

Australia Post Analysis

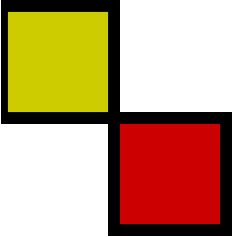
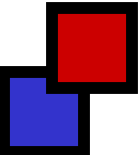
Example Only

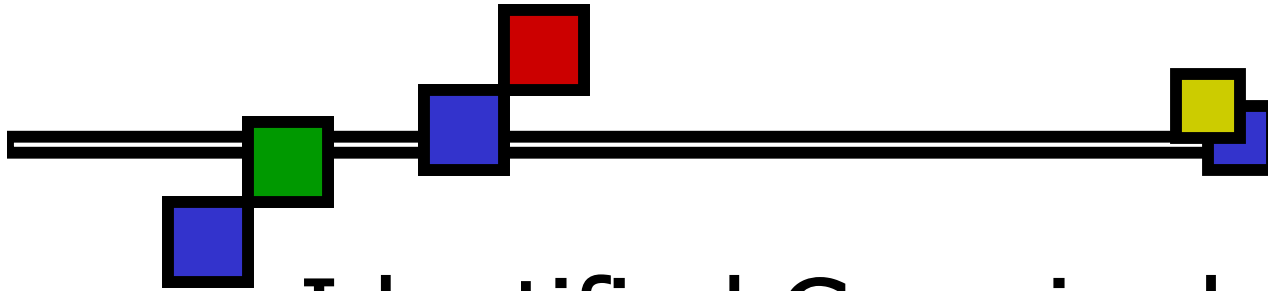


Exercise: Critical assessment for Strategic business planning of a deregulated market



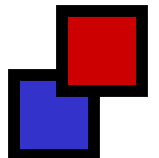
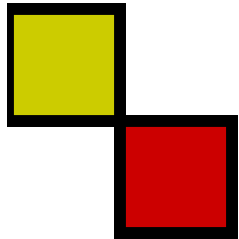
Article Summary

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- NCC recommended an almost complete deregulation by 2000 except of small mail service
 - Small mail service being letters weighing up to 50g and within 45c charge
 - This would expose Post to 93% of its service compared to a current 50%
 - In 1992 post introduced retail post. This is when profits soared
 - Late 80s Post suffered major union and negotiation issues
 - Early 90s culture changed and financial incentives introduced
 - 70 parcel couriers in Aust. Post had 17% of market share (largest)
 - Agency bill payments market (\$300bill) Post had 20% market share.
 - Bill payment competitors were major banks and credit card operations
 - Post had 4500 outlets of which 3000 were Licensed Post Outlets (LPOs), 1000 were owned outlets and 500 agents. 2700 of these have EFTPOS
 - Approx. 800,000 people per day visit the retail stores
 - Market research showed that 45% of customers used the stores for agency payments, 38% for postal services, 7% for merchandise & 5% for money orders
 - Labour was Post's biggest cost (58%) for 30,000 full time and 7,000 part time
 - The electronic age caused customers to have less need in Post services
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Identified Gaps in data

- Profit portion for each business sector
- Business sector market share and trends over the years





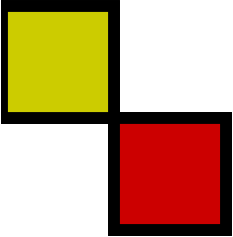
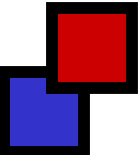
Researched information

References:

Article - *Green Left Weekly*, May 19, 2004

Facts and Figures - <http://www.dcita.gov.au>

Post Proposal 2002 - http://www.majormailusers.com.au/upload/Final_decision.pdf

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- Australia post 2004 profit is \$462million a 11.6% increase. This is 32% increase since 1998. Approx 4% per year excluding 2004.
 - Post is proising to place workers under the retail awarded resulting in an approx. 30% decrease. A sign that Post is combating it's high proportion of labour cost
 - A dramatic shift was being made from full time employees to casual workers
 - Post proposed a 5c increase on mail services in 2002 but expand general mail to cover 0-125g parcels which would now include 50g-125g as general mail yet minimizing the max mail thickness from 10mm to 5mm. This proposal was rejected as it was identified that the bulk of all general mail were advertising flyers & greeting cards & would bring little benefit to consumers with a reduced max thickness
 - Sprintpak reduced turn around times of processing by 20% with increased automation in the NSW Post distribution centre
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Porters 5 Forces Analysis

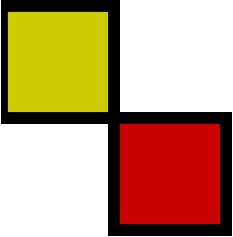
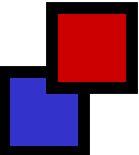
Risk Ratings	High=3	Med=2	Low=1				
Importance ratings	High=3	Med=2	Low=1				
Business Sectors	Threat of New Entrants	Threat of Substitues	Barg. Power Suppliers	Barg. Power Buyers	Score	Import.	Total Score
General Mail	1	1	1	1	1	1	1
Express Mail	1	3	1	3	9	2	18
Bill Payments	1	3	1	1	3	3	9
Giro Post	2	2	1	2	8	2	16
Banking	2	3	1	2	12	1	12
Money Orders	2	3	1	2	12	2	24
Passport Interviews	3	3	3	2	54	2	108
Greeting Card Sales	2	3	1	2	12	2	24
Packaging Products	2	2	1	2	8	2	16
Stationery	1	1	1	3	3	1	3
Collectables	3	3	2	3	54	3	162

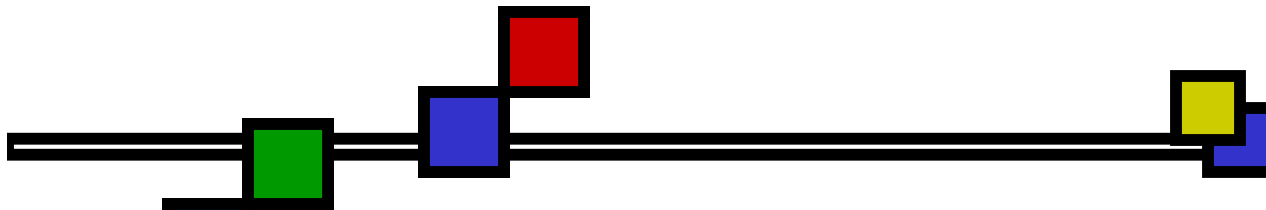
- **Express Mail** although has a high potential for substitutes is not likely to generate much threat as competition is already very high in this business sector with 70 established companies operating
- **Banking and Money Orders** are relatively safe as they would require high revenue to setup in the industry & have already heavy competition. They all give the supplier the same service
- **Greeting card Sales** is a very highly competitive area that is successful to Post because of the high exposure that postage services creates to direct customers. A deregulated market would have a small effect on this sector of the business
- **Passport Interviews** is a high threat for new entrants and substitutes if photo stores were eligible to conduct interviews buyers will have to opportunity to make a one shop stop
- **Collectables** if deregulated could easily be substituted and companies could easily manufacture as there are an abundance of printing companies and stamps could be sold through hobby stores and milk bars



ESC Evaluation

Environment

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- Remote:** YES - As a regulated government owned postal operation. However any deregulation may have significant impacts.
 - Outlook:** In terms of deregulation – if this was to occur Post may begin to suffer in its profit increase trends.
 - Industry:** Again Post has always been a regulatory government owned postal service. Any sort of deregulation may have significant impact to Posts successive profit increases.
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ESC Evaluation

Strategy



•2004 Mission and Vision

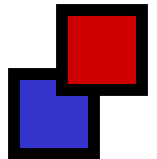
Vision

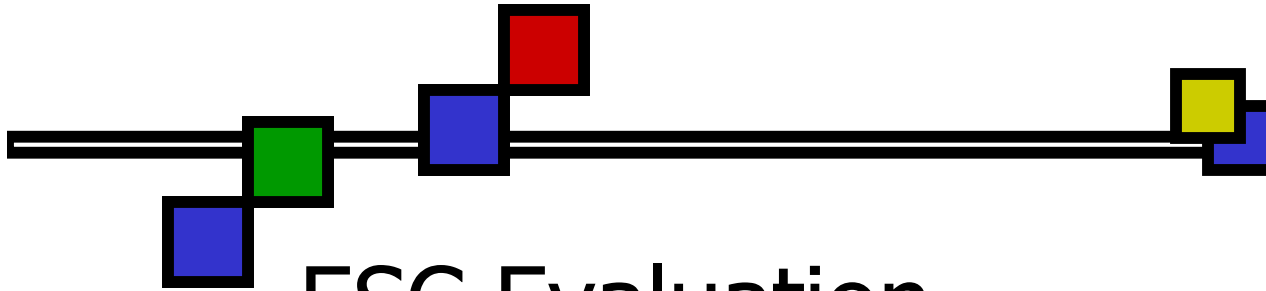
- Australia Post is committed to providing high-quality mail and parcel services to all Australians.
- Their enthusiastic, professional people will build a progressive commercial corporation through a commitment to high levels of customer satisfaction.

Mission

Australia Post will meet their customers' changing needs by providing:

- innovative and easy-to-use products and services;
- friendly service by knowledgeable staff;
- consistent on-time delivery;
- value for money; and
- modern, efficient networks.





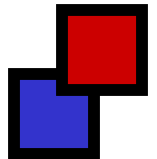
ESC Evaluation Strategy

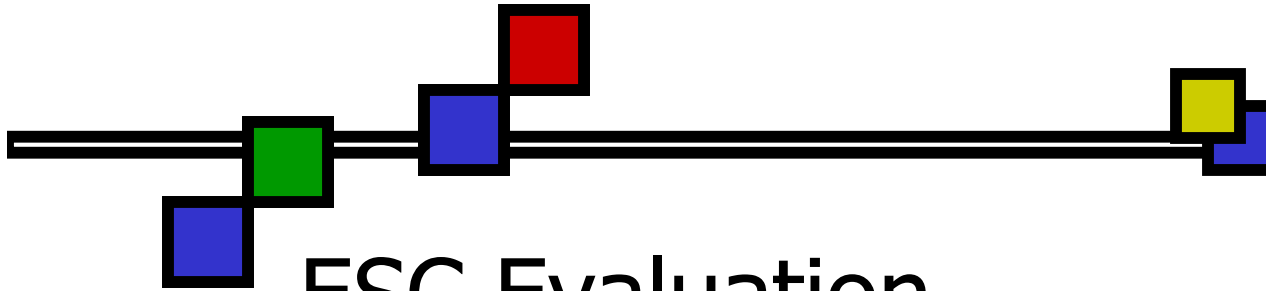
Mission

Aus Post will build their people's commitment to **these goals** by adopting the Balanced Score Card approach:

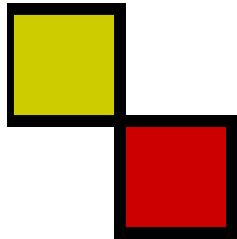
- promoting job satisfaction;
- encouraging participation in the success of the business;
- recognising outstanding service to customers; and
- rewarding outstanding performance.

As a progressive commercial corporation, Australia Post will make the best use of its assets and earn profits so that it can sustain and develop its business





ESC Evaluation Strategy



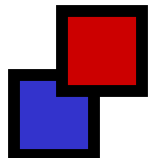
Key Stakeholders

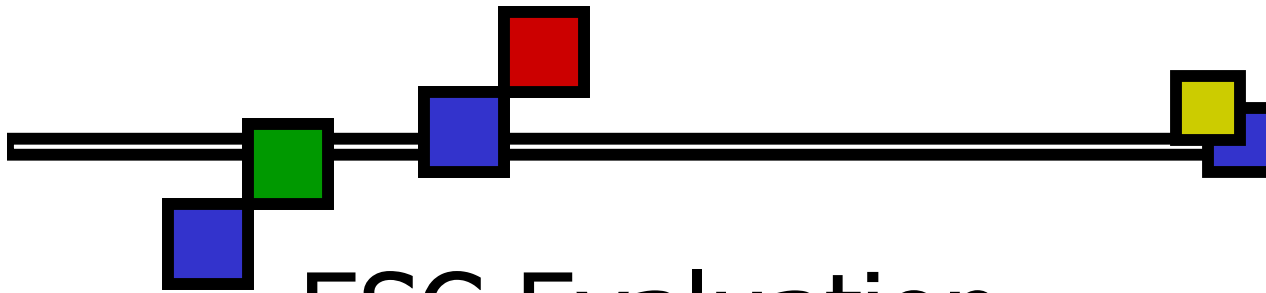
- Australians
- However, not particularly Australians in the rural districts

Values

Environment

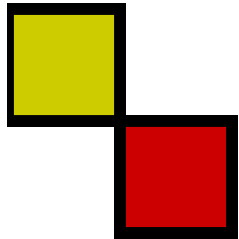
- Australia Post recognises that the management of its economic, social and environmental impacts is central to its continuing commercial success.
- It aims to meet or exceed regulatory and community standards and embed the principles of sustainable development within its business systems and culture.





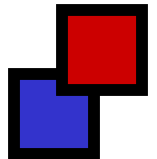
ESC Evaluation

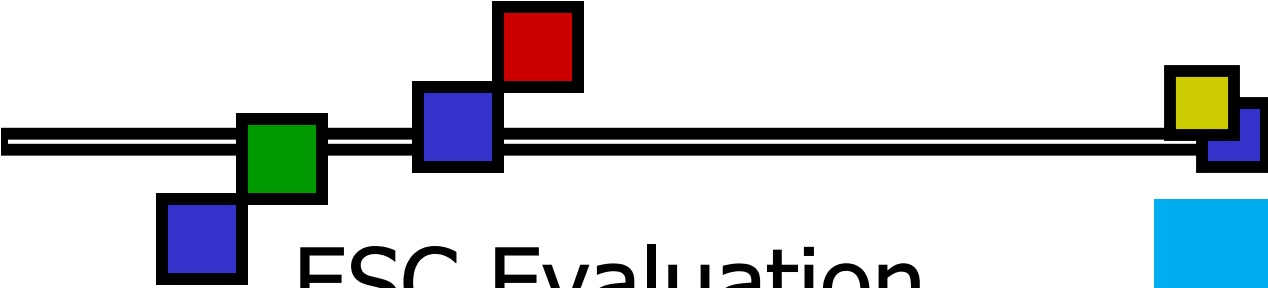
Capability



Economic

- In 97 – 98 Revenue of 86% due to mail delivery.
- For a deregulated market Post may not be able to keep this figure as it would be open to competition from new competitors that would have less operating costs by operating with lower standards.





ESC Evaluation Capability



Functional

- Technological Updates. E – Services
- Post Code Search
- Postage Calculations
- Post Office Search Locator
- International EMS Tracking
- International Postage Guides
- Australia Post Guides and Recommendations
- Express Post Services





Recommendations

- To increase and maintain market share in Giropost, Banking and Money Orders Post should offer service users credit points or cheaper service fees to attract more customers
- To ensure that a monopoly on passport interview is maintained, Post should introduce a one stop photo point for customer convenience thus reducing treats of new entrants
- To ensure a monopoly on collectables, Post should endeavor to protect this part of the industry with fiscal policies
- To strengthen the market share in Express mail, Post can only propose to further improve deliver performance and advertise company performance
- Continue the labour rationalization campaign

New areas for business development

- Join with large air service such as Virgin blue and reduce costs of air deliveries
- Advertise more to Australians that profits generated by Post benefit the Australian economy
- Strive to increase automation as achieved in the NSW distribution center. Standardisation of processes
- As Australia post systems are world class, Post should consult to other countries with regulated postage systems and break into those without regulation
- Post should join with Tatterstalls to offer further one stop shop service and increase revenue
- Post should make use of the 800,000 customer contacts each day by selling advertising via in store billboards and counter flyers for promotional offers
- Generate a free range of envelopes that is paid for through advertising
- Sell advertising on Post fleet vehicles