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MARKET FLASH

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latest news from the global postal sector



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> TOP STORY

US AND BRITISH CONSUMERS FLOCK ONLINE FOR BLACK FRIDAY, CYBER MONDAY DEALS

Online sales soared in the US and UK, as consumers snapped up millions of online bargains on Black Friday (November 27) ahead of Cyber Monday (November 30), generating a surge of additional parcels for delivery.

In the US, more than 150m consumers, which is nearly half the country's entire population, shopped either in stores or online over the holiday weekend starting on Thanksgiving Day (26 November), according to a survey commissioned by the National Retail Association (NRF). Average spending per person neared US\$300, while 25-34 year-olds spent US\$425 on average.

More people shopped online (103m) than in stores (102m), while many combined both shopping forms. The NRF survey also found that 41m people (39.8%) said they shopped online on Thanksgiving Day and 75.3m (73.1%) shopped online on Black Friday. According to digital research and analytics company "comScore", US online shopping grew by 9% to \$1.1bn on Thanksgiving Day and increased by 10% to \$1.7bn on Black Friday. It is predicting that Cyber Monday sales could top \$3bn this year.

In the UK, Black Friday online sales soared by a massive 36% to reach £1.1bn, according to estimates by e-Commerce association IMRG and researchers Experian. Market leader Amazon UK announced that it sold 7.4m items during this year's Black Friday sales compared to 5.5m last year, a 34.5% increase in volume.

Source: CEP-Research

> AMERICAS

UPS' DRIVER TRAINING CONTINUES TO EXPAND NATIONALLY

American delivery company, UPS have announced that they are in the process of building another driver training facility in Atlanta, in order to train employees. The new UPS Integrad facility uses a mixture of 3-D computer simulations, webcast learning modules and traditional classroom instruction to complement activity in a controlled environment to reinforce safety, delivery and customer service training. Separate classes focus “train-the-trainer” emphasis for driver supervisors.

One of the building's more notable features is an outside course designed to mimic a small town. Instructors use the course to reinforce elements of safety, customer service and efficiency – critical requirements for all UPS drivers. These include safe driving and package handling procedures, alternating delivery scenarios and attention to detail. UPS's integrated delivery network also requires a single driver to handle UPS Next Day Air, international and ground packages.

The Atlanta facility is expected to open in December.

Source: [UPS](#)

FEDEX GETS US GREEN LIGHT FOR TNT TAKEOVER

FedEx has gained clearance for its €4.4bn acquisition of TNT Express from US competition authorities in the latest stage towards completing the historic mega-deal.

The Federal Trade Commission, which oversees competition in the USA, listed the deal as approved in its latest listing of competition cases. The approval has not been announced by the FTC or the two companies. However, US antitrust approval for the deal had been taken for granted since TNT only has a minimal presence in the US market, and the takeover thus has no material effect on the US express and parcel market.

FedEx and TNT are still waiting for an official decision from the European Commission which is due by 13 January 2016. Competition authority approval is also still required in China, Brazil and several other smaller markets. FedEx has extended its agreed €8 per share offer for the Dutch company, whose shareholders have already formally accepted it, until 08 January 2016, pending approval from regulatory authorities around the world. The two companies expect the deal to be completed in the first half of 2016.

Source: [CEP-Research](#)

CANADA POST REPORT LOSS IN THE THIRD QUARTER

Canada Post has reported that continued growth in the parcels business has helped ease the impact of falling transaction mail volumes as the Canada Post segment reported a loss before tax of CA\$13m in the third quarter, which ended on 03 October 2015.

Third-quarter domestic parcels volumes were 16.1% higher than last year. The results reflect the growing success of Canada Post's e-Commerce strategy and the positive impact of its innovative solutions for online retailers and shoppers.

The third-quarter loss before tax of CA\$13m compares to a profit before tax of CA\$13m in the third quarter of 2014. In the first three quarters of 2015, the Canada Post segment reported a loss before tax of CA\$20m compared to a profit before tax of CA\$39m in the same period a year ago.

Transaction mail volumes continued to fall, but less than in previous quarters because of the volume attributed to the federal election. Without these additional mailings, transaction mail volumes would have fallen by 5.5% in the third quarter of 2015 compared to the same period in 2014.

Source: [Canada Post](#)

> ASIA PACIFIC

AUSTRALIA POST PRICE CHANGES 2016

Australia Post has lodged a draft notification with the Australian Competition and Consumer Commission (ACCC) to increase the Basic Postage Rate (BPR) from AU\$0.70 to AU\$1 effective 04 January 2016.

The ACCC announcement stated that it does not object to the proposed ordinary (stamped) letter prices, including the BPR increase, is welcomed by Australia Post. Our next stage is to lodge a formal notification with the ACCC. The proposed increase to the BPR is also subject to the Ministerial notification process.

Plans are already well underway in readiness for the introduction of a two-speed letters service for consumers from 04 January. This service is in line with what has been available to business customers since June 2014.

Australia Post will continue to maintain the concession stamp price at AU\$0.60 cents, which is available to 5.7m eligible Australians, and season greeting cards will stay at AU\$0.65 cents.

Source: Australia Post

7% OF CONSUMERS SET TO SHOP ONLINE THIS CHRISTMAS

A record number of shoppers are expected to head online this year to do their Christmas shopping, a new nationwide survey commissioned by Australia Post reveals.

The Australia Post research highlights that 87% of people will be turning to online shopping to buy one or more of their presents this year, compared to only 52% last year. The biggest catalysts driving people online are, shopping online at a time that suits them (63%), having gifts delivered to your door (53%), avoiding busy car parks and big crowds (52%) and easily comparing prices at the touch of a button (50%).

Men and baby boomers felt less motivated about Christmas shopping compared to other groups, with 72% of males and 72% of those aged 55-64 more likely to leave gift shopping to the last minute during the festive season.

Australia Post expects that Christmas 2015 will be one of the busiest years for parcel deliveries, anticipating a record 1.3m parcels a day powered by online shopping.

Source: Australia Post

CHINA AND E-COMMERCE DRIVE GLOBAL PARCELS MARKET GROWTH

The global parcels market is growing by 7.5% a year on average, driven by trade with China and the surge of e-Commerce around the world, but carriers are facing diverse challenges, according to a new report.

The worldwide market grew at an annual average of 7.5% between 2010 and 2014, the Global Parcel Delivery Market Insight Report 2015 by UK-based researchers Apex Insight found. This included a growth of 8.5% last year.

While the US remains the largest market in value terms, China is witnessing staggering growth in parcel volumes and is now the world's largest market by volume, according to the report. Parcel volumes in China grew by a staggering 52% in 2014, as the country embraces e-Commerce, which is growing at 35% per year.

The combined revenues of carriers covered in the report, including DHL, FedEx, TNT, UPS and several European and Asian groups, amounts to US\$150bn. This figure, however, only covers 12 leading players and not the entire global market.

Source: CEP-Research

> ASIA PACIFIC

NZ POST ADDS COUNTDOWN AND Z ENERGY TO PARCEL COLLECTION POINTS

New Zealand Post and its courier service CourierPost have added selected “Countdown” supermarkets and Z Energy service stations to their growing list of parcel collection points. Parcel collection will initially be available at 11 Countdown supermarkets in Auckland and five Z Energy service stations in Wellington as New Zealand Post trials more options for customers to pick up their parcels.

Source: New Zealand Post



SINGPOST WINS INAUGURAL ASEAN CORPORATE GOVERNANCE AWARDS 2015

Singapore Post has received recognition for its corporate governance at the inaugural ASEAN Corporate Governance Awards 2015. SingPost was recognised as one of the top 50 ASEAN publicly listed companies with outstanding corporate governance as well as one of two Outstanding Achievement awardees in Singapore in terms of most improved scores based on the results of the ASEAN Corporate Governance scorecard.

The ASEAN Capital Markets Forum (ACMF) has partnered with the Philippines’ Securities and Exchange Commission (SEC) to organise the very first ASEAN Corporate Governance Conference and Awards to promote good corporate governance as they believe this is a catalyst for growth and change. The ASEAN Corporate Governance Awards is aimed at commending companies who continuously practice and inspire excellent corporate governance in their operations and services.

The conference was held at the Asian Development Bank on the morning of 14 November 2015.

Source: SingPost



> EUROPE

REQUEST FOR NEW POSTAL RATES SUBMITTED FOR 2016

Deutsche Post has now submitted its request for approval of new postal rates that are scheduled to take effect starting 01 January 2016, to Germany's Federal Network Agency. The price request is based on the price-cap mechanism, which was recently revised by the agency. The price for a standard letter weighing up to 20g will be raised to €0.70 and then remain unchanged for three years starting in 2016, like all other letter mail products. The agency is likely to reach a decision about the application by mid-December.

Price changes for individual letter mail formats will also be accompanied by a rise in rates for certain special services. In the future, items such as domestic or international registered mail (Einschreiben) will cost €2.50. Some special services, such as registered mail to addressee's mailbox (Einschreiben Einwurf), delivery to addressee only (Eigenhändig) and/or with advice on delivery (Rückschein) will each cost €2.15.

Even after the envisaged adjustment to €0.70, the price for standard letters in Germany will still be in the mid-range compared with letter rates in other European countries.

Source: DHL

POSTE ITALIANE 9-MONTH PROFITS RISE AFTER SUCCESSFUL IPO

Poste Italiane has unveiled higher profits for January – September 2015, driven by strong results from its financial and insurance businesses after successfully completing their IPO at the end of October.

The Italian government has sold a 40% stake in the company for €6.75 per share, raising up to €3.4bn that will be used to reduce the country's debt. The postal group was valued at just over €8.8bn as part of the flotation.

Poste Italiane announced that it increased nine-month total revenues by 6% to €23.92bn and operating profits improved by 26.9% to €930m, while net profits soared by 86.8% to €622m.

The division's operating losses more than doubled to €137m compared to a loss of €66 million in the first nine months of 2014 due to the decline in revenues. This was partly mitigated by actions to contain costs.

The Insurances Services division (PosteVita) increased its external revenues by 10% to €16.3bn due to a rise in premium payments while its operating profits were 13.2% higher at €351m.

Source: CEP-Research

FINNISH POSTAL STRIKE OVER TO ENSURE CHRISTMAS DELIVERIES

The Finnish postal industry have reached a new collective agreement to end ongoing strikes. Postal operator Posti, has announced that work will resume as normal from 01 December and deliveries for the Christmas period will not be affected.

Posti managed to deliver over 85% of all mail to recipients on time or with a small delay even during the strikes. According to the current estimate, 90-95% of mail will be delivered as usual in the entire country by the end of the week.

Source: Posti



> EUROPE

SWISS POST REALIGNS THIRD-PARTY PRODUCTS AT POST OFFICES

Swiss Post has decided to focus their range of third-party products available at post offices more clearly on products that are related to Swiss Post. In future, the range will focus on services such as public services, insurance or products and services from the telecommunications sector. Established products such as books, stationery and gift cards will also remain in the range. The mini-kiosks offering sweets and snacks will be discontinued.

Sales of third-party products are an important source of earnings which contribute to covering the deficit from Swiss Post's post office network. These sales generate earnings of around 500m francs annually for Swiss Post. Swiss Post has decided to change the focus of the products carried at all post offices, and also to discontinue the mini-kiosks offering sweets and snacks. This new focus will entail a fall in Swiss Post sales. However, the company sees a customer-oriented range of products and a more clearly defined market position as the key to the long-term acceptance of this service.

Source: Swiss Post

DPD UK REVEALS PLAN FOR PEAK SEASON

DPD UK has revealed plans for handling an anticipated record number of parcels between Black Friday and the January sales this year.

Preparations for 2015 began in January in partnership with DPD's business customers and major retail clients and as a result, the company is planning for a 30% increase in parcel volumes compared to last year.

Under-pinning everything will be DPD's unique one-hour delivery service Predict, which provides customers with advanced notification of their exact one-hour delivery slot and gives them access to a range of 'in-flight options' such as deliver to a specific neighbour, leave in a specified safe place or divert delivery to the nearest DPD Pickup shop. This enables recipients to manage their own delivery via their smartphone or PC, by communicating with their driver in real-time.

Source: DPD

MENZIES DISTRIBUTION STRENGTHENS PARCEL BUSINESS WITH ACQUISITION

Logistics provider Menzies Distribution has acquired parcel delivery business Oban Express.

Under the deal, the Scottish firm Oban Express, which transports around 450,000 packages a year, will become part of Menzies Distribution's national network. Oban Express, which currently serves Western Scotland and the Hebrides, will increase the depth of Menzies Distribution's reach across the area.

With the acquisition, Menzies Distribution gains a new portfolio of customers from Oban Express, as well as an additional platform for its parcel delivery consolidation service that allows national distribution businesses to access isolated areas cost-effectively.

The acquisition comes on the back of a variety of moves by Menzies Distribution to grow in e-Commerce as a neutral consolidation partner for major parcel carriers. In June 2015 Menzies Distribution acquired AJG Parcels of Inverness - another strategic purchase for specialising in hard to reach areas.

Source: Menzies Distribution

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 (IPC) is the leading service provider of the global postal industry that provides leadership by driving service quality, interoperability and business-critical intelligence to support posts in defending existing business and expanding into new growth areas. It is a cooperative association of 24 member postal operators in Asia Pacific, Europe and North America. IPC's solutions and services are used by over 180 posts worldwide. Since 1989 IPC has set standards for upgrading quality and service performance and developed technological solutions that help members enhance service for international letters, packets and parcels. IPC engages in industry research, creates business-critical intelligence, provides a range of platforms and programmes for member post CEOs and senior management to exchange best practices and discuss strategy. IPC also manages the system for incentive-based payments between postal operators.

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