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DECEMBER 2011

Nº 4

UNION POSTALE



Universal Postal Union,
a specialized agency
of the United Nations

Direct mail becomes
dynamic

Brazil Post's new
chapter in financial
inclusion

Postal e-services

Turning bytes into business



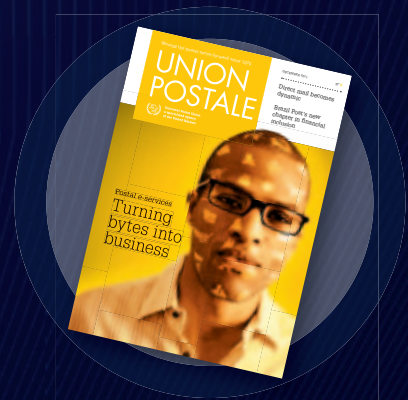
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December 2011

Union Postale is the Universal Postal Union's flagship magazine, founded in 1875. It is published quarterly in seven languages and takes a closer look at UPU activities and features international news and developments within the postal sector. The magazine regularly publishes well researched articles on topical issues facing the industry, as well as interviews with the sector's leading individuals. The colour publication is distributed to Posts around the world from our 191 member countries, including thousands of decision-makers, who regard it as an important source of information, as well as postal stakeholders.

Union Postale is also published in French, Arabic, Chinese, German, Russian and Spanish.

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in brief

Multimedia

New home for UPU news and multimedia

News, multimedia content and *Union Postale* archives have a new online home: <http://news.upu.int>.

Also known as the UPU's News Centre, the microsite tells the stories of the Union's work and the postal sector in words, sounds and images. Slideshows with and without audio and videos of events and experts offering industry insight are part of the regular offerings.

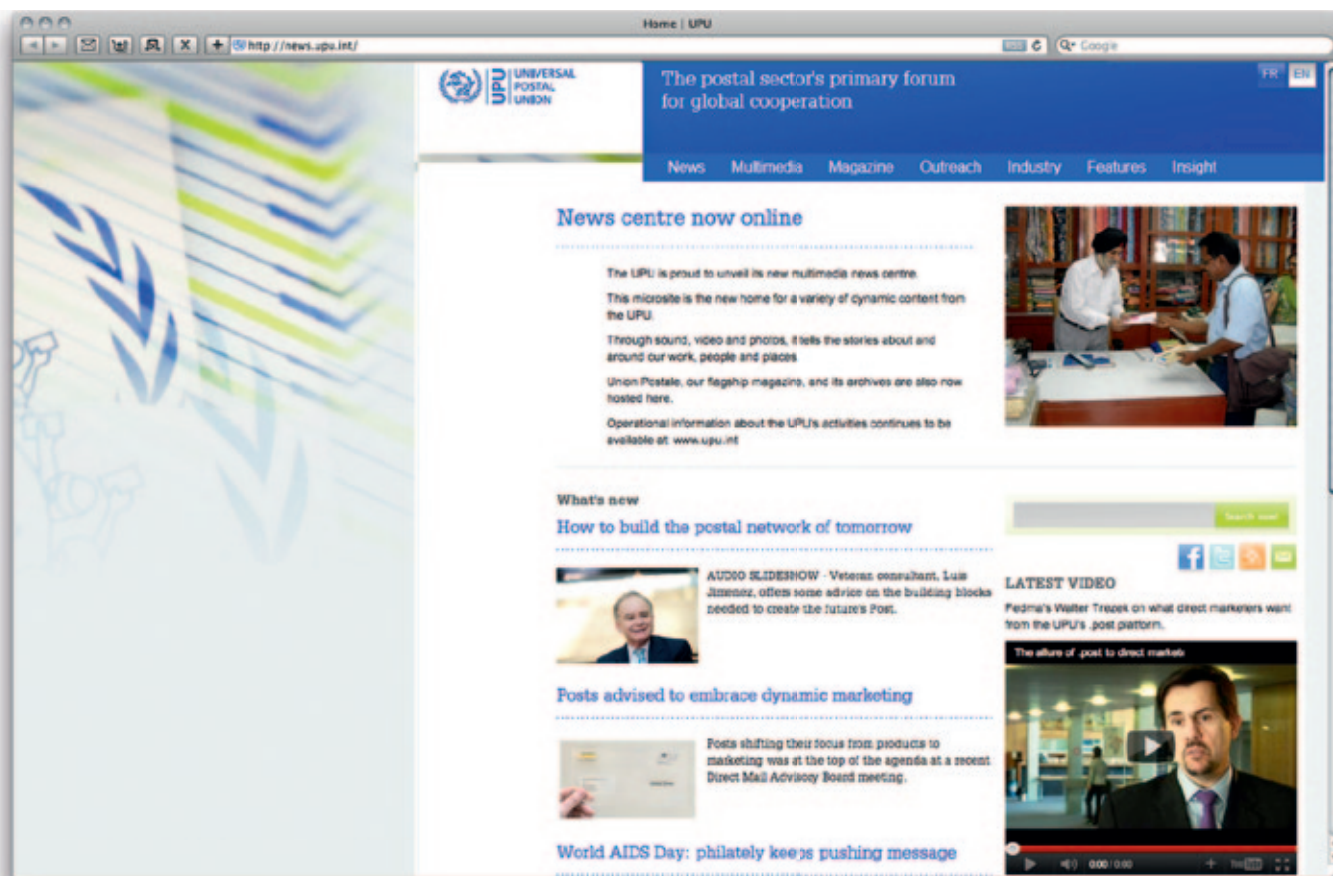
news.upu.int also houses current UPU news and archived items dating back to 2007. *Union Postale* magazine archives, starting in 2003, are also available in all seven languages.

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Editor's note

In this issue, we take you on a dizzy but informative ride through e-services, direct mail, financial inclusion and the future world postal strategy.

Our cover story looks at the rise and rise of postal e-services, based on results from a new UPU survey. This shows that Posts are wising up to the importance of including postal e-services in their business strategy. Postal operators are heeding the call to 'do or die' in the face of changing customer expectations.

On the direct-mail front, other research shows a nuanced side of the e-savvy customer. Yes, they are interested in online advertising but sometimes only as part of a multichannel approach. And some even prefer to receive business communications and advertising by mail first. In certain markets, individuals still want to receive their invoices and wage slips in the post as they feel that receiving them by email is not secure. From recent conversations, I know I am not the only one recon-

sidering my e-billing choices. Consider the irony of this situation: you overlook an email with the latest mobile-phone bill or it ends up in your junk folder and before you know it, you get a letter in the post from the telecom company, reminding you to pay the e-bill online.

As 2011 comes to a close, it is especially pleasing to see news.upu.int go live. I spent most of the year with one eye on *Union Postale*, and other communication projects, and the other eye on the creation and launch of news.upu.int. In this digital world, the UPU communication programme has finally gone cross-media. Entering the multimedia domain sees news.upu.int complementing *Union Postale* as two media – print and web – cross-fertilize each other. Check out page 19 for an example of how nicely this can work.

Faryal Mirza, editor-in-chief

Member countries

South Sudan addresses UPU in historic first

South Sudan has announced its Post is open for business in its first ever address to UPU member countries at the Union's 2011 Council of Administration.

Minister Madut Biar Yel said the new government is committed to providing basic services, including postal services, to its people.

"Like other sectors of the economy, postal services were almost entirely brought to their knees after 50 years of war. The few post offices we had were entirely destroyed... and we basically had to start from scratch," the minister told delegates by live link-up from Juba, the capital.

Since the country gained statehood in July 2011, some progress has been made in rebuilding the postal network. Five state post offices are now operational. The minister added that the fledgling nation had issued its own stamps

and started training staff. Work is also underway on developing the legal and regulatory framework for postal services.

For its part, the UPU is providing technical assistance to the new nation. The Union recently issued two international mail processing centre (or IMPC) codes to the offices of exchange in Juba and Malakal. This six-digit code enables an office of exchange dealing with international mail to process dispatches received from or sent by UPU member countries.

Biar Yel thanked the Union for welcoming South Sudan into the fold after its application for membership was formally accepted in October 2011. It became the UPU's 192nd member.

"We are extremely hopeful that, with our admission to the UPU, we shall be able to learn quickly from regional and global best practices...



The South Sudanese can look forward to improved postal services (Photo: gettyimages)

to catch up and be fully integrated in the global postal ecosystem," the minister added.

South Sudan has more than eight million inhabitants and is a federation of ten states, subdivided into 86 counties. **FM**

Technical assistance

Emergency and Solidarity Fund now operational



Haiti's temporary processing centre built by the UPU (Photo: Sophia Paris)

The UPU Emergency and Solidarity Fund (ESF) has been formally established. The 2011 Council of Administration adopted the mechanisms to fund and manage the ESF, effectively making it operational.

This fund now enables the UPU the ability to rapidly restore basic postal operations in regions

affected by natural disasters or armed conflicts.

"The earthquake in Haiti taught us some valuable lessons. Previously, efforts to collect funds could cause UPU assistance in the field to be delayed by several months. Because the ESF makes funds readily available, the UPU can take emergency action to restore basic postal services," said Cameroon Post's Younouss Djibrine, chair of the UPU's Technical Cooperation and Postal Reform Project Group.

The fund will be maintained by voluntary contributions from governments, designated operators, restricted unions, and other postal sector partners. Switzerland has already paved the way by pledging its financial support.

History of help

Over the past 10 years, the UPU has intervened to help countries hit by major natural disasters, as well as those emerging from war. The Union has funded and delivered emergency assistance totalling more than 1.5 million CHF (1.6 million USD) on a number of occasions. These included providing help in the aftermath of the South Asian tsunami in 2004, the earthquake and flooding in Pakistan in 2008 and 2010, Cyclone Nargis in Myanmar in 2008 and assisting post-war recovery in Liberia and Sierra Leone.

JD



DOHA
2012

Congress

Doha event gets closer

The countdown to the UPU's 25th Congress in Doha, Qatar, has begun. The opening of this major event is just months away, which will bring together 2,000 delegates at the Qatar National Convention Centre (QNCC), from 24 September to 15 October 2012.

The project groups of the UPU's joint committee on strategy are currently putting the finishing touches to the draft Doha Postal Strategy, as well as the draft resolutions that will implement it.

The dates of major Congress events, such as the meetings of the nine Congress committees, the election of the new director general and deputy director general, have already been set and can be viewed on the UPU website.

Further information on practical issues, such as conference registration, visa and customs procedures, along with tourism links, will be added to the dedicated web page in the coming months.

The QNCC is no stranger to large events: it recently welcomed the 20th World Petroleum Congress, attended by thousands of delegates, making it the sector's biggest annual event. JD



Congress on the web

<http://www.upu.int/en/the-upu/congress/about-congress.html>

Ukraine
Post's stamp



Health

HIV campaign is still going strong

Posts across the globe have multiplied their efforts to encourage HIV prevention among the public in recent times.

On World AIDS Day on 1 December, the Brazilian and Ukrainian Posts joined a long list of postal operators worldwide that marked 30 years of the disease in 2011. The UPU estimates that more than three million AIDS stamps have been issued this year alone.

Brazil Post commissioned Ziraldo, a world-renown Brazilian illustrator, to create eight stamps using his distinct style. The 2.4 million stamps were launched in Brasilia during a national health conference, and an accompanying flyer, also designed by Ziraldo, is being distributed in post offices. The stamps will be on sale until 31 December 2014.

The Ukrainian Post has issued 150,000 copies of a single stamp highlighting 30 years of AIDS. The familiar red ribbon constitutes the centrepiece, against a spiral of sentences recalling some of the major moments in AIDS history.

In 2011, some 30 Posts responded to a call by the UPU to issue stamps marking 30 years of AIDS as part of a global HIV prevention campaign launched in 2009 with UNAIDS, the



Ziraldo uses condoms, canoodling couples and clean needles to get the message across

International Labour Organization (ILO) and UNI Global Union.

The Posts of Burkina Faso, Bosnia Herzegovina, Slovakia and Luxembourg issued their stamps in June to coincide with UNAIDS' high-level meeting at the United Nations in New York. Since then, the Posts of Algeria, Morocco, Mauritius, Peru, Saint Lucia and Turkey have joined the global campaign.

Posts can also rely on new guidelines to help them develop workplace policies on HIV for their staff. "Because Posts are major employers, they can play an import-

ant role in the development of workplace policies, educating staff on the risks of HIV and protecting infected employees from stigma and helping them to remain productive," said the ILO's John Myers, who led the guidelines' development. The ILO recently worked with Uganda Post to promote the guidelines, which including a campaign launch on World Post Day 2011. **RL**



UPU HIV/AIDS campaign
<http://news.upu.int/features/health/>

in brief

Who's who at the UPU

Stuff of dreams

Name: Ariane Proulx

Position: Assistant, Directorate of Markets Development

Nationality: Canadian



Graduating from high school in her native Quebec City, Canada, Proulx had big dreams. "I always said I wanted to work for the United Nations," she says. "When you're 16 years old growing up in Quebec City that seems improbable and people don't really take you seriously, but that's what I said."

With a first degree in anthropology, Proulx then studied international management in Montreal and then worked for a few years at a major electronics company. "I always wanted to go abroad; I never wanted to work in my own backyard," she said. And so, it was on to Switzerland, where she completed a Masters in Business Administration at the American Graduate School of Business. She started working at the UPU in 2004 at the Quality of Service Fund secretariat.

As an assistant at the Directorate of Markets Development, Proulx works on the UPU's relations with the private sector, ensuring, for example, that the UPU's World Postal Business Forum, organized annually alongside Post-Expo goes smoothly (see feature on page 18). "We work with CEOs, the private industry, postal sector and govern-

ments and with many different departments within the International Bureau," Proulx says. "I do a lot of organizing, contacting speakers, hotels and third-party organizations. I also love to go into the field and work with different people. Each year is never the same," she adds.

One plus side of working at an international organization is the impact Proulx's work can have on lives. "That may sound idealistic but it's true. I don't think I could ever go back to the private sector because of the stress and the 'make money, no one cares how' philosophy," she says. "I just don't think like that. Here we do what we can and hope to see an impact and that's what I like." **RP**

(Photo: Alexandre Plattet)

Agreement paves way for trade knowhow exchange



An agreement signed by UPU Director General Edouard Dayan and Brazilian ambassador, Maria Stela Pompeu Brasil Frota, in November, will enable Brazil to share know-how of its trade facilitation programme, *Exporta Facil*, with other UPU member countries. (Photo: Alexandre Plattet)

World Post Day

One day for the Post



Greek children were awestruck by mail processing (Photo: Greek Post)



Charlene Gittens from Barbados, joint winner of the UPU's 2011 Letter-writing Competition, is honoured by her national Post

World Post Day was celebrated around the globe on October 9 under the theme: the Post as an invaluable public service worldwide. Many events marked the 2011 edition of this day, dedicated to postal services and held on the founding date of the Universal Postal Union. In Africa, Angola organized a forum on the challenges of new technologies for the Post and Gambia Post collected funds for the charity, SOS Children's Villages.

In Europe, the focus was on young people. The Greek Post taught schoolchildren how to address mail properly. Its Lithuanian counterpart held a competition



Mauritius issued its HIV stamp on October 9

inviting children to draw the Post of tomorrow. The Portuguese operator sent some 1,000 letters to students in the Alentejo region to encourage them to write to their friends and family. The Serbian Post launched a competition for the best-decorated post office.

In Asia, the Macao postal savings bank awarded scholarships to around 30 students, who had achieved high marks in school. Pos Malaysia set up an exhibition of 19th century mailboxes and Singapore held a writing competition for primary students.

Formal ceremonies were also held, including presenting awards to outstanding postal workers and prizes to national winners of the UPU's letter-writing competition. New products and services were launched across the globe and a number of operators offered the public tours of post offices. **JD**



Wang Sa (right), joint winner of the Letter-writing Competition 2011, with her award and Xu Jianzhou, deputy director general of China's State Post Bureau.



Viet Nam looks ahead to the 2012 Olympic Games on World Post Day



Posts ride technology wave

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Are postal electronic services considered strategically important to a Post's future? The answer is a big yes, according to a new UPU study measuring countries' development of postal e-services.

.....
By
Rhéal LeBlanc

In the face of declining letter-post volumes, Posts have adopted an "if you can't beat them, join them" attitude. Riding the technology wave, they have developed a wide range of new e-services over the past 20 years to meet customers' anticipated needs.

And, while Posts from industrialized countries provide on average twice the number of e-services than their counterparts in developing countries, several of the latter were found to be digital leaders in their own right.

The first-of-its-kind study also establishes an important index of postal e-services development for the industry against which to follow the evolution of these services.

E-post on top

The study, in which 93 Posts are considered, defines and classifies 55 different types of postal e-services currently offered worldwide and measures their state of development. The study provides an insightful look at regional and sector trends worldwide and identifies factors that facilitate or obstruct the development of such services.

The study categorizes postal e-services in the areas of e-post, e-commerce, e-finance and e-government. E-post services, (public internet access points in post offices, postal electronic mailboxes, online direct mail,

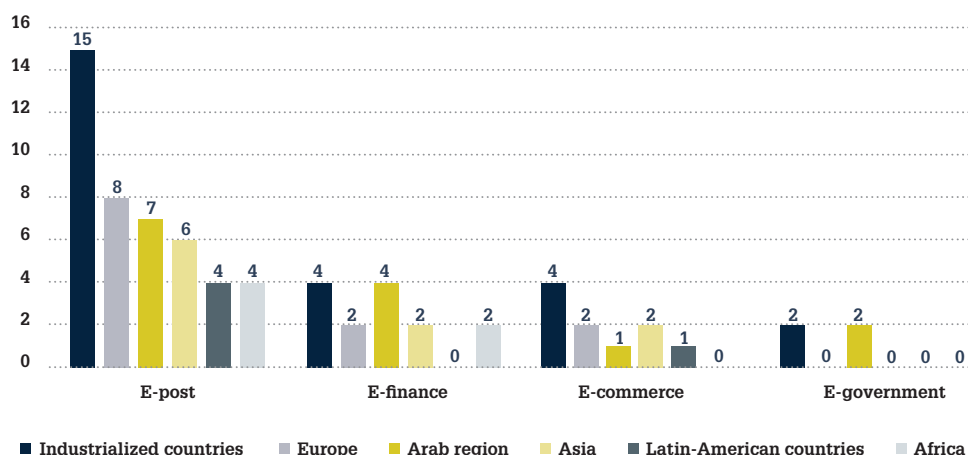
etc.), are the most developed, especially in industrialized countries. They are followed by e-finance services, (electronic invoicing, electronic remittances, online bill payment, e-payment of public utility services, etc.), and e-commerce services, (online shops for postal and philatelic products, online subscription to periodicals, SSL web certificates, etc.).

Janice Gould Alodah, programme manager of digital and e-services liaison at the United States Postal Service (USPS), commends the study's comprehensiveness. "It provides a picture of... diversification strategies that could be correlated with marketplace trends and economic impacts as possible drivers," she said.

"Many Posts struggle with diversification and adaptation to the digital age. Structured information from reputable sources is hard to secure," added her colleague, Kent Smith. "One of the most interesting findings [of the survey] is the wide array of services being offered or developed. The level of experimentation is impressive, especially in an industry not known for innovation."

In the area of e-government, (digital identity, electronic payment of retirement pensions, online passport applications, electronic medical certificates, etc.), the study shows that services such as digital identity, electronic export documents and electronic customs documents are considered important strategically, but

Average number of postal e-services provided by country by region



remain undeveloped. "As part of the UPU's future strategy, we need to do a better job of educating governments about the role Posts could play in bridging the digital divide through the provision of important e-government services," says Farah Abdallah, e-services expert at the UPU, who co-authored the study.

Strategic importance

A key finding indicates that 70 per cent of Posts responding to the survey said they considered electronic services in general strategically important for the future. But the study also shows that this strategic consideration does not yet match the attention Posts give them in terms of financing, market development and organizational management. "There is a need to align this vision of electronic services with the organizational structure and resources they attribute to them," says Abdallah.

While Posts recognize the potential for growth in e-services, the latter are contributing modestly to the bottom line. The study suggests such services contribute an average 1.5 per cent of a Post's global revenues currently. A handful of Posts, however, are reporting confidentially that e-services are generating upwards of 30 per cent of their revenues. "There are examples that show that, if Posts develop a comprehensive digital strategy, there is potential for sustainable growth," says Abdallah.

For Alex Nascimento, from the Brazilian Post, there's a good reason why postal e-services aren't big

money makers just yet: "It's a question of market restrictions. In many developing countries, there is a lack of internet access and a lack of culture about the use of electronic services," he says.

While Posts in developing countries acknowledge this reality, they are keen to explore opportunities. Mali Post, for example, has just started selling stamps online this October. Its director general, Wande Diakité, said he was watching closely how consumers were reacting to this new philatelic sales channel. "Electronic services are an opportunity to help developing countries raise the quality of their postal services," Diakité said.

In some countries, the adoption rate of postal e-services is still low among consumers. Abdallah, however, is convinced the adoption rate will grow with time but trust in Posts' ability to deliver e-services effectively will be key.

Waheed BuSaeed, director of e-business at Saudi Post and member of the cluster group in the UPU's E-Services Group that produced the study, says he has definitely seen a change in direction and also identified the need for more homogeneous postal e-services. "It is clear many postal operators are proposing the same electronic services in different forms and quality, but there's a lack of uniformity in the way the Post's image is projected to customers."

UPU member countries must start a discussion on how to share their experiences and practices to enable faster and more effective implementation of these services globally, according to BuSaeed.

Postal e-services development index

.....

1. Switzerland
2. Belarus
3. Italy
4. Germany
5. Qatar
6. Tunisia
7. France
8. Korea (Rep.)
9. United States
10. Canada

(The study produced separate indices for e-post, e-commerce and e-finance services. The three distinct indices were then folded into one general index called the postal e-services development index.)

"Once electronic services are unified, like track and trace for example, the UPU could establish a single brand that could be promoted globally. We have to start talking about electronic services becoming part of our business services," BuSaeed added.

Promoting postal ICTs

Ensuring Posts worldwide can benefit from cyber power is a high-priority agenda for the UPU. Director General Edouard Dayan is a commissioner of the Broadband Commission for Digital Development, set up jointly by the International Telecommunication Union and UNESCO in 2010. The Commission is rallying the public and private sectors around the goal of expanding broadband access in every country to achieve major progress on the United Nations Millennium Development Goals, whose 2015 deadline is approaching fast.

At an October meeting, UPU Director General Edouard Dayan told the Commission that postal services are a key infrastructure for a nation's socio-economic development. The ability to deliver quality postal services, including using tools to track and trace and perform electronic money transfers effectively, requires a solid internet network.

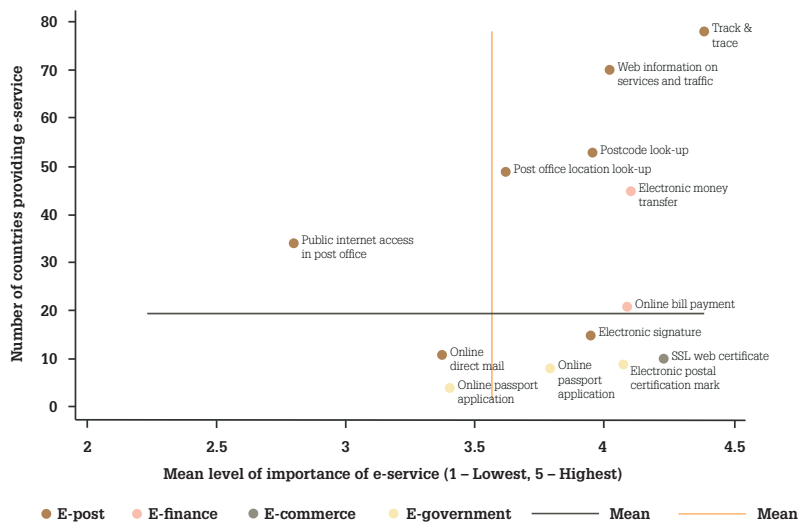
The UPU's e-services programme manager, Paul Donohoe, also attended the meeting. Donohoe noted that there was a significant international investment being made in the deployment of broadband at this moment and countries want a return on that investment.

Study highlights

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- Postal e-services are developing rapidly worldwide; the number of postal e-services introduced in recent years has tripled, from 33 in 2007 to 85 in 2010.
- The first postal e-services was introduced around 1992, with the introduction of track-and-trace services.
- Although there is a gap between industrialized and developing countries in terms of postal e-services development, the index established by the study shows that not all developing countries are trailing behind; some are considered leaders in e-post, e-commerce and e-finance.
- The development of postal e-services is driven more by innovation capability than wealth.
- ICT infrastructure and regulation as well as innovation are important drivers of postal e-services development.
- While postal e-services are considered strategically important, strategy, management and profits are not aligned.

Worldwide development of postal e-services versus the mean level of their respective importance



“This is where postal e-services could be very valuable for the local community, bringing security to communication and access to e-commerce to support economic development. There is an important role for us to play as an industry,” Donohoe said.

The UPU’s e-services study will be useful for Posts, he added, but it will also help promote the postal industry’s capabilities to governments. “It is clear that many information and communications technologies policies do not recognize how Posts bring value to this infrastructure investment. This report will help raise awareness about the Post’s capabilities in this field by promoting its full potential,” Donohoe said.

Walter Trezek, from the Federation of European Direct and Interactive Marketing, whose members use postal services as a preferred network, said his association wants to use the study and contribute to future ones to educate its members on the Post’s capabilities. “It’s about time for the dialogue and for direct marketers to understand the benefits of postal e-services,” he said.

This is why many stakeholders appreciate the global perspective the study offers on postal e-services offered worldwide. Member countries can now share technical knowledge and practices and explore opportunities to work together to reduce development costs and offer a unified global postal e-service, believes

BuSaeed. “Electronic services are different from others. Electronic infrastructure, data, software licences, investments can be easily shared with countries that don’t have such capabilities,” said BuSaeed.

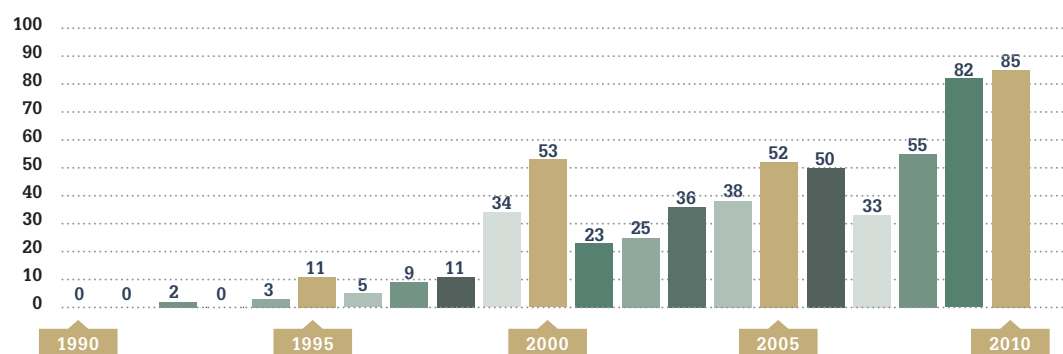
And support is essential, echoed Tunisia’s Oussama Rouatbi, chair of the UPU’s E-Services Group. “Many African countries are reviewing their information systems to offer new electronic services and need the help of others to put in place the necessary infrastructure and decide which services should be matters of priority,” Rouatbi said. “It is important to put everyone on an equal footing to limit the digital divide this study has clearly identified,” he added.

Not lagging

While many developing countries need assistance, not all of them lag behind their industrialized counterparts. When it comes to innovation, a major conclusion of the study is that Posts in some developing countries are holding their own. Indeed, when a country’s postal electronic service index is matched against its gross national income or its Post’s operating revenue, many developing countries appear above the regression line, making them relative leaders in postal e-services.

In the study, Belarus, Brazil, South Africa, Tunisia and Ukraine are ranked among the top 25 in terms of overall postal e-services development. In specific areas, the ranking differs, depending on a country’s diversification strategy. As such, Switzerland leads in e-finance, Belarus in e-commerce and France is top in e-post services.

Number of postal e-services introduced globally over the years



"Innovation capability influences the development of postal e-services more than wealth does," explains Abdallah. "Regulation and a solid infrastructure for ICTs are also important factors supporting the development of postal e-services. This is where a platform like .post could help bridge the gap."

Electronic postal services will be a key component of the UPU's next world postal strategy. The results of this recent study will be valuable in this context and they will enable the UPU to better define the specific areas on which to focus in the development plans it creates for each region of the world.

The UPU will conduct the study regularly to update the data and include new information. "Information about results is critical," stresses the USPS's Kent Smith, including how much funding Posts are investing in electronic services, whether new revenue is being generated and whether these initiatives are cannibalizing existing volumes and revenues. **RL**

Making .post the future home of postal e-services

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With the fast-growing evolution of postal e-services, developing the .post platform for tomorrow's postal sector is a priority.

.....
**By
Rhéal LeBlanc**

The process of getting .post up and running is not easy but progress is being made. As work on establishing .post continues, UPU member countries are being asked to step up their involvement in the project.

"The results of the UPU's recent study on the evolution of postal e-services confirms what we have heard throughout 2011 during the UPU strategic round tables and Post-Expo in Stuttgart, Germany. Postal CEOs worldwide – from both industrialized and developing countries – say that technology will play a critical role in helping them to deliver modern postal services to their customers," says UPU Director General Edouard Dayan. "And they are urging UPU members to come together to build the .post platform that will help them deliver these future postal e-services."

In 2011, the UPU's official bodies, the Postal Operations Council (POC) and the Council of Administration (CA), approved the domain management policy, and some countries, like China, Italy and Saudi Arabia, are working on pilot projects to demonstrate the .post platform's potential value. These projects deal with secure, cross-border registered electronic mail and doing business with online shopping malls. A UPU-led pilot project dealing with international registered e-mail is also in the making.

Some Posts are already successful domestically in these areas. But the challenge is how to expand these services at the international level. An interconnected and secure .post platform gathering interoperable e-services is part of the UPU's vision to help its member countries make that happen, says Dayan.

"What the UPU is trying to achieve with .post is not much different to what happened when the organization was created," Dayan explains. "In 1874, 22 countries with their own postal infrastructure, services and bilateral agreements came together to create the UPU and a single physical postal territory that interconnected them. Member countries have asked us to obtain .post and, now that we have, they must come together to progressively build .post and turn it into the single electronic postal network of the future."

The main focus is building .post's technical infrastructure. Poste Italiane, a leader in postal e-services, is providing expertise on this part of the project. The internet registry, registrar and escrow agent needed to operate .post should be selected by the end of 2012's first quarter, meaning that the .post platform could be operational by August 2012, if all goes according to plan.

.post Cooperative?

While a handful of countries are supporting the initial development of the .post platform, including Italy, France, Portugal, Macau, South Korea, Tanzania and Sri Lanka, more support will be essential to sustain .post later on.

One proposal is to create an official .post group, a sort of cooperative similar to the UPU's EMS and Tele-matics Cooperatives or Direct Marketing Advisory Board (DMAB), which are funded by extrabudgetary contributions by its members. Such a group for .post would help secure member countries' commitment in developing the platform after its initial creation.



.post is just a click away (Photo: shutterstock)

“.post is a significant, innovative project, and innovation requires risk and new thinking and the aim of an extrabudgetary group is to support the project’s financing, strategy and development in future,” says Paul Donohoe, e-services programme manager at the UPU. “.post is an ongoing initiative and having its own cooperative would enable interested member countries to engage in its strategy and be part of its development.”

Dreaming together

Italy’s Giovanni Brardinoni, chair of the Standards and Technology Committee under the POC, presented the proposal to set up a .post group to the CA in November. He said that, creating this group, with its own governance and self-financing structure, would reflect the strategic importance of .post. It would bring together member countries interested in developing innovative and interoperable .post applications, propose policies, regulations and standards. The group could also narrow the digital divide by ensuring a universal electronic infrastructure accessible to all, including the less developed countries.

To emphasize the importance of such a group for a strategic project like .post, Brardinoni appealed to UPU member countries, using lyrics from a popular Brazilian song: “When we dream alone, it’s just a dream. When we dream together, it’s the beginning of a new reality.”

In the end, the CA adopted the group’s idea in principle but asked that further study on its functioning and financing be presented at the body’s February-March 2012 session, the last before the 25th Universal Postal Congress in September-October.

Extrabudgetary groups, such as the EMS and Tele-matics Cooperative and the DMAB, are not new concepts at the UPU. They enable voluntary members to work together on the promotion on specific services or products and help cover activities that cannot be financed solely by the organization’s annual budget of 37 million CHF (39 million USD), one of the smallest in the entire United Nations system. **RL**



More about .post

<http://news.upu.int/projects/post/>

Leaders deliver 2020 vision

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The future of the Post has technology written all over it, according to sector leaders at the UPU's World Postal Business Forum at Post-Expo 2011.



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Saudi Post CEO, Mohammed Benten, sees business opportunities in e-government



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UPU Director General Edouard Dayan with Deutsche Post's Thomas Baldry (right)



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At the new-look UPU stand

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**By
 Rhéal LeBlanc**

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**Photos: Wolfram
 Scheible**

This year's forum in September 2011 enabled industry leaders to offer their vision of the postal world in 2020. Several spoke about their strategies for adapting or transforming their respective businesses.

"Things are heating up," said Thomas Baldry, senior vice-president of Deutsche Post Global Mail, who opened the CEO Forum attended by nearly 400 people in Stuttgart, Germany.

Baldry warned the audience to "constantly expect the unexpected" and confirmed the German postal operator's intention to continue to invest heavily in technology. He mentioned the new digital letter Deutsche Post launched a year ago, E-Postbrief – admitting to some teething problems – but said the Post was committed to this service in the long run. Baldry also dwelled on the parcel business opportunities that come with the expansion of e-commerce, adding that Deutsche Post was busy "turning bytes into packages".

UPU Director General Edouard Dayan explored the Post's future role in modern social communications, a key theme of this year's forum. "Far from being a threat to the postal sector's development, the digital society is an opportunity to provide better services, introduce new ones and respond to or even anticipate demand," Dayan said.

Trust an asset

As Posts diversify their strategies and services, Dayan urged them to develop postal services in a sustainable way. Above all, "trust is the number-one asset of postal operators but trust must be a two-way street," he said. "Beyond the trust customers and users have in Posts, let us also build our own confidence in the postal sector's capacity as a key player in the communication world of today and tomorrow."

Looking to the future, Harry Koorstra, CEO of the Netherlands' PostNL, said his organization underwent a business transformation recently by splitting its mail and express operations. He revealed it was difficult to predict the future, given the many "disruptive elements" that can wreak havoc in any operator's best laid strategy.

Other operators, like Saudi Post, cannot imagine the future without making a major technological leap. Saudi Post has already given all citizens an e-mail address and developed a virtual shopping mall where small entrepreneurs and craftsmen in the most remote areas can sell their goods, which are then delivered by the Post. With 50 per cent of Saudis already connected to the internet, the Post's president and CEO, Mohammed Benten, sees a real opportunity for the Post to become a major deliverer of government services. "Some 17 million people are served by government departments in Saudi Arabia. This could be a huge revenue generator if the Post could provide these services," he underlined.

More than 3,000 people and exhibitors participated in Post-Expo 2011 and the conferences and workshops held alongside the postal technology exhibition. **RL**



Consultant Luis Jimenez, a speaker at the World Postal Business Forum, on how Posts can build the future business:

<http://news.upu.int/multimedia/audio-slideshows/tomorrows-postal-network/>



How to look the future straight in the eye

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Looking back at 20 years in the industry, Adrian King, a consultant with Strategia Group, is not afraid to pose the questions that Posts should be asking themselves as they square up to the future.

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By
Faryal Mirza

How has the environment in which the postal sector operates changed in the past few decades?

Adrian King: History shows us that Posts have gone from operating in loosely regulated, structured markets to formally regulated, competitive markets, which are unstructured, in the last 20 years.

In the 1990s, most industrialized Posts were concerned with modernizing physical structures in the context of growing volumes, so the key issues were cost and quality. The main things they were concerned with were automation, changing labour processes and increasing quality measurements.

Starting from 2000, the main concerns were liberalization, competition and the corporate models being developed to meet those.

This was the time to do the normal things to develop a business, such as marketing, pricing and product differentiation.

At the same time, these Posts were learning to deal with a much more explicit regulatory environment.

Posts that are now doing well are on top of the issues they faced in the 1990s and 2000s. Posts, which are struggling today, have never really solved the problems of those times.

What lessons can be drawn from history?

The environment over 20 years has changed enormously. Posts still have to carry on with operational restructuring, bringing efficiency into physical infrastructure as the

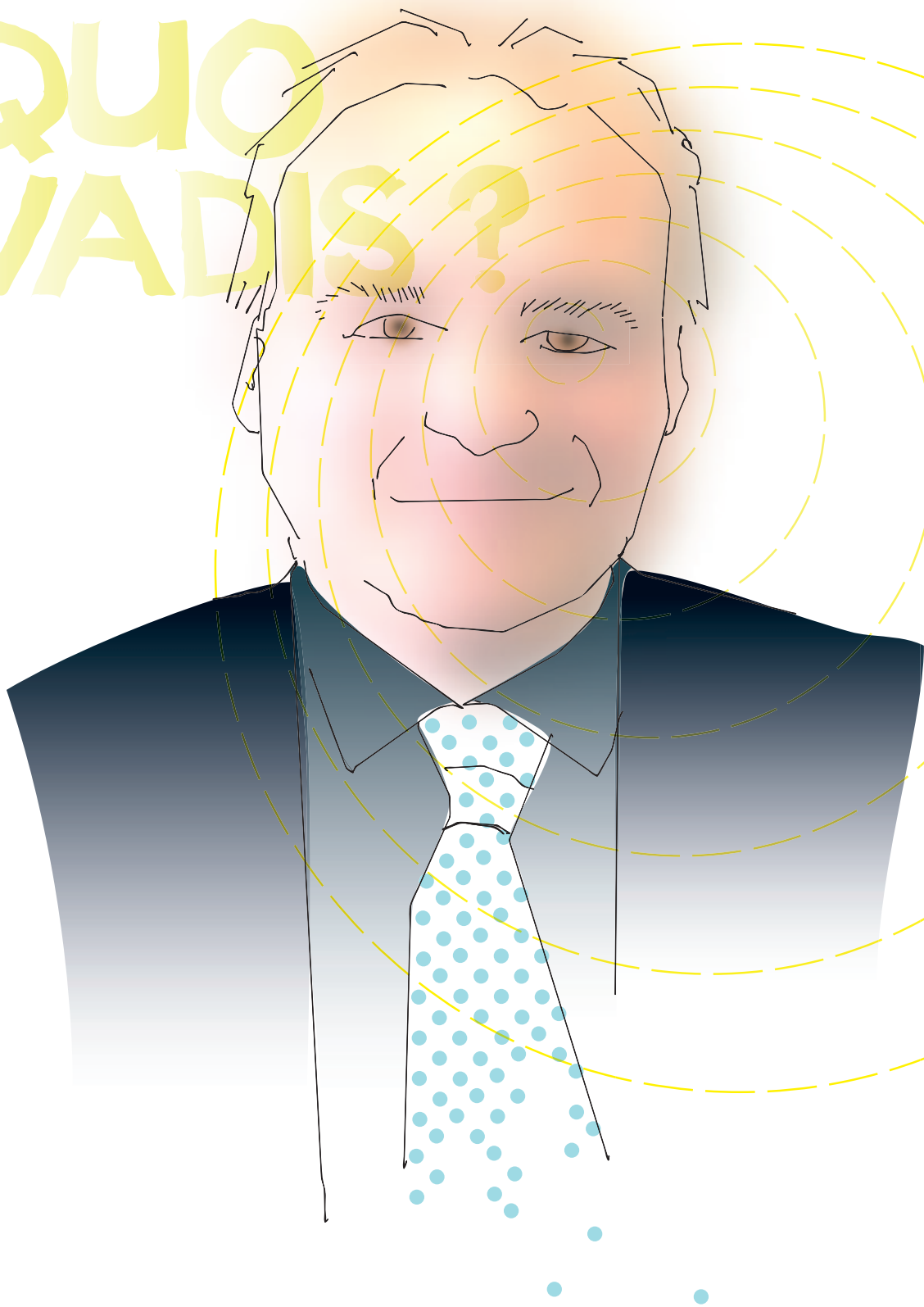
latter remains the biggest financial driver of the business.

But Posts also have to start thinking about how they address the e-world and the integration of physical and digital offerings. Otherwise, Posts will simply be marginalized to being a physical mail carrier and a player in a very competitive market.

What are the main issues?

Where to position the Post in a market that has become more unstructured is the key issue. For each Post, in the core markets of transactional communication, parcels and logistics and payments, the strategic question is the same: does the Post expand into providing physical and digital solutions for customers' underlying

QUO
VADIS?



“If your mail services are of a poor quality, nobody is going to believe that you can deliver great digital services.”

business or simply remain a deliverer of physical items?

If you think of a product like direct mail, it is clearly competing with a wider market both in media and advertising. There is email and SMS marketing, as well as other forms of online marketing.

Similarly, an invoice sent in the post used to say how much the customer owed. Nowadays, an invoice often has a marketing message as well, so that means systems have been merged in the background to enable you to receive personalized marketing messages.

Where does the Post fit into a world where traditionally there was the transactional product on one hand and the advertising product on the other and now both messages are integrated? One big challenge is identifying which messaging and logistics systems Posts need for the emerging environment.

Quo vadis?

It is time to look at whether we are merely a provider of direct mail services or if we have a wider business to ply in the data management and capture connected with marketing and marketing messaging.

As postal volumes stagnate in industrialized countries, a viable postal system, as we currently know it, will not be sustained simply by transactional mail. Consequently,

Posts need to look at opportunities in packet markets, document-management outsourcing, integration into underlying business processes and bridging the physical and digital world by providing authenticated digital delivery infrastructure.

Where do customers fit into the picture?

The key thing for the Post is: how do we continue to have a relationship with the household channel? If we do not have a relationship with the household, why would senders pay us?

If you go back to the 1990s, about a third of postal business was business-to-business mail flows. If you look at mail flows now in the majority of Posts, business to consumer accounts for about 70-80 per cent.

How do you forge a relationship with the household channel?

It is all about creating registered relationships with the household. How households want their messages and goods in the future and how the Post can make that a more convenient process for them.

Deutsche Post has an authenticated e-commerce site, which creates a registered relationship with the user, has payment functionality and simultaneously links that with consumer preferences about how

they want their products delivered. The message is that interacting as a consumer with the Post results in a more convenient experience. Convenience is about simplification. It is about simplifying people's transactions and then ensuring confidentiality, which is an old postal value.

How do you advise Posts interested in offering products and services for the first time?

There has to be a decision framework in place.

Is there commitment at a senior level? If not, then a successful implementation is unlikely. The Posts that have done well in e-services are the ones with clear support at the board or owner level. Digital services have to be seen as an integrated dimension of future strategy and not as an optional add-on.

Recognize market dynamics. Posts need to understand their own markets and that not all opportunities are applicable to all markets. For example, both Denmark and Finland are leaders in providing authenticated digital mail services but, given that the banking e-identity is used as the de facto electronic identity, there is no opportunity to be a certificate provider of electronic identity in those countries. However, in Norway, Italy and Switzerland, the Posts lead this market.

Do you have the required resources from either cash flow or access to capital markets to support new services?

When it comes to innovation, do you have credibility with stakeholders, created through delivering efficient traditional services? If your mail services are of a poor quality, nobody is going to believe that you can deliver great digital services if you are not proving yourself to be a good management team.

Doesn't the Post already have credibility as a traditionally trusted brand?

History only gives you opportunity. Yes, the Post is trusted. However, if I try to sell an email service as a Post, I have little credibility against a telecom company. But if I try to sell an electronic document delivery service, which is integrated into physical mail, I am a universal service provider of physical and electronic services and have a lot more credibility.

The advice to a poorly performing, physical-mail driven Post is that a digital strategy is unlikely to be successful until the physical operational issues have been resolved.

What other pearls of wisdom can you offer postal operators when it comes to diversifying the business?

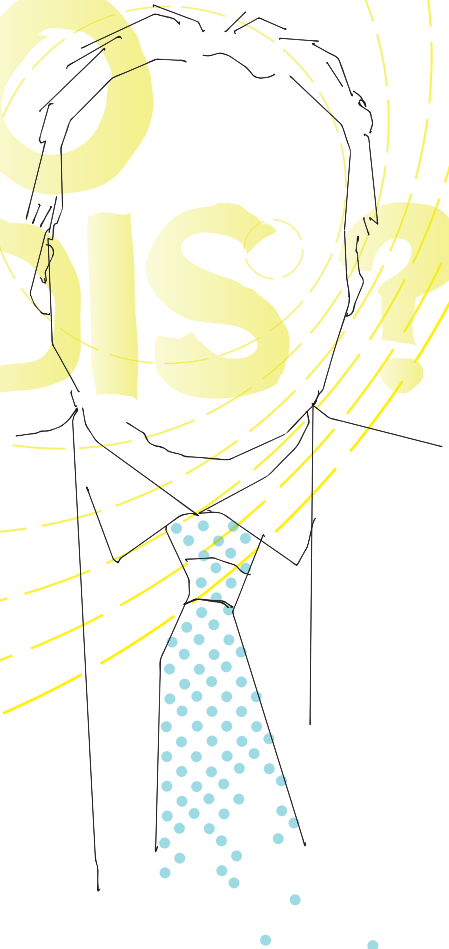
Develop an innovation framework, which honestly assesses the current position, defining potential positions that the Post could take in its core markets. Then, define the wanted position of the Post in the

context of its market and resources.

Win commitment from the core stakeholders for that wanted position. At this point, define the gap between the current and future wanted position and develop an implementation plan, which is based on market-driven technical standards, and is not afraid to create partnerships and make acquisitions.

Remember the Post is not a monopoly in the digital world and it's a fast changing world, so listen to the market and be flexible in adapting plans to customer reaction. **FM**

QUO
VADIS?



Capturing the value of direct mail

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To ensure a foothold in direct marketing, Posts could offer their clients a combination of physical and digital forms of communication.

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**By
Chantal Britt**

At the October meeting of UPU's Direct Mail Advisory Board (DMAB), it was emphasized that Posts are facing many challenges as they undergo a vital transformation. For their future survival, it is necessary to be on top of global trends and introduce novel products and services that meet or exceed customer needs. This has seen some postal operators going from creating and delivering traditional physical mail to offering solutions for targeted personalized electronic products, services and practical support for integrated multi-channel marketing campaigns.

Twenty years ago, operators were either product or process-oriented. The changes in the media landscape since then, however, are pushing operators to be marketing-oriented, says Tim Walsh, vice president for corporate and regulatory affairs at postal solutions provider, Pitney Bowes. Posts have to understand cost drivers and industry trends. Walsh advised a focus on the most profitable customer segments and helping clients, who struggle with the move towards the new digital era.

"Marketing is about creating value and capturing that value," Walsh said, adding that "structuring how we go to market and rebalancing how we serve different seg-

ments of customers are big issues with big risks. That's why marketing needs to be owned from the very top of the organization."

Direct mail, which accounts for some 38 per cent of global letter-post volumes and more than half of total mail volumes in the United States, still represents a significant opportunity for Posts. This is true for both developed and developing countries, and volumes of direct mail are likely to recover, according to a study commissioned by the UPU.

The global direct-mail advertising services market is forecast to reach 25.45 billion USD in 2015, according to market research by companiesandmarkets.com. Market growth is expected to be spurred by locally targeted ads, a move away from mass to direct advertisement. Through the delivery of physical direct mail, Posts have been and continue to be a very important communications and marketing channel.

Spending on direct mail is forecast to rise 3.6 per cent annually between 2010 and 2014, according to the Direct Marketing Association, which represents companies from 49 countries. Commercial and non-profit marketers



To promote winter tyres, BMW, the car manufacturer, produced a direct-mail piece to drive home the message

in the US, the largest market, are expected to spend 163 billion USD on direct marketing this year, more than half of all advertising spending and 8.7 percent of total US gross domestic product, the DMA said. The association forecasts that, measured against total US sales, these expenditures will generate about 1.96 trillion USD in incremental sales this year.

Customer and brand

Posts must meet client demands for more customized products and personalized communication, says Valentina Carnevali, secretary-general of the Italian Direct Marketing Association. "Today, there is a stronger relationship between customer and brand and clients have an individual independent approach," Carnevali said. "Customers want to decide what's relevant to them and share their choices in blogs and forums with peers and friends."

Direct mail has been increasingly connected to or integrated with electronic media. Some operators are already providing these new products through the creation of separate divisions dedicated to digital channels or acquiring specialized companies. Despite the existence of state-of-the-art marketing applications, direct mail remains the carrier and driver of these digital media. According to recent surveys conducted in Switzerland and the US, about two-thirds of consumers still prefer paper when it comes to invoices, business correspondence and promotional material. The majority of Swiss people participating in a national survey said they would be less likely to open promotional material sent by e-mail, (see feature, page 28).

Crazy about leaflets

Direct mail continues to be popular, even if some customers prefer not to receive it. In the Netherlands, 1.4 million

of a total of 7.5 million letter boxes sport 'no-unaddressed-mail' stickers, with their numbers increasing by 1 per cent every year, said Lars Heugel, commercial director at NetwerkVSP, a PostNL subsidiary that specialises in direct-mail deliveries. The Dutch continue to receive Europe's highest number of unaddressed door-to-door leaflets per capita: 25 to 35 per week. "The Dutch are crazy about leaflets; seven out of ten Dutch people claim they would miss flyers if they would not receive them anymore," Heugel said.

After researching customer needs, NetwerkVSP launched an interactive platform this year where it offers about 120 leaflets online on behalf of retail clients. The internet platform allows consumers to customize their preferences according to interest and physical distance between the buyer and the store. Customers can also print leaflets on demand.

Some consumers may get product information online but then end up buying offline because they like personal contact, Heugel said. Others want to hold and smell a product first but they end up buying it online because it is cheaper. For retailers today electronic platforms with coupons and web discounts offer a great opportunity, particularly for smaller companies. "Every business can afford an online presence," Heugel says. "So, you get equal opportunity online, even for small businesses."

Today, the average Dutch person is flicking through two dozen commercial leaflets for 47 minutes per week. In the near future, Heugel expects them to sit on their sofa, looking at about four customized personalized leaflets electronically on their tablet and tracking the closest location of a chosen product.



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Carmakers Honda sent this welcome pack to UK customers instead of an email as a personal touch

Taking the lead

Posts have to play their trump cards: their address databases and proximity to customers. "We have a huge customer base in the retail segment, sales power on the street, we are reliable, and the consumers have confidence in us. So, we have the customers, while the internet cowboys have the speed," Heugel said. "These guys in the garages, who first offered internet platforms, never talk to the retailers, so we have to take the lead, instead of leaving the business to them." NetworkVSP uses the platform to deal with clients' complaints and organizes eight to ten workshops per year to support its customers, who often struggle with the integration of digital and physical communication channels.

Posts have the means and resources to educate and promote marketing dynamics. And it is crucial that Posts talk to marketers to make sure that paper will be included in a campaign, Carnevali said. The UPU's role is to foster the growth of direct mail and direct marketing in partnership with industry stakeholders and to help Posts develop the necessary infrastructure, she added.

New opportunities

The transition to a digital future also offers new business opportunities for Posts, said José Furian Filho, business vice-president, Brazil Post. This Post expects that the creation of an online service platform for direct marketing services, the exploitation of its address management services and e-commerce to boost revenues. Between 2000 and 2009, the Brazilian direct-marketing market grew at an average annual rate of 12.5 per cent to 22 billion BRL and generated over 1.2 million jobs.

Direct mail remains a strong pillar for Posts going forward, if operators develop innovative targeted solutions and services combining physical and electronic media.

Physical and tactile media is memorable and very popular with consumers, who keep it in a visible place and refer to it when required. Like many consumers, Kim Frick, a mother of two living in Zurich, looks forward to advertising discounts, vouchers and coupons for her local supermarket in her letter box. "You don't find out about the good offers without advertising mail," Frick said. **CB**

Chantal Britt is a freelance journalist based in Berne, Switzerland.



A parcel wrapped in a dirty t-shirt gave customers the confidence to wash in the US



The ultra-small greeting card from Smart made waves in Canada

It's in the post

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Old habits die hard in a digital age as customers in some markets still prefer the Post to deliver business communications and advertising to them.

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By Chantal Britt

Letter post is the number-one choice for communications from companies to clients in Europe and the United States because customers consider it more effective and secure than e-mail. These customers also prefer to receive advertising by post rather than electronic media because it is more trustworthy, recent surveys show.

With its speed and availability, e-mail has simplified daily business and private communication. In communications from companies to clients, however, most people still prefer paper mail because it is considered more secure, more binding and simpler to archive than e-mail.

Seven out of ten private customers in Switzerland prefer receiving business correspondence, such as invoices, reminders and salary statements in paper form, according to a recent survey commissioned by Swiss Post. A similar study by Pitney Bowes in the US indicates that Americans have a preference for physical mail to receive catalogues, invoices and bank statements.

Physical mail also remains the preferred medium for advertising in many countries. A study by Royal Mail showed that nine in ten people in the United Kingdom are happy to regularly receive unaddressed mail from retailers, while a study in France concluded that the French like to receive advertising by mail more than through television, internet and magazines. Advertising mailings are still popular because the more palpable, sensual and intense contact with paper is more effective than with an intangible email.

Bright future

"There are no signs that this trend towards postal advertising will abate," Swiss Post said in a statement. "Despite the new media, the letter has a bright future owing to its stronger impact. As such, Swiss Post is convinced that the letter business will remain a core business and thus a strong pillar of the company going forward."

The number of addressed letters Swiss Post delivered

dropped only 1.5 per cent to 2.37 billion in 2010, compared with a decline of 10 per cent in the previous year as the markets rebounded from the financial crisis. 2010's operating profit of 199 million CHF (212 million USD) from letter and promotional mailings showed that such activities were Swiss Post's second-strongest business area. The Swiss Post says it continues to invest in the development of innovative solutions for its letter business at the interface of the physical and electronic worlds to exploit new potential for growth.

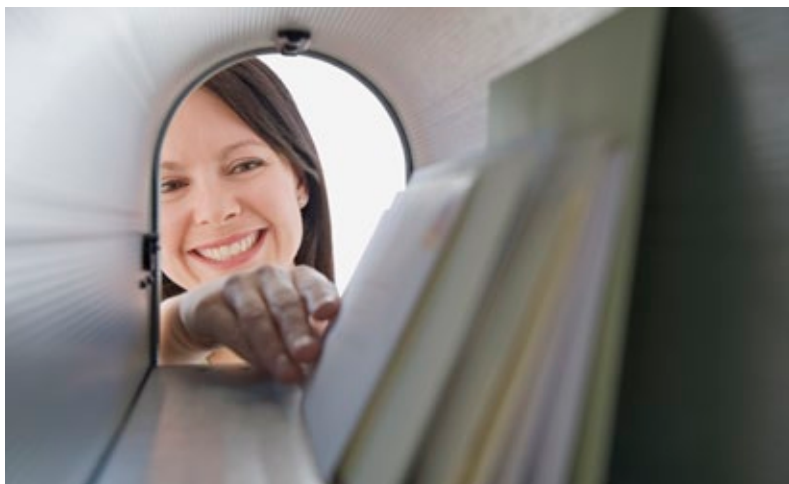
Greater impact

The Swiss study carried out this year by market research institutes, GfK Switzerland and Polyquest, questioned about 1,000 recipients and 600 senders of business letters on how they perceive conventional post and what role it plays for companies. The survey showed that physical communication between senders and recipients continues to enjoy great popularity and that letters and promotional mailings have a greater impact than e-mail.

According to the survey, 76 per cent of respondents would choose to receive payment reminders on paper, 71 per cent were in favour of paper invoices and 67 per cent would like to receive their salary statements in paper form. For a majority of Swiss people, such documents are too important and confidential to be sent by email. Many customers fear that data transmitted electronically is not secure. As much as 97 per cent of the Swiss companies surveyed send their invoices or reminders by post.

Almost two-thirds of companies believe that customers are more likely to read the content of a physical mailing than an electronic promotion. The majority of individuals surveyed feel that postal advertising addresses them personally. Of those questioned, 58 per cent admitted to opening promotional letter mailings more frequently than those they had been sent by email.

Finally, 68 per cent of respondents also consider



Putting a smile on customers' faces (Photo: gettyimages)

a company that sends physical promotional mailings to be reputable, whereas only 27 per cent believe this of companies that advertise via e-mail.

Top choice

A similar study conducted in the US by Pitney Bowes in 2010 indicated a preference among Americans for physical mail: 61 per cent preferred paper bills and invoices and 59 per cent preferred financial and bank statements in paper form. As for direct mail, nearly 70 per cent of Americans prefer to receive catalogues by post. This trend has also been observed in European markets.

A survey cited by Mediapost Publicité showed that more than a third of French individuals prefer direct mail, well ahead of television ads with 23 per cent and about 18 per cent respectively for ads on the internet and in magazines. Letter post is also still the top choice for people with higher education, who are considered more technophile and selective.

A separate study published in France in 2011 showed that advertising mail is read by 97 per cent of respondents, re-read by 83 per cent and kept by 78 per cent, an increase of 5 per cent compared with 2008. The study also found that 63 per cent use direct mail to make purchases in shops and 49 per cent use the ads to look for more information on the internet, Mediapost said. Advertising on paper is popular because consumers may cut out and keep vouchers and coupons, taking them along when they go shopping, Mediapost added.

Door drops

Royal Mail commissioned FreshMinds Research to assess the popularity in the UK of door drops this year. Nine in ten people said they were happy to receive unaddressed mail from retailers, with 45 per cent keeping leaflets on a pinboard or in a kitchen drawer. The study also showed that people remember receiving a door drop more than any other form of marketing. Nearly 90 per cent of con-

sumers remembered receiving a door-drop communication in the previous two weeks. This is more than any other marketing channel, including television and radio.

Consumers like to receive door drops more frequently from retailers than any other sector, the UK research showed. Up to twice a month was the preferred frequency for 81 per cent of respondents for direct mail from retailers. A quarter said they are happy to receive unaddressed mailings a few times a week or more from retailers. The second most popular advertisements are for fast moving consumer goods brands at 74 per cent, followed by restaurants at 50 per cent and services at 46 per cent.

"This research demonstrates the numerous strengths of door drops. Unaddressed communication is proving to be a particularly important method of delivering information that is locally relevant," said Philip Ricketts, Royal Mail's head of strategy, marketing and sales for door to door. "Certain kinds of door drops, particularly those advertising discounts at local supermarkets, are regularly anticipated and retained and used by consumers - in many cases forming an integral part of their weekly routine," he added. **CB**

Chantal Britt is a freelance journalist based in Berne, Switzerland.

Brazil Post hits new heights in financial inclusion

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A partnership between Banco do Brasil and Correios will take financial inclusion in Brazil to a second level in 2012.

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**By
Chantal Britt**

From January 2, Brazil's largest bank by assets will gain access to the Post's Banco Postal distribution network of some 6,200 service points, which covers about 95 per cent of the country's 5,564 municipalities. The new era follows the end of a ten-year collaboration between the Brazilian Post and Bradesco, the country's largest private bank, which resulted in 11 million accounts being opened in post offices across the land and even in its remotest parts.

"The original agreement between Banco Postal and Bradesco was revolutionary at the time," says José Anson, UPU economist. "Nowadays, it is fashionable to talk about agent or branchless banking. However, years before the World Bank and the Consultative Group to Assist the Poor were using these terms, Brazil actually passed a law on correspondent banking as an instrument to promote financial inclusion and implemented it through the postal network," Anson added.

In the 1990s, millions of Brazilians were termed as financially excluded as they could not access banking services. This financial exclusion made it difficult for them to save money, make purchases using credit and establish a financial record to help them qualify for a mortgage or loan. As part of a financial inclusion policy for the country, a law on correspondent banking, relying on non-banking networks to bring the population into the financial fold, was adopted in 1999. The goal was to democratize access to financial services in difficult-to-access rural areas and populations on the periphery of large cities.

Ten years ago, about a third of the 5,564 Brazilian municipalities were still excluded from access to the financial system. Today, anyone with a national identity card and tax number can open a bank account in 95 per cent of this country, which has 190 million people.

Road ahead

However, financial inclusion in a country of Brazil's size and population still has a long way to go. Despite improved access to financial services, 53 million Brazilians, still do not hold a bank account, according to the Brazilian Institute of Applied Economic Research in January 2011.

And Correios' experience serves to show Posts wagering a similar move that potential stumbling blocks may be overlooked in the heat of the moment or may not emerge until strategies have been implemented.

"The experience with the first agreement allowed us to improve the process and criteria in several ways, enabling us to establish different conditions in this second agreement," Jose Furian Filho, Correios' business vice-president, told Union Postale. "This time, we were able to review the prices of transactions, ensuring a positive profit margin," he added.

As a government institution, Correios was required by the Brazilian regulator to institute a public tender targeted at every bank belonging to the national financial system operating in the market. Current partner Bradesco was among the bidders but it was narrowly pipped to the post by a better offer from Banco do

Brasil, the country's largest bank. The latter's winning bid was 2.8 billion BRL (1.77 billion USD), topping offers not only by Bradesco, (which bid 2.3 billion BRL), but also Caixa Economica Federal and Itau Bank. Banco do Brasil's winning bid includes 2.3 billion BRL for the privilege of accessing the Post's branches and 500 million BRL to provide postal banking services for government agencies. The new contract is valid for five and a half years and may be extended for another five years.

Under the terms of the new agreement, Banco do Brasil will pay a set price per agency at the start of operations on January 2, 2012, Furian said. For each new agency used by the banking partner, Correios will also receive a unit fee. The Brazilian Post is also set to receive a percentage of the deposits held in savings and current accounts and a fee for each credit card and checking account kept in use, Furian added.

The first time round, Bradesco had won exclusive access to Correios' network, having bid 200 million BRL. Ten years later, Banco do Brasil is paying ten times that amount to take up a prime position as Correios' partner in postal banking. Furian also revealed that the original agreement with Bradesco had led to 'other issues'. These included the postal operator having to process transactions with a negative profit margin, such as the provision of account statements or money withdrawals with a receipt. It seems to be a case of 'once bitten, twice shy' as Correios has ensured in the new deal with Banco do Brasil that all future transactions will have a positive margin.

The services the new venture will offer include microcredit, currency exchange, pre-paid cards, insurance, mobile services and credit cards. Correios expects to provide its services uninterrupted during the transition process, which involves the training of its 18,000 clerks, Furian said. The initial six months of the contract will also be used to align the bank's system settings with the network of post offices.

Bradesco accounts

One challenging issue is the 11 million accounts opened at Banco Postal under the contract with Bradesco. "Notwithstanding, by law, the accounts belong to Bradesco," Furian stated. These deposit accounts were opened at Bradesco Bank and held by them, as the Central Bank of Brazil has only authorized banks to provide such services, with Correios acting as a correspondent. Furian explained that the postal operator is devising a marketing plan to advertise its new partnership and facilitate the migration of clients who, according to the business vice-president, will be offered better conditions by Banco do Brasil than Bradesco.

"It must be noted that factors related to the account holders, the presence and proximity of the service network of the post offices, which, to some extent in many



Fostering financial inclusion in all parts of Brazil is a challenge
(Photo: gettyimages)

cases, is accompanied by an affinity to the relationship and loyalty with the brand 'postal bank', permits us to assume that a significant migration of account holders to the new partner will occur," said Furian.

The business vice-president, however, encouraged other Posts to enter the financial-inclusion field in their own countries.

"In line with... [poverty-reducing] objectives [contained in the United Nations Millennium Development Goals], we believe that these postal operators should really pursue this [course of action], conduct preliminary studies and surveys necessary to identify possible barriers that may exist... and seek the support of their governments, which is essential for the success of the venture," Furian stated. "We recommend that Posts start with simpler models to climb gradually, over time, to more complex models and more risky actions."

These experiences may be of help to postal operators, who are taking the first steps towards financial inclusion. Despite their differences, Posts in emerging and developing countries often have to tackle similar problems: a lack of financial resources, experience, knowhow and skilled workers as well as illiteracy, poverty, and political unrest. "In the implementation of agreements, postal operators should seek the necessary balance in relationships with banking partners, taking also into account the public interest and seeking to enable financial inclusion for underserved populations," Furian said. "So, that everyone wins: the postal operator, bank partners and society as a whole, helping thus the developmental progress of localities, regions and country." **CB**

Chantal Britt is a freelance journalist based in Berne, Switzerland.

Regions have their say on future strategy

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From Afghanistan to Zimbabwe, more than 160 UPU member countries participated in the seven regional round tables the UPU organized in 2011 to plan the organization's future direction.



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**By
Rhéal LeBlanc**

As the UPU heads towards its 25th Universal Postal Congress, to be held in Doha, Qatar, from 24 September to 15 October 2012, the regional discussions were instrumental in helping to fine-tune the draft of the Doha Postal Strategy, the Union's four-year roadmap for 2013–2016.

After the last regional round table in Istanbul, Turkey, UPU Director General Edouard Dayan pledged to go to Doha with "a global project containing a clear strategy, a more adapted decision-making structure and project-financing proposals."

The draft strategy contains four broad goals: improve network interoperability, share knowledge, promote innovation and foster sustainable development. These will further be split into concrete projects focusing on quality of service, security, the development of physical, financial and electronic services and many more.

Taking charge

With the regions expected to take ownership of the strategy and its implementation, the UPU conducted the whirlwind consultations that spanned the world between June and October 2011, and this for the second time in its history.

"The strategy is very much a global one but it has to be implemented regionally," stresses Canada's Terry Dunn, chair of the UPU Strategy committee in charge of drafting the Doha document.

Regions are at different levels of development and cannot be expected to progress at the same rate, Dunn underlined. That's why it's important for each of them to define their priorities and align them with the Doha Postal Strategy goals.

The UPU's International Bureau will also keep these priorities in mind for the development plans it creates for each region following Congress. These plans further

break down the strategy goals into concrete projects in the regions, which will contribute to the world postal strategy's realization. "At the national level, governments and Posts are free to define their own strategy as they see fit. The Doha Postal Strategy should serve as a source of inspiration and guidance but clearly not as a roadmap to be followed to the absolute letter," says Dunn.

During the European round table in Istanbul, postal representatives from mostly industrialized countries noted that, while the UPU strategy does not play a particular role in their Posts' commercial strategy, the roadmap does give them some orientation on key issues. For example, Britain's Royal Mail said the UPU's current strategy, with one focus on sustainable development, had spurred the operator to beef up its activities on reducing its environmental impact.

Other countries also gave examples of how they had used the current world postal strategy adopted at the 2008 Congress. Yemen, for example, said the strategy had motivated it to diversify its postal activities, upgrade information systems and develop postal financial services.

Universal service

Spain's Elena Fernandez, chair of the current strategy's implementation group, said the meeting generated good discussion on several topics and that member countries appreciated the very open and transparent process. Several issues generated lively debates, including the universal postal service – the core of the UPU mission – project funding, measurement of strategy progress and capacity building, among others.

Contrary to past strategies, the Doha Postal Strategy does not contain a specific goal on the universal postal service. Dunn says there's a good reason for that. "Universal service is firmly part of the UPU's mission. If we manage to achieve the four goals set for the strategy, this will de facto contribute to stimulating the lasting development of efficient and accessible universal postal services of quality, as stated in the UPU Constitution," he said. "Additionally, the universal services could, and should, be adapted to technological changes. The actual definition of universal services remains within the competence of each member country. The UPU's role is to facilitate the exchange of best practices," he added.

The discussions raised concerns over the funding of future activities at the UPU. The regular budget is proving insufficient to cover major projects, such as Global Monitoring System and .post. Setting priorities and seeking innovative financing solutions will be key to achieving the future strategy, said participants, who talked of focusing on concrete and relevant projects. "If we are able to show that projects contribute to the bottom line, then resources will follow," said Kristin Bergum from the Norwegian Post.

From now until then, a number of steps will help to ensure that any proposed project or activity submitted at Congress identifies the necessary human and financial resources and that the results to be achieved are directly tied to the strategy goals. Furthermore, the Strategy Group is working hard on assigning relevant key performance indicators for each goal and associated programme. "We need to help Congress avoid a possible repeat of what happened at the Geneva Congress, where proposals were approved with demands far exceeding available resources," said Dunn.

Gaining flexibility

Flexibility during the next cycle will be key to implementing the world postal strategy. To this end, Congress will consider proposals about the future organization of UPU Councils and project group, to ensure that the Union benefits from that flexibility and that official bodies can make decisions more quickly. "Flexibility is very important. We should be able to monitor the strategy very quickly because the market can change as quickly," said the Royal Mail's David Pilkington.

Dunn added that his Committee is also discussing the possibility of having Congress authorize the 2013-2016 Council of Administration to prioritize, if necessary, activities adopted by Congress according to resources, strategy priorities and future developments in the postal sector.

If one thing was clear throughout the strategy's drafting process, it was that, while the Post's core business remains a primary focus, "business as usual is no longer an option", said Dunn.

That message also came out loud and clear during Post-Expo 2011 in Stuttgart, Germany, in September (see article on page 18). CEOs and other stakeholders recognized that the postal sector is poised for major change in the face of globalization and evolving market forces. Many operators are faced with making an important choice: either adapting their business or transforming it completely.

In either case, a conclusion of the round tables was that the UPU needs to work on convincing governments to use the world postal strategy as a policy-making tool and allow the postal sector to help them to implement social and economic policies. Several participants at the round table held in Addis Ababa, Ethiopia, agreed there was a need to raise awareness among governments in general, not just ministries, of the postal sector's role in society so it could be included in national development policies and benefit from additional funding.

The final draft of the Doha Postal Strategy will be discussed one final time before Congress during the 2012 February – March joint session of the Postal Operations Council and the Council of Administration. **RL**

Digest

Australia

Australia Post recorded a 31.3 per cent increase in profit before taxes, up to 332.3 million AUD (340 million USD) in 2009-10. Parcel volumes grew 10.9 per cent, with profits 36 per cent higher than last year, due to e-commerce growth.

Botswana

BotswanaPost has launched its Corporate Social Responsibility Foundation, set up to promote the arts, education and social issues, in response to the results of a study conducted by the operator.

The foundation intends to improve living conditions for local communities and address and environmental issues. A pilot project involving the use of solar energy in post offices is also underway to promote the widespread use of renewable energy.

Germany

Profits at **Deutsche Post DHL** grew to 385 million EUR (515 million USD) in the third quarter of 2011, representing a 70.4 per cent increase over the same period last year, thanks to strong growth in parcel volumes.

The world's biggest logistics company posted revenues of 13.1 billion EUR in the third quarter – 2.5 per cent higher than in the same quarter last year for the group in one quarter.

Indonesia

Pos Malaysia has joined forces with Pos Indonesia to launch a new postal service, called Paket POSTerus, for pre-paid parcels to Indonesia. Nearly 2.5 million Indonesian migrants live in Malaysia, mostly in rural areas, who are on low incomes. Paket POSTerus aims to offer an affordable product in regions where private couriers do not operate.

Nigeria

NIPOST reports that it launched new services on World Post Day. These included hybrid mail services, track and trace and parcel sorting using barcodes and optical character recognition.

Singapore

DBS Bank and SingPost have partnered to provide basic banking services from all SingPost outlets as of 3 January 2012. This is the first partnership of its kind in Singapore between a postal service provider and a bank. Customers of both companies will be able to conduct banking transactions from 140 outlets (80 of which are bank branches). Over four million clients will soon be able to access banking services through the post office.

Switzerland

In the first three quarters of 2011, **Swiss Post** recorded a group profit of 721 million CHF (780 million USD), 3 per cent less than in the same period in 2010. This minor dip is largely due to the decline in counter transactions, said the Post. Volumes of addressed domestic letters remained stable. In financial services, the Post achieved an operating result of 464 million CHF, up from 455 million CHF in 2010.

United Kingdom

Royal Mail is investing 15 million GBP (23.5 million USD) ahead of the holiday peak period, with the growth in e-commerce expected to generate a record number of parcels.

The British operator expects to handle around two billion items in the period before Christmas. It has set up nine package hubs around the country and acquired an additional 73,000 mail containers and one million trays for the transportation of extra mail. It will also be hiring 18,000 temporary staff to support the 130,000 permanent employees.

All texts by Jérôme Deutschmann

Letters to Santa Claus prove a big hit



French little helpers at work
(Photo: La Poste)

In the month leading up to Christmas, armies of postal staff throughout the world are answering letters from children eagerly awaiting a response from Santa Claus.

In Lapland, Finland, Santa's official post office, can be found eight kilometres

north of Rovaniemi, a town with a population of 35,000 on the edge of the Arctic circle. Each year, Santa's little helpers respond to 700,000 letters from 198 countries.

La Poste (France) has set up the Santa Claus secretariat in Libourne. Each year, Father Christmas visits this centre to meet thousands of schoolchildren. Visitors can also watch 25 of Santa's elves in action as they send some 1.6 million response cards to young letter-writers. Responses are also sent to some 160,000, e-mail Santa.

Thirty years ago, Canada Post created a special Santa address with its very own postcode: Santa Claus, North Pole H0H 0H0, Canada. Three decades later, Santa still receives a million letters at this address,

whose postcode "H0H 0H0" is reminiscent of "Ho,ho,ho", his characteristic laugh.

In Germany, Santa's main post office is in the city of Himmelpfort, which literally means "gateway to heaven". Father Christmas receives roughly 300,000 letters in 17 languages at this address every year.

Through initiatives like this one, Posts help to promote literacy. A letter to Santa is often a child's first experience of correspondence. Written and sent with an adult's help, the child learns about the structure of a letter, salutations and the use of an address and postcode. The great majority of these letters are sent to the North Pole, Greenland, Finland or Lapland.

JD



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Katty PASCAL
Technical Programs Manager

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For more information, watch the animation film
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