

## In this issue

### Feature story

- La Poste and Swiss Post combine cross-border mail activities

### Americas

- USPS suspends post office closures
- E-commerce returns provide a promotional opportunity for USPS
- Spanish and Chinese language options on USPS website
- E-commerce boosts FedEx Ground performance
- FedEx Panda Express makes another journey
- UPS offers summer jobs under White House scheme
- UPS surveys global trade by small businesses
- Canada Post rewards educational efforts

### Asia Pacific

- TNT Express sells its road business in India

### Europe

- SPS buys Irish customer retention specialist
- Deutsche Post DHL partners e-supermarket initiative
- Itella Information sells its Danish business
- Deutsche Post DHL CEO Frank Appel's contract extended for five years
- PostNL signs up one union to new pay deal
- Swiss Post takes over direct mail companies
- PostNord sells its Dutch and Belgian subsidiaries
- PostNL intercepts counterfeit stamps
- Swiss Post to adjust prices from April
- TNT's network optimisation up for award
- Mozambique's CORRE upgrades customer service
- DHL standardises warehouse management globally

## Feature story

### La Poste and Swiss Post combine cross-border mail activities

Swiss Post and France's Groupe La Poste are to bring together and develop their international mail activities through a 50-50 joint venture company which could be operational this year. Directors of the two companies have approved the joint venture subject to regulatory approval.



The new company will combine all the cross-border mail activities of La Poste and Swiss Post except for inbound, outbound and international mail business in France and Switzerland.

La Poste Global Mail and Swiss Post International already have subsidiaries and cooperative ventures in continental Europe, the United Kingdom, the United States and Asia. The two companies say their geographic reach and products are complementary and that their shared ambition is to offer global solutions to businesses wishing to develop internationally.



## Americas

### USPS suspends post office closures

The United States Postal Service has agreed to delay closing or consolidating any of its post offices or mail processing facilities until 15 May this year in response to requests from several Senators.

It is hoped that the pause in closures will facilitate enactment of comprehensive new postal legislation. Between now and May, however, the Postal Service will continue to review facilities and hold public meetings to discuss possible closures.

### E-commerce returns provide a promotional opportunity for USPS

The United States Postal Service saw a promotional opportunity for its flat-rate products and online services in the large number of returned e-commerce purchases likely to enter the mailstream after the holiday season.

It reminded consumers that they could return unwanted presents easily by using Priority Mail Flat Rate boxes in conjunction with online services for printing out postage and booking a free package pick-up.

The Click-N-Ship services available from the Postal Service website offer consumers a 15% saving on Priority Mail shipping prices and a saving of 5% on Express Mail.



### Spanish and Chinese language options on USPS website

The United States Postal Service has added Spanish and Chinese options to its [usps.com](http://usps.com) website, offering package track and trace, ZIP code search and product and service information in the two most spoken languages in the United States after English. The United States has a Hispanic population of around 50m and approximately 3.8m Chinese-Americans.

The language options are the first major functional improvements to the website since the recent launch of a new look and feel. The Postal Service said it was planning other enhancements designed to expand customer access to products and services, and improve customer service.

### E-commerce boosts FedEx Ground performance

The strong performance of FedEx Ground services in the second quarter to 30 November 2011 helped FedEx Corp achieve a 66% year-on-year increase in operating income to US\$780m (€608m).

The company said that strong demand for FedEx Home Delivery and FedEx SmartPost (a downstream injection service with final delivery provided by the US Postal Service) resulted from 'healthy growth' in online shopping during the holiday season.

The second quarter result was also geared by effective yield management, improved profitability at FedEx Freight and the positive effect of a timing lag between fuel price changes and the automatic adjustment of indexed fuel surcharges, the company said.

Group revenue for the quarter was US\$10.59bn (€8.25bn), up 10% on 2010's second quarter. The operating margin rose to 7.4% from 4.9% and net income was up 76% to US\$497m (€387m).

FedEx Ground revenue increased by 13% compared with the previous second quarter to US\$2.34bn (€1.82bn). Operating income was up by 34% to US\$398m (€310m) and the operating margin was 17% compared with 14.4% in 2010.

## Americas Asia Pacific Europe

Issue 440 | 17 January 2012

FedEx Freight's revenue rose by 9% year-on-year to US\$1.33bn (€1.04bn) and operating income was a positive US\$40m (€31m) compared to an operating loss of US\$91m (€71m) last year.

At FedEx Express, revenue was 10% higher at US\$6.58bn (€5.16bn) and operating income was 30% up at US\$342m (€267m). Revenue per package rose by 12% year-on-year for US domestic services and by 11% for international priority services owing to higher fuel surcharges, rate per pound and weight per package.

Furthermore, FedEx Express took action in the second quarter to adjust its network, particularly in Asia, in response to destocking trends that have impacted on business. The company deferred delivery of 11 Boeing 777F aircraft; it will now place four instead of six 777s into service in its 2013 fiscal year and two instead of seven in fiscal year 2014.

FedEx Express has also signed an agreement with the Boeing Company to purchase 27 new 767-300F aircraft. Three will arrive in fiscal 2014 and six each year between fiscal 2015 and 2018. The 767-300Fs will replace MD10 aircraft, some of which are more than 40 years old.

### FedEx Panda Express makes another journey

FedEx Express is following up its successful delivery of giant pandas to Edinburgh Zoo last December with the transportation of two other pandas to ZooParc de Beauval in France.



The pandas, a male Yuan Zi and a female Huan Huan on loan from China, were due to arrive at ZooParc on 15 January. FedEx uses its specially chartered and panda-decaled Boeing 777F 'FedEx Panda Express' to transport the animals non-stop from China. It carries the pandas from the airport to the zoo in a specially decaled vehicle.

Since 2000, FedEx has made four panda flights to and from China; the trip planned this January will bring the total to five.

### UPS offers summer jobs under White House scheme

UPS will offer 1,500 employment opportunities to young people across the United States during the summer this year.

The initiative is part of the White House Summer Jobs+ scheme which calls on businesses, the government and non-profit-making organisations to provide pathways to employment for low-income and disconnected youth.

UPS said most of its job opportunities qualified for employment benefits and its own educational assistance programme which pays up to US\$3,000 (€2,344) a year in educational benefits.

### UPS surveys global trade by small businesses

The survey 'Perceptions of Global Trade', conducted by UPS among more than 1,000 small- and medium-sized businesses in the United States, found that just 24% of respondents are engaged in global commerce.

Of the businesses that were exporting, 64% saw a financial return within two years and 34% within less than six months. Respondents reported most success in exporting to Australia, Canada, Mexico and the United Kingdom, countries with either a free trade agreement or bilateral trade relations.

Commenting on the survey results the president of UPS International, Dan Brutto, said those in leadership positions needed to increase their efforts to educate owners of small businesses about the potential of markets outside the US.

## Americas Asia Pacific Europe

### Canada Post rewards educational efforts

Canada Post has given the 2011 Aboriginal Education Incentive Awards to 24 Aboriginal people in recognition of their efforts to improve their lives through education.

The award scheme, set up in 2004, is open to applicants who have resumed studies after a minimum of 12 months out of school and have completed one or more years in an education programme. The awards of CA\$1,000 (US\$983, €766) are allocated by a jury comprising an Aboriginal community member and Canada Post representatives.

### >>In Brief - Americas

#### New regional bosses at UPS

George Brooks has taken charge of UPS's United States East Region based in New York City, replacing Glenn Rice, who is retiring.

Stan Deans has been promoted to George Brooks' former position as president of the company's US Central Region.

### Asia Pacific

#### TNT Express sells its road business in India

TNT Express has sold its Indian domestic road operations to a logistics subsidiary of India Equity Partners (IEP) in order to focus on its international business.

The decision came after a review of the prospects for the domestic road business within the TNT Express portfolio. The company will continue to offer inbound and outbound services in India as well as customer-specific special services, notably in the healthcare and service logistics sectors.

IEP's logistics subsidiary is TNT Express's preferred partner for domestic road delivery in India. The two companies are working to ensure a seamless transition with senior management and most of some 1,000 employees transferring to IEP.



## Americas Asia Pacific Europe

Issue 440 | 17 January 2012

### Europe

#### SPS buys Irish customer retention specialist

Swiss Post Solutions (SPS) has taken over the Irish company FMC Insights for an undisclosed sum in order to expand its customer retention services and offer customers more comprehensive service packages.

FMC Insights operates as 20-20 Insights, which specialises in IT-based customer retention solutions. SPS will take over 20-20's proprietary software to increase its competitiveness in the United Kingdom's customer retention sector. The newly acquired business will be integrated fully into the SPS Global Services division of Swiss Post.

SPS operates in 15 countries at the interface between physical and electronic services and offers customers services for corporate information management, customer interaction management and electronic post.

The company provides customer loyalty programme management, offering ways to optimise the relationship between its business customers and their customers. Its services include billing and payment, e-commerce, document output, customer relationship management (CRM) and value and security cards.

#### Deutsche Post DHL partners e-supermarket initiative

Deutsche Post DHL is partnering a Berlin-based company called All you need GmbH in an e-commerce project to develop an online supermarket featuring an intelligent shopping assistant. Its role, through the DHL Paket service, will be to despatch orders and be responsible for warehousing and order picking.

The All you need supermarket aims to make online shopping more convenient through the use of an innovative software solution which provides a shopping assistant designed to carry out tasks given to it by online shoppers.

Deutsche Post DHL said the cooperation with All you need would provide an opportunity to develop services within its online offering. The company is increasingly focusing on solutions aimed at making life easier for people in the digital

world, having already launched the secure digital letter E-Postbrief, online marketing solutions through the MeinPaket e-commerce site and an online marketplace for journalism.



#### Itella Information sells its Danish business

Finland's Itella Information has sold its Danish business to IT and print services company KMD.

In Denmark, Itella Information provided services including e-invoicing, EDI, workflow systems, scanning, printing and physical and electronic archiving. KMD will now be Itella Information's Danish partner for the company's cross-border offer to pan-Scandinavian companies. Itella said the partnership would strengthen it as a value provider.

#### Deutsche Post DHL CEO Frank Appel's contract extended for five years

The Deutsche Post DHL supervisory board has extended the contract of chief executive Frank Appel for five years to 31 October 2017. Frank Appel became chief executive in February 2008 and has been a member of the board of management since 2002.

In addition, the supervisory board has appointed Angela Titzrath to the board of management with responsibility for personnel and labour. She will succeed Walter Scheurle, who is retiring.

Angela Titzrath has held a number of executive positions at the Daimler Group over the past 20 years and is currently a member of the management board of EvoBus. The exact date of her move to Deutsche Post DHL is yet to be decided.

## Americas Asia Pacific Europe

Issue 440 | 17 January 2012

### PostNL signs up one union to new pay deal

PostNL has reached a new collective labour agreement (CLA) with the BVPP union representing more than 17,000 part-time mail delivery employees. Two other unions have not agreed to sign.

Under the one-year agreement covering the whole of 2012 PostNL said that starting salary would follow the trend in the minimum wage while employees remaining with the company for a longer period would receive higher pay.

The CLA also clarifies rules on compensating mail deliverers who have to wait for their mail and for occurrences when deliverers have insufficient time to complete their round.

The two unions which have not signed the CLA (Abvakabo FNV and CNV Publieke Zaak) want PostNL to link salary increases for long-service mail deliverers paid above the minimum wage with the development of the minimum wage.



### Swiss Post takes over direct mail companies

Swiss Post has taken over Direct Mail Company AG and Direct Mail Logistik AG (DMC Group) in which it previously held 50% stakes. The takeover was finalised on 06 January 2012 and is effective retroactively from 01 January 2012.

DMC will continue to operate as an independent company providing direct marketing services and delivery of unaddressed mail. The company has a workforce of 135 full-time and some 2,500 part-time employees.

### PostNord sells its Dutch and Belgian subsidiaries

PostNord has sold its wholly-owned subsidiaries HIT Starintex in the Netherlands and HIT Belgium to Hellman Worldwide Logistics but will retain the name HIT.

The company said the sale was in line with its strategy to focus on communication and logistics services to, from and within the Nordic region.

### PostNL intercepts counterfeit stamps

PostNL's authenticity recognition system has intercepted a large series of counterfeit postage stamps that were being offered over the internet at prices below face value.

The counterfeit stamps were undistinguishable from genuine ones to the untrained eye but did lack a number of authenticity features such as phosphor tagging. They were intercepted mainly on registered letters and parcels and were used on both domestic and international mail.

PostNL has informed the police and will collaborate in any investigation. It has warned the public that there are no circumstances in which stamps will be sold legitimately at below face value.

### Swiss Post to adjust prices from April

Swiss Post will introduce price changes to selected services on 01 April 2012 but will not increase the rate for standard letters and domestic parcels.

The changes will see both price increases and decreases affecting additional services, international shipping services and services linked to receipt of mail.

Furthermore, Swiss Post will for the first time offer consumers track and trace for first class (A Mail) letters as an additional paid-for service. Prices for additional registered, personal delivery and return receipt services will be standardised for both domestic and international mail. Cash on delivery will be offered only for registered mail and will be more expensive.

## Americas Asia Pacific Europe

Issue 440 | 17 January 2012

Prices for signed-for domestic parcels and express services will increase, while prices for the carbon-neutral 'pro clima' services will be reduced.

Swiss Post plans to cover the costs of some loss-incurring recipient services through price adjustments so that, for example, the price to forward mail to a new address will vary according to the length of time the service is required and the number of people in the household.

### TNT's network optimisation up for award

TNT Express has made it to the final stage of the competition for the 2012 Franz Edelman Award for its successful application of operations research (applied mathematics for decision-making) in network optimisation.

The Franz Edelman Award recognises outstanding examples of innovative operations research in the profit and non-profit sector. Five finalists remain in the competition and the award will be presented on 16 April 2012 in Huntington Beach, California.

The work being presented for the award is the GO (global optimisation) programme being undertaken jointly by TNT Express, advanced planning and optimisation software provider ORTEC and Tilburg University.

The three partners have worked together for the past six years on network optimisation projects for TNT Express. In 2005 TNT Express began using mathematical techniques such as statistical analysis and modelling to optimise its domestic line-haul network in Italy.

Over the years, TNT Express says it has saved 60m kilometers and 54m kilogrammes of CO<sub>2</sub> emissions by optimising domestic networks in China, France, Germany, Italy and Spain. In 2011 the company carried out 200 network optimisation projects.

With Tilburg University/TiasNimbus Business School (Netherlands) TNT Express has created the GO Academy, a two-year management development programme in transportation network optimisation.

### Mozambique's CORRE upgrades customer service

CORRE, the express joint venture between Correios of Portugal and the Mozambican post, is developing its customer generation and customer loyalty activities.

The company has created a customer service centre, new operations centres and retail counters. It has launched item tracking and tracing, and is providing employee training. One newly-renovated operations centre at Maputo Airport is expected to help CORRE achieve its service levels.



### DHL standardises warehouse management globally

DHL Supply Chain is introducing a standardised warehouse management system to all its operations worldwide in order to improve accuracy and product availability for its customers.

The Warehouse Management System (WMS) and Workforce Management (WFM) tools are supplied by technology company RedPrairie Corporation. DHL said it is using the RedPrairie tools to design and operate supply chain solutions and bring greater value to customers.

## >>In Brief - Europe

### Swiss Post Christmas volumes remain constant

Swiss Post says it processed 15m parcels between 01 December 2011 and Christmas Day and handled up to 20m letters a day during the peak pre-Christmas period. The volumes corresponded with the same period in previous years.

### UK Post Office promotes its credit card

The United Kingdom Post Office is promoting its credit card, which offers consumers 0% interest

for the first 14 months on balances transferred from other cards plus 0% on new purchases for the first three months.

### Post NL delivers its first postcard from space

European Space Agency (ESA) astronaut André Kuipers sent the world's first-ever postcard from space using PostNL's online KaartWereld service. The hybrid service allows senders to design a greeting card using a smartphone, tablet or computer for delivery by post.

## ABOUT THIS PUBLICATION

*IPC Market Flash* is a fortnightly newsletter providing a comprehensive look at new developments emerging in the international postal marketplace. It is published by the Markets and Communications department of the International Post Corporation.

If you would like to contribute to this publication or require further information, please contact: [publications@ipc.be](mailto:publications@ipc.be).

© IPC

Avenue du Bourget, 44

1130 Brussels

Belgium

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

[www.ipc.be](http://www.ipc.be)

While every care has been taken to ensure the accuracy of this report, the facts and estimates stated are based on information and sources which, while we believe them to be reliable, are not guaranteed. No liability can be accepted by International Post Corporation, its directors or employees, for any loss occasioned to any person or entity acting or failing to act as a result of anything contained in or omitted from this report.