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Feature Story



USPS and The UPS Store help small businesses to advertise

The United States Postal Service (USPS) and The UPS Store are working together to help small businesses conduct cost-effective direct mail campaigns in their local areas.

The Postal Service's Every Door Direct Mail-Retail (EDDM-R) service allows businesses to leaflet every delivery address in their target areas without the need for a mailing list.

The UPS Store takes care of printing direct marketing pieces and coordinating with local post offices for small businesses wishing to use the EDDM-R service.

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FedEx Ground boosts profits in first quarter

An increase in operating income of 42% for FedEx Ground and a return to profit for FedEx Freight provided growth for FedEx Corp in the first quarter despite a 19% profit fall at FedEx Express.

During the quarter ended 31 August, FedEx Corp saw its overall revenue rise 11% above the first quarter last year to US\$10.52bn. Operating income was up 17% to US\$737m and operating margin was 7% compared with 6.6% a year ago. Net income was 22% higher at US\$464m.

FedEx Ground achieved an operating income of US\$407m compared with US\$287m in the first quarter last year. Its operating margin jumped to 17.9% from 14.6% a year ago. The company said that growth in e-commerce and gains in market share caused its SmartPost product's average daily volume to increase by 29% and its revenue per package to rise by 5%, primarily owing to fuel surcharges.

Overall revenue for FedEx Ground rose by 16% to US\$2.28bn compared to last year. The business unit saw its average daily package volume grow by 5% in the first quarter on account of increases in the business-to-business market and the FedEx Home Delivery service. Revenue per package rose by 9% owing mainly to higher fuel surcharges and action to manage yield.

FedEx Freight saw its revenue rise by 6% to US\$1.33bn compared to last year and operating income was US\$42m compared with an operating loss of US\$16m a year ago. The business achieved strong yield growth and efficiencies from combining the FedEx Freight and FedEx National LTL operations at the end of January 2011.

In contrast to the success of the ground and freight operations, FedEx Express saw its operating income drop by 19% compared with the first quarter last year to US\$288m. The company said volume decline accelerated during the quarter owing to a slowdown in global economic growth.

Cost reduction only partially offset increases in wages, incentive compensation programmes, benefits and fixed costs. Overall revenue for FedEx Express during the quarter was US\$6.59bn, 12% up on the first quarter last year.

Commenting on the results, FedEx Corp's executive vice president and chief financial officer, Alan B Graf, said both the United States and global economy grew at a slower rate than the company anticipated during the quarter. "The more rapid decline in demand for FedEx Express services, particularly from Asia, outpaced our ability to reduce operating costs", he said.

USPS Postmaster General expresses need for legislative reform

The United States Postmaster General and chief executive of the US Postal Service (USPS), Patrick Donahoe, told 8,000 business mailers in September that the Postal Service's financial losses should not be interpreted as an indictment of the value of mail.



The financial difficulties being experienced by the Postal Service were

entirely due to an overly restrictive business model, Mr Donahoe said. He told members of the Postal Customer Council (PCC) that long-term, comprehensive legislation was required to bring about a package of proposals allowing the Postal Service to operate more like a business.

The new legislative measures needed include authorisation for the Postal Service to deliver on five rather than six days a week and resolution of the mandate on the Postal Service to pre-fund retiree health benefits at a cost of US\$5.5bn this financial year.

Mr Donahoe told mailers that the Postal Service had reduced annual costs by US\$12bn in the past four years and cut its career workforce by 110,000 but annual costs had to reduce by US\$20bn by 2015 if the Postal Service were to be profitable.

UPS supports Obama's infrastructure plan

UPS is supporting United States President Obama's American Jobs Act which proposes to create jobs by combining immediate investment in infrastructure with reforms to ensure that the best projects receive financing.

UPS hosted a visit to its international air hub in Kentucky by US Treasury Secretary Tim Geithner who highlighted the need for Congress to pass the President's Act. The company said there was a need for immediate short-term investment as well as long-term planning to maintain and grow the US transportation system.

FedEx supports small businesses through new initiatives in US

FedEx Corp will carry out a Facebook consumer promotion in November in support of Small Business Saturday 2011, while FedEx Office is hosting a three-part "Boost Your Small Business" Tweet Chat during October.

The Small Business Saturday initiative, on 26 November this year, was set up in 2010 by American Express to help small business owners create more demand for their products and services. The idea is to persuade consumers to purchase from small businesses during the US holiday period on Small Business Saturday.

FedEx will give away 30,000 Shop-Small American Express gift cards, each worth US\$25. Consumers will be able to obtain their free US\$25 gift card from the FedEx Facebook brand page from 01 November; in addition, FedEx will distribute 10,000 gift cards directly to its customers.

FedEx Office is the official print sponsor of Small Business Saturday. Since 04 October, it has been providing a 20% discount on its print online service to small businesses wishing to print Small Business Saturday posters available from Facebook.

In a separate initiative to help small businesses, FedEx Office is hosting the Boost Your Small Business Tweet Chat series on Twitter. On 06, 13 and 20 October, business experts are discussing how to recession-proof small businesses; successful advertising and cost efficient strategies for developing and recreating branding.

UPS introduces container for healthcare products

UPS is now offering customers in the healthcare sector an air freight container that monitors and protects temperature-sensitive products.

The UPS PharmaPort 360 container is powered by a rechargeable battery to hold shipments at critical 2-8°C for 38% longer than containers using dry ice. The PharmaPort 360 is said to utilise both heating and cooling technology to tolerate a wider range of extreme ambient temperature changes.

Built-in sensors monitor shipment condition and GPS location, transmitting data to UPS via GSM. The company can intervene to apply contingency plans if the sensors transmit alerts indicating potential risk to a shipment.

UPS said that mounting regulatory scrutiny of healthcare products made it crucial to provide information that the integrity of a vaccine or human tissue had been preserved in transit.

PharmaPort 360 is manufactured for UPS by Cool Containers LLC.

FedEx finalist for Corporate Citizenship Awards

FedEx is a finalist in the Best Business Neighbor category of the 2011 Corporate Citizenship Awards.

The awards, known as the Citizens, are run by the Business Civic Leadership Center at the United States Chamber of Commerce. The Best Business Neighbor category is for companies exemplifying the ability of the business sector to demonstrate social or civic leadership through a single strategic initiative.

The FedEx initiative cited was its EarthSmart Outreach, an environmental sustainability programme combining employee volunteering, operational expertise, financial investment, and stakeholder relationships in cities where FedEx has a significant business presence.

The winners of the 2011 Citizens will be announced on 17 November.

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FedEx volunteers fly eye hospital to Peru

Volunteer FedEx pilots flew the ORBIS International Flying Eye Hospital into Trujillo, Peru, on 04 October where the on-board medical team is spending a few weeks conducting an intensive skills exchange programme for ophthalmic and medical personnel.

FedEx has renewed its five-year commitment to support the ORBIS International organisation which is dedicated to saving people around the world from blindness.

The company is allocating cash and in-kind resources worth US\$5.37m and FedEx Express is donating an MD-10 aircraft to be ORBIS's third-generation Flying Eye Hospital.

Canada Post ranked among Best 50 Corporate Citizens



Canada Post has been ranked 25th in Canada's Best 50 Corporate Citizens, gaining a favourable listing for the third year in a row. The list is compiled by Corporate Knights magazine using a ranking methodology that recognises companies concerned with long-term stakeholder value.

Expressing pride at its inclusion the Best 50, Canada Post pointed to some of its achievements: reducing CO2 emissions from buildings and vehicles by 14% since 2002; purchasing 30 alternative fuel vehicles; receiving silver LEED (Leadership in Energy and Environmental Design) certification for two buildings; achieving a 62% landfill diversion rate throughout its network; raising more than CA\$2m for community action organisation United Way and donating 1.3% of pre-tax profits to charities and non-profit organisations.

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US Postal Service launches BlackBerry app

The United States Postal Service has extended its mobile application to BlackBerry, the fourth mobile platform from which it offers package tracking and confirmation. The usps.com app also allows users to locate a nearby post office and to look up a ZIP code.

FedEx Ground continues its network expansion

FedEx Ground, FedEx Corp's small package ground transportation business, has opened a new sorting and delivery centre in the Chicago area as part of its network expansion plan. FedEx Ground says it has more than doubled its volume from 1.75m to 3.7m since 2002 and now delivers 60% of packages in less than two days.

UPS applauds move on free trade

UPS issued a statement on 04 October applauding the compromise between the United States Congress and

President Obama that has allowed free trade agreements with Colombia, Panama and South Korea to be passed.

FedEx gains two new board directors

FedEx Corp shareholders have elected R. Brad Martin and Joshua Cooper Ramo to the board of directors for a one-year term. Mr Martin, chairman of family investment company RBM, was chairman and chief executive of Saks Incorporated until January 2006. Mr Ramo is vice chairman of strategic advisory firm, Kissinger Associates.

The UPS Store goes to college

The UPS Store has opened a branch on the University of Oregon campus. The retail network now has almost 140 branches in non-traditional locations such as universities, hotels, convention centres and military bases.

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New Zealand Post trials cashless stamp machines

New Zealand Post is installing stamp vending machines at a number of locations in Auckland and plans to roll them out across the country in the coming months. The machines are cash-free, dispensing stamps paid for either by credit card or electronic funds transfer (eftpos) card.

The company said its new stamp machines were being piloted to assess customer take-up. It is looking at a range of ways to use technology, such as self-service kiosks for bill payment and automated parcel drop off and collection installations, to make services more convenient for customers.

FedEx Express expands its economy services

FedEx Express has strengthened its International Economy and International Economy Freight services in Asia, making them available from more points of origin in the region to more destinations both inside and beyond Asia.

The two services offer more economical time-definite delivery for less urgent shipments.



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PostNL launches new scheme to help redundant workers

PostNL has announced that it has joined forces with human resources provider Randstad/Tempo-Team to launch Job Company, a service that aims to keep redundant postal employees in the Netherlands in work while offering guidance and training to help them find new permanent jobs.

PostNL will begin restructuring its mail delivery system in 2012, closing about 300 delivery offices, centralising processes and moving to a mainly part-time workforce: jobs carried out previously by full-time postmen will be carried out in future by part-time mail delivery and preparation workers.

Job Company will operate in addition to PostNL's own Mobility agency, which helps employees find suitable work, assisting them in writing covering letters and preparing for job interviews. To participate in Job Company, redundant workers will be required to make an "intake contribution" out of their severance pay while PostNL will also make a financial contribution.



Deutsche Post reaches a collective union agreement

Deutsche Post has reached a pay agreement with the Verdi union that includes shorter hours for older workers and a reduction in the starting pay rate for new employees.

For older workers, Deutsche Post will supplement Germany's partial-retirement programme with two new initiatives called working-time accounts and a demographic fund. These devices are designed to be attractive to older employees and to allow them to remain in the company, working shorter hours, until they retire.

Under the collective agreement, new employees of Deutsche Post will be paid 4% less, therefore, a newly appointed mail carrier will earn €10.70 an hour instead of the €11.13 paid at present to new employees.

Deutsche Post plans to extend outsourcing to transport, reducing the number of company employed drivers from 3,600 to 2,600 by 2015. Subcontracted partners are already operating 990 parcel delivery districts.

The employment pact, which guarantees no compulsory redundancies, will be extended to the end of 2015.

Deutsche Post DHL's chief executive, Frank Appel, said the agreement would make an important contribution to stabilising earnings in the mail division at €1bn in the long term. It would also create the leeway needed by the company to respond to future trends in a shrinking postal market.

UK Post Office offers access to more bank accounts

The United Kingdom's Post Office Limited has taken another step towards providing all UK bank account holders access to their money at post offices.

It has secured an agreement allowing customers of Royal Bank of Scotland and its subsidiaries, NatWest and Ulster Bank, to withdraw cash and make balance enquiries at any UK Post Office without charge.

Post Office, the retail network subsidiary of Royal Mail Group, is expected soon to be transformed into an independent, mutually-owned organisation in line with provisions contained in the UK Postal Services Act 2011.

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An Post launches online marketing support for SMEs

An Post's direct marketing team has developed an online resource, Growmybusiness.ie, for senior managers of small and medium-sized Irish businesses.

Growmybusiness.ie was launched on 05 October, providing online tutorials, access to marketing experts and case studies showing how Irish businesses have used direct marketing to get more value from their customer base.



Royal Mail welcomes changes to terms and conditions

Royal Mail has welcomed a decision by its regulator, Postcomm, to approve changes to the way it operates that bring its terms and conditions more in line with other delivery companies operating in the United Kingdom. It said the decision was a step towards creating a more level playing field.

One of three approved changes allows Royal Mail to pilot test a scheme to deliver large or signed-for items to a neighbour if the recipient is not at home. The trial will include Recorded Signed For letters, Special Delivery mail and packages too big to post though the letter slot.

Royal Mail says it was previously the only UK delivery company not permitted to deliver to a neighbour as part of its standard practice. Customers in pilot areas will be informed of the trial and given the opportunity to opt out of the scheme.

A second change to terms and conditions affects business contract customers. Royal Mail will no longer provide compensation for loss or damage to postal items sent on untracked services such as Mailsort and Packetpost. The company says that none of the major UK delivery companies provide compensation to large businesses for loss or damage on untracked services.

The third and final change will reduce the loss or damage claim period for consumers from 12 months to 80 calendar days after the date of posting. Royal Mail says that 28 days is the normal claim period in the wider market.

Postal regulation in the UK is transferring from Postcomm to the communications regulator, Ofcom. Royal Mail is awaiting the outcome of an Ofcom consultation on future postal regulation following the entry into law of the Postal Services Act 2011.



Itella appoints chief to merged logistics business

Itella has combined its Danish and Swedish logistics businesses and appointed Jørn Johansen as managing director.

Mr Johansen moved from the position of area director for Scandinavia to take up his new job on 01 October. The merged business employs around 450 people.

Itella Logistics, a business unit of Itella Corporation, has offices in its home market, Finland, and in Denmark, Sweden, Norway, Latvia, Lithuania, Estonia and Russia.

The company offers its logistics and supply chain management services globally through partners. It has just appointed On Time Express (OTEL) as its exclusive air and sea transport services partner for Asia, covering Bangladesh, China, Hong Kong, India, Indonesia, Malaysia, Singapore, South Korea, Taiwan, Thailand and Vietnam.

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Royal Mail to close mail centres in England's Midlands

The United Kingdom's Royal Mail has completed consultations on the rationalisation of operations in the Midlands region of England, given a forecasted decline of 50% in mail items between 2006 and 2014 in the region.

It has announced that three mail centres will close between 2012 and 2014 with the loss of approximately 393 jobs. The company believes it will be able to find alternative positions for affected employees without having to resort to compulsory redundancies.

DHL integrates operations at Leipzig/Halle

DHL Supply Chain is constructing a 15,000m² multi-user distribution centre at its European air freight hub in Leipzig/Halle for use mainly by customers in the life sciences/health-care and technology sectors.

The "end-of-runway" operation will integrate DHL's express and supply chain activities. It will act as a medical device warehouse complying with security and temperature control requirements whilst injecting shipments directly into the DHL Express network.

The €14m distribution centre will reach its final stage in 2014; operations will begin in May 2012.

Swiss Post completes a complex data management contract

Swiss Post's Solutions Group has completed a four-year project to help Swiss cantons and municipalities harmonise their registers of residents and population.

Under legislation passed in 2006, cantons needed to transfer national dwelling identification numbers (EWID) from the national register of buildings and dwellings to the communal and cantonal registers of residents.

The reason for transferring EWID numbers is to replace the national paper-based census conducted every 10 years with an annual census based on communal and cantonal registers. The EWID assigns each person to a household and is the basis for both buildings and dwellings statistics and household statistics.

In a contract awarded by cantons and municipalities, Swiss Post Solutions wrote to tens of thousands of home owners



and to property management companies to draw up tenant directories on dwellings under management.

The data was digitised, processed and checked electronically against both the national register of buildings and dwellings and communal registers of residents. Swiss Post Solutions allocated dwellings and inhabitants with a logical dwelling number.

Swiss Post said the contract involved handling a complex environment with innumerable interdependencies. Its successful completion demonstrated Swiss Post's expertise in data management and in working with public authorities.

Letter rates to rise in the Netherlands

PostNL will raise stamp prices for domestic and European letters on 01 January 2012.

The basic rate for letters in the Netherlands will rise by four euro cents to €0.50 while the basic rate for letters to Europe will increase by six euro cents to €0.85. Letters sent beyond Europe will continue to cost €0.95 and the rates for single-item parcels will also remain unchanged.

PostNL said the increases were within the legal limits for price increases and had been reviewed by the supervisory authority.

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DHL seeks wide variety of ideas for city logistics

DHL is launching an Open Innovation competition on city logistics in order to help find ways to reduce traffic congestion and make cities greener.

The open innovation concept is based on gathering ideas from external as well as a business's own, internal sources. DHL Solutions & Innovations aims to gain input from academics, politicians, IT experts and others and to develop their ideas for city logistics in a collaborative and innovative way.

The competition comprises three categories: logistics efficiency in urban areas—new challenges and responses to them; green city and urban living—definitions, challenges and regulations required; digital logistics—traffic management and prediction and next-generation IT solutions.

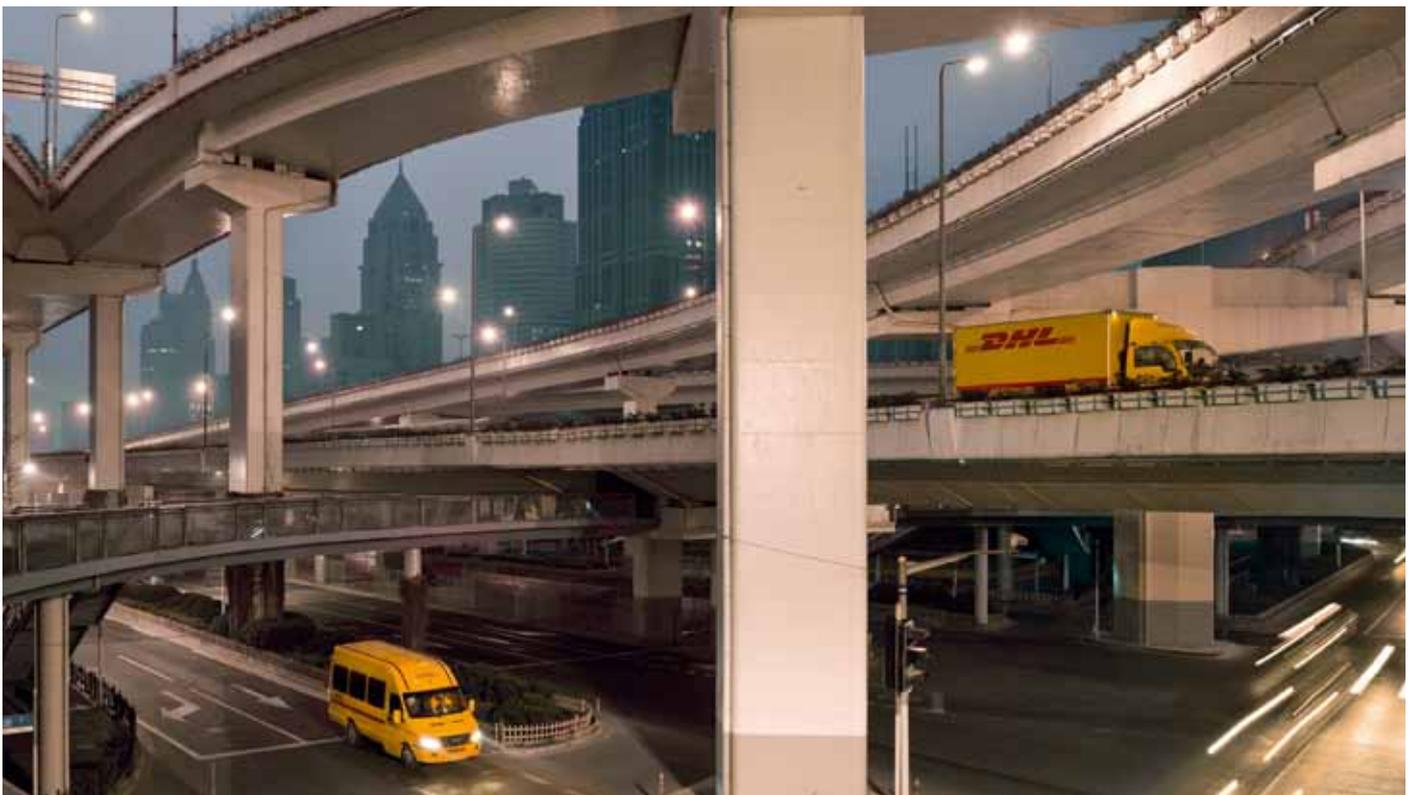
The competition opens on 18 October. It will be conducted via a web-based platform (www.dhl.com/citylogistics-oi) where ideas and experiences will be discussed in an open forum.

The final date for entries is 28 November, when a multi-disciplinary jury will begin evaluating submissions to determine winners. DHL Solutions & Innovations' city logistics team will moderate the judging process and identify partners for the development of new solutions for transportation, delivery, IT structures and urban regulations.

InPost extends its automated parcel terminal to Cyprus

Polish mail and parcels operator InPost has extended its easyPack 24/7 parcel drop-off and collection service to Cyprus, its fifth European market.

The automated kiosk system is already installed in Estonia, Spain and Russia as well as Poland and the company says it aims to have easyPack 24/7 terminals in all European countries within three years.



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DHL aims its new SmartSensor at the life science sector

DHL has introduced a high-tech device for real-time monitoring of highly sensitive shipments during their handling and transportation.

SmartSensor GSM is packed inside shipments to measure temperature, humidity, shocks, brightness and location.

The data produced by the device is available through a web-based tool giving sender and receiver transparency along the supply chain.

DHL Solutions & Innovations developed the new sensor to expand services for customers in the life science/healthcare and other industries. SmartSensor GSM is the advanced version of SmartSensor RFID which remains available to DHL customers.

The GSM technology used by the new SmartSensor means it is no longer necessary to open shipments in order to control data. The device also sends email or text message alerts if a problem arises during transport. It is fully functional during land and sea transport; in the air it switches off automatically but continues to retrieve data.

Deutsche Post delivers high-visibility vests for kids

Deutsche Post is again this year handling logistics for the delivery of safety vests to 775,000 German children beginning school.

The undertaking includes delivering containers from Asia to the port of Hamburg, customs processing, packaging 40,000 parcels and final delivery to 18,000 schools. The operation

is being conducted under Deutsche Post's GoGreen carbon neutral service which compensates for the CO2 emissions it generates through climate protection projects.

The company is partnering with ADAC, Germany's automobile club, and Bild newspaper to make young children visible to drivers on their journey to school.

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Royal Mail needs 18,000 workers for Christmas mail

The United Kingdom's Royal Mail is recruiting 18,000 temporary workers to help process an expected 2bn mail items during the Christmas period. The jobs, available between November and January, will be based in mail and distribution centres across the UK where workers will help sort Christmas cards and packets for despatch to delivery offices.

Celebrating 100 years of mail by air

The United Kingdom's Royal Mail is celebrating the 100-year anniversary of the first flight carrying mail with a set of four Aerial Post stamps.



ABOUT THIS PUBLICATION

***IPC Market Flash* is a bi-weekly newsletter providing a comprehensive look at new developments emerging in the international postal marketplace. It is published by the Markets and Communication Department of the International Post Corporation.**

***IPC Market Flash* is sent out exclusively to IPC member posts. If you would like to contribute to this publication or require further information, please contact: publications@ipc.be**

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Corrections and clarification

In issue 434 we reported that An Post 'continued its positive trend' for improved quality of service, delivering 84% of domestic mail on time. We also reported that ComReg figures showed that An Post had exceeded targets for delivery of international mail. ComReg, the Irish postal regulator, informed IPC that it is not responsible for measuring the quality of international mail delivery, and that the score of 84% for domestic mail delivery was a one percentage point decrease on the previous quarter.

