks and logistics services.

When the acquisition is complete, the company will be re-named Roadnet Technologies to reflect its main brand which is already familiar to customers.

Europe

Americas

Asia-Pacific

Market Flash Issue 420 | 13 December 2010

## Asia-Pacific

### Speedy exports from Vietnam to China

FedEx Express is speeding up exports from Vietnam to China with the inauguration of a new flight to and from Hanoi four times a week.

The company said the new flight would speed up transit time for outbound shipments by one business day to multiple destinations including China.

### Sea-air route from China to Europe

Middle East express operator Aramex has a new sea-air route from China to Europe using Vancouver as its transit hub to avoid congestion in other cities.

The company has secured ocean capacity from China and guaranteed airfreight slots from Canada into the United Kingdom, the Netherlands and France. The sea-air service will take 18 days.

### FedEx ranked high in most-admired list

FedEx Express has been recognised as one of the 20 most admired companies in Asia in a survey conducted by the Wall Street Journal Asia.

The journal lists the top 200 multinationals operating in Asia plus Asia-headquartered corporations. FedEx said its 20th place was the highest among all international express companies.

The ranking is based on five attributes: reputation, quality of products and services, long-term vision, innovation and financial soundness.

### ABOUT THIS PUBLICATION

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