

Review of Diversified Specifics Econometrics and Analysis
“Domestic Letter Segment Forecasts”

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Econometrically, Diversified Specifics is operating at the forefront of quantitative postal demand research, by adopting state of the art technology through the implementation of current time series techniques involving unit roots and cointegration. These methods are important as they are used to identify both long-run and short-run dynamic behaviour amongst the drivers underlying key postal variables including letter volumes and prices. This involves adopting a dynamic specification known as an error-correction model which provides a multivariate framework to encapsulate all of the key dynamic interrelationships amongst variables.

The empirical models that Diversified Specifics have devised are then used to generate *ex-ante* objective benchmark forecasts which are combined with additional qualitative information obtained from postal services, to yield scientific forecasts. Importantly, the empirical work also models the continual dynamic changes that characterize the postal industry both nationally and internationally, by allowing for technological movements in the empirical models. These techniques represent a significant advancement of previous econometric technologies used to model postal demands and supplies thereby providing a better basis for management in formulating long-term decision plans.

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