

In this issue

Feature story

- New Canada Post plant will process incoming e-commerce

Americas

- USPS pilots package collection units
- UPS plugs a gap with its cross-border service
- FedEx Office promotes printing services

Europe

- New CEO at PostNL
- DHL Paket helps consumers receive deliveries
- TNT Post's end-to-end pilot causes concerns for Royal Mail
- Poste Italiane makes an operating profit of €1.64bn
- PostNord announces a new three-year strategy
- Le Groupe La Poste acts to meet customer needs and expectations
- Henning Christensen heads Danish mail business

Feature story

New Canada Post plant will process incoming e-commerce

Canada Post is building a CA\$200m (€154m, US\$203m) processing plant for incoming e-commerce shipments from Asia. The new plant is part of a CA\$2bn (€1.54bn, US\$2.03bn) modernisation programme to support the company's strategy for growth.

The 70,000ft² (6,500m²) plant at Vancouver International Airport is due to open in 2014, connecting e-commerce merchants in Asia with consumers in Canada. Vancouver is one of Canada Post's three international inbound access points and the centre of western operations.

Canada Post's strategy is to capitalise on growth opportunities as letter volume declines and e-commerce is seen as one such opportunity. The company's 20 largest e-commerce customers increased their volumes by more than 20% in 2011.

A study by research company eMarketer predicts that Canadians will spend almost CA\$3bn (€2.31bn, US\$3.05bn) online by 2015.



Americas Asia Pacific Europe

Americas

USPS pilots package collection units

The United States Postal Service is performing a pilot test of a parcel collection and drop-off locker system named 'gopost' at 25 locations in northern Virginia.

The first to be installed at a non-postal location was unveiled at a shopping mall in Arlington on 19 April. It joined an initial six gopost units at post offices. Other pilot units will be installed at grocery stores, pharmacies, transportation hubs and shopping centres.

Gopost units are made up of individual parcel lockers. Consumers or small businesses can register online to select a personal ID and receive an access card. They can request delivery to a conveniently located gopost unit and will be alerted by SMS or email when their package is ready for collection.

At present, only packages handled by the Postal Service from posting to delivery can be delivered to gopost units, but the Postal Service is looking at ways to integrate the delivery option into its last-mile service for other carriers.

Consumers and businesses can also use gopost to ship packages by attaching postage and placing them in a locker to await collection.



UPS plugs a gap with its cross-border service

UPS has plugged a gap in its service options by launching CrossBorder Connect, a road freight service between the United States and Mexico bundling together its transport and customs brokerage services.

The premium contract service for heavyweight freight uses third-party carriers in Mexico at eight points along the US border. It offers transit times between major US cities and Mexico of around three to four days.

UPS said the integration of customs brokerage with the transport service would help reduce border delays.

FedEx Office promotes printing services

FedEx Office is promoting its large-format printing, as well as a new service to transform digital files sent through the Google Cloud Print service into hard-copy documents.

The company has acquired high-speed large format printing equipment and is conducting a 'Print Big, Save Big' promotion offering up to 40% off the price of 3ft by 5ft (0.914m by 1.5m) colour banners.

The Google Cloud Print service is combining with FedEx Office Print & Go to offer consumers, professionals and small businesses the means to access and print documents while on the move. Users of the service can submit documents for printing from Gmail and Google Docs on mobile devices or from the Chrome web browser.

FedEx customers can either print their documents themselves at a FedEx Office outlet using Print & Go, or have their documents printed by trained in-store staff.

>> In Brief - Americas

USPS and staff help fight hunger

The United States Postal Service and its letter carriers are again participating in Stamp Out Hunger's annual drive to encourage the donation of food on a single day, this year on 12 May.

The food collected is distributed among 50m Americans suffering from hunger. In 2011 letter carriers collected 70.2m pounds (31.84m kg) of food donated by customers on their delivery routes.

Europe

New CEO at PostNL

The chief executive of PostNL, Harry Koostra, resigned on 19 April, citing differences of opinion with the supervisory board about how best to serve the interests of various stakeholders in the company.

"Under these circumstances, given the challenges the company faces, I cannot and will not work", Koostra said. "I am leaving without any compensation as I consider principles to be of paramount importance."

The chairman of the supervisory board, Piet Klaver, expressed regret at Koostra's departure after more than 20 years of service and a "significant contribution in often very challenging circumstances."

The supervisory board announced the appointment of Herna Verhagen as the new chief executive at the PostNL annual general meeting (AGM) on 24 April.

Verhagen has almost 20 years of experience within the company, most recently as the board of management member responsible for parcels and international. Her former positions include commercial director and group director, HR.

The board of management also announced at the AGM that it had decided not to take any variable remuneration during 2012 on account of continuing reorganisation, problems with mail delivery and the impact of both of these on employees and customers.

DHL Paket helps consumers receive deliveries

DHL Paket in Germany is offering a range of parcel delivery options in order to facilitate parcel receipt for consumers.

The company has bundled together all its services for consumers online at www.paket.de to create a 'control cockpit'. Parcel recipients who register will be able to track parcel status and receive an SMS or email alert notifying the expected delivery date. They will be able to select a delivery date online, designate another location such as work or a

DHL Packstation, or appoint an alternative recipient should they not be at home to sign for their delivery.

DHL said growth in online sales meant that logistics systems needed to offer a quality service, providing simple, efficient delivery in line with customer wishes for greater flexibility, transparency and influence over the delivery process.

Shippers can also use the DHL Paket website to import personal address books and access online franking.



TNT Post's end-to-end pilot causes concerns for Royal Mail

The United Kingdom's Royal Mail has raised concerns about a pilot mail collection and delivery service being carried out in London by TNT Post UK.

TNT Post UK has begun piloting a collection and delivery mail service for large-volume customers in an area of West London. Royal Mail said the service could be replicated on profitable routes elsewhere in the UK.

It said in a press release issued on 16 April that the prospect of competitors cherry-picking profitable, high-density routes could challenge the sustainability of the universal service. It called on the regulator, Ofcom, to impose general universal service conditions on market entrants in order to protect the existing universal service.

In a submission to Ofcom published in February this year, Royal Mail warned against unregulated development of rival end-to-end collection and delivery services. It is monitoring the TNT Post UK pilot to understand its impact on the universal service.

Americas Asia Pacific Europe

Issue 446 | 03 May 2012

Poste Italiane makes an operating profit of €1.64bn

Poste Italiane made an operating profit of €1.64bn (US\$2.17bn) in 2011, compared with €1.87bn (US\$2.48bn) the previous year, on total revenue of €21.7bn (US\$28.8bn) compared with €21.8bn (US\$28.9bn) in 2010. The group net profit was €846m (US\$1.12bn) against €1.02bn (US\$1.35bn).

Chief executive Massimo SarMI said the group's performance was 'extremely positive' in absolute terms despite the impact of global economic crisis resulting in a further downturn in postal volumes and a general reduction in savings and investments.

During 2011 the abolition of subsidised tariffs for publishers reduced mail volume and the 'substantial' costs of the universal service were only partly compensated for by the government, according to the company.

Postal service revenues were 5% below the 2010 level. Financial services recorded growth of €57m (US\$76m) due to increased income from current accounts. The number of Postepay prepaid cards in circulation exceeded 8.2m.

During 2011 the group acquired the entire share capital of Unicredit MedioCredito Centrale SpA under the Ministry of the Economy and Finance's plan to create a development bank for southern Italy.



PostNord announces a new three-year strategy

PostNord has launched a new strategy for the period to 2015 based on investment in mail business modernisation and growth in logistics.

Speaking at the company's annual general meeting on 20 April, PostNord president and chief executive Lars Idermark said the logistics business would broaden its offer and market presence both organically and through acquisition.

Idermark said the company aimed to become a leading logistics player in select areas of the Nordic region. Delivery quality would be a crucial competitive factor; it had improved in 2011 and the first quarter of 2012. He went further to state that the company had a clear focus on quality issues and was committed to solving problems whenever they arose.

The new group strategy provides for investment in the mail business to improve efficiency, flexibility and profitability. It also includes the development of profitable new businesses. The company said increased utilisation of the group's vehicle fleet created additional business opportunities in areas such as morning newspaper distribution and home deliveries.

PostNord's wholly-owned subsidiary Tidningsj nst AB has signed an agreement for several years' distribution of morning newspapers with the takeover of Svensk Morgondistribution KB's operations. PostNord will be able to use the same vehicles to distribute morning newspapers during the night and to deliver mail during the day.

Le Groupe La Poste acts to meet customer needs and expectations

Le Groupe La Poste, France, says it has made good progress in responding to customer needs and expectations for the mail service following its survey of 70,000 individuals in 2010. A follow-up study of 5,000 postal customers by Compas TNS Sofres revealed that 93% believed there had been an improvement in mail services and the service attitude of postmen and -women.

Americas Asia Pacific Europe

Issue 446 | 03 May 2012

The original consultation produced ten pledges by Le Groupe La Poste embodied in charters to four customer groups (consumers, small business/professionals, large companies and large strategic accounts). The pledges cover reliability, providing regular information, the commercial relationship, prompt handling of problems, environmental protection, multi-channel access to services, and the ease of sending and receiving mail.



On 16 April this year Le Groupe La Poste launched a new survey via an online questionnaire and panel discussions for large businesses. The results will be analysed independently and the company will consult business and consumer representatives in order to agree new pledges and develop existing ones. The new customer charters will be published at the beginning of 2013.

Highlighting progress to date, Le Groupe La Poste listed the action it had taken to fulfil its original pledges. In response to demand for a more environmentally-sustainable service, mail is now carbon neutral via an offset scheme at no extra cost to customers.

Three express letters — priority, green and online — were launched in October 2011 in response to customers seeking more choice over how they send and receive mail. In addition, a new online registered letter is now available, either for printing and delivery as mail or for transmission to the recipient electronically.

Small businesses and professionals can access a business tariff by printing stamps via MonTimbreenLigne Entreprises.

Lastly, 2011 saw record quality of service results with 87% of letters delivered the day after posting, according to Le Groupe La Poste.

Henning Christensen heads Danish mail business

Henning Christensen has been promoted to head PostNord's Breve Danmark (Danish letter) business and will join PostNord's group management team. He succeeds Finn Hansen who will spearhead implementation throughout the group of the EFQM operating control model.

Christensen moved to his new position on 1 May. Formerly he was head of production and transport within the group's Danish operations.

The Danish business has been using EFQM for several years. The model focuses on commitment, customer focus, leadership and 'employeeeship', according to PostNord.

>> In Brief - Europe

FedEx plans French acquisition

FedEx is in discussions with French express transport company Tatex about a potential acquisition.

PostNord issues certificates

On 23 April, PostNord AB carried out a first issuance under an established certificate programme providing the group with short-term business financing and enabling it to issue commercial paper within a frame of SEK3bn (€336.8m, US\$446.5m). The certificates can be issued with maturities of up to 12 months.

Bike ride to Malawi

PostNL mail deliverer Hans Jansen cycled 13,000km from Vlissingen to Malawi in eight months to raise €18,000 (US\$23,859) for the World Food Programme's school meals initiative in the African country. He was inspired to undertake his challenge when he heard about PostNL's sponsorship of the school meals programme.

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.

© IPC
Avenue du Bourget, 44
1130 Brussels
Belgium
Tel.: +32 (0)2 724 72 71
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.

