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Feature story

E-commerce now mainstream, says Deutsche Post DHL

E-commerce has become part of mainstream society and attracts people of all ages, according to a survey into the impact of e-commerce on people's quality of life and purchasing behaviour commissioned by Deutsche Post DHL.



The study, 'Shopping 4.0', found that consumer attitudes towards e-commerce are positive and that 44% of online shoppers saw improvements to their quality of life, citing better time management, less stress and more fun.

Two-thirds of the 1,800 people surveyed in Austria, Germany and Switzerland said they looked forward to their package being delivered; more than half said the delivery experience was akin to receiving a gift.

Deutsche Post DHL said that streamlined, simple processes for delivery and goods return played a key role in customer satisfaction.

Americas

Renewed default warning accompanies USPS quarterly result

Announcing a net loss of US\$3.3bn (€2.5bn) for its first quarter to end-December, the United States Postal Service warned it could default on retiree health benefit pre-payments to the federal government this year and stated that it risked reaching its US\$15bn (€11bn) debt ceiling this autumn (fall).

The Postal Service is lobbying heavily for changes in the law which it sees as necessary to achieve the full US\$20bn (€15bn) reduction in annual costs needed to return the organisation to profitability.

First quarter results

The Postal Service's first quarter results revealed continued strong performance by Shipping Services which account for 17% of total revenue. These brought in revenue of US\$2.8bn (€2.1bn), 7% more than the same period the previous year.

Growth in Shipping Services, however, was unable to offset the decline in First-Class Mail, where revenue dropped by 4.1% compared with the first quarter in 2010.

First-Class and Standard Mail sustained a combined revenue decline of US\$650m (€483m). Revenue from Mailing Services as a whole (excluding First-Class parcels) totalled US\$14.5bn (€10.8bn), a year-on-year decrease of 2.9%. During the first quarter total mail volume was 44.7bn pieces, a 6% decline on the same period of 2010.

Operating revenue was down 1.1% to US\$17.7bn (€13.1bn). Operating expenses rose by 1% to US\$17.8bn (€13.2bn) before retiree health benefit pre-funding and discount rate changes for worker compensation liability. Transportation costs rose by US\$105m (€78m) owing to rising fuel costs, while action to reduce costs cut work hours by 2.8% and total compensation and benefits expenses by 1.4% to US\$180m (€134m).

UPS shipping data helps e-retailers gain funds

UPS has teamed up with Kabbage Inc., a provider of working capital for small businesses, to help e-retailers secure funding.

Kabbage extends credit lines to online retailers even if they have poor credit scores, using its own platform to monitor and analyse small business sales data from Amazon, eBay and other online marketplaces in real time.

Under the alliance UPS Capital has provided Kabbage with a new debt facility specifically intended to fund small e-commerce businesses. In addition, UPS customers who instruct UPS to share their shipping history with Kabbage will gain an opportunity to obtain capital that might not be available to them from banks.

Kabbage's agreement with UPS augments existing data on the platform with shipping information. The UPS data will help Kabbage verify companies' identity and scale, particularly those selling on marketplaces that Kabbage does not track.

UPS said its alliance with Kabbage would help small businesses gain access to working capital they needed in order to grow.

USPS's Premium Forwarding now online

The United States Postal Service's Premium Forwarding Service is now available online from its website.

The service, previously only accessible at post offices, provides mail forwarding via Priority Mail for periods from two weeks to one year.



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UPS gains more B2C options with Kiala purchase

UPS has acquired Brussels-based Kiala to broaden its business-to-consumer (B2C) service portfolio.

Kiala is a parcels company operating a network of more than 7,000 drop-off and collection points in partnership with local retailers. It was launched in 2001 to provide convenient delivery options for consumers buying from distance and internet sellers.

The company operates in Belgium, France, Luxembourg, the Netherlands and Spain, and its customers include Côte d'Or, La Redoute, Nespresso and Nestlé.



FedEx Office upgrades its printing services

FedEx Office is investing in additional commercial print production equipment and is adding a new cloud storage facility to its Print Online application.

For small businesses and professionals on the move, a new My Online Documents feature of the Print Online application allows registered users to upload, store and sort files, create folders and copy or move files to folders.

For commercial contract customers such as Boeing, FedEx Office is deploying grand-format inkjet printing devices at its centralised production centres. The new equipment will produce rigid signs, banners, posters, point-of-sale material and oversized prints.

Since May 2010 FedEx Office has installed almost 8,000 printing devices at its locations in the United States and Canada including new automated finishing equipment at its offset-printing facility.

FedEx has also upgraded its Print Online Corporate application to offer the same features.

>> In Brief - Americas

FedEx announces dividend

FedEx Corporation's Board of Directors has declared a quarterly cash dividend of US\$0.13 (€0.1) per share on FedEx Corp. common stock, payable on 2 April.

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TNT rejects UPS takeover bid

TNT Express has rejected a takeover bid from UPS but announced on 17 February that discussions were continuing.

On 11 February UPS made an unsolicited offer of €9 (US\$12) per TNT share with a view to acquiring the entire issued share capital of the company. TNT's supervisory and executive boards rejected the proposal after 'careful consideration'.

UPS echoed TNT's statement that discussions were ongoing but said there was no certainty that an agreement would be reached.

TNT publishes full-year results

On 21 February TNT published its full-year results for 2011. Total reported revenue rose by 2.7% to €7.25bn (US\$9.75bn) but reported income showed a loss of €105m (US\$141m); adjusted operating income at constant foreign exchange was a positive €228m (US\$307m), a 29.4% decline on the €323m (US\$434m) achieved in 2010.

Income was affected significantly by impairment and one-off charges. Operating losses in the Americas, notably Brazil, amounted to €360m (US\$484m), and owing to 'challenging conditions' the Asia-Pacific region moved into a loss of €76m (US\$102m) compared with a profit of €14m (US\$19m) the previous year.

TNT also reported a net loss for 2011 of €270m (US\$363m) compared with a net profit of €66m (US\$89m) the previous year.

Chief executive Marie-Christine Lombard said TNT's European coverage and density would enable it to transform its operating model and reduce fixed costs by €150m (US\$202m) by the end of 2013. Growth areas included services for the healthcare sector and pan-European business-to-consumer (B2C) deliveries for high-value goods as well as the company's traditional business-to-business (B2B) services.

Lombard went further to state that TNT's position outside Europe was crucial to servicing its customers' supply chains but the way in which it maintained its presence would change. The company plans to reduce its exposure to fixed intercontinental capacity through cooperation agreements with airlines and will explore partnership opportunities for domestic activities in Brazil and China.

bpost to trial new home delivery services

Belgium's bpost is about to begin a series of trials of home delivery services for a range of different products and services in partnership with civil services, national retail chains and local businesses.

In what bpost describes as a strategic move designed to offset the decline in letter volume, the trials respond to growth in e-commerce and consumer demand for flexible delivery.

The company is implementing a national open platform offering consumers the facility to agree delivery times for goods ordered via e-commerce or from local businesses or large retailers. The platform will also offer secure payment services.



The trials will begin in April this year and take place in four towns, including Sint-Niklaas, Turnhout and Grammont. In Sint-Niklaas, the experiment will run until the end of this year in collaboration with InCityS, an online marketplace of local businesses, and national retail chains. It will involve 800 participating families who will be able to request evening delivery between 17.00 and 21.00 or a weekly delivery by appointment.

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In Turnhout the trial will involve 150 people with reduced mobility and will enable them to arrange times for three deliveries a week of cold meals, shopping, medical supplies and laundry. The trial is being run in association with the local commune's Living Care Lab project which involves a range of retailers.

In Grammont bpost is collaborating with contract catering company Compass Group to make daily deliveries of hot meals for about 75 recipients of social support services (CPAS). bpost will collect empty containers from the previous day when it makes its delivery.

Johnny Thijs, chief executive of bpost, said he expected much from the trials, pointing out that 75% of Belgians chose home delivery for goods ordered online. Furthermore, in 2020 Belgium's population would include 2.2m old people wishing to live at home as long as possible; bpost's home delivery service can be an added value in this context.

Thijs went on to state that the home delivery service reinforced bpost's long record of public confidence.

Itella full-year result unsatisfactory says CEO

Itella Group made an operating profit of €30.5m (US\$41m) before non-recurring items in the full year in 2011. However, with €36.4m (US\$49m) of one-off items included, the company incurred an operating loss of €5.9m (US\$7.9m) arising mainly from the cost of staff cuts and a write-down of goodwill. The pre-tax result showed a loss of €16.4m (US\$22m).

Itella president and chief executive Jukka Alho said that current performance was not satisfactory. Sales grew by 3.2% to €1.9bn (US\$2.6bn) with 33% generated from international operations but profitability decreased. The mail communications business was adversely affected by a reduction in both magazine and letter delivery volumes.

The company is increasing its number of modern service outlets, in particular to meet the needs of e-commerce. Parcel volumes are rising but remain below the level of peak years.

Itella plans to continue promoting and developing electronic services. The recent award of a banking licence will enable the development of electronic invoice receipt and payment services within the company's online range.

All business groups are refocusing on core areas. Alho said the company had been engaged in an active and at times risky search for growth over the past few years. It was now time to review and decide which investments could show promise in the future and which should be abandoned.

Winners named for DHL's city logistics contest



DHL has announced the winners of its 2011 Open Innovation Contest which gathered 160 new ideas for city logistics submitted by 300 individuals from 170 countries.

Felix Häser of Germany came up with the best idea in the category of Improving Cities' Efficiency through Logistics, while Schmulik Goldfisher from Israel won in two categories: Green Cities and Digital Logistics.

Häser developed the idea of collaborative logistics hubs. These would be designated by city authorities as transfer points where all incoming goods would be consolidated for final inner-city delivery by a single company using electric vehicles.

Efficient consolidation and intelligent route guidance would keep trips to a minimum and reduce the traffic burden on inner cities.

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The contest jury said Häser's idea was inspiring and scalable and represented a fundamental change from a push to a pull system.

Goldfisher's 'Earn as You Save' programme aims to optimise the driving behaviour of delivery agents and carriers. A digital speedometer would provide drivers with constant information on speed, acceleration and most efficient route while incentives for the best results would encourage drivers to drive as efficiently as possible.

'The Ultimate Delivery Application', Goldfisher's second idea, would use cloud computing and applications for smartphones or computers to make all relevant information visible to both DHL and its customers facilitating, for example, registration of pickup times, re-routing of items to another address and delivery notifications.

The results and discussions generated by the Open Innovation Contest are still available at www.dhl.com/citylogisticsoi.

PostFinance increases profits in 2011

Swiss Post's PostFinance increased its earnings before tax by CHF16m (€13m, US\$18m) to CHF591m (€491m, US\$660m) and its revenue by CHF34m (€28m, US\$38m) to CHF1.47bn (€1.22bn, US\$1.64bn) in 2011.

The financial services provider signed up 116,000 new customers and opened 257,000 new accounts increasing its customer assets by CHF8.1bn (€6.7bn, US\$9bn) to CHF92.2bn (€76.5bn, US\$102.8bn).

Preparations are underway for the transformation of PostFinance into a public company subject to the financial market supervisory authority, FINMA, in accordance with a new postal organisation law passed in Switzerland in December 2010.

PostFinance AG will have a board of directors, equity in accordance with the requirements of financial market law and will be subject to internal audit. However, the Swiss Parliament decided not to allow PostFinance the independent provision of credit.

Royal Mail employees give generously

Royal Mail Group has received the Guinness World Record for the most registered charities supported through payroll giving.

The company's payroll-giving scheme provides access to 975 charities which are supported by one in four Royal Mail Group employees. The scheme raised more than £2m (€2.4m, US\$3.2m) in 2011 and has raised about £45m (€53m, US\$71m) in the 23 years since its launch.



>> In Brief - Europe

From packaging to designer wear

Students at the LIM College of visual merchandising transformed DHL packing and shipping materials into 'couture' wear in a competition to mark DHL's eleventh year as official logistics provider to Mercedes-Benz Fashion Week.

DHL sponsors Manchester United game

DHL sponsored the United Kingdom Premier League football match between Manchester United and Liverpool on 11 February to celebrate the launch of a new training kit. DHL is the official logistics partner of Manchester United.

ABOUT THIS PUBLICATION

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© IPC
Avenue du Bourget, 44
1130 Brussels
Belgium
Tel.: +32 (0)2 724 72 11
www.ipc.be

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