

AUSTRALIA POST

THE MARKET

Australia's messaging and delivery marketplace has changed dramatically since 1990. Those changes have created new challenges for Australia Post in an increasingly competitive environment.

The biggest challenge has come from competitors using new electronic distribution technologies. The traditional written letter now faces competition from a new range of other methods for getting the message across, among them telephone and facsimile services, e-mail, the internet, EDI and electronic banking.

However, public acceptance of traditional letter and mail services as more personal and secure has seen mail volumes continue to grow steadily. Today, Australia Post handles more than four billion articles a year. By the year 2005, this is expected to exceed six billion articles.

ACHIEVEMENTS

In less than a decade, Australia Post has transformed its image, corporate culture and operations to emerge as one of Australia's most successful businesses.

The corporatisation of Australia Post in 1989 meant that, for the first time, it was required to operate commercially. The newly formed corporation at once began to implement an intensive program to streamline and upgrade all aspects of operations and to strengthen the Australia Post brand in the marketplace.

One result of that is that on every financial and operational measure, Australia Post's performance today is the best it has ever been.

Profitability has more than quadrupled since 1989, with return on average assets rising from 3.5% to 15.4%. Australia Post's productivity has improved at over three times the national rate - up by 38% since 1990.

Internationally, Australia Post is among the Western world's best performing postal enterprises, providing the highest level of service while maintaining the standard letter rate at 45c.

HISTORY

The Post Office is the oldest surviving commercial organisation in Australia. Its origins can be traced to the appointment of a former convict, Isaac Nicols, as the first Postmaster in Sydney in 1809. Until that year, there were no formal arrange-

ments for receiving or sending letters.

In 1901 control of posts and telegraphs was formally handed over from the colonies to the Commonwealth of Australia. Australia Post itself was established in 1975 out of the Postmaster General's Department to provide the nation's postal service. Its specific requirement was to link communities everywhere in Australia with a standard letter service at a single price.

In 1989, Australia Post became a Government Business Enterprise, with a new obligation to operate commercially. Its responsibilities for postal services remain unchanged. Today Australia Post offers an extensive range of physical and electronic messaging and delivery services.

THE PRODUCT

Australia Post provides a full range of letter and parcel services to all parts of the nation, including rural and remote areas. It also provides a range of related services, including electronic bulk mail handling; advertising mail; bill payment, money order and banking services;

express delivery services; and philatelic products and services.

Australia Post sets the international benchmark for reliability of letter deliveries (94% of standard letters delivered early or on time) and the cost of sending mail in Australia is among the lowest in the world.

Australia Post handles an average 16 million mail articles every working day. In addition to its postal network, it is also the nation's largest financial network, with more than 130 million financial transactions serviced each year. And it also operates the largest over-the-counter bill payment service in the country. More than one in five consumer bills are paid through Australia Post.

On top of all that, Australia Post runs Australia's most extensive retail network, with some 4400 postal outlets, serving 800,000 customers every day with three billion transactions handled every year.



Customer satisfaction is a primary focus of the revitalised Australia Post. A network of customer service centres monitor customers' experience of Post's products and services daily.

RECENT DEVELOPMENTS

The face of Australia Post has changed significantly over recent years with many of its 4500 postal outlets relocated, reconfigured and re-equipped with purpose built electronic counter technology.

A range of postal related products and electronically accessed financial services, including banking, are now available through Australia Post. Today, Australia Post is providing a 'one spot' bill payment service which enables customers to pay a range of accounts at one location. Australia Post's share of the total Australian bill payment market is now over 16% and growth in this business is projected at 14% per annum over the next three years.

Banking is another important new part of Australia Post's complementary services business. Australia Post is not a bank. However, in 1995 it commenced its 'giroPOST' on-line banking service which connected five banks to the service it previously offered only to the Commonwealth Bank. This service is now provided for ten banks and building societies. In this capacity Australia Post handles cash deposits and withdrawals and transfers between accounts either from passbooks or debit and credit cards.

Australia Post is also working on several new services that will meet electronic communication





tion also helps raise awareness of services such as Pay it at Post (a bill paying service), Express Post International, Parcel Post, Money Orders, EMS International and Business Airmail.

With a large, diverse customer base, television is the key advertising medium. However, newspapers and magazines are often used, particularly for business products. From time to time, corporate advertising is undertaken to provide Australians with information about Australia Post's performance such as its on-time delivery record and its record Christmas mail volumes.

needs, to provide the integrated mail of the future. It is a matter of Australia Post policy that all new services must stand alone commercially, without subsidy from letter service revenue.

Meanwhile, Australia Post is investing almost \$500 million on modernising its national letter and parcel delivery networks. The network renewal program includes the purchase of new equipment, significant upgrading of facilities and the opening of new high-tech postal centres.

PROMOTION

The promotion of Australia Post is based largely on the products and services it provides, rather than on the use of corporate advertising.

This strategy, based as it is on customer needs, has resulted in high awareness of the broad product offering of Australia Post.

Express Post, with its distinctive gold letter boxes, has enjoyed spectacular growth since it was launched in the early 1990s. One in ten businesses now use this service every day. Television advertising has been a key marketing tool, with a series of 15-second commercials which take a lighthearted approach to demonstrate the low price of this express postal service.

The success of the strategy provided the impetus to use a similar approach for the promotion of giroPOST, Australia Post's agency service for banks, and the same style of promo-

BRAND VALUES

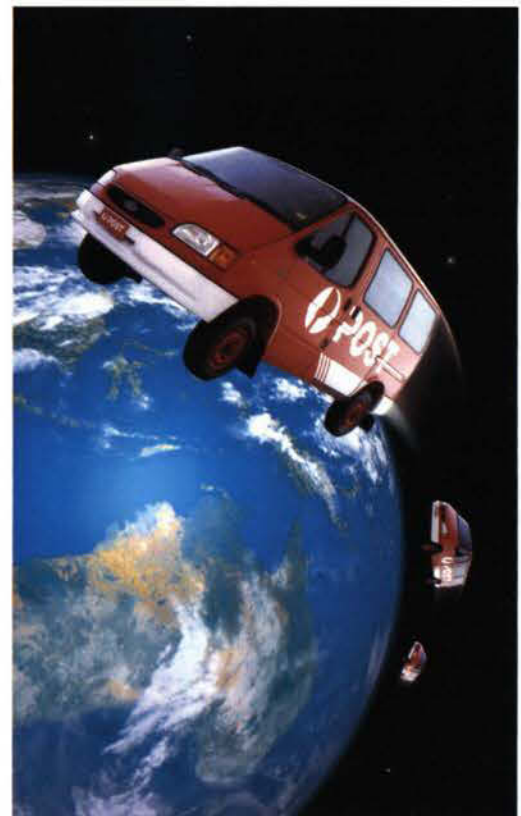
The Australia Post symbol is one of the nation's most widely recognised corporate brands. It was designed in 1975 when the Postmaster General's Department was split to create Telecom and Australia Post.

In its entirety the 'P' symbol stands for Post. Its component parts represent a postal horn, once used by European 'posties' to announce mail delivery, and a circle illustrating the global reach of the postal service. The colour red has long been associated with postal services in Commonwealth countries.

Unusually for such a large service provider, Australia Post has also been seen over the years as being a friendly organisation.

In regular customer surveys, Australia Post is seen as 'doing an important job well' and as a 'provider of a reliable service'.

As Australia Post expands its range of products and services, embracing new technology as it does, its core values encompass five main themes. Australia Post strives to be contemporary - displaying technical proficiency and sophistication. It seeks to be progressive, meeting world's best practice benchmarks. It is competitive. It remains customer focused, with knowledgeable, helpful and friendly staff. And it strives to be flexible - meeting the diverse demands of all its customers.



Things you didn't know about Australia Post

- It provides one of the world's lowest priced postal services with the cost of stamps frozen at 45c since January 1992.
- Annual revenue of \$2.9 billion places Australia Post among Australia's top 40 corporations.
- It handles an average 16 million mail articles every working day with the figure rising to 50 million articles pre-Christmas.
- It pays an average of \$1 million a day to local, State and Federal Government treasuries (since 1989/90).
- Its over-the-counter bill payment and banking service is the largest in Australia with transactions totalling over \$65 billion last year.
- Over 40% of Australia's tax revenues are received across post office counters.
- It is Australia's seventh largest employer with 39,600 full-time, contract and part-time employees (about one in every 200 working Australians is employed at Australia Post).
- 800,000 Australians visit a post office every working day.
- Post's 2873 licensed post offices are operated by small business.
- Post purchased \$947 million of goods and services in Australia last year.
- There are 10,500 Post vehicles - more than all the taxis in Sydney and Melbourne combined.
- One child out of every five aged 11-16 years is an active stamp collector.

