

POSTAL NEWS

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1. DHL launches China-Vietnam trucking service

Logistics giant DHL has launched a new cross-border trucking service connecting major China origin points with destinations in Vietnam.

This service will connect Beijing, Dongguan, Fuzhou, Guangzhou, Nanjing, Shanghai, Shenzhen, Suzhou, Tianjin, Wuhan and Zhongshan with Hanoi, Haiphong, Danang and Ho Chi Minh City. he trucking service, which will run under DHL Global Forwarding, provides tailored logistics solutions at a lower cost than air freight and faster than ocean. We are always exploring for our customer the best combination of cost and time,” said Steve Huang, managing director, DHL Global Forwarding China. H added: “Equipped with industry know-how, best-in-class domestic transportation capability, IT platform, extensive network coverage and dedicated team, this road transportation service has the advantage of cost saving, flexibility, lower risk and full shipment visibility. With several successful trial runs, we are confident to provide customers with an end-to-end solution for road transportation needs between China and Vietnam.”

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2. Postal Service offers buyouts

The U.S. Postal Service is offering \$15,000 buyouts to employees in an effort to cut costs as the agency is being buffeted by the recession and the popularity of e-mail and electronic bill payment.

Up to 30,000 employees could take the offer at a cost of about \$450 million, the agency said. The Postal Service said it could save up to \$500 million in the next two years.

The agency said it reached agreement on the offer with the American Postal Workers Union and the National Postal Mail Handlers Union. Workers must decide by Sept. 25.

Letter carriers, who are in different unions, weren't offered the buyouts because the number of addresses the post office must serve keeps growing, Postal Service spokeswoman Yvonne Yoerger said.

"That's not an area where we need reduction," she said.

The Postal Service lost \$2.4 billion from April through June, and \$4.7 billion so far this year. It expects to be \$7 billion in the red by the end of the fiscal year on Sept. 30.

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3. United Shipping Solutions Announces a Major Partnership With the United States Postal Service

SALT LAKE CITY, Aug. 26 /PRNewswire/ -- United Shipping Solutions (USS), an agent and franchisee based transportation sales company based in Salt Lake City, proudly announces its new partnership with the United States Postal Service (USPS). USS, with 2008 revenues of \$78 million, has built their transportation sales expertise over the past 7 years by selling both small parcel and freight delivery services for over 50 different transportation providers. USS will now sell the full suite of expedited USPS services including Express, Priority, and Flat Rate products. This partnership is part of a larger set of initiatives from the USPS designed to increase sales and drive profitability. The USPS expedited services represent an increasingly welcome option for shippers burdened with constant rate and fuel surcharge increases by FedEx and UPS who now enjoy significant pricing control over the market.

USS is a highly entrepreneurial organization whose offices are independently operated by seasoned industry veterans. The company's entrepreneurial drive earned them the #1 spot in Entrepreneur Magazine's "Best in Class" ranking in 2007 and admission to the Inc. 5000 Fastest Growing Companies in America in 2009. Robert Ross, USS's EVP of Sales and Marketing, says, "We are very excited about this new opportunity with the United States Postal Service... this is an unprecedented partnership in our industry, makes a lot of sense, and should be very successful for both parties. We believe that our entrepreneurial, sales-driven culture combined with the top-notch USPS service and infrastructure will fill a great need, especially in the small and medium sized shipper segment."

USS currently has openings for new agents, franchisees, sales managers, and sales representatives in some of its major markets.

Web: www.usshipit.com

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4. Thailand Post looks set to miss profit target

By Usanee Mongkolporn

The Nation

Published on August 27, 2009

Thailand Post is likely to miss its profit goal of Bt700 million this year, due to the deteriorating economy.

"Thailand Post will have to seek new revenue sources and continue to cut operating costs," president Ormsin Chivapruet said yesterday.

The state enterprise had expected net profit to reach Bt900 million this year before recently revising the figure downward to Bt700 million.

But Ormsin yesterday said it would earn Bt350 million in the second half after eking out a net profit of Bt263 million in the first half.

Last year it made Bt972 million.

This year it projects total revenue of Bt15 billion, down from Bt16 billion last year. In the first half, revenue was Bt7.37 billion.

The state enterprise has witnessed declining numbers of delivered mail, while the Internet has become a common communications choice of people and has stolen some of its mail business.

More than 74 per cent of its revenue comes from the communications business, which includes mail delivery service, while the second main contributor is its logistics service.

Of first-half revenue, Bt5.47 billion was generated by the communications business and Bt729 million by the logistics business.

Thailand Post was the postal unit of the Communications Authority of Thailand (CAT) before it was split off and corporatised in August 2003, while CAT became CAT Telecom.

It has more than 20,000 employees and 1,000 branches nationwide.

Since gaining its own identity, Thailand Post has kept launching services to boost revenues, ranging from logistics to utility-bill payment at its post offices and also food delivery.

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5. As Internet Booms, the Postal Service Fights Back

Andrew Harrer/Bloomberg News

The Postal Service handled a record 213 billion pieces of mail in 2006, but a decline in marketing mail has resulted in a drop to an expected 175 billion pieces in 2009.

By ANDREA FULLER

Published: August 28, 2009

WASHINGTON — Amid unrelenting bad news, the Postal Service is striving to make the case that mail is here to stay.

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Andrew Harrer/Bloomberg News

About 175 billion pieces of mail will be sent in 2009, down from 202 billion last year. “We’re very optimistic about the future of mail because mail has great value,” said Susan Plonkey, vice president for sales. “Mail works.”

Top postal officials say the recession is to blame for the agency’s \$7 billion deficit and a steep drop in the volume of mail, and they express confidence that mail, particularly advertising, will rebound.

But even the Postal Service acknowledges that some mail is gone for good. Earlier this week, the Postal Service said that it would offer cash incentives in a bid to get up to 30,000 employees to voluntarily resign or take early retirement by the end of September and save \$500 million next year.

With the Internet, the Postal Service has been experiencing what it calls “electronic diversion” with people moving online for correspondence and other activities.

Companies’ campaigns to push consumers online are likely to continue that trend. Verizon Communications has begun a “Get Your Green On” campaign, giving customers a chance to win a 2010 Toyota Prius Hybrid in a sweepstakes if they go paperless. While several phone companies charge for detailed paper bills, in September T-Mobile will begin charging \$1.50 for a basic printed bill each month.

“It’s cheaper for us to process,” said Angeline Depauw, director of remittance processing for Verizon, about online bill paying. “You have less risk of fraud. It’s just more efficient.”

Javelin Strategy and Research, a research and consulting company for the financial services industry, says that 70 percent of households that have computers pay bills online each month, up from 64 percent last year.

Mark Schwanhausser, an analyst for Javelin, said that people move to online bill paying for convenience, and because they are “fee sensitive” during a tough economic climate.

“I don’t think this is going to be something that’s going to backtrack,” he said.

Another culprit: the electronic filing of tax returns. The Postal Service says there was a sharp increase in e-filing this year, with fewer people mailing in their forms. Many people will also receive electronic tax refunds, which were previously mailed as checks.

"It's only growing," said Kate Fulton, senior vice president for government relations at H&R Block, which helps customers file online. "The I.R.S. is driving this. They want more e-filing, and we are embracing it too."

The Postal Service is resigned to losing some business to online alternatives. But postal officials also say that, with the Internet in full swing, the volume of mail hit a record in 2006. That year, the Postal Service handled 213 billion pieces of mail because, even as it lost some business to the Internet, advertising mail was booming.

The Postal Service says that a decline in marketing mail, like credit card offers and bulk advertisements, is responsible for most of the drop in the amount of mail sent this fiscal year. About 175 billion pieces of mail will be sent in 2009, down from 202 billion last year.

"I believe that when the economy returns, marketing mail will grow," Ms. Plonkey, the service's vice president, said. "I think that we'll continue to have electronic diversion, but I think that we can offset that loss."

Advertising analysts agree with that assessment to some degree. Brian Wieser, head forecaster at the media agency Magna, says that advertising mail will grow but not get back to where it was before the recession within the next five years.

Referring to studies showing that advertising mail engages consumers, Mr. Wieser said that mail has a "tactile character that's difficult to replace with online equivalents."

"You are sometimes overwhelmed by spam," Ms. Plonkey said, but with paper mail, "the message stays. You don't delete it. We find that it's tremendously effective."

The problem, Mr. Wieser says, is that mail is much more expensive than other types of advertising, particularly online advertising, which he predicts will grow more rapidly.

Mike Hayes, the chief strategy, development and operations officer for Geomentum, a marketing and media consulting agency part of the Interpublic Group of Companies along with Magna, says that advertisers are exploring new types of custom advertising besides mail, such as mobile advertisements and advertisements directed at particular segments of cable television viewers.

"As advertisers have pulled back, in pulling it back, they're looking at alternatives because they're forced to," Mr. Hayes said.

Some companies say they are already moving in new directions. Laurie Brooks, a spokeswoman for L. L. Bean, said the company would continue to value catalogs

because of studies that show they are effective. But she also said that high costs have led to smaller and fewer catalogs.

“A few years ago our Web sales surpassed our catalog sales, so we are shifting our focus to Web advertising,” Ms. Brooks said.

Despite a drop in advertising, the Postal Service has had growth in some areas.

While first-class mail has been on the decline over all for several years, there has been more use of first-class mail by online movie rental companies like Netflix, whose revenues have been growing during the recession. Netflix ships around two million DVDs each day.

Steve Swasey, vice president for corporate communications for Netflix, believes this may mean the Postal Service and the Internet can co-exist.

“It used to be invitations,” he said, talking about mail that people were excited to receive. But after the onset of e-mail messages and Evite, he said, “Netflix is something that you rush out to your mail box for.”

The Postal Service’s future in package delivery also appears bright, though shipping services make up only about 10 percent of its revenue. Even as other types of mail decline, packages have been holding strong, despite competition from FedEx and United Parcel Service.

Bob Bernstock, the Postal Service’s president for mailing and shipping services, attributes its success in shipping to a strong marketing campaign and competitive pricing. In this case, the Internet has also been a help, not a harm, for the Postal Service because of Web sales on sites like eBay.

“If you want to get a one-pound sweater or something like that to a home, we’re damn good at it,” he said.

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Collected by Chairul Anwar, Bandung, Indonesia.
E-mail address : chairulanwar49@operamail.com, uyungchairul@plasa.com.