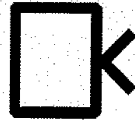




**Post**  
International  
Corporation

# CHALLENGES AND OPPORTUNITIES FOR POSTS

Postal Sector Evolution project « Developing a quality postal service in the digital age »



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Presented by Thierry Dieu, IPC Head of Communication

Brussels, 07 February 2014

# AGENDA

International **Post**  
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## Today's presentation

About IPC

Current trends in the postal sector worldwide

Challenges and Opportunities

The e-Commerce potential

The IPC response

# INTERNATIONAL POST CORPORATION

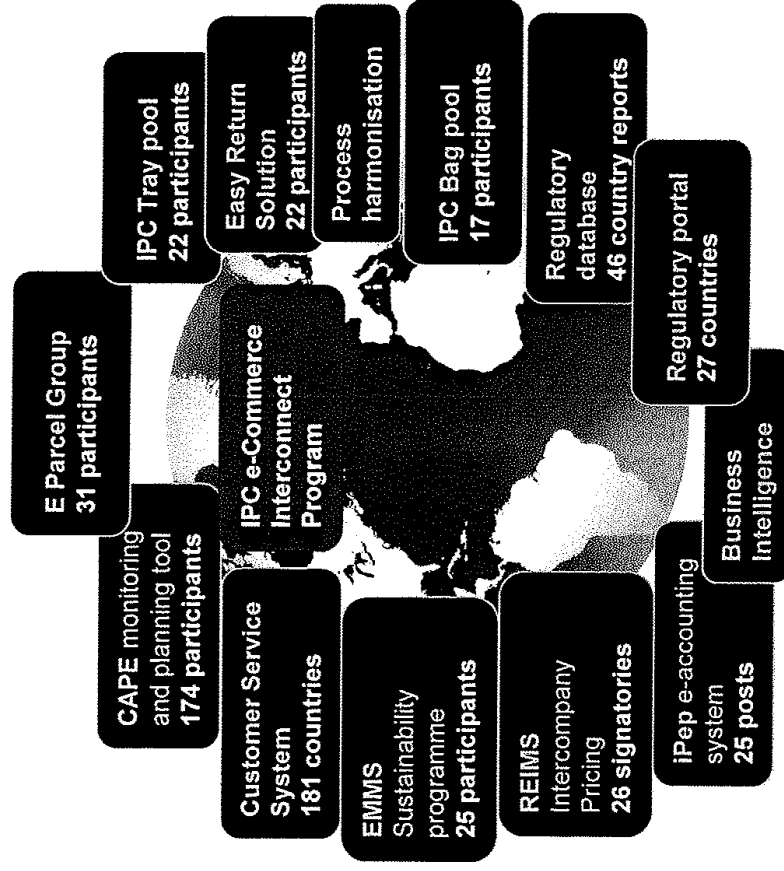
The natural partner for the postal industry

Post

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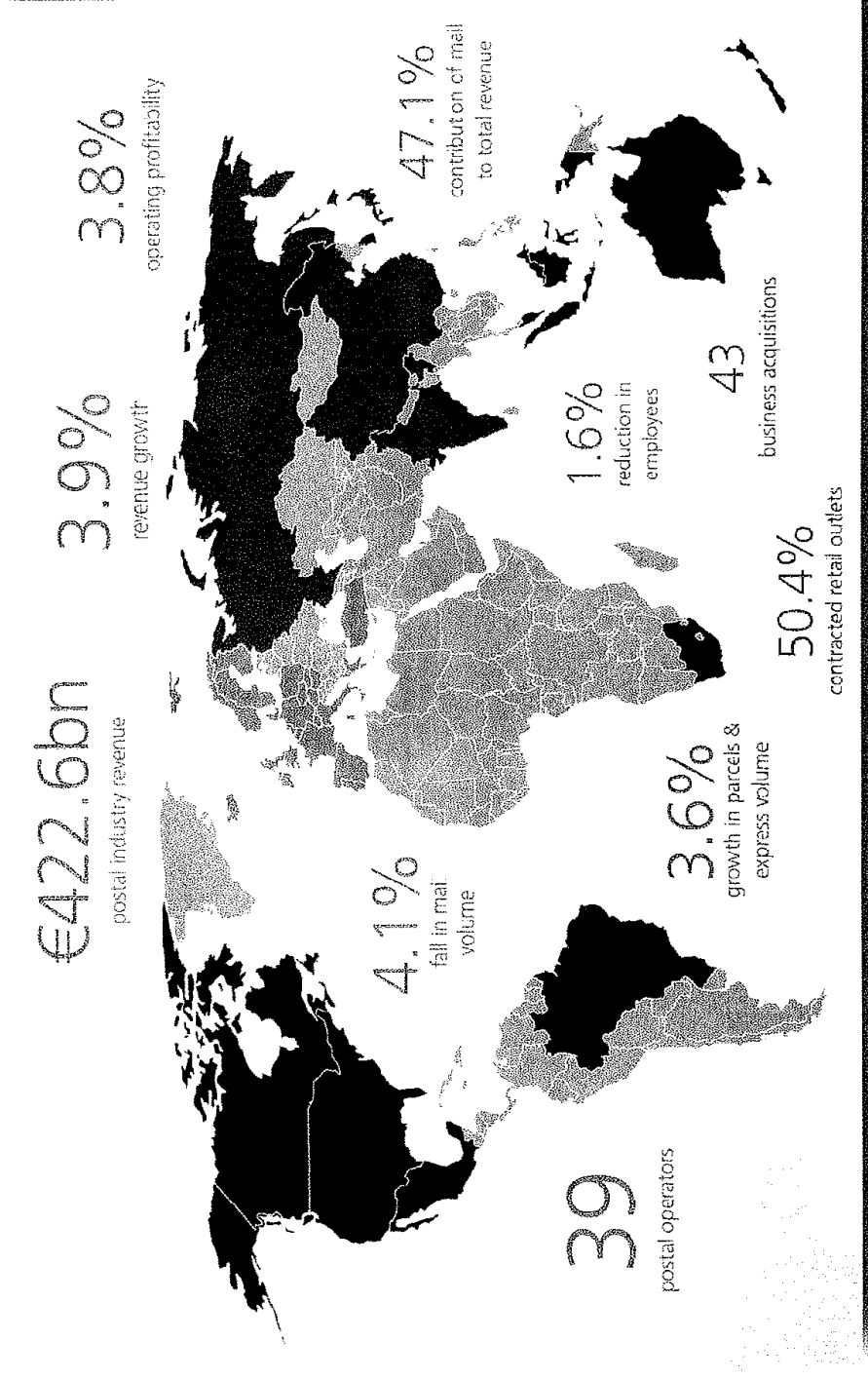
- Founded in 1989
- Owned by 24 postal companies
- Worldwide customer base
- Changing to meet new challenges
- E-commerce at top of our agenda
- Mission is to underpin our customers' commercial objectives
- To defend existing business (Mail, Direct Marketing) and to expand new business (e-Commerce)



# GLOBAL POSTAL SECTOR TRENDS

International Post Corporation

## Overall revenue growth despite mail decline



Source:  
IPC GIR  
2013



# GLOBAL POSTAL SECTOR TRENDS

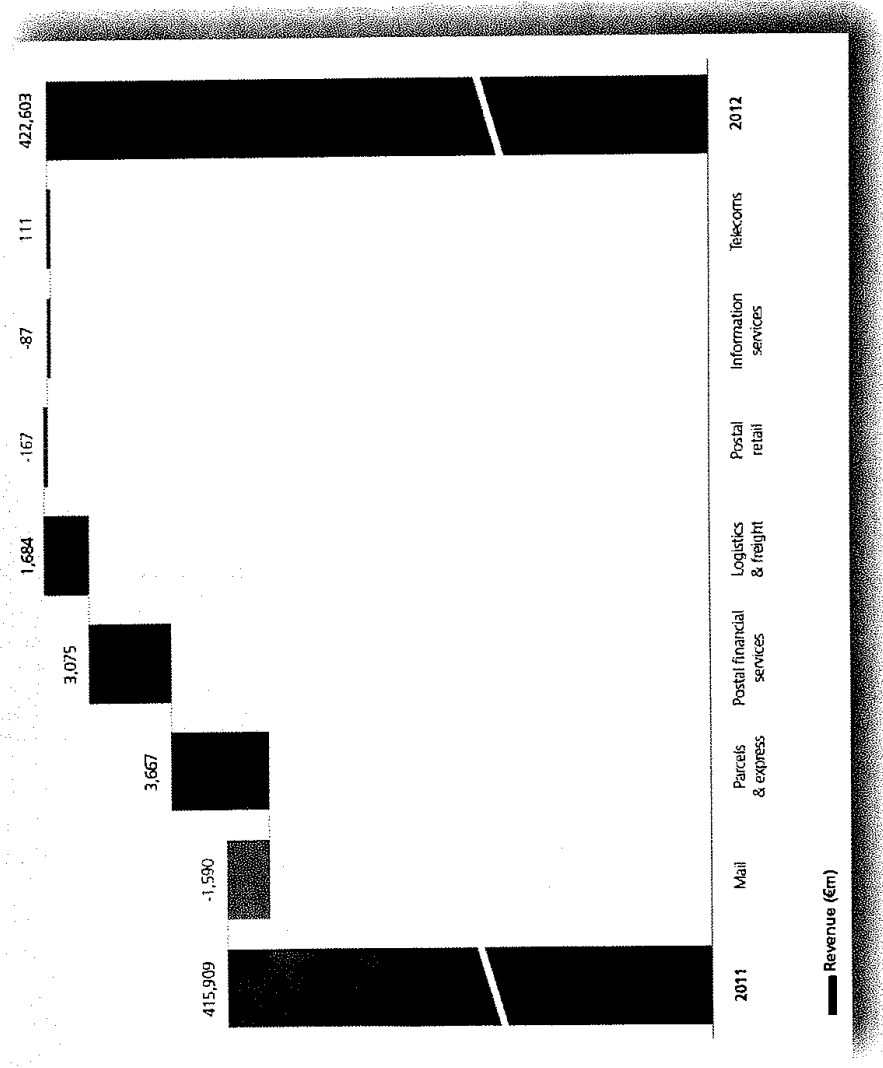
International Post Corporation

Europe: parcel growth compensates mail decline

	Market		Corporate		Business units		Volumes			
	Economy	Digitalisation	e-Commerce	Revenue	Profitability	Diversification	Mail	Parcels	Mail	Parcels
	Real GDP	Internet users	Online retail	Revenue	EBIT margin	Non-mail revenue %	Revenue	Revenue	Volume	Volume
	2012	2012	Share of total	2012	2012	of total	2012	2012	2012	2012
EUROPE	-0.2%	77.8%	14.6%	-0.1%	4.4%	42.8%	-0.5%	4.9%	-4.6%	1.9%
NORTH AMERICA	2.7%	67.6%	20.0%	-1.3%	-8.1%	30.5%	-1.5%	1.1%	-3.9%	2.3%
ASIA PACIFIC	3.1%	70.4%	16.1%	10.8%	8.9%	56.4%	5.5%	36.3%	-3.1%	4.0%
BRICS	3.7%	39.8%	34.3%	14.3%	-2.7%	62.5%	7.9%	18.4%	-3.2%	17.9%

# GLOBAL POSTAL SECTOR TRENDS

Parcels and financial services show highest growth

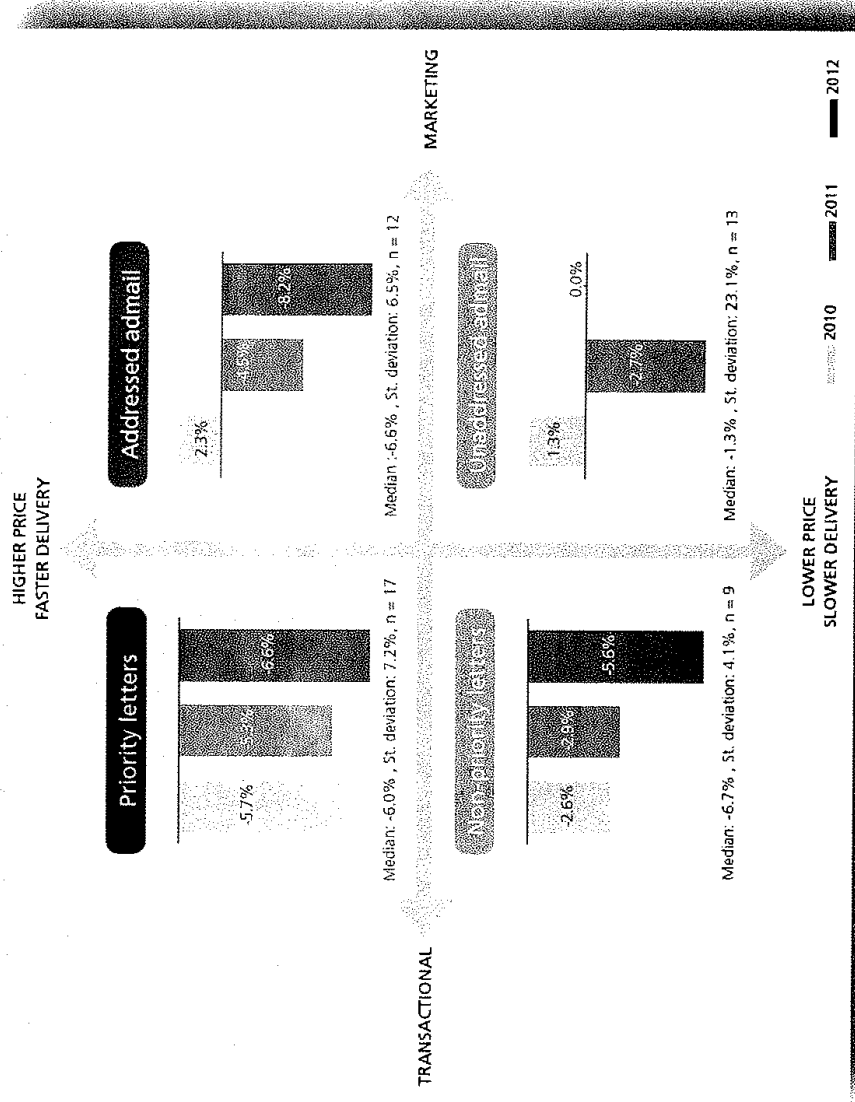


Source: IPC GPIR 2013



# GLOBAL POSTAL SECTOR TRENDS

## Higher-priced products decline more rapidly

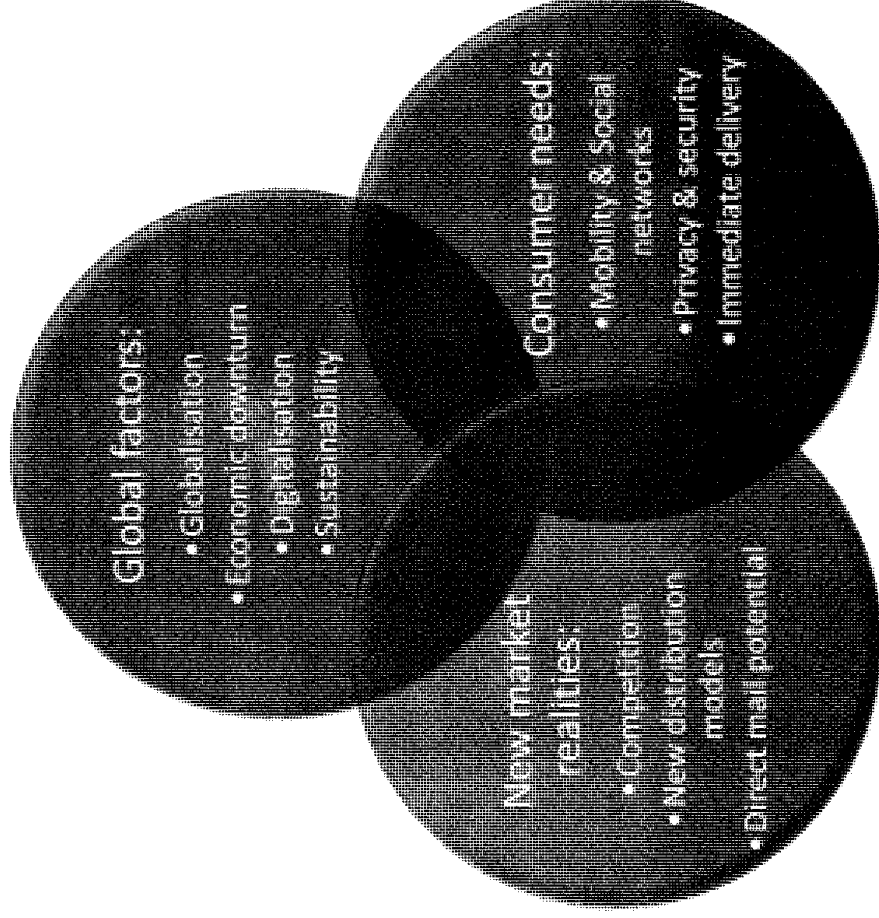


Source:  
IPC GPIR  
2013



# CHALLENGES AND OPPORTUNITIES

New postal products reflect changing realities



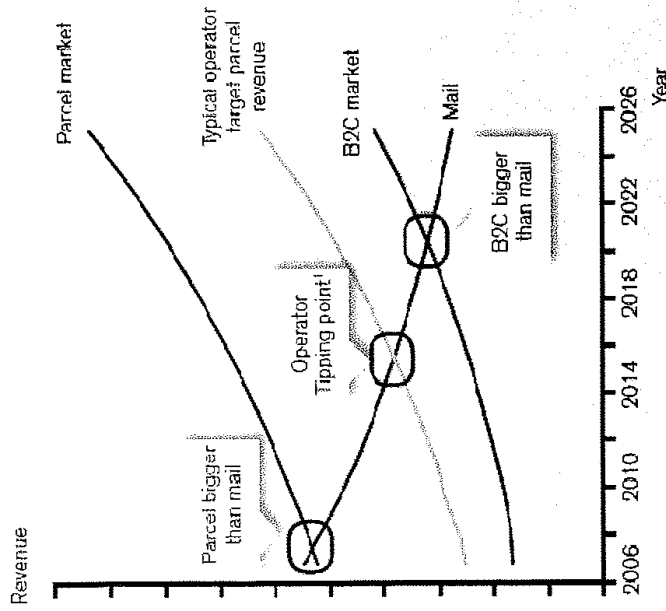


# CHALLENGES AND OPPORTUNITIES

Postal operators are not “Mail companies” anymore

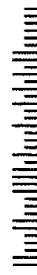
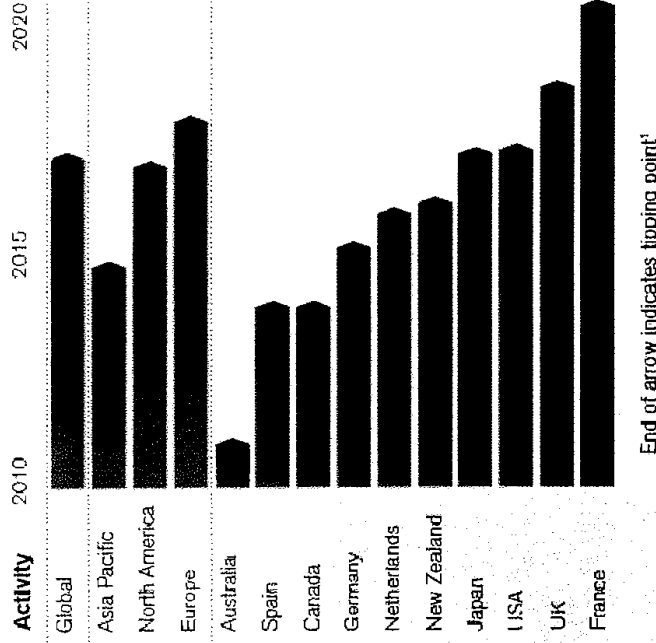
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Growing parcel markets soon to be bigger than mail for typical country



1. Tipping point calculated at point where 70% marketshare of enlarged B2C CEP market + 10% marketshare in B2B CEP market is larger than mail market  
Source: IPC, BCG analysis

Operator tipping point<sup>1</sup> will be in the coming 10 years



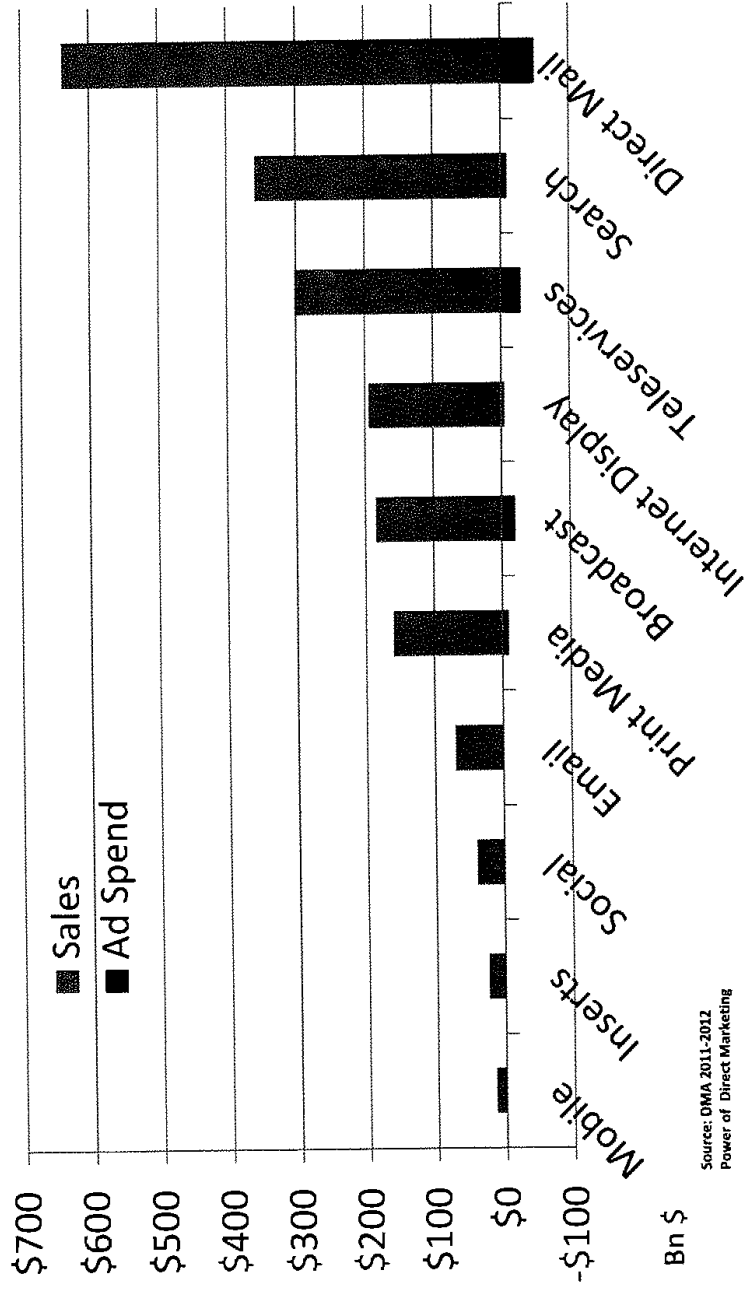
# CHALLENGES AND OPPORTUNITIES

International Post Corporation

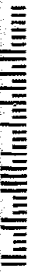
Direct mail: powerful direct marketing instrument

Direct Mail is the stronger revenue creator in US Direct Marketing

Marketing



Source: DMA 2011-2012  
Power of Direct Marketing

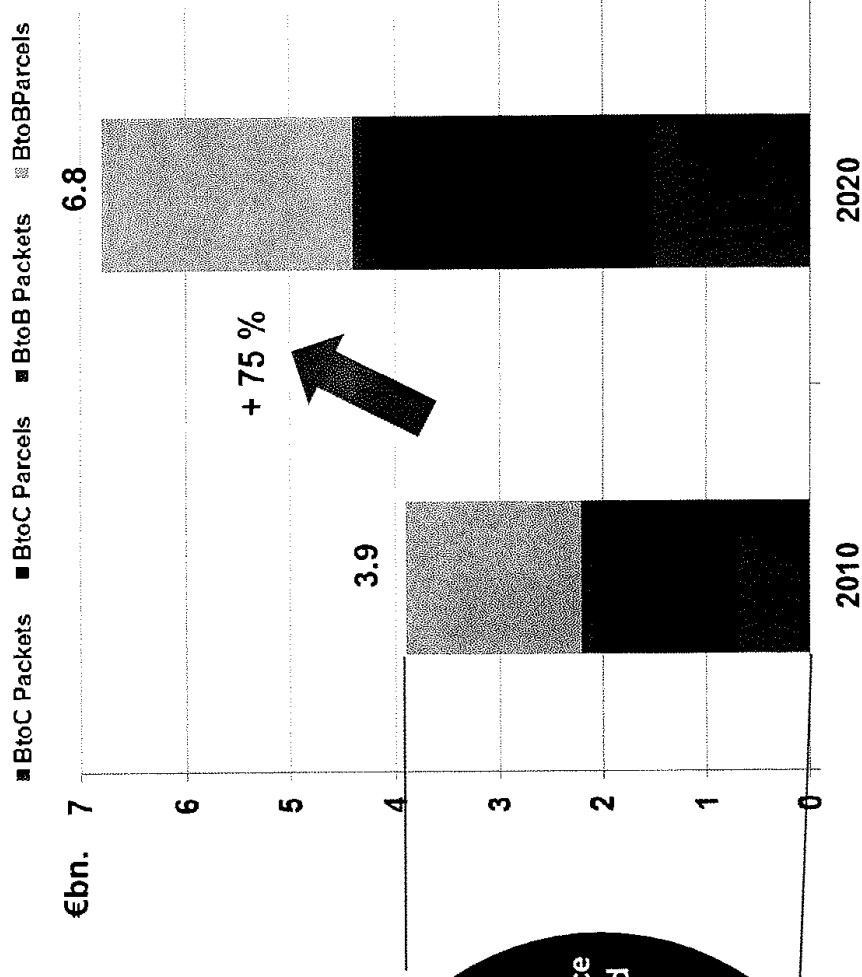
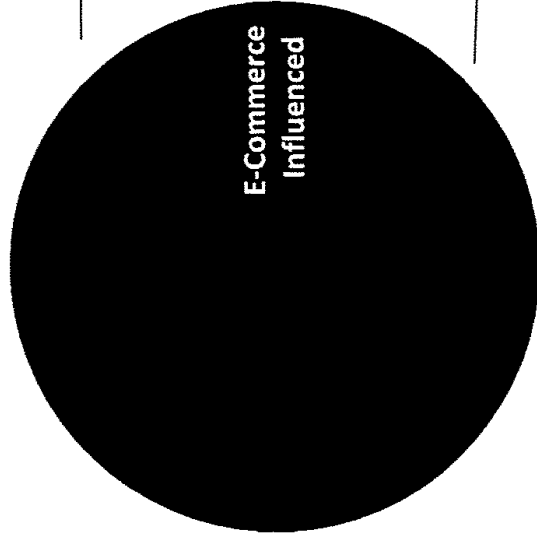


# IPC E-COMMERCE INTERCONNECT PROGRAMME

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Seizing the cross-border market growth potential

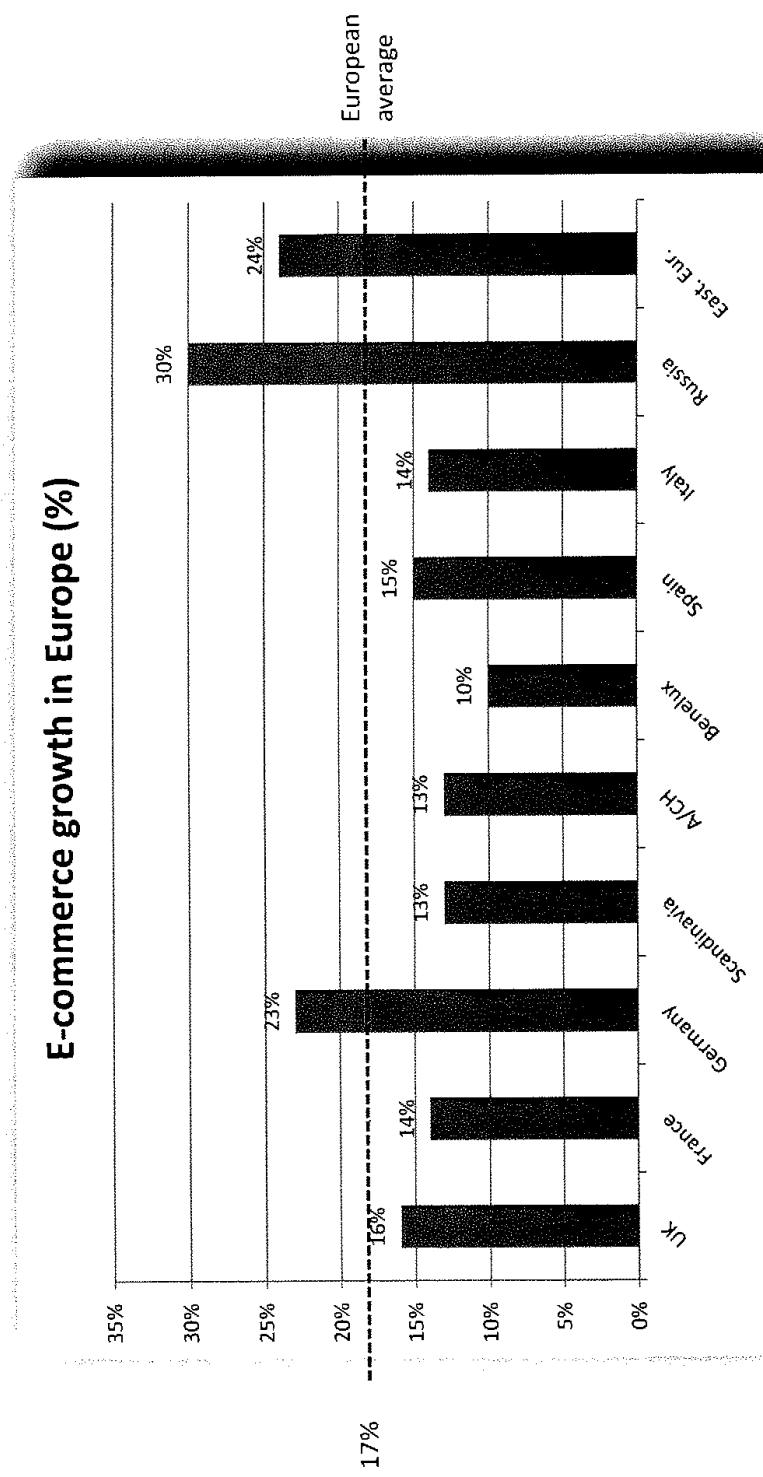
Global Cross-border  
market €15bn.



# THE E-COMMERCE POTENTIAL

## e-Commerce growth in Europe

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Source: EMOTA



# IPC E-COMMERCE INTERCONNECT PROGRAMME

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Visibility, returns and reliability - top consumer priorities

Need Ranking	Customer Need
8.1	(Consistent) visibility through track & trace
8.0	Simple and reliable return process
7.9	Reliable delivery time from provider
7.3	Ability to choose delivery location (i.e. home/retail outlet/drop box) at time of order
6.0	Offer consistent (i.e. same features) delivery services to key markets
5.9	Predictable (i.e. between day x and day y) transit times for cross-border deliveries including customs processes
5.6	Offer simple international shipping options (integrated into site)
5.5	Choice of transit times / price levels for shipment
4.9	Pre-paid (free) return solutions
4.6	Offer rapid response customer service: track & trace enquiries/claims handling
4.4	Offer information on final cost (after VAT / import duties) of purchase
3.8	Delivery service to include delivery confirmation
3.1	Delivery confirmation information sent to sender
3.0	Receive push track and trace information by SMS or email
2.9	Offer delivery cost consistent with order value / transit time
2.9	Tracking of returns
2.5	Shorter transit times from delivery providers
2.2	Consolidated low cost return service
1.8	Provide insurance in case of damage to goods
1.6	Information on how / where to return goods
1.5	Ability to select time of delivery (specific time during the day or evening delivery)
1.5	Proof of return to facilitate quick refund
1.4	Ability to choose re-delivery location
1.2	Offer delivery prices integrated into list price
1.2	Specify definite (precise) delivery date
0.6	Ability to pre-pay any import duties
0.4	Offer pre-advise of delivery
0.1	Ability to pay on delivery
0.1	Ability to change delivery day/location while goods are in transit
0.1	Use trust marks to identify quality trustworthy delivery services



# IPC E-COMMERCE INTERCONNECT PROGRAMME

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- Directly answers consumer and e-retailer e-Commerce demands
- Sets the foundations for a seamless cross-border e-Commerce network
- Benefits for end-customers and e-retailers from consistent and reliable cross-border delivery services
  - Visibility through track and trace
  - Predictable and day-certain transit times<sup>6</sup>
  - Consistent reliability of key services
  - Choice of delivery locations
  - Easy return solutions
  - Process harmonization
  - Customer service process

