



# CPC International Postal Update

By: John Cicchitti

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In the first quarter of 2021 the world's major postal services continued to persevere through the pandemic, amid significant operational and financial challenges.

The positive news includes expanded delivery in the United Kingdom, Japan Post's ecommerce venture, and a study by the Universal Postal Union about opportunities in marketing mail. Deutsche Post DHL is making major sustainability investments. Financial challenges are impacting many posts and Australia continues to wrestle with its postal scandal.

These and other issues are discussed below.

## UPU Study Finds Marketing Mail Important During Pandemic

The Universal Postal Union's (UPU) [Direct Marketing Advisory Board](#) conducted a study on the effect of direct marketing mail (what the U.S. Postal Service calls Marketing Mail) during the COVID-19 pandemic. The [study](#) found, "direct mail matters more and is driving online transactions more than ever" despite an overall decline in direct marketing mail volume. With many people at home, direct marketing connects households with ecommerce products and goods.

Several countries' posts offered their perspectives. China Post saw declines in business letters, postcards, and billing. But the organization expanded direct marketing to inform the public on the pandemic and promote cultural programs. Namibia Post's CEO, Festus Hangula, told the UPU that direct marketing is connecting consumers to developing ecommerce businesses in the country. Conversely, Italy's Poste Italiane experienced a huge drop in direct marketing due to the pandemic and has yet to recover.



Cover of UPU's new study.  
Source: UPU.

## Japan Post Invests \$1.4 Billion in Ecommerce Venture

Japan Post invested \$1.4 billion for an 8 percent stake in ecommerce company Rakuten, [ABC News](#) reported. The partnership will lead to "delivery services that allow people to

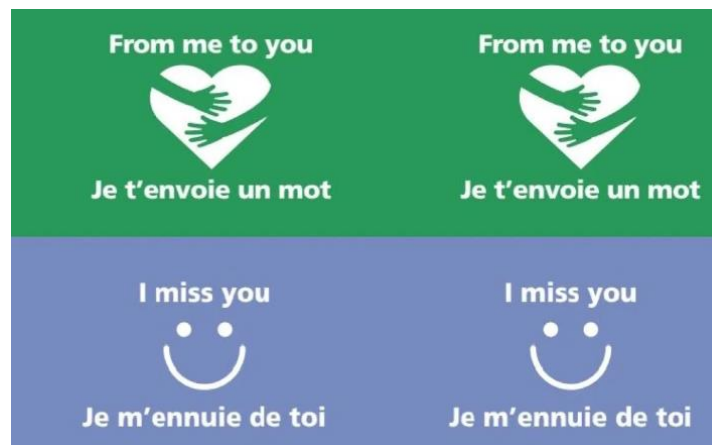
make online reservations to pick up packages and mail in various locations whenever they want,” according to ABC. The postal service will have access to Rakuten’s technology, while Rakuten will use the postal service’s physical locations to sell its products.

ABC said cashless payments is another area of potential partnership, as Japan Post “is one of the biggest banking institutions in the country.” Rakuten may be able to assist in digitization of the organization’s services.

Rakuten has experienced financial difficulties lately, so this alliance could provide a new opportunity for revenue.

### **Canada Post Connects Citizens**

Canada Post, Canada’s postal service, delivered 13.5 million prepaid postcards to every residential address in the country. The goal of the program, [Canada Post announced](#), was to help friends and loved ones stay connected through the pandemic. Doug Ettinger, President and CEO of Canada Post, explained the effort in a [YouTube video](#). Six versions of the postcards went out, each containing “a simple message of love, appreciation, or thanks,” he said.



*Examples of Canada Post’s messages. Source: Canada Post.*

### **Royal Mail Appoints New CEO, Launches Sunday Package Delivery**

Simon Thompson took the reins of the United Kingdom’s mail service in January, reported [The Guardian](#). Thompson’s hiring ended an executive search that followed the departure of Rico Back in early 2020. Thompson formerly “served as chief product officer at Ocado” and worked on the British government’s test and trace program during the coronavirus pandemic.

With the pandemic still affecting the U.K. economy, Royal Mail announced in March that it would begin a trial of Sunday parcel delivery for major retailers, according to the

[BBC](#). Royal Mail’s competitors already implemented Sunday delivery for companies like Amazon. The pandemic and resulting ecommerce boom have led consumers to expect packages as soon as possible, the BBC reported. Royal Mail anticipates this expansion will meet consumer expectations.

### **Deutsche Post Invests in Green Tech, Shows Strong 2020 Results**

Germany’s postal service, Deutsche Post DHL, is pushing to make its operations more sustainable. The company “is investing a whopping 7 billion euros (\$8.25 billion) in green technologies between now and 2030 to fight climate change,” [Freightwaves](#) reported. North America DHL Supply Chain CEO Scott Sureddin predicted that green aviation standards would present the largest challenge. The company is looking to use 30% sustainable aviation fuel by 2030.

On top of its environmental changes, Deutsche Post announced strong 2020 operations. The company earned a \$5.8 billion profit, much higher than “original estimates of between \$4.9 billion and \$5.3 billion,” according to [Freightwaves](#).

### **Bolsonaro Offers Strong Support for Postal Privatization**

Brazilian President Jair Bolsonaro demonstrated his commitment to the privatization of Correios, Brazil’s postal service, by hand-delivering the privatization bill to Brazil’s legislature in February. The [Rio Times Online](#) reported that the bill has “been languishing” in the Chamber of Deputies since its introduction in late 2020.



*Brazilian President Jair Bolsonaro.  
Source: Wikimedia.*

Bolsonaro originally opposed privatization, but discussions with economic advisors changed his position, [Reuters](#) reported in 2019. The Bolsonaro administration anticipates that a private postal service will better adapt to market conditions than the current government-run agency.

### **Australia Senate Launches Inquiry into Postal Scandal**

The Australian Senate announced an investigation into the departure of former Australia Post CEO Christine Holgate, the [Sydney Morning Herald](#) reported in late February. Senator Pauline Hanson, of the right-wing One Nation party, pushed for the inquiry. Hanson has called for Holgate to be reinstated, saying that the ex-CEO was “falsely and savagely” maligned during the scandal.

For Holgate’s part, a source told the Morning Herald that the business leader “does not consider herself employed by Australia Post. She could not work with that board again.”

Holgate’s resignation followed the purchase of expensive watches for top Australia Post executives. When reporting the value of the gifts to parliament, Holgate undervalued the price by thousands of dollars. CPC covered the origins of the scandal in a previous international update [here](#).

### **Swiss Post Announces Lower Profits**

Swiss Post, Switzerland’s postal service, had lower profits in 2020 compared with 2019, according to [Parcel and Postal Technology International](#). Group profit fell over \$80 million, while operating profit fell almost \$200 million. The postal service blamed a continuing fall in mail volume and the challenges posed by the COVID-19 pandemic. Package delivery, though, rose 23% in 2020 when compared to 2019.

### **South Africa Post Office “On the Verge of Financial Collapse”**

According to [MyBroadband](#), South Africa’s largest technology news website, the country’s postal service is staring down the barrel of economic catastrophe. Unable to keep some locations afloat, the organization shuttered “numerous branches after failing to pay rent.”



*A South Africa Post Office location in Vredefort, South Africa.  
Source: Wikimedia.*

The South Africa Post Office (SAPO) is struggling financially. Over the three months prior to the March MyBroadband article, SAPO lost R429 million (\$29.5 million USD). Additionally, its year-over-year deficit ballooned to R1.354 billion (\$93 million USD). MyBroadband reported that the service is negotiating with its landlords for a return to the closed locations.

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