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part of the plan
Winning back
customer trust

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(Girl in Juba, South Sudan)

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The magazine regularly publishes well researched articles on topical issues facing the industry, as well as interviews with the sector's leading individuals.

It is distributed widely to the UPU's 192 member countries, including thousands of decision-makers from governments and Posts, as well as other postal stakeholders. All regard it as an important source of information about the UPU and the postal sector at large.

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Are you a Post that is offering or has offered technical assistance to another Post?

If so, *Union Postale* would like to hear from you as your project could be featured in the magazine. Email unionpostale@upu.int or write to the editor-in-chief at the address on page 3.

EMS

Express providers garner top marks in 2012



Hongkong Post's Speedpost struck gold (Photo: Hongkong Post)

Performance levels for express mail services (EMS – the courier service of the Posts) have reached new heights, despite increasing demands.

This was confirmed by 38 operators being commended on the quality of their EMS offerings for 2012.

Operators from 12 countries and territories won gold awards: Azerbaijan, Great Britain, Hongkong (China), Hungary, Japan, Korea, Latvia, Macao (China), Malaysia, Poland, Spain and Sweden.

Silver winners were: Australia, Barbados, El Salvador, Finland, Kiribati, Lithuania, Maldives, Malta, Norway,

Portugal, Singapore, Slovakia, Slovenia, Switzerland, Vanuatu and Viet Nam. Bulgaria, Croatia, Estonia, Israel, Italy, Moldova, Netherlands, Saudi Arabia and Serbia took bronze.

Performance is measured using a variety of factors, such as the percentage of on-time deliveries and timely responses to customer inquiries.

Gold recipients, for example, need to meet an on-time delivery-rate of 95 per cent and a tracking delivery rate of 98 per cent. Other factors include inbound item-tracking and timely transmission of tracking data.

Silver recipients need to score 95 percent in at least four of the criteria, while bronze winners need to reach 95 percent in at least three. The criteria to win awards have become progressively harder to meet over the years, said Julia Bazukina, EMS standards and measurement manager. "The EMS Cooperative is always trying to push for excellence," she added.

All countries received their awards at a special ceremony during the Postal Operations Council session at the UPU in April. "The distribution of these certificates during the EMS General Assembly highlighted the work of these operators in front of their peers, thus creating healthy competition within the EMS Cooperative," said Patrick Richon, EMS Cooperative board chair.

Germany, Switzerland and Macao (China) each received a special award for excellent customer care towards other members of the EMS Cooperative. These awards were voted on by the latter.

The EMS Cooperative has 176 member operators. Its network handled 52.7 million items in 2011, according to the latest figures. **VH**

Customer-centricity on my mind

If you had been a fly on the wall during the April discussions at the Postal Operations Council and Council of Administration, you would have heard certain phrases cropping up time and time again. Focus on the customer; streamline products and services to make it easier for customers to make a purchasing decision; respond to customer needs.

While it would be unfair to say that the postal sector has lost sight of the client completely, the message is clear that there is always room for improvement, however large or small that space for manoeuvre may be. For those among you looking for advice on how to better hit the mark set by customers, read this issue's *Perspective*. Ajay Sirsi, a marketing professor, explains how postal operators could become more customer-centric.

"Think of a bad customer-service experience you may have had – the organization promised one thing but failed to deliver at the point of contact," writes the professor. This reminded me of a bad experience I recently had at a large post office. All the elements were in place for good customer service but I experienced the very opposite and so left without buying the items I had intended to purchase. The only thing I gained was knowledge: a customer-centric strategy is not worth its salt if it is not delivered to the client at the service point.

Maybe the counter staff in question was having an

off-day but the point is that I still have not returned to that post office. Deliberately. I am not an ordinary customer, given my line of work, and I still value and use postal services but how would the average customer react to having such an experience?

Battle for confidence

Postal customers are also on the winning end of the regionalization of the UPU's activities in development cooperation. As the *Cover story* shows, work to modernize the postal network in certain regions is showing the first concrete results.

Customers can only benefit from improved postal services, geared to their needs and delivered with professionalism. Unless, of course, they have been so put off by negative experiences with the Post that it is hard to regain their trust. This forms one of the larger preoccupations of Younouss Djibrine, secretary general of the Pan African Postal Union, who is interviewed in this magazine.

To my mind, the question is one that has to be addressed to the entire postal community: in this day and age, can post offices anywhere in the world afford to take even the smallest risk of alienating their customers, either current or potential?

FARYAL MIRZA, EDITOR-IN-CHIEF

Development cooperation

Japan supports disaster risk management

Japan is lending its support to the UPU in establishing a global disaster risk reduction and management policy for the postal sector.

Shigeki Suzuki, director general of the postal services policy department at the Japanese ministry of internal affairs and communications, and UPU Director General Bishar A. Hussein signed a cooperation agreement on this matter in April.

The agreement comes with a voluntary contribution of some 350,000 CHF (376,000 USD) for disaster reduction projects and building postal-sector

resilience. "When the Great East Japan Earthquake happened in March 2011, we realized that postal services were a fundamental means of communication and reconstruction for countries," said Suzuki.

Suzuki added that a Japanese proposal adopted at the Doha Congress formed the basis for this commitment.

A sub-group of the UPU Council of Administration's sustainable development project group will oversee policy development and the exchange of best practices among

member countries. Japan's postal regulator will second an expert to the International Bureau to assist with the work.

The new United Nations five-year action plan encourages UN specialized agencies to include climate change and disaster risk management in their activities. In past years, the UPU and member countries have financed and provided emergency assistance and sent experts and equipment to revive postal activity in areas affected by natural disasters. **JP**

Postal Operations Council & Council of Administration

Better integration of products and processes key



Hard at work

The UPU's Postal Operations Council (POC) and Council of Administration (CA) concluded their sessions on 25 April after three weeks of intense meetings at UPU headquarters in Berne, Switzerland.

Integration of international products and services and better streamlining of the supply chain were central themes during the POC. Over the next four-year cycle, the UPU will work on getting mail to move across borders more efficiently by improving customs processes and transportation.

This is important as Posts increasingly position themselves as key players in e-commerce for the physical delivery of goods to counter dwindling physical letter-post volumes. At the same time, there was much talk about the importance of simplifying rules for letter-post, parcels and express mail at the UPU level to better meet customers' expectations and needs. Chris Powell, chair of the POC's product strategy and integration group, says the organization

must improve the way it works to offer a sustainable product range in the face of growing competition. "We need to change our approach," says Powell. "We are not the only game in town; we are the biggest one by far but not the only one."

New focus

Trade facilitation and financial inclusion will also take on new dimensions at the UPU after the CA created new groups to work on these issues. The groups will help Posts strengthen their role as facilitators of cross-border exchanges and lift people out of poverty by giving them access to financial services.

Brazil will chair the trade facilitation group. The country launched a successful programme years ago to enable small and medium-sized businesses to export their goods abroad more easily and it has quickly expanded to other Latin American countries. The UPU and the Brazilian government in January renewed their commitment to work together

to help member countries implement similar programmes elsewhere in the world.

For its part, the new financial inclusion group will work on policy issues and best practices and hold an annual forum to stimulate dialogue between postal operators, governments, central banks and other market players. "We will have to raise awareness among all stakeholders, especially governments and central banks, to the idea of selling basic financial products through the postal network to improve citizens' lives," said Amin Benjelloun Touimi, director general of the Moroccan Post, who chairs the new group.

One billion people are banked through the postal network but it remains underused in terms of financial inclusion, according to a recent UPU report.

The next POC and CA session will take place from 28 October to 15 November, 2013. **RL**

Postal Operations Council

Updated rules for international services adopted

The UPU's Postal Operations Council (POC) has adopted the revised regulations for international letter-post, parcel post and postal payment services.

UPU Director General Bishar A. Hussein and POC Chairman Masahiko Metoki signed the updated documents during the body's plenary session on 15 April, 2013.

More than 300 proposals were adopted to modify the rules dealing with how Posts exchange mail among themselves. These rules describe the processes to follow to efficiently handle and distribute billions of letter-post and parcel-post items that cross international borders every year as well as service conditions and compensation meth-

ods for postal operators.

The agreement on postal payment services deals with the financial services offered by Posts. The new international regulations will come into effect on 1 January, 2014.

Developing new services

Often quite technical, the updates also make way for the development of new optional postal services.

A new article in the regulations is paving the way for Posts to eventually offer a returns service for merchandise bought internationally. Once the details are ironed out, Posts will be able to offer this optional prepaid and priority service to online retailers who sell goods

abroad and want customers to be able to conveniently return unwanted goods.

Joost Magielsen from PostNL, the Dutch designated operator, says it's only the beginning but having the article in the regulations is an important step given the rise of e-commerce and the potential for cross-border growth. "The regulatory framework is in place; now we have to work out the business details," he says, adding that the UPU must now develop a user guide and align the optional service with other return services being explored for letter-post and express products. **RL**

Technical cooperation

UPU and CEPT agree to work together

The European Conference of Postal and Telecommunications Administrations (CEPT) and the UPU have agreed to work together on issues of technical cooperation and share more information on regulatory issues.

Ulrich Dammann, co-president of CEPT, a European intergovernmental organization and restricted union of the UPU, and Bishar A. Hussein, director general of the UPU, signed a memorandum of understanding to this effect at UPU headquarters on 25 April 2013.

CEPT already participates in the UPU's work, particularly through its European Committee for Postal Reg-

ulation. It has supported the joint implementation of UPU regional development plans and provided expertise in seminars for regulators in the Common Market for Eastern and Southern Africa.

The agreement establishes a cooperation framework between the two parties in areas of common interest, such as the universal service obligation and postal regulation and policy.

CEPT and the UPU will promote and exchange best practices among countries and restricted unions. They will cooperate in specialized studies and on projects within their respective fields.

While solutions can differ, regulatory issues are often the same in various parts of the world, says Dammann. That includes getting rid of inefficient structures that hinder postal development, setting up an independent regulator to oversee the market and ensuring that the postal operator has the right tools to increase its ability to finance itself. "European regulators are eager to share their experience and help countries from having to reinvent the wheel," says Dammann. "Our goal is to give a better service to the public using competitive and legal bases." **RL**



A Post in need
has friends indeed



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The UPU brings together different actors to ensure that the postal network is not only alive but fit for purpose. This community works in a number of ways – multilaterally and bilaterally – and its effects are felt beyond individual mandates given to the UPU by Congress.

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By Faryal Mirza

When South Sudan declared its independence in July 2011, the battle-scarred nation had seen almost 40 years of war since the 1950s. As efforts gathered pace to build this new nation, the postal sector was not forgotten and a few months later in October 2011, South Sudan became the UPU's 192nd member country.

"The attainment of this membership has raised the hopes of our citizens because it symbolizes the reawakening of the postal sector that had been otherwise dormant for two decades due to civil war," said Beatrice Wani-Noah, South Sudan's deputy minister of telecommunication and postal services.

Wani-Noah led the South Sudanese delegation on its first visit to the UPU in April. The Union extended it a warm welcome and it did not leave empty-handed, thanks to the UPU's commitment to development cooperation to help countries rebuild their postal network.

The UPU had analyzed the situation on the ground in 2012 to prepare a master plan to re-start postal services. The plan focuses on building the network almost from scratch, including the provision of basic items to enable post offices to function.

Before the war, which led to South Sudan's independence, 30 postal establishments had been open. However, when the UPU carried out its analysis, only seven post offices were in business, almost all devoid of office and postal equipment.

Last year, the UPU donated 100,000 CHF (108,000 USD) to South Sudan to buy essentials mentioned in the plan, such as vehicles to transport mail and mailbags. These items were delivered to Juba, the capital, in February 2013.

Today, 11 post offices are now open for business in seven states. "While it is an uphill struggle to build a postal network in a country with almost no infrastructure, we are slowly but surely making progress," said Justine Beyaraaza, UPU regional expert for Africa.

While in Berne in April, Wani-Noah signed an agreement with the UPU, enabling another 100,000 CHF from the Union's development cooperation budget to be spent on the main post office at Juba. "This will help to establish postal services at the main post office in Juba and will contribute to the provision of efficient, effective and affordable postal services," said Wani-Noah. The funds will ensure that this office has the infrastructure it needs to carry out regular mail processing. This includes

equipment, ranging from computers to post-office boxes to electronic weighing scales, as well as training for staff. "We are very appreciative that the UPU is the first organization that has come to the support of the Post in our country," said Wani-Noah.

New deals

As the primary forum for postal cooperation, the UPU has long espoused the principle of postal technical cooperation. Since the 1960s, the concept of development cooperation has been part of the UPU Constitution.

"We have a strategic vision to work with the weakest links in the postal network and reduce the quality gap between them and the stronger links," explains Abdellah Bousseta, UPU director, development cooperation directorate (DCDEV). "If you improve one link, you improve the whole network," added Bousseta. "Improve the network and you increase business globally."

When a country like South Sudan requires assistance, DCDEV employs a three-stage process to help them. First, a consultant is sent to analyze the situation on the ground and to provide recommendations. Then, financing is secured from DCDEV to fund the purchase of equipment. Finally, training is organized. "These stages ensure the transfer of know-how from the UPU to the country because we want them ultimately to manage on their own," said Bousseta.

The UPU has a broad remit in development cooperation not only to work directly with countries most in need of help but also to encourage other countries to provide bilateral assistance. "In these situations, the UPU is seen as a godparent. The countries draw comfort from our presence when we facilitate such bilateral agreements," said Bousseta.

While the South Sudanese delegation was in Berne, it witnessed the UPU working behind the scenes to encourage countries to work bilaterally with them. Consequently, South Sudan and Egypt Post signed a memorandum of understanding on cooperating in postal services during the Swiss visit. Under the agreement, Egypt Post will help South Sudan further modernize its postal infrastructure, including establishing a hub at Cairo International Airport to handle and convey outgoing and inbound mail items to and from South Sudan and staff training. "The agreement aims to support South Sudan's efforts to establish a strong postal authority.

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Photo, previous page:

A new lease of life for postal services in the West Bank, Palestine (David Silverman/Getty Images)

Photo, opposite:

Postal services are being jumpstarted in Somalia (Orien Harvey/Getty Images)





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Looking forward to regular mail services in Juba, South Sudan (Photo: Paula Bronstein/Getty Images)

This includes technical as well as logistical and material support,” said Ashraf Gamel, Egypt Post chair. “We do hope that our support will be useful to our friends in South Sudan and that other countries will follow our lead. For, despite Egypt’s current economic crisis, we can never turn a blind eye to our African friends,” he added.

Post offices open today in South Sudan still face a number of challenges to get truly up and running as the UPU continues its assistance. These include a dearth of office furniture and essential postal equipment, like weighing scales. Others relate to the fledgling country undergoing reconstruction: unpaved roads, lack of electricity and uncertain government resources. Given the budding nature of postal services offered by the public operator, mail volumes in South Sudan remain low. However, postal money transfers are on the rise, said the deputy minister.

Somali services

The UPU also donned its facilitator hat when it recently played a part in restarting public postal services in Somalia after a break of more than 20 years. The national postal network is non-existent in a country covering more than 637,000 km² with a population of nearly 10 million people.

The current Somali government came into power in September 2012 after years of civil war, chaos and a number of transitional governments. In 1991, the country had some 100 post offices and a postal staff of 2,165. Today, the general post office has just been refurbished in the capital, Mogadishu, with around 25 staff waiting for mail items to flow again.

During a visit to the UPU in April, Somalia signed a memorandum of understanding with Emirates Post to enable the African nation to start receiving international mail again. While in Berne, Abdullahi Elmoqe Hersi,



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“We are very appreciative that the UPU is the first organization that has come to the support of the Post in our country.”

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Beatrice Wani-Noah

Deputy minister of telecommunication and postal services, South Sudan

Somali minister of information, post, telecommunication and transport, appealed to the postal community for continued help to rebuild the Post. “We ask for all means of assistance as we have to start from ground zero,” he said.

The story began two years ago when a Somali minister visited the UPU to seek assistance to rebuild postal services in his country. “We then reached out to the postal community and heavily promoted the concept of collaborating bilaterally with Somalia,” said Bousseta.

A number of countries responded to these efforts, one of which was the United Arab Emirates. Under the April agreement, Somalia and Emirates Post committed to a collaboration that sees Dubai act as a hub for handling mail destined for Somalia. “It is time for our government to provide postal services,” said Hersi, adding that communication is a human right. “People may

have the internet and phones, but these will never replace the benefit of receiving mail from a distance,” he added.

With some two million Somalis living abroad, the agreement with Emirates Post has paved the way to “allow them for the first time to write mail to their loved ones and to give their input to the government”, according to Hersi.

Busy times

In another part of the world, the UPU reaffirmed its long-term commitment to providing technical assistance to Palestine Post by donating 100,000 CHF to the latter. This will be spent on better equipping Palestinian post offices by purchasing a van to transport mail items, an electricity generator and wireless barcode readers and other equipment.

Safa Nasser Eldin, Palestine's minister of telecoms, information technology and postal affairs, travelled to the UPU in April to sign the agreement. "The UPU has helped Palestine Post a lot during the last few years both financially and through capacity-building," Nasser Eldin said. "Providing the proper equipment will improve postal services. The income generated [from such services] will mean that we would not be obliged to ask donor countries to help us and could self-finance our operations," she added.

The UPU's main objective is to prepare the Post to directly exchange international mail with the Union's member countries. Palestine has been an observer to the UPU since 1999. This observer continues to negotiate with Israel to find a bilateral solution to enable direct exchanges.

Palestine has already benefitted from two previous agreements where the UPU provided funding for technical assistance. The most recent project focused on training postal staff, while another centred on boosting the technical quality of postal services.

Today, Palestine Post has a network of 127 post offices, offering express mail delivery of inbound items, ordinary and registered letters, parcels, telegrams and postal boxes. Letters are delivered either to customer premises or to post-office boxes. The Post also acts as a third-party agent, paying social benefits on behalf of the Palestinian Authority.

Reality reigns

Recent developments demonstrate that the UPU has already made good on its role to ensure that concrete action is taken on the ground to modernize the global network during the new work cycle.

However, there are no miracle fixes for building the network, something that DCDEV is keenly aware of. "We know that a long-term commitment is needed to have a lasting effect on the weakest links in the postal network," underlined Bousseta, its director. "Our actions are anchored firmly in the realm of reality and not fantasy to avoid raising expectations that cannot be met," he added. **FM**

Playing big in the development field

The UPU is a big player in the field of technical assistance to Posts. Among the tools it can put at the disposal of countries in urgent need is the multi-year integrated project (MIP). This tool can be used to rapidly purchase vital equipment and fund consultancy missions and

training if such resources are required on the ground as soon as practicable. While national MIPs are targeted specifically at least developed countries, regional MIPs are geared towards all developing countries.



Mailbags funded by the UPU arrive in Juba, South Sudan; Beatrice Wani-Noah (l. in green) looks on with Minister Madut Biar Yel (in blue tie) (Photo: South Sudan Post)

The MIP is rarely a standalone, serving as an implementation tool of a UPU regional development plan. Under such a plan, regions define their priorities with UPU guidance. As these priorities are usually tackled over the course of a four-year cycle, an MIP can provide a quick injection of resources into an area requiring immediate attention with an eye on the long-term improvement in the country.

Progress

Since the UPU's new work cycle kicked off in January 2013, two national MIPs – one with South Sudan and another with Palestine - have already been signed. Both came under the aegis of regional development plans for the African region and the Arab countries and observer Palestine respectively.

During the cycle 2013–16, DCDEV has a budget of 7,912,000 CHF to fund all MIPs. Given that the majority of the world's least developed countries are in Africa, 38.46 per cent is earmarked for this continent. "Resources are allocated to regions according to a formula whereby

the priority assigned to least developed countries that can benefit from a national MIP is 2.25 times the priority assigned to developing countries," explains Qu Delu, DCDEV's operations coordinator.

Usually, the budget for a national MIP can range between 50,000 – 70,000CHF. It may go up to 100,000CHF. Other countries and entities, such as an observer to the UPU like Palestine, may also benefit from an MIP, depending on the situation. "Exceptions could also be made for countries that have suffered a war or natural catastrophe," says Qu.

Next steps

Once an MIP has been signed and technical specifications agreed on with the beneficiary, the procurement process – led by the UPU – can take place. At all times, the funds are held and managed by the UPU secretariat in Berne. If equipment is to be purchased, the United Nations Development Programme is an important partner, ensuring that the goods are delivered to the beneficiary Post. **FM**



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 Shortly after the April signing, Bishar A. Hussein, UPU director general (centre), Somali Minister Abdullahi Elmoge Hersi (r.) and Emirates Post President Fahad al Hosani wrote postcards to the Somali president to be delivered as the first international mail from the Somali public postal operator in more than 20 years (Photo: Alexandre Plattet)



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 A few weeks later, Somali President Hassan Sheikh Mohamed (r.) receives the cards from Berne via Dubai (Photo: Somali government)



Battling for customer hearts and minds

Younouss Djibrine became secretary general of the Pan African Postal Union (PAPU) in September 2012, after many years at Cam-Post, the Cameroon designated operator. *Union Postale* asked him about the African postal network during his recent trip to Berne.

By Faryal Mirza

Photos:
KEYSTONE/
EPA/
Khalfan Said

Union Postale: The UPU regional development plan for Africa has just been adopted. Its number one priority is quality of service. How can this be improved during the 2013–2016 cycle?

Younouss Djibrine: By assisting our weakest links, while remaining mindful of the fact that Africa as a whole is the weakest link in the worldwide network. However, even within Africa, some links are weaker than others and there are countries in special and post-conflict situations, including least developed countries, which need to be provided with appropriate assistance to help them improve their quality of service.

Cross-border exchanges between African countries constitute another important area, which is central to the PAPU's mission of fostering African integration and exchanges of goods, people and information.

Triangular exchanges between two African countries via Europe should be avoided. We are aiming to bridge distances and are trying to improve mail exchanges by shortening delivery times and reducing operational costs.

Our countries are also seeking assistance in other important areas, such as the extension of financial

inclusion to the poorest segments of the population, who are generally found in rural areas.

While it is difficult to generalize about customers in African countries, what kind of needs do they have, given that letter and parcel volumes remain low? Despite declining mail volumes, there is still a need for letter-post. As for parcels, the needs are even increasing. However, the postal sector is not limited to letters and parcels in Africa but also encompasses other areas.

There is a need for postal financial services and to bridge the digital divide. I come from a rural area, a village where the basic postal service is no longer the letter or the postcard but the money transfer. I no longer live in Cameroon, but my mother does, and I need to send her money from Arusha, Tanzania, at the lowest possible price, which she can collect as close as possible to her village.

These needs are expressed not only by private customers but also by institutional ones, such as governments, which are concerned about the social inclusion of their populations.

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“The Post is like gold:
it does not depreciate.”

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Things must be kept in perspective, however, and the fact remains that designated operators have a very low market share.

Why is this market share so low?

A bad reputation is difficult to shed. The postal network acquired this during an economic crisis [in the 1980s], when most of our member countries underwent structural adjustments, as prescribed by the World Bank and International Monetary Fund. They recommended that our governments should dissociate themselves from industrial sectors, such as the postal sector.

This meant opening our markets to competition – but without the preparations made in other regions, such as Europe, where the opening of the market was properly planned.

How does the African market differ from the European one in this respect?

This process was carried out painstakingly in the European Union over a period of twenty or so years – unlike in Africa, where the markets were opened

from one day to the next without a regulatory framework. Finance ministers in Africa were committed to their structural plans and disregarded the postal sector, choosing not to invest in its modernization. The existing infrastructure became obsolete and, what is worse, recruitment and training were brought to a halt in most countries, workforces were trimmed and post offices provided only minimum services at a time when customer needs were becoming increasingly sophisticated and diversified.

Against this background, private operators found an unregulated market and positioned themselves in key segments, skimming the cream wherever the opportunity arose. With no universal service obligation to fulfil, they paid scant regard to the need to serve all citizens, serving only those who were willing to pay.

The outcome was that the Post lost its market dominance and the sector lost its way, much to the misfortune of Post-dependent customers.

What needs to be done next?

Now that we have turned the corner, the next step is to increase the visibility of the postal sector.



Although a growing number of African countries have put regulations into place, the Post's bad reputation is difficult to shake off.

The customers are still out there but we must make a concerted effort to win them back. We must let them know that the Post is the answer to their expectations. The challenge facing us is how to regain customer trust. The market is there for the taking, but we are not the only player and are obliged to provide the universal service, which is not necessarily profitable.

A number of African countries have recently shown their enthusiasm for the UPU's .post project. What is behind this?

There are two main reasons – one historical, the other strategic. From a historical perspective, their interest in the .post project lies in the realm of law. In legal parlance, it is commonly said that the date of the postmark shall be decisive, which means that the official postmark, or the "date-stamp" as it is referred to by the Post, is proof that a document pertaining to a given transaction has been sent on time.

The official postmark has legal standing. The decline in physical mail has been a result of a rise in electronic mail, in which the Post wishes to continue to play its role as a trusted third party. Physical mail is no longer the only answer. Even when documents requiring a postmark are transmitted by physical means, there are time issues. Customers need to get their documents from A to B quickly, particularly when those documents relate to legal matters. In terms of speed, electronic exchanges are second to none.

From a strategic perspective, African countries are enthusiastic about the .post project because there are no well-known players able to certify documents circulating on a global level. Interaction takes place through restricted networks between customers who know each other, but there are no trusted third-parties able to certify the authenticity of exchanges of documents and data.

The UPU's universal postal network is the first such player, thanks to which we have a golden opportunity to position ourselves to customers by offering them added value, like in a system of communicating vessels.

The interview

The credibility we have lost in the physical mail market can be restored in the electronic one, which would be another string to the Post's bow. You are right in saying that much of the enthusiasm about .post has come from developing countries, and mainly African ones, which see in .post a means of positioning themselves and playing a key pioneering role.

What three things could the UPU provide to facilitate your work during this new cycle?

The UPU could help us to mobilize expertise in human resources. PAPU itself has only limited HR and does not have the internal expertise required to meet the Union's needs.

The UPU International Bureau could also help us to mobilize financing for important projects, even from other sources, for which we ourselves have only limited resources.

Finally, as an international organization, we expect the UPU to broaden the scope of the universal service over the next four years in line with our customers' needs. The universal service is enshrined in the UPU Acts but many of the minimum guaranteed services provided for in the Acts are no longer requested by customers. Basic service requirements have changed and are not what they were 20 years ago.

Today, the basic service is all about internet connectivity, which is no longer a luxury, but an essential requirement for all populations. I represent some of the world's poorest countries and it is fundamental that the inhabitants of those countries should be able to communicate using the new tools offered by information and communication technologies.

You have now been in office as PAPU secretary general for more than six months. What has the experience been like to date?

It is difficult to take stock after such a short time at the helm of an institution representing such a vast and diversified network, and with all the problems that Africa faces. I have had sufficient time to settle in, though, and to rally the staff, in accordance with my ideals and vision for the future of PAPU.

We are also collaborating with the African Union on a study aimed at extending financial inclusion to the poorest populations. The next stage is to implement

the various projects provided for, with a view to having the postal sector recognized and included among the development goals to be achieved by Africa by 2040. Six months is a very short time, as is the four-year term for which I have been elected. To make an impact, I will need to move fast, but I feel I have made a good start.

What is your prognosis for the postal sector?

Many people say to me: "You are from the Post, but does the Post still exist?" I reply that the Post is like gold: it does not depreciate. Fashions come and go and a piece of gold jewellery can look outdated. When it ceases to be fashionable and becomes something that grandma used to wear, we can take it to the jeweller, who can transform it into a fashionable new piece.

The same goes for the Post... We are in the information society, in which the Post continues to play its role. Like gold jewellery, it just needs to be remoulded. **FM**

Pan African Postal Union

A specialized agency of the African Union, PAPU has 43 member countries and was established in 1980.

Its purpose as a continental postal organization is to spearhead the development of postal services, while safeguarding the region's interests in the global arena.

Headquartered in Arusha, Tanzania, it is also a restricted union of the UPU.

To find out more: www.upap-papu.org

Looking to each other for help

In the postal world, examples abound of where one postal operator provides technical assistance to another. One such operator is Poste Italiane, which has agreements in place with no less than 15 designated operators.

By Faryal Mirza

The Italian designated operator is currently acting as a technological advisor to Haypost, the Armenian designated operator, to boost its palette of postal financial services. "Haypost has chosen Poste Italiane as its strategic partner, taking into account its huge success and experience in [financial services] the Italian and European markets," said Juan Pablo Gechidjian, managing director, Haypost Trust Management.

Poste Italiane is known among its peers for having diversified its business. Beyond traditional postal services, it is active in insurance, hybrid mail and postal financial services. The group's financial results for 2012 shed a light on its recent success. Revenues were almost 20.4 billion EUR (27 billion USD) with profits hitting more than 1 billion EUR. Some 4.5 billion EUR were generated by postal services, while 10.5 billion EUR came from insurance services and 5.1 billion EUR from financial services. "Haypost requested our help to develop its financial services, as well as meet its financial and social inclusion goals," said Massimo Sarmi, CEO, Poste Italiane. "We deem it important to respond positively whenever possible," added Sarmi.

Financial inclusion

The project with Haypost has two main pillars: developing the postal network and then defining and implementing a financial-product portfolio. "The network is considered one of the most important assets for the launch of a new commercial offer... as well as sales-force management that... is also fundamental for a successful launch of new services," said Sarmi.

The goal is to increase financial inclusion across the country with Haypost playing a critical role. "Haypost... attaches high importance to social inclusion as one of the key priorities for the development of Armenia, within which financial inclusion is one of the significant areas," said Gechidjian. As a result, establishing a postal bank is among the operator's priorities.

Focusing on the country's unbanked population, plans are on the cards to introduce a current postal account with debit card to encourage payments and savings, explains Poste Italiane. Micro-loans for those normally unable to borrow from mainstream financial institutions will also be on offer.

Since the collaboration began in May 2012, a team of Italian experts has been working periodically in Armenia. Now that the assessment of the Armenian market has been completed and solutions designed, the project has entered into an implementation phase with a pilot roll-out gathering speed. The collaboration has also just been renewed and will move into other product areas, such as insurance. **FM**



A new Post in action, Armenia (Photo: Haypost)



Posts need to become market-driven

As a marketing professor, Ajay Sirsi has often shared his insights at industry events into how Posts should internalize marketing. Here, he offers *Union Postale* readers some pearls of wisdom.

By Ajay Sirsi

I had two conversations recently that are emblematic of the monumental challenges threatening the long-term survival of postal service organizations. The first was with a 22-year-old ex-student of mine. He confessed: "I never use the post office to send or receive anything. In fact, I don't ever think of the post office." The other was with a 55-year-old business owner who said: "I do not recall the last time I used the postal service to send a package. I use ..." He named a well-known international courier company.

Both individuals, like all humans, have a need to send and receive things, such as letters, documents, catalogues, parcels and information, some of which can be either physical or digital. And yet, the organization they should turn to that, in theory, can satisfy these needs brilliantly – the Post – is farthest from their mind. These examples highlight a reality confronting postal-service organizations: flat or declining revenues, yearly losses, declining mail volumes and the need to reinvent themselves beyond legacy models.

Wanted: success

If the Post wants to succeed in the long run, it has to become a market-driven or marketing organization. Please note that I am not using the term marketing to denote a function in an organization. Rather, I am using this term as a competence any organization needs to develop and nurture to succeed.

What is marketing? Most people erroneously associate marketing with advertising or marketing communications. I see experienced managers making this mistake all the time. Essentially, marketing is a disciplined process used by business organizations to solve the type of problems being faced by postal organizations (competitive pressures, shifting customer needs, declining customer base and revenues, and so on).

Marketing is a four-step process of understanding-creating-delivering-managing customer value (see chart opposite). The focus on customer value is key because

customers will seek out a business if it offers them a set of value propositions they desire that they cannot get from the competition.

Business history teaches us a very important lesson: organizations that have based their success on a core product (good or service) find it very difficult to envision a future where the core product has been supplanted by offerings, which customers value more. Why did Kodak file for bankruptcy in January 2012? It held on far too long to a product it pioneered, one that made it spectacularly successful: film. Its dominating market share gave it a sense of invincibility, ultimately making it a casualty of the digital age. Ironically, Kodak invented the digital camera. I believe this example should resonate with anyone in the postal sector because the parallels are clear.

Getting focused

Without a marketing mindset, organizations innovate but the innovation is haphazard, all over the map. We are seeing this in the postal sector today. What is necessary is for postal operators to fundamentally define who they are, who they serve, and with what value propositions: to do a few key things and do them in an excellent fashion. It is this philosophy alone that will enable them to differentiate themselves from the myriad alternatives enticing the two individuals at the beginning of this article. **AS**



Dr Ajay K. Sirsi is a professor of marketing at the Schulich School of Business at York University in Toronto, Canada



Four steps to marketing success

1 Understand customer needs

The first step for any business is to know who its customer is and importantly, who its customer is not. This process is called market segmentation. This process of deliberate choice gives a business focus in the marketplace. Without this, an organization tends to be diffused in its efforts.

To segment its markets, a business must first conduct research to understand customer needs. Next, customers with similar needs are categorized into groups called segments. Finally, the business has to choose which segments it wishes to serve, knowing that it cannot be all things to all people.

In marketing organizations, customer knowledge is widely shared and all decisions are made keeping the customer foremost in mind.



4 Manage customer value

Marketing organizations have a desire to constantly learn from the marketplace, recalibrate and refocus. They do this by performing four tasks every year, as part of their yearly marketing plan development process:

- A Measure customer satisfaction to make process improvements.
- B Find new customer needs to serve in the marketplace.
- C Adjust customer value propositions to ensure that customers are neither being over-served nor under-served.
- D Delete obsolete goods and services and innovate to create new products that resonate with customers.



2 Create customer value

For the chosen target-customers, the firm develops a set of value propositions tailored to meet the needs of each customer segment.

Customer value propositions are developed using the marketing mix - a combination of product, price, channel and marketing-communications strategies.

These strategies are encapsulated in a document called a marketing plan, which is developed for a time frame of one year and is reviewed periodically to ensure that strategies continue to provide the business with a competitive advantage in the marketplace.



3 Deliver customer value

Marketing organizations know that marketing strategies will fail if they are not translated into functional strategies. To understand why this is important, think of a bad customer service experience you may have had – the organization promised one thing but failed to deliver at the point of customer contact.

Therefore, every customer touch point is an opportunity to successfully deliver the organization's strategy and fulfill the brand promise.



.post group gets off to promising start

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The new .post group held its first general assembly after the creation of the user-funded entity was cleared by the Postal Operations Council meeting at UPU headquarters in April.

.....
By Rhéal LeBlanc

Almost 30 states from all regions of the globe have joined the UPU .post group, including Italy, United States and Netherlands as well as many developing countries, including 16 from Africa alone. Cisco Systems (UK) also joined as an associate member.

The group will steer the future direction of the UPU's sponsored top-level domain name and manage the platform's development. The .post group's objectives include implementing the vision of the .post platform and promoting cooperation among its members to develop common or interoperable electronic applications over the platform. The group also hopes to foster the development of innovative .post applications and ensure that least developed and developing countries have access to a universal electronic postal infrastructure.

Election

Mark Fardelli from Poste Italiane was elected to chair the group. He is delighted with member countries' enthusiastic response to the .post group and hopes more will join quickly. He says active participation and ideas are needed to further develop the platform and identify potential markets. "The electronic dimension [of the postal sector] has to be grasped fully, and .post is one of the best ways to bring Posts' traditional values into the digital world," said Fardelli. "We need members to share their vision and tell us how we can help them bring their concepts to reality," added Fardelli, stressing the need for Posts to explore the digital world's full potential.

Among the Posts ready to share their plans are Post Malaysia and PostNL. Malaysia is already participating in the development of global track and trace application on the .post platform. "We are very interested in implementing the global track and trace application as we currently have different interfaces for different products,

such as parcels and EMS. If all of these are integrated into one platform we can serve our customers better," said Chum Choi Han, chief operating officer at Pos Malaysia.

Cross-border

PostNL is interested in secure cross-border e-commerce solutions and more. ".post is the proper place for postal organisations to work together to keep fulfilling this role of providing people with information in a trusted manner," said Sandro Hart de Ruyter, IT manager. "And if you want to keep a place as an information provider between people, it is also very important to be very active and present in the digital world," he added.

Security is crucial for Botswana. "We are hoping that the exclusiveness of .post will assure our domestic and international customers that whatever they buy through Botswana Post or .post is actually safe, reliable and the real thing," said Ogone Oscar Mokoko Gaboutloeloe, head of government, regulatory and international affairs at Botswana Post.

The countries that joined the .post group include: Afghanistan, Angola, Botswana, Cameroon, Chad, China, Cyprus, Egypt, Greece, Guyana, India, Indonesia, Italy, Kenya, Libya, Malaysia, Mali, Morocco, Mozambique, Namibia, Netherlands, Niger, Philippines, Samoa, Saudi Arabia, Senegal, South Africa, Uganda and United States.

Since the .post platform was launched during the 25th Universal Postal Congress in Doha in October 2012, several countries have registered for their own sponsored top-level domain name. The sponsored top-level domain name is reserved exclusively for members of the postal community. **RL**



Listen to the interviews

<http://news.upu.int/features/dotpost/>

PostNord bets on document scanning

PostNord, the postal operator for Denmark and Sweden, is starting to prepare for a future where letters physically delivered to your home may be a relic of the past.

By Catherine McLean

PostNord recently snapped up two document-scanning firms: ISS Document and Aditro Document Automation. The two acquisitions bolster its presence in the Nordic countries, more than doubling the number of employees working in its data-scanning business to 250 from 110.

While this business is small, representing less than one per cent of PostNord's 39-billion SEK in annual revenue, its strategic importance is growing. Businesses and governmental agencies are seeking ways to trim costs and it's cheaper to send documents electronically, according to Niels Frost Larsen, who heads up PostNord's data-scanning activities.

"If we still want to be a postal organization, we must go into the electronic communication market a little more than we do today," says Frost Larsen. "I do think that more and more [mail] will be electronic from the birth of the correspondence."

New niche

Evidence of this trend is not hard to find. Frost Larsen points to the Danish government's goal of sending only digital letters to its citizens starting in 2015. But he underlines that not all people will be able to scan their own mail at home and this is where PostNord comes in.

The company aims to expand a business for the public sector that opens up physical letters, scans them and sends the information electronically to the government. PostNord has been providing this service for government pensions in Denmark since 2003. "We will

help the public sector to do more manual work so they can do the more advanced work dealing with applications," Frost Larsen explains.

Other key customers for its data-scanning services, which include electronic invoices, are insurance companies, lawyers, police and pharmaceutical firms.

All of this can only work if adequate privacy protection measures are in place. Employees who work at PostNord's scanning operations require three access codes to enter the office. Every room has cameras and employees must undergo criminal record checks every two years, adds Frost Larsen. **CM**



Seeing another side of mail (Photo: Canada Post)

Catherine McLean is a freelance journalist based in Winterthur, Switzerland.

Austria

Austrian Post is taking a majority stake in M&BM Express, a Bulgarian mail company. After first buying a 26 per-cent stake in the company in 2011, the Post is continuing with plans to expand in Eastern and Southern Europe. The Post has also held a stake in Polish courier and e-commerce company, Kolportaz Rzetelny, since 2011. **VH**

Brazil

Brazil Post is to share infrastructure with state-owned telecommunications firm, Telebras, to improve the country's broadband service in time for the FIFA Confederation Cup in June and the World Cup in 2014. Post offices will sell Telebras products, while Telebras will upgrade Brazil Post's web technology and train postal staff. **VH**

Canada

Canada Post has announced first-quarter profits of 51 million CAD (49.5 million USD) in 2013, compared to a loss of 73 million CAD in the first three months of 2012. The upswing resulted from the January sale of a major mail processing plant in Vancouver, which netted 153 million CAD for the state-owned corporation. But declining mail volumes are contributing to a "substantial financial loss" expected in 2013, the Post said. **DK**

Denmark/Sweden

Swedish-Danish operator **PostNord** suffered a 11 per cent decline in the first quarter of the year with operating profit down to 333 million SEK (49 million USD). Net profit fell from 208 million SEK in last year's first quarter to 185 million SEK. The Post attributes the decline to diminishing mail volumes and fewer business days than last year. **VH**

Estonia

Eesti Post will use profits from 2012 to develop its parcels and e-commerce services. Profits reached 2.5 million EUR (3.2 million USD) last year, despite a decrease in letter volumes. A considerable part of the profit will be invested to

modernize work conditions and raise salaries by an average of 3.6 per cent, according to the Post. **VH**

Finland

Itella says it will dismiss 315 of its staff, in an effort to cut 100 million EUR (129 million USD) from its budget by 2014. Most of its employees are in Finland, but some are in Denmark, Sweden, Estonia, Latvia, Lithuania and Poland. Itella will also outsource its IT management centre to IBM. **VH**

Germany

Deutsche Post's revenues climbed by 0.6 per cent to 13.4 billion EUR (17.3 billion USD) in the first quarter of 2013. This growth is due to volume and revenue gains in the international express business, as well as the parcel segment in Germany, according to Deutsche Post. **VH**

Great Britain

Royal Mail saw its annual profits more than double to 403 million GBP (617.4 million USD) for the year ending in March, compared to 152 million GBP the previous year. A boom in parcel volume largely accounted for the gain, according to preliminary figures released in May. Price increases on lettermail also helped boost profits. This news comes ahead of next year's expected privatization of Royal Mail Group. **DK**

India

The launch of an electronic money order system by **India Post** will make it easier for Indian citizens living abroad pay fees to their government for a *Right to Information* request. **VH**

Lithuania

Lithuania Post recorded a second year of profit in a row of 484,000 LTL in 2012 (181,000 USD). Profits, however, are down 37 per cent from last year. **VH**

Norway

Posten Norge has bought a 34 per-cent stake in Danske Fragtmænt, a Danish logistics

company. The latter offers services in cargo, parcels, storage and express distribution. The Post hopes to eventually buy all shares of the company, says Posten Norge. **VH**

Netherlands

PostNL has reported first-quarter losses of 410 million EUR (535.7 million USD), compared to a 633 million EUR profit in the same period of 2012. The drop resulted largely from a write-down on its stake in the courier service TNT Express. Share prices in TNT Express plummeted after the European Commission blocked a 7 billion USD takeover of the company by UPS, citing competition concerns. **DK**

Singapore

Singapore Post's net profits fell four per cent in 2012 to 136 million SGD (111 million USD), partially because of a decline in letter-mail volumes. This is the first ever annual decline in letter volumes, a 2.6 per cent decrease from 2011, says the Post. **VH**

Switzerland

Swiss Post's group profits are down five per cent in 2012, at 859 million CHF (920 million USD). The loss is due mostly to high employee benefits, according to Swiss Post. Its communication division, responsible for its post office network, saw its profits go down 45 per cent to 61 million CHF. **VH**

United States

The **United States Postal Service** ended the second quarter of the 2013 fiscal year with a net loss of 1.9 billion USD. Revenue from advertising mail increased by 2.4 per cent to 96 million USD. Revenue from package deliveries grew by 9.3 per cent to 267 million USD. The USPS plans to save 20 billion USD by 2016 with a new health plan, reforms to its workers compensation and a reduction in working hours. **VH**

All texts by Veronique Hynes and David Koch, who are currently interns with the UPU Communication Programme.

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