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latest news from the global postal sector**



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> TOP STORY

CONSUMERS URGE BRANDS TO USE MAIL AND EMAIL

Royal Mail Group released the results of research on consumer preferences regarding the use of different communication channels. According to the research, consumers are urging brands to use both mail and email to communicate with them. Research found that consumers are very clear that mail and email have different qualities which make them suited to different types of communication. Half of people (51%) surveyed said they prefer companies to use a combination of both mail and email to communicate with them.

The findings show that mail creates stronger emotional engagement between sender and recipient with the majority of people surveyed saying that mail grabs their attention, gives a better impression of the company and makes them feel more valued. Meanwhile emails are considered good for follow-up and easy to file.

In further analysis of the Institute of Practitioners in Advertising (IPA) databank commissioned by Royal Mail, independent marketing consultant Peter Field revealed that complementing marketing campaigns with mail pays. His study found that 27% more campaigns that delivered high sales performance included mail than those that did not include mail in the mix. In addition, 40% more campaigns that drove high acquisition levels contained mail than those without mail.

Source: [Royal Mail Group](#)



AMERICAS

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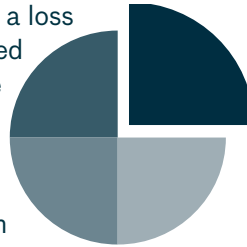
CANADA POST SEGMENT REPORTS LOSS BEFORE TAX IN FIRST QUARTER

The Canada Post segment reported a loss before tax of CA\$27m for the first quarter of 2014 as Transaction Mail volumes declined by 6.9% and as Domestic Parcel volumes grew by 4.9%. Together, the decline in bills and statements being mailed and the growth driven by online shopping reflect Canadians' continuing shift in the use of postal services.

In the first quarter of 2014, parcel revenue for the Canada Post segment increased by CA\$23m or 7.1%. Canada Post is the market leader in providing business-to-consumer delivery of packages, and the first-quarter results reflects the continuing strength of its key role in enabling the success of the fast-growing online retail sector. Domestic Parcels, the largest product category, continued to show positive results as revenue increased by CA\$14m and volumes grew by more than 1.2m pieces, or 4.9%, compared to the same period the prior year. Transaction Mail is mostly letters, bills and statements. Transaction Mail revenue decreased by CA\$50m, or 6%, in the first quarter as volumes fell by 79m pieces, or 6.9%. A new tiered pricing structure for Lettermail that better reflects the cost of serving various customer segments took effect 31 March, after the end of the first quarter. It is expected to have a positive effect on Transaction Mail revenue going forward. Digital alternatives are also affecting Canada Post's Direct Marketing business; revenue in the first quarter of 2014 fell by 4.9% while volumes fell by 3.2%.

The Canada Post Group of Companies reported a loss before tax of CA\$37m in the first quarter, compared to a profit before tax of CA\$51m in the same period of 2013. The Group of Companies would have reported a loss before tax of CA\$58m in the first quarter of 2013 had it not been for the CA\$109m gain from the sale of the downtown Vancouver Mail Processing Plant.

Source: [Canada Post](#)



DIMENSIONAL PRICING CHANGE EXPECTED TO BOOST YIELDS, FEDEX CONFIRMS

Plans to extend dimensional weight pricing to all FedEx Ground shipments are expected to improve yields, revenues and profits.

Analysts believe introducing a volumetric element in shipment pricing could affect up to 30% of FedEx Ground's smaller shipments and lead to price increases of one third on shipments of low-density commodities.

Currently, FedEx Ground applies 'dimensional weight pricing' only to packages measuring three cubic feet (85 litres) or greater, but from 1 January it will apply a volumetric component to all shipments. It said the change would align FedEx Ground dimensional weight pricing with the pricing methodologies used by FedEx Express.

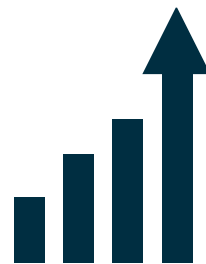
Source: [CEP-Research](#)

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DIVERSIFICATION AND E-COMMERCE DELIVERY STRATEGY BEAR FINANCIAL FRUIT FOR SINGPOST

E-commerce-related delivery and logistics contributed significantly to solid full-year revenue and profit growth for Singapore Post (SingPost) in the face of the continuing decline in its traditional postal business. SingPost's e-Commerce delivery and logistics activities have grown to more than 25% of the group's business as a result of further progress in its diversification plan to become a regional end-to-end e-retail services hub, the company revealed in its fourth quarter and 2013-14 financial year report.



Reported group revenue grew 5.9% to SGD193.3m in the fourth quarter, "boosted by the full consolidation of new subsidiaries and the growth in e-Commerce related businesses". Excluding contributions from new subsidiaries, the group recorded organic revenue growth of 3.0%. Full-year revenues were up 24.6% at SGD821.1m. Net profit increased 17.7% to SGD30.7m in the fourth quarter, and for the full year, increased 4.8% to SGD143.1m. Excluding one-off items, underlying net profit declined 1.3% to SGD31.4m in the fourth quarter, while for the full year it increased 2.9% to SGD145m.

SingPost's domestic mail volumes continued to decline in the fourth quarter, with the full year registering a reduction of 1.3%. However, overall revenue for the group's Mail business

grew 6.6% to SGD123.4m in the quarter, attributed to "the increase in regional e-commerce transshipment business and inorganic improvement in direct mail revenue from Samplestore", which SingPost acquired in October 2013. For the full year, Mail revenue rose 11.5% to SGD491.0m. Logistics revenue grew by 9.9% to SGD79m in the fourth quarter and by 52.8% to SGD368.5m for the year as a whole, mostly due to several acquisitions.

Source: [CEP-Research](#)

ALIBABA INVESTS IN 'LANDMARK COLLABORATION' WITH SINGPOST

E-Commerce giant Alibaba Group has agreed to buy a 10% stake in Singapore Post in what it called a "landmark collaboration between two leading organisations", as the groups also entered negotiations to establish an international e-Commerce logistics joint venture.

Under the strategic agreement, Alibaba Investment Limited will invest SGD312.5m (€183m) to purchase 30m existing ordinary shares held by SingPost along with 190m new ordinary shares, taking a 10.35% stake in SingPost upon completion.

Both companies have also signed a memorandum of understanding that will allow them to discuss and negotiate, over the next 12 months, a joint venture for the business of international e-Commerce logistics.

Source: [CEP-Research](#)

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ALIBABA LAUNCHES AUSTRALIA POST PARTNERSHIP ON THE HEELS OF SINGPOST DEAL

Chinese e-Commerce giant Alibaba Group has unveiled a partnership with Australia Post in what is the company's second collaboration revealed recently with international postal operators.

The partnership with Australia Post complements an agreement to buy a 10% stake in Singapore Post, announced earlier this week, in which Alibaba and SingPost have also entered negotiations to establish an international e-Commerce logistics joint venture.

Although the details of the Australia Post partnership are limited to date, it is understood that it will create a new avenue for Australian small and medium-sized companies to access Alibaba's Tmall.com shopping platform, one of China's largest B2C online marketplaces. It was unclear at the time of writing whether the partnership covered delivery and logistics or whether it was merely using Australia Post as a communication, administrative and marketing channel.

Source: [CEP-Research](#)

BLUE DART ACHIEVES DOUBLE-DIGIT REVENUE GROWTH IN JANUARY-MARCH PERIOD

Deutsche Post DHL's subsidiary in India, Blue Dart, achieved double-digit revenue growth in the January-March 2014 quarter despite the slow economy, but saw diverging profit trends. Blue Dart increased revenues by 12.9% to INR5,029m (€63.1m) in the January-March quarter

of 2014, but operating profits weakened to INR493m (€6.2m) and net profits were down to INR306m (€3.8m).

The company's sales for the April 2013 to March 2014 business year totalled INR19.3bn (€242.5m). Operating profits came to INR1.9bn (€23.5m) and the company posted a net profit of INR1.2bn (€15.6m). These figures are not directly comparable to the previous year when Blue Dart had a 15-month fiscal year covering January 2012 to March 2013.

The company, which is 75% owned by DHL, handled over 126.4m domestic shipments, 0.91m international shipments and over 513,474 tonnes of documents and parcels in the year ending 31 March 2014.

Source: [CEP-Research](#)

UPS OPENS CONTRACT LOGISTICS DISTRIBUTION FACILITY IN CHINA

UPS today announced the opening of its new contract logistics distribution facility in Beijing. The 6,500m² of non-bonded warehouse space located 19km from Beijing Capital International Airport serves growing demand in China and is capable of servicing contract logistics orders with four-hour delivery within the metropolitan Beijing area and next-business-day orders for major cities throughout China.

The opening of the Beijing facility follows closely after the opening of similar UPS distribution centres in Chengdu and Shanghai in 2013. Together, the centres support growing industries in China, including high-tech, industrial manufacturing, aerospace and retail. Capabilities of these facilities include order fulfilment, inventory management,



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kitting, packaging and other specialized value-added services.

Additionally, UPS has expanded its post-sales services in China. This network now provides same-day critical parts delivery within the metro area in 87 cities throughout China. In addition to opening the new facilities, UPS has also developed its gateways in central and western China with flights connecting Chengdu and Zhengzhou to the extensive UPS global network. With dedicated healthcare facilities in Hangzhou and Shanghai, UPS has further enhanced its capabilities in serving the needs of healthcare customers.

Source: [UPS](#)

UPS OPENS NEW AIR HUB IN TAIPEI

UPS today announced the official opening of its newly relocated Trans Pacific Hub at Taiwan Taoyuan International Airport. Situated at the airport's Air Cargo Terminal Logistics Warehouse, the hub occupies close to 82,000 square feet, a 40% increase in size from its previous location. The hub is equipped with the latest sorting capabilities to support the needs of Taiwanese businesses looking to trade globally.



The opening of the hub is UPS's latest initiative in building a strong, integrated air network across Asia, connecting Taiwan to key markets in Asia, Europe and the United States. The hub operates 28 weekly cargo flights connecting Taiwan to key global markets. Leveraging this extensive network, customers can expect a one- to two-day delivery commitment to major cities in the US and Europe.

Source: [UPS](#)

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DHL EXTENDS EURAPID SERVICE NETWORK ACROSS EUROPE

DHL Freight has expanded its Eurapid service across Europe with 11 new terminals joining the network at the beginning of May. The day-definite service for less-than-truckload (LTL) shipments up to 2.5 tonnes is now available at 41 terminals and covers 75% of all business addresses in Europe. The company is looking to enrol the remaining terminals by the end of 2015, based on market and demand.

The high-quality road freight network of DHL is expanded by one station each in Austria, Czech Republic, Denmark, Great Britain, Italy, Netherlands, Poland, Spain and Switzerland. Additionally, two stations in Germany have been integrated into the network. Going forward, DHL Freight plans to further extend the coverage of Eurapid. The company announced that nine more stations are going to join the network by the end of the year.

Source: [Deutsche Post DHL](#)

DPD LAUNCHES CROSS-BORDER PARCEL SHOP SERVICES

DPD has launched integrated parcel shop services across Europe starting initially with cross-border B2C shipping between Germany, Austria and the Benelux and plans to add other European countries in the second stage.

The new service enables private recipients to get their parcels delivered or return them at any DPD parcel shop located within the three countries mentioned above. This

cost-efficient option is being requested by more and more consignees who are usually not at home during the day, DPD explained.

In terms of alternatives to home delivery, direct delivery to a parcel shop specified by the consignee is also possible in cross-border shipping between Germany, Austria and the Benelux countries. As soon as the parcel has been delivered to the shop, the recipient is automatically informed via SMS and/or e-mail. In a few weeks, this option will also be available in France and Switzerland.

Source: [CEP-Research](#)

GLS DENMARK STARTS CONSTRUCTION OF NEW €6M DEPOT

GLS has started the construction of a new depot in Aalborg, an industrial and university city in northern Denmark, which is expected to sort up to 5,000 parcels per hour doubling the capacity of the current facility.

The company said it is preparing for a further volume increase with capacity expansion in Denmark. It is investing a total of €6m in the Aalborg facility including premises, construction and equipment.

GLS plans to build a 2,600m² hall with a total of 63 gates for loading and unloading at the new depot which can be further expanded, if necessary. The facility is due to become operational in January 2015.

Source: [CEP-Research](#)



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FRENCH E-COMMERCE SALES CONTINUE DOUBLE-DIGIT GROWTH IN Q1 2014

E-Commerce sales in France soared by 11% to €13.4bn during the first quarter of 2014, with the number of online transactions rising by 15%, according to figures from the country's e-Commerce association Fevad.



While the purchasing frequency of French online shoppers further increased by 10% to six purchases during the first three months of this year, the average spend per purchase continued to drop by 4% to €81.50. However, the average amount that each online shopper spent during the first quarter overall increased by 5% to €491. The increased purchasing frequency thus compensated for the lower average spend per purchase, Fevad explained.

France's leading e-retailers saw 3% growth year on year during the first quarter, according to the 'iCE sites Fevad panel 40', which measures the sales of the 40 top websites, accounting for about 30% of the overall market. This growth can be particularly attributed to e-retailers selling consumer products (including marketplaces) who showed 8% growth year on year during the quarter. At the same time, e-retail sites selling to professionals (B2B) also saw their sales increase 9% over the same period.

Source: [CEP-Research](#)

LE GROUPE LA POSTE LAUNCHES START'INPOST SERVICE

Le Groupe La Poste has launched Start'inPost, an innovative programme aimed at supporting technology start-ups. The new service is part of its new corporate strategy, 'La Poste 2020: conquering the future'.

The programme will last for one year and will be rolled out in two phases. The first phase will be a three-month test phase, set up to commercial and technological viability and strength of the project. The second phase will last nine months and will see Le Groupe La Poste providing material, methodological and commercial support to candidate start-ups. The aim is to support up to 24 start-ups a year.

Start'inPost will complete Le Groupe La Poste's innovation and development portfolio, which already includes Lab Postal and XAnge Private Equity.

Source: [Le Groupe La Poste](#)

STUDY ON E-COMMERCE AND LOGISTICS RELEASED

The month of May saw the release of the results of the 'Global E-Tailing 2025' study, initiated by Deutsche Post DHL with participation of the trend research institutions Z_punkt and See More as well as numerous international experts from retail, logistics and academia. One of the main findings was that over the next ten years, online retail will gain even more importance than expected so far. Logistics will play a key role: it provides companies important competitive



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advantages, such as deliveries within a few hours on the day of ordering, flexible receiving and return times as well as resilient logistics and value-added concepts in emerging countries.

In four scenarios the study shows what the electronic world of shopping around the globe could look like for consumers and businesses in the near future. The different future projections are based on a detailed analysis of the most influential factors – from energy and raw material prices to technological, political and social factors to retail and consumption patterns. The scenarios also outline possible effects of changes to society's value system by 2025. All scenarios and contributions have in common that the competition in electronic retail, whether on global, national or regional level, will become more intense.

Today e-Commerce makes up 8% of the overall trading volume in Europe already. Depending on the scenario, this share could rise up to 40% in developed countries and up to 30% in today's emerging markets.

Source: [Deutsche Post DHL](#)

DEUTSCHE POST DHL CONFIRMS SHORT AND MID-RANGE TARGETS

During the company's Annual General Meeting, Deutsche Post DHL CEO Frank Appel underscored the mid-range growth targets contained in the "Strategy 2020" the company announced in April. Deutsche Post DHL is looking back on a successful year 2013 and a good start to the current financial year 2014. For the rest of the year, the Group expects to continue its positive performance despite

the persistently challenging economic conditions and to once again generate earnings growth.

During the first quarter of 2014, the group performed well and continued to grow. The group's revenues totalled nearly €13.6bn in the quarter, an increase of more than 1% compared to the same period the previous year. Adjusted for negative exchange-rate effects and other inorganic factors, the revenue increase was more than 5%. The group also continued to improve its operating earnings: during the first quarter of 2014, consolidated EBIT rose by more than 2% to €726m. This increase reflects the strong position that the Group and its divisions maintain in the world's growth markets.

In light of the Group's good performance during this past financial year and its confidence about the company's future growth, the Board of Management and the Supervisory Board proposed a dividend of €0.80 per share for the year 2013, which was approved by shareholders with a majority of 99.84% of the company's share capital present at the. This reflects an increase of €0.10 over the previous year's level.

Source: [Deutsche Post DHL](#); [Deutsche Post DHL](#)

TRANS-O-FLEX LAUNCHES GERMANY-WIDE NETWORK FOR ACTIVE TEMPERATURE CONTROL

Germany-based trans-o-flex Logistics Group is planning a nationwide network for active temperature control to be launched in October, thus strongly expanding its capacity in GDP-compliant transportation of pharmaceuticals.

The basis of the new network consists of a central transshipment centre which will be fully air-conditioned as



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well as a combination of various transport technologies for the last mile. Transports in the temperature range of 15-25°C will partially be conducted via special temperature-controlled vehicles as well as via conventional vehicles equipped with actively temperature-controlled boxes.

Tighter EU regulations for the transportation of pharmaceuticals have pushed the reorganisation of trans-o-flex, supported and promoted by its parent company Austrian Post. The aim is to help trans-o-flex stand out from its competitors more strongly than before and ensure sufficient capacity for direct deliveries of parcels and pallets in its core industries pharma and healthcare, in view of the growing demand for temperature-controlled transportation.

Source: [CEP-Research](#)

POSTE ITALIANE SET TO FLOAT AS TNT POST ITALIA RE-BRANDS

Poste Italiane will become the next major listed European postal operator later this year following the new Italian government's official approval of plans to sell a 40% stake in the company to raise up to €4.8bn to reduce public debts.

The cabinet of Prime Minister Matteo Renzi on Friday formally approved partial privatisation of the state-owned postal operator through a share sale that might take place in several steps. The government said it might offer postal employees incentives to buy shares. No timing was set for the sell-off but it is generally expected in the second half of the year from September onwards.

Meanwhile, the company's main challenger in the domestic

mail business, TNT Post Italia, a subsidiary of Dutch group PostNL, has re-named itself Nexive. The company, with revenues of €223m in 2013, said the change of name "expresses the vision of becoming a platform for excellence in delivery of mail and e-Commerce". Nexive, with more than 5,500 employees and more than 600 branches and retail outlets, has some 30,000 business customers and claims to reach 74% of Italian households.

Source: [CEP-Research](#)

POST LUXEMBOURG GROUP REPORTS ON STABLE TURNOVER IN 2013

In 2013, the POST Luxembourg Group maintained a stable turnover at €677.4m in a very competitive environment and achieved solid financial results. POST Luxembourg Group's operating result reached €56.46m – down by 9.4% – whilst the net result after taxes was €60.1m, a decrease of 2.07% compared to 2012.

With regard to the operating costs, the POST Luxembourg Group registered an increase in its wage bill, as well as a considerable increase in depreciation following large-scale investment projects in terms of high-speed landline and mobile infrastructures, as well as the infrastructures of other information and communication technologies, and the extension and modernisation of its real estate.

In a now completely open market, POST Courrier has had a mitigated year in terms of sales results with a slight downturn in the total turnover from postal products and services. This reduction is predominantly due to the structural decrease in volume of the postal items, which should pick up in the

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years to come. The parcels market, however, continues to grow steadily, a 17.7% volume increase in 2013. POST Finance has witnessed a decrease in revenue between 2012 and 2013, mainly due to the very weak interest rates in the financial markets. The POST Technologies turnover has remained relatively stable. As for POST Telecom S.A.'s commercial activity, the earnings recorded in 2013 for the entire telecom entity are similar to those from 2012 with a stable turnover.

Source: [POST Luxembourg](#)

POSTNL DEVELOPS HOME DELIVERY SERVICE FOR FRESH FOOD BOUGHT ONLINE

PostNL is developing a home delivery service that supermarkets and fresh food companies can use to transport products ordered online to the customers using quick, refrigerated and cost-efficient methods. The initial pilot in the Venlo area was a success. Starting 22 May, PostNL is now partnering with online fresh supermarket Vershuys.com throughout the Dutch province of Limburg to offer a new home delivery service for foodstuffs. In this second pilot, evening delivery will also be available upon request.

In the first stage of the pilot (March 2014), PostNL experimented with home delivery of groceries that were ordered online. In the end, a special cold storage packaging was selected, developed in cooperation with Wageningen University and Research Centre. This method allows fresh food products to be delivered at the right temperature when they reach the customer's door. The collaborative process included universities, but also packaging companies,

consultancy organisations and customers.

Various surveys by Statistics Netherlands (CBS), ING Economic Bureau and Thuiswinkel.org have shown huge growth potential in the online retail of fresh foodstuffs. Young families, companies and institutions have expressed a particular preference for online shopping to cut down on heavy lifting and save time. Respondents do have doubts about the freshness and shelf life of the products. They also state that they want to decide when products are delivered, many expressing a preference for evening delivery.

Source: [PostNL](#)

TNT EXPRESS COMPLETES SALE OF TNT FASHION

TNT Express has completed the sale of its specialist fashion supply chain business in the Netherlands, TNT Fashion Group B.V., to a consortium of Belspeed and Netlog Group. This follows receipt of regulatory approval and positive advice from the works council of TNT Fashion.

TNT Express announced on 11 March 2014 its intention to sell TNT Fashion as part of its strategy to focus on core express delivery services. The transaction, the terms of which remain confidential, will contribute a limited book gain.

Headquartered in Oldenzaal, the Netherlands, TNT Fashion offers specialist supply chain services for the fashion and lifestyle industry. TNT Fashion employs about 660 people and has annual revenues of approximately €120m. The UK operations of TNT Fashion are being integrated with TNT Express UK and Ireland.

Source: [TNT Express](#)



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SWISS POST ANNOUNCES QUARTERLY RESULTS

In the first quarter of 2014, Swiss Post achieved a Group profit of CHF199m, compared to CHF222m during the same period the previous year. The decline of CHF23m is primarily due to reduced interest income resulting from persistently low interest rates on the financial markets and higher impairment charges. Operating profit (EBIT) stood at CHF253m, down from CHF272m the previous year. In the first three months of 2014, Swiss Post generated operating income of CHF2.1bn. This represents a drop of almost 1% year on year, which could not be fully offset by reductions in expenses. Operating profit (EBIT) totalled CHF253m, which was CHF19m below the previous year's level, and Group profit stood at CHF199m. All four markets contributed to the positive overall result. Prior-year figures have been normalised to take one-off items into account.

In the communication market, Swiss Post recorded an operating profit of CHF88m. The decline in income at PostMail and Post Offices & Sales caused by lower volumes was offset by cost savings in these areas and by growth in income from Swiss Post Solutions. In the logistics market, Swiss Post recorded an operating profit of CHF31m. This decrease is due to high competitive pressure. Parcel volumes were up 1.1% in Switzerland. In the passenger transport market, PostBus recorded an operating profit of CHF13m. PostFinance, which operates in the retail financial market, recorded an operating profit (EBIT) of CHF127m in the segment results.

Source: [Swiss Post](#)

FULL RANGE OF SERVICES FOR ONLINE RETAILERS WITH YELLOWCUBE

Swiss Post is rounding off the services it offers business customers in the booming e-Commerce market. Online retailers can now outsource all of their distance-selling activities to Swiss Post, following the launch of the YellowCube logistics solution, which allows Swiss Post to handle everything from order processing, marketing, payment, end-to-end logistics and customer service. Swiss Post delivers parcels in the evenings and on Saturdays or to parcel terminals for collection around the clock and customers can specify online where Swiss Post should send their missed parcels. Returns are collected by the mail carrier directly from the customer's doorstep.

The e-Commerce market is growing yearly by 5 to 10% in Switzerland. Shipping volumes are growing, online shoppers expect rapid delivery times and the number of returns is rising. Such trends create major logistical challenges for online retailers, which is why the demand for outsourcing solutions on the market has grown.

After a two-year development phase, YellowCube, Swiss Post's all-in e-Commerce logistics solution, began operating in April 2014. The solution handles product storage and picking, parcel packing and the entire returns management system. Together with the logistics services that are upstream and downstream of YellowCube processes, (goods collection at the suppliers, as well as shipping and return shipping), Swiss Post is the only provider in Switzerland to offer a one-stop e-Commerce logistics solution.

Source: [Swiss Post](#)



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ROYAL MAIL PUBLISHES FULL-YEAR RESULTS

Royal Mail plc announced its full-year results for the year ended 30 March 2014. Group revenue increased by 2%, due to parcel revenue growth in both UKPIL and GLS. Parcels are the largest contributor to Group revenue, accounting for 51%.

Group operating profit before transformation costs grew to £671m. Group operating profit after transformation costs increased to £430m. The operating profit margin reduced from 4.4% to 4.2%, as a result of the provision for the management reorganisation programme. Profit before taxation (excluding specific items) of £363m reflects the trading performance of the Group. Accounting standards require us to include a one-time, non-cash benefit of £1,350m as a result of the Pensions Reform in reported profit before taxation and reported notional earnings per share. EBITDA before transformation costs grew to £942m, due to improved trading performance.

UKPIL revenue was £7,787m, up 2%. UKPIL parcel revenue increased by 7%. As expected, parcel volumes (1,068m items) were flat compared with 2012-13. UKPIL letter revenue (including marketing mail) declined to £4,625m, a 2% reduction. The 4% decline in addressed letter volumes for the full year was at the better end of our forecast range of four to 6% per annum. Marketing mail revenue, part of letter revenue, was £1,111m. UKPIL generated operating profit after transformation costs of £309m. The operating profit margin decreased from 3.9% to 3.5%, again as a result of the provision for the management reorganisation programme.

GLS revenue was £1,651m, up 7%. Volumes increased 6%, with growth in both domestic and international volumes. GLS operating profit was £108 million.

Source: [Royal Mail Group](#)

ROYAL MAIL GROUP ANNOUNCES NEW SUNDAY SERVICES

Royal Mail is to pilot Sunday afternoon opening at around 100 of its delivery offices later this summer. The initiative is designed to make it easier for shoppers not at home during the day to get their parcels. Delivery offices with highest parcels volumes across England, Scotland Wales and Northern Ireland will be taking part in the initiative.

In another move to assess Sunday services, Royal Mail will trial Sunday parcel deliveries later this summer to addresses within the M25 motorway. Royal Mail Group's express parcels business, Parcelforce Worldwide, has announced it will launch a Sunday delivery service in June for online shoppers through participating e-retailers. Parcelforce Worldwide will make the service available to contract customers across the UK.

Royal Mail has also announced the opening of its distribution network later on a Saturday and on Sundays. This new service became operational in May and enables larger e-retailers to hand items ordered by shoppers on a Saturday afternoon and Sunday to Royal Mail for delivery on a Monday.

Source: [Royal Mail Group](#)



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HERMES OPENS UK HUB TO SPEED UP GROWTH

Hermes UK has officially opened its new £14m central hub in Warrington, close to Manchester, to increase capacity, speed up deliveries and enable the firm to continue its rapid growth.

Hermes said the new facility is its largest-ever single investment in the UK and signifies its “commitment to growth and service”. A second expansion stage is planned which would take the investment to a total of £25m (€30m). The 15,000m² facility, able to sort up to 550,000 parcels a day, is now almost three times larger in capacity terms than the previous site in Warrington.

Hermes UK said the new hub will help with the developing requirement for next day deliveries and will play a key role in plans for international expansion. It will also provide a platform for further innovation, as the company looks to introduce a host of new and exciting products to the market. Perhaps most importantly it will help Hermes ensure that its customers can continue to have full confidence in future years’ peak periods in terms of capacity and service.

Source: [CEP-Research](#)

UK MAIL INVESTS IN GROWTH AS PROFITS RISE

British parcels and letters delivery company UK Mail is investing in new services and expanded capacity after improving profits by 28% thanks to double-digit parcels growth. The group increased revenues by 7% to £508.5m in the year ending March 2014 and improved pre-tax profits by 28% to £22.8m. The underlying increases, adjusted for four extra working days, were 5.3% and 17% respectively.

UK Mail’s parcel revenues grew rapidly by 16% to nearly £220m while operating profit improved strongly by 37% to £22.4m. The company said that the parcel business had “high volumes throughout the year”, which resulted in a higher market share and a double-digit operating margin of 10.2%, compared to 8.6% the previous year. The volume growth was “partly” driven by an increase in home deliveries related to online shopping, with a continuation of the mix change towards B2C, it added.

Mail revenues grew by just 1.5% to £245m with volumes up by 2% and operating profit rose by 18% to £12.7m, pushing the margin to 5.2% from 4.4% last year. The new packets service, offering low-cost delivery of small items in two to three days, “enables us to provide a profitable product to customers which can compete with the ‘lifestyle couriers’ who provide a basic service at low cost” in the £1.2bn packets market, the company commented. The courier business saw revenues drop 1.9% to £16m but cost controls helped increase profits by 7% to £2.7m. Similarly, pallets revenues dropped 3.2% to £27m but profits increased nearly 19% to £0.9m.

Source: [CEP-Research](#)

ZALANDO USES HERMES UK PARCEL SHOPS FOR DELIVERIES AND RETURNS

German footwear and fashion e-retailer Zalando has teamed up with Hermes UK to use the delivery firm’s network of over 3,500 pick-up points across the UK to enable customers to receive and return their packages at a time and place most convenient for them.



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The Hermes pick-up points are located at newsagents, petrol stations and supermarkets. Many of the shops are open on Saturday and/or Sunday, as well as after regular business hours.

Hermes UK plans to extend its parcel shop network over the next few months, with the aim to reach around 5,000 pick-up points by the beginning of 2015.

Source: [CEP-Research](#)

CITYSPRINT'S REVENUES AND PROFITS RISE STRONGLY

British same-day provider CitySprint has announced record revenues of £112.7m for the financial year 2013, which represents an 11.4% increase, and a strong 15.4% increase in its operating profit to £12.3m, as a result of organic growth and acquisitions as well as technological investment.

CitySprint Logistics profited from increased investment with growing volumes. CitySprint Retail saw an increase in Direct-to-Consumer deliveries even though there are still some challenges in the areas such as technology compatibility and price, CitySprint explained. CitySprint Healthcare has benefitted from cooperating with 'some very strong' partners and customers in this specialist area of logistics services. An important growth factor has become the home medication delivery market, where CitySprint delivers medicines from pharmacies on the high street, and within hospitals, to patients at home.

In terms of acquisitions, CitySprint completed six deals in 2013 including successful integration of the companies into its business line with the aim to leverage its existing business infrastructure and develop new vertical sector opportunities.

Source: [CEP-Research](#)



ABOUT THIS PUBLICATION

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

ABOUT IPC

International Post Corporation is a cooperative association of 24 member postal operators in Asia Pacific, Europe and North America. Over the past two decades IPC has provided industry leadership by driving service quality and interoperability, supporting its members to ensure the high performance of international mail services and developing the IT infrastructure required to achieve this. IPC engages in industry research, creates business-critical intelligence, provides a range of platforms for member post CEOs and senior management to exchange best practices and discuss strategy, and gives its members an authoritative, independent and collective voice. IPC also manages the system for incentive-based payments between postal operators. With members delivering some 80% of global postal mail, IPC represents the majority of the world's mail volume.

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