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German e-commerce grows by 18% in 2010

E-commerce now accounts for 60.4% of Germany's booming distance selling sector with online sales in 2010 growing by €2.8bn to €18.3bn, an 18% year-on-year increase.

The figures come from the German e-commerce and distance selling association, BVH, which commissioned a consumer study from research institute TNS Infratest. They show that e-commerce is now the growth engine for distance selling; the industry overall increased its sales by €1.2bn to reach a total of €30.3bn.

"This development has been boosted by stronger broadband penetration and a growing internet affinity among all age groups," said Thomas Lipke, president of BVH and managing director of multi-channel shipper, Globetrotter.

The survey found that catalogues continue to play a significant role in communicating with online shoppers; more than 65% of all distance selling consumers gained information from a catalogue before purchasing.

The importance of social media as a communication tool is growing. During 2010, 20% of survey respondents said they became aware of e-retailers' offerings through online social networks.

BVH expects the overall distance selling industry in Germany to grow by 5.5% to €31.9bn overall in 2011. Online business is expected to grow by 15.5% to €21.1bn, increasing its share of the total market to two-thirds.



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Americas**Donahoe pleads for changes in the law**

The United States Postmaster General has told a congressional subcommittee that the United States Postal Service will not survive as a self-financing entity without significant changes to the current law.

Addressing the subcommittee on Federal Workforce, US Postal Service and Labour Policy on Oversight and Government Reform, Patrick R Donahoe said the Postal Service had already reduced costs by some US\$9bn and would cut another US\$2bn this year. Despite those achievements it was projecting a loss of US\$6.4bn this year.

Mr Donahoe said the main reason for losses was an inflexible business model due to the laws that govern the Postal Service, in particular, the statutory requirement that has required, since 2007, that the Postal Service pre-fund retiree health benefits (RHB) by about US\$5.5bn a year.

"Even during two of the worst years of the recession, 2007 and 2008, had it not been for the prefunding requirement, the Postal Service would have realised a profit of US\$3.3bn and US\$2.8bn respectively. The effect of RHB prefunding is profound," said Mr Donahoe.

He asked the subcommittee to look favourably on the Postal Service's proposals to transition to a five-day delivery schedule and to gain more latitude on the products and services it can offer customers.

"The path forward for the Postal Service will require that all stakeholders embrace fundamental change and that our employees, the labour unions and management associations, mailing industry customers and business partners (all) play a constructive role shaping our future," Mr Donahoe said.

New mail product from US Postal Service

The United States Postal Service has launched a new product, Critical Mail, for commercial mailers seeking tracked, secure delivery for important, time-sensitive items.

Critical Mail includes the supply by the Postal Service of a flat rate eye-catching envelope in two sizes. It is available to customers who qualify for Commercial Plus pricing or who have signed a customer commitment agreement.

Go-ahead for rate increases in April

The United States Postal Regulatory Commission has notified the Postal Service that it can implement price changes averaging 1.7% on 17 April.

The new rates will leave the basic stamp price for a letter unchanged at US\$0.44, but will increase rates for heavier-weight First Class Mail and letters to Canada and Mexico.

Prices for other services including standard mail, periodicals, package services and extra services will also change and larger volume business mailers will see price increases in a variety of categories.

UPS holds to full year earnings forecast

UPS is holding to its earnings forecast for this year but has warned that this quarter's figures will be impacted adversely by severe weather and rising oil prices.

Chief financial officer Kurt Kuehn said that January had been "brutal" owing to severe weather. The company was, however, maintaining its forecast of earnings per share for the full year of between US\$4.12 and US\$4.35.

The company expects its US domestic package margin to improve in 2011 with mid-to-high single-digit revenue growth and volume growth in line with US GDP.

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FedEx adds to its US time-sensitive range

FedEx Express has launched new services and enhancements in the United States to provide faster, time-definite shipping options with money-back guarantee.

FedEx First Overnight Freight offers nationwide early-morning delivery before 09.00hrs in most areas. The service is designed for urgent manufacturing, distribution or replenishment needs and for palletised shipments.

FedEx 2Day A.M. offers delivery within two days before 10.30hrs in most areas of the country and is available for return shipments.

The existing FedEx First Overnight service has been enhanced to deliver by 08.00hrs to more ZIP codes and to pick-up later in 7,000 ZIP codes.

UPS shipping on the move

UPS is aiming for a bigger share of the mobile shipping market by rolling out its app for iPhone to Germany, the United Kingdom, France, Italy and Canada.

The application enables users to ship and track packages and to find the nearest UPS location. The expansion follows a similar rollout of the company's app for BlackBerry and Android and the launch in the same five countries of its mobile website, m.ups.com.

>>In Brief - **Americas**

FedEx names site for new depot

FedEx Ground has selected a 52 acre site at Norcross near Atlanta, Georgia, for a new distribution centre that will complement operations at three existing facilities in Atlanta.

FedEx goes cleaner and quietly to Memphis

FedEx Express has inaugurated flights from London Stansted to Memphis with a new B777F freighter which produces fewer emissions and less noise than the MD-11 aircraft previously used on the route.



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New Zealand Post profits drop half way

New Zealand Post's half-year net profit to 31 December 2010 slumped to NZ\$15.8m compared to the NZ\$42.5m achieved in the same period the previous year. (New Zealand Post's financial year ends in June)

The result was impacted by a continuing economic downturn and lower revenue from the postal business and retail network owing to e-substitution. Domestic mail was down 3.6%, a lower rate of decline than in recent years, helped by mailouts of election material.

Express and freight volumes were flat but Express Couriers Limited, a joint venture with DHL, made a "solid" contribution to earnings thanks to cost control.

Parcel Direct Group, also a joint venture with DHL, experienced challenging trading conditions, and New Zealand Post said it would start to divest all or part of the business. Overall, operating revenue increased by NZ\$30.5m to NZ\$652m with Kiwibank and the Datam subsidiary contributing most to the improvement.

Despite a strong focus on cost management, expenditure rose by NZ\$49.8m to NZ\$638.8m owing mainly to a NZ\$26m increase in bad-debt provisioning by Kiwibank, a one-off NZ\$5.7m loss on the sale of an aircraft and ongoing cost pressure.

Kiwibank's bad debt provision related to loans to business ventures that proved unsuccessful, the company said.

Freightways boosts profits by 6%

New Zealand express company Freightways increased its half-year consolidated operating revenue by 7% to NZ\$176m and its earnings before interest, tax, depreciation and goodwill amortisation (EBITDA) by 6% to NZ\$34m.

The company said the core express package and business mail division, which contributes 80% of total earnings and revenues, gained momentum during the half year, improving operating revenue by 5% to NZ\$140m and EBITDA from NZ\$12.8m to NZ\$23m.

The information management division increased operating revenue by 14% to NZ\$37m while EBITDA was up 21%.

FedEx buys India's AFL

FedEx Express has acquired the logistics, distribution and express businesses of Indian company AFL Pvt Ltd and its affiliate Unifreight India Pvt Ltd (UFL).

AFL offers supply chain management, warehousing and ground distribution, providing day-definite delivery of small packages and heavyweight shipments across 200-plus scheduled daily routes.

AFL WiZ Express offers domestic express transport through more than 150 service centres servicing 144 cities in India.



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Toll does better in express and logistics

Australia's Toll Group increased its half-year profits through better express and logistics performance, but the company remains cautious about the outlook for the second half of the business year (ending 30 June 2011).

Revenue rose by 28% to AU\$4.24bn, driven mostly by acquisitions, although the group did achieve organic revenue growth of 7%.

Earnings before interest and tax (EBIT), excluding non-recurring items, improved by 20% to AU\$254m. Net profit before recurring items was 18% higher at AU\$173m and net profit rose by 59% to AU\$175m.

The company's Toll Global Express division increased its revenues by 39% to AU\$1.1bn with Japan's Footwear Express fully consolidated for the first time. Earnings before interest, tax and amortisation (EBITA) was 33% higher at AU\$95m.

Toll Global Forwarding more than doubled first-half revenues to AU\$901m owing to both acquisitions and organic growth. EBITA was 232% higher at AU\$24.6m and the operating margin doubled to 2.4%.

DP DHL wins success in Asia award

Roland Berger Strategy Consultants has awarded Deutsche Post DHL the award for: "Best European Business" owing to the success in Asia's markets of the future.

The jury included the editor-in-chief of *Financial Times Deutschland*, the editor-in-chief of *ManagerMagazin* and Professor Klaus Spremann of the University of Sankt Gallen. Deutsche Post DHL received the award on the basis of their customer satisfaction and environmental protection activities.

>> In Brief - Asia-Pacific

Operations in Libya suspended

DHL, TNT, UPS and FedEx all announced in late February they had suspended their activities in Libya following the closure of Tripoli Airport. The United States Postal Service also suspended services to Libya owing to transport difficulties.

DHL Global Forwarding moves into Cambodia

DHL has opened its Global Forwarding business in Phnom Penh, Cambodia, serving the fashion and oil and energy sectors.

Automated sorting in Perth parcel depot

TNT Australia has installed a Vanderlande automated parcel sorting and handling system at its new AU\$40m depot near Perth, Australia, that is part of the company's AU\$100m investment in customer-focused infrastructure across Australia.

UPS expands its speedy sea freight

UPS is extending its faster, Preferred LCL business to ten additional Asian ports in China, South Korea, Taiwan, Thailand and Vietnam after an initial roll-out in Japan. The sea freight service claims to cut three to four weeks from transit time by using the expedited UPS ground network to deliver in the United States.



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Quality delivery is key for online customers

The top priority for e-retailers in the United Kingdom is to improve customer experience and retention, while consumers require a high quality delivery service and a simple, convenient "journey" through an e-commerce website.

These findings emerged from two pieces of research, a survey carried out by eDigitalResearch among 300 e-commerce traders for IMRG and Capgemini and The IMRG Consumer Delivery Survey 2011.

James Roper, chief executive of IMRG, said retailers are aware of the high level of competition they face; post-sale customer care and delivery fulfilment could convert an otherwise positive consumer experience into a negative one.

The IMRG Consumer Delivery research stresses UK consumer requirements for high quality delivery; it found that the delivery service provided influences 46.5% of online shoppers in their choice of e-retailer.

The biggest concern for online consumers was the additional cost of delivery and the risk of failed delivery. Consumers were looking for convenience, including specific day and 2-hour time-slot deliveries and better information. They also sought improved returns services with access to more drop-off and collection options.

In January 2011, online sales in the UK increased by 21% on the previous year to £5.1bn.

E-Postbrief links up with Microsoft

Deutsche Post has signed up technology partners including Microsoft to help deliver its secure mail product, E-Postbrief, to business customers.

Cooperation with Microsoft Office means that businesses can use their normal IT applications to access E-Postbrief, sending secure communications directly from Office software.

In separate deals, Deutsche Post is cooperating with other IT companies including SET Software and POSY-OutputFactory.

MRW targets areas for growth

Family-owned Spanish express operator MRW plans to grow its business in Latin America and gain a larger share of the Spanish e-commerce market.

Already in Venezuela, the company plans to enter Columbia, Peru and Chile via small-scale acquisitions, continuing with its franchising model. MRW has a network of 1,300 franchisees in Spain, Portugal, Andorra, Gibraltar and Venezuela.

Focusing on e-commerce, MRW is aiming to secure 20% of Spain's online delivery market in 2011. It says it has already helped 2,800 small enterprises to set up e-commerce operations.

In 2010, the company increased its sales by 1.3% to €592.6m.



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TNT reports highlights in run-up to demerger

TNT has reported fourth quarter highlights in the run-up to completion of the demerger of its express and mail activities, the proposal for which is due to be submitted by the general shareholder's meeting on 25 May 2011, following legal and organisational restructuring in January 2011.

In the mail business, underlying revenues were down 0.1% to €1.212m in the new reporting structure that anticipates the demerger (minus 0.1% to €1.213m in the old reporting structure).

Underlying operating income was €184m (old reporting structure €185m) while underlying cash earnings before interest and tax (EBIT) were €110m. Addressed mail volumes declined by 9.6%, adjusted for working days.

In the express business, underlying revenues decreased by 0.3% to €1.73bn (old reporting structure plus 0.1% to €1.68bn) impacted by fewer working days. Underlying operating income was €95m (old reporting structure €107m).

Chief executive, Peter Bakker, said that continuing volume decline in mail had required a focus on cost savings to maximise cash flow. Following strikes in the fourth quarter, an agreement with unions in December allowed full implementation of the company's master plan to redesign the postal network.

Substantial cash outflow and investment would be required in 2011 and 2012 for restructuring. While savings would not fully offset declining volume in 2011 and 2012, the demerged mail company would pay stable dividends from 2011 onwards.

The express business

Express volume recovered to pre-crisis levels in 2010. Yield measures began to show positive effects although harsh winter weather in Europe caused additional costs.

In emerging markets, China saw good growth in day-definite domestic and intercontinental growth in 2010, whereas Mr Bakker expressed disappointment at costs related to integration in Brazil, but said the company's market position in South America is strong.

In 2011, the mail business is expected to see addressed volume decline in the Netherlands by 8% to 10% and underlying EBIT (underlying EBIT minus pension cash outflows and cash for restructuring) is expected to be €130 to €170m.

The express business will focus on structural costs and cash alongside yield improvements. The full year target is for underlying revenue of €7.3bn to €7.5bn and underlying operating income of €400m to €420m.



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Posten Norden sees profits rise in 2010

Posten Norden increased its operating profit by 28% (excluding structural and currency changes) in 2010 to SEK1.37bn on net sales that totalled SEK41.67bn, compared with SEK44.63bn the previous year.

The company said it had been successful in streamlining production and administration and in capturing synergies from the merger between Posten AB of Sweden and Post Danmark.

Earnings in the Information Logistics business remained negative despite cost reductions, but the position improved on the previous year.

The logistics business area returned to profitability on the back of efficiency measures and revenue growth from e-commerce and a recovering economy.

The group is to invest in a new terminal structure in central and northern Sweden designed to make the company more competitive and more environmentally friendly.



Green light for Royal Mail to raise bulk prices

The United Kingdom's postal regulator, Postcomm, has accepted Royal Mail's request to increase bulk mail prices and will lighten the regulatory burden in order to give Royal Mail more commercial freedom.

Postcomm said the measures would generate additional revenue to finance modernisation and secure the universal postal service in light of declining mail volumes and increased competition.

The measures include deregulating packets and parcels weighing more than 2kg, removing retail price controls on second class and pre-sorted bulk mail services for packets and parcels weighing more than 1kg, and easing the "headroom" rules on pricing for delivery of access mail.

PostFinance profits rise by 28%

Swiss Post's PostFinance saw its earnings before interest and tax (EBIT) rise by 28% in 2010 to CHF575m owing to good interest income and cost discipline.

Net income after writedowns was CHF1.04bn compared to CHF905m the previous year. Customer deposits rose by CHF11 billion to CHF84bn.

The company announced it would share its success with customers, paying 2,010 Swiss franc centimes to any customer who received credit interest on 31 December 2010; Euro account holders will also receive 2,010 cents.

PostFinance is to be transformed into a public limited company subject to the Swiss Financial Market Supervisory Authority (FINMA). The Federal Council will decide the timing of the transfer.

PostFinance requires approval for FINMA supervision but even when it is granted, it will not be allowed to grant loans or mortgages under its own name.

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Severe UK weather impacts on quality

Severe winter weather between 22 November and 09 January had an impact on the quality of service performance by Royal Mail.

In figures just released, Royal Mail shows that first class on-time delivery dropped to 89.2% in its third quarter from 06 September to end December. However, from the beginning of the quarter until 07 November, performance was above the 93% target.

The cumulative result for the first three quarters, including the period of bad weather, was 92%. For second class mail, the cumulative result was 98.3% compared with a target of 98.5%.

Royal Mail said it would apply to its regulator for a special exemption from its quality of service obligations in recognition of the severity of the weather that caused the decline in standards.

“Despite doing everything possible to get the mail through in exceptionally difficult circumstances”, said Mark Higson, managing director of operations and modernisation, Royal Mail, “we were unable to deliver everything to our usual high standards.”

Swiss Post delivers on time

Swiss Post's quality of service in 2010 was 97.2% on time for A mail letters and 98.5% for B mail.

For parcel delivery, 97.7% of PostPac Priority items were delivered on time and 97.5% of all PostPac economy arrived “punctually”, according to Swiss Post.

La Poste strengthens its social dimension

Le Groupe La Poste, France, has announced it will recruit 4,000 employees this year, boosting its competence in different areas.

The company told unions that it wants to strengthen its social dialogue at grass roots level by creating local delegates who will participate in defining and implementing projects related to working life. In particular, La Poste aims to create a better work-life balance by developing child care, social housing and catering.

The biggest group of new recruits will be 2,500 postmen and women and counter staff. The company will also hire graduates and management staff for its human resources department and will take on more nurses and physicians for its health and work safety operations.

Commenting on the announcement, Régis Blanchot of the Sud-PTT union said the only acceptable move by La Poste would be to restore all the jobs that had been cut. His union estimates that 13,800 jobs were lost in 2010 and a similar pace of job losses appeared to be planned for 2011.

Price adjustments approved in Switzerland

Swiss Post has received the necessary governmental approval in order to adjust its prices for some loss-making services and newspaper distribution. It has, however, decided not to increase some prices in its original plan.

A planned charge to business customers for returned B mail will no longer go ahead, but calculations of individual customer discounts will take account of address quality.

Prices will increase for loss-making newspaper delivery. For newspapers without press subsidies, the delivery charge will increase by CHF0.01 to CHF0.06 per issue while newspapers with subsidies will pay by 0.5% more, in line with inflation, three months after the officially approved adjustment date.

Overall, changes will be designed to allow each business unit to operate on a financially independent basis. Adjustments will affect niche products and specific offerings to business customers.

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France Express uses TGV for parcels

Geodis subsidiary France Express has launched a parcel service combining urgent delivery with the French TGV high speed train network.

Top One covers France, London and Brussels for parcels weighing up to 30kg carried on TGV trains. Senders can drop off their parcels at stations 30 minutes before the train leaves and receivers can collect 30 minutes after the train arrives. Top One will also collect and deliver, thus providing a door-to-door service.

City Link takes steps to stem losses

The United Kingdom's loss-making City Link parcel operator says it expects to make "substantial operational improvement" by October this year by focusing on customer service, better contingency planning, operational restructuring and a new sales and marketing strategy.

The sectors being targeted by the company are healthcare, technology, media and retail.

City Link is increasing the proportion of directly employed drivers from 50% to 75% and reducing its reliance on ad-hoc subcontractors to below 5%. The head office will close at the end of March; a "depot blueprint" will be designed and implemented as well as a new pricing and billing system.

>> In Brief - Europe

Aramex buys Irish forwarder

Aramex is continuing its strategy for international expansion with the acquisition of Irish freight forwarding company Aquaship Agencies, a liner agent and freight forwarder with operations in Dublin and the port of Cork.

Integrators' share prices rise

The share prices of UPS, FedEx, Deutsche Post DHL and TNT all rose after mixed results in January. Deutsche Post DHL saw its share price rise by 5.43% on 31 January compared with the previous month.

GLS Italy sees double-digit growth

Royal Mail's European parcels business, GLS, has reported double-digit growth in Italy in 2010 with domestic volumes up 10% and international shipments up by 17%. The company enhanced its IT services and widened its service range, gaining new customers and additional business from existing ones.

TNT Express grows in Czech Republic

TNT Express has reported strong growth in the Czech Republic in 2010, with a 15% rise in profit and a 27% increase in shipping volumes.



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publications@ipc.be

© IPC

Avenue du Bourget, 44

1130, Brussels

Belgium

Tel.: +32 (0)2 724 72 11

www.ipc.be

For more information on this publication, please contact britt.janssens@ipc.be

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