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Posti warns of need for extensive operational change

Itella Posti has announced that the volume of first class letters it delivered in January and February this year was on average 10% lower than the same period in 2010.



As part of the reorganisation of its mail collection operation in February, Posti made second class letters its primary service instead of first class. In a press release dated 28 March, the company said only 'a few percent' of customers are transitioning from first to second class mail, and second class mail volume is declining despite the transition.

"Now we have to consider our operating methods in a profound way," said Jukka Rosenberg, director of the Itella Mail Communication business group. The company could not continue with its current cost structure.

The volume decline experienced in Finland so far this year is greater than the 2% or 3% experienced in previous years. Newspaper and magazine volume has suffered along with letters, and addressed direct mail volume has also begun to decline. The number of unaddressed mail items delivered by Posti in January and February dropped by more than 6%, according to the company.

Only parcels have seen volume increase, thanks to economic recovery and growth in e-commerce.

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Congress insider joins the US Postal Service

The United States Postal Service Board of Governors has appointed a congressional insider as the new Deputy Postmaster General.

Ronald A Stroman, who took up his position on 04 April, has more than 30 years' experience in government, legislative affairs and leadership. His most recent position was as staff director to the Committee on Oversight and Government Relations at the US House of Representatives.

As Deputy Postmaster General, Mr Stroman will have a leading role in the Postal Service's work with Congress on several fronts: restructuring the prefunding of retiree health benefits; adjusting delivery frequency; and gaining greater flexibility in aligning postal processing, distribution and retail networks.

He will also work to help strengthen relationships with the mailing industry and will identify opportunities to improve interactions with postal customers.

Mr Stroman will serve on the Board of Governors and on Postmaster General Patrick R Donahoe's executive leadership team. The Postal Service's vice presidents of government relations, corporate communications and consumer and industry affairs will report to him.

"A manager and a leader, Ron's career is a testament to his ability to work in a bipartisan fashion and communicate effectively through challenge and change," said Postmaster General Donahoe.

Sample Showcase brings products to the door in the US



Sample Showcase is a new business-to-consumer direct mail product being launched by the United States Postal Service.

The new service enables marketers to give consumers an opportunity to try their products by combining a range of samples of food or personal care items in a single package.

Following market testing in May 2010, the full launch in March mailed 250,000 Sample Showcases to targeted consumers in Austin, Texas; Chicago, Illinois; and Denver, Colorado plus opt-in consumers across the country.

Sample Showcase is assembled and distributed by sampling sales and distribution firm StartSampling under contract with the Postal Service. The product concept mirrors similar initiatives by posts in Europe, notably Royal Mail.

TNT expands its services in Brazil

TNT has launched two services in Brazil, a non-stop international road express service between Mendoza in Argentina and Brazil and the expansion of its international freight export service to more departure points.

The new Mendozan connection is part of TNT's South American Road Network which links Brazil, Argentina and Chile. The new road express link targets Argentinian wine producers in Mendoza exporting to Brazil.

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US Postal Service to cut 7,500 management jobs



In the next 12 months the United States Postal Service will cut 7,500 managerial jobs and close seven district offices to generate about US\$750m in annual savings.

The cuts to administrative and executive positions will be supplemented by additional job reductions arising from changes to the Postal Service network and

retail operations.

"I am confident we have developed a strong plan that takes a key step toward a leaner and less bureaucratic structure," said US Postmaster General, Patrick R Donahoe.

Alongside job cuts and office closures, the Postal Service will offer early retirement and financial incentives to eligible employees to reduce heavy retiree health benefit costs.

Donahoe defends five-day delivery plan

Both the US Government Accountability Office (GOA) and the Postal Regulatory Commission have reviewed the Postal Service proposal to move to a five-day delivery schedule.

Responding to the GOA report, Postmaster General Patrick R Donahoe said he was pleased the GOA agreed that significant cost savings could be achieved if the change to five-day delivery were implemented efficiently.

"We agree and believe that having completed a lengthy planning process, we are prepared to make that happen," Mr Donahoe said.

Referring to concerns expressed by stakeholders, Mr Donahoe said the move to five days would carefully balance the Postal Service's universal service responsibility with its statutory duty to operate in an efficient manner in light of prevailing volume, cost and revenue trends.

The Postal Regulatory Commission calculated that net savings from the move to five-day delivery would be US\$1.7bn instead of the US\$3.1bn estimated by the Postal Service. It further calculated that US\$0.6m of revenue would be lost as a result of dropping one delivery day, whereas the Postal Service calculated a revenue loss of US\$0.2bn.

Responding, Mr Donahoe said: "The Commission's opinion is advisory only and therefore not a final determination on the merits of our proposal. We remain convinced of our findings. As such, we will also continue to press our case with Congress on this matter."

FedEx optimistic despite third quarter slump

FedEx is optimistic following third quarter results that show both volume and yields rising, despite a slump in profit.

In the three months from November 2010 to February 2011, revenue rose by 11% to US\$9.66bn but overall operating costs increased by 12%. Operating income dropped by 6% to US\$393m, giving an operating margin of 4.1%, and net income fell by 3% to US\$231m.

Severe winter storms disrupted operations, decreasing shipping volumes and increasing costs. In addition, the merger of FedEx Freight and FedEx National LTL generated costs along with the reinstatement of merit salary increases, increases in pension and medical costs, higher aircraft maintenance expenses and the full reinstatement of company-matching contributions.

Operating income in the express business dropped by 33% to US\$178m, leaving an operating margin of 2.9%, despite an 11% increase in revenue to US\$6.05bn.

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Chief financial officer Alan Graf said that as far as the express business was concerned, FedEx wanted to forget about the third quarter. "Everything went against us," he said.

The road freight business remained heavily in the red with an operating loss of US\$110m. FedEx Ground enjoyed a 25% increase in operating income to US\$325m.

FedEx agrees two-year deal with pilots

FedEx has a new agreement with its 4,500 pilots covering a shorter, two-year period from February 2011 to March 2013.

The deal provides increases in hourly pay rates, a pensionable lump sum, increases in domestic and foreign per diem rates, an improved Foreign Duty Assignment Letter of Agreement and three safety programmes.

The Air Line Pilots Association, a global union which represents American and Canadian pilots, said the unique two-year agreement was an innovative approach to negotiations allowing discussions to continue on outstanding issues while pilots benefitted from improvements in pay and conditions.



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Third Buenos Aires centre for DHL

DHL Global Forwarding has opened a 5,000m², US\$0.3m storage and distribution centre in Buenos Aires to supplement the company's two existing facilities in the city.

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SingPost buys bigger stake in Malaysian firm

Singapore Post has increased its holding in Malaysian express company GD Express from just under 5% to 27.08%.

It purchased 56.8m shares on the Malaysian stock exchange for MYR45.5m. Chief executive officer for postal and corporate services Ng Hin Lee said SingPost had been looking for merger and acquisition opportunities within its diversification and regionalisation strategy and GD Express will provide a platform from which to tap into the growing logistics market in the region.

SingPost and GD Express already have a working relationship having collaborated in the logistics business.

FedEx adds capacity on Seoul route

FedEx Express has inaugurated a dedicated 777F service operating four non-stop flights a week connecting its US hub in Memphis to South Korea.

The company said it expected demand for goods and services between the two countries to rise with approval for the US-Korea Free Trade Agreement.

The larger capacity 777F would allow FedEx to deliver in Seoul from the US, Canada and Latin America in two to three business days.

UPS flies direct from Hong Kong to Europe

UPS is flying direct from Hong Kong to Europe four times a week to offer wider next day delivery coverage for both packages and heavy freight.

The non-stop flights to Cologne bring the total number of UPS flights from Hong Kong to Europe to 11. Seven flights a week fly from Hong Kong to Cologne via Dubai.

Bidders gather for Korea Express

Three companies are understood to be bidding for the 37.6% stake in Korea Express placed for sale by its minority owner, Kumho Asiana, and creditor banks.

The bidders, steelmaker Posco, retail chain Lotte Group and the diverse CJ Group would all seek to achieve synergies following the acquisition.

Korea Express achieved operating profits of WON94.5bn in 2009 and aimed for profits of WON115bn in 2010.

DHL extends its service points in Japan

DHL has opened eight additional express service points in Japan in partnership with Greight, a franchised retail chain operating under the Hankoyasan21 brand. The service point network now numbers 136 outlets, of which 61 are in Greight locations.

A DHL spokesman said that even in such challenging times, it is viewed positively in Japan to announce business news in order to help normalise the situation.

The company is currently taking all possible steps to restore its operations across eastern Japan.



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Express operations disrupted in the Middle East

Express companies are experiencing disruption to their services in the Middle East and North Africa as a result of conflicts in Libya, Bahrain, Yemen and Syria.

In Libya, DHL, FedEx, TNT and UPS services remained suspended at the end of March.

In Bahrain, where DHL has a hub, the company said it continued to transport shipments but many areas remained challenging to access. FedEx Express said it was accepting shipments at certain safe locations and was accepting shipments bound for Bahrain without any delivery guarantee.

TNT has rerouted transit shipments away from Bahrain. It resumed clearance, pick-up and delivery for urgent shipments to secure areas and said it would continue as long as the situation was calm and safe for staff. UPS said customers in Bahrain could collect and drop-off at its centres.

>> In Brief - Asia-Pacific

DHL improves inbound service

DHL says it has improved its international inbound shipping service, Import Express Worldwide, in the Asia-Pacific region with a new booking tool enabling customers to manage their import shipments online more simply and securely.

FedEx opens depot in Suzhou

FedEx Express has opened a 2,230m² depot in Suzhou, eastern China, to handle pick-up and delivery of international shipments and meet growing demand in the region.

Kerry opens centres in China

Asian logistics company Kerry Logistics has opened two logistics centres in Chongqing and Kunshan, China, to expand its national network and service range. The company is focusing on the electronics, high-tech and pharmaceutical industries.

DHL freight volumes recover in Dubai

Freight volumes through Dubai recovered in mid-March following economic slowdown since 2009, according to DHL managers who stated that the country had not been affected by political unrest in the region.



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Spain's MRW wins e-commerce award

Spanish express and parcel operator, MRW, won an award for the Best e-Logistics Service in the e-commerce service provider category at the e-Commerce Expo in Madrid.

The company enhanced its service for e-commerce customers in January this year offering online shoppers a choice of two time slots for delivery: between 08.00hrs and 14.00hrs or 14.00hrs and 19.00hrs.

MRW has also launched the "Connect your business" project to help small and medium-sized businesses get online. With Google and other organisations, MRW offers free website creation and hosting plus support for one year.

A mobile unit will tour Spain providing small businesses in 17 locations with help in creating a website. Currently, 23% of small businesses in Spain have no online presence.

Seur develops e-solutions for e-commerce

Express parcels operator, Seur, claims a 30% share of e-commerce deliveries, gaining revenue of €60m from e-commerce in 2010, more than 10% of its overall turnover.

Spain's e-commerce sector increased by 28% in the second quarter of 2010 compared with the same period of 2009, according to the Telecommunications Market Commission.

Seur has developed an e-solutions offer which includes tracking, delivery alerts, three delivery attempts and systems integration with retail customers.

Last year, the company set up a network of collection points under an agreement with Punto Pack.

Russia's EMS booms with e-commerce growth

EMS Russian Post, the post's express subsidiary, increased its revenues in 2010 by 44% to RUB2.6bn and its shipment volume by 43%.

While outbound business accounted for 81% of shipments, EMS Russian Post increased its e-commerce turnover five-fold benefitting from a boom in inbound parcels. Changes in customs regulations in 2009 facilitated e-commerce between Russian consumers and international e-retailers.

EMS Russian Post opened its first specialist international office of exchange at Sheremetyevo Airport in Moscow in January this year and has begun constructing its own hub. It has implemented an RFID-based tracking system and is providing SMS alerts on shipment status.

Royal Mail announces job cuts

Royal Mail is to reorganise its operations in Greater London with the loss of 751 jobs following an agreement with the Communication Workers Union after nine months of negotiations. In addition, management job losses across the country and in head office departments are expected to total 1,700 along with a further 1,000 operational line manager positions that are due to be negotiated shortly. Royal Mail does not believe compulsory redundancies will be necessary.



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These changes have been spurred by Royal Mail's expectations that by 2014 mail volume in London will be half that of 2006. It said new delivery arrangements in London would be designed to deal with changes in the mix of postal items delivered with fewer letters and more small parcels in the mailbag.

Around half of the 64 mail sorting centres in the country in 2010 will close by 2016; in London, Royal Mail expects to close two mail centres leaving five, including Mount Pleasant, which will receive an investment of £32m to install automatic equipment and improve working conditions.

Overall, the company will invest £69m in the modernisation of the Greater London area as part of the nationwide modernisation plan.

"Royal Mail's modernisation programme, which is vital to ensuring a successful future for the letters and parcels business, depends on having the right number of people in our business as well as deploying the right technology and equipment," said Mark Higson, managing director of operations and modernisation.

Insurance boosts Poste Italiane's result

Poste Italiane increased its 2010 operating profit by 16.9% to €1.87m on total revenue up 8.7% to €21.8bn. Consolidated net profit rose by 12.6% to €1.02m.

A positive performance by the group's insurance services contributed strongly to the result with the value of premiums written rising 34% from €7.1bn in 2009 to €9.5bn in 2010.

Postal revenue was down 3.1% owing to volume decline. Poste Italiane's chief executive Massimo Sarmi said the group's strong profit growth showed that it was capable of good performance despite progressive decline in postal volumes.

The financial services division saw a slight revenue reduction (0.4%) but benefitted from exceptional inflow into postal savings products. Income from current accounts was up by 1.7% to €2.7bn.

Chronoexpres forms Iberian partnership



The Correos express subsidiary, Chronoexpres, has signed a delivery agreement with Portugal's Transporta-Go Express.

The two companies will deliver for each other in their home markets and say they will integrate their systems and transport networks. By establishing an Iberian distribution network, they intend to position themselves as market leaders for parcel and freight distribution.

Itella appoints Nokia logistics specialist

Itella Group has appointed a global logistics manager at Nokia as its new head of the Itella Logistics business group.

Lauri Vesalainen will take up his new position on 01 May, moving to Itella after 16 years at Nokia, where he is currently in charge of global materials logistics.

Vesa Vertanen, the current head of Itella Logistics, will continue as area director for Russia and other Commonwealth of Independent States countries, taking on new responsibilities for Itella Group projects and stakeholder relations with Russia.

Itella Logistics operates across the Nordic area and in Latvia, Lithuania and Russia. In 2010 it reduced its operating loss and saw net sales growth. Itella president and chief executive Jukka Alho said that financial performance in the logistics business would continue to be materially affected by the development of operations in Scandinavia and Russia.

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TNT prepares for express demerger

TNT has announced the successful completion of two, five-year, €570m Multicurrency Revolving Credit Facilities for its express group and mail group.

Both facilities are conditional on the demerger of 70.1% of the express group, which is to be voted on at the annual general meeting on 25 May.

The two facilities will replace the company's existing €1.1bn facilities. They can be used for general funding purposes and as liquidity back-up for a Euro commercial paper programme.



Hermes UK offers home collection for returns

Business-to-consumer parcels specialist Hermes has launched a new returns service in the United Kingdom.

The home collection service is activated via a dedicated area in the myHermes.co.uk website. The company said that retailers signing up for its returns would offer consumers the opportunity to specify the day when their return parcel should be collected either from their home, a neighbour or a nominated safe place. Consumers would be able to print a return label and track their parcel back to the retailer.

"A flexible collection from home that can be arranged online removes much of the hassle often associated with returning purchases while streamlining the overall returns process for the retailer," said Jon Tobbell, commercial director of Hermes in the UK.

Hermes said a survey conducted in 2010 revealed that 78% of consumers found the idea of organising the collection of unwanted goods from home or a safe place via the internet appealing.

GLS expands its Dutch parcel shop network

GLS has expanded its network of parcel shops in the Netherlands to 350. The parcel shops are integrated into existing retail stores in various sectors, offering practical shipping and collection services. "Only a stable network can ensure a good supply chain," said Milo Kars, general manager.

GLS said that almost 40% of private recipients in the Netherlands picked up their parcel if initial delivery failed. The company offers a second delivery attempt giving recipients the opportunity to specify delivery to a neighbour rather than their own home.

DPD Austria boosts volume in 2010

Parcels operator DPD increased its revenue in Austria to €153m in 2010, a rise of 4% on 2009 when the economic crisis was in full swing.

Export traffic rose by 12.5%, import parcels by 6.2% and domestic volumes by 3.6%. Overall the Austrian company saw 5.4% year-on-year volume growth, delivering 37.5m parcels.

Managing director, Rainer Schwarz, said the company benefitted from customers downsizing their in-house regional interim storage facilities as DPD can provide an alternative by offering direct delivery instead of using distribution centres.

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Eurodis to build on growth

The Eurodis European network for parcels and pallets moved 25% more shipments in 2010 compared with the previous year and expects similar growth this year.

During 2010, Sernam and UK Mail joined as partners covering France, the United Kingdom and Ireland.

The network, owned jointly by Austrian Post and transo-flex, updated its logo and established a central website to strengthen its online presence which was achieved previously only through its members' own websites in 34 countries.

Ducros saves 100 jobs in restructuring plan

Ducros Express in France has agreed to reduce its plan for some 600 job losses by about 100 in a compromise agreement with its unions.

The company said it would be able to achieve 90% of its targeted cost savings in a restructuring plan to reduce its operating loss by €30m this year and expects to break even in 2012. The plan involves closing seven or eight of the company's 50 depots.

Ducros Express is the new name for DHL's French domestic parcels business that was sold last year to financial investor Caravelle. The company, which remains the exclusive French distribution partner to DHL Express, made a €75m loss in 2010 on a turnover of €308m, according to French media.

European Commission gives green light for Post Office funding

The European Commission has given the green light for a further £180m of public funding for the United Kingdom Post Office for the financial year beginning on 01 April 2011. UK post offices provide over-the-counter access to social benefit payments, basic banking services and other services in the UK, and therefore act as focal points for the communities they serve, the Commission pointed out.

"The funding will enable the UK post office network to continue performing its fundamental social and economic role and important public service tasks, without unduly distorting competition" said Joaquín Almunia, Commission vice president in charge of competition policy.

The proposed measures will prolong by one year a Network Subsidy Payment which expired on 31 March.

UK mail lowers expectations for full year

In a pre-closing update, UK Mail said results for the year to 31 March 2011 would show revenue growth of about 3% in the fourth quarter and around 2.5% for the year as a whole.

The company expects its group pre-tax profit for the full year to be in the region of £16m. It said underlying economic conditions combined with costs associated with severe weather in December would mean that profit from the parcels business would be below expectations. The same factors had influenced the mail business but to a lesser extent.

The group will report its full year results on 18 May.

DHL moves into the prefabricated concrete sector

DHL Freight has a new, three-year, €17m contract to transport prefabricated concrete elements for project development and construction group Skanska Stomsystem AB of Sweden.

This is the first contract for DHL Freight in the prefabricated concrete element sector which it believes has potential for growth. It is investing in some 30 new trailers to meet special transport needs for movements within Sweden from Skanska's two factories.

The two companies plan to launch joint projects in the areas of environment, safety and administration soon.

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FedEx flight extends final pick-up time

FedEx Express has inaugurated a flight between Munich and Paris to offer final pick-up times up to one hour later for shipments weighing a maximum of 68kg.

In addition, the company has reduced transit times by one or two business days for heavyweight shipments weighing up to 1,000kg within Europe or bound for Asia.

>> In Brief - Europe

PostBus in Swiss bike scheme

PostBus and Swiss Federal Railways have joined forces with a bicycle company to develop a national self-hire bicycle system to close the last mile gap in the public transport system.

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