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MARKET INTELLIGENCE



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Corporation

# MARKET FLASH

A fortnightly newsletter covering the  
latest news from the global postal sector



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## > TOP STORY

### CEP OPERATORS NORMALISE BRUSSELS DELIVERIES AS DHL RESUMES FLIGHTS

Deliveries are gradually getting back to normal in Brussels after the recent terror attacks, while DHL and other airlines are resuming freighter flights.

Passenger flights at Brussels Airport are still suspended due to ongoing investigations and structural damage in the passenger terminal but some freighter flights have recently restarted.

DHL Express, which operates a major European regional air hub at the airport, has said it is implementing a gradual increase of freighter flights, primarily to support its services to and from Belgium, with pick-up and delivery services in Brussels now functioning as normal. Meanwhile, TNT Express's road transit hub and depot at Brucargo, the airport's cargo area, resumed operations yesterday, and the company has also restarted collections and deliveries in the city centre.

UPS said that its services in Belgium and Brussels have largely returned to normal, with service disruptions limited to the areas directly affected by the attacks on 22 March.

[Source: CEP-Research](#)



# > AMERICAS

## UPS INVESTS US\$100M IN CNG VEHICLES AND RELATED INFRASTRUCTURE

UPS has announced plans to build an additional 12 Compressed Natural Gas (CNG) fuelling stations and add 380 new CNG tractors to its growing alternative fuel and advanced technology fleet. The CNG fuelling stations and vehicle purchases totalling US\$100m are part of UPS's ongoing commitment to diversify its fuel sources and reduce its environmental impact.

CNG is made by compressing natural gas to less than 1% of the volume it occupies at standard atmospheric pressure. The use of natural gas reduces greenhouse gas emissions 6 to 11%, according to the US Department of Energy. UPS was one of the initial 13 leading companies to take the Obama Administration's American Business Act on Climate Pledge, committing to reduce greenhouse gas emission intensity 20% by 2020.

UPS is working to meet its goal of logging 1bn miles with its alternative fuel and advanced technology fleet by the end of 2017, using a Rolling Laboratory approach to determine the right alternative fuel solutions to meet the unique needs of route-specific driving environments.

Source: [UPS](#)

## FEDEX RE-LAUNCHES BONGO INTERNATIONAL AS FEDEX CROSSBORDER

FedEx Trade Networks, the international freight forwarding arm of courier company, FedEx Corp has announced the re-launch of Bongo International as FedEx CrossBorder.

FedEx CrossBorder, a subsidiary of FedEx Trade Networks, offers e-Commerce technology solutions that enable e-tailers to navigate common cross-border selling challenges. FedEx's CrossBorder e-Commerce solutions can work within a business' existing website and shopping cart platform for a secure and integrated checkout experience that allows e-tailers to maintain their brand identity and customer experience with the opportunity to reach new customers in more than 200 countries and territories.

The introduction of FedEx CrossBorder comes at a time when global e-Commerce is growing, with online buying behavior representing over US\$1tn in sales per year. That number is forecasted to nearly double within four years.

Source: [FedEx](#)

## US POSTMASTER GENERAL UNVEILS DIGITAL STRATEGY

Megan J. Brennan, Postmaster General and Chief Executive Officer of the Postal Service, has announced efforts by the USPS to lead an information and technology-driven reinvention of mail during a keynote speech at the National Postal Forum—the annual mailing industry trade show.

In her address, the Postmaster General identified strategic initiatives and investments to provide the mailing industry with greater digital capabilities. Brennan also showcased the development of Informed Delivery (previously Real-Mail Notification) – a mail preview service on track to be available as a mobile app in every ZIP code across the US in early 2017. Results from a market test in New York City show 70% of subscribers opening daily notifications and more than 90% reading notifications more than four times a week.

The Postmaster General also announced that USPS will file a request with the Postal Regulatory Commission this year to allow commercial customers to add two free ounces to mailed content beginning in January 2017.

Source: [USPS](#)

# > AMERICAS

## STATE FARM RECEIVES THE USPS PARTNERSHIP FOR GROWTH AWARD

State Farm, an American home and auto insurance group, was recognised by the USPS for excellence in driving technology, innovation and growth for the mailing industry.

State Farm's partnership with the USPS allows the company to improve its customer experience, enhance retention rates and increase its return on investment. By investing in technology, State Farm has maximised the use of USPS's promotions and products to make its mail pieces more relevant, dynamic and targeted to their customers.

Source: USPS

## UPS EXPANDS OPERATIONS AT ONTARIO INTERNATIONAL AIRPORT

UPS has announced the addition of a new sorting facility and the expansion of their existing facilities at Ontario International Airport. The new building will process urgent, time-definite UPS Next Day Air packages and will feature automated sorting capabilities. The expanded ground sorting facility will be retrofitted with automated sorting systems and have twice the package processing capacity.

When complete, the existing UPS ground sorting facility will process twice the amount of packages per hour. The building will increase approximately 15% to nearly 900,000ft<sup>2</sup>. The expansion will prompt an additional 500 jobs and has been driven by recent growth in e-Commerce and traditional retail businesses.

The expansion of the existing ground sorting building and addition of new automation technologies is currently underway.

Source: UPS



## > ASIA PACIFIC

### CHINESE EXPRESS MARKET HEADS FOR MORE MERGER DEALS BY 2020

The Chinese express market is set to continue growing at high double-digit rates for the foreseeable future, hitting RMB1tn by 2020, while more merger and acquisition deals are likely according to Chinese officials.

Volumes and revenues in the Chinese express market have soared in the last four years, seeing volumes rising from 3.7bn pieces in 2011 to nearly 20.7bn in 2015, an average annual growth of above 50% from 2011 to 2014, with a 48% volume growth recorded for 2015. Express industry revenues have surged by an annual average of 38% from RMB76bn in 2011 to nearly RMB277bn last year, according to SPB data.

Competition in the Chinese market is also increasing, meaning that the largest companies are slightly losing their high combined market share. The eight largest express firms saw their combined market share drop back from 82% in 2011 to 77% last year, while the four largest players had 50% of the market last year compared to 65% in 2011.

Source: CEP-Research

### DHL AND UPS BID FOR KOREAN PARCEL LOGISTICS FIRM

DHL and UPS are among various bidders for Logen Logistics, one of the largest parcel logistics companies in South Korea, according to local and international media.

The Korea Herald newspaper has reported that private equity funds Affinity Equity Partners, CVC Capital Partners and Seoul-based STIC Investment have also taken part in the first round of bidding, citing local sources. The company is valued at around US\$344m.

Logen Logistics, owned by Baring Private Equity Asia, is the fourth-largest parcel delivery company in South Korea with about 10% of the market, behind the dominant market leader CJ Korea Express (38%), Hyundai Logistics (13%) and Hanjin Transportation (11%), according to the Korea Integrated Logistics Association, the newspaper wrote.

Source: CEP-Research



## > EUROPE

### COLLABORATIVE ROBOTS WILL TRANSFORM LOGISTICS

Deutsche Post DHL has launched a new Trend Report, “Robotics in Logistics”, revealing how collaborative robots will affect supply chains.

The report highlights that the development of the next generation of robots that can work at precision tasks alongside people is on a fast track, powered by the explosion in labour-intensive e-Commerce and diminishing and ageing workforces.

The Trend Report includes insights and updates from leading academics and practitioners from the fields of advanced robotics, and has been created as part of the overarching Logistics Trend Radar, which DHL uses to identify and leverage trends and technologies relevant for the logistics industry.

Several countries are driving a new wave of research that is having significant impact on creating robots with logistics affinity. In addition to the US, China, Russia and Japan, Europe has also joined the robotics race. The EU will invest €700m into robotics research, and a consortium of 180 European companies have pledged an additional €2.1bn by the year 2020.

Source: Deutsche Post DHL

### POSTE ITALIANE REPORTS STRONG GROWTH IN 2015

Poste Italiane Group, has provided an assessment of the Group’s performance and financial position.

In 2015, operating profit recorded strong growth, rising by 27.4% over the previous year (€691m) to reach €880m. Earnings growth was driven by the positive trend in revenue and the containment of operating costs.

Net profit more than doubled to reach €552m, compared to €212m for the previous year. Net profit was driven up by higher operating profit and by growth in net financial income up by €47m compared to 2014, as well as by lower income tax expense, due to the introduction of new rules for the application of IRAP (regional business tax).

The improvement in earnings came in spite of falling revenue, and was chiefly driven by the sharp drop in operating costs and in commercial network costs charged back to BancoPosta.

Source: Poste Italiane

### DPDGROUP WINS TRANSFORM AWARD

Delivery company, DPDgroup has won a Silver Transform Award for their recent rebranding effort across Europe. The new DPDgroup brand was launched in 2015, and was developed with the support of Lippincott, a global creative consultancy. The new brand evolved out of a collaborative effort across every business unit in Europe.

In March, DPDgroup was officially revealed as the international commercial brand identity of GeoPost, the express parcel division of Le Groupe La Poste. Under the new branding, each DPDgroup business across Europe has adopted a new visual system – united by its red cube logo which has become symbolic for delivering a seamless customer experience all across Europe.

The new red cube can now be seen on buildings, vans, driver’s uniforms and more. It marks a new chapter in the group’s life, and has opened the way to a longer and deeper transformative journey for the group.

Source: DPD

# > EUROPE

## ITELLA RUSSIA ACQUIRES MAXIPOST

Itella, a subsidiary of Posti Group, has acquired Russian courier company, MaxiPost.

MaxiPost specialises in the delivery of parcels for e-Commerce operators and makes deliveries in more than 290 cities in Russia. The business transaction complements the service selection of Itella Russia.

The domestic e-Commerce market in Russia has grown by 16% during 2014-2015, from RUB560bn to RUB650bn. Approximately 160m parcels were delivered to e-Commerce customers in 2015, which is 10% more than during the previous year. E-Commerce continues to grow in Russia. The country is among the ten largest e-Commerce consumer markets in the world, despite the difficult economic situation.

Source: Posti

## SWISS POST TRIALS SAME-DAY SHOPPING PLATFORM

Swiss Post is testing an online marketplace with same-day delivery in the Swiss capital, Berne, with Kaloka, an online marketplace.

The postal operator is giving small businesses access to the e-Commerce sector with the new initiative, with numerous stores in Berne offering their items on the shopping platform. The start-up's environmentally friendly Cargovelo couriers will provide same-day delivery for customers who use the service.

Kaloka will run as a pilot project until 15 September 2016. It will then be evaluated to see if and how the project should be continued.

Source: [Swiss Post](#)

## UK PARCELFORCE WORLDWIDE JOINS FORCES WITH PALLETWAYS

Parcelforce Worldwide, Royal Mail's express parcel business, has announced Palletways as its new pallet service provider.

Palletways is Europe's largest and fastest-growing express palletised freight network and has industry leading scanning and pallet tracking systems. The three-year contract means that Parcelforce Worldwide can continue to provide a one-stop solution for customers who want both a parcel and pallet service.

Parcelforce Worldwide's pallet services are fully integrated within its online shipping system, making it easy for customers to book collections, run management reports, track pallets and print labels.

Source: [Royal Mail](#)



## > EUROPE

### UK BROKER PARCEL MONKEY LAUNCHES E-COMMERCE PLATFORM

A unique end-to-end e-Commerce service by Parcel Monkey called Kong, has been created in order to make tasks easier for eBay users, individuals and small retailers across the UK.

The technology-driven parcel broker has launched a full e-Commerce solution which has transformed the industry by delivering total fulfilment to its customers.

Kong, which is seed funded by Parcel Monkey, is a free service which provides retailers and small businesses with their own online store, developed by a team of digital experts that specialise in building Software as a Service platforms. Once individuals have set up their own online store, they can ship their products directly to Parcel Monkey's warehouse for storage and with every sale the business will pick, pack and dispatch it for them.

Stores created are 100% Google 'Mobile Ready' approved so customers can seamlessly browse and buy straight from their device, phone or tablet. All credit card and transaction information is protected by the same level of security used by banks.

Source: CEP-Research

### ROYAL MAIL ACQUIRES INTERNATIONAL SHIPPING SOFTWARE COMPANY INTERSOFT

Royal Mail has announced that they have acquired Intersoft Systems and Programming Ltd (Intersoft), a provider of delivery management software for international parcel shipments.

The acquisition complements the purchases of data management and labelling provider NetDespatch and delivery software developer Storefeeder, further enhancing Royal Mail's in-house IT capability. It underpins Royal Mail's objective to provide customers with flexible, integrated, technologically advanced solutions that make shipping parcels easier.

Source: Royal Mail



# 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](mailto:publications@ipc.be).

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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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