

Marketing in the sphere of postal communication of developing countries

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ABSTRACT

The main trends of the development of the world postal communication market are examined. Comparative analogies of mail marketing are conducted including in Arab and ex-USSR countries. The growing gaps between the development of the real economy and e-commerce in developing countries are confirmed and some basic directions for development of mail business are determined. The marketing strategies of postal operators are analyzed and the possible options for their adjustment are proposed. Mail services are in demand in a modern society and consequently postal operators should be constantly improved. The world has developed a set of rules for international postal items and recommendations for conducting mail business for developing countries. The purpose of the study is to clarify the marketing concept for postal operators in developing countries in modern conditions. The result of the study identifies the main trends for the development of the postal communication market in the world, namely: direct mail services, financial sector services and logistics. On the basis of the development of modern postal operators, e-entrepreneurship is actively developing, which creates the prerequisites for creating fundamentally new types of structures that combine the characteristics of a financial institution, a post office, an entrepreneurial and logistics center. Comparative analogies of mail marketing are conducted, which allowed the development of recommendations for adjusting marketing strategies in developing countries.

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1. Introduction

The rapid development of information and communication technologies over the last two decades has led to the emergence of new means of communication, which have been widely used in all spheres where there is a need for communication. However, postal services continue to be in demand, at the same time, their structure and quality are subject to higher demands. The Universal Postal Union (UPU) is smoothly working to improve the marketing strategies of the mail business, consolidating the participants of the postal community and it is the main forum for their cooperation, analyzing the market of postal services, etc. As a result, the UPU regulates the rules of international postal items and makes recommendations for development of postal service for developing countries

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(Teahan, 2015). At the same time, state-owned national postal operators in developing countries are faced with fierce competition from private postal operators that are either part of already existing mail systems or are actively forming their own and capturing the postal services market (Andersson et al., 2018; Bradley et al., 2018; Eccles et al., 2018; Falch & Henten, 2018). The world market of postal communication is modernized under the influence of a variety of factors (mainly due to the emergence of opportunities related to the development of modern technologies), and “mimics”, trying to incorporate elements of other service markets, for example, financial market (Bender et al., 2016; Kovaltchuk et al., 2017). In addition, there is a global trend towards forming the gap between the real economy, mail business and e-commerce, which is due to the global development of electronic payment systems (this gap is especially marked in developing countries), i.e. e-commerce, in fact, challenged the real economy. Thus, for the state-owned national postal operators of developing countries, there is a problem of survival in stiff competition with other communications providers, banks, financial organizations, etc.

1.1. Recent research and publications analysis

The efficiency problems of the mail business and marketing in the sphere of postal communication in developing countries are studied according to UPU programs, as researcher writes: “In order to optimize customer experience in the use of electronic trading, you can improve and move faster” (Goater, 2015, p. 17). Researcher notes that: “UPU research shows growth of postal economy, growing gap with real economy” (Redstone, 2017b, p. 15). Consequently, there is a positive dynamics of business development in the sphere of postal communication, while increasing the gap with the real economy indicators; in addition, we need to pay more attention to export issues in mail (Redstone, 2017a, p. 10). Koch (2016) considers that particular attention should be paid to the quality of mail work in developing countries, which undoubtedly should be supported by the Service Quality Improvement Fund, although there are a number of problems related to the insufficient level of development of the economies around the world (Koch, 2016, p.16). The marketing problems of the mail business are well studied (Mclean, 2015; Kolotov & Igushov, 2011; Savenkova, 2013; Deren & Chernyshov, 2014; Okholm et al., 2018).

1.2. Parts of problem unsolved previously

The conducted studies allow assessing marketing problems of the mail business in developing countries. However, from our point of view, there is a need to systematize and detail these approaches in the context of separate regions and countries. Thus, despite the marketing aid for developing countries (Cremer et al., 2002) specially developed by the UPU, the management of postal operators in these countries faces a number of “unsolvable” problems due to the peculiarities both functioning of the national mail business and the development of national economies. In this regard, they are of interest: evaluation and comparison of the main directions of the development of the postal communication market; identification of strong and weak mail marketing strategies, their analysis, with the aim of regulating the marketing concept of postal operators in developing countries. In this regard, the assessment and comparison of the main directions of the development of the postal communication market, identification of strong and weak mail marketing strategies, and their analysis to regulate the marketing concept of postal operators in developing countries are of interest.

1.3. The purpose of the study

We aim to develop proposals on improving the marketing concept for postal operators in developing countries under present-day conditions. Thus we need to identify the main directions for the development of the world postal market; to analyze marketing strategies of postal operators and to develop proposals on adjusting the marketing concept of postal operators in developing countries under present-day circumstances.

2. Methodology

The statistical observation, comparison and generalization methods are used to conduct a study.

3. Results and discussion

The activities of postal operators around the world are regulated by the UPU provisions and implemented in accordance with the concerted Strategy for its member countries (UPU, 2016). The main provisions for 2017-2020 are adopted in Istanbul, where, in particular “the postal sector is seen as a means of inclusive development and an essential component of the global economy” (UPU, 2016, p. 6).

In addition, the document underlines that the mail business is particularly sensitive to innovation, which enables it to actively boost the global economy, which is primarily due to a significant acceleration and increase in turnover of goods, the implementation of opportunities “in a single click”, etc. However, an individual approach is necessary in terms of priorities and needs of the country or region. In this regard, we consider the indicators of the development of the world market of postal services in the context of the regions (Fig. 1).

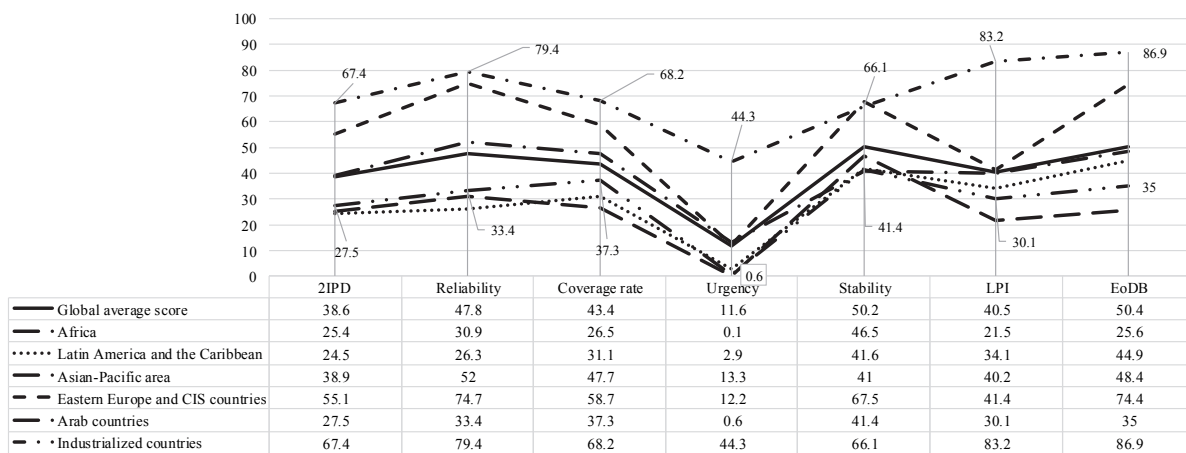


Fig. 1. Review of development indicators of postal services in the context of the world regions
Source: Compiled by the author on the basis of data UPU (2016)

The postal statistics data makes it possible to note that the industrialized countries reached the highest indicators of development of the mail business. At the same time, there is a general trend - a direct link between the level of development of the economy in the region and the indicators of the development of the postal market. To confirm this trend, we will rank the countries by the global average indicator of the development of the postal market (Table 1). For the group of industrialized countries, the average indicator of 2IPD (Full 2IPD ranking for 2016) is 67.4. The leader of the group is Switzerland, where the shortest period of the average time of delivery of postal items (both internal and external), is 1.6 days (for other countries of this group it is 2-5 days), and the lowest probability of deviations from these terms (up to 2 days, not up to 7 as for other countries in this group). The second and third places in the ranking are respectively: France (94.8) and Japan (94.1). Note that the first hundred of the rating includes all 24 industrialized countries in the world. The average indicator in the Eastern Europe and the CIS countries is 55.1. The leader is Poland (84.9), which is associated with increased attention to the development of services in the field of e-commerce and logistics. The first hundred included 26 of the 28 countries in this group. Among them in the first 20 countries are the following: Poland (7), Slovenia (15), Estonia (18), and Greece (19). These are good indicators. Among the CIS countries, Kazakhstan leads. It takes the 27th place (63.45) and Belarus takes the 32nd place (60.76).

Table 1

Ranking of the world first 51 countries on the global average indicator of the mail business development

#	Country	Full 2IPD ranking for 2016	#	Country	Full 2IPD ranking for 2016
1	Switzerland	100	27	Kazakhstan	63
2	France	95	28	Lithuania	63
3	Japan	94	29	Belgium	61
4	Netherlands	94	30	Croatia	61
5	Germany	92	31	Norway	61
6	United Kingdom	86	32	Belarus	61
7	Poland	85	33	Mauritius	60
8	Singapore	84	34	Serbia	59
9	China (People's Rep.)	79	35	Hungary	59
10	Austria	77	36	Sweden	59
11	Korea (Rep.)	75	37	Greece	59
12	New Zealand	74	38	Russian Federation	59
13	United States of America	74	39	Cyprus	58
14	Canada	74	40	Ukraine	58
15	Slovenia	73	41	Latvia	58
16	Finland	73	42	Israel	58
17	India	72	43	Bosnia and Herzegovina	58
18	Estonia	71	44	Moldova	57
19	Czech Rep.	71	45	Malta	55
20	Ireland	70	46	Brazil	55
21	Slovakia	69	47	Spain	55
22	Thailand	66	48	Turkey	54
23	Malaysia	66	49	Nigeria	52
24	Italy	65	50	Iran (Islamic Rep.)	51
25	Luxembourg	65	51	United Arab Emirates	51
26	Australia	63			

Source: Compiled by the author on the basis of data UPU (2016)

The average indicator in the countries of the Asia-Pacific region is 38.9. The leader is Singapore, taking the 8th place in the world rating (83.8), which is due to the high quality of service and the availability of a wide range of postal delivery services, a developed logistics network, which determines the high mail traffic per capita (50 times higher than in other countries of the region). The first hundred of the rating includes 16 out of 28 countries in the region. The average indicator of 2IPD in the Arab countries is 27.5. The only country in this region that has an indicator above 50 is the United Arab Emirates with 51st place in the world rating (50.6), which is due to the relatively higher quality of service, ensuring the delivery of domestic and foreign postal items within one day. Today it is the fastest postal delivery service in the world. Among the Arab countries 6 countries out of 18 were in the first hundred of the rating (2IPD): the UAE (51), Tunisia (60), Morocco (61), Saudi Arabia (74), Lebanon (75), and Jordan (86).

The average indicator of 2IPD in Africa is 25.4. There is considerable inequality between states in this region. Thus, the highest indicator in Mauritius is the 33rd place in the world rating (60.1), which is primarily due to the quality of service, at the same time, other indicators (demand for product portfolio and services, stability of the business model, average time delivery of mail, etc.) is low. In the first hundred of the rating there are 16 countries in this region out of 39. The average indicator in Latin America and the Caribbean is 24.6, the lowest in all regions. However, in a number of countries of this group there is a significant advance in the development of the postal services market compared to others. For example, in Brazil (55.0) over the past few years, the number of postal transactions (both material and financial) per capita has consistently remained 10 times higher than among its regional partners. Thus, the preliminary scoring-analysis of indicators of the postal services market in the context of the world regions leads to the conclusion that each of the groups has its own leaders and outsiders. At the same time, among the developing countries there are also those whose postal market development indicators are at the level of the industrialized countries and even exceed them (for example, Estonia's indicators). Consider the strategies (more precisely, practical marketing strategies) for the development of the postal segment of the leading countries to identify the factors affecting the position of countries in the world ranking of the development of the mail business. It should be noted that

the Directive Marketing Board operates within the framework of the UPU. This is an advisory work board-group on direct marketing, operating with the active participation of private companies and industry associations. Its main purpose is “to promote the activation of direct marketing by strengthening the mail business by positioning designated operators as the most important direct marketing channels and promoting economic growth and market expansion by increasing market knowledge and developing stakeholder experience at all levels” (UPU, 2018). At the same time, 17 limited unions operate within the framework of the UPU, each of which unites the countries on a number of grounds (mainly territorial ones) (see Table 2).

Table 2

Membership of the Postal Market Leaders in Limited Unions as of the End of 2016

Leading countries	AICEP	APPC	APPU	APU	BPU	CEPT	COPTAC	CPU	CRASA	PUMED	NPU	PAPU	POSTEUR OP	PUACP	RCC	SAPOA	WAPCO
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Switzerland						+							+				
France						+		+		+							
Japan			+														
Poland						+							+				
Estonia					+	+							+				
Kazakhstan																+	
Belarus						+							+		+		
Singapore																	
China	+		+														
UAE		+															
Mauritius									+								+
Nigeria												+					+
Brazil	+													+			

Source: Compiled by the author on the basis of data UPU (2016)

Undoubtedly, the participation of countries in the work of such unions helps them learn from experience and to study marketing strategies, to receive the latest information and, therefore, development opportunities. Special emphasis should be placed on the activity of Estonia - the post-Soviet country, which managed to achieve significant success in the development of postal services. Estonia is a member of three limited unions. At the same time, other regional leaders (except the UAE, which are only a member of the APPC) are members of 2 to 3 limited unions. Also, it should be noted that, for example, Sudan, taking the 128th place in the rating (20.18), is also a member of 2 limited union, but for an Arab country whose average regional rating is 27.5, such a position is a high indicator. To justify the approaches to the use of positive marketing experience of the postal market leaders, a statistical study of their activities for the last 5 years has been performed (Figs. 2-3). Thus, the most effective is the marketing strategy of Estonia. Belarus demonstrates the stability. There are no data on China available. The comparison of the GDP (PPP) growth rates per capita and net income from the activity of national postal operators per capita in developing countries-leaders is of particular interest (see Table 3). The given data shows that, while in Switzerland (the world leader) the rates of net mail income and growth in PPP per capita decreases, in developing countries the ratio of net income of mail business per capita grows faster than PPP per capita, in the other words, the postal sector leads to a higher rate of growth of indicators of the real economy development. Especially the big gap between the real economy and the postal sector is observed in Estonia and Belarus (see Table 3).

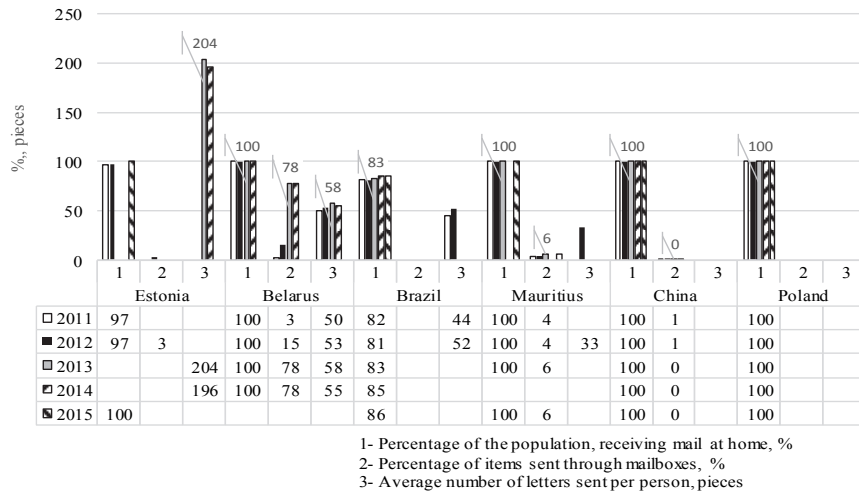


Fig. 2. Ranking of developing countries-leaders of different regions on the mail performance indicators
 Source: Compiled by the author on the basis of data UPU (2018)

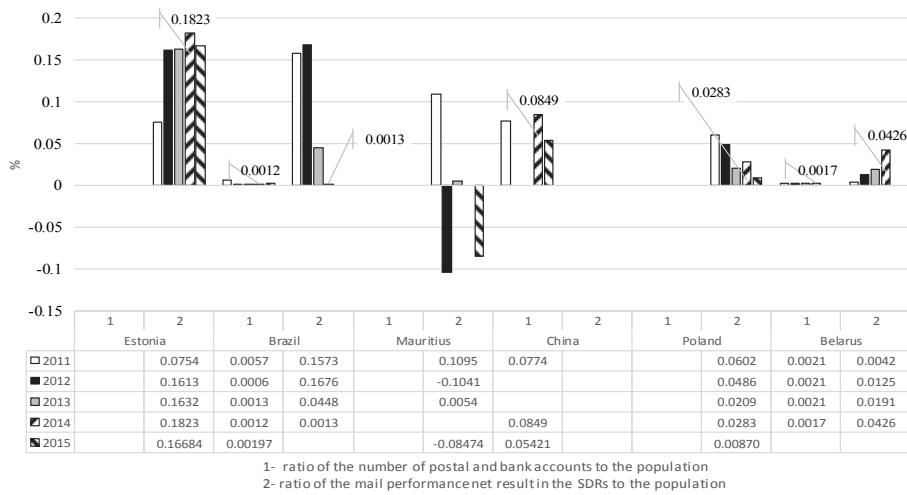


Fig. 3. Ranking of the countries-leaders of different regions on the effectiveness of mail
 Source: Compiled by the author on the basis of data UPU (2018)

Table 3
 Comparative performance of postal operators

Countries	2011		2012		2013		2014		2015	
	1 – GDP per capita									
	2- Net mail income per capita									
	1	2	1	2	1	2	1	2	1	2
	SDRs per capita									
Switzerland	35627,00	8,12	36013,36	7,88	36308,46	7,16	40223,66	6,09	42227,50	6,11
Estonia	15630,27	0,08	16539,51	0,16	16849,60	0,16	19117,77	0,18	20483,08	0,17
Belarus	11208,91	0,00	11541,46	0,01	11664,32	0,02	13047,77	0,04	13209,50	-
Brazil	9848,40	0,16	10055,14	0,17	10272,17	0,04	11257,08	0,00	11323,97	-
Mauritius	10582,24	0,11	11014,01	-0,1	11348,07	0,01	12906,94		14063,35	-0,08
Poland	14752,01	0,06	15155,05	0,05	15376,95	0,02	17487,92	0,03	19167,03	0,01

Source: Compiled by the author on the basis of data UPU (2018)

Using the method of graphical visualization of the data presented in Table 3, the clearly expressed multidirectionality of lines of the corresponding trends is marked. In view of the foregoing, the marketing strategy for developing countries should be adjusted on the basis of synergy of existing successful strategies, using information from the official websites of the respective postal operators.

Table 4

Basic directions for adjusting the marketing strategies of mail in developing countries

Strategy	Tactics
Availability of a long-term vision plan for the development of national mail based on national in-	Consideration of all national characteristics (economic, geographical, political, etc.)
Correspondence of strategic objectives to the level of economic development	Setting real high goals and targets in real time frames
Finding the industry's problems in a trend	Membership in international unions, associations Monitoring of own national problems
Balance of interests	Maintaining the required level of profitability, including the interests of all parties. Constant use of market conditions (economic, political, geographic, etc.)
Constant attention to modern requirements regarding the quality of services	Continuous improvement and quality control
Balance of diversification and concentration of types of activity	Reasonable diversification of types of services in order to ensure their quality at the appropriate level

Source: Development of the author - the result of the analysis

The data analysis suggests that the basic directions for developing modern postal market are: traditional postal services, financial (including insurance) services, express logistics services, the formation of a new direction of e-business. As a result, there is a gradual establishment of a principally new type of postal and financial institution, which combines the bank of the second and the third level, the mail, the Center for Entrepreneurship and Logistics. In light of the above, proposals should be developed to adjust the marketing strategy for the postal business operators in developing countries based on the synergy of existing successful strategies (see Table 4).

4. Conclusions

The study enabled to form the following conclusions. Analysis of the world market of postal services has shown that traditional postal services are still in demand. However, the market is modernized under the influence of the development of info-communication technologies. To increase the efficiency of the activity, postal operators should respond in a timely manner to changes in service delivery technologies, as well as develop new lines of activity and, as a result, offer new services.

The main trends of the world postal market development are revealed:

- Accelerated development of direct postal services, financial services and logistics;
- Active development (on the basis of modern postal operators) of electronic entrepreneurship;
- Creation of prerequisites for the formation of structures of a fundamentally new type, combining the characteristics of the mail, the financial institution and the Center for Entrepreneurship and Logistics.

The need for strategic changes in the activity of postal operators is confirmed through statistical analysis, which showed the availability of significant gaps between the rates of change in the real economy and the postal market, e-commerce in developing countries, which enables such countries to make a breakthrough in their development. Already, in some developing countries, the development indicators of the postal market are at the level of the industrialized countries and even exceed them. The example of Estonia is an indicator of a successful marketing strategy in the postal sector. The experience of successful marketing strategies of the operators of the world postal market made it possible to develop proposals on adjusting the marketing strategies of postal operators in developing countries, taking into account the long-term vision plan for the development of national mail based on national interests, the correspondence of strategic objectives to the level of economic development, finding the industry's problems in a trend, balance of interests, constant attention to modern requirements

regarding the quality of services and the balance of diversification and concentration of types of activity.

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