

2017



MARKET INTELLIGENCE



International **Post**
Corporation

MARKET FLASH

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latest news from the global postal sector



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> TOP STORY

TRENDS IN ADVERTISING MEDIA IN 2017

With 2017 well underway, IPC has compiled a list of some of the main marketing trends to watch for this year.

In direct marketing, augmented reality (AR) will continue to make headways into the marketing mix, with AR technology becoming more affordable every year. Moreover, direct mail will see more budgets shifting to programmatic campaign, which is a direct mail solution that's closely connected with online activity.

This year will also likely see an increased number of direct mail solutions for SMEs, which give opportunities for hyper-local targeting, both from postal operators and competitors. One established example of direct mail solutions for SMEs is the Admailer.ie solution from An Post.

Digital marketing will also see some interesting developments. Growth in digital and programmatic exceeded expectations in 2016 and are bound to continue growing in 2017. eMarketer estimates that digital ad spending in the US will reach 40% of total media ad spending in 2017, while 78% of total digital display ad spending will be programmatic.

Other digital trends are the increase of voice-activated searches and the growing importance of video.

[Read the full article here](#)

> AMERICAS

USPS REPORTS FISCAL YEAR 2017 Q1 RESULTS

Excluding the effects of a US\$1.7bn change in its workers' compensation liability due to fluctuations in interest rates, USPS posted a net loss of approximately US\$200m for the first quarter of its 2017 fiscal year (October-December 2016).

Controllable income for the quarter was US\$522m compared to US\$1.3bn for the same period last year. Operating revenue decreased by US\$155m, and was significantly impacted by the April 2016 expiration of the exigent surcharge.

The first quarter, which includes the holiday mailing season, is typically USPS's strongest quarter of the fiscal year. The post processed and delivered a record volume of packages during the 2016 holiday season, and for the entire quarter, the Shipping and Packages business experienced revenue growth of US\$701m, or 14.7% over the same period in the prior year.



However, this positive development in the Shipping and Packages business was offset by a decline in First-Class Mail revenue of US\$568m, or 7.5%, due largely to the exigent surcharge expiration noted above and continuing electronic migration. Revenue from Standard Mail (renamed USPS Marketing Mail) decreased approximately US\$224m over the prior year quarter, again due mainly to the loss of the exigent surcharge. Volume increased in political and election mail, but there was a shift in the mail mix and volume declines in other Marketing Mail products.

Source: [USPS](#)

AMAZON TO CREATE TWO NEW CALIFORNIA FULFILLMENT CENTRES

Amazon announced the creation of two new fulfillment centres in Eastvale and Redlands, California, which will create more than 2,000 new full-time associate roles when opened.

A fulfillment centre in Sacramento is currently under construction and is expected to open in 2017. At the facility in Eastvale, staff will handle smaller sized customer items, such as books, electronics and toys. At the Redlands facility, staff will pick, pack and ship larger customer items, such as sports equipment,

patio furniture and pet food.

Source: [Amazon](#)

AMAZON PAYMENTS USED BY 33M CUSTOMERS

Amazon announced that more than 33m customers have used Amazon Payments to make a purchase.

Amazon Payments makes it easy for customers around the world to pay on thousands of merchant websites using the information already stored in their Amazon account.

In 2016, Pay with Amazon payment volume nearly doubled, with expansions into France, Italy and Spain and new verticals including government payments, travel, digital goods, insurance, entertainment, non-profits and charities helping fuel this growth.

Source: [Amazon](#)

> AMERICAS

FEDEX SUPPLY CHAIN LAUNCHES FEDEX FULFILLMENT

FedEx Supply Chain and 3PL, a third-party logistics provider, announced the launch of FedEx Fulfillment, an e-commerce solution that helps small and medium-sized businesses fulfill orders from multiple channels including websites and online marketplaces and manage inventory for their retail stores. The solution is an integrated supply chain offering powered by an easy-to-use platform and the FedEx transportation networks.

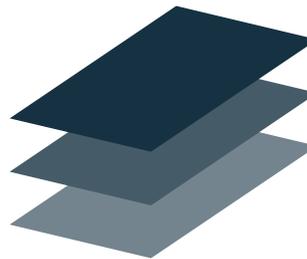


Using the FedEx Fulfillment platform, customers will have complete visibility into their products, giving them a central platform to track items, manage inventory, analyse trends, and make more informed decisions by better understanding shoppers' spending behaviors.

Source: [FedEx](#)

UPS INVESTS US\$18M IN ON-SITE SOLAR

UPS announced plans to significantly escalate its investment in solar energy as an owner/operator of solar assets starting with at least eight of its facilities in the US. The installations will be completed by the end of 2017. The estimated US\$18m investment will provide a nearly five-fold increase in the amount of power generated from solar at UPS facilities today.



The completion of these projects will expand UPS's owned solar power generating capacity by almost 10 megawatts. The combined power produced from these projects is equivalent to providing

electricity to approximately 1,200 homes annually. The expanded solar portfolio is expected to reduce carbon emissions by approximately 8,200 metric tonnes per year.

UPS will purchase over 26,000 solar panels during the expansion. Once installed, each building will effectively produce 50% of its daily energy use via the sun.

Source: [UPS](#)

> ASIA PACIFIC

AUSTRALIA POST AND ALIBABA PARTNER TO HELP LOCAL BUSINESSES EXPORT TO SOUTH-EAST ASIA

Australia Post announced an expanded relationship with online retailer Alibaba to strengthen trade between Australian businesses and millions of consumers across South-East Asia.

The partnership will involve extending Australia Post online storefronts beyond China to Malaysia, Singapore and Indonesia, creating a powerful online platform for Australian businesses to sell products across the region.

The Australia Post-branded storefronts will establish the first Australian marketplace within South-East Asia's leading e-commerce network Lazada, of which Alibaba has a majority shareholding. Lazada provides merchants with direct access to more than 560m consumers in six countries and features a wide product offering in categories ranging from consumer electronics and household goods to fashion and health products.

Source: [Australia Post](#)

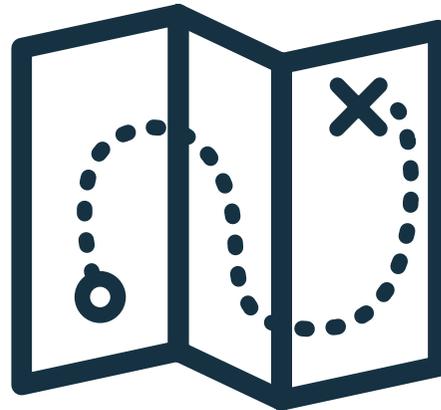
JD.COM WANTS TO ROLL OUT 100 DRONE DELIVERY ROUTES BY END 2017

Major Chinese e-retailer JD.com is reportedly planning a major expansion of its drone delivery services to 100 routes by the end of this year.

The company launched its drone delivery programme in Jiangsu, rural Beijing, Sichuan and Shaanxi last November ready for the Singles Day shopping festival on 11 November 2016 after obtaining regulatory approval to fly its drones in those four locations.

This year, the company is working on getting approval from more local governments across China to expand its drone service. Currently, the e-commerce giant offers drone delivery on about 20 fixed routes and wants to quintuple the number by the end of this year.

Source: [CEP Research](#)



> ASIA PACIFIC

SINGPOST REVENUE RISES BUT NET PROFIT FALLS AMID TRANSFORMATION

SingPost's revenue for the third quarter ended 31 December rose 16.8% to SGD 369.4m, with the inclusion of SingPost's US e-commerce subsidiaries. Net profit decreased 27.9% to SGD 31.4m, while underlying net profit was down 28.5%. The declines were due to operating losses in the US e-commerce business, costs related to the new Regional eCommerce Logistics Hub, and a fall in domestic mail volumes.



Postal revenue increased 2.9% but operating profit decreased 6.6%. Cross-border eCommerce-related deliveries continued to rise. However, domestic business letter volumes fell as financial institutions pushed their customers to switch to electronic statements. Operating margins continued to slide as the postal revenue mix shifts towards international mail.

Logistics revenue rose 5.6% to SGD 171.3m, driven by higher e-commerce activities at Couriers Please and Quantum Solutions. Costs related to the Regional eCommerce Logistics Hub and pricing pressures in the e-commerce logistics space, however, caused operating profit to fall from SGD 12.7m to SGD 8.8m. While the segment is expected to benefit from growing e-commerce trends, the industry faces tight operating margins. As SingPost focuses on increasing volumes on the network, it will take time to derive cost synergies.

Consolidation of US subsidiaries TradeGlobal and Jagged Peak saw e-commerce revenue more than double to SGD 81.1m.

Source: [SingPost](#)

> EUROPE

DHL EXPRESS APPOINTS MARKUS RECKLING AS NEW CEO FOR GERMANY

DHL Express appointed Markus Reckling as the new CEO for Germany. With effect from January 2017, he has taken responsibility for further expanding the express division's business in Germany. He takes over from Wolfgang Albeck, who will retire after a twenty-year career within the Deutsche Post DHL Group. In this role, Reckling will report to John Pearson, CEO of DHL Express Europe.

Markus Reckling has over 15 years of senior management experience within the Deutsche Post DHL Group. From 2008, he served as Executive Vice President for Corporate Development and directly reported to the group's CEO Frank Appel. As CEO of DHL Express in Turkey, he steered the country organisation on a growth path between 2012 and 2016.

Source: [Deutsche Post DHL Group](#)

POSTNORD REPORTS DECREASED INCOME FOR 2016 FINANCIAL YEAR

PostNord released the figures for the 2016 full financial year as well as the last quarter, showing decreased income and earnings compared to the

previous year. According to PostNord President and CEO Håkan Ericsson, PostNord's results continue to be impacted by sharply declining mail volumes, above all in Denmark, driven by rapid digitisation.

PostNord's like-for-like net sales declined by 2% in the fourth quarter, mainly as a result of another major decrease of 10% overall in the Group's mail volumes – 7% in Sweden and 23% in Denmark. To a certain degree, this was offset by continuingly strong growth in e-commerce. Volumes of B2C parcels increased by around 18%. Like-for-like net sales for the full year fell by 3%.

Adjusted operating income totalled SEK 242m for the quarter and SEK 500m for the full year. The decline mostly arose through the impact of the sharply falling mail volumes in Denmark that could not be offset through sufficient adjustment on the cost side. Of the total full-year income for 2016, the e-Commerce & Logistics segment accounted for approximately 75%.

Source: [PostNord](#)

DPD SLOVENIA TEAMS UP WITH E. LECLERC DRIVE ONLINE STORE TO OFFER FOOD DELIVERY

DPD Slovenia has launched a new food delivery

service in cooperation with the E. Leclerc Drive online store enabling customers who order groceries at the store to get their purchases delivered to their home address.

The first E. Leclerc Drive store in Slovenia was opened in 2014. The online store currently has 16,000 registered clients, who can choose between more than 10,000 products. Until now, customers who made their purchases via the E. Leclerc Drive online store had the option of picking up their products in Moste and Rudnik. Since this presented a problem for a number of customers, E. Leclerc Drive decided to upgrade their existing service and offer customers food delivery to their home via DPD which makes the shopping experience more customer-friendly. This solution will also include delivery of fresh products making this a unique delivery service in Slovenia.

Source: [CEP Research](#)



NEW SERVICES FOR SWISS POST

Swiss Post is offering its customers the option to manage parcels, even while they are out for delivery.

Consignments can be managed online in the Customer

> EUROPE

Center on the Swiss Post website. Incoming parcels can be viewed here and customers can choose when, where and how they want to receive their consignment: they can select delivery on a desired day (including Saturday), evening or early-morning delivery, or redirect their delivery to another address. It is also possible to have parcels left at a desired location or delivered to a neighbour. Many of these services can be ordered both for individual consignments and as a standing order.

In addition, Swiss Post is also trialling a delivery time notification service, where customers receive an email or SMS informing them of their delivery time window. If the trial is successful, it is planned to be introduced at the end of February 2017.

Source: [Swiss Post](#)

TUNISIA ENDORSES E-COMMERCE PROJECT

The UPU and the Tunisian government have unveiled plans to establish a regional e-commerce hub for Northern Africa. Announcing the commencement of the project during a January meeting with UPU Director General Bishar A. Hussein, Tunisian Minister for Communications Technology and Digital Economy Mohamed Anouar Maârouf said Tunisia had all the assets needed to establish the hub.

Hussein recognised the Tunisian government for being the first to implement Ecom@Africa, a UPU project

aimed at assisting postal organisations to develop their e-commerce services. As part of the project, Africa will establish hubs located in its Eastern, Southern, Western, Central and Northern regions, from which other spokes can be created to serve the entire continent. The project will later be replicated in other parts of the world.

The establishment of e-commerce services will be implemented by the countries' respective postal administrations. It also allows for the involvement of private sector players in cases where the local postal operator may not have sufficient financial capacity to run the project alone.

Source: [UPU](#)

WHISTL TO OPEN SUPER DEPOT IN BOLTON

Whistl, the second-largest postal operator in the UK, has announced that it is to move into a new super depot for its northern operations in late Spring.

The new site allows Whistl to consolidate existing operations in Leeds and Warrington onto one site that has 33% greater capacity for future expansion of its existing mail, packet and parcel and ecommerce business. By combining two existing depots onto one site, it will be able to further improve efficiencies in its operations.

Source: [Whistl](#)

E-COMMERCE CONSUMER REPORT SHOWS IMPORTANCE OF DELIVERY EXPERIENCE

For online retailers, having an excellent delivery service is essential to customer retention, according to the MetaPack 2016 State of Ecommerce Delivery Consumer research report. The study found that 43% of consumers wouldn't return to an online retailer within a month after a negative delivery experience, whilst 38% would never return again.



With UK shoppers spending £130bn online in 2016, and set to grow a further 14% in 2017, the landscape for online retailers is fiercely competitive. Good delivery

management takes on an even higher importance for many companies, especially for online retailers where there is no face-to-face relationship. The research report investigate a number of ways business can improve their customer experience and their delivery management.

Source: [Whistl](#)

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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