**SINGPOST**

**Executive Summary**

This report will focus on conducting a strategic analysis and context evaluation on the organization Singapore Post. First of all we will be conducting a macro-environment analysis using the PESTLE framework to identify the key factors that may possibly affect the organization’s growth.  After which, conducting a SWOT analysis helps to ascertain the potential threats and opportunities so that SingPost will be able to take precautionary measures against the threats and seize opportunities that may present themselves. Moving on, we conducted an industry analysis using Michael Porter’s five forces framework to understand the strengths of how the five forces can impact SingPost’s current position as the market leader in the mail industry. Based on the analysis, the threat of substitutes and bargaining power of suppliers has the greatest impact on the profitability of the mail division of SingPost.

After implementation of the external environment and industry analysis, we move on to identify resources and competences that may provide sustainable competitive advantage for SingPost by incorporating the SingPost analysis tool. Based on the results of our analysis, SingPost’s resources fulfill all four criteria of the VRIN analysis. Alongside being the only provider for mailing services in Singapore, this reaffirms that SingPost has achieved sustainable competitive advantage. Next, we identified and assessed the key stakeholders for SingPost, drawing conclusions as to why these stakeholders are important. In our findings, it is evident that different stakeholders have different objectives. It is important to satiate different stakeholders’ needs as much as possible as without them, the company cannot exist.

Last but not least, we identified SingPost’s current strategy as cost leadership given the fact that it focuses on a broad target market as well as keeping its costs low so as to ensure that it is affordable for everyone. We wrapped up our strategic analysis on SingPost by applying the SAFe criteria to determine if SingPost’s current strategy addresses the key opportunities and constraints, meets stakeholder expectations and if resources can be obtained and incorporated.

**Background**

Singapore post (SingPost) is the Singapore designated Public Postal Licensee providing both domestic and international Postal services. It is an associate company of Singapore Telecommunications Ltd; its headquarters situated in PayaLebar. In addition to postal services, the company offers logistics services in the domestic market as well as offering global services to over 220 countries (OCBC Investment Research, 2009). Leveraging on its established retail distribution network in addition to its post offices, vPost, its internal portal and Self-service Automated Machines (SAMs), SingPost has been able to not only provide postal services but also agency and financial services.

SingPost limited initially known as Post Office has been in existence since the founding of the Island by Sir Stamford Raffles in 1819.  The company started as a postal service provider with a single mail office but has over the centuries expounded its services to include parcel post services, postal orders, money orders and a post office saving bank. Today, SingPost prides in having 62 post offices, 299 SAMs and SAMPLUS, over 800 licensed stamp vendors and around 40 postal agencies. It also has over 8000 posting boxes distributed throughout the island.

According to the company report as reported in OCBC Investment Research, (2009), SingPost limited was listed on the Singapore Exchange (SGX-ST) mainboard on 13th May 2003. The public company has acquired market dominance in the region despite liberalisation of the basic mail services in April 2007. More so, it has an established retail distribution network, a monopoly in stamping, significant free cash flow and a deep-rooted brand name (OCBC Investment Research, 2009).

**PESTLE ANALYSIS**

**Political**

Political factors include tax policies, tariffs and free trade agreements that a country may have. Singapore is a democratic country, led by the People’s action Party (PAP) with a low political risk for investors. This political stability has given rise to improved business opportunities and a better living standard to its people. However, business policies in Singapore have in time been influenced by the elite group that is characterized by wealth, power and status. According to Chen (1997) as cited in Francesch-Huidobro, (2008) this selected group dominates policy formulations and favours the top-down approach through the “traditional public administration model”. However, the government of Singapore has in the recent past made reforms prompted by the changes in the global economy and has since established a New Public Management (NPM) approach that encourages reliance on market mechanisms.

Despite the government having to regulate and control almost all the business processes, SingPost has not had major drawback from these regulations. The fact that the Singapore government has established economic linkages with the Asian giants; China and India gives it a platform for easy trade of its products and services. Despite the political stability, however, terrorism and other political forces cannot be overlooked, if they were to occur would mitigate performance of the postal company (Francesch-Huidobro, 2008).

**Economic**

Economical factors include inflation rates and exchange rates which affects a country’s economy. Singapore is a free enterprise economy with a fast growth rate recording the highest per-capita income among Association of Southeast Asian Nations (ASEAN). In fact, the National Income from Singapore measured by GDP is around US$50,000 as compared to US$2,000 of Cambodia. Other Southeast Asian nations such as Indonesia, Malaysia, Thailand, Philippines, Vietnam, Laos and Cambodia are catching up with the fast growth and contribute around 23% of the World GDP. China alone being an economic giant make up over 10% of the world’s total GDP (Francesch-Huidobro, 2008 p 71).

Singapore economy has an advantage of its strategic location on major sea lanes which has led to ease in transactions within Asian territories and has an industrious population. It however faces challenges in terms of physical resources and a small domestic market. To this front, the government has adopted economic policy frameworks in favor of business, foreign investments and exports (International Business Publications, USA, (2008). Foreign talents for instance, has benefited the Singapore economy in terms of  professional and skilled labor mainly from India, creation of new enterprises and expansion of the same into regional and global companies and manual workers in construction, ship building, marine, and conservancy services (Yahya, 2008).

Singapore has maintained skilled workforce and advanced infrastructure attracting over 7000 multinational cooperation investors from USA, Japan and Europe. Its economic revenue is mainly from manufacturing and services both accounting to 26.9% and 63.2% of Singapore economy. SingPost having acquired Quantium Solutions a logistics company and 50% of G3 worldwide Aspac (G3AP) has enormously contributed to Singapore economic growth (Postandparcel.info, 2009). By December 2006, as reported in Business Publications, USA, (2008), Singapore had a labor of 2.5 million, 30% being foreign workers and unemployment rate of 2.7%.

**Social**

Singapore is a multicultural society with a population of 3.77 million permanent residents and 2 million migrant workers. Among which 74.1 % are Chinese, 13.4 % Malays, 9.2% Indians and 3.3% are ‘other’ (Kenyon, Marjoribanks, Whiting & Lee, 2013). Singapore has a skilled workforce, which comprises of 74%  tertiary holders (Singstat, 2013). Singapore’s socio-cultural environment has embraced family cohesion, public safety, and public transportation, continuing employment of the elderly and health care services for its people. The younger generation just like in many countries has been wooed to the western culture and this has an influence in certain sectors of the business. For instance through use of social media and other internet based technology; the young generation is finding it easy and convenient to use online communications rather than physical mails. As a result this shift has to an extent influenced the profit margin and competitiveness of SingPost within the region.

Socio-culturally, Singapore has portrayed multiculturalism and has been termed as a “city of many colors and contrasts, culture and cuisine” as cited by Yeoh& Kong, 1994 in Ho, Woon&Ramdas, (n.d. p.34).  Some critics have brought the issue of gentrification where some home districts have been preserved and commercialized as tourist trap restricting entrance of the less affluent Singaporeans. Among them are the unskilled foreign workers who have been denied socio-cultural landscapes (Ho, Woon&Ramdas, n.d.). This can be seen as a threat to gaining outside opportunities as such racial reports that may shun off some investors.

**Technology**

Advancement in technology just like in many countries around the globe has had significant influence in change in lifestyle within Singapore. The Singapore Information Technology infrastructure has penetrated the household broadband internet up to 70%. As a result, many multinational companies have set their regional operations in Singapore. In regards to SingPost ltd, the advancement in IT has resulted in the declining of public mail volume as email and the Internet are substituting them. On the other hand, technology can translate to enhanced interconnectedness among countries and promote integration of postal offices around the globe (OCBC Investment Research, 2009). This move would increase accessibility to postal services for ordinary citizens.

Globalization, need for regional interdependence and international trade has made it a requirement to evaluate information economy development policies in a broad spectrum, (Tan, 2013 p.6). According to a 2008 report as cited by Tan (2013), in terms of Innovation and ICTs Singapore was ranked 24th in Asian nations while Thailand was ranked 60th, Taiwan 17th Korea 31st (Tan, 2013). This to an extent depicts high performance of Singapore as compared to its neighboring countries in terms of technology. As a result, Singapore is able to engage in global business more effortlessly and thus its economy can extrapolate to improve in future.

**Legal**

Legislations and regulations are essential aspects to support industrial development and economic growth. Singapore has since 1998 established e-commerce laws and policies such as the Electronic Transactions Act, Amendments to the Evidence Act, Intellectual Property Act, content regulations and tax, Import and export Procedures. Unlike Malaysia, Singapore does not have legal conflation of religion and ethnicity. While both countries have ensured freedom of speech, restrictions have been set to restrict publishing of words with seditious tendency (Kenyon, Marjoribanks, Whiting & Lee, 2013)

Online news and print media requires license as part of regulation of content and both Malaysia and Singapore have credible online news that investors can rely on. As much as there are significant political and legal constraints in Singapore, it's evidence that spaces for speech are opening up and might enhance democracy in media laws (Kenyon, Marjoribanks, Whiting & Lee, 2013 p.18)

**SWOT ANALYSIS**

**Strengths**

SingPost has maintained dominance in postal service industry in Singapore. This has fundamentally been attributed to the fact that the company is the holder of masterdoor keys to all letterboxes. Its endorsement by IDA; Info-communications Development Authority also plays a key role in upholding its dominant position in the postal industry. The company enjoys the monopoly of stamp issuances and thus other companies have to rely on SingPost for postage stamps.

In addition, its steady operating and free cash flow has made it possible for it to maintain dividend payments thereby maintaining its members.

Thirdly, SingPost is able to leverage on a wide retail distribution network.  SingPost has increased its customer’s base by diversified service deliveries and allowing easy and convenient access to its products and services.  This gives them a competitive advantage over other companies.

Besides a wide distribution network locally, SingPost also made strong international presence through acquisitions and investments which strengthened their integrated e-commerce logistics value chain. Their international freight network Famous Holdings provided the Group an entry point into the Western market and improved its ability to equip customers with integrated e-commerce logistics solutions (SingPost 2014/2015 annual report).

SingPost’s capable and dedicated workforce has given it a competitive edge by ensuring quality and timely mail delivery of up to 99% achievement within and outside Central Business district (CBD). Productivity has also been on increase with more mails being delivered and sorted by the assigned officers.

**Weaknesses**

The volume of public mails that is the mainstay business has been on decline owing to e-communication that has taken root globally. This being the key business venture of the company has had significant impact of the profits made as per 2009 financial report. Mail revenue was actually the lowest with a rise of 4.1 % as compared to logistics and retail revenues that rose by 6.4% and 8.6% consecutively (OCBC Investment Research, 2009)

Singapore IDA regulates and controls the postage pricing and as much as SingPost enjoys the monopoly in stamping, it does not have the privilege to adjust postage rates.

**Opportunities**

SingPost has diversified services rendering it a one-stop shop service. Through its mails, retail and logistics departments, it can widen its opportunities to cover more customers and close the profit gap caused by low mail volumes.

SingPost has an opportunity to boost its enterprise from its assets. SingPost possess a number of properties that it can sell to boost its business or repurpose to add value to them. An example is its conversion of Tanglin post Office to a lifestyle hub that would bring in more revenues.

SingPost has an opportunity to grow and gain market share within Singapore given its current share of 4.5 % compared to its counterpart in UK that has around 14% of its country’s market share. Among its target for growth is direct mail.

**Threats**

Terrorism is usually unexpected yet may happen to any country or region. Given to this SingPost operations may be disrupted and may have a significant impact on SingPost’s business.

New entrants in the market such as Swiss Post International Singapore may cause Singpost profit margins to lower as in 2009, which was 31% as compared to 33.2% in 2008. This however may not be a drawback if SingPost manages to mitigate its production cost.

It is speculated that SingPost may have slow capital gains that may not attract investors looking for quick gains. This in long run may interfere with SingPost gaining market shares despite the slow market growth

Declining mail volume is a possible threat to its market growth given its recession and the advancement on e-substitutes. This would affect the company since public mails is its main revenue. Figure 2 below shows the SWOT table for SingPost.

1. **Industry analysis**
2. Conducting an industry analysis is imperative for any organization small or large. Hence, SingPost must determine its perimeter to establish their opportunities and threats (Hill, Jones & Schilling 2015). However, in order to fully fathom the industry competition and profitability, the underlying structure of the air freight and logistics industry must be analyzed through the five forces, which are rivalry among existing competitors, bargaining power of buyers, bargaining power of suppliers, potential entrants and substitute products (Porter 2008). Thus, the five forces will be analyzed on how a single force can have an effect on the other forces in order to conduct an in depth industry analysis for SingPost.
3. The focus of this report is on the mail division of SingPost which encompasses services such as collecting, sorting and distributing domestic and international mail, with a division that combines electronic data communication with traditional mail, and the selling  of philatelic products (Sgx.com 2015).  It is imperative to determine the strength of the five forces because the industry structure has a significant impact on competition and profitability (Porter 2008).
4. **POTENTIAL ENTRANTS**
5. Profitable industries would have an influx of potential entrants, once new entrants are able to capture market share, this will reduce profitability because it becomes more challenging to protect their existing market share (Alrawashdeh 2013). Therefore, established companies try to deter potential firms from entering the industry by heightening the barriers to entry (Hill, Jones & Schilling 2015). Key barriers to entry include government regulation, brand loyalty, absolute cost advantages and economies of scale (McAfee, Mialon and Williams, 2004).
6. **Government regulation**
7. SingPost used to be the only company that was granted exclusive rights to handle any related mail services within Singapore and internationally. However, the government of Singapore decided to liberalize the postal services sector to spur competition, in order to protect the consumers and to encourage innovation. Resulting in a restructuring of the licensing framework, this enabled firms with a Postal Services Operator (PSO) license to be able to perform domestic and international basic mail services. De-monopolizing the postal services industry has granted easier entry for potential firms. This is in line with the political factor whereby the government seeks to build an open economy to strengthen Singapore’s position as a regional business hub (Ida.gov.sg 2015).
8. **Brand loyalty**
9. SingPost’s incumbent position as the main service provider of postal services has made it difficult for competitors to pry market share from them. Since SingPost has monopolized the mail services before 2007, their reputation has been synonymous with postal services. According to Porter (2008), network effects surfaces when buyers entrusts a larger company for a crucial product. This heightens the barrier of entry for other firms to enter the industry.
10. **Absolute cost advantage**
11. SingPost is able to leverage on their expertise over the years and rely on their $45 million investment of   integrated sorting machines. In addition, SingPost is estimated to be worth $765 million, with 61 post offices (Singapore Business Review 2015). Hence, new firms looking to enter the industry would need to invest huge capital in order to compete with SingPost’s existing branches located all over Singapore. This heightens the barrier of entry as SingPost can leverage on their assets to maintain its position as the industry leader (Hill, Jones & Schilling 2015).
12. **Economies of scale**
13. SingPost was able to enjoy economies of scale because their vast distribution network enabled them to attain the bulk of the mail business (IDA 2006). With such a vast volume, they were able to drive the cost lower because the fixed costs were spread out over units of output. This allowed SingPost to offer the lowest domestic rate which will be covered in the cost conditions in the later part of the report. In order to replicate a second distribution network of SingPost magnitude, it requires significant funding and time. If the new company decides to compete on a small scale, it will be at a disadvantage because of the high fixed costs (Hill, Jones & Schilling 2015). Hence, SingPost can leverage on its economies of scales to drive out competition.
14. **RIVALRY AMONG EXISTING COMPETITORS**
15. The key factors which contribute to the intensity of rivalry among existing competitors are industry competitive structure, demand conditions, cost conditions (Hill, Jones & Schilling 2015). Currently, there are three other firms with a PSO license, Asendia Singapore, DHL Global Mail and WMG (Ida.gov.sg 2015).
16. **Industry competitive structure**
17. Since there are only three other firms, the postal services sector is a consolidated industry (Hill, Jones & Schilling 2015). However, as mentioned earlier, until 2007, SingPost was able to monopolize the postal services industry. In addition,  the total number of post offices in Singapore is 63 (Ida.gov.sg, 2015), SingPost has 58 post offices located all over Singapore (Singpost.com 2015), while the rest of the post offices belongs to the competitors. Therefore, based on this statistics, it shows that SingPost remains the industry leader,  allowing them to dictate any movement in price (Hill, Jones & Schilling 2015).
18. **Demand conditions**
19. Since the mail industry has started to decline due to lower letter mail volume and post office transactions. This is largely attributed to the technological factors mentioned earlier in the analysis, with the rise of internet connectivity globally, e-mail has become a more prevalent option because of its convenience (Ipc.be 2015). Declining demand would intensify competition because the market share has decreased. Resulting in a major threat for Singpost. Therefore, SingPost will need to adapt to technological changes in order to remain competitive.
20. **Cost conditions**
21. When fixed costs are high and marginal costs are low, this intensifies the competition between each firms as they try to steal customers among firms (Porter 2008). This is not favourable for SingPost as labour expense have increased significantly over the years (Singapore Post 2015). In addition, SingPost offers the lowest domestic rate for standard letters across comparable economies such as Germany and UK (IDA 2006). In the long run, this might be detrimental to SingPost’s total revenue. Therefore, in order for SingPost to protect its mail business, they need to seek better cost efficiency and management measures to create more robust revenues.
22. **BARGAINING POWER OF BUYERS**
23. Despite the declining operating profit of the mail division, it accounted for the bulk of the profit at 77.3 per cent. This was largely attributed to the bulk mail orders it receives from government agencies, banks and other large corporations which make up about 90% of the domestic mail (Mci.gov.sg 2015). The bargaining power of buyers rises when buyers buy in bulk because this allows them to leverage on their buying power to push prices downs. They have even greater power when the product is standardized and if they face lesser switching costs (Pringle &Huisman 2011), which is why SingPost was against the government decision to liberalize the postal services sector (IDA 2006). Further, when switching costs are low, this gives rise to competitive pricing among the firms (Hill, Jones & Schilling 2015). However, due to SingPost’s already low postage rates (IDA 2006) coupled with their absolute cost advantage as mentioned earlier. Price competition will not happen on a substantial basis. Therefore, the bargaining power of buyers are negated since they are not many alternatives for postal services.
24. **BARGAINING POWER OF SUPPLIERS**
25. The suppliers of SingPost can be grouped into three categories, the labour market, the suppliers of the integrated sorting machines and the suppliers of packaging and philately materials (Hill, Jones & Schilling 2015). The labour market poses a big problem because the postal industry is very reliant on postmen to deliver the mail. Since they form an integral part of the operation, coupled with 73% of the workforce being tertiary educated as mentioned in the social factors, there are lesser candidates willing to work as postmen, this leaves them in a favourable position to demand higher wages (Singapore Post 2015). With the increase in labour related expenses, this can impact SingPost’s profitability in the long run. The suppliers of the integrated sorting machines holds significant bargaining power because they are providing machines that are tailored to the needs of SingPost’s operations. Hence, they are able to dictate the prices and this is evident when SingPost spent $45 million on the integrated sorting machines to improve their job processes (Singpost.com, 2015). However, the suppliers of the packaging and philately materials do not possess as much bargaining power because SingPost would not suffer any switching costs because the suppliers are in fragmented industry where companies compete based on price differentiation (Hill, Jones & Schilling 2015). Therefore, the bargaining power of suppliers  is strong because labour costs form the bulk of the operating costs, which impacts the profitability of SingPost.
26. **THREAT OF SUBSTITUTES**
27. The threat of substitutes is imminent to the mail industry based on how fast technology advances every year as mentioned in the PESTLE analysis. According to Porter (2008), substitutes are able to replicate the existing function in a different manner. The increase in the usage of electronic mail as mentioned earlier from demand conditions as well the has strengthened the threat of substitutes. The threat of substitutes poses large problems for SingPost because consumers preference for real time communication amplifies the weakness of regular mail because electronic mail is faster and cheaper. Hence, SingPost have to modify its current business model to suit the needs of the consumers because the threat of substitutes is high.

After analyzing the five forces, the threat of substitutes and bargaining power of suppliers has the most impact in terms of profitability in the near future. Even though it is unlikely that the rivalry among existing competitors and threat of entrants might threaten SingPost’s position as the industry leader, they must be remain pragmatic to adapt to the changes.

**RESOURCES AND COMPETENCIES**

**Strategic Capabilities**

Strategic capabilities are one of the most important factors for an organization in remaining sustainable. SingPost has two distinctive capabilities namely, their technology and providing convenience for customers. The ultimate objective of SingPost is to be able to meet the needs of their customer by providing them with a better service experience.

**Tangible resources**

SingPost has been monopolizing the mail business in Singapore. SingPost has their very own post offices, post boxes located easily around neighborhoods. In addition, the technologically advanced mail sorting machines, delivery staffs and quality control officers are also the key tangible assets for SingPost. They are in charge of safekeeping letterbox master door keys. (Singapore Post, 2015)

**Intangible resources**

This includes the worker’s knowledge on operating the sorting machines, which represents the intellectual property of SingPost, winning title for year 2015 World Mail award (Singapore Post, 2015) and the brand awareness of SingPost which they has been providing as SingPost is the only mailing service provider that covers all aspects of mailing.  In addition, only SingPost has the rights to issue national stamps and maintain the national postal code system. Lastly, the years of experiences of mailing services SingPost has adds into the list of intangible resources.

**Core Competences**

SingPost has been constantly improving the methods on delivering better service to its customers by ensuring the effectiveness of their resources. This can be seen by the continuous improvements made to the technology SingPost uses to sort the mails they received daily.

In the past, when customers are not available to be at home to wait for the delivery of their registered mail, they would have to wait for two business days and head to the nearest post office to collect their mail. To further improve on the convenience of picking up or sending mails and small parcels. SingPost implemented POPStation where customers are free to collect their mail during any time of the day. POPStaion also provides return services and no subscription fee is needed for this service. Making the service affordable is one of the greatest ways to attract new customers and maintain the number of customers.

**Distinctive capabilities**

SingPost values the importance of service and outcome to its customers. Hence, according to the latest reports, SingPost has been seen investing $100 million in letter mail service to upgrade their sorting machines and also increase the mail carrying capacity for better productivity. (Singapore Post annual report, 2014/2015)

With over 2 million local and overseas mailing items to sort daily, SingPost strongly believes in delivering the best service experience for their customers.

Hence, to improve in the efficiency of sortation of mails, SP uses advanced technology machines such as Culler-Facer-Canceller (CFC), Optical Character Reader (OCR), Bar Code Sorting (BCS) and Delivery Barcode Sorting machine (DBCS). (Singapore Post, 2015) With these technologies available, it allows SP to shorten the delivery time of mails on an average of one to two hours.

Challenges faced by SingPost could be the high volume of mails that needed to be sorted out daily. Ensuring that mails are sorted out accurately and quickly are value added services SingPost can provide for their customers. To enhance on providing a better service experience for customers, SingPost provides various mailing options to meet its customers’ requirements. Such options are namely, hybrid mail, franked mail and Vpost. (Singapore Post, 2015)

**Threshold capabilities**

Adhesive stamps can now be easily replaced by e-stamping which was introduced by SingPost during 1999 and was further enhanced in 2010. (IRAS, 2015) E- stamping is now make easily available for users to use it anywhere and anytime. Customers do not need to worry about additional charges or subscription fee as well. This replacement provides great convenience for customers.

**VRIN ANALYSIS**

The VRIN analysis is used to determine if the resources of SingPost are able to serve as a source for the company to obtain competitive advantages. To achieve the sustainable competitive advantages, SingPost’s resources have to meet all four key criteria of the analysis. The four criteria are value, rarity, inimitability and non-substitutability.

**Value**

SingPost, being the largest and strongest mailing service provider in Singapore, has the commitment to provide the customers quality service and achieve the customers’ satisfaction. Although the increasing usage of digital mail leads the decreasing in the mail volume, SingPost able to compete with new technology and new services. In 2014, SingPost introduced the mail sorting machine.  The machine helps mail sorting more accurate, efficient and therefore increase productivity. SingPost not only invested in the sorting machine but also in the technology innovations for customer satisfaction and convenience. For ease of customer-access, SingPost established the network of POPStation. Moreover, to match up with the improved technology and improve the productivity of the employees, SingPost provides the frontline staff training and service training courses such as WSQ courses, and Lean Six Sigma. SingPost also increase the amount of employees to serve the customers better. As the SingPost is able to exploit their financial resources, investments and manpower resources fully to fulfill the customer value and satisfaction, SingPost has the distinctive capabilities to provide value to customer.

**Rarity**

SingPost has a wide variety of advanced technology and machines to provide the best service and customer value. One of their challenges is to sort out the millions of mails accurately in a short period. Therefore, SingPost has invested $45 million sorting machines, and other technology advanced machines such as CFC, OCR, and BCS. Since SingPost is the leader in Singapore’s mailing industry, they have the brand awareness and exists as a strong and powerful brand in Singapore. SingPost also has the right to issue national stamp and maintaining national postal code system. With over 150 years of experience and the competences of the employees, SingPost has the rare resources to achieve the competitive advantages. However, these rarities would also be temporary as the Singapore Government announced to control the act of SingPost monopolizing in Singapore mailing service and make the market more liberalized in 2007. Moreover, the sorting machine system can be exercised by other competitors.

**Inimitability**

SingPost’s infrastructure and internal network system is hard to imitate or duplicate. SingPost mailing service with the history of over 100 years, the company was innovating and developing for the greater customer value and customer satisfaction. The sorting machine system would be imitated but the internal structure would not be copied easily. At the present, SingPost has the solid base with experience, customer base and the brand awareness. These factors will make the other competitors difficult to enter into the Singapore mailing market.

**Non-substitutability**

Although the resources of SingPost are harder to imitate, SingPost is facing with the advanced technology. Nowadays, people are more likely to use Internet mail rather than traditional mail service. Email can provide the users with time efficiency and with minimum cost. This resulted SingPost to encounter decline in the mail volumes. SingPost tried to improve the mail service system with huge investment in advanced technology machines.

In an overview, SingPost has been using its resources and competences to its full advantage. One of its greatest advantages is being the only provider for mailing services in Singapore. This would allow SingPost to maintain affordable postage services for customers. SingPost also follows a transparent fee structure to allow information available for customers at all times.

it would be tough for other competitors to enter the mailing industry, as they might not have enough experience and the technology to keep up with the high volume of mail. With its strong customer base, and almost no substitute available in the industry makes SingPost a really strong player in this market.

**STAKEHOLDERS**

According to Charles, Gareth and Melissa (2015), a company’s stakeholders are individuals or groups that has an interest or claim in the company. Stakeholders are concerned in what the company does and how well is the company doing as they are affected and can affect the organization’s operations as further supported by Freeman *et al* (2010).

Stakeholders can be grouped into two groups: internal stakeholders and external stakeholders as shown in the figure below. These groups with the company’s interests will influence the company’s purpose, mission and objectives as shown in figure 3 in the appendix.

Each of the stakeholder groups provide the organization with important resources and at the same time expect their interests to be fulfilled. However, no one group is able to effectively influence the direction and activities of the company. There are some groups, who possess greater power than others.   Since the concerns of stakeholder groups may differ, it is expected for conflict to exist. The staff wish for better salary and working conditions may have dispute with the shareholders’ wish for higher profits, lower cost and also the customers’ wish for lower prices (Lynch, 2003).  Stakeholder analysis seeks to identify these and prevent complication.

The stakeholder mapping is performed to measure the relative power of different groups and individuals.  This technique used is the Mendelow matrix (1991), which is shown in figure 4.

In fig 4, the matrix groups stakeholders according to how much power they possess

and how interested are they in the company’s operation.

In the following, the stakeholders of Singpost are identified and analyzed.

**Shareholders, investors and owners**

Shareholders provide the company with risk capital and in exchange expect high return.  They are crucial in the company as without them, company cannot exist. Figure 5 shows the important shareholders of SingPost. Friedman(1962), believed that an company has only one social responsibility which is to

make as much profit as possible for its shareholders. Institutional shareholders are usually placed in high power and low interest segment.

**Board of directors**

In the stakeholder’s mapping, the board of directors has high power and high interest. The board of directors are the key players of the company. The board is responsible for the long-term success of the company. Thus, the board can be liable for the company’s actions. They can monitor company’s strategy decisions and ensure that they are compatible with stockholders’ interests. They have the ability to not use the strategy suggested if the board believes that the strategy is not in the best interest of stockholders. Additionally, the board has the authority to hire and dismiss employees, including the CEO.  As seen on Kotha and Joshi (2013), SingPost appointed Dr Wolfgang Baier as the group CEO in October 2011 be in charge in managing a new strategy to transform SingPost and  Baier came up with the  ‘Ready for the Future’ (RTF) Transformation Programme to boost SingPost’s revenue and the results has been promising.

Therefore, this group of people need to be kept informed at all times and have to consult them before making any decision. They have to  understand the progress of any decision-making. If the board of directors has negativity towards a project, we can find some personal benefits for them or find a group of coalition, which has high power to counter force.

**Employees**

Employees provide labor and skills and they expect income, job security, and good working conditions. Employees have high interest in how the company is doing as most of them want to work with a profitable company and desire a stable job. However, they might have low power in decision making for the company and this may make them feel powerless and cause frustration and may form powerful group and cause negativity like leaving the job, the company will then be greatly affected. Therefore it is important for company to not only consider individual but potential groups. Employees should be well informed regarding the reasons and needs for certain changes.

For SingPost, they have 7000 employees all over the world. The crucial group of people who can help them in providing great customer service are the postman and the frontline staff. With the increasing population and addition of new housing estates, SingPost requires more of them to help in delivery and handle customers. Without them, their customer satisfaction would not increase. As lifestyle changes, people focus on technology. For their RTF program, employees who has a special set of skills like IT are necessary for the strategy to work. SingPost valued their employees by increasing salary and also focusing on job satisfaction. Baier strengthen their employees by introducing leadership and training program. He even made effort by showing concern and make it known to employees that they are valuable to the company  (Kotha and Joshi,2013). Keeping and retaining employees is the key to obtain company efficiency and lower company cost. As losing experienced employees can affect the productivity and increased cost to train customers.

**Customers**

Customers are the group of people whom the company provides products or services to. In return, customers provide the company business, and therefore  want high-quality and reliable service. According to James Cadle (2010), customers are stakeholders as anything the company do will have potential effect on them. As seen on SingPost annual report(2013), despite the drop in domestic mail volumes and increasing costs, SingPost insists in providing quality service to the customers and continued to invest in resources to assist in efficiency.

SingPost place customer in their vision, they find ways to provide customers convenience like introducing new mailing method, extending operation delivery days and even strive to deliver mails which are within CBD areas the next working day. This shows that customers fall in the high interest and high power segment. SingPost managed change effectively so as to retain their customers instead of losing them. They are even awarded Service provider in year 2014. (Annual report 2014). Customers are the key players thus management needs to communicate with them by using feedback channel, understand their needs, improve and build their loyalty and confidence.

**Suppliers**

Suppliers provide a company with the materials they need for operations. Suppliers are very keen in the way the company do business with them, what the company wants to purchase and how they want to pay.  Suppliers are more comfortable about selling goods and services to profitable companies because they can be assured that the company will have the funds to pay for their products. They possess high power and are important external keyholder as their decision can greatly affect the company for example prices and quality of items. And also SingPost have adopted the usage of machineries in this digital age, suppliers providing the machines and technicians service will affect business as well. SingPost should build a good relationship with suppliers to ensure prompt delivery and reasonable price.

**Governments**

Governments provide a company with rules and regulations that govern business practice and control fair competition. Government can take actions against the company like placing fines or even jail term. Any of these can have a damaging impact on a company. SingPost works closely with government agencies as they are the most important consumers of bulk mail (Kotha and Joshi,2013).  Government agencies also have strong interest in working with SingPost for transactions such as bill payments.  SingPost are the only mail business that have the keys to every household post box. Government definitely wants to work with only good reputation companies as this reflect on government as well, thus government falls under high power and high interest segment. SingPost are constantly building up goodwill for the future like focusing on corporate social responsibility.

**Partners**

These group work with company by providing specialist services on the company’s behalf. For example, SingPost outsource company that provides call-centre services. SingPost mail business also work with many big corporations like banks and telcos by providing mail and bill payment services.

**Current Strategy of SingPost**

According to Michael Porter, there are four generic strategies companies can use to gain competitive advantage (Porter, 1985). These four strategies are differentiation, cost leadership, cost focus and differentiation focus as shown in figure 6.

Based on our analysis, as the market leader of the mailing industry, Singpost has adopted a cost leadership strategy by becoming the lowest-cost provider  for the broad market.

Cost leadership enables SingPost to guard against the bargaining power of buyers because buyers are only able to negotiate prices down to the next efficient producer. As mentioned earlier in Porter five forces, the bargaining power of buyers were negated since there are not many alternatives that were able to provide low cost postage without compromising on the quality of service. Cost leadership enables SingPost to heighten the barriers to entry. This is possible because of the economies of scale which SingPost possess as identified earlier, they are able to spread the input cost over the large unit of output.

Singpost upgraded their sorting machines to improve the efficiency of the their operations, this will minimize mistakes in the sorting process. In the long run, this would help Singpost to save cost by utilizing machines and reducing its labour force.

Enhancing a specific process of the operations allows Singpost to capitalise on its economies of scale. This enables SingPost to maintain its large market share in the mailing industry, which aids in their efforts to maintain lower marginal production cost, allowing SingPost to keep mailing affordable to everyone.

**SAFe Criteria**

The current strategy of SingPost is to come up with activities that relate to e-commerce. The company is in the process of coming up with e-commerce campaigns in order to achieve its marketing objectives. It is also in the process of carrying out an expansion in the available infrastructures to accommodate more workers in their offices. On analyzing the company by using SWOT and PESTEL analysis, the strategy seems to take care of the opportunities available in its areas of operation as well as the challenges in existence. This makes the strategy to be suitable for the company.

The strategy also addresses the prospects of the stakeholders as they all require efficiency with regards to the mailing industry, as well as addressing the weaknesses that the company has; and expanding their services works towards making it acceptable to all stakeholders. If well implemented, the strategy will successfully work in reality making it feasible. This is because the resources needed will be obtained and integrated in the existing system. On looking at the PESTEL and SWOT analysis closely, all the factors addressed seem to be suitable for the company and suitable to the stakeholders being served by the company.

The acceptability of the risk, return and reaction by the stakeholders is well taken care of by the company’s strategyas it aims to expand its services to the clients. By addressing all these issues, the strategy will be accepted by the stakeholders. Finally, the strategy takes care of the management, the consistency to its stakeholders and the unanticipated problems among others that make it acceptable to the stakeholders making it highly applicable by the organization. It is through the implementation of the strategy that most of the problems experienced in the company will be solved and services will be streamlined to the interest of the customers.

The vision of SingPost is to be a regional leader in e-commerce logistics and trusted communications. The important values of SingPost are the 5Ts: Trust, Total Customer, One Team, Top execution and Transformation.  Other than focusing on lower cost, SingPost vision has shown to be customer oriented. SingPost aims to provide quality service and product and it achieves it by differentiation strategy as well. SingPost make their products and service unique and appealing as compared to their competitors by taking into consideration of features that the customer value and thus came out with many development and innovation like A.M mail where the mail will be delivered to the recipients no later than 11am and customers are willing to pay a premium price for this urgent delivery and also Smartpac delivery where mail will be delivered to recipient by next day. Furthermore, in this digital time, SingPost came out with SMS mail which is a value added service to alert recipients via SMS to their mobile when their mails are delivered to their letterbox. Customers will perceive all these as different and even better than competitors. The various awards like the service provider awards they received in year 2012 and 2014 (SingPost, 2015) further recognised their effort and promise in delivering better service and products. All these differentiate SingPost from their competitors.

->i added differentiation as well for the strategy part. u all ok?

**Conclusion**

Based on our analysis, we have concluded that the mail division of SingPost is facing declining profits. This is attributed to the factors identified in the internal and external analysis of SingPost. Hence, it is imperative that SingPost leverage on its existing resources and competencies to negate the threats of the mail industry as well as to capitalize on their opportunities. This will ensure SingPost remains pragmatic in their formulation of their strategy to ensure sustainability.

**Appendix**

*Figure 1*



*Figure 2*

|  |  |
| --- | --- |
| **Strengths** | **Weaknesses** |
| * **Market dominance**
* **Steady operating cash flow**
* **Wide distribution network**
* **Strong workforce**
 | * **Decline in mail volume, key business venture**
* **Limited advantage for postage rates**
 |
| **Opportunities** | **Threats** |
| * **Boost from assets**
* **Diversification of services**
* **Potential to acquire bigger market share**
 | * **Decline mail volume**
* **Slow capital gain**
* **New entrant in the market**
* **Terror attack**
 |

|  |  |
| --- | --- |
| *Figure 3* |  |
| Screen Shot 2015-08-08 at 12.16.40 am.png |  |
|  |  |
| *Figure 4*Screen Shot 2015-08-06 at 12.42.45 am.png*Figure 5*Screen Shot 2015-08-18 at 1.58.06 am.png |  |

*Figure 6*



**References**

Alrawashdeh, R. 2013, "The Competitiveness of Jordan Phosphate Mines Company (JPMC) Using Porter Five Forces Analysis",*International Journal of Economics and Finance,* vol. 5, no. 1, pp. 191-200.

Barney, J 1991, ‘Firm Resources and Sustained Competitive Advantage’, *Journal of Management*, vol. 17, no. 1, p. 99-120, viewed 3 March 2013, Sage Database.

Charles, Gareth and Melissa (2015). *Strategic Management Theory*, 11th edition Cengage Learning

Francesch-Huidobro, M. (2008). Governance, politics and the environment. Singapore: Institute of Southeast Asian Studies.

Freeman et al (2010) Stakeholder theory: The State of the Art Camridge University Press

Ho, E., Woon, C., &Ramdas, K. *Changing landscapes of Singapore*.

Hill, C, Jones, G & Schilling, M 2015, *Strategic Management Theory*, 11thedn, Cengage Learning, Canada, p. 47.

Ida.gov.sg, (2015). *Postal - Policies and Regulations - Infocomm Development Authority of Singapore*. [online] Available at: http://www.ida.gov.sg/Policies-and-Regulations/Industry-and-Licensees/Postal [Accessed 6 Aug. 2015].

Ida.gov.sg, (2015). List of Postal Services Operators - Policies and Regulations - Infocomm Development Authority of Singapore. [online] Available at: http://www.ida.gov.sg/Policies-and-Regulations/Industry-and-Licensees/Postal/List-of-Postal-Services-Operators [Accessed 6 Aug. 2015].

Ida.gov.sg, (2015). *Statistics on Postal Services for 2014 (Jan - Dec) - Policies and Regulations - Infocomm Development Authority of Singapore*. [online] Available at: http://www.ida.gov.sg/Policies-and-Regulations/Industry-and-Licensees/Standards-and-Quality-of-Service/Quality-of-Service/Postal-Services/Statistics-on-Postal-Services-for-2014-Jan-Dec [Accessed 7 Aug. 2015].

International Business Publications, USA,. (2008). *Singapore Recent Economic and Political Developments Yearbook* (pp. 43-45). Washington DC, USA: International Business Publication.

Kenyon, A., Marjoribanks, T., Whiting, A., & Lee, T. (2013) *Democracy, media and law in Malaysia and Singapore*.

Kotha, Reddi and Joshi, Havovi. Singapore Post: Transforming Mail Services in the Internet Age. (2013). Case Collection. Available at: <http://ink.library.smu.edu.sg/cases_coll_all/67>

Lynch R. (2003). *Corporate Strategy*, 3rd Ed. Prentice Hall. Pearson Education Limited.

M.E. Porter, Competitive advantage: creating and sustaining superior performance, New York: Free Press, 1985.

OCBC Investment Research,. (2009). *Singapore post ltd Company report* (pp. 1-4, 22). OCBC Investment Research Pte Ltd.

Postandparcel.info,. (2009). *SingPost acquires stake in G3 Worldwide Aspac « Post & Parcel*. Retrieved 2 August 2015, from <http://postandparcel.info/23900/news/singpost-acquires-stake-in-g3-worldwide-aspac/>

Paul, Yeates and Cadle (2010). *Business analysis,* Second edition British informatics society limited

Singpost 2014/2015 annual report. ‘*Going International’* (pp. 17). Singapore Post Limited. Retrieved from: <http://www.singpost.com/download/ar201415.pdf>, on 10th August 2015.

Singstat, (2013). Statistics Singapore Newsletter. Singapore: Singapore Department of Statistics, p.4.

Tan, F. (2013). *Global diffusion and adoption of technologies for knowledge and information sharing*. Hershey, Pa.: Information Science Reference.

Yahya, F. (2008). *Economic Cooperation between Singapore and India*. Hoboken: Taylor & Francis.

Appendix:

Fig 1.2

Available  at:<http://v5.books.elsevier.com/bookscat/samples/9780750680431/9780750680431.PDF>. [Accessed 10 August 2015].

Fig 1.3

Singapore Post, (2015). *Annual Report 2014/2015*. Singapore: Singapore Post. Available at:<http://www.singpost.com/investor-centre/annual-reports.html> [Accessed 7 Aug 2015]