

Building Customer Relationships

World Mail and Express Conference
Munich Germany
8 May 2009

Robert Donderwinkel
Managing Director
European Envelope Manufacturers

Tools and Techniques for Staying Afloat

Building & Customer Relationships.

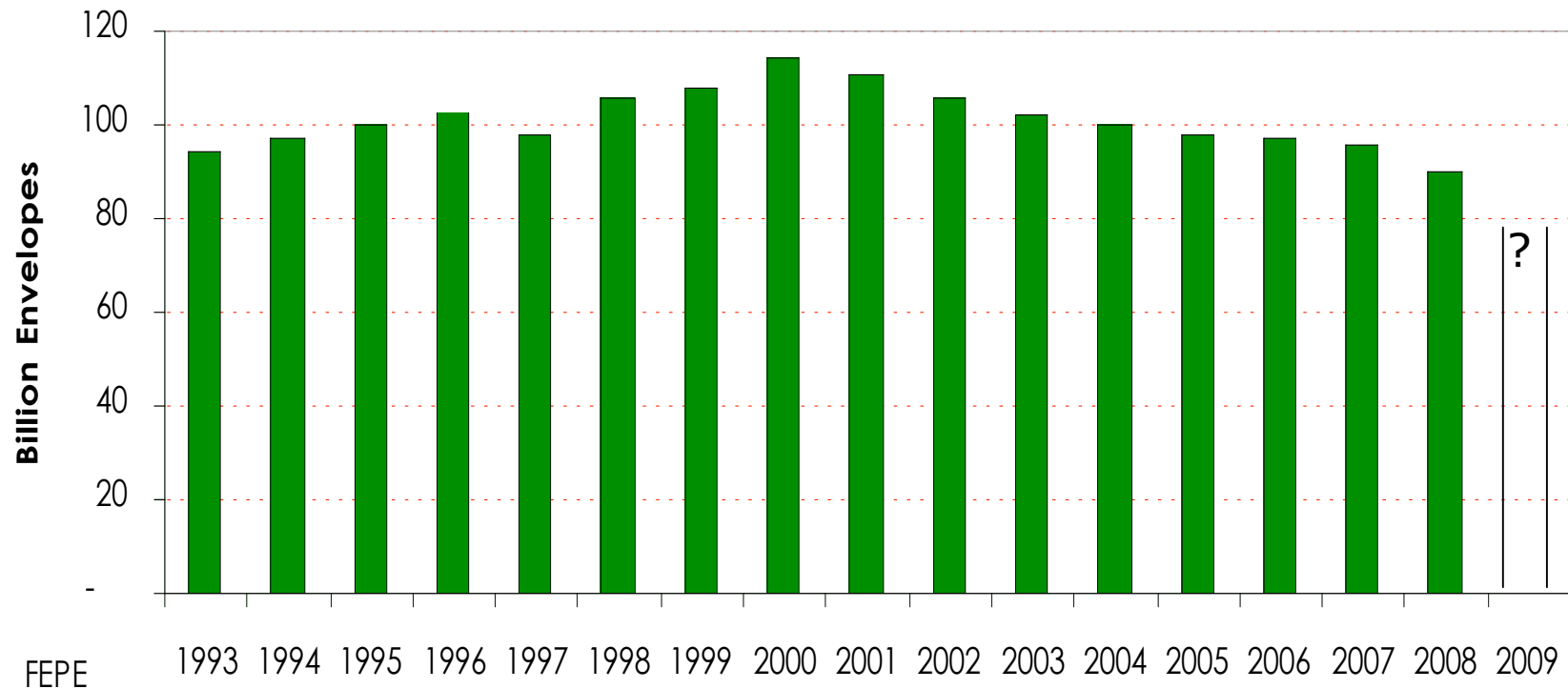
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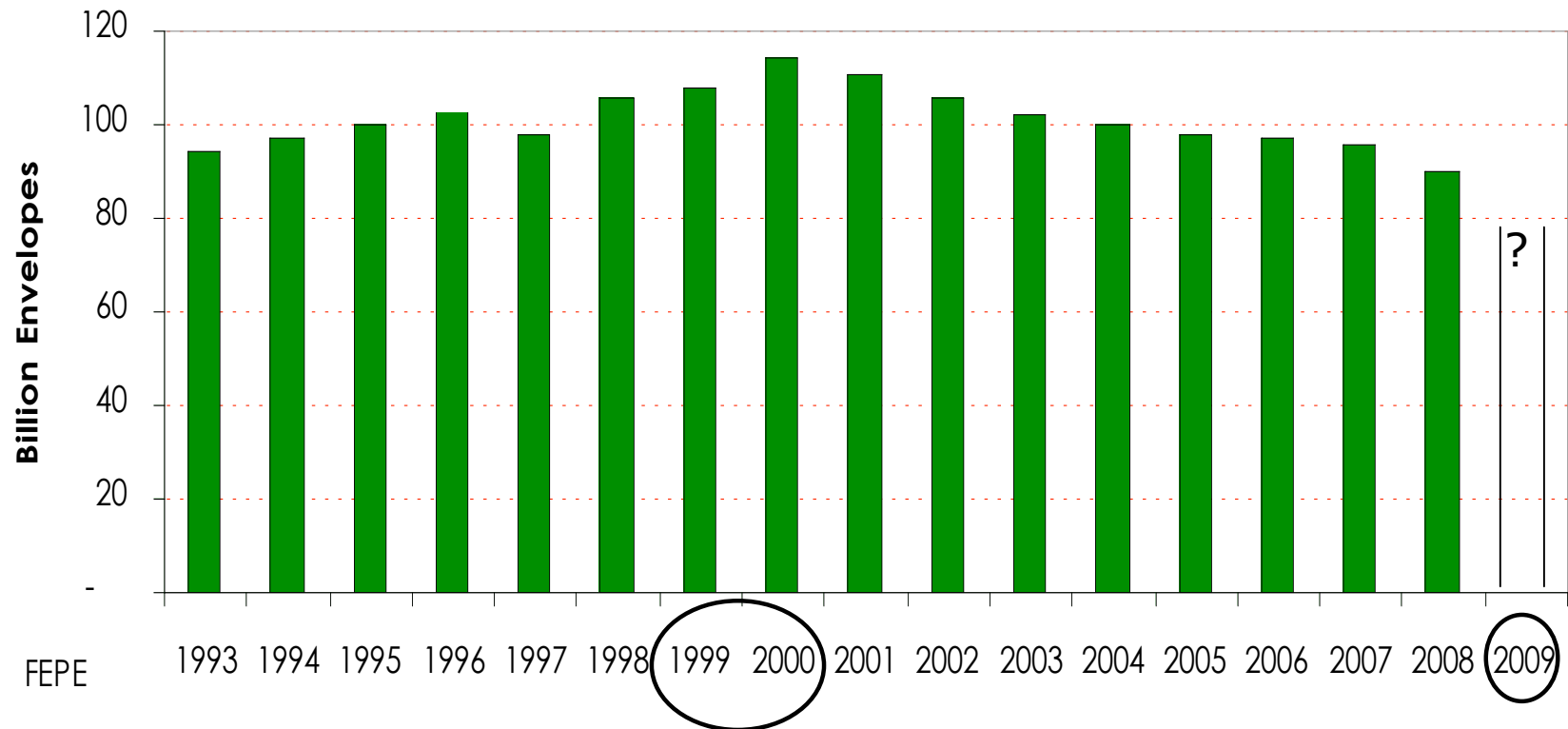
FEPE aisbl

- European Envelope Manufacturers Assn
- First established in 1957
- Represents >85% of the industry
 - Five international companies comprise 70% of the industry by volume
 - Facilities are located throughout Europe
- Based in Brussels since 2007
 - Represent the political interests of the European industry
 - Support demand for the product
- Industry:
 - Sales of 2B EUR per annum
 - 100B units delivered per year in Europe BUT...

Facing a decade of decline



Facing a decade of decline



The last years of real increase!!

Certainly not higher than 2008

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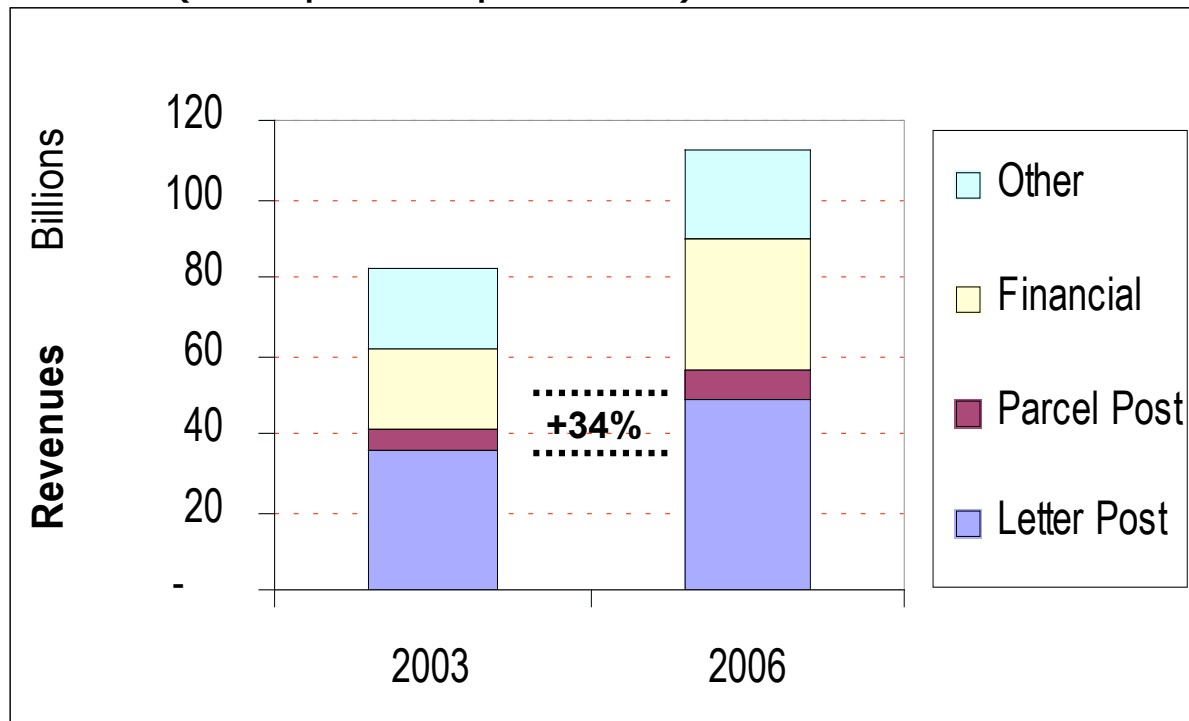
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A valid business reason?



A valid business reason?

- 2007/2008 TNT: > 65% of operating profits
- 2007 DP DHL: >90% of EBIT
- From UPU (European Operators):



Tools and Techniques for Staying Afloat

- **Building our Industry**
- Maintaining Customer Relationships

Building our Industry

It's all about Working Together

- Two Current Examples

 Printsells and Print Power

 European Mail Industry Platform (EMIP)

- Facts of Our Industry

“Print sells” - Campaign

Target audience:

400,000 Direct Mail specialists

9 western European countries

Advertising, web site,

5 mailings to each DM specialist

→ Campaign recognition 23%

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Total cost of approx
5.0 million EUR

Print Power - phase II

Print sells. Absolutely...

Print Power

...but it does so much more.

Print Power Proposition

- **Wherever there is civilization, print is just around the corner**
- **The power of print is unrivalled.**
- **It's far more likely that Larry Page or Steve Jobs will trust their memoirs to paper rather than to bring them in a vodcast on YouTube.**

Audiovisual media has impact on the spot but it is very ephemeral.

Print Power - Sustainability

+ Motivators (=the assets)

- the impact of print
- the directness of print
- it triggers the imagination
- etc...

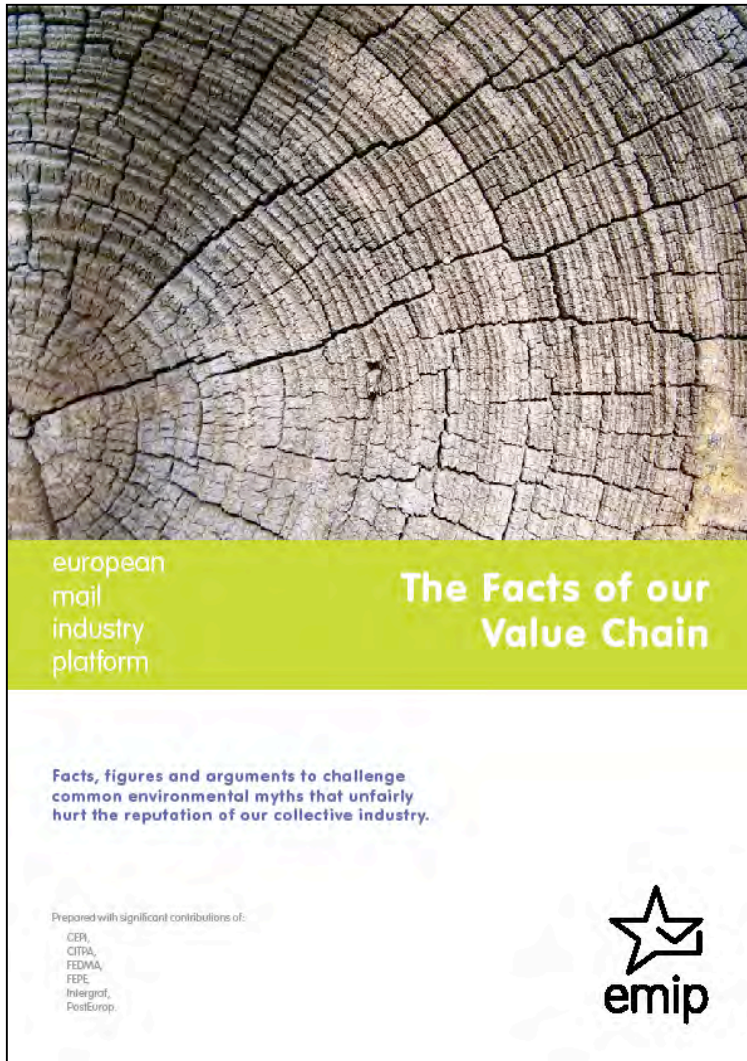
- Demotivators (=the barriers)

- the environmental issues

The basic rule:

First get them motivated, then get rid of the demotivators

EMIP FACT PACK



INTERGRAF



Quick Facts: Top 10 Facts



Forests are not being destroyed to produce paper-mail.



The paper industry rarely cuts trees for the production of paper.



The paper industry does not have a big carbon footprint.



The paper industry does not consume immense quantities of fossil fuels.



Mail comprises 0.1% of the total household CO2 emissions.



Paper used in communications should not end up in landfill.

Quick Facts: Top 10 Facts *cont'd*

7. **Paper is recycled more than any other packaging material.**



There is no such thing as 'junk mail'.



The Postal network is guaranteed to reach 100% of registered European citizens.



Electronic communications are not more environmentally friendly than paper based communications.

...AND WE ARE ALL INVESTING TO MAKE FURTHER REDUCTIONS...

IT Comments

- Does not attempt to destroy technological solutions..... but aims to balance the debate:
 - IT comprises 2% of global CO2 emissions.
...and McKinsey expect the energy needs of IT to increase 60% in the EU by 2020.
 - *The CO2 emissions from a PC are estimated at about 400-500kg of CO2 per annum vs an EU average of 14kg from paper-based DM*
- It is important that complete and comparative environmental lifecycle studies are undertaken BEFORE conclusions are made that can negatively affect any one industry..... and its reputation.

Tools and Techniques for Staying Afloat

- Building our Industry
- **Maintaining Customer Relationships**

Maintaining Customer Relationships

- Who are the customers
- What do they want
- What don't they want

Who are the Customers

- B2B 25%
- B2C 65%
- C2C /C2B 10%

Who are the Customers

- | | |
|------------|-----|
| ○ B2B | 25% |
| ○ B2C | 65% |
| ○ C2C /C2B | 10% |

With 90% of the volumes

'Businesses are our customers'

What do they want

- Customer Retention and Growth
 - Regular communication with existing customers and potential customers
- Require a proven delivery network
 - Post delivers to 100% of households in Europe
 - High probability of being read (>70%) if addressed –*especially if transaction piece*
- High Response Rates

Customer Requirements

Mail remains a preferred media...

POSTCOMM 

Attribute	Mail	email
Gives me a better impression of the company	53%	8%
More professional means of communication	49%	14%
Likely to grab my attention	47%	19%
It makes me feel more valued	43%	7%
I am more likely to do something as a result	43%	17%
Better for confirmation/follow-up messages	20%	64%
Better at communicating brief messages	6%	82%

What don't they want

- To miss out on any opportunities
 - Postal network increasingly challenged by alternative mediums – especially virtual media.
 - We must give customers the confidence to use our product – not an excuse to try or invest in alternatives

We must eliminate negativity

- *Mail is declining by 4% per annum*
 - Peter Bakker, CEO TNT at the EU Commission 'Postal Day' 2008
- *Mail is declining by 2% per annum and will continue to decline*
 - Adam Crozier, CEO Royal Mail at the 'Future of UK Postal Services 2008'

Conclusion

- The value chain must **work together**
- The industry must be **more positive** if we want to retain our customer base.

Thank You