



ERGP (11) 20

# **ERGP REPORT ON INDICATORS FOR POSTAL MARKET**

**24 November 2011**

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**Terms and abbreviations**

NRA – National Regulatory Authority

US – Universal service

USP – Universal service provider

USO – Universal service obligation

**Country codes**

AT – Austria

BE – Belgium

BG – Bulgaria

CH – Switzerland

CZ – Czech Republic

CY – Cyprus

DE – Germany

DK – Denmark

EE – Estonia

EL – Greece

ES – Spain

FI – Finland

FR – France

FYROM – Former Yugoslav Republic of Macedonia

HR – Croatia

HU – Hungary

IE – Ireland

IS – Iceland

LT – Lithuania

LU – Luxembourg

LV – Latvia

MT – Malta

NL – Netherlands

NO – Norway

PL – Poland

PT – Portugal

RO – Romania

SE – Sweden

SI – Slovenia

UK – United Kingdom

SK – Slovakia

## **Executive Summary**

Under the Postal Directive full market opening will be accomplished by 31 December 2010 for the majority of Member States with two additional years (until 31 December 2012) allowed for 11 Member States.

National Regulatory Authorities (NRAs) have as a particular task to ensure compliance with the obligations arising from the Directive, in particular by establishing monitoring and regulatory procedures to ensure the provision of the universal service.

In this context, it is desirable that NRAs' put in place collection of statistics about the postal sector, to monitor market outcomes and benchmark effectiveness of regulation, as well as allowing a European benchmark of the market developments.

Most NRAs' have the power to collect data from the postal operators and exercise this power to collect data on a wide range of postal services provided on the market. Information is collected in and outside of the area of the universal service and from the universal service provider (USP) and other postal service providers. The detail of the data collected and published is, however, not homogeneous between NRAs'.

There isn't a common scope of services considered as postal services between the countries. The scope of the universal service is also different from a country to another. According to the answers to a questionnaire, the only postal products that are part of the universal service in every country are single piece correspondence and standard single piece parcel.

In spite of the specific situation in each country, in general NRAs' face similar challenges linked to the need to collect data on the postal market, capturing the effects from, and the effects on, the stake holders involved.

ERGP suggests that a selection of core indicators, grouped into seven areas, are used to monitor the market development after full market opening, linked back to regulatory measures.



The table below summarizes the core indicators suggested in this report.

Category	Indicator
<b>Market outcomes</b>	End-user price of service provided at single piece tariff for typical residential customer
	Quality of service indicators
<b>Market structure</b>	Number of active postal service providers (total, by service/destination)
	Market shares by revenues/volumes (total, by service/destination)
	Concentration ratio index (CR <sub>n</sub> ) of the n largest providers
	Herfindahl-Hirschman Index (HHI)
<b>Revenues and volumes</b>	Total revenues on postal activities / GDP
	Revenues (total, by service/destination)
	Volumes (total, by service/destination)
	Percentage of revenues (or volumes) of the reserved area
<b>Access points</b>	Number of postal establishments (total, by category)
	Postal coverage (number of postal establishments per 100 Km <sup>2</sup> )
	Postal density (Number of inhabitants / number of postal establishments)
<b>Customer satisfaction</b>	Number of customer complaints by category
	Number of customer complaints by category, as a percentage of the (correspondent) real mail volume
	Customer satisfaction index
<b>Employment</b>	Number of persons employed
<b>Investment</b>	Investment in the postal sector

It should be noted that:

- (i) other indicators may be used,;
- (ii) in principle, an isolated specific indicator does not give a comprehensive view; and
- (iii) although the suggested indicators could allow European benchmark of market development, not all of them may be suitable for making cross-country comparisons at this time.

This report can be used as a tool by NRAs', and other European bodies, to help and foster data collection and publication.

Any publication of data at European level, as well as any cross-country analysis, should take into consideration the existence of disparities between countries.

## Part 1 - Background

Under Directive 2008/06/EC, of 20 February 2008, amending Directive 97/67/EC, of 15 December 1997, with regard to the full accomplishment of the internal market of Community postal services, full market opening will be accomplished by 31 December 2010 for the majority of Member States with two additional years (until 31 December 2012) allowed for 11 Member States.

Article 22 (2) of Directive 97/67/EC, amended by Directive 2008/6/EC (from now on Directive), sets that national regulatory authorities (NRAs') shall have as a particular task to ensure compliance with the obligations arising from the Directive, in particular by establishing monitoring and regulatory procedures to ensure the provision of the universal service. They may also be charged with ensuring compliance with competition rules in the postal sector.

Article 22a gives NRAs' the power to request information from postal service providers in order to carry out their tasks. Specifically: for NRAs' to ensure conformity with the provisions of, or decisions made in accordance the Directive; for clearly defined statistical purposes.

The European Commission established, by decision of 10 August 2010<sup>1</sup>, the European Regulators Group for Postal Services (ERGP). The ERGP's tasks shall be:

- a) to advise and assist the Commission in consolidating the internal market for postal services;
- b) to advise and assist the Commission on any matter related to postal services within its competence;
- c) to advise and assist the Commission as to the development of the internal market for postal services and as to the consistent application in all Member States of the regulatory framework for postal services;

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<sup>1</sup> OJ C 217, 11.8.2010, p. 7.

- d) to consult, in agreement with the Commission, extensively and at an early stage of its expert work with market participants, consumers and end-users in an open and transparent manner.

The ERGP Plenary of 1 December 2010 approved ERGP's work programme for 2011-2012. The work programme includes the elaboration of a report on the methodology and indicators (including looking at starting points in order to determine the "base-line" or default situation) to measure market developments after full market opening with a view of benchmarking effectiveness of regulation to promote competition.

## **Part 2 - Objectives**

It is desirable that NRAs put in place collection of statistics about the domestic postal market, to monitor market outcomes and benchmark effectiveness of regulation, as well as allowing a European benchmark of the market developments.

This report aims at establishing a sound and consistent minimum methodology and core indicators to collect the necessary data to monitor market development after full market opening linked back to regulatory measures.

This report can be used as a tool by NRAs, and other European bodies, to help and foster data collection and publication.

## **Part 3 - Methodology**

A questionnaire was issued to obtain information on the current practice of NRAs' and views on core indicators for market monitoring. The final version of the questionnaire was sent to ERGP Members and observers, to be filled in during June 2011. Another questionnaire was simultaneously issued to collect information on the current situation regarding the quality of service and end-user satisfaction.

For drafting this report, the results of both questionnaires were used.

NRAs' from the following 30 countries provided feedback on both questionnaires: AT, BE, BG, CH, CZ, CY, DE, DK, EE, EL, ES, FI, FR, FYROM, HR, HU, IE, LT, LU, LV, MT, NL, NO, PL, PT, RO, SE, SI, UK and SK.

A data collection exercise on specific indicators was also carried out in order to test data availability and difficulties. NRAs' from 28 countries provided feedback: AT, BE, BG, CH, CZ, CY, DE, DK, EE, EL, ES, FI, FR, HR, HU, IE, LT, LU, LV, MT, NO, PL, PT, RO, SE, SI, UK and SK.

The analysis on the current situation (Part 4) is primarily based on the answers provided at the time of response to the questionnaires (June 2011), which in general reflect the legislation and practice in place at the time of response.

In this regard, it should be noticed that the Spanish NRA started its work in 2011. In 2011 there were changes in the legal framework of some Members of ERGP and from 30 September 2011 regulation of postal services in the United Kingdom was transferred from the Postal Services Commission (Postcomm) to the Office of Communications (Ofcom) as a result of changes in the legal framework applicable to the postal sector.

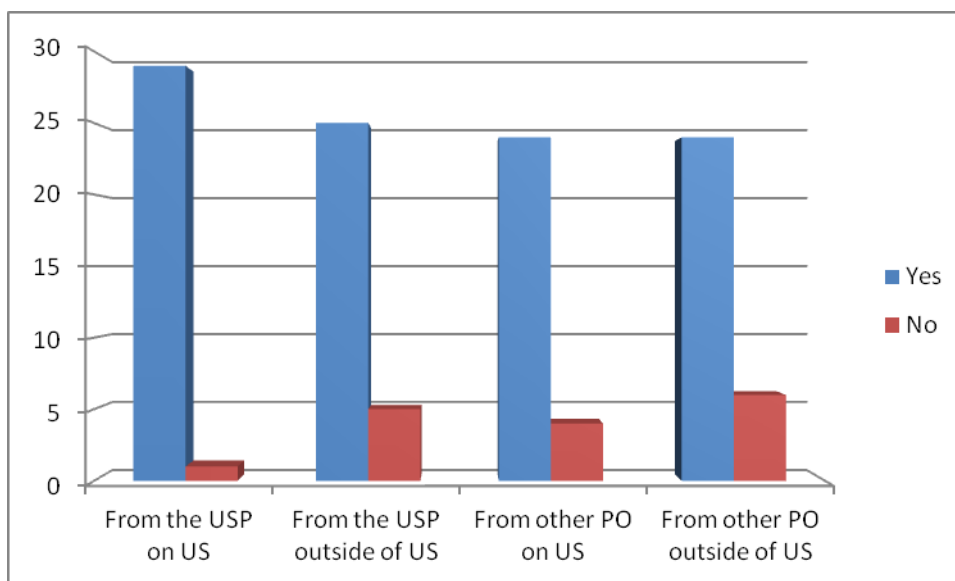
## Part 4 - Current situation

### 1. General overview on collection and publication of data by NRAs'

#### 1.1 Power of NRAs' to collect data<sup>2</sup>

In accordance with the directive, most NRAs' have the power to collect data from the postal operators. This power can apply to the universal service (US) and outside the scope of the universal service.

Figure 1– Power to collect data



^ From the USP<sup>3</sup>

<sup>2</sup> Analysis based mainly on the answers to question 1 of the questionnaire.

<sup>3</sup> Germany has no designated USP. In the case of Germany, the references to the USP along the report should be considered as being made to the incumbent.

In Austria the NRA does not have the power to collect data from the USP. The NRA is however allowed to collect data in case of procedures, but is not allowed to publish this data.

The NRAs' of the Czech Republic, Ireland, Norway and Sweden do not have the power to collect data from the USP outside the scope of the universal service.

⤴ From alternative operators

The NRAs' of Austria, the Czech Republic, Ireland and Norway do not have the power to collect data from alternative postal operators within the scope of the universal service. Note that this question is not applicable in the Netherlands or in France where any postal items conveyed by a postal service provider other than the USP are not regarded as universal service products.

The NRAs' from Austria, the Czech Republic, Ireland, Norway and Sweden do not have the power to collect data from alternative postal service providers outside the scope of the universal service. The NRA of the Netherlands is only entitled to do so in case of dispute resolution.

In the case of Austria, although at present the NRA does not have any power to collect data from alternative operators, according to the postal market Act, an ordinance could be issued by the ministry, which would set out the legal basis for collecting any data from the operators. Currently the relevant ordinance is still pending.

**Table 1 – Power of NRAs' to collect data**

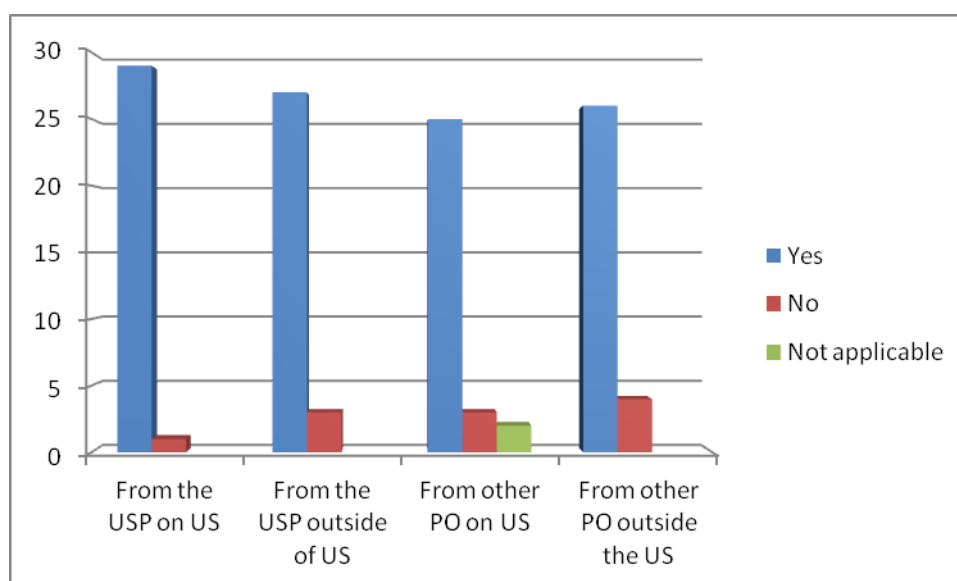
	<b>On universal service</b>	<b>On non-universal service</b>
<b>From the USP</b>	BE, BG, CH, CY, CZ, DE, DK, EE, EL, ES, FI, FR, FYROM, HR, HU, IE, LT, LU, LV, MT, NO, PL, PT, RO, SE, SI, SK, UK	BE, BG, CH, CY, DE, DK, EE, EL, ES, FI, FR, FYROM, HR, HU, LT, LU, LV, MT, PL, PT, RO, SI, SK, UK

<b>From alternative operators</b>	BE, BG, CH, CY, DK, EE, EL, ES, FI, FR, HR, HU, IE, LT, LU, LV, MT, NL, PL, PT, RO, SE, SI, SK, UK	BE, BG, CY, DK, EE, EL, ES, FI, FR, HR, HU, LT, LU, LV, MT, NL, PL, PT, RO, SI, SK, UK
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## 1.2 Collection of data by NRAs'

Most of the NRAs' exercise their power to collect data on a wide range of postal services provided on the market. Information is collected within and outside of the area of the universal service and from the USP and other postal service providers.

Figure 2 – Collection of data



### ✦ From the USP

Every regulator, except the regulator from Austria, collect data from the USP within the scope of the universal service. The NRAs' of Austria, the Czech Republic, Norway and Sweden do not have the power to collect data from the USP outside the scope of the universal service.

✧ From alternative operators

The NRAs' from Austria, Belgium and the Czech Republic do not collect data within the scope of universal service from alternative operators.

Every NRA except the NRAs' from Austria, Belgium, the Czech Republic and Switzerland collect data from alternative operators outside the scope of the universal service.

**Table 2 – Collection of data by NRAs'**

	<b>On universal service (US)</b>	<b>On non-universal service</b>
<b>From the USP</b>	BE, BG, CH, CY, CZ, DE, DK, EE, EL, ES, FI, FR, FYROM, HR, HU, IE, LT, LU, LV, MT, NL, NO, PL, PT, RO, SE, SK, SI, UK	BE, BG, CH, CY, DE, DK, EL, ES, FI, FR, FYROM, HR, HU, IE, LT, LU, LV, MT, NL, NO, PL, PT, RO, SK, SI, UK
<b>From alternative operators</b>	BG, CH, CY, DE, DK, EL, ES, FI, FR, FYROM, HR, HU, IE, LT, LU, LV, MT, NL, NO, PL, PT, RO, SE, SK, SI, UK	BE, BG, CY, DE, DK, EL, ES, FI, FR, FYROM, HR, HU, IE, LT, LU, LV, MT, NL, NO, PL, PT, RO, SK, SI, UK

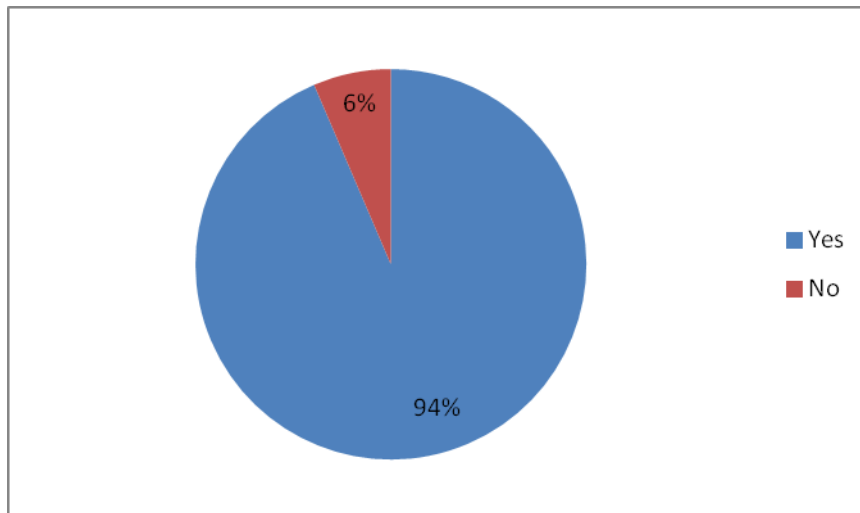
Note: The NRA of Belgium foresees to collect data on US from alternative operators in the near future.

### 1.3 Publication of data by the NRA

All regulators publish information on the postal market except the regulators from Austria and Luxembourg. The NRA from Luxembourg will start publishing data in 2013.

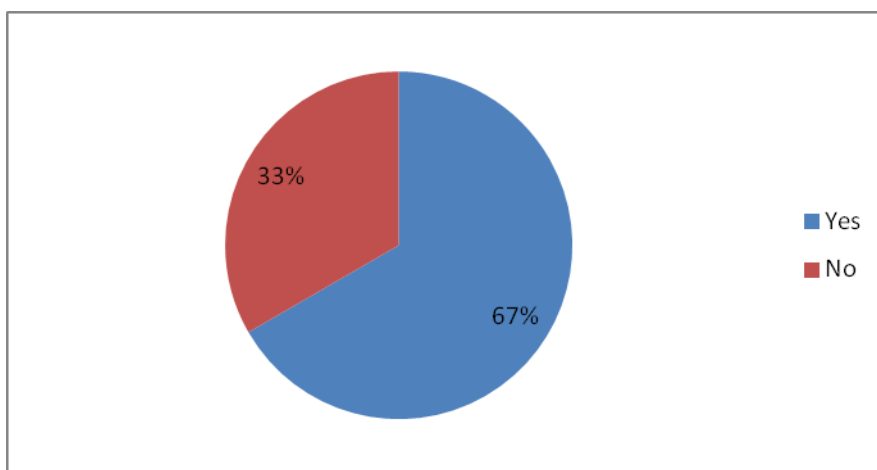


**Figure 3 – Publication of data by the NRA**



Publication of data may have different perspectives. The French regulator publishes annually an observatory on the postal market. In the UK, Postcomm<sup>4</sup> publishes information now and then in public consultations.

**Figure 4 – Obligation to publish data**



<sup>4</sup> From 30 September, regulation of postal services was transferred from the Postal Services Commission (Postcomm) to the Office of Communications (Ofcom).

About 2/3 of the NRAs' have the obligation, according to their national legal framework, to publish statistical information about the postal market.

**Table 3 – Publication of data by the NRAs'**

	Obligated to publish data by the legal framework	Not obliged to publish data by the legal framework
Publish data	BG, CH, CZ, DE, DK, EE, ES, FYROM, HR, IE, LV, NL, PL, PT, SE, SI, SK,	BE, CY, EL, FI, FR, HU, IE, LT, MT, NO, RO, UK
Does not publish data	LU <sup>5</sup>	AT

## 2. Definitions and scope of services

For a better interpretation of the results of this report, it was considered important to have an overview on the specifics of each national market, in order to be able to develop and interpret any benchmark analysis, or at least to take into consideration of differences between national markets.

Instead of doing a detailed analysis, it was decided to have a general view on the scope of the services considered as postal services and as universal services in the national markets of ERGP members and observers.

It was also decided to have a general overview on the authorisation systems implemented, to understand if NRAs' have information on the postal service providers active in the market through information transmitted directly by the postal service provider to the NRA (for example through a registration or declaration procedure, or through a submission of an application to be granted an individual licence by the NRA).

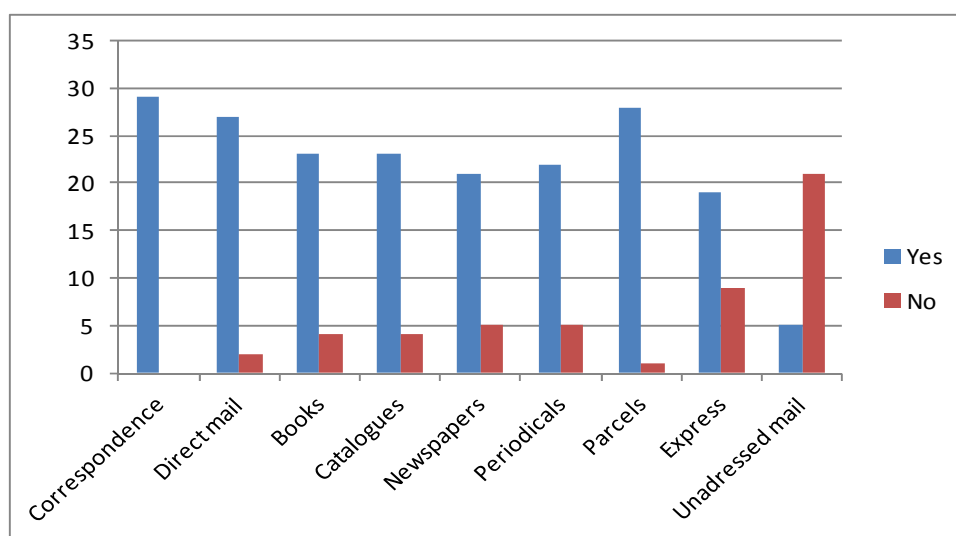
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<sup>5</sup> Luxembourg will publish data in 2013.

## 2.1 Services that are included in the definition of postal services

Correspondence is considered as postal service in all the countries that answered the questionnaire. For a large majority of the countries, the definition of correspondence includes items until 2 kg.

**Figure 5 – Services included in the definition of postal services**



Books are regarded as postal items in every country but in the Czech Republic, Estonia, Lithuania and Luxembourg.

Catalogues and newspapers are regarded as postal items in every country but in the Czech Republic, Lithuania Luxembourg and the Netherlands.

Periodicals are regarded as postal items in every country but in the Czech Republic, Lithuania Luxembourg and the Netherlands

Parcels are regarded as postal items in every country but Sweden.

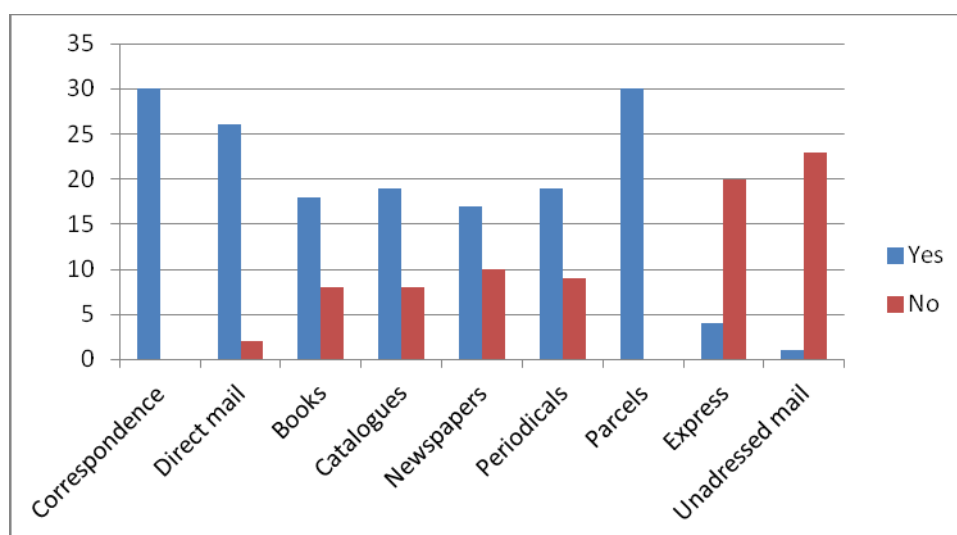
Express mail is regarded as a postal item in Austria, Belgium, Bulgaria, Croatia, Cyprus, Estonia, Germany, Greece, Hungary, FYROM, Norway, Poland, Portugal, Romania, United Kingdom, Finland, Malta, Slovakia and Switzerland. It is not regarded as a postal item in the Czech Republic, Denmark, France, Lithuania, Luxemburg, the Netherlands, Slovenia, Spain, Sweden, and Ireland.

Unaddressed mail is regarded as an item of correspondence in no country but in Greece, FYROM, Norway, Poland and in the UK (until 2 kg).

## 2.2 Services that fall within the scope of the universal service

The scope of the universal service seems to be quite different from a country to another. Henceforth, any publication concerning the “universal service” at European level may tackle this difficulty.

Figure 6 – Services included in the scope of the universal service\*



\* Domestic services.

Denmark, for instance, has an extensive definition of the USO that includes most of the categories the questionnaire made reference to (items of correspondence including direct mail, books, catalogues, newspapers, periodicals, postal parcels). On the contrary, Croatia has a very limited scope of the universal service that only comprehends correspondence (excluding direct mail) and postal parcels.

The only postal product that is part of the universal service in every country is single piece correspondence and standard single piece parcel.

Table 4 – Services that fall within the universal service

		Country	Restricted to "non-bulk"
Items of correspondence* <sup>6</sup>	Domestic	AT**, BE, BG, HR, CY, DK, EE, FR, DE, EL, HU, IE, LV, LT, LU, FI, FYROM, MT, NL, NO, PL, PT, RO, SK, SI, ES, SE, CH, UK (up to 2 kg)	BG, DK, EE, DE, FI, NL, UK <sup>a</sup>
	International Outbound	AT **, BE, BG, HR, CY, DK, EE, FR, DE, EL, HU, IE, LV, LT, LU, FI, FYROM, MT, NL, NO, PL, PT, RO, SK, SI, ES, SE, CH, UK (up to 2 kg)	BG, DK, EE, DE, FI, UK <sup>a</sup>
	International Inbound	AT **, BE, BG, HR, CY, DK, EE, FR, DE, EL, HU, IE, LV, LT, LU, FI, FYROM, MT, NL, NO, PL, PT, RO, SK, SI, ES, SE, CH, UK (up to 2 kg)	BG, DK, EE, DE, FI, UK <sup>a</sup>
Books*	Domestic	AT **, BE, BG (up to 5 kg), CY, DK, EL, ES, FI, FR, HU, IE, MT, NO, PT, RO, SK, SI, UK	FI, UK <sup>a</sup>
	International Outbound	AT**, BE, BG (up to 5 kg), CY, DK, EL, ES, FI, FR, HU, IE, MT, NO, PT, RO, SK, SI, UK	FI, UK <sup>a</sup>
	International Inbound	AT**, BE, BG (up to 5 kg), CY, DK, EL, ES, FI, FR, HU, IE, MT, NO, PT, RO, SK, SI, UK	FI, UK <sup>a</sup>
Catalogues*	Domestic	AT**, BE, BG (up to 5 kg), CY, DK, EL, ES, FI, FR, HU, IE, MT, NL (up to 100 kg), NO, PT, RO, SK, SI, UK	FI, UK <sup>a</sup>
	International Outbound	AT*, BE, BG (up to 5 kg), CY, DK, EL, ES, FI, FR, HU, MT, NL (up to 100 kg), NO, PT, RO, SK, SI, UK	FI, UK <sup>a</sup>
	International Inbound	AT**, BE, BG (up to 5 kg), CY, DK, EL, ES, FI, FR, HU, MT, NL (up to 100 kg), NO, PT, RO, SK, SI, UK	FI, UK <sup>a</sup>
Newspapers*	Domestic	AT, BE, CH, DE (up to 20 kg), DK, EL, ES, FR, HU, IE, MT, NO, PT, RO, SE, SI	
	International Outbound	AT, BE, CH, DE (up to 20 kg), DK, EL, ES, FR, HU, IE, MT, NO, PT, RO, SE, SI	
	International Inbound	AT, BE, CH, DE (up to 20 kg), DK, EL, ES, FR, HU, IE, MT, NO, PT, RO, SE, SI	
Periodicals*	Domestic	AT, BE, CH, DE (up to 20 kg), DK, EL, ES, FR, HU, IE, MT, NO, PT, RO, SE, SI	
	International Outbound	AT, BE, CH, DE (up to 20 kg), DK, EL, ES, FR, HU, IE, MT, NO, PT, RO, SE, SI	
	International Inbound	AT, BE, CH, DE (up to 20 kg), DK, EL, ES, FR, HU, IE, MT, NO, PT, RO, SE, SI	
Postal parcels	Domestic	AT**, BE (up to 10 kg), BG (up to 20 kg), CH (up to 20 kg), CY (up to 20 kg), CZ (up to 10 kg), DE (up to 20 kg), DK (up to 20 kg), EE (up to 20 kg), FI (up to 10 kg), FR (up to 20 kg), FYROM (up to 10 kg), EL (up to 20 kg), ES (up to 20 kg), HR (up to 10 kg), HU (up to 20 kg), IE (up to 20 kg), LV (up to 20 kg), LT, LU (up to 20 kg), MT (up to 20 kg), NL, NO (up to 20 kg), PL (up to 10 kg), PT (up to 20 kg), RO, SE (up to 20 kg), SI, SK (up to 15 kg), UK (up to 20 kg)	DE, EE, FI, FR, NL, NO, UK <sup>a</sup>
	International Outbound	AT**, BE (up to 10 kg), BG, CH, CY (up to 20 kg), CZ (up to 10 kg), DE, DK, EE (up to 20 kg), FI (up to 10 kg), FR (up to 20 kg), FYROM (up to 10 kg), EL, ES (up to 20 kg), HR (up to 10 kg), HU, IE, LV (up	DE, EE, FI, FR, NO, UK <sup>a</sup>

<sup>6</sup> BG, CZ, EE, DE excluding direct mail

		to 20 kg), LT (up to 10 kg), LU, MT (up to 20 kg), NL (up to 10 kg), NO (up to 20 kg), PL (up to 10 kg), PT (up to 20 kg), RO (up to 10 kg), SE (up to 20 kg), SI (up to 10 kg), SK (up to 15 kg), UK (up to 20 Kg)	
	International Inbound	AT (up to 10 kg)**, BE, BG, CH, CY(up to 20 kg), CZ (up to 10 kg), DE, DK, EE, FI, FR (up to 20 kg), FYROM (up to 10 kg),EL, ES, HR, HU, IE, LV,LT, LU, MT (up to 20 kg), NL (up to 10 kg), NO, PL, PT, RO, SE, SI (up to 20 kg), SK (up to 20 kg), UK (up to 20 kg)	DE, EE, FI, FR, NO, UK <sup>a</sup>
Express mail	Domestic	CY, FI (up to 2 kg)	FI
	International Outbound	CY, FI (up to 2 kg)	FI
	International Inbound	CY, FI (up to 2 kg)	FI

\* Up to 2Kg, except when otherwise stated.

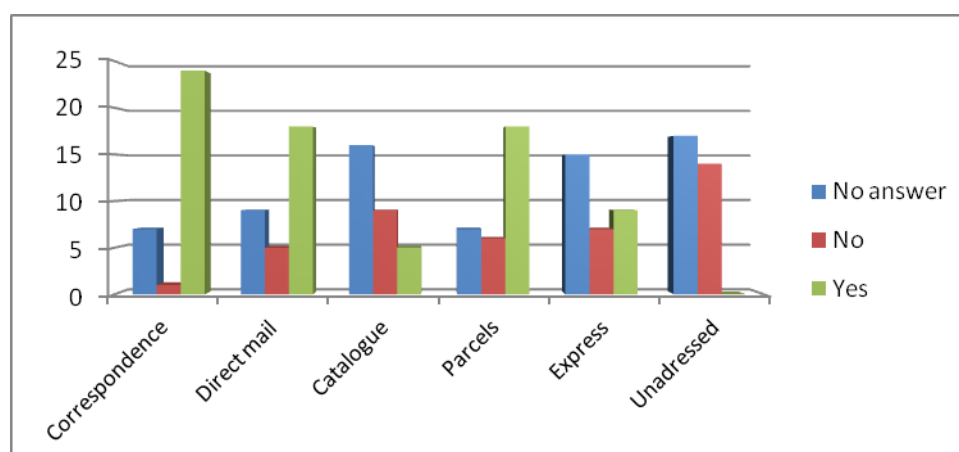
\*\* AT - Restricted to items which are deposited in distribution centres.

<sup>a</sup> – Bulk services were removed from the USO in UK in Summer of 2011.

### 2.3 Definitions

Most countries have a definition for the most common postal product which is “Correspondence”. The definition is closed to the one that is given in the directive.

Figure 7 – Existence of a definition



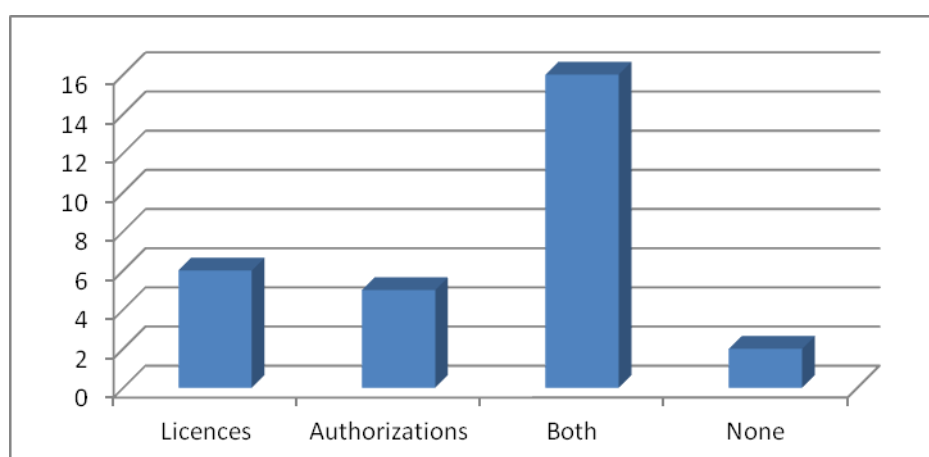
But there is no definition in many countries for products such as express mail or unaddressed mail.

A second step would be to compare the definitions to find out whether a common understanding is possible.

## 2.4 Licences and authorisations

ERGP Members and observers have implemented different systems for regulating entries on the market.

**Figure 8 – Licences and authorisations procedures implemented**



Most countries have implemented a system with a licence system within the universal service and an authorisation system outside of the universal service.

**Table 5 – Licence and authorisation procedures implemented<sup>7</sup>**

Licences	Authorisations	Both licences and authorisations	None
BE, CZ, FR, LU, FI, SE	IE, LT, NL, NO, RO, UK	AU, BG, CH, HR, CY, DK, EE, DE, EL, HU, FYROM, MT, PL, PT, SI, ES, SK	LV

<sup>7</sup> Countries can have different kind of procedures regarding authorisations and licences. In some countries for instance, only the operators for which the turnover is above a certain level have to apply for an authorisation or a licence. UK moved in 2011 from a licensing regime to an authorisation regime.

A second step would be to compare the scope of each system, namely to find out a common understanding on the scope of the postal services to which each system applies and the corresponding obligations and rights of the postal service providers.

### **3. Collection and publication of specific data by NRAs'**

As observed earlier, not all NRAs' have the power to collect data from all postal service providers, and for all types of postal services (for example, some only have the power to collect information on the universal service provided by the USP).

The scope of services considered as postal services, and as universal service, is also not the same through the 30 countries that answered the questionnaire.

In spite of the differences mentioned, NRAs' were specifically asked about information collected and published about revenues, volumes, downstream access contracts and access points.

#### **3.1 Revenues**

##### **✦ Collection**

According to the answers received, 20 NRAs' (2/3 two thirds) collect information about revenues from all the postal service providers, from services considered as universal service or outside the scope of the universal service. In spite of the mentioned differences between countries, it can be understood that, at national level, these 20 NRAs' collect information about total revenues of the postal sector. These are the NRAs' from: Bulgaria, Croatia, Cyprus, Estonia, Germany, Greece, Hungary, Latvia, Lithuania, Luxembourg, Finland, Malta, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, France and Netherlands.

Two NRAs' don't collect any data on revenues (Austria and the Czech Republic).

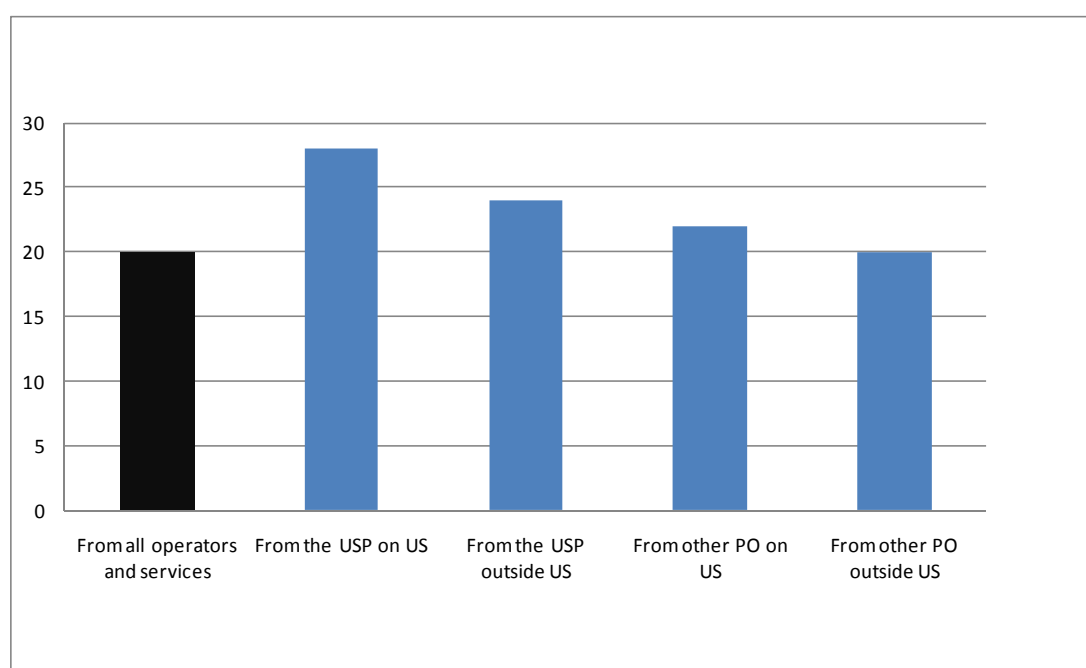
The other 8 NRAs' only collect revenues from the USP, or on the universal service provided by the USP, or don't collect revenues on the non-universal services provided by postal



service providers other than the USP. The UK NRA collects revenue for the regulated postal sector.

As expected, the majority of NRAs', 28 (93%) collect data on revenues of the universal service provided by the USP.

**Figure 9 – Collection of data on revenues by NRAs'**



#### ✦ Level of detail

The level of detail on the information on revenues collected is not, once again, homogeneous between NRAs'.

7 NRA only collect data on total revenues, without details by service. For the other NRAs', the level of detail ranges from the situation of collecting data for the total of letters and the total of parcels, to a more granular detail, for example by correspondence, direct mail, parcels, printed matter (which may include catalogues, periodicals, newspapers, books), express services, registered and insured items.

Remembering that the scope of the services varies from country to country, in some countries the figures include revenues from parcels with more than 20 Kg.

The level of information collected from the USP is, at least in some cases, more detailed than from other postal service providers.

Considering the destination of the postal items, the number of NRAs' that don't collect discriminated data, by destination, is even greater. In some cases the information collected is only total revenues (which includes the domestic and international flows, irrespective of the type of service (parcels, correspondence, periodicals, etc.)).

Few NRAs' answered that they collect data discriminated by domestic, international inbound and international outbound. Some of these NRAs' have data for intracommunity outbound.

#### ⤴ Publication

Among the 20 NRAs' that collect information on total revenues of the postal sector, 11 publish information on revenues. These are the NRAs' from Bulgaria, Cyprus, Estonia, France, Germany, Greece, Latvia, Lithuania, Finland, Norway and Slovenia.

15 NRAs' (50% of the 30 respondents) have answered that they publish information on the revenues of the universal service.

In general publication occurs between 1 and 12 months after collection, a large majority publishing between 1 and 6 months after collection.

#### ⤴ Method of collection – universal service

Circa 60% of the NRAs' collect data from questionnaires answered by the postal service providers (or in the scope of decisions from the NRA stating the information that has to be reported by postal service providers).

The same percentage collects data from annual reports and accounts from operators<sup>8</sup>.

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<sup>8</sup> In some answers, it seems that this report concerns the cost accounting information reported by the USP.

Approximately 37% of the NRAs' state they collect data both from questionnaires answered by the postal service providers (or in the scope of decisions from the NRA stating the information that has to be reported by postal service providers) and from annual reports and accounts from operators.

Around 17% collect data from market research by 3<sup>rd</sup> entities (on behalf, or not, of the NRA).

One NRA organises the national statistics data collection.

The majority (circa 70%) collects the data annually, and about ¼ quarterly.

⤴ Method of collection – services outside the scope of the universal service

19 NRAs' (66%) collect data through questionnaires.

8 NRAs' collect data through annual accounts and reports. 7 of them collect data both through questionnaires and annual accounts and reports.

At least 5 NRAs' also collect data from market research by 3<sup>rd</sup> entities or from data collected by other 3<sup>rd</sup> entities.

One NRA organises the national statistical data collection.

The majority (18) collect data annually. 4 NRAs' collect data quarterly, and one of them does it quarterly and annually.

### 3.2 Volumes

⤴ Collection

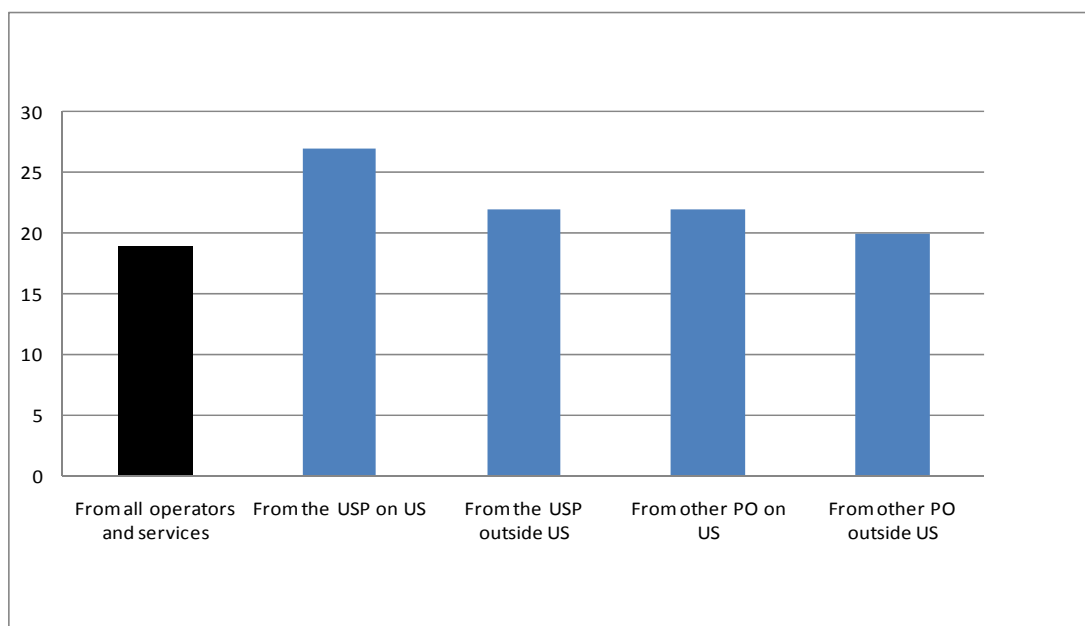
19 NRAs' (63%) collect information about volumes from all the postal service providers, from services considered as universal service or outside the scope of the universal service. In

spite of the differences mentioned between countries, it can be understood that, at national level, these 19 NRAs' collect information about total volumes of the postal sector. These are the NRAs' from: Bulgaria, Croatia, Denmark, Estonia, France, Germany, Greece, Hungary, Latvia, Lithuania, Finland, Malta, Norway, Poland, Portugal, Romania, Slovakia, Slovenia and United Kingdom.

2 NRAs' don't collect data on volumes (Austria and Belgium<sup>9</sup>).

As expected, the majority of the NRAs', 27 (90%) collect data on volumes of the universal service provided by the USP.

**Figure 10 – Collection of data on volumes by NRAs'**



#### ⤴ Level of detail

As in the case of revenues, the level of detail of the information collected on volumes is not homogeneous.

<sup>9</sup> Belgium plans to collect data in the future.

One NRA explicitly indicated that it only collects data for total volumes. The other NRAs' present some level of disaggregation, ranging from the situation of collecting data for the total of letters and the total of parcels, to a more granular detail, for example by correspondence, direct mail, parcels, printed matter (which may include catalogues, periodicals, newspapers, books), registered and insured items.

The level of information collected from the USP is, at least in some cases, more detailed than from the other postal operators.

Considering the destination of the postal items, at least 4 NRAs' don't collect data discriminated by destination. This number may be greater since it turns out from the answers that some NRAs' only collect detailed data from the USP. For the other NRAs', the minimum level of detail seems to be domestic and international, some being able to disaggregate between international outbound and international inbound.

#### ✦ Publication

Among the 19 NRAs' that collect information on total volumes of the postal sector, 16 answered that they publish information. These are the NRAs' from Bulgaria, Croatia, Cyprus, Estonia, France, Germany, Greece, Hungary, Latvia, Lithuania, Finland, Malta, Norway, Portugal, Romania and Slovenia.

20 NRAs' (67% of 30) answered that they publish information on the volumes of the universal service.

As in the case of revenues, publication generally occurs between 1 and 12 months after collection, the large majority publishing between 1 and 6 months after collection.

#### ✦ Method of collection – universal service

The majority of NRAs' collect data through questionnaires. 2 NRAs' that have reported not collecting data through NRA's questionnaires collect data through annual reports and accounts. 3 NRAs' also collect through market research by 3<sup>rd</sup> entities.

One NRA organises the national statistics data collection.

Circa 40% collect data both through questionnaires and annual accounts and reports.

The periodicity of collection is very similar to the collection of revenues on universal service, the majority collecting data annually.

⤴ Method of collection – services outside the scope of the universal service

17 NRAs' collect data through questionnaires.

5 NRAs' collect data through annual accounts and reports. Among these NRAs', 4 collect data both through questionnaires and annual accounts and reports.

One NRA organises the national statistical data collection.

At least 3 NRAs' also collect data from market research by 3<sup>rd</sup> entities or from other data collected by 3<sup>rd</sup> entities.

The periodicity of collection is very similar to the collection of revenues on services outside the scope of the universal service, the majority collecting data annually.

### **3.3 Downstream access contracts**

⤴ Collection

In relation to downstream access contracts between postal service providers and the USP for access to the postal network of the USP, 9 NRAs' (30%) confirmed they collect data while 19 NRAs' (63%) indicated they did not. Among the 9 NRAs' confirming data collection, one NRA does not record the number of downstream access contracts.

✧ Volumes of mail delivered to the USP for final delivery

6 NRAs' receive data on access mail volumes delivered to the USP for final delivery. 3 NRAs' (who collect data on downstream access contracts), do not collect volumes of mail delivered to the USP for final delivery.

✧ Conditions and terms for access to the postal network of the USP, including prices

6 NRAs' collect data relating to conditions and terms for access to the postal network of the USP.

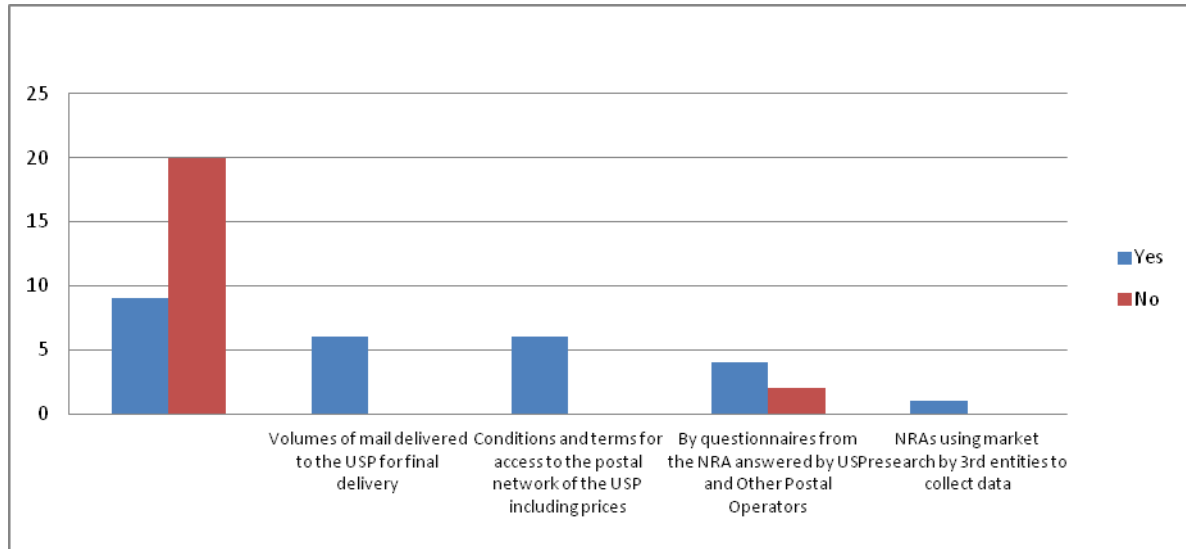
✧ Data collection and publication

4 NRAs' confirmed using questionnaires to collect data from the USP, three of them also used questionnaires to collect data from other postal service providers.

Two NRAs' answered they did not use questionnaires to collect data and only one NRA confirmed using market research by 3<sup>rd</sup> entities to collect data.

Two NRAs' indicated they collect data under 'conditions and terms of access' and one NRA confirmed the main method of data collection from the USP occurs formally through the annual published regulatory accounts and informally on a monthly basis.

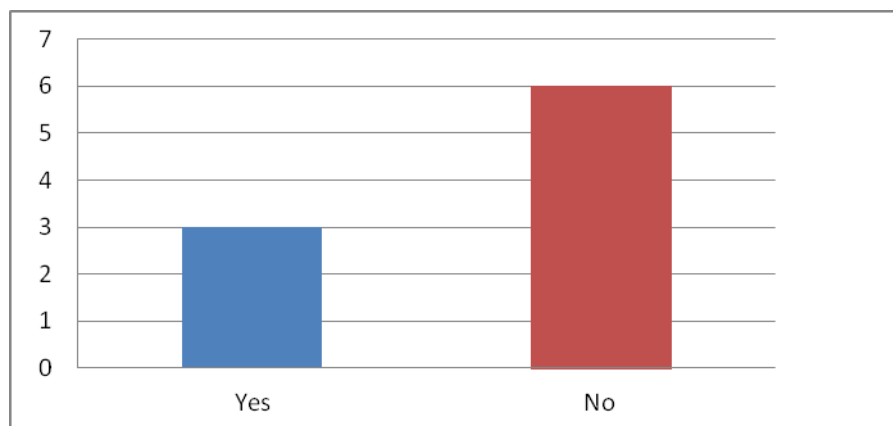
**Figure 11 – Data collection – downstream access**



6 NRAs' collect data annually and 1 NRA additionally collects data on a monthly and quarterly basis and also requires the USP to publish information regarding access contracts on a monthly basis. Information from other postal service providers is collected on a quarterly basis.

3 NRAs' publish the data they collect and 1 NRA publishes data within 3 months of collection.

**Figure 12 – NRA publishes data it collects\***



\* Among the 9 NRAs' stating that they collect data.



### 3.4 Access points

#### ✧ Collection

27 NRAs' collect data of access points of the USP, 3 do not.

17 NRAs' also collect data of access points from other postal service providers while 12 NRAs' do not.

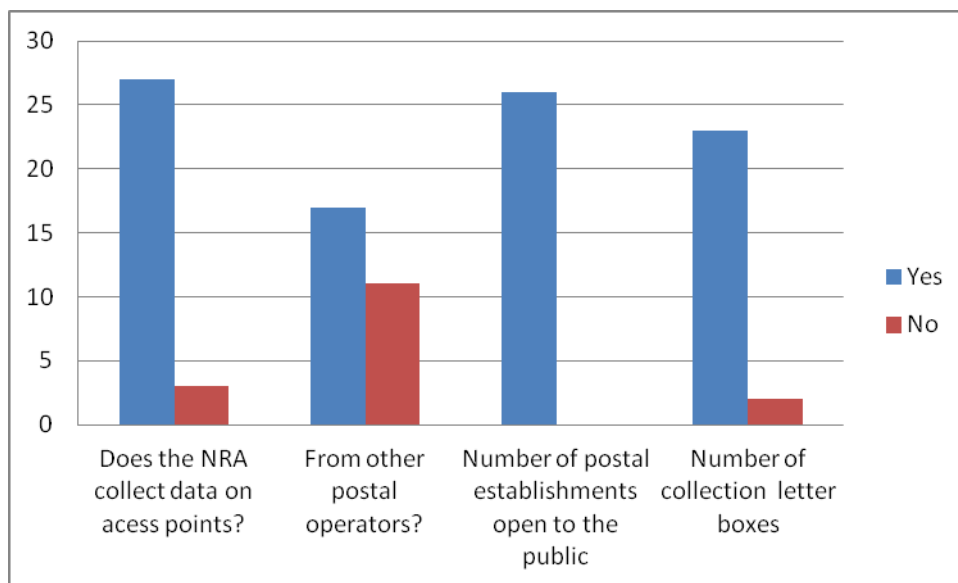
#### ✧ Number of postal establishments open to the public

All 27 NRAs' collect data on the number of postal establishments open to the public.

#### ✧ Number of collection letter boxes

23 NRAs' collect data on the number of collection letterboxes from the USP and from other postal service providers. 2 other NRAs' only collect from the USP.

**Figure 13 – Data on access points**



⤴ Data collection and publication

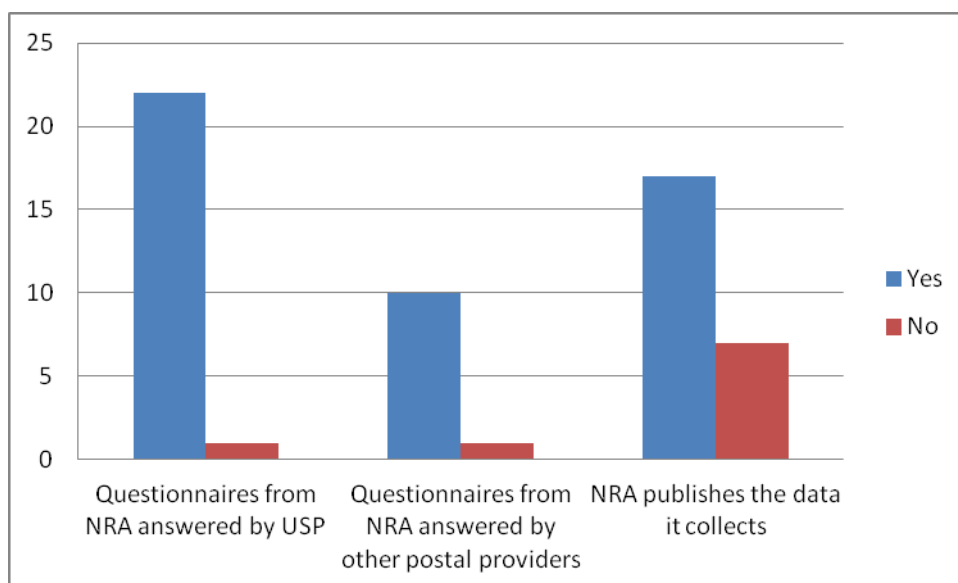
22 NRAs' use questionnaires to collect data from USP on access points with 10 NRAs' using questionnaires to collect data for other postal service providers.

1 NRA receives a data file from the incumbent and other postal service providers and 5 NRAs' collect data on an annual basis by other means than questionnaires.

21 NRAs' collect data on an annual basis, 2 NRAs' twice per year, 2 NRAs' on a quarterly basis with 1 NRA collecting data on a monthly basis.

17 NRAs' publish the data it collects and 7 NRAs' do not. 8 NRAs' publish information it collects within 1 to 3 months, 2 NRAs' publish data between 2 to 6 months and 2 NRAs' publish data annually.

**Figure 14 – Collection and publication of data on access points**



### 3.5 Hybrid mail

Recent studies, namely sector studies commissioned by European Commission's DG Internal Market, conclude that technological development affects several aspects of postal services, leading for example to increased automation and the development of new value-

added services. A recent study found out "...that the majority of postal operators in 2010 provide, or are planning to provide, hybrid mail..."<sup>10</sup>.

The Green Paper on Postal Services (European Commission; Chapter 5, point 9.3.), "discusses the implications of letters that for part of their transmission are sent by electronic means (i.e. conceived in one country, sent to another by electronic transmission, printed and put in envelopes and thus transformed into "physical letters") for the definition of reserved services and for the definition of remail".

Hybrid mail is now defined in UPU (UPU Regulations, Art. RL 253):

- "Hybrid mail is an electronic-based postal service whereby the sender posts the original message in either a physical or an electronic form, which is then electronically processed and converted into a letter -post item for physical delivery to the addressee. Where national legislation so permits, and when the sender or the addressee so requests, the designated operator effecting the delivery may convert the original transmission received to non-physical means (such as fax, email, or SMS) or to multiple means".
- Where physical delivery to the addressee is used, the information is generally transmitted by electronic means for the longest possible part to the process and physically reproduced at premises as close to the recipient's address as possible.
- The tariffs applicable to hybrid mail are fixed by member countries or designated operators, taking costs and market requirements into account."

Eurostat defines hybrid mail (within ITM 407 – Other postal and related services) as "electronic-based postal service whereby the sender posts the original message in either a physical or an electronic form, after which it is electronically transmitted and converted into a letter-post item for physical delivery to the addressee".

It was decided to include in the questionnaire some questions about hybrid mail. The main findings are summarised below.

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<sup>10</sup> Main developments in the postal sector (2008-2010), page 201, Copenhagen Economics, 29 November 2010 (available at [http://ec.europa.eu/internal\\_market/post/studies\\_en.htm](http://ec.europa.eu/internal_market/post/studies_en.htm)).

Among the 30 NRAs', 18 answered hybrid mail services are offered and 11 that hybrid mail services are not offered.

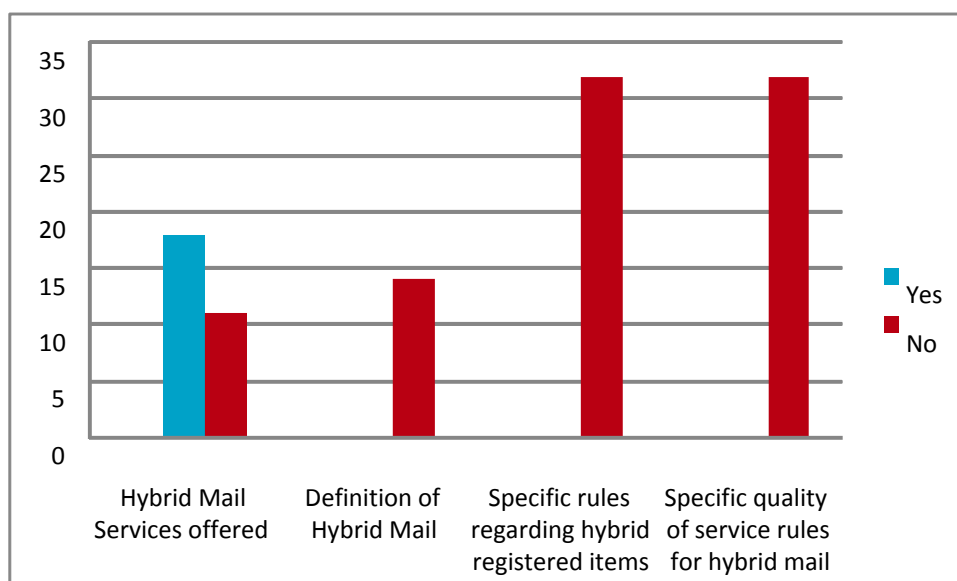
8 NRAs' reported increasing volumes of hybrid mail and 1 NRA reported decreasing volumes of hybrid mail. However, it should be noted that 21 NRAs' did not answer to that question. It could notably be explained by the lack of data available or the non-monitoring of hybrid mail volumes by NRAs'.

13 NRAs' that confirmed the provision of hybrid mail services gave no definition for it.

2 NRAs' have specific rules for hybrid registered mail: 1 NRA has a legally defined definition while 1 NRA reported a legislative change is currently being drafted to define electronic registered item and the electronic signature.

No NRA has specific quality of service rules for hybrid mail.

**Figure 15 – Hybrid mail**



Taking into consideration the evolution of the services provided and the needs of users, both linked to technological developments, and the potential impact on sending and receiving letter-post items, a further step would be to identify regulatory needs and solutions implemented by countries regarding hybrid mail services and evaluate the future definition of indicators to monitor its development and provision.

#### **4. Market surveys**

NRAs' were asked<sup>11</sup> if they conduct market surveys.

13 NRAs' answered that they conduct market surveys, the majority of them periodically (5 every two years, 4 annually and 3 every three years). All 13 NRAs' explained conducting the surveys for collection of information from private consumers and 8 also from business customers.

According to the NRAs', the surveys are mainly conducted to monitor the evolution of the postal sector, the level of satisfaction or understanding the needs of the consumers.

#### **5. Main difficulties and challenges in collecting and publishing data**

Regarding the difficulties and challenges in the collection, processing and publishing of the statistical data, most of the respondents scored that the biggest problem may be the quality of data collected.

Another important issue would be the confidentiality of data.

It is also important to note that some regulators consider that one of the biggest challenges for ERGP is to make comparable the statistical data collected in different European countries.

According to some NRAs', the difficulties arising in the collection, processing and publishing statistical data on the activities of postal services providers can be corrected by:

- developing a methodological "toolbox" to improve the response rate of operators;
- imposing penalties on the postal service providers that have not submitted correctly the statistics;
- developing a clear legal framework for statistics;

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<sup>11</sup> In the questionnaire on quality of service, of June 2011.

- reinforcing the dialogue between the NRAs' and the postal service providers; and
- defining market-friendly indicators.

One NRA believes that the problem consisting in the confidentiality of statistical data can be solved only theoretically.

## **6. Conclusions from the analysis of the current situation**

Most NRAs' have the power to collect data from the postal operators and exercise this power to collect data on a wide range of postal services provided on the market. Information is collected in and outside of the area of the universal service and from the USP and other postal service providers. The detail of the data collected and published is, however, not homogeneous between NRAs'.

There isn't a common scope of services considered as postal services in all the countries that answered the questionnaire.

The scope of the universal service is also different from a country to another. According to the answers to the questionnaire, the only postal products that are part of the universal service in every country are single piece correspondence and standard single piece parcel.

In spite of these differences, the majority of NRAs' collect data on revenues, volumes and access points and only few collect data on downstream access agreements and hybrid mail.

Any publication of data at European level, as well as any cross-country analysis, should take into consideration the existence of disparities between countries.

In spite of the specific situation in each country, NRAs' have in common the particular task of ensuring compliance with the obligations arising from the Directive, in particular by establishing monitoring and regulatory procedures to ensure the provision of the universal service.

In this regard, in general NRAs' face similar challenges linked to the need to collect data on the postal market, capturing the effects from, and the effects on, the stake holders involved.

A further step within this project would be to identify solutions to overcome difficulties related to data reliability and data comparability.

## Part 5 - Core indicators

### 7. Approach

The core indicators suggested in this report aim at supporting NRAs' in developing market monitoring outcomes.

The indicators suggested herein reflect the outcomes of an evaluation of the current practice and experience at NRA level, taking into consideration desk research and inputs provided by NRAs', namely at meetings and through the answers received from NRAs' to the questionnaires issued by ERGP (see next chapter).

It takes into consideration the information needs of NRAs' for regulatory purposes, which in many situations imply the need for very detailed, specific and granular data, with the success of data collection in terms of availability of data, quality of the data collected, comparability of data – specially for cross-country analysis and aggregation of data –, confidentiality issues and the time needed between data collection and data publication.

Used individually, the indicators suggested here are insufficient to give a reliable picture of the functioning of the market. Together, and provided they are interpreted in the light of their context, they will offer valuable insights when monitoring the postal sector.

When applying the indicators, it is important to take into consideration that although the suggested indicators could allow a European benchmark of market development:

- Not all of the suggested indicators may be suitable to make cross-country comparisons at this time. Some indicators could be further developed to enable cross-country comparison (for example to take account of (i) differences in scope and characteristics of the services, (ii) different national currencies, (iii) purchasing power parities, etc.);
- Each indicator may be relevant for specific market segments separately, or for adoption on a national basis;



- Wider or additional monitoring should also be considered, in balance with the additional costs of collection. The core indicators suggested here do not intend to be a definitive and exhaustive list.

**Chapter 9** proposes indicators that could be used by NRAs' to develop monitoring activities. The exact specification of some of these indicators should be at the discretion of the NRA.

### **Periodicity**

The core indicators suggested here should be collected at least annually.

From the current practice of NRAs', the majority already collects data annually.

This should not prevent NRAs' from collecting data periodically within a shorter period of time. Annual figures should however be provided, if possible coincident with the civil year, for comparability and aggregation purposes.

### **Scope/Perimeter**

In order to have a good overview of the postal market, it is useful to collect data from all the postal service providers (USP and other postal service providers) and on the whole postal services provided (being inside or outside the scope of the universal service).

The majority of the NRAs' have powers to collect data from postal service providers, although not from all postal service providers and from all postal services provided.

It is however useful to collect and monitor some indicators specifically related to the universal service, since NRAs' have a particular task of establishing monitoring and regulatory procedures to ensure the provision of the universal service.

### **Simple to understand and collect**

In order to avoid difficulties related with the unavailability of data by postal service providers (especially smaller providers) and quality of the data, indicators should be simple and not too much disaggregated. This is especially relevant for effects of benchmark.

### **8. Summary of views expressed by NRAs' on core indicators**

The figure below summarises the opinions of the 30 NRAs' on their vision of what main core indicators should be used to monitor the development of the postal sector and the effects of regulation.

In order to provide meaningful comparative data, the responses given by each NRA were grouped into the following categories<sup>12</sup> (see figure below):

- Volumes and revenues
- Turnover
- Number of employees
- Delivered volume by Full Time Employees
- Price by product
- Price end-user single tariff
- Price bulk tariff
- Price levels of USO in comparison to non-USO
- Number of postal service providers
- Access to postal network
- Number of access points
- Barriers to enter in the current reserved area (after liberalisation)
- Level of competition
- Customer complaints
- Customer satisfaction
- Achievement of targets

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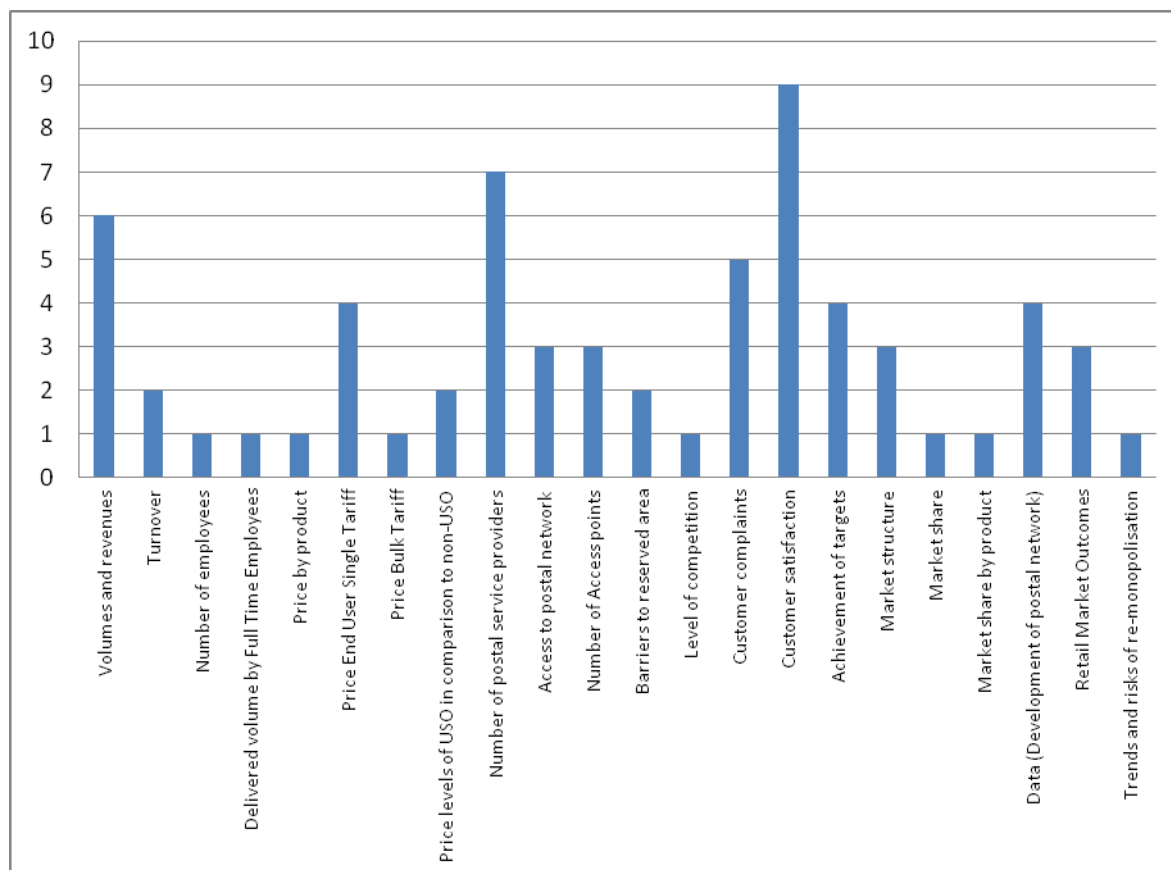
<sup>12</sup> Categories as stated by NRAs'.

- Market structure
- Market share
- Market share by product
- Data development of the postal network
- Retail market outcomes
- Trends and risks of re-monopolisation

The eleven common categories of core indicators for monitoring the development of the postal sector and the effects of regulation are:

1. Customer satisfaction
2. The number of postal service providers
3. Volumes and revenues
4. Customer complaints
5. Price End-User Single Piece Tariff
6. Achievement of targets
7. Data development of the postal network
8. Access to postal network
9. Number of access points
10. Market structure
11. Retail market outcomes

Figure 16 – Indicators suggested by NRAs'



## 9. Core indicators for market monitoring by NRAs'

The suggested indicators<sup>13</sup> are grouped into the following categories:

- Market outcomes;
- Market structure;
- Revenues and volumes;
- Access points;

<sup>13</sup> Please recall the approach explained in chapter 7.

- Customer satisfaction;
- Employment;
- Investment.

Please have in mind that ERGP is also developing a report on the quality of service and that complaint handling procedures and consumer protection will be dealt with in a future report.

### **Category: Market outcomes**

Indicators on market outcomes are intended to give information on the value of the postal sector, on prices and on the quality.

- **End-user price of service provided at single piece tariff for typical residential customer**

This indicator would provide information on the price of typical service or services provided to typical residential customers.

The NRA would choose the service and weight scale that are better suitable or that better represent the consumption of postal services in a particular country.

Due to the fact that a particular task of NRAs' is to monitor the provision of the universal service, NRAs' should at least monitor the price of services within the scope of universal service.

One example would be the end-user price for sending an item of correspondence (priority or non-priority), within the universal service, with 20gr or with 50gr.

Another example would be the end-user price for sending a parcel, considered as universal service, with 1000gr.

### **Collection**

At least annually.

Data source

Postal service providers.

- **Quality of service indicators**

The quality of service can be analysed in several dimensions, for example regarding transit time.

Customer satisfaction can also be considered as a dimension of quality of service. In this report it will be considered autonomously, although it should be considered in combination with quality of service indicators.

Since specific quality aspects are dealt by ERGP in another report, these aspects will not be considered here.

**Category: Market structure**

Indicators on market structure intend to give information on features of the market which produce the retail market outcomes.

- **Number of active postal service providers**

Definition

Corresponds to the number of postal service providers that are active in the market. For example, a postal service provider that is entitled to provide postal services but didn't start its activities yet should not be considered.

### Level of detail

At least: total number of active postal service providers.

It is suggested also by service and by destination of the postal items (domestic mail, outbound cross-border mail and inbound cross-border mail), in line with the disaggregation of data collected on volumes and or revenues.

### Collection

At least annually.

### Data source

- NRA: from licence and authorisation procedures;
- 3<sup>rd</sup> entities responsible for licence and authorisation procedures, when this is no competence of the NRA;
- Entity (or entities) usually responsible for the collection of national statistical information.

### Considerations / observations

This indicator should be combined with additional indicators, as for example market shares. Its evolution over time may also contribute to understand if it is easy or difficult to enter the market.

In the presence of companies horizontally integrated, i.e. when more than one company of the same "Group" are active in the postal market providing different services (for example one company providing express services and another periodicals), in some circumstances, depending on the analysis that is being undertaken, it may be useful to consider those companies as only one (especially if the decisions are taken or controlled by the same decision making organization or person). This might be the case, for example, of an analysis of market shares.

- **Market shares by revenues and or by volumes**

The objective is to have information on the level of concentration.

There are several indicators that can be used.

**a) (absolute) Market share of each provider**

Corresponds to the revenues (or volumes) of the provider divided by the revenues (or volumes) of the (relevant) postal market.

**b) Concentration ratio index (CR)**

This indicator is the sum of the market shares [calculated according to a)] of the largest providers in the market.

CR3 is the sum of the 3 largest providers; CR4 is the sum of the 4 largest providers, etc.

In general:

$$CR_n = MS_1 + MS_2 + \dots + MS_n,$$

$MS_1$  is the market share of the largest provider,  $MS_2$  is the market share of the second largest provider, and so on.

The higher the value of CR, the higher is the level of concentration of the market.

**c) Herfindahl-Hirschman index (HHI)**

This indicator is the sum of the square of the market shares of the postal service providers:

$$HHI = MS_1^2 + MS_2^2 + \dots + MS_n^2.$$



HHI<sup>14</sup> ranges between 0 and 10000. The higher the value of HHI, the higher the concentration of the market is. General interpretation of HHI:

- Above 2000, indicates a concentrated market;
- Between 1000 and 2000, indicates a moderate concentrated market.

#### Level of detail

At least: for the total postal market.

It is suggested to calculate it for the “relevant” market segmentation in line with the disaggregation of data collected on volumes and or revenues.

#### Collection

At least annually.

#### Data source

Data (revenues, volumes) reported by postal service providers.

#### Considerations / observations

A high concentration ratio may not by itself indicate that there are relevant barriers to entry or that the market is not functioning well. There might not be relevant barriers to entry and potential entrants or small providers may impose pressure on the largest providers.

These indicators should be combined with additional indicators, for example price indicators and complaints from customers.

They can also be combined with indicators related to the number of active providers. For example, they can be combined with the number of active providers with more than 5% (or other value) of market share.

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<sup>14</sup> Example of calculation of HHI, in a situation with 3 operators. Operator 1 has a market share of 80%; Operator 2 has a market share of 15%; Operator 3 has a market share of 5%.  $HHI = 80^2 + 15^2 + 5^2 = 6650$ .

**Category: Revenues and volumes**

• **Total revenues on postal activities / GDP**

Definition

It includes all revenues on the domestic market (including inbound market, i.e. the revenues received by the providers for the distribution of inbound cross-border postal items) and on outbound cross-border mail, divided by the value of GDP.

Level of detail

Total revenues of the sector, at national level.

Collection

Annually.

Data source

Data reported by postal service providers to the NRA or 3<sup>rd</sup> entities that collect this data.

Considerations / observations

This indicator is useful to compare with GDP in each country.

• **Revenues and volumes, by service and by destination**

Indicators on volumes and revenues contribute to the monitoring of the market by NRAs' and are inputs for the calculation and monitoring of market structure indicators.

In a liberalised market, collection of data from all postal service providers, on every postal service would better capture information about the market.

Taking into account the particular task of NRAs' to monitor the provision of the universal service, the NRA should at least monitor the revenues and volumes of the services within the universal service, provided by the designated USPs'.

In spite of the differences in the scope of the services considered as postal services in each country, the differences in the powers of NRAs' to collect data and the discretion of each NRA to define which services to monitor and the level of detail, it is suggested that monitoring indicators of the postal sector's evolution in terms of revenues and volumes should provide information:

- **On total revenues and total volumes** on postal activities;
- **By destination**, providing at least data on total domestic flows, total outbound cross-border flows and total inbound cross-border flows;
- **By service.**

#### *Breakdown of services*

The Directive (Article 2, nr. 6) defines postal item as *"an item addressed in the final form in which it is to be carried by a postal service provider. In addition to items of correspondence, such items also include for instance books, catalogues, newspapers, periodicals and postal parcels containing merchandise with or without commercial value"* [underline inserted by ERGP].

From the definition of postal item, three main categories of services could be identified: correspondence, postal parcels and books, catalogues, newspapers and periodicals.

An item of correspondence is (according to the Directive, Art. 2, nr. 7) *"a communication in written form on any kind of physical medium to be conveyed and delivered at the address indicated by the sender on the item itself or on its wrapping. Books, catalogues, newspapers and periodicals shall not be regarded as items of correspondence"*.

From the definition of postal item, postal parcels can be defined as postal items containing merchandise with or without commercial value.

The Directive does not contain any definition for the sending of books, catalogues, newspapers and periodicals. According to the answers of the NRAs' to the questionnaire issued by the ERGP, some countries consider or define an autonomous category of postal items that include - totality or partly - books, catalogues, newspapers and periodicals. In other countries such an autonomous categorisation does not exist, as those items fall within the category of correspondence and/or postal parcels.

Additionally, the Directive has specific mentions to:

- Registered items: *“a service providing a flat-rate guarantee against risks of loss, theft or damage and supplying the sender, where appropriate upon request, with proof of the handing in of the postal item and/or of its delivery to the addressee”* (Directive, Article 2, nr. 9);
- Insured service: *“a service insuring the postal item up to the value declared by the sender in the event of loss, theft or damage”* (Directive, Article 2, nr. 10).

Depending on the analysis the NRA needs to make, it might be relevant to have specific information on these services (registered and insured items).

In another order, it may also be useful to have information on “single piece mail items”, namely taking into consideration that the Directive specifically mentions in Article 12 that *“whenever necessary for reasons relating to the public interest, Member States may decide that a uniform tariff shall be applied... to services provided at single piece tariff...”*, and article 2, nr. 20, defines services provided at single piece tariff as *“postal services for which the tariff is set in the general terms and conditions of universal service provider(s) for individual postal items”*. This information might be interesting in contrast/contraposition to “bulk mail”.

The initial version the Directive, version of 15 December 1997, included a specific mention to direct mail, being defined as *“a communication consisting solely of advertising, marketing or publicity material and comprising an identical message, except for the addressee's name, address and identifying number as well as other modifications which do not alter the nature of the message, which is sent to a significant number of addressees, to be conveyed and delivered at the address indicated by the sender on the item itself or on its wrapping. The*

*national regulatory authority shall interpret the term 'significant number of addressees' within each Member State and shall publish an appropriate definition. Bills, invoices, financial statements and other non-identical messages shall not be regarded as direct mail. A communication combining direct mail with other items within the same wrapping shall not be regarded as direct mail. Direct mail shall include cross-border as well as domestic direct mail'.*

It may be useful to have separated data for direct mail, when a specific categorisation for this service exists, because generally tariffs and market trends tend to be different.

According to the answers from NRAs' to the questionnaire, in the majority of countries, express mail services are part of the postal services. Although not defined in the Directive, the Notice from the Commission on the application of the competition rules to the postal sector and on the assessment of certain State measures relating to postal services<sup>15</sup> defines express mail service as “*a service featuring, in addition to greater speed and reliability in the collection, distribution, and delivery of items, all or some of the following supplementary facilities: guarantee of delivery by a fixed date; collection from point of origin; personal delivery to addressee; possibility of changing the destination and addressee in transit; confirmation to sender of receipt of the item dispatched; monitoring and tracking of items dispatched; personalised service for customers and provision of an à la carte service, as and when required. Customers are in principle prepared to pay a higher price for this service*”.

Other definitions and other categorisations of postal services can however be found, in European Member States and other postal organisations.

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<sup>15</sup> OJ C 39, 6.2.1998, p. 2.

**Table 6 - Example of indicators on revenues and volumes**

<b>I. Domestic Items</b>		
<b>I.1 Correspondence Items*</b>		
	Revenues	Volumes
Correspondence items (excluding direct mail)		
Of which small packets		
Direct mail		
Of which single-piece mail		
Of which bulk mail		
* Corresponds to postal items not exceeding 2 kilograms in weight.		
<b>I.2 Registered items</b>		
	Revenues	Volumes
Registered mail corresponds to registered or insured mails.		
<b>I.3 Parcels</b>		
	Revenues	Volumes
Examples of possible disaggregation:		
Postal parcels within US / outside US		
Non-express / Express postal parcels		
Registered / Non-registered postal parcels		
<b>I.4 Catalogues, newspapers, periodicals</b>		
Includes catalogues, newspapers, periodicals, sent as postal items.		
	Revenues	Volumes
<b>II. International outbound cross-border items</b>		
	Revenues	Volumes
Correspondence items (excluding direct mail)		
Direct mail		
Parcels		
Catalogues, newspapers, periodicals		

As mentioned above, not all countries adopt the same designation and categorisation for postal services. According to the answers to the questionnaire, this is especially true in the case of periodicals (press). A possible solution for **cross-country analysis** could be to report data on a more aggregated level, and additionally report data on specific services.

In this regard, the categorisation of **letter post services** adopted by Eurostat could be used. This categorisation consists of “items of correspondence” (ordinary letters and postcards, direct mail, registered mail, insured mail) and other letter-post items (books, catalogues, newspapers and periodicals).

For those countries that still have a reserved area, an indicator on the **percentage of revenues or volumes of the reserved area** on the total of the postal sector could be used for analysis of potential barriers to entry, combined with other indicators as for example the above referred market structure indicators.

### **Category: Access points**

Access points are physical facilities, including letter boxes provided for the public either on the public highway or at the premises of the postal service provider(s), where postal items may be deposited with the postal network by senders (Directive, Article 2, nr. 3).

Indicators on access points provide information on the accessibility of customers to physical facilities of postal service providers, in order to have access to postal services.

In a context of a fully liberalised postal market and considering that a particular task of NRAs' is to monitor the provision of the universal service, NRA should at least monitor the access

points where access to services in the scope of universal services is provided. When there is a designated USP, at least the access points of the USP should be monitored.

Access points can include, as above-mentioned, letter boxes provided for the public either on the public highway or at the premises of the postal service provider, permanent fixed offices open to the public, mobile offices, etc. Points where only stamps are sold - where postal items cannot be deposited in the postal network - are not considered as access points.

It is up to the NRAs' to decide on the type of access points to monitor.

For monitoring purposes of the market, it is suggested, in the context of this report to monitor at least the offices of the USP, where residential household customers can have access to the provision of postal services.

- **Number of postal establishments**

Definition

For the purposes of this report, postal establishments are the establishments open to the public where customers may apply for postal services. These postal establishments may be owned and staffed by the postal service provider, may be owned by the postal service provider and staffed by persons from outside the postal service provider, may be owned by 3<sup>rd</sup> entities and provide postal services of the postal service provider under a contract (for example a postal establishment usually named agency), may be permanent (fixed) or a mobile establishment (for example set up in a road transport vehicle). It also includes delivery staff providing services similar to counter services.

It corresponds to category ACC202 of Eurostat.

It doesn't include other access points as letter boxes, or similar access points, where customers exclusively deposit postal items. It also doesn't include points where only stamps, or similar, are sold.

Level of detail



The level of detail should at least be the total number of postal establishments related to the provision of the USP.

If possible, a global figure collected from all the postal service providers could be monitored, as well as disaggregated between those related to the USP and those related to the other postal service providers.

NRAs' may also consider necessary to disaggregate by type of postal establishment.

#### Collection

At least annually.

#### Data source

Data provided by postal service providers.

#### Additional considerations / observations

This indicator, combined with the area of the country or region being considered (indicator: **postal coverage**), as well as with the population (indicator: **postal density**), is useful for benchmark purposes.

This indicator should be analysed alongside with other indicators.

#### Category: Customer satisfaction

Customer experience and satisfaction is an indicator of the quality and development of the postal sector. NRAs' are encouraged to monitor indicators that may contribute to construct a comprehensive picture of customer satisfaction. Indicators on customer satisfaction should be especially combined with indicators on market outcomes (see above).

- **Number of customer complaints, by category**

Definition

Expression of dissatisfaction made to an organisation, related to the perceived failure of its products, services or policies, or the complaint handling process itself, where a response or resolution is explicitly or implicitly expected (EN 14012:2008 – Postal Services – Quality of Service – Complaints handling principles).

Level of detail

At least: total number of complaints, total number of complaints on domestic mail, total number of complaints on cross-border mail.

For a more granular disaggregation, it is suggested to take into consideration Annex I of EN 14012:2008 – Postal Services – Quality of service – Complaints handling principles)

Collection

At least annually.

Data source

Data reported by postal service providers to the NRA, on the number of complaints received.

Additionally, NRA should also monitor:

- Complaints, directly received by the NRA;
- Complaints, directly received by 3<sup>rd</sup> entities: independent consumer bodies, consumer associations, etc.

Considerations / observations

This indicator could be combined with the *number of postal items sent*, which would give additional information on the level of complaints compared to the level of activity of postal service providers, as well as for benchmark purposes.

When analysing results, a low number of complaints does not indicate by itself high levels of customer satisfaction. It could indicate that customers have a low tendency to complaint

even if they experience problems with the service provided. NRAs' should consider complaints data in combination with other indicators.

For example, this indicator could also be combined with available data on *requests for information* (other than complaints) made by users to the postal service providers, related to the services or situations being analysed.

As referred above, ERGP is also developing a report on the quality of service and specific complaint handling procedures and consumer protection will be dealt with in a future report.

- **Consumer satisfaction index / studies**

Additionally, NRAs' could conduct or commission periodic market research in order to collect data on the quality of service perceived by customers (residential, businesses) and on the level of satisfaction.

### **Category: Employment**

Employment in the postal sector can be used as an indicator of the development of the market. It is useful to compare the amount of employment in the postal activities with the total employment in the country.

- **Number of persons employed in the postal sector**

#### **Definition**

It corresponds to the definition adopted by Eurostat (EMPL 106). Thus, it "...refers to persons employed in postal services within the economic territory of the country of reference. It also includes part-time workers, who are regarded as such under the laws of the country

concerned and who are on the pay-roll, as well as seasonal workers, apprentices and home workers on the pay-roll. It is measured as an average over the reference year”.

Level of detail

Sum of the number of persons employed in postal activities by every postal service providers, for the provision of postal services domestically.

At least for the USP/incumbent.

Collection

Annually.

Data source

Data reported by postal service providers to the NRA or to 3<sup>rd</sup> entities that collect this data.

Considerations / observations

It should be taken into consideration that some providers, which provide postal services and also other activities, may have some or more difficulties to identify correctly the number of persons employed in postal activities, especially when these may work for postal and others activities.

**Category: Investment**

Investment can be used as an indicator of the development of the market and of its attractiveness. It is useful to compare the amount of investment in postal activities with the total amount of investments in the country.

- **Investment in the postal sector**

Definition

It corresponds to the total amount of investment used for postal activities. It includes investment, in technical costs, on tangible and intangible fixed assets. These values concern only to investment on the postal service activity of the provider.

Level of detail

Sum of the investment on postal activities by every postal service providers.

At least for the USP/incumbent.

Collection

Annually.

Data source

Data reported by postal service providers to the NRA or to 3<sup>rd</sup> entities that collect this data.

Considerations / observations

It should be taken into consideration that some providers, which provide postal services and also other activities, may have some or more difficulties to identify correctly the value of investment in postal activities.

## **10. Conclusions on core indicators**

The core indicators presented in this report may provide a useful framework within the context of NRAs' in establishing monitoring procedures of the market, in order to ensure conformity with the provisions of, or decisions made in accordance with the Directive and for statistical purposes.

However, it should be taken into consideration that other indicators may be used, and especially that in principle, an isolated specific indicator does not give a comprehensive view.

Any analysis of the indicators needs also to take into consideration qualitative perspectives of the market.

When applying the indicators, it is important to take into consideration that although the suggested indicators could allow European benchmark of market development:

- Not all of the suggested indicators may be suitable to make cross-country comparisons at this time. Some indicators could be further developed to enable cross-country comparison (for example to take account of (i) differences in scope and characteristics of the services, (ii) different national currencies, (iii) purchasing power parities, etc.);
- Each indicator may be relevant for specific market segments separately, or for adoption on a national basis;
- Wider or additional monitoring should also be considered, in balance with the additional costs of collection. The core indicators suggested here do not intend to be a definitive and exhaustive list.

The table below summarizes the core indicators suggested in this report.

**Table 7 – Summary of core indicators**

<b>Category</b>	<b>Indicator</b>
<b>Market outcomes</b>	End-user price of service provided at single piece tariff for typical residential customer
	Quality of service indicators
<b>Market structure</b>	Number of active postal service providers (total, by service/destination)
	Market shares by revenues/volumes (total, by service/destination)
	Concentration ratio index (CR <sub>n</sub> ) of the n largest providers
	Herfindahl-Hirschman Index (HHI)
<b>Revenues and volumes</b>	Total revenues on postal activities / GDP
	Revenues (total, by service/destination)
	Volumes (total, by service/destination)
	Percentage of revenues (or volumes) of the reserved area
<b>Access points</b>	Number of postal establishments (total, by category)
	Postal coverage (number of postal establishments per 100 Km <sup>2</sup> )
	Postal density (Number of inhabitants / number of postal establishments)
<b>Customer satisfaction</b>	Number of customer complaints by category
	Number of customer complaints by category, as a percentage of the (correspondent) real mail volume

	Customer satisfaction index
<b>Employment</b>	Number of persons employed
<b>Investment</b>	Investment in the postal sector

