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MARKET INTELLIGENCE

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# MARKET FLASH

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latest news from the global postal sector



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### DIRECT MARKETING SPECIAL

## > TOP STORY

### INNOVATIONS AND DISRUPTERS AS E-COMMERCE GOES GLOBAL

The challenges of cross-border deliveries and the rise of Asia as the world's largest e-Commerce market were some of the key themes at the World Postal Business Forum at Post-Expo this year.

'Innovation from disruption – a new postal industry' was the theme chosen for this year's event in Paris. The expo revealed that e-Commerce and B2C parcels are the main growth business for many postal operators around the world as mail volumes decline. It was also shown that parcel delivery is clearly faced with many different disrupters, ranging from new entrants such as Amazon and Uber to new technologies that are changing customer needs and wishes.

It was highlighted that the key e-retailer customer needs reliable, value-for-money delivery services rather than speed or the lowest price. Information about the local final-mile delivery is vital, since this is the touch-point between an e-tailer and international customers where a bad experience hits the retailer.

Michael Cope, Australia Post's head of global development, highlighted the rise of Asian e-Commerce, which reached a total of US\$525bn last year, well ahead of the USA with US\$482bn and Europe with US\$347bn, and is poised for strong growth in the upcoming years in view of the still low internet penetration rates in China (47%) and India (20%).

Looking ahead to possible trends in 2016, Cope forecast a possible switch of deferred volumes from express companies to Posts and airlines, a bigger focus on winning business with the large number of small Asian SMEs, and moves by the leading Chinese domestic companies into international business.

Source: [CEP Research](#)



# > AMERICAS

## UPS STUDY: ONLINE AUTO PARTS SALES ACCELERATE; SHOPPERS SHIFT BEHAVIOURS

E-Commerce continues to accelerate in the automotive after-market industry. New research shows that 56% of online automotive parts and accessories shoppers are making their purchases online – an 8% increase over the previous year. The study also indicates that consumers are combining online and in-store channels for an omnichannel shopping experience. Omnichannel is when shoppers seamlessly shift between mobile, online and in-store resources to research, purchase, pick up and return their items.

The findings are from the annual UPS “What’s Driving the Automotive Parts Online Shopper” study. Online comparison shopping increased 12% since 2014, with 95% of online automotive aftermarket consumers now comparing products and prices before they buy. A majority, 63%, use online coupons and 52% are more likely to shop with a retailer if they receive email offers with discounts.

Consumers who are shopping for auto parts online are increasingly mobile, researching products, reviews and pricing when and where they want. Consumers reported frequent (often or most of the time) use of mobile phones to compare prices (compared to never,

rarely or sometimes), a 27% increase from a year ago to 43%. This correlates with a 19% increase (to 43%) of consumers frequently using their mobile phones to look up product reviews, and a 22% increase (to 41%) of frequently using mobile phones to read product details.

Consumer desire for convenience and capabilities also is accelerating. Shoppers are increasingly interested in obtaining greater visibility concerning when and where their items will be delivered. 63% like to receive email or text delivery alerts with the approximate time of delivery, up from 47% in 2014.

Source: [UPS](#)

## FEDEX PLEDGES US\$1M IN AID TO SUPPORT EUROPEAN MIGRANT CRISIS

FedEx Corp. has committed approximately US\$1m in cash and transportation support to deliver emergency supplies and critical medical aid to the thousands of migrants and refugees arriving in Europe, and provide ongoing assistance to both the people and the local communities affected by the crisis.

FedEx is mobilising its humanitarian relief programme through a donation of US\$1m to the International Federation of Red Cross and Red Crescent Societies

(IFRC) in response their international appeal for assistance in European countries including Italy, Greece, Serbia, Hungary and Macedonia.

The company will also use existing relationships with international organisations, including Direct Relief and Heart to Heart International, working closely with local partners in the most affected countries. Through the company’s monetary and transportation contribution, FedEx will deliver immediate relief and longer-term support for those affected by the crisis, it added.

Specific contributions include essential hygiene kits for use on the ground by International Medical Corps in providing emergency healthcare to refugees in Greece and medical supplies for use in refugee camps in Turkey providing shelter for Syrian refugees.

FedEx will also provide “bags to the future” for the youngest refugees affected by this crisis. Each bag contains toys and other items to help children adapt to their new environment.

Source: [CEP Research](#)



# > AMERICAS

## UPS GAINS RECOGNITION AT 'QUEST FOR QUALITY' AWARDS

UPS has won top honours in the 2015 Quest For Quality Awards, a reader poll conducted by logistics industry trade publication Logistics Management

The company ranked first out of 125 transportation and logistics providers in two categories: Surface Package Carriers and 3PL Value Added Warehousing and Distribution Solutions. UPS is also placed among the top ten for 3PL Transportation Management Solutions, Air Express Carriers, Air Freight Forwarders and Expedited Motor Carriers.

Readers of Logistics Management rate carriers and 3PL service providers based on customer satisfaction and performance management. This is the 32<sup>nd</sup> year the magazine has issued the Quest For Quality Awards.

Source: [UPS](#)

## DHL LAUNCHES DETROIT-CINCINNATI FLIGHTS

DHL Express has started daily flights between its US air hub at Cincinnati and Detroit to improve transit times for customers in the US automotive industry heartland.

The B767-200 flight, operated by Atlas Air, also makes a stop in Minneapolis to connect with freight routed to and from Canada.

Stationed at Detroit Metropolitan Airport, the B767-200 cargo flight enables DHL to provide earlier delivery times and later pick-up times, equally by one hour on average. International customers within Detroit and the surrounding areas, as well as in mid- and western Michigan, will greatly benefit from the new service, according to the company.

Source: [CEP Research](#)



## CANADA POST LAUNCHES DELIVERED TONIGHT™

Canada Post has officially launched Delivered Tonight™ in Montreal, the third major city in Canada where customers can have their purchases delivered within hours of placing their online order.

Customers of fashion retailers Frank & Oak and SSENSE as well as Eros et compagnie can place an online order by early afternoon, and Canada Post will deliver the items to their home between 5:30pm and 9:00pm The same-day delivery service has been operating in the Greater Toronto Area since 2013, and in Vancouver since last year. Expanding to Montreal opens up the service to an additional 2.2m people, growing the total number to about 8.5m people.

Delivered Tonight is another example of how retailing and Canada Post's delivery options are changing rapidly in response to growing consumer demand.

Source: [Canada Post](#)

## > ASIA PACIFIC

### JAPAN POST FLIES FEDEX TO EXPAND INTERNATIONAL DELIVERY SERVICE

Japan Post has expanded its U-Global Express (UGX) international delivery service to US destinations in cooperation with FedEx Express.

Under their collaboration, Japan Post will take care of pickups from customers in Japan shipping to the US, while FedEx will provide International Economy (IE) services and handle customs clearance and delivery to final destinations in the US.

The new service combines the strengths of both companies – the operational strength of FedEx with its extensive global and US domestic delivery networks and customs clearance experience, and the domestic network of Japan Post. Together, FedEx and Japan Post will offer a reliable international delivery service to customers in Japan and the US.

Source: [CEP Research](#)

### SINGPOST CREATES “GLOBAL E-COMMERCE LOGISTICS NETWORK”

Singapore Post is buying a majority stake in US-based company, Jagged Peak to create a ‘global’ e-Commerce logistics network by ‘connecting the dots’ in Asia, Australia, Europe and North America. SingPost has announced that they will be buying a 71.1% equity stake in Jagged Peak, which had revenues of approximately US\$61.7m in 2014, for US\$15.8m. The US company’s founders and directors Paul and Primrose Demirdjian will retain a joint 28.9% holding.

Outlining the benefits of the deal, SingPost explained that Jagged Peak’s proprietary and accredited e-Commerce logistics platform, utilised by more than 20 warehousing facilities across the US, Canada and Europe, will enable it to become a truly global e-Commerce logistics provider for high-velocity consumer products.

Source: [CEP Research](#)

### UPS OPENS LARGER FACILITY TO IMPROVE EFFICIENCY FOR CUSTOMERS

UPS South Korea has relocated their service centres in cities Segye-dong to Sangam-dong with expanded capacity, offering customers later cut-off times for shipment pick-up. The new centre also features the latest equipment to ensure safety and enhance operational efficiency.

The new centre is located within closer proximity to UPS’s Air Hub at Incheon International Airport than the old centre, reducing delivery time between the Hub and the centre by half. Businesses located in Mapo-gu, Eunpyeong-gu, Ilsan, and Paju can now process more orders within a day as the cut-off times for shipment pick-up have been extended by up to 90 minutes. The larger centre also significantly improves efficiency as it allows up to 20 vehicles to be loaded at once compared to just up to two vehicles previously.

Source: [UPS](#)

## > ASIA PACIFIC

### UPS EXPANDS WORLDWIDE EXPRESS TO OFFER EARLIER DELIVERIES

UPS is expanding its UPS Worldwide Express service to more than 41,000 new postal codes around the world, offering earlier time-guaranteed delivery options to customers who previously could only enjoy guaranteed end-of-day services.

This is the largest one-time expansion of the service in the company's history and is designed to strengthen its capabilities in the market. UPS claims that it currently delivers more packages internationally and offers more guaranteed small-package delivery options than any integrated logistics company.

The majority of the new postal codes are in Asia Pacific. In Europe and Canada, UPS is further expanding its already broad coverage, while the new postal codes in Latin America, the Indian Sub-continent, the Middle East and Africa will grow UPS's footprint in these burgeoning regions.

Source: [CEP Research](#)

### SINGPOST COLLABORATES WITH IDA TO DEVELOP FIRST DRONE FOR MAIL DELIVERY

Singaporean Postal operator 'SingPost' has announced a joint development with the Infocomm Development Authority of Singapore (IDA) for an Unmanned Aerial Vehicle (UAV, also known as a "drone").

A last mile mail and packet drone delivery trial was successfully completed between Lorong Halus, Singapore and Pulau Ubin, Singapore. The drone which was built upon the Pixhawk Steadidrone platform by IDA Labs, to meet the new conceptual delivery platform from SingPost, and tailored for use in a challenging environment. This is the first time in the world a postal service has successfully used an UAV for point-to-point recipient-authenticated mail delivery.



SingPost's exploration of the drone technology is a move to provide enhanced end-to-end solutions to facilitate urban logistics as well as tap on the burgeoning e-Commerce growth in Asia Pacific. The B2C e-Commerce market in Asia

Pacific is expected to reach US\$175bn by 2016 and SingPost who is equipped to handle postal and non-postal delivery, customs clearance and e-Commerce warehousing, is emerging as a market leader in Southeast Asia.

The test flight which took five minutes, carried a payload of a letter as well as t-shirt in a packet and flew a total distance of two kilometres. The drone is equipped with enhanced safety features, and is complemented with a prototype app designed with security and verification features that ensures the mail reaches its intended recipient. It has the capacity to carry a payload of up to half a kilogramme, fly at a height of up to 45 m and travel a distance of 2.3 km. The focus of the flight was to test the drone technology and safety boundaries.

Source: [SingPost](#)

# > ASIA PACIFIC

## SINGPOST TO ACQUIRE TRADEGLOBAL AND BOOST ITS E-COMMERCE LOGISTICS PLATFORM

Singapore Post Limited “SingPost” through its indirect wholly owned subsidiary, TG Acquisition Corporation, is acquiring 96.3% of TradeGlobal Holdings, Inc (“TradeGlobal”), from TradeGlobal Parent LLC, which is owned by the private equity firm, Bregal Sagemount for US\$168.6m (or approximately S\$23m). TradeGlobal is a leading US end-to-end e-Commerce provider that offers best-in-class services to the world’s premier fashion, beauty and lifestyle brands.

Following this transaction, SingPost’s clients in Asia Pacific can now expand their businesses in the US. Likewise, TradeGlobal’s clients will have access to the fast growing e-Commerce landscape in Asia Pacific. As SingPost’s and TradeGlobal’s e-Commerce platforms and warehouse networks are complementary, their clients can expect to leverage integrated technology and fulfilment capabilities. This combination creates a one-stop global solution. The ability to deliver global scalable solutions will give SingPost a competitive edge in the e-Commerce market.

The founders of TradeGlobal, Mr. Dave Cook, Executive Chairman, and Mr. Dave Eckley, Chief Executive Officer, will continue in their current positions as executives and shareholders.

Source: [SingPost](#)



SingPost’s clients in Asia Pacific can now expand their businesses in the US



## > EUROPE

### DPD, GLS, HERMES LAUNCH PARCELLOCK PARCEL BOXES FOR GERMAN CONSUMER DELIVERIES

German postal companies, DPD, GLS and Hermes have presented their joint ParcelLock-branded 'neutral parcel boxes', describing them as "a new industrial standard" for consumer parcel deliveries in Germany and open to all carriers, including rival DHL.

ParcelLock will be Germany's first "neutral" system for delivering B2C parcels to consumer homes when the recipient is absent, and aims to capture "a large part" of the estimated 3.5m households who might install such devices. However, this only represented about 10% of the total German market, leaving 90% of households to be served with traditional personal home delivery or via alternative methods such as parcel shops.

But the three parcel carriers, who have set up a joint subsidiary to operate the network, are not planning any further cooperation activities and will continue to compete normally with different products and services, they underlined.

It was also explained that ParcelLock will not market the parcel boxes and bags itself, which would be the job of manufacturers and retailers.

Under the ParcelLock system, the delivery courier uses a unique code, valid for only one minute, to open the box or bag, inserts the parcel and then locks it again. The recipient uses a personal key to open the box or bag and retrieve the parcels. The same system can be used for returns.

The company is developing a neutral IT system to connect with the in-house systems of the three companies in order to provide information for tracking and tracing purposes, including notification of delivery to the parcel box instead of a delivery signature.

Source: [CEP Research](#)

### AMAZON EXTENDS PRIME NOW ULTRA-FAST DELIVERY IN LONDON

Amazon has announced the rapid expansion of Prime Now delivery in London along with plans to expand the service across further UK cities before the end of 2015.

Following the opening of a new Amazon delivery station in Wimbledon, the number of postcodes eligible for one-hour delivery has increased five-fold and the number of postcodes eligible for a two-hour delivery window has almost trebled since the first day of the service in June 2015.

One-hour delivery via Prime Now is now available for Prime customers in Merton, Wandsworth and Sutton

in London. In addition, Amazon Prime customers in Kingston, Sunbury and Croydon can now benefit from Prime Now for the first time through its two-hour delivery windows. Prime Now is available from 8 am to midnight, seven days a week.

Amazon Prime has already shown its strength in the market and has shown a 53% growth in paid memberships over the last year.

Source: [CEP Research](#)

### DEUTSCHE POST EXPANDS E-COMMERCE LETTER PORTFOLIO WITH NEW PRODUCTS

Deutsche Post has expanded its e-Commerce portfolio with new solutions for shipping small-sized goods as letters within Germany and internationally.

The new 'Letter Goods International' ('Warenbrief International' in German) has been launched for international shipping of small goods up to 500 g. The envelope has the advantage that with a height of maximum 2 cm, it fits into most of the letter boxes all over the world and thus reaches the recipient quicker than other formats. Brief product specifications, bills of delivery and payment forms can be attached to the letter. Customers who want to monitor the shipping process can also book the extra service Registered Letter International.



## > EUROPE

With Letter Goods International, Deutsche Post said it is responding in particular to the requirements of business customers and smaller online retailers. Another new product for commercial customers is the Maxi Consignment ('Warensendung Maxi' in German). With the increase of the previously allowable weight from 500 to 1,000 g, heavier items can now be sent as well. Smaller business and commercial customers can purchase this product online from 1 November onwards.

Source: [CEP Research](#)

### TNT SHAREHOLDERS BACK FEDEX'S TAKEOVER BID AMID Q3 PROFIT WARNING

TNT shareholders approved FedEx's €4.4bn takeover offer, leaving the European Commission as the remaining major hurdle for the mega-deal, but the Dutch company also issued a Q3 profit warning due to "volatile economic conditions" in key markets.

At an Extraordinary General Meeting at TNT Centre in Amsterdam, shareholders voted through a series of resolutions, conditional on regulatory approval for the deal, which backed FedEx's offer for all TNT shares, delisting of TNT from the Amsterdam stock exchange once the takeover is completed and the subsequent integration of TNT into FedEx.

Attendees also agreed on the conditional appointment of FedEx representatives Dave Bronczek, Christine Richards and David Cunningham to the TNT supervisory board and David Binks and Mark Allen to TNT's executive board as per the settlement date. Current TNT CEO, Tex Gunning will step down and be replaced by Binks, FedEx Express Regional President Europe, but will serve on an 'integration committee' for six months. Allen, FedEx Express SVP Legal International, will join the board on the settlement date while TNT CFO Maarten De Vries will remain in his post for six months from that date.



Following a vote at the meeting, TNT shareholders have until 30 October 2015, to sell their shares to FedEx, unless the offer made on 21 August is extended. The offer is dependent on at least 80% of shares being sold to FedEx.

Source: [CEP Research](#)

### E-COMMERCE IN THE NORDIC REGION INCREASED SHARPLY IN Q2

During the second quarter of the year, Nordic residents made online purchases for SEK 40.5bn, an increase of SEK 7.6bn or 23% compared to Q2 last year, according to PostNord's report 'E-Commerce in the Nordic region'.

All Nordic e-Commerce markets continued to grow significantly during the second quarter. Domestic commerce in each respective country saw particularly sharp growth: SEK 6.7bn or 29%.

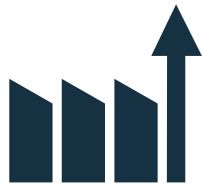
A growing number of consumers are making online purchases on a regular basis. Both the proportion and number of Nordic residents who shopped online in the second quarter increased compared to last year. This trend was particularly noticeable in Finland, where the share grew by 10%. Norwegians purchased the most during the period, making them the biggest e-shoppers in the Nordic region. Mobile e-Commerce grew substantially, and the number of Nordic residents that made purchases from a mobile device increased from 9% (Q2 2014) to 16% (Q2 2015). Sweden and Norway have by far the largest percentages of people making online purchases in this way.

# > EUROPE

Nordic residents prefer to search for information prior to a possible online purchase by conducting online research. They often use Google or other search engines, but comparison websites, other online stores and customer reviews are additional common sources of information.

Over 90% of Nordic consumers think it is important to receive clear information on how an item purchased online will be delivered. An almost equal share think it is important to have clear information on procedures for returns.

Source: [PostNord](#)



## DHL OUTLINES MANUFACTURING SUPPLY CHAINS OF THE FUTURE

The Engineering and Manufacturing (E&M) sector is changing to cope with tomorrow's trends and market conditions, with supply chain management being a key enabler for successful future business models. This is one of the central results of a new whitepaper published by DHL Customer Solutions & Innovation, looking at the industry sector in 2025 and beyond.

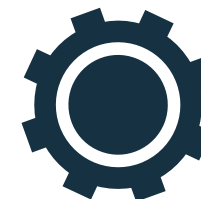
Accounting for approximately 17% of GDP and 14% of employment globally, the manufacturing sector is the engine of global trade – 70% of the entire global trade volume stems from manufacturing companies. Against this background, the authors of the report highlight that supply chain concepts need to be regionalised, interconnected, more resilient and sustainable as well as more agile to comply with trends such as shifting markets, customisation or increased compliance.

Since business and end consumers' expectations changed, E&M companies have begun to restructure their production processes and adapt their business models to become more customer-centric and competitive. In the future, this will also include intelligent and sustainable manufacturing and new collaboration models along the value chain. As emerging countries are prospering and companies

shift their production closer to these markets, supply chains have to be adapted. A global network of more regionalised supply chains is required to speed up delivery and respond immediately to changes in customer demand. However, this will also challenge supply chain managers to comply with an increasing number of country-specific regulations and guidelines.

In these conditions, the diversity of the E&M sector represents an opportunity. Many E&M companies are already successfully applying innovative supply chain concepts, and these can be leveraged across the entire sector. More than this, well-established concepts from other industries are ripe for application in E&M, especially concepts from automotive and technology businesses.

Source: [DHL](#)



## > EUROPE

### SLOVENIAN POST EXPANDS LOGISTICS SERVICES WITH WAREHOUSING ACQUISITION

Slovenian Post (Pošta Slovenije) has become the country's third-largest logistics company with the acquisition of publisher MKZ's logistics network for about €13m under its diversification strategy.

The investment is part of the postal operator's strategy to develop and grow its logistics business, with the aim of becoming one of the leading providers of trade logistics and supply chain services in Slovenia and the wider region.

Given the decline in revenues from traditional postal services, Pošta Slovenije has invested heavily in the development of new services and the updating of existing services in recent years. Growth potential has been seen in the logistics and supply chain services segment, and is crucial to its further development.

The purchase will result in the realisation of the synergies of both companies in terms of their capacities in the area of distribution and transport. Pošta Slovenije can satisfy MK Logistics' needs in the delivery of small mail items, as the former has a highly developed distribution network. At the same time, MKZ's logistics network has significant warehousing capacities at its location in Ljubljana that Pošta

Slovenije will be able to use to warehouse large mail items such as spare parts for the car industry and mass goods on pallets.

Market conditions dictate the further development of postal logistics operators and their services, both across Europe and in Slovenia. Pošta Slovenije is expecting a 15% decline in revenues until 2017 due to the declining number of traditional postal services. Pošta Slovenije began rationalising the postal network in previous years with the aim of ensuring a stable financial situation for the entire Group. Similar to previous years, Pošta Slovenije will continue to invest in the development of new services to ensure financial stability. Those new services will help offset the drop in revenues due to the decline in traditional postal services.

Source: [CEP Research](#)

### TNT OPENS DEPOTS IN UK, NETHERLANDS AND IMPROVES SPANISH-FRENCH ROAD CONNECTION

TNT has opened its new £15.5m super-depot in Swindon, UK, enabling faster deliveries for customers in south-west England, and a 6,350 m<sup>2</sup> depot in Eindhoven, the Netherlands, while introducing a new truck service between Valencia, Spain, and Paris, France.

Built by industrial warehouse developer IDI Gazeley on a new ten-acre site on the South Marston Industrial Estate, the South-West depot and regional sortation hub in Swindon is expected to considerably improve delivery services to and from the 467,000 businesses in the region.

The new facility makes TNT's operations more efficient by keeping local parcel traffic in the South West and reducing the need for shipments destined to southern England to be transported to and from TNT's Midlands-based sortation hubs each night.

The direct connection prevents fraud and potential capacity problems in the intermediate transit centres, which ensures a fast and reliable service while also minimising the possibility of damage. In addition, it allows TNT to make collections on the same day.

Source: [CEP Research](#)



## > EUROPE

### POSTNORD SIGNS NORDIC LOGISTICS PARTNERSHIP WITH SWEDISH OUTDOOR E-RETAILER

The Swedish-Danish postal group, PostNord has signed a multi-year logistics contract with Addnature, one of the leading Swedish e-retailers in outdoor activities and adventure, which includes storage, inventory management and the distribution of Addnature's products all over the Nordic region.

From October onwards, PostNord has started providing logistics services for Addnature from a warehouse facility in Helsingborg, southern Sweden. The 29,700 m<sup>2</sup> facility is strategically well located representing an important logistics point to offer e-Commerce solutions for the Nordic market.

PostNord's distribution network reaches some 25m customers and 1.8m businesses daily through home deliveries and 5,800 delivery points. PostNord Logistics TPL AB operates logistics centres that are located in Sweden, Finland and Denmark.

Source: [CEP Research](#)

### SIEMENS WINS PARCEL AND MAIL SORTING CONTRACTS WITH UPS GERMANY

Siemens Postal, Parcel & Airport Logistics (SPPAL) has secured contracts from UPS Germany and Australia Post to equip their respective parcel and mail hubs with the latest sorting systems to increase efficiency and handling capacity.

UPS has implemented Siemens' automatised sorting systems at its expanded parcels hub in Nuremberg, southern Germany, to double the sorting capacity from the previous 15,000 parcels to 30,000 parcels per hour, through the modernisation of the facility which took two years. While parcels were previously sorted with conventional conveying systems at the hub, it now features five automatised Visicon singulators, eight sorters and a total of 87 terminal stations.

Source: [CEP Research](#)

### ROYAL MAIL IS FULLY PRIVATISED IN £591M FINAL TRANCHE SALE

The UK has completed the historic £3.3bn privatisation of Royal Mail by disposing of its remaining 14% holding in the company which is now fully owned by investors and employees.

The government sold a 13% stake for 455 pence per share to institutional investors, raising £591.1m. The remaining 1% of shares will be gifted to Royal Mail's eligible UK employees, taking the total stake in the business owned by employees to 12% while investors own 88%.

The final tranche sale means that £3.3bn has been raised in total through the IPO in October 2013 and subsequent share sales. London raised £2bn from the initial placement, which saw investors buy 60% of shares and a further 10% go to employees. On 11 June this year the government then sold half of its remaining holding for 500 pence per share, raising £750m.

Source: [CEP Research](#)

## > EUROPE

### STRÅLFORS RETAINED IN POSTNORD GROUP

The evaluation of the Swedish communications company, Strålfors has been completed. Strålfors will be retained in the PostNord Group, and a new, joint business area for the Group's physical and digital communication offerings will be established.

The result of the completed evaluation regarding a possible divestment of Strålfors is that PostNord will integrate its digital and physical communication operations more strongly to build greater customer benefit and competitiveness. The Group's service development in physical and digital communication will be merged in one new, business area – Communication Services – based on the Mail & Communication business area and Strålfors' service development business. Strålfors' operational activities will continue to be run as a sub-group, which has main responsibility for marketing, production and selling multi-channel solutions and print.

It was also announced that Annemarie Gardshol who has been the acting CEO since early summer, has been appointed CEO of Strålfors.

Source: [PostNord](#)

### HERMES GERMANY TO BUILD NEW €42M LOGISTICS HUB IN SOUTHERN GERMANY

Hermes Germany will build a new €42m logistics hub in Bad Rappenau, near Heilbronn in south-west Germany, with the capacity to handle 200,000 parcels per day, as part of its €300m investment programme to modernise and expand the capacity of its logistics infrastructure.

The 10,000 m<sup>2</sup> 'ultra-modern' logistics centre will be built on a 64,500 m<sup>2</sup> plot of land at the Buchäcker industrial estate. It will have state-of-the art sorting and conveyor technology, and is expected to employ some 200 workers.

The project is due to be completed by May 2016, with the facility to go into operation in March 2017. The facility will be built by ECE GmbH, also part of Otto Group, which will then lease the building to Hermes.

Source: [CEP Research](#)

### FINANCIAL INVESTOR EURAZEO BUYS 43% STAKE IN FLASH EUROPE INTERNATIONAL

Financial investor Eurazeo PME has acquired a 43% share in the European B2B courier Flash Europe International, part of Flash Group, and is investing in its continued international growth and further development in digital and innovative technology.

Eurazeo PME has invested €32.3m in order to support the 2020 business plan of the Flash Group. Oriented toward the internationalisation and development of medium-sized enterprises, the investor acquired the shares of Siparex and LBO France, which had held an interest in the company since 2010.

Comprised of several European companies, Flash Group launched a unified market presence under one single brand 'Flash' last year. It incorporates the long-established enterprises Flash Europe, Flash Taxicolis (a former La Poste subsidiary), British logistics provider V-one (taken over in February 2012), Roberts Europe (acquired in May 2012) and the French brand BioLogistics, which is specialised in pharmaceutical transports.

Source: [CEP Research](#)

## > EUROPE

### AMAZON POISED TO TAKE OVER FRENCH B2C DELIVERY FIRM COLIS PRIVÉ

Amazon will shortly gain ownership of a nationwide delivery network in France with the full takeover of Colis Privé, the main B2C competitor to La Poste, giving it a platform for more control over the final-mile customer experience.

The US e-Commerce company, which already owns 25% of the French delivery firm, has signed a deal to take over the remaining 75% from the company's managers, thus gaining full ownership, according to an AFP report in business newspaper Les Echos.

Effectively, the takeover of Colis Privé would thus give Amazon a platform to switch more volumes away from La Poste, reducing its dependence on the postal operator, and enable it to build up a competitive rival and to gain more influence and control over final-mile deliveries in France. It could also enable the e-commerce firm to secure lower prices from La Poste.

Colis Privé expects to deliver some 35 million parcels this year for diverse retailers, including Amazon. It employs 400 staff at two hubs (Paris and Lyon) and 19 regional depots and delivers through 1,700 sub-contracted workers and some 9,000 'parcel shop' partners.

Source: [CEP Research](#)

### DEUTSCHE POST LAUNCHES NEW POSTID PORTAL FOR SECURE AND CONVENIENT IDENTITY MANAGEMENT

Deutsche Post is expanding its portfolio of identity management services through the launch of the POSTID portal. The POSTID portal represents the next generation of digital identity management and will benefit both corporations and their customers.

Customers of companies using the POSTID portal can handle all their POSTIDENT processes, including the new digital-only process, on one single platform. The portfolio of services for private customers has been expanded accordingly and the identification process further simplified. This digital-only verification process allows each POSTID partner to transfer customer data easily into its own internal processes. It also extends the range and conversion rate for other business transactions. By integrating the POSTID portal into their workflows, companies gain access to the dynamic "Identity" market and can position themselves strategically for future trends in identity management.

Consumers now have the option of activating a POSTID account, which involves one-time identify verification. Once completed, the user possesses

a digital ID that eliminates the need for repeated identification verification online when shopping from vendors working with the POSTID portal. It also simplifies a wide of range of identity-sensitive activities on the internet, such as signing up for new cell phone contracts, joining car-sharing services, offering one's services as a babysitter or viewing age-restricted video or games. The user retains complete ownership of sensitive stored information, including the right to review that data at any time and to specify which information may be used for which purposes.

Source: [DHL](#)

### PARCELS GROWTH DRIVES UK'S CONNECT GROUP PROFITS

British distribution company Connect Group improved pre-tax profits by 13% in the year ending 31 August thanks to the acquisition of parcels carrier Tuffnells and launch of a parcel shop network in cooperation with Amazon.

The group reported a 3.7% rise in revenues to £1.875bn and a 13% increase in adjusted pre-tax profits to £56.5m, driven by profits from Tuffnells and the News & Media and Books divisions.

The performance of the Parcel Freight division, established with the acquisition of Tuffnells in

## > EUROPE

December 2014, has been “excellent” over the eight months of the financial year, Connect Group stated. Revenues increased by 19.6% to £114.4m and adjusted operating profit by 10.8% to £9.7m over the period, resulting in an 8.5% profit margin. On an annualised 12-month basis to 31 August, revenues would have been £162.6m and adjust operating profit would have reached £14.3m.

Meanwhile, diversification of the news distribution business into B2C deliveries has been stepped up in cooperation with Amazon. Home deliveries for Amazon Logistics have been established in Newcastle, Brighton and Southampton, and will be extended to Newport and Newmarket in the near future, the company disclosed.

The ‘Pass My Parcel’ network of parcel shops, located within independent newsagents, has been extended to 3,000 locations and is scheduled to be scaled up to a nationwide network of 5,000 - 6,000 stores in total. A returns service will be launched shortly and the group plans to invest a further £2-3m in the network this financial year.

Source: CEP Research

## UK ONLINE RETAIL BACK ON TRACK WITH DOUBLE-DIGIT GROWTH IN Q3 2015

UK online retail sales returned to double-digit growth in September following the weakest year-on-year growth in August in 15 years, with the clothing sector boosted by parents updating “back-to-school” wardrobes of their children, figures from the national e-commerce association IMRG have shown.

Last month, e-retail sales growth in the UK reached 12% year-on-year, according to the latest IMRG Capgemini e-Retail Sales Index. For the third quarter of 2015 overall, the Index also showed double-digit growth of 10% and the year-to-date growth also remains at 10% as the sector prepares itself for the busy Christmas period, IMRG said.

Source: CEP Research

**12%**

**YEAR-ON-YEAR  
E-COMMERCE  
GROWTH IN UK**

2015



MARKET INTELLIGENCE

International **Post**  
Corporation



# DIRECT MARKETING SPECIAL

Quarterly newsletter on events, trends  
and news in the direct marketing sector



22 October 2015

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## > NEWS

### COLOUR CHOICE FOR DIRECT MAIL CAMPAIGNS

Research conducted by the Institute for Colour Research and the University of Winnipeg showed that within 90 seconds, most consumers make an unconscious judgment about an item's value, its trustworthiness, etc. The study also showed that 62 to 90% of that judgment is based upon colour.

Colours are believed to influence how we perceive a brand's attributes and values. In turn, this influences our interest in learning more about a brand or a product, and considering trial or purchase.

The right colours not only help influence attitudes, interest and shopping decisions, they can also influence engagement with your clients' other content, online or offline, social media and other branding materials.

Colour/Source	Faber Birren ("Colour psychology and colour therapy")	Brian Morris (business2community.com)
Blue	Trust	Trustworthy, relaxed
Red	Speed, fear/terror	Power, attention grabbing
Orange	Low price	Energy, fun and cool
Black	High quality, high tech	Versatile-modern/traditional, adds drama
Purple	Courage	Elegant, prestigious
Pink	-	Attracts young females
Yellow	Low price, fun	Attention grabbing
Green	Trust, growth	Warm, inviting, health
Gold	-	Elegant, powerful
Brown	-	Comfortable, relaxing

Source: Target Marketing



# > INTERVIEW

## INTERVIEW WITH MELISSA MORIN

**Melissa Morin, Manager, Market Development – Direct Marketing at Canada Post, on the “A Bias for Action” neuromarketing study from July 2015**

- *Please describe this study briefly.*

“A Bias for Action”, a study conducted in partnership with True Impact Marketing, a leading neuromarketing research and strategy firm in Canada. In it, we used neuroscience tools, including brain imaging and eye tracking, to compare the effectiveness of physical (direct mail) and digital (email and display) forms of advertising by way of their impacts on the consumer’s brain.

- *Why did Canada Post decide to commission this study?*

The market context within which direct mail is sold has changed dramatically over the last decade – and, as a result, the relevance and value of direct mail has shifted. We recognised the need to evolve our value proposition to respond to the new challenges marketers are facing in today’s digitally connected world.

Through our conversations with marketers, we found that new digital platforms were giving them more opportunities for customer interaction than they’ve ever had. They also told us that all this digital interaction – tweets, clicks, follows, etc. – was not driving enough action. From store traffic to sales, direct marketing’s end game has always been to generate action. In this, we saw a tremendous opportunity for direct mail.

Direct mail has long been one of the best ways to drive action because it’s physical and data-driven. And in today’s world, where customers are moving fluidly between on- and offline platforms, it offers a new benefit: connectivity. That is, applications like augmented reality, near-field communication and QR codes are turning mail into a powerful launching pad for digital experiences and sales.

We decided to reframe direct mail’s value proposition for today’s connected world, using thought leadership to show marketers how it combines the power of physicality, data and connectivity to drive more consumer action. This white paper was one of the first creative assets we developed to support this strategy. Our goal was to get marketers to rethink the importance of physicality in marketing campaigns, and neuromarketing allowed us to explore this area in a way that was both deep and innovative.

- *Which advertising metrics did you focus on?*

We focused on the two key indicators that an advertisement will be effective (drive action): ease of understanding and persuasiveness. We examined the brain imaging metrics that correspond with each of these indicators. To assess ease of understanding, we measured participants’ cognitive load (the mental effort required to understand a stimulus). To gauge persuasiveness, we looked at their motivation (the feeling of wanting that drives urges and decision-making). We also looked at participants’ visual attention to the media presented to understand how quickly messages are absorbed in physical and digital advertising formats.

- *Which specific media were measured?*

We measured direct mail and digital media in the following formats. We selected these formats because they are all written, targeted forms of marketing and therefore serve comparable marketing objectives:

Read the full interview on the [IPC website](#).



# > RESEARCH

## TRUST – ONE THING COMPANIES NEED TO GET PERMISSION TO TALK TO CONSUMERS

In 2015, Royal Mail MarketReach conducted online surveys with customers and donors in seven key market sectors including telecommunications, insurance, retail, retail banking, credit cards, energy and charities. The objective was to understand consumer attitudes towards providing organisations permission to hold and use their personal information. The study’s findings reveal that trust is central to customers’ willingness to provide data.

Firstly, people need to trust in the organisation to protect their information from loss or theft. People are worried about hacking, phishing and identity theft. Overall, 71% of our sample said they were concerned (47% very concerned, 24% fairly concerned) that a supplier could lose their contact details.

Secondly, people need to trust the intent of an organisation in relation to the use of their data. The study found that there were certain influences that could help to predict where there might be greater or lesser challenges to gaining permission.

A key finding was that building trust regarding data security and privacy was a matter that could and should be undertaken before a formal request for permission. This is partly to build reassurance, and partly because many respondents stated that they did not fully read, understand or believe permission statements.

Source: [Mail Man](#)

## DRIVING ACTION: PHYSICAL ADS MORE POWERFUL THAN DIGITAL

Brands are rethinking the role of physical space and media in their customer relationships and business models and the study by Canada Post reinforces this omnichannel reality. The study ‘A Bias for Action’ commissioned by Canada Post quantified the relative effectiveness of physical (direct mail) and digital (email, display) advertising media by way of their impacts on the consumer’s brain. Among 30 different groups, True Impact Marketing examined the brain imaging metrics that correspond with the two key indicators of media effectiveness – ease of understanding and persuasiveness.

To assess the former, they looked at participants’ cognitive load (the mental effort required to understand a stimulus); to assess the latter, they looked at their motivation (the feeling of wanting that drives urges and decision making). The researchers also looked at the relationship between these two metrics (or their motivation-to-cognitive load ratio) to understand the overall effectiveness of each media, with those yielding a ratio of 1 or higher considered the most predictive of behavioural change.

Source: [Canada Post](#)



# > CASE STUDIES

## DIRECT MAIL PROMOTES NEW RESTAURANT LOCATION WITH 24% RESPONSE RATE

McNellie's is a restaurant chain based in Tulsa, Oklahoma, US. The downtown McNellie's location is well known and usually packed. But when the company opened a second "City South" location that was literally "over the hill" from a busy intersection, that location didn't receive as much business. The restaurant had been running ads in several local papers promoting both locations. These ads helped to drive business to the downtown location, but the results for the second location were not too effective. McNellie's assumed that once people found the restaurant, they would likely return. They needed a clear and powerful communication channel to tell prospects of the new location's address.

To create loyal following in a new location, people would need to know exactly where it is and receive a generous incentive to give it a try. The agency created a direct mail campaign designed to create awareness of the new location, provide instructions on how to find it, and offer an incentive to visit. It also bought a mailing list which was comprised of 2,500 prospects with specific demographic information and geographic proximity to the restaurant.

The direct mail piece needed to include easy to follow

instructions for how to find the restaurant. Using addresses from the mailing list, personalised maps were created by locr that detailed the route from the recipient's home to the location of the restaurant. A unique map was created for each recipient and included as part of the direct mail piece. As an incentive, the direct mail piece also included a \$10 food coupon. The recipient had two months to redeem the coupon.

Source: IPC

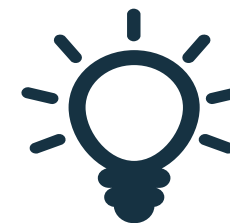
## DIRECT MAIL AND MOBILE APP SUPPORT UK CHARITY

Sport Relief is a charity event for Comic Relief held every other year in the UK. It brings together the worlds of sport and entertainment to raise money to help vulnerable people domestically, as well as in the world's poorest countries. But rather than just rely on spontaneous donations, it requires plenty of people to get involved, take part in organised sporting events – or host their own. A direct mail leaflet has to work incredibly hard to help build the necessary interest and excitement.

For the second time, Sport Relief turned to augmented reality to help, using Zappar technology. Using their mobile phones, recipients could watch a pep-talk from Olympic cyclist Sir Chris Hoy. And through the

use of different zapcodes for every city, each one got a bespoke message as well as custom URLs linking to local sign-up pages. A further interactive element let users pose for photos with the headgear and medals worn by sports stars Jessica Ennis-Hill, Johnnie Peacock, Ellie Simmons, Rebecca Adlington and Victoria Pendleton within the mailing. A follow-up mailing focused on raising donations. With the Zappar-powered Cedric the bulldog giving his money raising tips.

Source: IPC



## > CASE STUDIES

### GLOBAL HOTEL CHAIN TARGETS MILLENNIALS USING DIRECT MAIL

With more than 24m members, Best Western Rewards is ranked third of 17 competing hotel reward programmes by US News & World Report's 2014 Best Hotel Rewards Programs. To expand its market base, Best Western studied the appeal of direct mail among younger consumers, with very positive results for the physical channel.

According to initial results, direct mail influences purchase decisions among 92% of millennials, with 90% of the group saying they would prefer postal delivery over email for promotional material. Almost 80% of consumers surveyed act on direct mail offers immediately, compared with only 45% who say they deal with email immediately or simply delete it.

The hotel chain has been testing direct mail campaigns for several years now and the results appear to prove its assumptions have merit. A 2014 summer offer generated US\$3m in revenue, of which 32% was incremental, and another campaign resulted in US\$8m in revenue, 30% of which was incremental.

Source: Colloguy

92%  
OF MILLENNIALS  
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# ABOUT THIS PUBLICATION

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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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