



ERGP (12) 32 - Report on indicators on postal market

ERGP REPORT ON INDICATORS ON POSTAL MARKET

30 November 2012



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Terms and abbreviations

NRA – National Regulatory Authority

PSP – Postal service providers

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 ¹ | |
| HR – Croatia | HU – Hungary | IE – Ireland |
| IT – Italy | IS – Iceland | LT – Lithuania |
| LU – Luxembourg | LV – Latvia | MT – Malta |
| NL – Netherlands | NO – Norway | PL – Poland |
| PT – Portugal | RO – Romania | RS – Serbia |
| SE – Sweden | SI – Slovenia | SK – Slovakia |
| UK – United Kingdom | | |

¹ FY is used in tables and figures for the Former Yugoslav Republic of Macedonia.



Executive Summary

According to the Postal Directive full market opening shall be accomplished by 31 December 2012 for the 27 Member States of the European Union.

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, although mainly inside the area of the universal service provided by USPs.

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 sector, 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.



Table 1 – Summary of core indicators

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

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

It should be noted that:

- other indicators may be used;
- in principle, an isolated specific indicator does not give a comprehensive view;
- the exact specification of some of these indicators is at the discretion of the NRA; in defining the specific indicators to monitor at country level, it is important to consider the legal competences and constrains on NRAs to collect and submit data from postal service providers; feasibility should include an assessment of regulatory burden, proportionality and capability issues on postal service providers;



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- 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;
- 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

According to 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 2012 for the 27 Member States of the European Union.

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 2010², 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;

² OJ C 217, 11.8.2010, p. 7.



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- 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;
- 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.

ERGP's work programme for 2012 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.

In the first year ERGP produced a report on indicators for postal market³, made up of (i) an identification of the current situation at NRA level concerning data collection and publication, including powers of NRAs in this field, and (ii) identification of core indicators, mainly in the perspective of NRAs needs, to monitor market developments.

A preliminary exercise of data collection on some specific indicators was initiated by the ERGP, in order to test data availability and identify main challenges and difficulties in data collection and comparability, giving support for the development of this report.

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 and at a time of challenging issues for the postal sector.

³ Ref. ERGP (11) 20 - ERGP Report on indicators for postal market, Available at http://ec.europa.eu/internal_market/ergp/docs/documentation/ergp-11-20_en.pdf.



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This report is a development of the report produced in the first year of ERGP, mainly in the field of benchmark and data comparability. To this end, this report:

- continues to identify the differences between Member States on the scope of postal services and on the scope of universal services, in order to take them into consideration for benchmark purposes;
- develops issues to be taken into consideration when doing benchmark analysis and to overcome data comparability and reliability:
 - o identifying possible sources of information that can be used to collect information;
 - o better explaining the link between the indicators and the regulatory needs of NRAs;
 - o including reference to sources of information that can be used for benchmark analysis, for example on exchange rates or on purchasing power parities;
- introduces a preliminary analysis on the issue of the confidentiality of data.

Part 3 - Methodology

A questionnaire was issued to update information on the power and practices of NRAs concerning collection of data from PSPs, on the scope of postal services and on the scope of universal postal services, as well as to collect information about the practice of NRAs dealing with the issue of confidentiality. The final version of the questionnaire was sent to ERGP Members and observers, to be filled in during June 2012.

NRAs' from the following 31 countries (out of 33) provided feedback on the questionnaire: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, Former Yugoslav Republic of Macedonia, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Norway, Poland, Portugal, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, the Netherlands and the United Kingdom.

The analysis on the current situation (Part 4) is primarily based on the answers provided at the time of response to the questionnaires (June 2012), which in general reflect the legislation and practice in place at the time of response.



Part 4 – Current situation and implications for the data collection

The postal directive, like any other European Union directive, lays down certain end results that must be achieved in every Member State. National authorities have to adapt their laws to meet these goals, but are free to decide how to do so. Directives give national authorities that flexibility, so as various national postal issues to be handled at a local level.

The answers to the questionnaire show that there are differences among countries in what concerns the legal definitions of postal services, the scope of the universal service and the powers of postal regulators.

Those differences affect the collection of information on the postal sector by regulators and thus should be taken into consideration when attempting to set any benchmark at a European level.

It may also be desirable to reduce the discrepancies in the data collected by encouraging NRAs to improve, harmonize and widen their data collection.

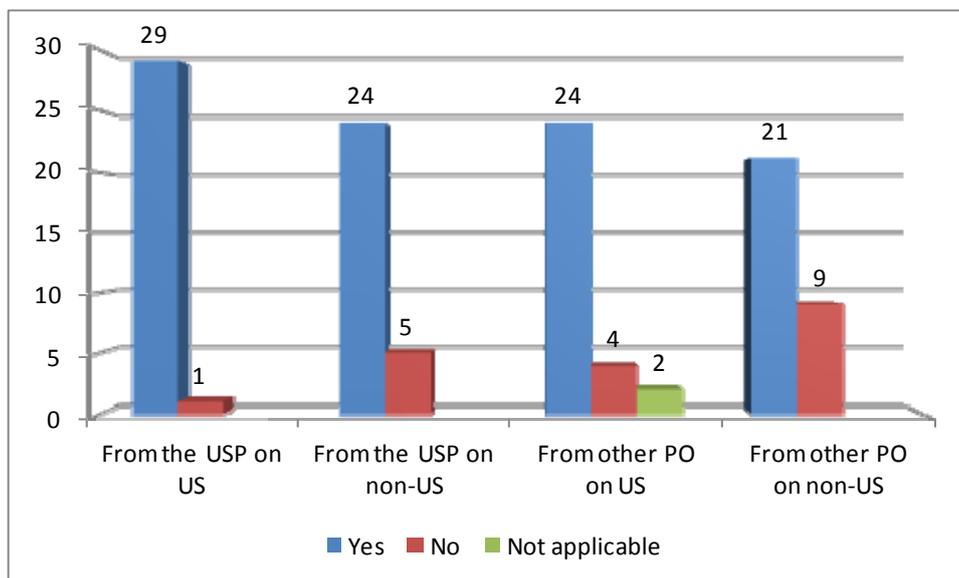
1. General overview on collection and publication of data by NRAs

1.1 Power of NRAs to collect data

In accordance with the Directive, most NRAs have the power to collect data from the postal operators (Figure 1 and Table 1). This power can be applied to the universal service (US) and outside the scope of the universal service (non-US).



Figure 1– Power to collect data



Source: ERGP – answers from 30 NRAs.

⤴ From the USP⁴

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.

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

⤴ From other operators

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

⁴ 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.



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Serbia where other postal service providers are not allowed to provide services within the universal service.

The NRAs from Austria, the Czech Republic, Cyprus, Norway, Sweden, Luxembourg, Spain, Switzerland and Serbia do not have the power to collect data from alternative postal service providers outside the scope of the universal service.

Table 2 – Power of NRAs to collect data

| | Answer | Count | Country (NRA) |
|-------------------------|--------|-------|---|
| From the USP on US | Yes | 29 | BE, BG, CY, CZ, DE, DK, EE, EL, ES, FR, FY, HR, HU, IE, IT, LT, LU, MT, NL, PL, PT, SK, SI, CH, UK, FI, NO, RS, SE. |
| | No | 1 | AT ^a |
| From the USP on non-US | Yes | 24 | BE, BG, CH, DE, DK, EE, EL, FR, FY, HR, HU, IE, IT, LT, MT, NL ^b , PL, PT, SK, SI, UK, CY, FI, RS. |
| | No | 5 | AT ^a , CZ, LU, NO, SE. |
| From other PO on US | Yes | 24 | BE, BG, CH, HR, DE, DK, EE, EL, ES, FR, FI, FY, HU, IE, IT, LT, LU, MT, PL, PT ^c , SI, SE, SK, UK. |
| | No | 4 | AT, CZ, CY, NO. |
| | N/A | 2 | NL, RS ^d |
| From other PO on non-US | Yes | 21 | BE, BG, DE, DK, EL, EE, FI, FR, FY, HR, HU, IE, IT, LT, MT, PL, PT ^c , SI, NL ^b , SK, UK. |
| | No | 9 | AT, CH, CZ, CY, ES, LU, NO, RS, SE. |

N/A – Not applicable.

^a AT - The NRA is only allowed to collect data from the USP with regard to procedures.

^b OPTA can require from any (natural or legal) person, the data and information that it needs to properly execute the duties with which it is charged by or pursuant to the Postal Act. It follows that OPTA is not entitled to require information or data that cannot be related to any duties under the Postal Act.

^c The NRA has the power to collect data only from authorised or licensed providers (i.e. providers which are directly or indirectly involved in all the 4 phases of postal service provision: clearance, sorting, transport and distribution).

^d Other postal service providers are not allowed to provide US.

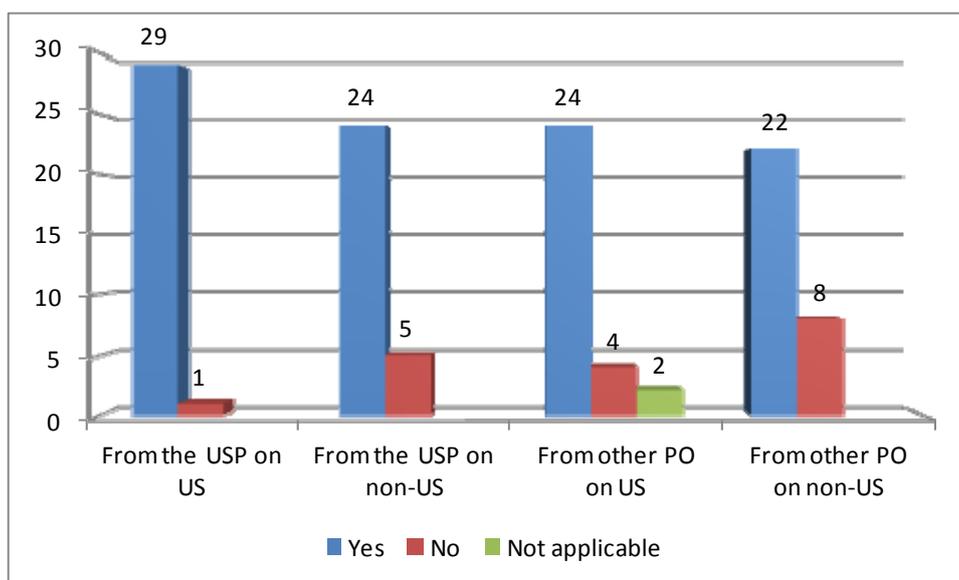
1.2 Collection of data by NRAs

Most of the NRAs exercise their power to collect data on postal services provided on the market. Information is collected within and outside the area of the universal service and from



ERGP (12) 32 - Report on indicators on postal market the USP and other postal service providers, although in more cases on the universal service provided by the USP (Figure 2 and Table 2).

Figure 2 – Collection of data



Source: ERGP – answers from 30 NRAs.

✦ From the USP

Every regulator, except the regulator from Austria, collects data from the USP within the scope of the universal service.

Additionally, the NRAs of Austria, Belgium, the Czech Republic, Luxembourg and Sweden do not collect data from the USP outside the scope of the universal service.

✦ From alternative operators

The NRAs from Austria, the Czech Republic, United Kingdom and Cyprus answered that they do not collect data within the scope of universal service from alternative operators. This is also the case for the Netherlands and for Serbia, taking into account that in the Netherlands postal items conveyed by a postal service provider other than the USP are not



ERGP (12) 32 - Report on indicators on postal market regarded as universal service products and in Serbia other postal service providers are not allowed to provide services within the universal service.

The NRAs from Austria, Belgium, the Czech Republic, Luxembourg, Switzerland, Spain, Serbia and Sweden answered that they do not collect data from alternative operators outside the scope of the universal service.

Table 3 – Collection of data by NRAs

| | Answer | Count | Country (NRA) |
|-------------------------|--------|-------|---|
| From the USP on US | Yes | 29 | BE, BG, CH, CY, CZ, DK, EL, EE, ES, FI, FR, FY, DE, HR, HU, IE, IT, LT, LU, MT, NL, NO, PL, PT, RS, SE, SK, SI, UK, |
| | No | 1 | AT |
| From the USP on non-US | Yes | 24 | BG, CH, CY, DK, EE, EL, FI, FR, FY, DE, HR, HU, IE, IT, LT, MT, NL, NO, PL, PT, SK, SI, UK, RS,. |
| | No | 5 | AT, BE, CZ, LU, SE. |
| From other PO on US | Yes | 24 | BE, BG, CH, DK, EE, EL, ES, FI, FR, FY, DE, HR, HU ^a , IE, IT, LT, LU, MT, NO ^b , PL, PT ^c , SI, SE, SK. |
| | No | 4 | AT, CZ, UK, CY. |
| | N/A | 2 | NL, RS ^d |
| From other PO on non-US | Yes | 22 | BG, CY, DE, DK, EE, EL, FI, FR, FY, HR, HU, IE, IT, LT, MT, NL, NO ^b , PL, PT ^d , SI, SK, UK. |
| | No | 8 | AT, BE, CH, CZ, ES, LU, RS, SE. |

N/A – Not applicable.

^a HU - In practice it is not collecting because there are no other postal operators providing US.

^b NO - From a sample of other postal service providers.

^c PT - The NRA collects data only from authorised or licensed providers (i.e. providers which are directly or indirectly involved in all the 4 phases of postal service provision: clearance, sorting, transport and distribution).

^d RS - Other postal service providers are not allowed to provide US.

2. Definitions and scope of services

In order to be able to develop and interpret any benchmark analysis, or at least to take into consideration differences between national markets, it was decided to have an overview on some aspects of each national market.



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It was decided to have an informed 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).

The work done in 2011 allowed to conclude⁵ that there isn't a common scope of services considered as postal services among the ERGP members and observers and that the scope of the universal service is also different from a country to another. As a consequence, some data are not directly comparable between countries. It is also relevant to point out that some countries do not make any difference between bulk and single piece mail, while in others this differentiation is relevant to differentiate between postal items within or outside the scope of the universal service.

In order to address this issue and to avoid different interpretations of the definitions or answers provided by NRAs as well as having a better understanding of the answers provided by NRAs, the developed questionnaire aimed at collecting data on the postal sector specified the data that was expected. More particularly, where was meaningful, to exclude express or unaddressed mail in certain questions and asking NRAs to give a further explanation as regards to the figures they provide (USP's only, only single piece mail, only bulk mail or both).

2.1 Services that are included in the definition of postal services

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

⁵ ERGP (11) 20 - ERGP Report on indicators for postal market, Available at http://ec.europa.eu/internal_market/ergp/docs/documentation/ergp-11-20_en.pdf.



Table 4– Services that are included in the definition of postal services

| | |
|---|--|
| Items of correspondence (including direct mail) | AT, BE, HR, CH, CY, DK, EE, EL, ES, FI, FR, FY, DE, HU, IE, IT, LV, LT, LU, MT, NL, NO, PL, PT, RO, RS, SE, SK, SI, UK, |
| Items of correspondence (excluding direct mail) | BG, CZ, RS |
| Books | AT, BE, BG, HR, CH, CY, DK, EL, ES, FR, FY, HU*, DE**, IE, IT, LV, MT, NL, NO, PL, PT, RO, RS, SE, SK, SI, UK, |
| Catalogues | AT, BE, HR, CH, CY, DK, EE, EL, ES, FR, FY, HU*, DE**, IE, IT, LV, MT, NO, PL, PT, RO, RS, SE, SK, SI, UK, |
| Newspapers | AT, BE, HR, CH, CY, DK, EE, EL, ES, FR, FY, HU*, DE**, IE, IT, LV, MT, NL, NO, PL, PT, RO, RS, SE, SI, UK, |
| Periodicals | AT, BE, CH, CY, DE**, DK, EE, EL, ES, FR, FY, HR, HU*, IE, IT, LV, MT, NL, NO, PL, PT, RO, RS, SE, SI, UK |
| Postal parcels | AT, BE, BG, CH, CY, CZ, DE (up to 20kg), DK, EE, EL, FI, FR, FY, HR, HU, IE, IT, LV, LT, LU, MT, NL, NO, PL, PT, RS SE, SK, UK |
| Express mail | AT, BE, CH, CY, EE, EL, ES, FI, FY, DE, HR, HU, IT, LV, MT, NL, NO, PL, PT, RO, RS, SE, SK, SI |
| Unaddressed mail | EL, FY, IT, NO, PL, RS, UK |

* Books, catalogues, newspapers and periodicals in Hungary can be posted as printed matter. That is why in HU only aggregated data are available about items containing books, catalogues, newspapers, periodicals and other kind of printed materials. (By the Postal Act the definition of printed matter is the following: 'A postal item which contains neither individual, nor personal type of text, picture or figure produced by printing or other procedures of multiplication (e.g., book, catalogue, newspaper or periodical).

** DE - If the delivery is undertaken by an operator that also delivers letters and/or parcels up to 20 kg.

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



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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.

Express mail is regarded as a postal item in Austria, Belgium, Bulgaria, Croatia, Cyprus, Estonia, Germany, Greece, Hungary, Former Yugoslav Republic of Macedonia, Italy, 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, Former Yugoslav Republic of Macedonia, Italy, Norway, Poland and in the United Kingdom (up to 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 one country to another. Even though ERGP's task is not to publish data only for the universal service but for the whole market, the scope of the universal service may have an influence on the availability of data as some NRAs may collect information only from the USO. Henceforth, any publication concerning the "universal service" at European level may tackle this difficulty.

Denmark, for instance, has an extensive definition of the USO that includes most of the categories that were quoted in the questionnaire (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. But, on that case, it does not have any influence on the availability of data as the Croatian ARN collects data inside and outside the universal service. On the other hand, Sweden has a rather limited scope of the USO that does not include books and catalogues. As the Swedish NRA does not collect data outside of the universal service, those traffics are not available for the report.

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



Table 5 – Services that fall within the universal service

| | | Country | Restricted to "non-bulk" |
|---------------------------------------|------------------------|--|-------------------------------------|
| Items of correspondence* ⁶ | Domestic | AT**, BE, BG, HR, CY, CZ, DK, EE, FR, DE, EL, HU, IE, IT, LV, LT, LU, FI, FY, MT, NL, NO, PL, PT, RO, RS, SK, SI, ES, SE, CH, UK | BG, DK, EE, FI, NL, UK ^a |
| | International Outbound | AT **, BE , BG , CZ , HR , CY , DK , EE , FR , DE , EL , HU , IE , IT , LV , LT , LU , FI , FY , MT , NL , NO , PL , PT , RO , RS , SK , SI , ES , SE , CH , UK | BG, DK, EE, FI, UK ^a |
| | International Inbound | AT **, BE , BG , CZ , HR , CY , DK , EE , FR , DE , EL , HU , IE , IT , LV , LT , LU , FI , FY , MT , NL , NO , PL , PT , RO , RS , SK , SI , ES , SE , CH , UK | BG, DK, EE, FI, UK ^a |
| Books* | Domestic | AT **, BE, BG (up to 5 kg), CY , DK , EL ,FR , HU , IE, IT, MT, NO , PT, RO , RS, SE***, SK , SI , UK | FI, UK ^a |
| | International Outbound | AT** , BE, BG (up to 5 kg), CY , DK , EL , FR, HU , IE, IT, MT, NO, NL (up to 5 kg), PT, RO, RS, SE***, SK , SI, UK | FI, UK ^a |
| | International Inbound | AT** , BE, BG (up to 5 kg), CY, DK, EL , FR , HU, IE, IT, MT, NL (up to 5 kg), NO, PT, RO, RS, SE***, SK , SI, UK | FI, UK ^a |
| Catalogues* | Domestic | AT**, BE, BG (up to 5 kg), CY, DK , EL , FR, HU , IE, IT, MT, NL (up to 100 kg), NO , PT, RO, RS, SE***, SK , SI , UK | FI, UK ^a |
| | International Outbound | AT* , BE, BG (up to 5 kg), CY, DK , EL , FR, HU, IE, IT, MT, NL (up to 100 kg), NO, PT, RO, RS, SE***, SK , SI, UK | FI, UK ^a |
| | International Inbound | AT** , BE, BG (up to 5 kg), CY , DK , EL, FR, HU, MT, NL (up to 100 kg), NO , PT, RO, RS, SE***, SK , SI, UK | FI, UK ^a |
| Newspapers* | Domestic | AT, BE, CH, DK, EL, FR, HU, IE, IT, MT, NO, PT, RO, RS, SE***, SI | |
| | International Outbound | AT, BE, CH, DE DK, EL , FR, HU, IE, IT, MT, NO, PT, RO, RS, SE***, SI | |
| | International Inbound | AT, BE, CH, DK, EL, FR, HU, IE, IT, MT, NO, PT, RO, RS, SE***, SI | |
| Periodicals* | Domestic | AT, BE, CH, DK, EL, FR, HU, IE, IT, MT, NO , PT, RO , SE***, SI | |
| | International Outbound | AT, BE, CH, DK, EL, FR, HU, IE, IT, MT, NO, PT, RO, RS, SE***, SI | |
| | International Inbound | AT, BE, CH, DK, EL, FR, HU, IE, IT, MT, NO, PT, RO, RS, 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), FY (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), IT (up to 20 Kg), LV (up to 20 kg),LT, LU (up to 20 kg), MT (up to 20 kg),NL (up to 10 kg), NO (up to 20 kg), PL (up to 10 kg), PT (until 26 April 2012: up to 20kg) (since 27 April 2012: up to 10kg), RO, RS(up to 10 kg), SE (up to 20 kg), SI, SK (up to 15 kg), UK (up to 20 kg) | EE, FI, FR, NL, NO, UK ^a |

⁶ BG, CZ, EE, PT (since 27 April 2012), DE: excluding direct mail



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| | | | |
|--------------|------------------------|--|---------------------------------|
| | International Outbound | AT**, BE (up to 10 kg), BG, CH, CY (up to 20 kg), CZ (up to 10 kg), DE (up to 20 kg), 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 (up to 20 kg), IE, IT (up to 20 kg), LV (up to 20 kg), LT (up to 10 kg), LU, MT (up to 20 kg), NL (up to 20 kg), NO (up to 20 kg), PL (up to 10 kg), PT (until 26 April 2012: up to 20kg) (since 27 April 2012: up to 10kg), RO (up to 10 kg), RS(up to 10 kg), SE (up to 20 kg), SI (up to 10 kg), SK (up to 15 kg), UK (up to 20 Kg) | EE, FI, FR NO, UK ^a |
| | International Inbound | AT (up to 10 kg)** , BE, BG, CH, CY(up to 20 kg), CZ (up to 10 kg), DE (up to 20 kg), DK, EE, FI, FR (up to 20 kg), FYROM (up to 10 kg),EL, ES, HR, HU(up to 20 kg), IE, IT (up to 20 Kg), LV,LT, LU, MT (up to 20 kg), NL (up to 20 kg), NO, PL, PT (until 26 April 2012: up to 20kg) (since 27 April 2012: up to 10kg****), RO, RS(up to 20 kg), SE, SI (up to 20 kg), SK (up to 20 kg), UK (up to 20 kg) | EE, FI, FR, NO, UK ^a |
| 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, unless otherwise stated.

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

*** SE on condition that they are contained in an envelope or other kind of wrapping, featuring a postal address.

^a – Bulk services were removed from the USO in UK in summer of 2011.

**** PT - For Inbound international parcels with origin in the Members States of the European Union, the weight limit continues to be 20Kg. For parcels incoming from other countries, the new weight limit is 10Kg.

Overall, the issue of the scope of the USO appears not critical as most of the countries actually do collect data inside and outside the USO. In those cases, the scope of the USO does not have any influence on the availability of data. The question arises only for Sweden and Czech Republic, in which the NRA does not collect data outside of the USO.

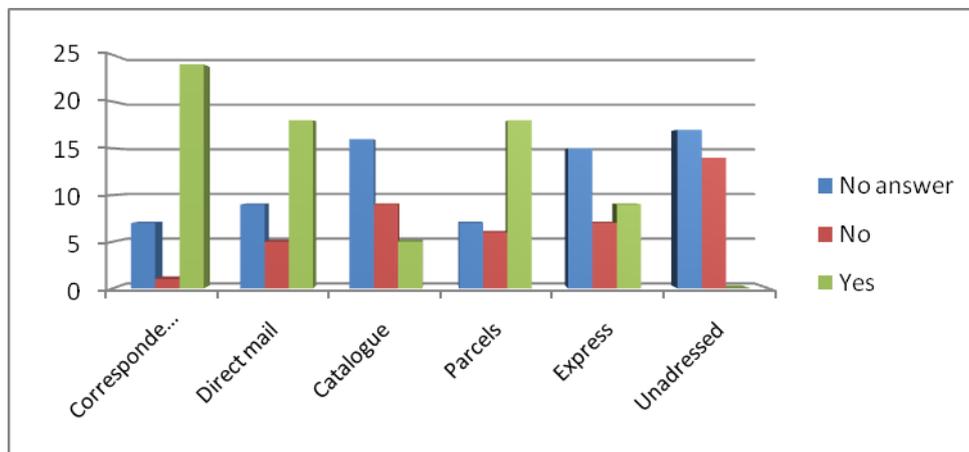
For those two countries, the data provided by NRAs will have a difference of perimeter compared to the other countries. The fact that the 2012 questionnaire sets questions in order to specify the range of data provided, may fix the problem related to a common and clear understanding of the data provided.

2.3 Definitions

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



Figure 3 – Existence of a definition



Source: Report ERGP (11) 20.

It may be noticed that a rather large number of countries did not answer to the question of whether those products have a definition in their country.

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

It was envisaged, in the first place, to compare the definitions to find out whether a common understanding is possible. Such an analysis would be quite time consuming and would probably lead to unsatisfactory results. It was decided to try to harmonize the answers that are given by the NRA's instead with a more accurate questionnaire for the collection of data. For instance, the questionnaire asks clearly the NRAs to exclude express and unaddressed mail from the figures related to some of the variables. It is the expectation of ERGP that the data collected and disclosed is harmonized to allow a comprehensive benchmark and understanding.

2.4 Licences and authorisations

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

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



Table 6 – Licence and authorisation procedures implemented

| Licences | Authorisations | Both licences and authorisations | None |
|---|--------------------|--|--------|
| BE, CZ, FR, LU, FI, NO (within reserved area), SE | IE, LT, NO, RO, UK | AT, BG, CH, HR, CY, DK, EE, DE, EL, ES, HU, IT, FYROM, MT, PL, PT*, RS, SI, SK | LV, NL |

* PT - the NRA has the power to collect data only from authorised or licensed providers (i.e. providers which are directly or indirectly involved in all the 4 phases of postal service provision: clearance, sorting, transport and distribution).

3. Confidentiality

According to the Postal Directive, article 22a, postal service providers shall provide the information requested by the NRA in confidence, where necessary. Member States shall ensure that NRAs provide the European Commission, upon request, with appropriate and relevant information necessary for it to carry out its tasks under the Directive. Where information is considered confidential by a NRA, in accordance with Community and national business confidentiality rules, the Commission and the NRAs concerned shall preserve such confidentiality.

REGULATION (EC) No 223/2009 of the European Parliament and of the Council, of 11 March 2009, on European statistics, establishes a legal framework for the development, production and dissemination of European statistics.

NRAs were asked to briefly explain what "measures" they have in place to deal with the collection of data and the disclosure of data by the NRA and to provide any relevant links.

In general, the collection of data takes place under some form of legislative framework derived from a statutory instrument within the NRAs countries. Information received from PSPs is handled on a confidential basis and aggregated where this information is published.

Three NRAs (Czech Republic, Estonia and Denmark) do not disclose information if the PSP considers it confidential. In contrast to this three NRAs (the Netherlands, Norway and Spain) consider requests from PSPs regarding data confidentiality and decide whether 'confidential' terms apply. NRAs decisions are relayed back to the PSP.



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For example, Croatia has specific regulations on data confidentiality and Ireland and Portugal have published specific guidelines on the treatment of confidential information:

- Comreg 05/24: <http://www.comreg.ie/fileupload/publications/ComReg0524.pdf>;
- ICP-ANACOM: <http://www.anacom.pt/render.jsp?contentId=1116771>.

Summary:

- The majority of NRAs have statutory authority to collect data;
- 9 NRAs aggregate data to ensure anonymity of PSPs providing sensitive information;
- At least 3 NRAs do not disclose data if the PSP considers it is confidential;
- NRAs consider and decide if data provided by PSPs is confidential.

Notwithstanding the work developed in 2012, the topic of confidentiality requires further investigation in order to draw conclusions.

4. 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 more often collected within the area of the universal service and in particular from the USP.

Considering the data provided in the questionnaires by countries, there is no common scope of services regarded as postal services.

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

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



Notwithstanding the fact that the topic of confidentiality requires further investigation in order to draw conclusions, in general information received from PSPs is handled by NRAs on a confidential basis and aggregated where this information is published.

Part 5 - Core indicators

5. Approach

The core indicators referred to in this report are the ones suggested by ERGP in the 2011's report, with an additional one, introduced in this report, related to prices for bulk mail.

They aim at supporting NRAs in developing market monitoring outcomes. The core indicators take 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.

Based on the outputs of the previous chapter this chapter intends to develop further methodological aspects related to the definitions used, the collection of data and the use of the data collected to perform benchmark analysis.

Used individually, the indicators are insufficient to give a reliable picture of the functioning of the market. Used 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 though the indicators could allow a European benchmark of market development, however:

- Not all of the indicators may be suitable to make cross-country comparisons at this time;
- 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. These core indicators do not intend to be a definitive and exhaustive list.



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The exact specification of some of these indicators should be at the discretion of the NRA.

In defining the specific indicators to monitor at country level, it is important to consider the legal competences and constraints on NRAs to collect and submit data from postal service providers; feasibility should include an assessment of regulatory burden, proportionality and capability issues on postal service providers.

Periodicity

The core indicators suggested in this report should be collected at least annually.

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

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

Scope/Range of services

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 the power to collect data from postal service providers, although not from all postal service providers and for 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 benchmarking purposes.

Regarding collection, requested data need to have a consistency, so as to achieve information continuity, data history and comparability from year to year.

Benchmarks

Any cross-country analysis should take into consideration the existence of disparities between countries.

The report makes reference to additional indicators and information that may be used to take into account (at least part of) those differences.

Link to NRA needs

It is suggested that as far as practicable, data collection for monitoring the postal market to be linked to the regulatory needs of NRAs, although this in itself may present challenges due to the variation in regulatory requirements within each NRA. Nevertheless, by aiming to align information requirements to NRAs' 'business as usual processes' will reduce the burden on NRAs and assist in providing better qualitative and quantitative data.

In collating data, particular attention should be given in order to avoid duplicating data capture processes and procedures as well as utilising common definitions and terms used by established market research bodies.

6. Core indicators for market monitoring by NRAs

The indicators are grouped into the following categories:



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- Market outcomes;
- Market structure;
- Revenues and volumes;
- Access points;
- Customer satisfaction;
- Employment;
- Investment.

Please have in mind that ERGP is also developing specific reports on the quality of service and on complaint handling procedures and consumer protection.



Category: Market outcomes

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

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

Definition

This is the price for handling a standard individual single piece postal item offered to typical residential customers. This price usually does not include discounts.

Purpose

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

Level of detail

The NRA would choose the service or services that are better suitable or that better represent the consumption of postal services in its 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, of 20gr or 50gr.

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

Collection

NRAs should collect this indicator at least annually, in order to monitor the evolution of the prices.



Data source

Postal service providers.

Benchmarks

When comparing the prices of services offered by different postal services providers, special attention has to be made to the service features, in order to compare comparable services.

The services being compared should be those that are offered to the same geographical area (e.g. the national territory of a country) in the same or equivalent routing time (D+n). Postal items with the same weight and/or format (e.g., a 20 gr letter sent within a standardised format or dimensions), depending on the system used by postal service providers to fix the prices, should also be used.

The same applies for international benchmarks, with the necessary adaptations. For example, for benchmarking domestic prices of a given service, the benchmark should consider the prices of sending postal items within each country considered.

In the case of international benchmarks, for those situations in which the national currency is different, it is necessary to convert the prices to the same currency.

If the objective is to compare the prices end-users would pay in a specific day, the exchange rate of that day may be used. In order to calculate (to take into consideration) the relation between the currency along the year it may be preferable to use the annual average exchange rate. Both are publicly available and can be found, for example, in the web pages of:

- Eurostat: http://epp.eurostat.ec.europa.eu/portal/page/portal/exchange_rates/introduction;
- European Central Bank: <http://sdw.ecb.europa.eu/browse.do?node=2018779>.

In order to eliminate the effect of price level differences across countries, purchasing power parities (PPPs) may be used. PPPs are indicators of price level differences across countries. They indicate how many currency units a particular quantity of goods and services costs in different countries. PPPs can be used as currency conversion rates to convert expenditures



ERGP (12) 32 - Report on indicators on postal market expressed in national currencies into an artificial common currency (the Purchasing Power Standard, PPS), thus eliminating the effect of price level differences across countries (Source: Eurostat).

Data for PPPs are available, for example, in the following web pages:

- Eurostat:

http://epp.eurostat.ec.europa.eu/portal/page/portal/purchasing_power_parities/introduction

- OECD: <http://stats.oecd.org/Index.aspx>.

Comparing the evolution of the prices of postal services with the evolution of the consumer price index (CPI), or an equivalent index, may be interesting to understand and/or benchmark the behaviour of the sector compared to the rest of the economy or to other sectors.

Data regarding CPI are usually collected through the national statistical offices.

Information and data on Harmonised indices of consumer prices (HICPs) can be found in Eurostat: <http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/introduction>.

Link to NRAs needs

The monitoring of indicators on the price of services is useful for NRAs:

- for statistical purposes (article 22a, nr. 1, b), of the Postal Directive), in order to disclosure information to users, postal service providers and other interested parties about the sector and its evolution;
- for monitoring the provision of the universal service in order to ensure that the prices of services forming part of the universal service are affordable and such that users have access to the services provided, as requested by article 3, nr. 1, and article 12, 1st indent, both of the Postal Directive. This monitoring provides useful information to



ERGP (12) 32 - Report on indicators on postal market NRAs to take decisions on the regulatory tools and remedies to implement in order to ensure access to the universal service.

- **Price of service provided for bulk mail**

Definition

Bulk mail broadly refers to larger quantities of mail prepared for mailing, usually for businesses, bulk mailers or consolidators. Its price usually includes discounts, or is processed at a reduced postage rate, when compared to the price offered to end-user typical residential customer.

Purpose

This indicator would provide information on the price of bulk mail provided to senders of bulk mail, usually business customers (and not residential customers).

Level of detail

The NRA would choose the service or services that are better suitable or that better represent bulk mail in its country. For example, bulk mail correspondence.

NRAs should at least monitor the price of these services if they are within the scope of universal service.

One example would be the price for sending bulk mail items of (non-priority) correspondence, of 20gr or 50gr.

Collection

NRAs should collect this indicator at least annually, in order to monitor the evolution of the prices.

Data source

Postal service providers.



Benchmarks

When comparing the prices of services offered by different postal services providers, special attention has to be made to the service features, in order to compare comparable services.

The services being compared should be services that are offered to the same geographical area (e.g, the national territory of a country), in the same or equivalent routing time (D+n), and with the same or similar access conditions (for example minimum number of items sent). Postal items with the same weight and/or format (e.g., a 20 gr letter sent within a standardised format or dimensions), depending on the system used by postal service providers to fix the prices, should also be used.

The same applies for international benchmarks, with the necessary adaptations. For example, for benchmarking domestic prices of a given service, the benchmark should consider the prices for sending postal items within each country considered.

In case of international benchmarks, please refer to the above said about the end-user price of service provided at single piece tariff for typical residential customer.

Link to NRAs needs

The monitoring of indicators on these prices is useful for NRAs:

- for statistical purposes (article 22a, nr. 1, b), of the Postal Directive), in order to disclose information to users, postal service providers and other interested parties about the sector and its evolution;
- for monitoring the provision of the universal service in order to ensure that the prices of services forming part of the universal service are non discriminatory and transparent, as requested by article 12, 4th and 5th idents, both of the Postal Directive. This monitoring provides useful information to NRAs to take decisions on the regulatory tools and remedies to implement in order to ensure non discriminatory access to the universal service.



- **Quality of service indicators**

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.

Notwithstanding, the monitoring of quality of service indicators is useful for NRAs:

- for statistical purposes (article 22a, nr. 1, b), of the Postal Directive), in order to disclosure information to users, postal service providers and other interested parties about the sector and its evolution;
- for monitoring the provision of the universal service in order to ensure that users have access to services of good quality at all points of the territory, as requested by article 3, nr. 1, and articles 16 to 19, both of the Postal Directive. This monitoring provides useful information to NRAs to take decisions on the regulatory tools and remedies to implement in order to ensure access to the universal service.



Category: Market structure

Purpose

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

Link to NRA needs

The monitoring of these indicators is useful for NRAs:

- for statistical purposes (article 22a, nr. 1, b), of the Postal Directive), in order to disclosure information to users, postal service providers and other interested parties about the sector and its evolution;
- for monitoring the provision of the universal service and the evolution of competition.

This monitoring provides useful information to NRAs to take decisions on the regulatory tools and remedies to implement in order to ensure the provision of the universal service, to promote the interests of users and to promote competition.

• **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;
- 3rd 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**

Purpose

The objective is to have information on the level of market 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:

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

MS₁ is the market share of the largest provider, MS₂ 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:

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

HHI⁷ 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.

⁷ 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%. $HHI = 80^2 + 15^2 + 5^2 = 6650$.



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 customer’s complaints.

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.



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 a national level.

Collection

Annually.

Data source

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

Considerations / observations

This indicator is useful to be compared with GDP in each country.

Data regarding GDP are usually collected through the national statistical offices. Notwithstanding, information on GDP can be found in Eurostat:

http://epp.eurostat.ec.europa.eu/portal/page/portal/national_accounts/data/main_tables.

- **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.



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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 power 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"*.



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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 required by the NRA, 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” as these are very different markets. One refers to the postal services that are used by households and small companies that do not have negotiation power and the other refers to the postal services that are used by big companies who can possibly negotiate with postal operators.

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,*



ERGP (12) 32 - Report on indicators on postal market *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 is 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. Direct mail is, for instance, supposed to have high price elasticity.

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 services⁸ 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 { 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.

⁸ OJ C 39, 6.2.1998, p. 2.



Table 7 - Example of indicators on revenues and volumes

| | | |
|---|----------|---------|
| I. Domestic Items | | |
| I.1 Correspondence Items* | | |
| | 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. | | |
| I.2 Registered items | | |
| | Revenues | Volumes |
| Registered mail corresponds to registered or insured mails. | | |
| I.3 Parcels | | |
| | Revenues | Volumes |
| Examples of possible disaggregation: | | |
| Postal parcels within US / outside US | | |
| Non-express / Express postal parcels | | |
| Registered / Non-registered postal parcels | | |
| I.4 Catalogues, newspapers, periodicals | | |
| Includes catalogues, newspapers, periodicals, sent as postal items. | | |
| | Revenues | Volumes |
| II. International outbound cross-border items | | |
| | Revenues | Volumes |
| Correspondence items (excluding direct mail) | | |
| Direct mail | | |
| Parcels | | |
| Catalogues, newspapers, periodicals | | |



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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

Definition

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).

Access points can include 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.

Purpose

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.

Link to NRAs needs

The monitoring of indicators on access points is useful for NRAs:

- for statistical purposes (article 22a, nr. 1, b), of the Postal Directive), in order to disclose information to users, postal service providers and other interested parties about the sector and its evolution;
- for monitoring the provision of the universal service in order to ensure that users have access to the services provided, as requested by article 3, nr. 1, of the Postal Directive. This monitoring provides useful information to NRAs so as to take decisions on the regulatory tools and remedies to implement in order to ensure access to the universal service.



- **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 3rd 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 Eurostat⁹.

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

A global figure collected from all the postal service providers should be monitored, as well as disaggregated between those related to the USP and those related to the other postal service providers.

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 take a particular attention to the access points where access to services in the scope of universal services is provided. As a minimum, NRAs should monitor the offices of the USP, where residential household customers can have access to the provision of universal postal services.

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

Collection

At least annually.

⁹ ACC 202: (post) Offices open to the public and Postal agencies (source: Eurostat).



Data source

Data provided by postal service providers.

Other sources can be used to collect data or to compare with the data collected. For example, the Universal Postal Union (UPU) publishes statistics about postal establishments of the designated operators of the member countries of UPU¹⁰.

Benchmarks

When comparing statistical data about access points, in this specific case about postal establishments, special attention has to be made in order to compare similar access points and access points providing the same range of services: for example if the objective is to compare access points where customers can have access to universal postal services, then particular attention should be taken so as not to include access points where only other services are provided.

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.

Data for the population and area of each country can be obtained in several publicly available sources. For example:

- Eurostat: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=demo_pjan&lang=en;
- The national statistics entities in each country.

This indicator should be analysed alongside with other indicators, as for example indicators on users' complaints about access to postal services¹¹ and indicators about customer

¹⁰ Designated operator: any governmental or non-governmental entity officially designated by the member country [of UPU] to operate postal services and to fulfil the related obligations arising out of the Acts of the [UPU] on its territory (source: UPU).

¹¹ According to the European Standard EN 14012:2008 Postal services - Quality of service - Complaints handling principles, developed by CEN, a complaint about access to postal services is a complaint about how and when postal services are available. Examples would be complaints about opening hours at post offices, about queues at post offices, about cleanliness of post offices, about access for disabled and handicapped people, about access points for postal services provided by the service provider through franchised operations.



ERGP (12) 32 - Report on indicators on postal market satisfaction, in order to obtain better information about quality of service and access to postal services, as well as along with indicators about the number of postal service providers and services offered, in order to have better information on possible alternatives to users to have access to postal services.



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 3rd 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 small number of complaints does not indicate by itself high levels of customer satisfaction. It could indicate that customers have a low tendency to complain 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 a specific report on complaint handling procedures and consumer protection.

Benchmarking

The NRA may monitor:

- % of postal service providers with complaint handling procedures in place;
- % of postal service providers publishing Quality of Service performance;
- % of postal service providers who have compensation (redress) schemes in place for individual customers;
- % of postal service providers who provide an escalation process for resolving consumer complaints.

• **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 3rd entities that collect this data, as well as reports published by the postal service providers (as for example statutory accounts).



Considerations / observations

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

Benchmarks

For international benchmarks, due to the different dimensions of the postal service providers and of the postal sector in each country, it may be useful to compare:

- the proportion of persons employed in the postal sector in relation to the total employment in the country;
- the relation between the number of employees and the volume of postal items delivered.

Information about employment in each country can be collected from Eurostat (http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_ifs/introduction) and from the national statistics entities of each country.



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 3rd entities that collect this data, as well as reports published by the postal service providers (as for example statutory accounts).

Considerations / observations

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



Benchmarks

For international benchmarks, it may be useful to compare:

- the proportion of investment in the postal sector in relation to the total investment in the country;
- the investment per capita.

In order to eliminate the effect of price level differences across countries, purchasing power parities (PPPs) may be used - please refer to the above section on indicators about “market outcomes”.



7. 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 though the suggested indicators could allow European benchmark of market development, however:

- Not all of the suggested indicators may be suitable to make cross-country comparisons at this time;
- 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.



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Table 8 – Summary of core indicators

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

