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Top story

Deutsche Post DHL increases operations in Asia

Asia – and China in particular – is increasingly being seen as a crucial strategic region by Deutsche Post DHL, which has strengthened its presence in China and the wider Asia-Pacific region.

The entire Deutsche Post DHL board ran the company from Asia for a month this summer, unveiling a series of investments, addressing employees and participating in the opening of the DHL Express North Asia Hub at Shanghai Pudong International Airport.



At the US\$175m (€143m) hub's opening ceremony on 12 July, the company announced a further investment of US\$132m (€108m) over the next two years in eight additional, dedicated aircraft to service routes between Shanghai and North Asia, Europe and the United States.

The company unveiled two new hubs in Shanghai and Hong Kong, expanding its network in the Asian region to four hubs linking more than 70 gateways. The so-called MegaHub and country headquarters in Hong Kong opened on 16 July to consolidate operations in the region. It is located in Tsing Yi offering direct access to Hong Kong's transport network.

Much of DHL's Asian growth initiative is focused on China. In the south, where DHL is stepping up its expansion, the company is collaborating with the Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone to develop a regional freight hub at Shenzhen.

The zone, close to Shenzhen international airport, will be developed as a new, low-tax commercial, financial and logistics area. DHL will set up an integrated logistics centre in Qianhai and take advantage of the bonded zone's preferential business policies.

City Logistics

In a separate initiative, DHL is extending its global City Logistics programme to China with a plan to undertake comprehensive City Logistics Master Plan research for Chengdu, the country's fourth largest city with 14m inhabitants.

The company's city logistics concept includes implementation of urban freight centres that decrease freight traffic in cities. The company says these centres also improve efficiency, reliability and service quality; offer a better control of logistics processes, and contribute to better air quality.

DHL's cross-divisional unit, DHL Customer Solutions & Innovation, will develop a tailor-made city logistics solution for Chengdu with the intention of using it as a model for other large cities in China.

IPC Annual Conference in Shanghai

Deutsche Post DHL's move reflects a broader shift in the postal sector's strategy, which has increasingly focused on Asia as a promising market. It is no coincidence that the 2012 IPC Annual Conference was held in Shanghai, China. The choice of Shanghai as the conference venue reflects the huge importance of the growing consumer base in Asian markets to the world economy, not least in China. There, the evolution of the economy from a production base to a consuming society sees the emergence of an enormous emerging consumer base of digital natives that is driving change in consumer behaviour.

Americas

Canada Post launches awards to boost e-commerce



Canada Post has launched a new awards scheme designed to reward innovation and boost growth in e-commerce.

The five Canada Post E-commerce Innovation Awards will recognise the best multi-channel retailer, online retailer and new e-commerce retailer as well as the market

entrant demonstrating groundbreaking achievement by 'thinking outside the box' and the business voted Consumer Champion in a month-long online voting poll.

The value of goods purchased via e-commerce in Canada is forecast to rise to CA\$15bn (€12bn, US\$15bn) by 2016 from the current CA\$8bn (€6.5bn, US\$8bn). Business-to-consumer sales represent the fastest growing sector of e-commerce but the Canadian market is still behind consumer online purchases in the United States and United Kingdom.

Canada Post hopes its awards scheme will help close the gap. It is offering prizes which it says are worth a combined total of CA\$1m (€0.8m, US\$1m) and include a free shipping contract, a free direct mail campaign and free advertising on postal vehicles, websites and facilities.

The first award winners in the new scheme will be announced on 16 October.

FedEx/Ketchum social media study launched

According to the 2012 FedEx/Ketchum Social Media Benchmarking Study, large global and United States companies are developing their social platform marketing, aiming to achieve strategic engagement with social media users that supports their business goals, fosters brand affinity and generates value.

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The FedEx/Ketchum study analyses the changing impact of social media on business, updating research findings released in 2010.

The joint sponsors of the qualitative and quantitative research said the results revealed that companies believe they now have strong online frameworks supporting consumer needs.



Social media has proved most effective in strengthening relationships with customers, partners and suppliers, and the public. Companies are now turning their attention to improving engagement with their employees through social media.

Brian Solis, principal at research company Altimeter Group and a thought leader for the study, believes companies need to become adaptive businesses, understanding, listening and responding to their customers.

One issue that remains a challenge is finding a way to measure return on investment from corporate social media activity.

USPS gains EMS Co-op awards

The United States Postal Service has received a number of accolades from the Universal Postal Union's EMS Cooperative.

The 2011 EMS Customer Care Award recognised the Postal Service's international call centre and resulted from a vote by the cooperative's postal members.

A silver-level 2011 EMS Performance Award was granted on the basis of delivery performance as measured by an independent auditor. The Postal Service also gained silver-level performance in 2010, moving up from bronze level in 2009.

UPS and FedEx to battle for Postal Service mega-contract

UPS will compete with FedEx for a US\$1bn (€0.8bn) a year contract to carry out domestic airlift for the United States Postal Service.

FedEx has held the contract for more than ten years gaining a seven-year renewal in 2006. The company put the total value of that renewal at US\$8bn (€6.5bn), making the Postal Service its largest customer.

The Postal Service has announced it will seek competitive bids when the current contract expires in September 2013.

UPS has confirmed it will bid. It already has a much smaller contract worth US\$100m (€82m) flying First Class and Priority Mail between 98 US cities.

At a Security and Exchange Commission (SEC) filing on 16 July, FedEx warned that any loss of the contract would have a negative impact on its asset utilisation and profitability. It said also that if it retained the contract, the terms and conditions might be less favourable than at present.



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Mixed results for UPS in second quarter

UPS's performance was mixed in the second quarter. Revenue was US\$13.35bn (€10.88bn), up from US\$13.19bn (€10.75bn) in the second quarter last year. The company reported an operating profit of US\$1.79bn (€1.46bn) compared with US\$1.75bn (€1.43bn) during the same period the year before. The adjusted operating profit figure was US\$1.71bn (€1.39bn).

Chairman Scott Davis said increasing uncertainty in the United States, plus weakness in Asian exports and the European debt crisis, impacted on the company's projections of economic expansion. UPS is cutting its air capacity to and from Asia by a further 10%, having already reduced capacity by 10%, mainly by lowering frequencies.

Domestic package volume grew across the company's ground, next-day and deferred air products, driven by large e-commerce customers shipping low-weight packages to residential addresses. Average domestic package volume rose to 13.1m from 12.6m in the second quarter last year.



Domestic package revenue for the quarter rose 4.1% to US\$8.06bn (€6.58bn) compared with US\$7.74bn (€6.31bn) last year. Reported operating profit was US\$1.13bn (€0.92bn) compared with US\$ 997m (€812m); the adjusted operating profit was US\$1.01bn (€0.82bn).

International packages saw average revenue per piece drop by 2.4% although on a currency-neutral basis, revenue rose by 2.1%. Overall, export volume increased by 0.8% against the previous second quarter, with growth in Europe being largely offset by double-digit declines in exports from Asia.

International package revenue fell slightly year-on-year to US\$3.01bn (€2.45bn) from US\$3.14bn (€2.56bn). Operating profit was US\$454m (€370m) compared with US\$505m (€411m) last year.

The supply chain and freight business saw revenue decline by 1.6% to US\$2.28bn (€1.86bn) owing to lower demand for international air freight and lower pricing. The company said price pressure continues, especially in Asia.

In the distribution business, e-commerce and healthcare customers fuelled revenue growth although investment in technology and infrastructure to support services for the healthcare sector were a 'slight drag' on operating profit.

New USPS flat-rate product targets e-commerce shippers

The United States Postal Service has introduced a new addition to its range of flat-rate packages.

Its Express Mail Padded Flat Rate Envelope is being launched to complement the Priority Mail Padded Flat Rate Envelope which has been popular with e-commerce shoppers looking for a lightweight shipping option.

The new product is offered for sale online at a price of US\$1.75 (€1.43).

>> In Brief - Americas

FedEx a top company for diversity

FedEx Corp has been named as one of the 40 best companies in the United States for diversity by Black Enterprise magazine for the eighth consecutive year. More than 40% of US domestic employees are from ethnic minorities and 29% of management are from minorities, according to the company.

Davis heads The UPS Store

The UPS Store has named its new president, Tim Davis. Davis previously held the position of vice president of operations. He replaces Stuart Mathis, who is retiring.

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Asia Pacific

TNT Express road network gains top TAPA rating

TNT Express's road transport operation in Singapore, Malaysia and Thailand has obtained highest TSR Level 1 certification from the Transported Asset Protection Association (TAPA) in the Trucking Security category.

The company operates a door-to-door TAPA certified road network to and from China and Southeast Asia principally for the high-tech and automotive industries.



Blue Dart's quarterly sales and profits rise

India's Blue Dart Express achieved net sales of INR4.3bn (€63m, US\$78m) for the quarter ended 30 June, an increase of almost 16% on the same period last year. Profit after tax increased by 19.4% to INR406m (€6m, US\$7.3m).

Blue Dart is 81% owned by DHL but new Indian stock exchange rules require the company to decide next year whether to reduce its stake to 75% or increase it to 100%.

Malcolm Monteiro, chief executive of DHL Express South Asia, said Blue Dart was a highly respected brand and the company had no plans to merge it with DHL Express India.

Blue Dart is due to introduce a fifth B757F aeroplane to its domestic fleet. The company links seven Indian airports with nightly flights and operates a road express service as well as air and combined air and road services.

Meanwhile Deutsche Post DHL has announced plans to invest €300m (US\$368m) in expanding its activities in India.

DHL flight connects the US and Australia

DHL has added a direct flight connecting the United States with Australia, which it sees as a key growth market.

The company said the connection would improve transit times by up to a day increasing its capacity between the Americas and Oceania; volume growth from the US and Canada into Australia and New Zealand is expected to exceed 20% in 2012.

The scheduled service will alternate between the Cincinnati-Sydney and Cincinnati-Sydney-Melbourne routes with integrated feeds operating from Sydney to Brisbane, Canberra and Melbourne to provide morning deliveries in those cities off each flight.

Europe

Post SuisseID facilitates online municipal services

Swiss Post's secure electronic identification, Post SuisseID, is facilitating virtual service counters now being operated by two municipal authorities.

Post SuisseID provides secure authentication and can create a legally binding electronic signature. It is one element of the move to online public administration stipulated in a government strategy adopted in 2007.

The Jura canton's administrative council opened its virtual service counter at the beginning of June initially offering four service areas such as notifications of pension payments and tax office status checks.

At the same time, the commune of Kerzers has introduced eKonto, an electronic personal account, which it plans to develop in cooperation with Swiss Post and Ruf Informatik.

The virtual service counters in Jura and Kerzers are accessible via Post SuisseID.



Royal Mail plans to map all UK addresses

Royal Mail is pilot-testing an initiative to map the precise coordinates of every home and business address in the United Kingdom in order to improve the accuracy of location-based information.

The pilot is being conducted in East Anglia and the initiative will be rolled out across the country if it proves successful. It is using postmen and -women equipped with satellite receivers to map the GPS longitude, latitude and altitude co-ordinates of every property.

Royal Mail said it needed to expand its range of trusted services in the light of mail volume decline. It was undertaking the mapping initiative in response to a need for more accurate local information. It would be able to improve the accuracy and effectiveness of location-based information used by businesses and individuals, including satellite navigation and smartphone applications.

Every address in East Anglia has received a letter making occupants aware of the initiative and assuring them that there will be no impact on mail delivery.

Itella Corp completes a profitable first half

Itella Group's net sales in the six months to end June were €958.5m (US\$1.2bn), a 2.8% increase over last year.

The operating result of €18m (US\$22m) was weighed down by €10.7m (US\$13.1m) in non-recurring items but improved on the €4.1m (US\$5m) operating loss in the same period last year.

Chief executive Jukka Alho said performance improved in the first half compared with last year, with net sales increasing in all business groups. Growth in the second quarter was less robust than in the first, however.

Second-quarter sales rose to €473.2m (US\$579m) from €469.7m (US\$575m) the previous year but the operating result was a loss of €3.1m (US\$3.8m) which was nonetheless lower than the €4.7m (US\$5.8m) loss in the previous second quarter.



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Describing the first half as satisfactory, Alho said that unaddressed letter and parcel volumes increased while addressed letters, newspapers and magazines continued to decline.

Deutsche Post completes its mail sorting restructuring

Deutsche Post has completed its €400m (US\$489m) restructuring of letter processing in Germany and has begun a €750m (US\$918m) expansion of its parcel transport infrastructure.

For letters, the last new Grossbrief sorting system became operational in July. All of Deutsche Post's 82 mail centres are now equipped with new automated sorting systems for standard and compact letters, Maxibrief and Grossbrief. The company has installed 375 sorting machines since 2009.

The parcels expansion will be complete by 2014. It will increase sorting speeds to 28,000, 40,000 or 50,000 an hour depending on the location. Scanners will be installed to read addresses on any of the six sides of a parcel and partially automated vehicle unloading will also be implemented.

Parcels operators put their Olympic plans into practice

With the London Olympic Games in full swing, major parcels companies are operating their special plans for deliveries in London.

DPD's Olympic project team has spent a year working on solutions to deal with security zones, venues on security lockdown and traffic congestion owing to the influx of athletes, officials and visitors to the games.

It is operating a temporary hub near Tower Bridge and is providing its drivers with assistants who are delivering parcels on foot if roads are closed or vehicles are blocked by congestion. Additional deliveries will also take place early in the morning and late in the evening.

DPD's special action plan is costing €1.6m (US\$2m). The company said it could not bear all the costs and has levied a surcharge of £1.95 (€2.5, US\$3.06) on each parcel delivered to postcode areas within the Olympic congestion zone.

Access to 49 lockdown areas will be restricted to official Olympic sponsor UPS; DPD said UPS would make an additional charge for delivery in lockdown areas.

DHL Express is teaming up with leaflet distribution company JogPost to employ jogging couriers to tackle the main logistical challenges during the games. The running couriers will undertake their own deliveries and team up with DHL van drivers to jog the final mile in congested areas.

DHL has a dedicated operations control centre so that it can adapt its network plans in the light of changing conditions.

Official sponsor UPS said it has moved about 250,000 pieces of athletes' luggage, responding to last-minute requests from athletes and officials, particularly for those athletes moving from one venue to another.

Prior to the games the company also deployed a dedicated team at its London 2012 warehouse to construct, deliver and install all the beds, cabinets and wardrobes for the 2,818 Olympic Village apartments, as well as all the sofas, coffee tables and soft furnishings.

>>In Brief - Europe

Gold pillar boxes for Olympic winners

Royal Mail is giving some of its distinctive red Pillar Box letter boxes a makeover during the London Olympic Games, painting one Pillar Box gold in the home town of each British gold medal winner within days of their medal ceremony.

ABOUT THIS PUBLICATION

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