

Hannover, Germany – September 29, 2009

## **E-commerce fuels parcel growth as letter post takes hit during economic crisis**

**Deutsche Post's Frank Appel also opens UPU's World Postal Business Forum at POST-EXPO 2009 in Hannover**

While the parcel business weathers the storm and even seems to thrive in it, letter-post volumes and revenues are experiencing sharp declines in the wake of the worldwide economic crisis.

The Universal Postal Union offered new insights into the impact of the crisis on the global postal sector during the opening session of its World Postal Business Forum, which opened today at POST-EXPO 2009, in Hannover, Germany.

In a year-over-year comparison of similar quarters, surveyed Posts reported that their domestic letter-post volumes and revenues were down between 6 and 14% in the second quarter of 2009, compared to the same period last year. Such a decline has not been seen since the Great Depression of the 1930s.

The UPU collected its data from 15 of the world's largest Posts, including the United States Postal Service, the biggest Post in the world, and private courier companies.

According to UPU economist José Anson, less direct mail being sent out is significantly contributing to important drops in letter-post volumes and revenues, as weaker consumer spending, added to progressive electronic substitution, aggravates volume drops. He added that mail volumes do not seem to be benefiting much from stimulus-led growth and monetary easing policies.

"People's ability to reduce their debts will take some time. As they spend less, there is less need for companies to do direct mail campaigns, which normally contribute much to letter-post volumes," said Anson. "Direct mailers and Posts could boost this segment again by focusing on value instead of volumes, and enabling the right business sender to target the right customers at the right time with the right message."

### **Parcel growth**

Posts, on the other hand, are experiencing growth in the parcel business and postal financial services during the crisis.

The growth in parcel volumes is being attributed to the impressive development of e-commerce during the crisis period. In France, for example, La Poste reported having delivered 22% more parcels linked to online sales in the first half of 2009 compared to the same period in 2008.

According to the federation of distance-selling businesses (Fédération des entreprises de vente à distance), French e-commerce sales have increased 28% over the past year, and a similar percentage of e-commerce websites have sprouted on the Internet during the same period.

The phenomenon seems to be a trend in all industrialized countries, where broadband Internet is widely available, according to Anson.

Express volumes have also declined in a year-over-year comparison of the first three quarters of 2009 against the same periods in 2008. Revenues were down significantly – by 20% in the second quarter – due to fuel surcharges adjustments. But there are signs that things are looking up, again because of e-commerce growth and signs of international trade recovery.

### **Postal financial services**

Posts offering financial services continue to thrive. The financial branch of Swiss Post saw the number of new accounts grow at a rate of 71% in 2008; deposits achieved an annual growth of close to 13%. The trend continues in 2009.

Similarly, the French Postal Bank saw deposits grow by 7% in 2008, while Germany's PostBank increased its market share by 9.4%, with new savings up 58% in 2008 compared to the previous year.

Opening the Chief Executive Forum this afternoon, UPU Director General Edouard Dayan said to his audience, which included the heads of Posts from France, Italy, India, Germany, Russia and the Republic of Korea, among others, that product and service diversification and innovation were key to weathering the economic crisis.

"We can no longer focus our attention and resources on just one segment of our business," said the chief of the UN specialized agency for postal services. "To be successful, we have to ensure the interconnection and integration of the physical, electronic and financial dimensions of the global postal network."

In a keynote address, Frank Appel, chief executive officer of Deutsche Post DHL, clearly showed his company's social responsibility commitment as a key element of his strategy to remain a leading provider of postal and logistics services in Germany and the rest of the world.

For example, with climate change identified as a critical issue for consumers, Deutsche Post intends to improve its carbon-emission efficiency by 30% before 2020 through its GoGreen programme, which includes modernizing its air fleet, finding new solutions for its ground fleet and adopting innovative real-estate concepts.

Close to 4,000 people are expected at this year's POST-EXPO, which ends on Thursday, October 1.

### **About the UPU**

Created in 1874, the UPU, based in Berne (Switzerland), is an intergovernmental organization and the primary forum for cooperation between governments, Posts and other stakeholders of the worldwide postal sector. In addition to maintaining a genuinely universal network that provides modern products and services, it establishes the rules for international mail exchanges among its 191 members and makes recommendations to stimulate mail volume growth and to improve the quality of service for customers. In 2007, 5.5 million employees processed and delivered 433 billion domestic letter-post items, some 5.5



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## Press release

billion international items and over 6 billion ordinary parcels. Some 660,000 postal establishments make the postal network the largest physical distribution network in the world. The UPU celebrated 60 years as a specialized agency of the United Nations in 2008.

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