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Competing in the Message Market: A Teaching Case

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Abstract
This paper describes the innovative strategies that Australia Post (AP) is using to compete in a changing message market, with the aim of providing interesting and relevant case material and teaching resources to support student learning at a tertiary level. The case aims to explore AP's response to an increasingly competitive global message market by continually seeking innovations that utilise existing organisational strengths and technological opportunities. The case description is based on public documents and includes discussion questions and teaching notes. The results of an evaluation of trials of the case application in the classroom are reported.

Keywords: Information systems, competitive advantage, value chain, five forces model, competitive strategies, teaching case, Australia Post

1 Introduction

Australia Post (AP) is a government owned enterprise that is most visible in Australia for its provision of national and international postal delivery services. AP, however, sees a greater role for itself and identifies three core business areas in their operations: letters; agency services and retail products; and, parcels and logistics (Annual Report, 2008 p7).

This paper focuses on *one* of AP's core business areas, small letter delivery services. AP is continually improving services, offering new services, and adopting technological innovations to enhance small-letter processing and delivery. AP is a large innovative organisation that constantly responds to the market, providing a particularly interesting organisation to examine from the perspective of competitive strategies and business innovations. Financial Review Case Studies with Business News (2006) provides case material that examines AP's Post Logistics, and a complementary case (2007) that examines AP's promotion of paper-based mail. The case presented here concentrates on the core business area of small letter delivery. This case provides material that will help students to explore the competitive forces that act on AP and the different strategies, innovations and technologies that AP adopts in order to succeed and grow in a global market of message delivery for individuals, businesses and organisations. This

case is intended to support the teaching of introductory information systems concepts by analysing how Porter's (1985, 2008) theories apply to a real-world organisation.

2 Pedagogical considerations

Before presenting the case material and the teaching notes a discussion of pedagogical consideration follows, including the report of the trial and evaluation of the teaching materials.

2.1 Learning objectives

The objectives are to use a real-world case to assist students to understand concepts related to competitive forces, adding value, the value chain and Porter's five forces model. The case aims to assist students to apply Porter's theoretical model to analyse the competitive forces that AP experiences and identify the strategies and technological innovations that AP uses to respond to competitive threats.

2.2 Target audience and suggested time-frame

The case has been used successfully with postgraduate students studying an introductory information systems course in an Economics and Business Faculty. Enrolments included information systems majors, business students studying the course as part of the core of their degree, and students choosing the course as an elective. The case study could also be used with undergraduate students, with appropriate levels of support provided by teaching staff.

The case occupied three hours of class time. Students undertook preliminary readings, which included Porter (2008) and a textbook chapter on the strategic use of information systems. Students read the case material before attending class. Much of class time provided opportunities for small-group and whole-class discussions.

2.3 Trial and evaluation of the materials in the classroom

This case has been taught successfully in two semesters. To assess the success of the case study in helping students learn about the topic, a 'Minute Paper' was completed by students at the end of a face-to-face class. Nine classes of approximately 40 students were surveyed. The Minute Paper had three questions that are displayed in Table 1, along with summaries of student responses. Students were asked to respond to the questions quickly, spending no more than about a minute answering questions. Some students gave more than one response to each questions, others gave none. Responses for some students were repeated for Q2 and Q3. The data in the table suggests that many students found meaningful learning in the activity, and the responses to questions 2 and 3 provide insight into aspects of the case that should be given particular attention in class discussions.

Table 1: Summary of student responses to the 'Minute Paper'

Question	Summary of responses
1. What was the most useful or meaningful thing you learned during the class?	Porter's Five Forces Model – 109 The Value Chain – 110 Australia Post and how it operates – 51 Information Systems in AP - 44 Adding Value – 41 Competitive Strategies – 39
2. What question(s) remain uppermost in your mind as we end this class?	Questions about: Porter's Five Forces Model – 62 Value Chain – 49 How to apply these concepts in other cases - 46 Competitive Strategies - 31 Adding Value – 18 Australia Post – 18 None - 28
3. What is the "muddiest" point in this class? (in other words, what was least clear to you?)	The Value Chain – 56 Competitive Strategies – 41 Porter's Five Forces Model – 22 Adding Value – 12 How to apply these concepts in other cases – 9 Nothing, all clear - 68

Some students offered unsolicited, insightful comments in the Minute Paper, such as:

> "Actually, I have learned value chain, five forces and the related strategies before in (other subjects). But in today's class I got a more vivid picture about what happens in the real world. I appreciate the case study which made knowledge clear to me.'

and,

> "We used different concepts to go through the whole Australia Post case. It is very helpful for me to analyse this kind of case in this way. Its very clear to divide the case into different tasks."

Lecturers reported positive responses from students and believed the use of the case material was successful. They made minor suggestions for improvements, which have been incorporated in the version provided. For example, comments indicated that not all questions could be appropriately discussed in the time frame. Questions not critical to achieving the stated objectives were removed.

To follow is the final version of the case description and teaching notes.

3 Australia Post Case Description

3.1 Background information

Australia Post (AP) is a government owned enterprise that is most recognised for the postal services it provides nation wide. AP collects, processes and delivers letters for the entire Australian community, and internationally. AP process around 21 million items of mail a day (Australia Post, 2007). In 2007/08 AP handled 5.6 billion mail

items, 1.6 percent more than the previous year. AP delivered 95.9% of them on time or early, with the remainder mostly being delivered the next day (Australia Post, 2008).

In addition to mail services, AP is visible to the community (general public and business customers) through its retail and agency services. AP's network of postal outlets is the largest physical retail chain in the nation (Australia Post 2008). In 2008 AP offered 4,453 postal outlets, 2561 in rural and remote locations. Retail and postal outlets support the community through: postal services and packaging; bills, banking and money transfer services; government forms, applications and identification services; small office and home office supplies and technologies; gifts and travel merchandise.

Postal services, and Retail & Postal outlets, are seen by AP as two of their core business areas. The third of their three core business areas is Parcels and Logistics. Globalisation is placing greater emphasis on logistics and freight services for many postal services throughout the world as companies manage complex supply chains (Special Report, 2005). While letter and parcel delivery are important, postal services must continually evolve to provide wider, increasingly relevant services. AP is maintaining a strong service in national and international parcel services, with annual growth in volumes. Post Logistics is also a rapidly growing area of AP's activities, using the organisation's infrastructure to support the national and international supply-chains of many businesses. AP offers business customers a complete end-to-end supply chain services, which include origin management, value adding, warehousing, freight forwarding, cross dock storage and delivery. AP is engaging in joint-ventures with partners such as Qantas, Star-track Express and China Post through Sai Cheng Logistics International.

As a government owned enterprise AP is obliged to operate at a profit, and to pay the Australian Government an annual dividend. In 2007/08 AP paid a dividend of $306.3 million, in addition to $548.1 million in rates and taxes (Australia Post, 2008, p2). The remainder of profits are spent on innovation and development of the business.

Another obligation of AP is that government legislation requires them to provide a small letter delivery service at a set price. The price was set to 50 cents in 2003, and subject to a five-year price freeze. In 2008 AP applied to the Australian Competition and Consumer Commission for a price rise of five cents, which was approved for introduction in September 2008 (Australia Post, 2008, p18). The standard price for small letter postage is now 55 cents. Any other business that delivers small letters of 250gms or less must charge four times the standard price (by legislation), giving AP a virtual monopoly on this part of the postal service. While this might seem advantageous to AP, the increasing costs of providing this comprehensive service to the whole of the Australian continent cannot be off-set by any further increase in small letter delivery charges. Delivery of large letters and parcels, however, operates in an open, competitive market. AP is highly competitive in the Asia-Pacific region in this market, and Parcels and Logistics is vital to AP's business to help off-set the growing costs of small letter delivery at a set price.

3.2 Changes in the message-market over time

Historically, people communicated and exchanges messages over distance with written letters. More recently alternative electronic messaging methods like telephone, email, SMS, chat and VoIP have been changing the ways people send and receive messages.

In 1960 AP delivered 50% of the 3 billion messages sent in Australia. The other 50% were phone messages, telegrams, telexes and a small share to couriers and freight services.

By 1996 the message market had grown to 24 billion messages, but while AP had seen a growth in the total number of messages it delivered, it held only 16% of the total message market. A further 14% of that message market was delivered by couriers and freight, but 70% of the messages were delivered by electronic communications – telephone, facsimile, email and the internet. In the early 1990s AP processed and delivered 3000 million items, and by the mid 1990s this had grown to 4074 million items (Video Education Australia, 1996). In 2007/08 AP handled 5609.4 million postal items (Australia Post, 2008, p10). While AP has seen continuous growth in its postal services, the share of the total message market has been diminished due to the growth in mobile phones, SMS, email, internet chat services and voice over internet protocols (VoIP). A special report in The Economist in 2005 has concluded that 'As broadband internet and mobile phones become ever more ubiquitous, as electronic substitution grows and as demand increases for flexible deliveries … the justification for maintaining the universal service obligation and the monopoly that accompanies it (for postal services) will diminish'. It is clear '… that postal operators will have to continue to expand into new services.'

3.3 The role of technology in Australia Post

AP utilises technology to compete in its core business areas, and to offer innovative services that support its growth. AP is continually seeking opportunities for innovation by assessing its assets and how to use them more effectively.

As reported in the 2006/07 Annual Report, 'Innovation has continued to be the impetus for growth in our letters business, with an average of one new initiative per month being released throughout 2006/07' (Australia Post, 2008, p2). 'Australia Post's commitment to innovation was recognised at the 2008 World Mail Awards where the Letters Group won the Growth category' (Australia Post, 2008, p23). AP has produced continual improvement over a number of decades in mail processing by introducing new mail processing technologies (A description of the technological developments applied over time to small letter processing and delivery is provided in the section that follows).

In addition technological innovation in its core activity of small letter delivery, AP has identified many opportunities to offer innovative services and has achieved growth through such innovation. In 2007/08 these included: eLetter Access - a state-of-the-art, Internet-based archive and retrieval service offering swift, user-friendly access to electronic copies of mailed documents; and, eLetter Ticket - a unique solution that enables the automated production of tickets, incorporating direct marketing and critical event information (Australia Post, 2008, p18). Further examples are provided in the annual report (cited in the footnotes).

In its other core business areas AP utilises technologies and opportunities to improve performance and offer new services. Technology is extensively used in services such as: data services for letters; bill paying, financial and proof of identify services; Post eParcel; Messenger Post Couriers; Post Logistics; iPrint; and Decipha.

AP operates in an environment that places many demands on the ways that it goes about its core business activities of small letter delivery, retail operations and logistics.

Although these core activities place demands on AP, they also provide many opportunities for AP to adopt innovative strategies. The following section explores some aspects of AP's core business activity of small letter delivery in the context of competing in the market.

3.4 Using technology to improve small letter processing and delivery

AP has acknowledged the importance of technology in providing opportunities for the organisation to improve its business processes and provide better services to customers. By tracing AP's history in processing and delivering small letters one can see how AP has used technology in one of its core areas to meet the demands of delivering ever increasing numbers of small letters at a set price. We can also show how AP has been able to use technologies and use opportunities to 'spin-off' new services around small letter delivery.

Prior to 1967 AP processed mail manually. Mail was sorted by people whose knowledge and skills in sorting were based on geographical knowledge of Australia. Mail was sorted by people who placed mail items into arrays of pigeon holes (see Figure 1).

Figure 1: Manual sorting of mail
(Image from news.bbc.co.uk/2/low/ uk_news/england/4549796.stm Accessed 29/01/08)

With the growth in mail volumes it became impractical to continue with manual sorting based on geography, and in 1967 a single postcode was allocated to every suburb or town in Australia. This enhanced the manual sorting process, but more importantly paved the way for the introduction of mechanical sorting that used optical character recognition to read postcodes written on envelopes. Postcodes allowed mail to be mechanically sorted according to suburb or town, then posties (the people who deliver mail to each house) sorted manually into their delivery runs – by street and house number. In 1995 mechanical sorting was further improved by introducing bar-coded mail sorting. Every address in Australia has a unique bar code that is generated by software according to a specific algorithm. Bar codes can be generated and printed onto business mail, or read by OCR on the sorting machines and a barcode generated and printed on the envelope of hand-addressed mail. Any mail whose address cannot be read by OCR is sorted manually (a small proportion of the mail). Mail processed using bar-code technologies can be sorted into delivery sequence for posties, removing the need for posties to undertake any manual sorting. Sorted mail is delivered to green street boxes by mail vans (see Figure 2) for posties to collect and deliver, allowing posties to spend more time in mail delivery rather than manual sorting. AP processed

5.6 billion postal items in 2007/08, which would not be possible with older processing techniques.

Figure 2: Green street boxes for sorted mail to be collected by posties for delivery (Image © 2008 Bob Baker. Used with permission.)

3.5 Other responses to support small letter delivery

In addition to technological responses to help meet the demands of small letter delivery AP has made many changes to its business operations. It has upgraded some aspects of its business, and added new products and services to those originally offered.

Brief descriptions of the products and services that currently support AP's core business of small letter delivery follow. Explore the sites http://www.auspost.com.au/ and http://www.auspostbusiness.com.au/ for more information.

***Bulk Mail*:** Business customers are able to partly process large amounts of mail and submit it to AP for delivery at reduced rates.

***Bar code generation software to support bulk mailing*:** To help business customers prepare bulk mail AP makes available a software application that allows businesses to generate barcodes to include in address information printed in their letters/envelope labels. AP also offers training in the software use.

***Mail related services*:** Many services are needed to support mail processing and delivery, such as the redirection of mail and the dead letter office. Additional services have also grown out of the small letter business, such as AP's 'Moving Service' which helps customers when moving house. AP has also established a database services for business to help them maintain correct address information for customers that spins off the mail redirection and moving services.

***Utilisation of the network of post boxes and post office retail outlets*:** AP has the largest retail network in Australia (4.453 postal outlets), and 15,878 street posting boxes (Australia Post, 2008, p13). These retail outlets and post boxes form a large infrastructure that are utilised not only for small letters, but also parcels and packages. Retail outlets have expanded greatly in scope over the years.

Expansion of services in retail outlets: AP has exploited its largest retail network in Australia to offer expanded services. In addition to selling stamps and being one location where customers can lodge mail for delivery, AP retail outlets now offer many products and services, including opportunities to buy packaging for postal items, stationary and gifts; philaterly services (stamp collecting); bill-paying and banking

services; hire post boxes; and accept payment for Cash-on-Delivery parcel deliveries. (See http://www.auspost.com.au/ and follow the links: General Services > Postal Outlets > Services).

***Mail marketing*:** AP has ventured into many marketing approaches to encourage the use of their small letter services. These include: the creation of personalised stamps that include customers' images/photos; Scent Mail that incorporates microencapsulated scent-infused ink as part of the production process for direct mail services to businesses; PostGreetings that allow customers to send postcards, greeting cards and letters from their mobile phone or computer and have it delivered by the postie; TELeGRAM that allows customers to send private greetings from their computer to be delivered by mail. AP has also launched a venture to promote the value of printed mail, as opposed to electronic communications. See http://www.auspost.com.au/ and the 2007/08 Australia Post Annual Report (URL in the references) for more detail.

Establishment of partnerships: AP has established partnerships with QANTAS, Australian Air Express, Star Track Express and Sai Cheng Logistics International (a joint venture with China Post). These partnerships support the delivery of small letters, but also many other activities of AP. See http://www.saichenglogistics.com/anout_en_1.htm and the AP website.

3.6 The value chain

Porter and Millar (1985) presented the idea of a 'value chain' in a paper that discusses the ways that organisations are best able to operate in competitive markets. Porter and Millar suggest that all organisations have 'primary' activities that define the organisation, and secondary activities that support the organisation to engage in the primary activities. 'Primary activities are those involved in the physical creation of the product (or service), its marketing and delivery to buyers and its support and servicing after sales. Support activities provide the inputs and infrastructure that allow the primary activities to take place.' Each primary and secondary activity aims to add 'value' to goods or services that the organisation offers to customers. A diagrammatic representation of the value chain is shown in Figure 3.

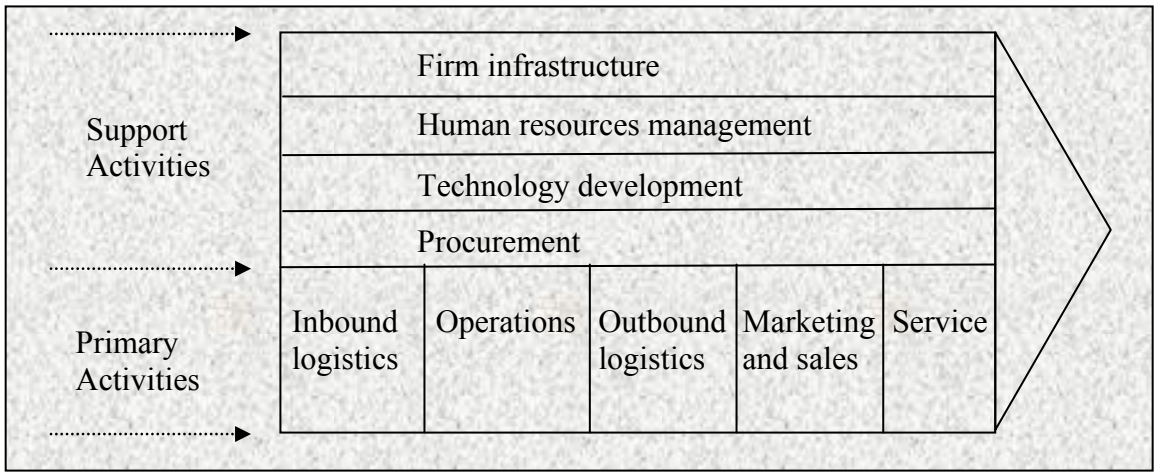

Figure 3: Porter and Millar's 1985 Value Chain Model

Porter and Millar suggest that the activities in which an organisation engages can be analysed to identify ways in which the processes can be streamlined or improved to

enhance the quality and efficency of the provision of goods/services to customers. Any improvements can add value which increases the organisation's potential to compete with others in the same market. Porter and Millar further suggest that in addition to streamlining the individual business processes, improving and streamlining the *links and flows between these processes* can also add value. The authors also acknowledge that information technologies offer the potential to improve the primary activities, and also to enhance links between the primary activities, in ways that may not be achieved otherwise.

Discussion Task 1:
As a customer, identify what you 'value' about small letter delivery. How can Australia Post provide this 'value' to customers?

Discussion Task 2:
(a) Represent Australia Post's value chain for small letter delivery in diagrammatic form (primary activities only).

(b) By focusing on the primary activities of Australia Post in collecting, processing and delivering small letters, analyse the technological changes that have occurred in Australia Post's activities to respond to the demands of increased volume in the small letter market.

3.7 Competitive forces

Porter and Millar (1985) and Porter (2008) present the five forces model, which can still be usefully applied today to help understand the competitive forces acting on a business. Figure 4 shows this model. The model proposes that various forces affect an organisation's ability to compete and therefore influence its business strategy. The five forces are: rivalry amongst existing competitors; threat of new entrants; threat of substitute products or services; bargaining power of customers; and, bargaining power of suppliers. Not all five forces necessarily apply to every business situation, but systematically considering the five forces can help identify opportunities and competitive threats to an organisation.

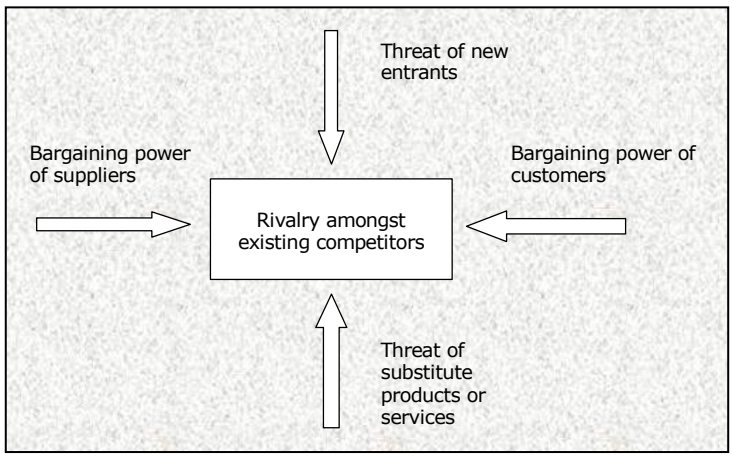

Figure 4: Porter and Millar (1985) Five Forces Model

Discussion Task 3:
(a) Using Porter and Millar's five forces model, identify the competitive forces that have emerged in the small letter market for Australia Post over time.

(b) Describe how Australia Post has responded to these competitive forces.

3.8 Competitive strategies

After analysing an organisation's competitive forces to identify business opportunities and potential sources of competition, and after analysing the organisation's value chain to identify how it might improve its primary and secondary activities, an organisation must also identify the strategy (or strategies) that it will adopt in order to compete. Laudon and Laudon (2009) identify four basic competitive strategies that can be adopted: Low-cost leadership; product differentiation; focus on a market niche; and, customer and supplier intimacy. See Table 2.

Strategy	**Description**	**Example**
Low-cost leadership	Use information systems to produce products and services at a lower price than competitors while enhancing quality and level of service	Wal-Mart
Product Differentiation	Use information systems to differentiate products, and enable new services and products	Google, e-Bay, Apple
Focus on market niche	Use information systems to enable a focused strategy on a single market niche; specialise	Hilton Hotels
Customer and supplier intimacy	Use information systems to develop strong ties and loyalty with customers and suppliers	Amazon.com, Chrysler corporation

Table 2: Four Basic Competitive Strategies (Laudon and Laudon 2009, p88)

Discussion Task 4:
Identify competitive strategies that Australia Post has used in their small letter market. Give specific examples that illustrate the competitive strategy and describe how they provide strategic advantage for Australia Post and value for customers.

4 CONCLUSION

AP is an innovative organisation that provides many valuable opportunities to apply theoretical knowledge about the value chain, five forces model and competitive strategies to real-world practice. The case helps students to understand how an organisation operates in a competitive environment, with added restrictions of government regulation. Students and lecturers have both indicated that the case is motivating and helpful, particularly in the way that each theoretical concept is individually applied and discussed. Feedback from students suggests that they would find it valuable to follow the analysis of this case with the application of the theoretical concepts to another organisation, or core business area within AP. The Financial Review Case Studies with Business News (2006) case 'Building the Logistics of a Nation', that addresses another of AP's core activities, may serve this purpose well.

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Appendix: Teaching Notes

Aim to keep AP's delivery of small letters as the focus of this activity. The greater the scope the less clear the points to be made. Specifically point out to students that tasks focus on the small letter delivery – one of AP's three core activities.

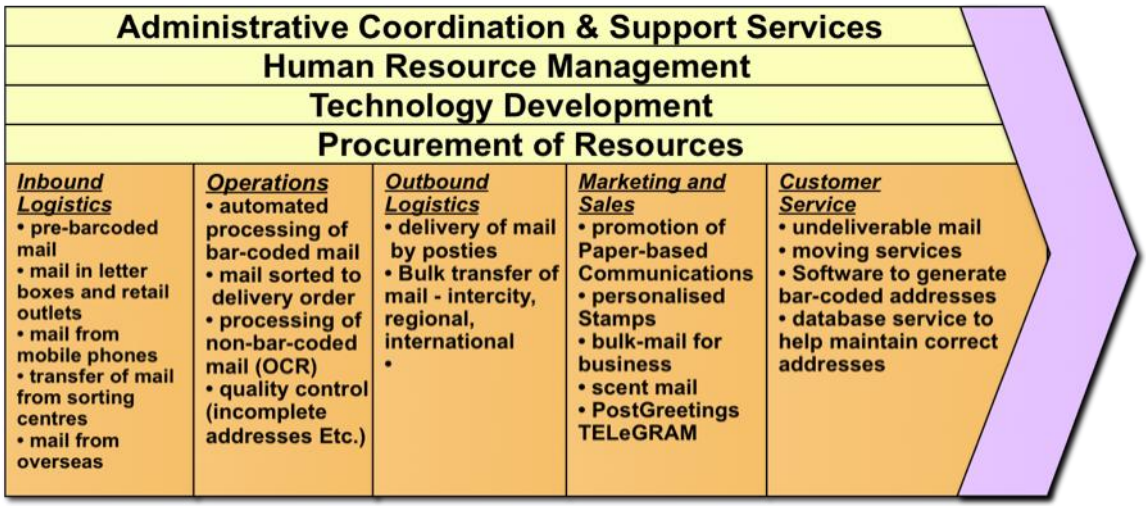
The following are staring points for discussion with students on each of the tasks.

Task 1: As a customer, identify what you 'value' about small letter delivery. How can Australia Post provide this 'value' to you?

Potential value that can be added to small letter delivery:

1. A letter you post is delivered to the right address, on-time, in good condition, at a low price.
2. A letter is safe and secure – is not opened or tampered with during collecting, processing and delivery.
3. A letter can be sent to any location.
4. There are convenient places and ways to 'post' a letter.
5. Discounts offered for posting lots of letters.
6. Some processes exist for handling letters that can't be delivered (incorrect address, addressee moved ….)
7. One can find out when the letter has been delivered, where it is in the process (tracking of delivery process)
8. There is some explanation and follow-up if the letter isn't/can't be delivered.
9. One can retrieve a letter if you no longer want it delivered.

Task 2 (a): Represent Australia Post's value chain in diagrammatic form (primary activities).



Task 2 (b): by focusing on the primary activities of Australia Post in collecting, processing and delivering small letters, analyse the technological changes that have occurred in Australia Posts' activities to respond to the demands of increased volume in the small letter market.

Technological changes in activities to handle increased mail volumes:

1. Introduction of OCR to read postcodes and mechanically sort mail based on postcodes (which identify suburb or town areas). This followed manual sorting based on postcodes, and prior to that manual sorting based on geographical locations.
2. Automated sorting of mail based on barcodes that identify individual addresses as opposed to postcode areas. Mail that does not have barcodes is read using OCR software, and barcodes generated to allow barcode sorting of letters.

Task 3 (a): Using Porter and Millar's five forces model, identify competitive forces that have emerged in the small letter market for Australia Post over time.

Task 3 (b): Describe how Australia Post has responded to these competitive forces.

Forces that have emerged over time:

Rivalry amongst existing competitors - this force is not very strong. Rivals have to deliver for four times the price charged by AP.

- *Response:* maintain good service levels, despite increasing volumes, so that government does not change the status-quo

Threat of new entrants – the treat of a new company coming into the same industry.
New methods for customers to send and receive messages that are not currently apparent in the market. When *first introduced* technologies like mobile phones, SMS, email, internet chat, etc were new entrants. If AP no longer had a virtual monopoly due to price regulations, a new entrant could be couriers who deliver small letters at a comparable price to AP.

- *Response:*
  Monitor technological developments and find ways to integrate these new services into traditional message approaches – like sending personalised postcards with one's own photos, from a mobile phone for AP to print and deliver. Try to anticipate potential new technologies and respond early.

  If the monopoly were to be removed, raise the barriers for new entrants to the small letter market. Make good use of the organisational infrastructure so that competitors have to make big investments to successfully enter the same market.

Threat of substitute products or services – alternative products or services to those offered.
Organisations that offer mobile phones, SMS, internet communications (email, chat, VoIP, etc), facsimilie, couriers, etc.

- *Response:* Increase the switching costs for customers to move to alternatives. For example: help customers to make good use of bulk mailing facilities, and provide software to generate bar-coded addresses for mail to be processed by AP.

Bargaining power of customers – customers' ability to influence your products or services eg. negotiate lower prices, deals etc through their power to choose competitors products and services.
Customers use a traditional competitor, substitute product, or don't use your product or service at all. A customer may chose to pay a little more with a courier in order to be able to track delivery progress or have a record of delivery.

- *Response:* Try to lock customers into your service. The bulk mailing service and bar-coded address generation software will help to lock in customers. Encouraged small businesses to open accounts with AP, making it easier for them to deal with AP than alternatives. Promote print-based mail and make it very appealing customers – establish it as a preferred communication method. Provide all the services that the customer wants so that they don't look for alternatives.

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Bargaining power of suppliers – suppliers' ability to sell their good/services to other companies, or competitors.

Other mail systems outside Australia (international mail) supply letters for delivery into the APs small letter delivery service. They have power to negotiate delivery with courier services, but the price restrictions still apply. Mail volumes may impact on suppliers negotiating power. Suppliers of services, like QANTAS, can offer interstate/international delivery services to competitors.

Note: Suppliers to AP (for vans, post bags etc) are relevant, but not directly to the supply of small letters. (Discuss this detail using your discretion).

- *Response:* Lock in suppliers by establishing partnerships, so that they deal exclusively with AP, or offer good prices and services. eg partnerships with QANTAS, Sai Cheng Logistics (China Post), etc.

Task 4: Identify competitive strategies that Australia Post has used in their small letter market. Give specific examples that illustrate the competitive strategy and describe how they provide strategic advantage for Australia Post and value for customers.

AP has used a number of different strategies in gaining competitive advantage. Although they have a virtual monopoly on small letter delivery, they still employ a number of different approaches to maintain a high proportion of the market, and are constantly 'placing' themselves in case their market is deregulated.

The following are examples to discuss, but students are likely to have more ideas.

Competitive strategy	**How they provide advantage for AP**	**How they provide value for customers**
Product differentiation. Transforming products and services.	• Increased business through mail marketing: eg. promoting paper-based communication; personalised stamps; PostGreetings; ScentMail; TELeGRAM; etc	• Customers have access to services, beyond basic small letter delivery services, that enhance how they communicate with small letters.
Focus on Market Niche. Taking advantage of IS strengths.	• Leaders in technology for mail sorting and processing. OCR, bar coding • Make it difficult for competitors to enter market and compete.	• Higher levels of on-time delivery of small letters.
Strengthening customer and supplier intimacy. Locking in (customers and) suppliers.	• Bulk Mail • Software to generate bar-coded addresses. • Establishing partnerships: QANTAS, Sia Cheng (China Post); StarTrack Express.	• Customers have cheaper mail delivery, easier ways to address mail, making them more likely to stay with AP. • Strengthened relationships that will tie suppliers more closely to AP.