PUBLIC STAKEHOLDER WORKSHOP ON THE MAIN DEVELOPMENTS IN THE POSTAL SECTOR BETWEEN 2017 AND 2021

European Commission
September 29, 2022

Agenda

14:40-15:20 First part

- Important postal developments
- Environmental sustainability
- Employment
- Impact of the Covid-19 pandemic
- Developments in the universal service and consumer protection

15:20 – 15:45 Q&A
15:45 – 16:00 Coffee break

16:00 – 16:30 Second part

- The competitive landscape
- Cost structure, retail prices and rebates of cross-border parcel delivery

16:30 – 16:50 Q&A
16:50 – 17:00 Concluding remarks (European Commission)

Hard Facts about Copenhagen Economics

- Established in 2000
- Offices in Copenhagen, Stockholm, Helsinki and Brussels
- Single expertise: Economics
- 85+ employees, Ph.D. or M.Sc. in Economics
- Multiple nationalities and spoken languages: English, Danish, Swedish, Finnish, German, French, Spanish, Italian, Lithuanian, Romanian, Hungarian
- Dedicated to 14 service areas, incl. Postal & Delivery, State Aid, Climate & Sustainability, TMT & Digital

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our website

Our postal & delivery team

Our postal & delivery team helps public and private sector clients worldwide to understand, predict and solve problems that occur in postal and delivery markets.

We help our clients with

Postal regulation and reform

- Regulatory design and impact assessment
- User needs and future USO
- Access regulation
- Terminal dues
- Calculation of USO net costs
- Cost allocation
- Tariff regulation
- Regulatory cases

Strategy and business performance

- E-commerce and parcel delivery
- Strategy and business models
- Pricing strategies
- Environmental sustainability

Competition issues and State aid

- Competition/antitrust cases and compliance work
- Anti-competitive discounts
- Relevant markets
- State aid issues

Our team

Present today

Mindaugas Cerpickis
Managing Economist
Head of Postal & Delivery

Bruno Basalisco
Director

Martha Lahann
Analyst

Stephanie Spahn
Analyst

Anna Möller Boivie
Managing Director
Stockholm / COO

Henrik Ballebye Okholm
Managing Partner

Julia Sabine Wahl
Partner

Neil Gallagher
Managing Economist

Stephanie Tizik
Economist

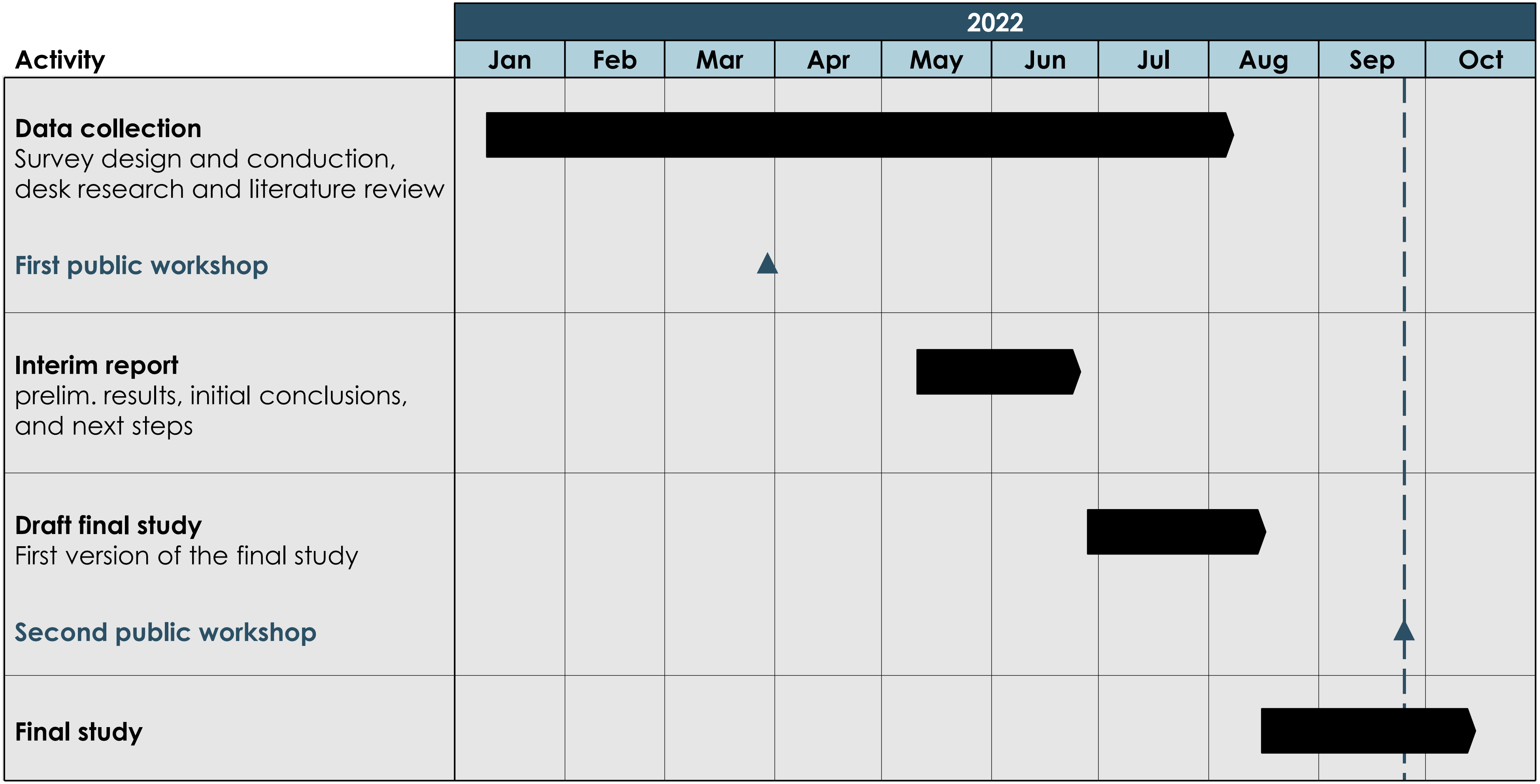
Elisa Pau
Economist

Victor Ahlqvist
Economist

Gerdis Marquardt
Senior Economist

Natasha Hillenius
Economist

Project timeline

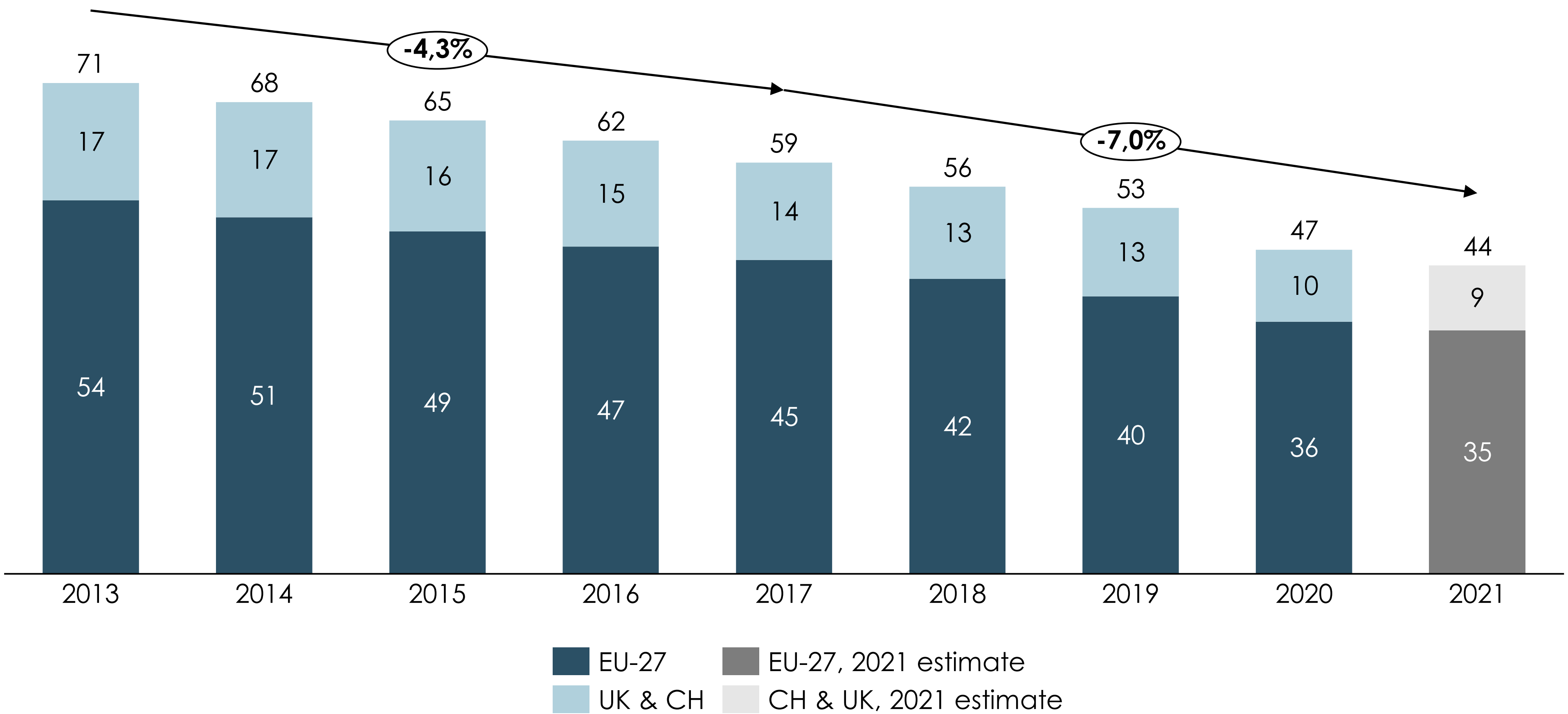


1
KEY MARKET DEVELOPMENTS

- **LETTER AND PARCEL VOLUMES**
- **PRICES**
- **QUALITY OF SERVICE**
- **REVENUES AND PROFITABILITY**
- **OTHER DEVELOPMENTS AFFECTING CROSS-BORDER FLOWS**

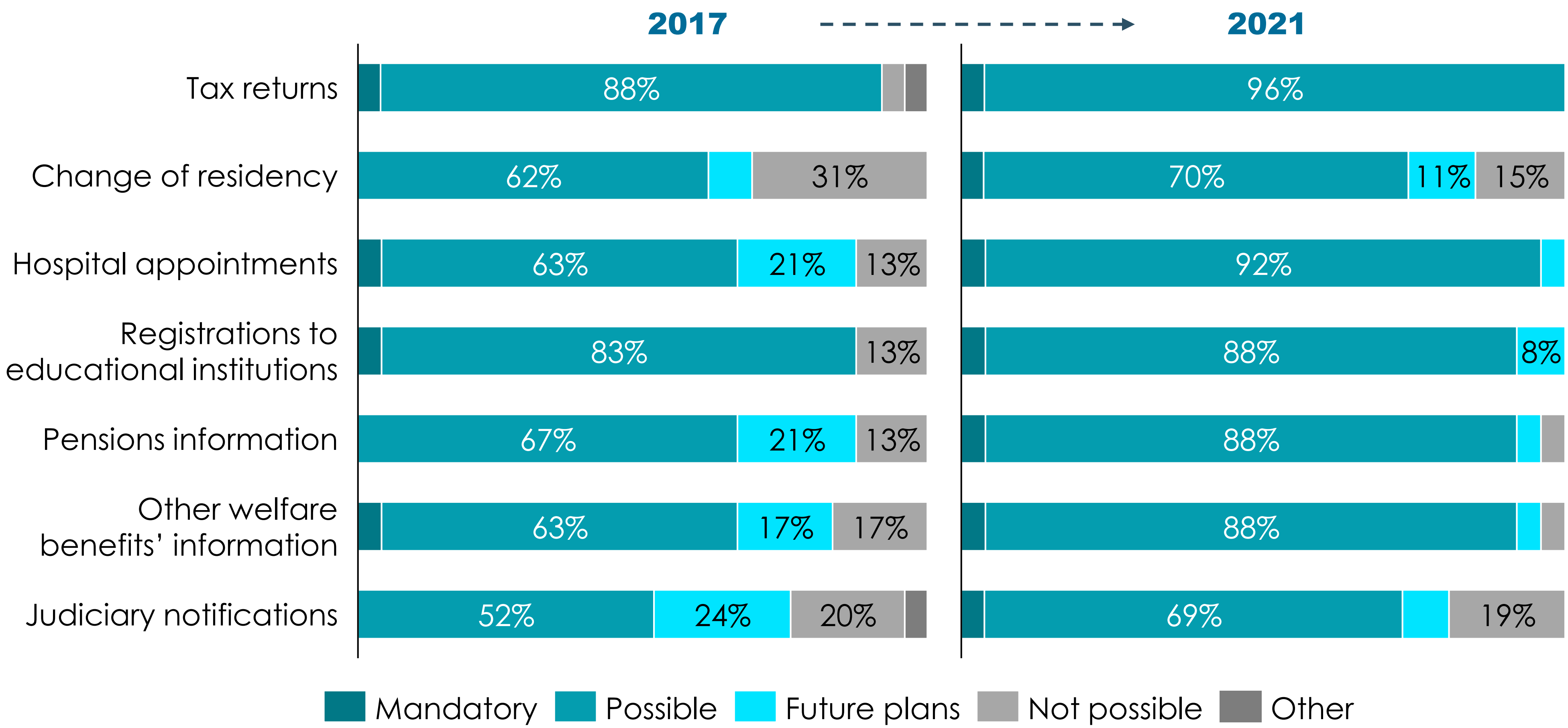
Letter post volumes in Europe decreased by 7 per cent annually between 2017 and 2021

Domestic letter post volumes, total market, single-piece and bulk, EU-27+UK&CH
Items, billions



The decline in letter volumes is likely to a large extent driven by e-substitution

Digital communication with public authorities, 2017 vs 2021
Share of countries



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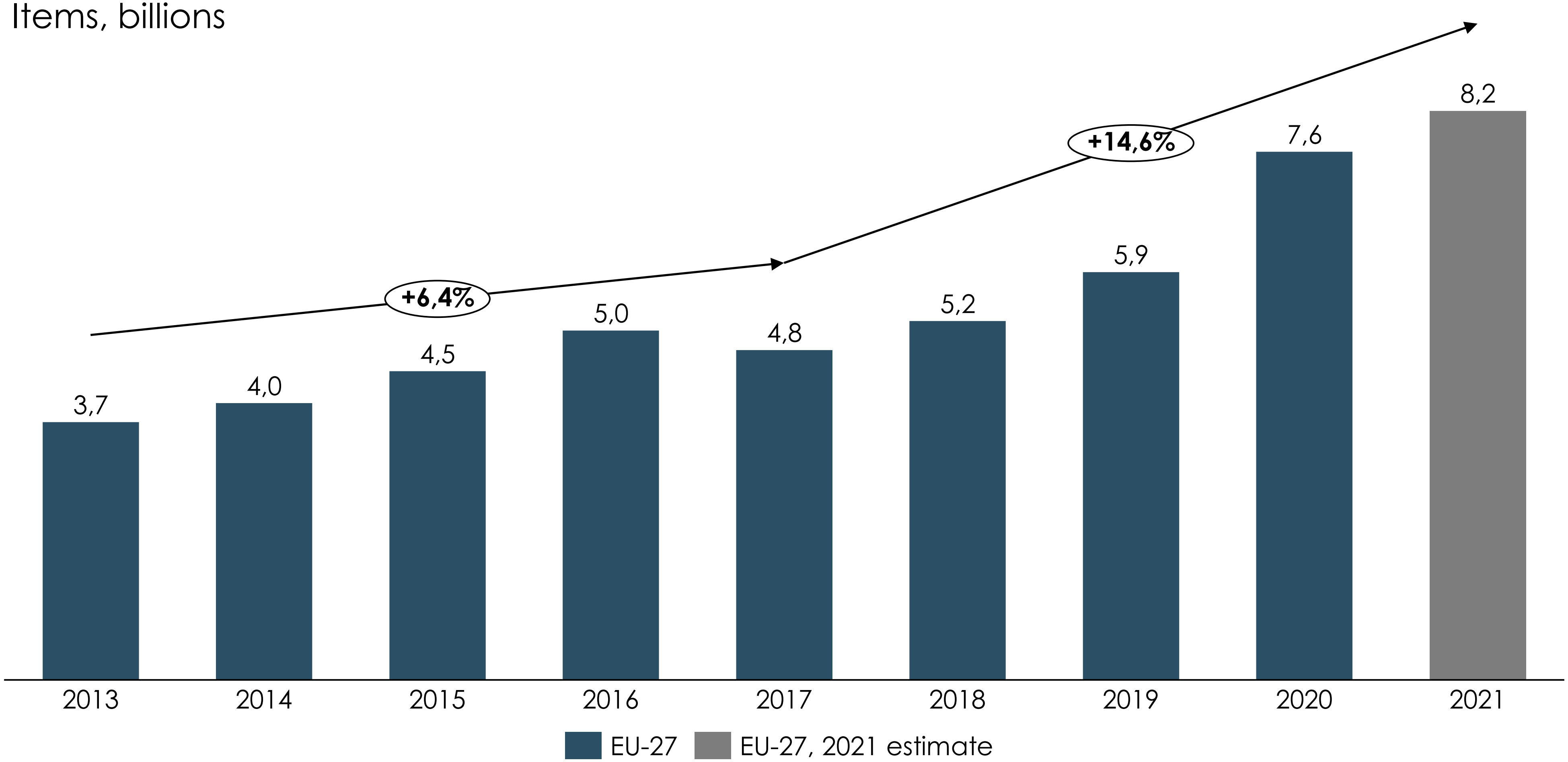
Demand for parcel and e-commerce related mail services has increased at an accelerating rate

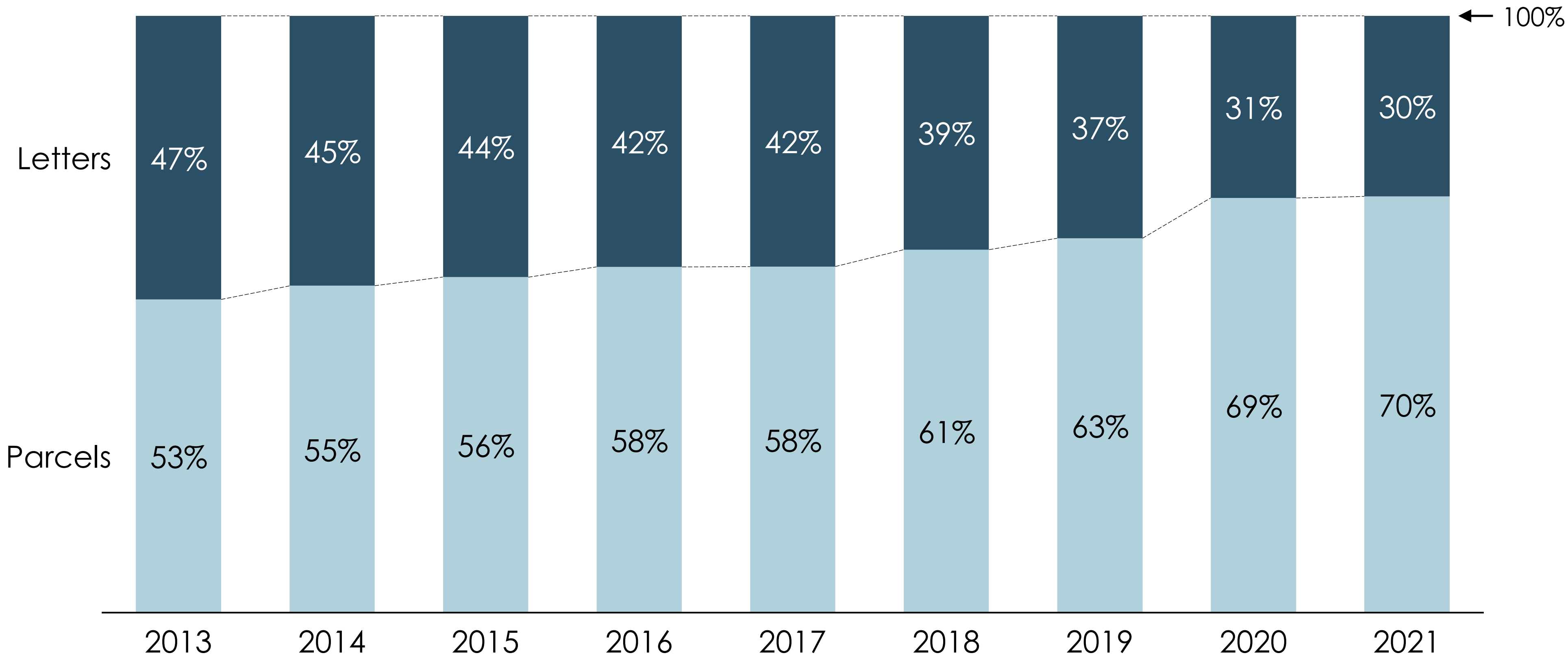
Domestic parcel volumes, total market, EU-27
Items, billions



As a result, parcel and express services contribute an increasingly larger share of total revenues for operators

Development of postal revenue, total market, EU-27 + CH&UK

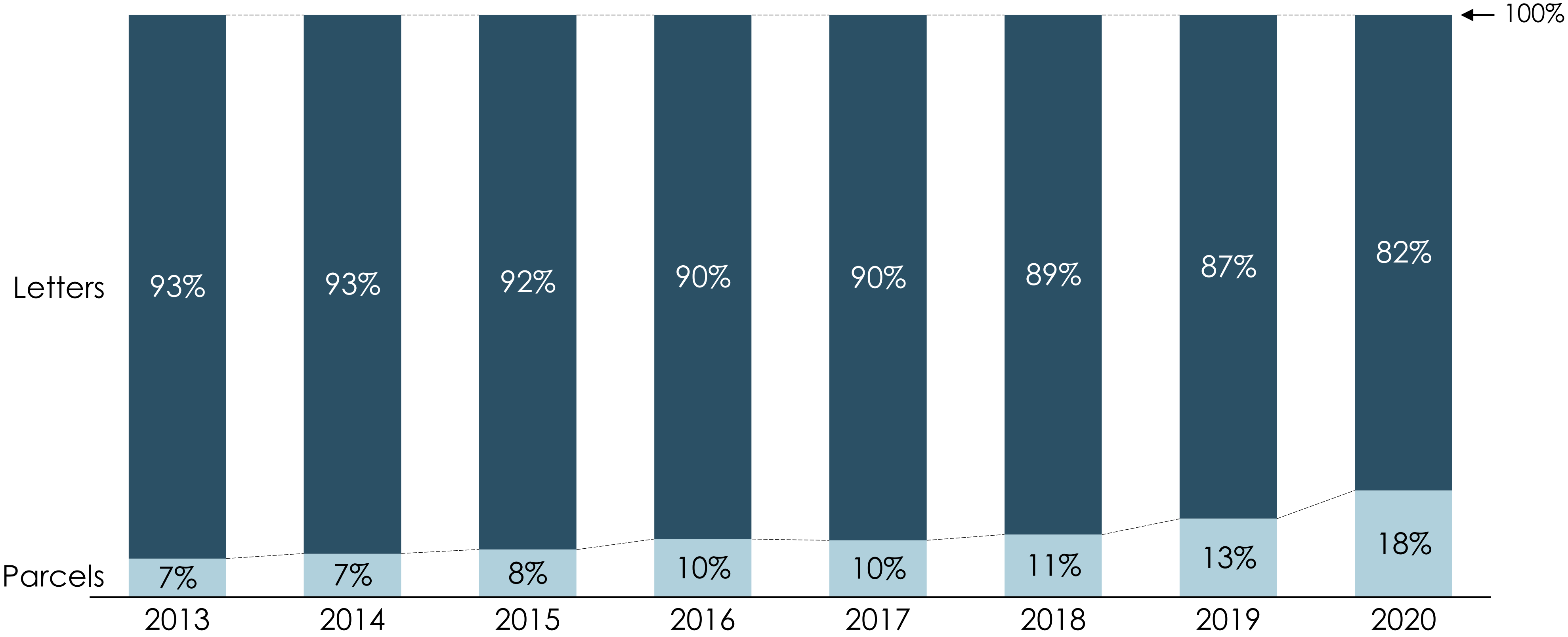
Composition of revenue in %



However, in terms of volumes, operators still deliver four times more letters than parcels

Development of domestic postal volumes, total market, EU-27 + CH&IS

Composition of volume in %



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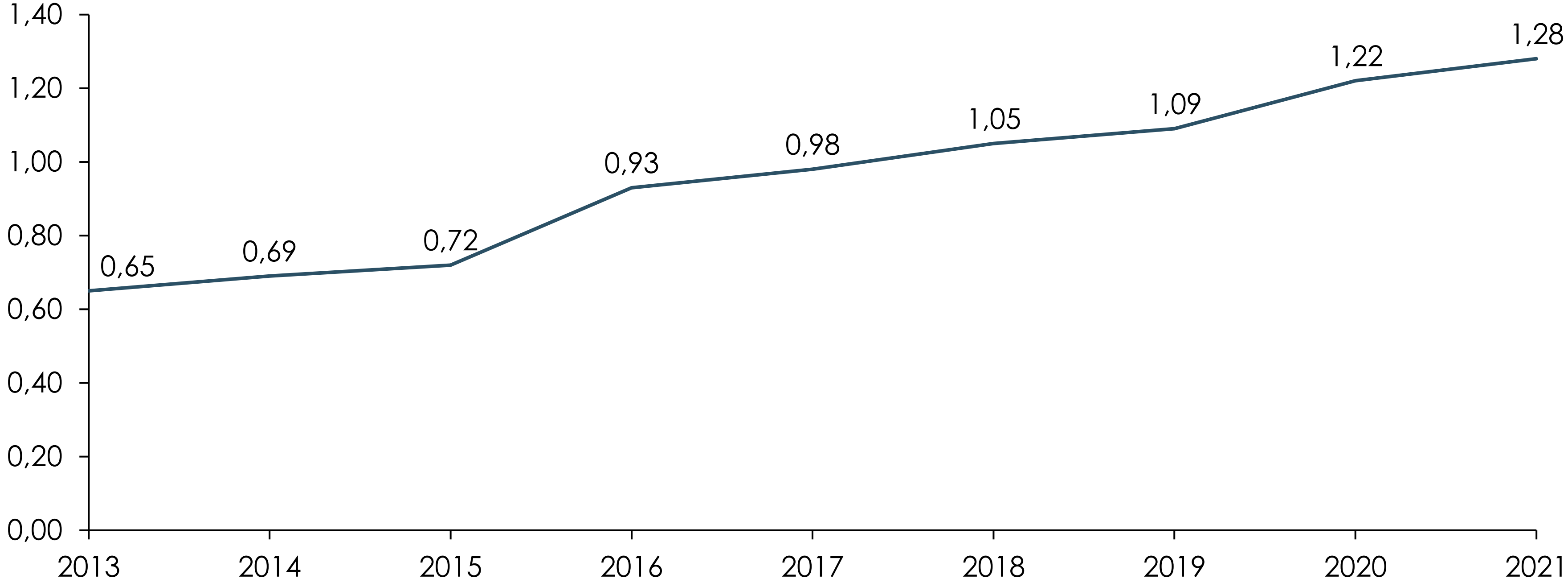
20g single-piece FSC letter prices increased from an average 0,65 EUR in 2013 to 1,28 EUR in 2021

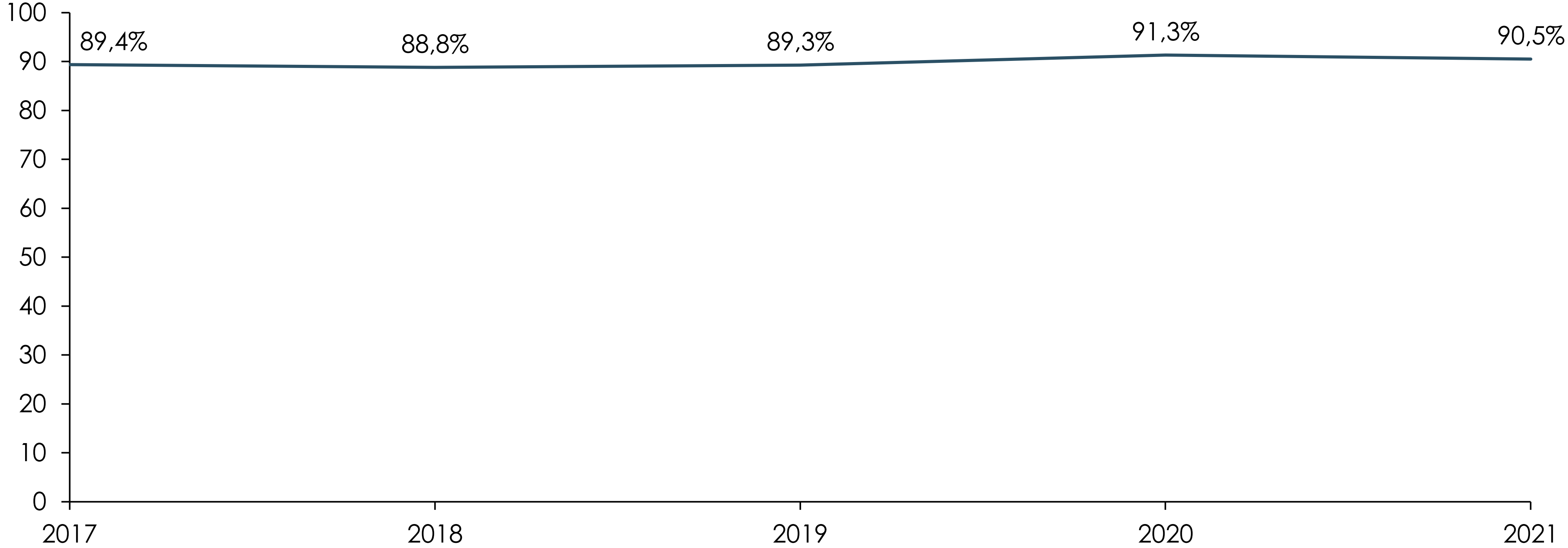
Domestic 20g single piece letter prices, FSC, 2013-2021, Europe
EUR, unweighted average



Source: USPs

The quality of service of priority mail has remained relatively constant during the 2017-2021 period

D+1 delivery performance, domestic, 2017-2021, Europe
% of D+1 letters that arrived in D+1, median

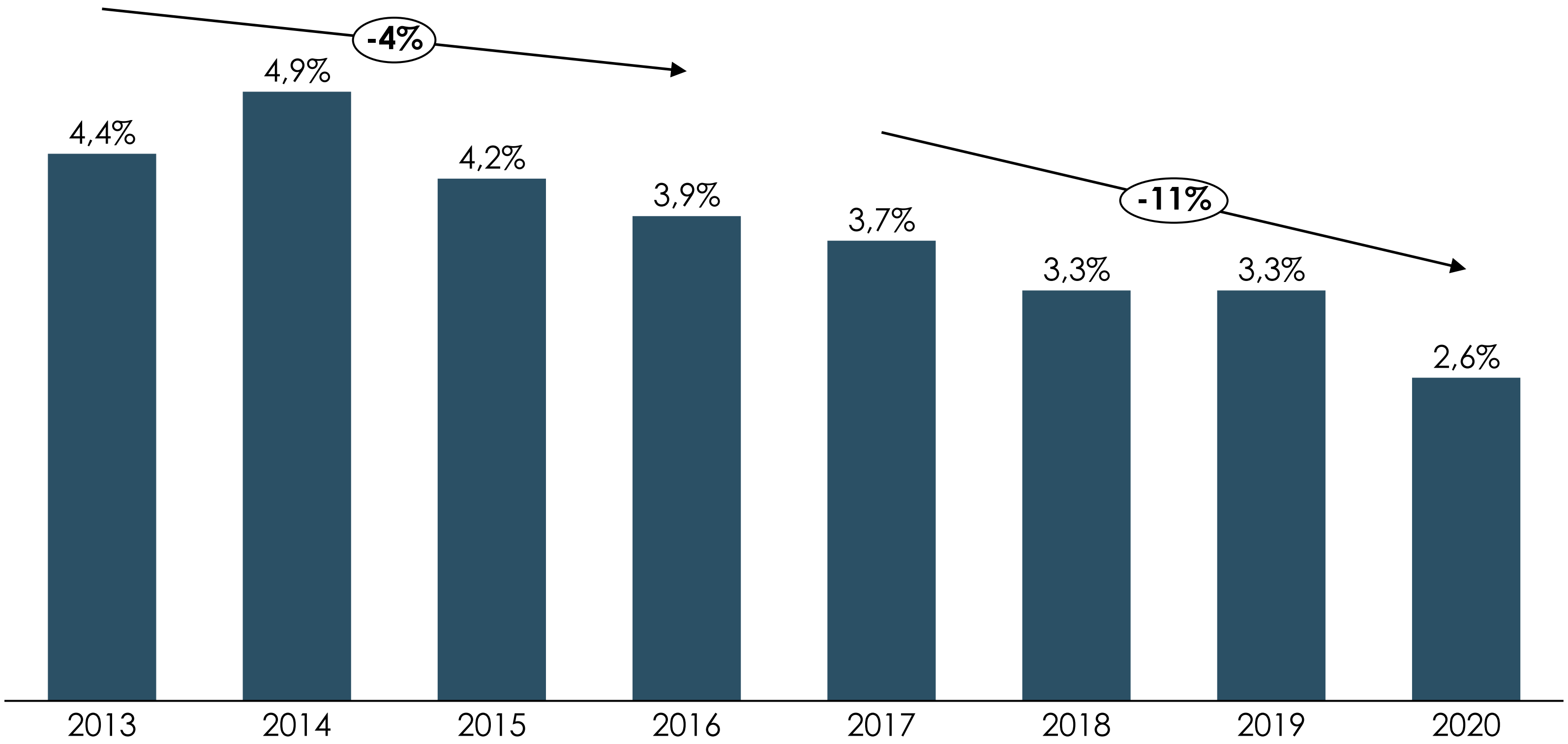


Source: NRAs

The average EBIT margin of USPs has been gradually declining by around 10 per cent annually between 2013 and 2020

Average EBIT (total business), USPs, 2013-2020, Europe

Per cent / change reported as compound annual growth rate (CAGR)

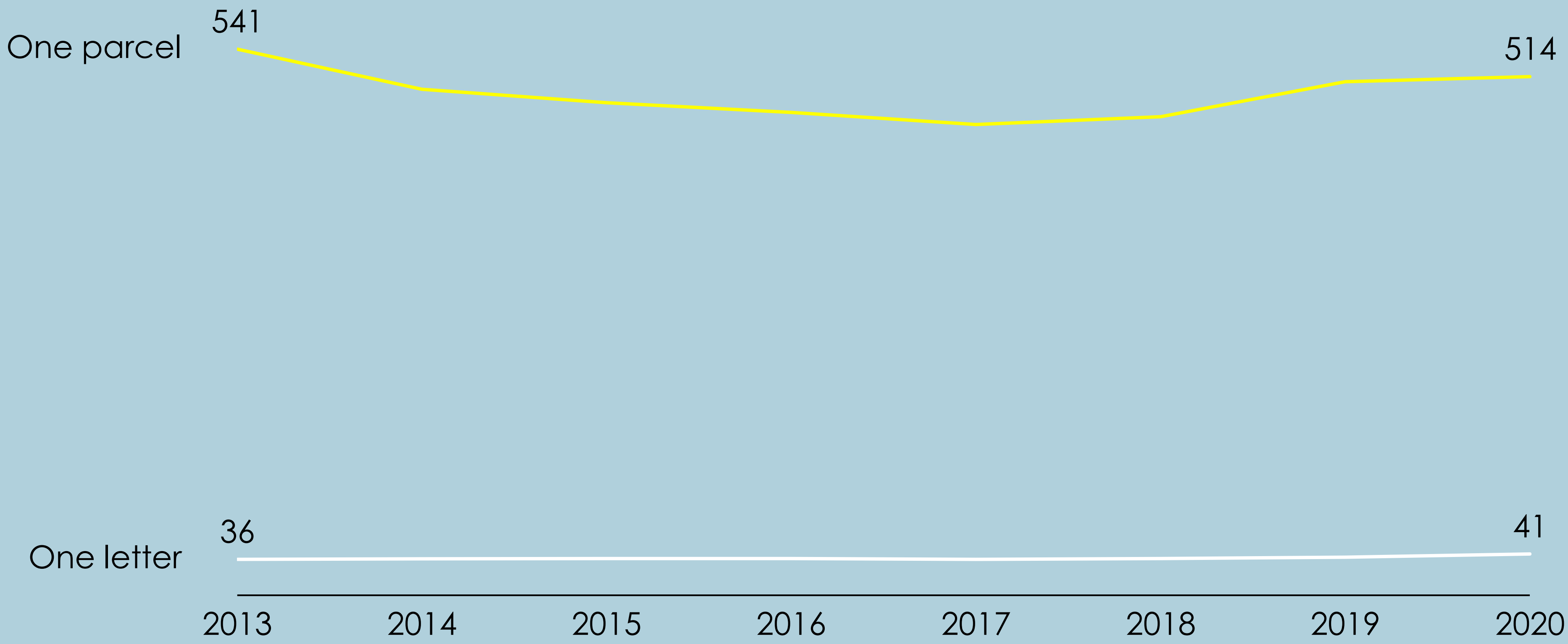


2
ENVIRONMENTAL SUSTAINABILITY

- ENVIRONMENTAL FOOTPRINT OF PARCEL AND LETTER DELIVERY IN THE EU
- KEY MEASURES TAKEN BY POSTAL AND DELIVERY OPERATORS
- KEY CHALLENGES TO ACHIEVING CARBON NEUTRALITY IN POSTAL SERVICES
- IMPACT OF THE USO ON THE ENVIRONMENT

Changes in the product mix (from letters to parcels) create challenges for postal operators to reduce their environmental footprint

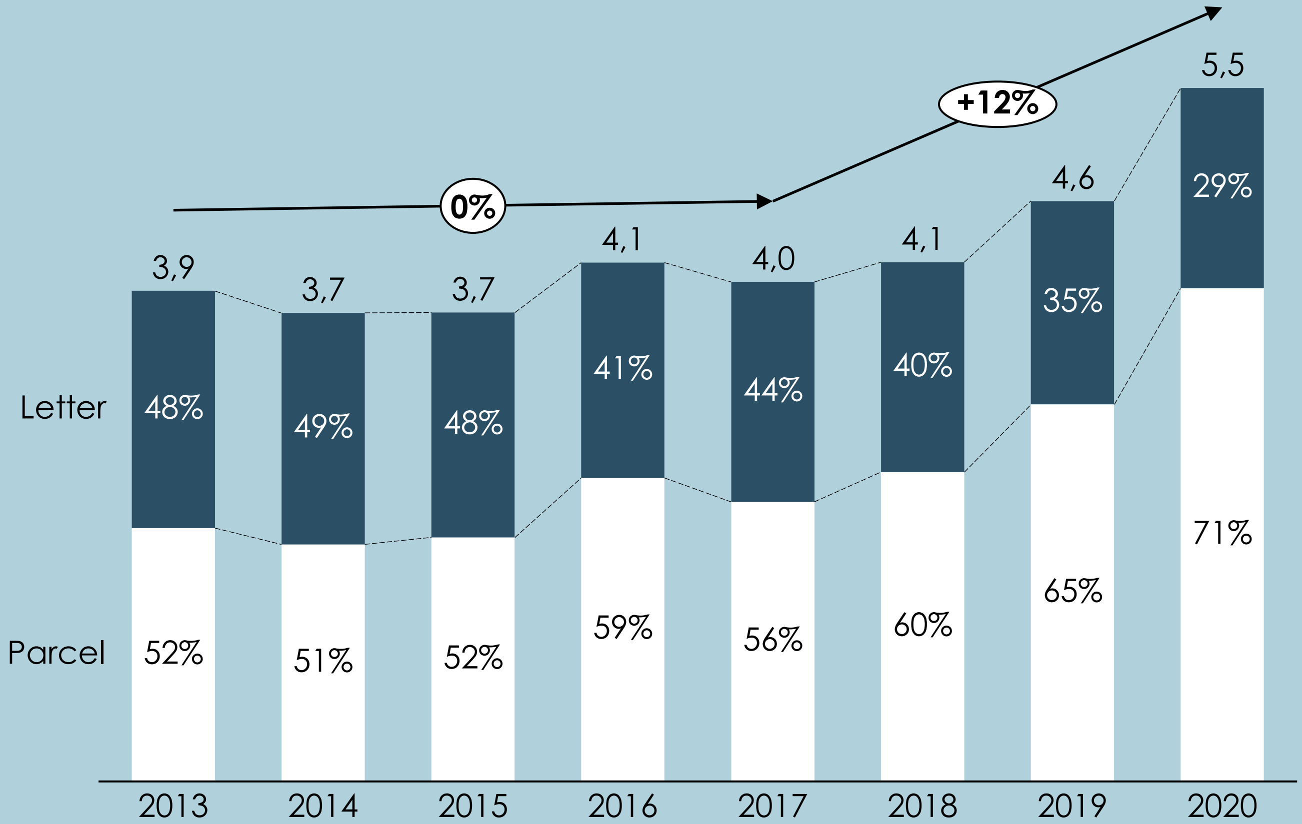
Grams CO2



Source: IPC, Postal Sector Sustainability Results 2021

CO2 emissions from domestic deliveries in the EU amounted to 5,5 million tons in 2020 and grew by an average 12 per cent annually since 2017

CO2 emissions, domestic letter and parcel delivery, EU27
Million tons CO2 / CAGR %



- *What is the environmental impact across the value chain?*
- *What measures have been taken by postal operators to mitigate the negative impact?*
- *What are the main challenges to achieving carbon neutrality?*

Note: Includes Scope 1, 2 and 3 emissions; cross-border deliveries not included. Source: Copenhagen Economics estimation

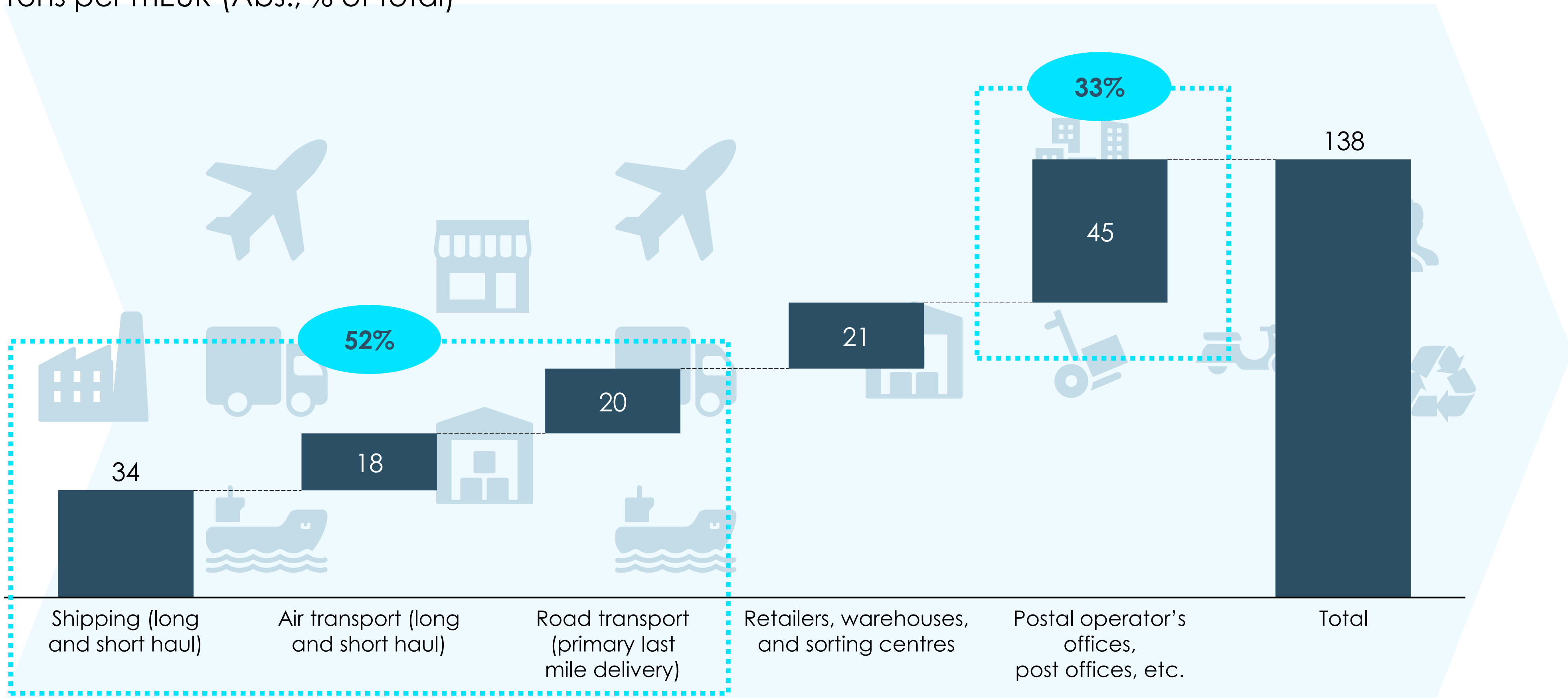
The postal value chain
A framework to tackle the challenges

The challenge

85% of emissions stem from transport & buildings

Distribution of carbon emissions for leading Nordic postal operators

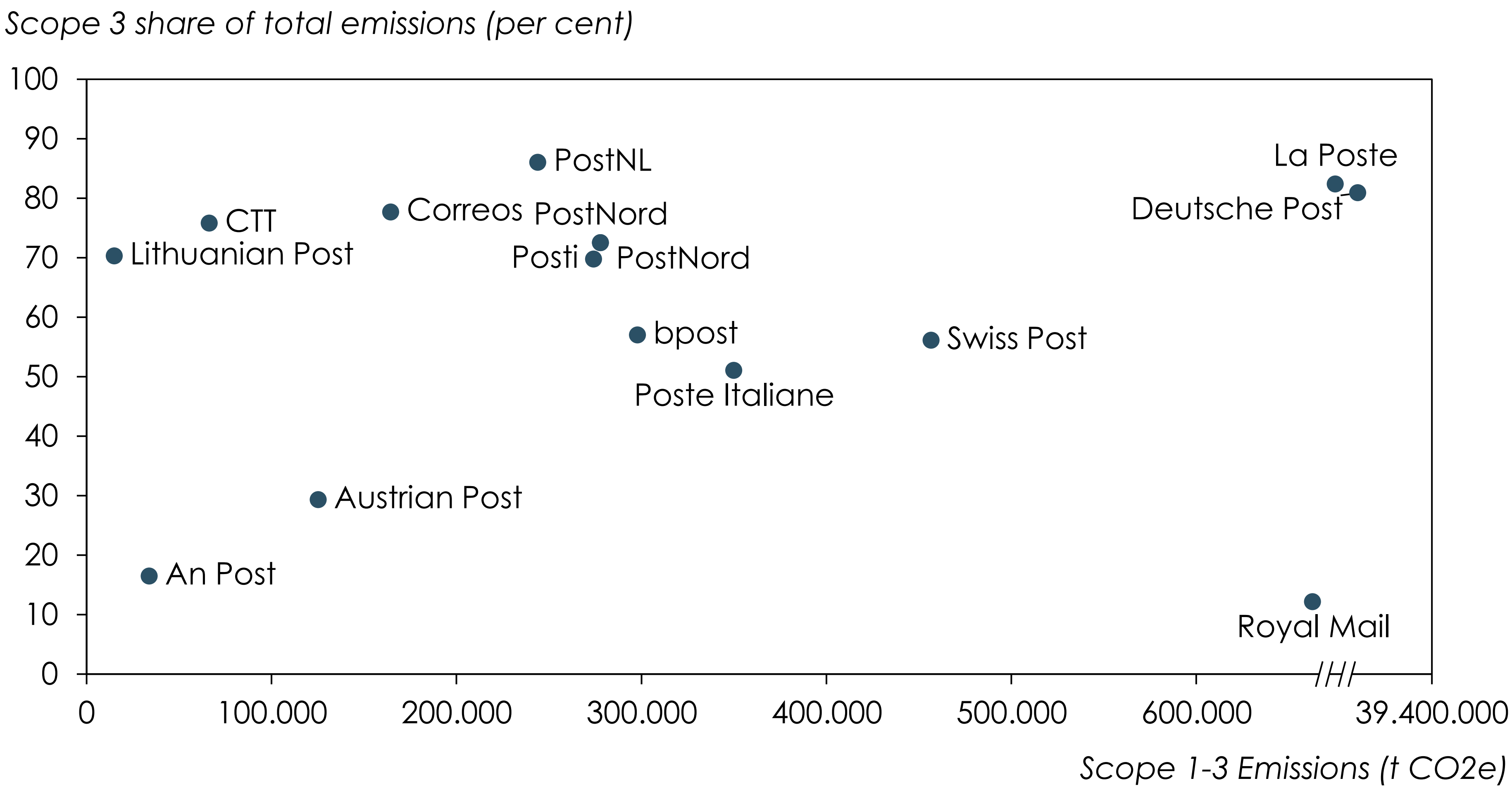
Tons per mEUR (Abs., % of total)



Source: Copenhagen Economics EEIO-model based on Danish Statistical Office Input- / Output-data data and CO2-multiplicatos

Scope 3 emissions from outsourced activities contributed on average 61% of total carbon emissions; however, not all operators report scope 3 emissions

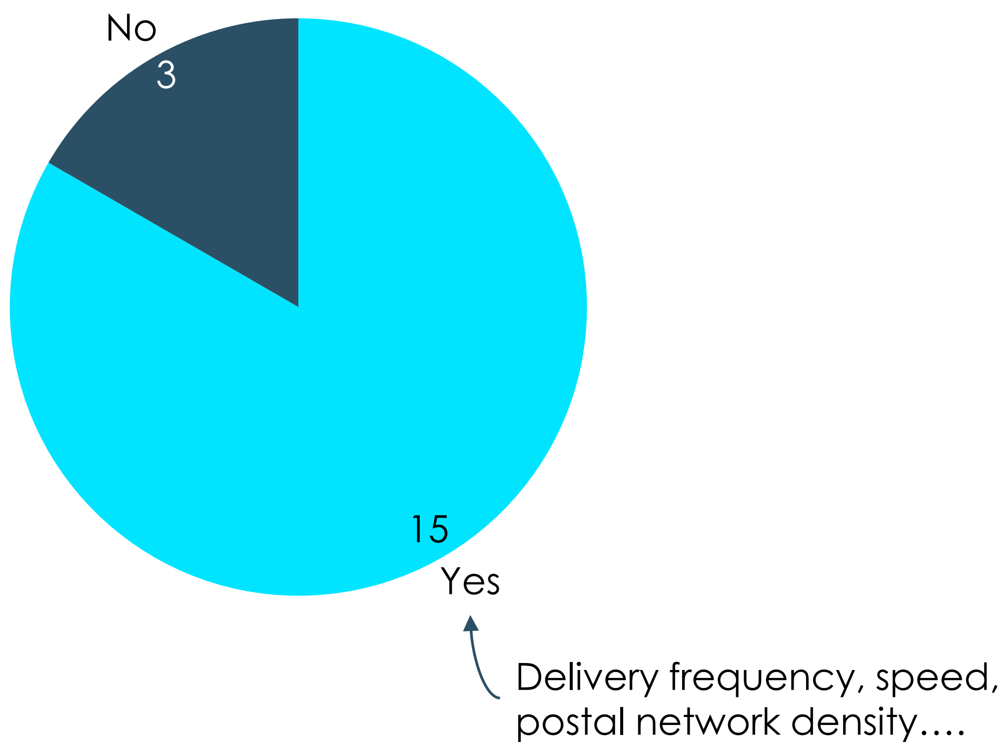
Scope 1-3 emissions, USPs, 2021



Most of the USPs responded that USO requirements constrain their ability to adapt and reduce environmental footprint

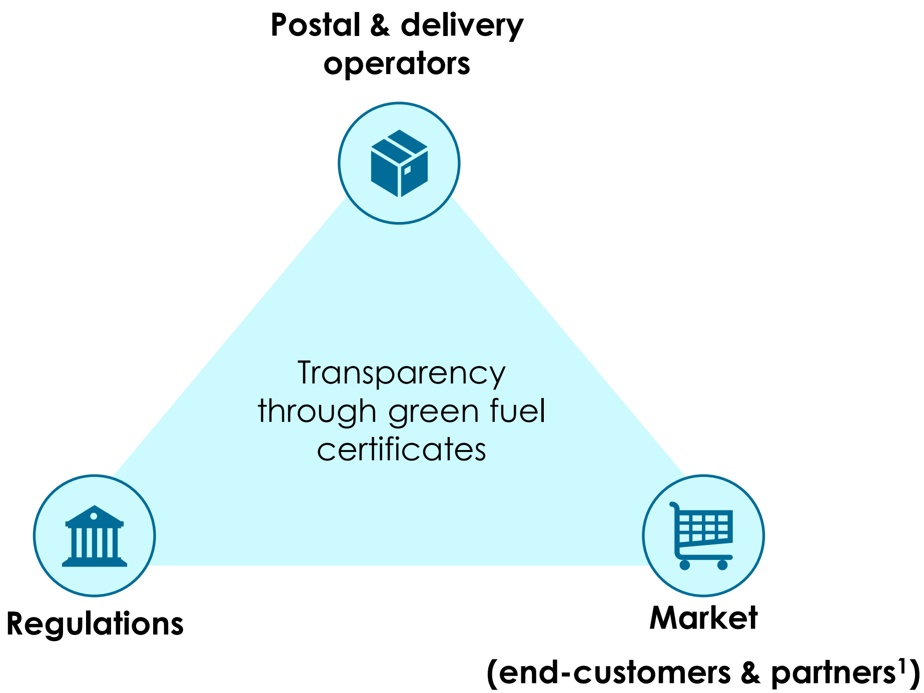
Is the USO constraining your ability to adapt and reduce your environmental footprint?

Number of USPs



A green transition for the sector
Broad involvement and transparency needed

Three fundamental players in driving the change



- Greening of the delivery fleet
- Improve energy efficiency in buildings
- Foster transparency
- Partnerships on reduced packaging
- Fleet optimisation (through partnerships)

- Closing cost vs. WTP gap e.g. through ETS and CO_2 taxes
- Subsidies to drive technological development
- Grid infrastructure investments – reforms needed
- Support development of green certificates
- Reward green postal practices

Partners to:
- drive reduced packaging initiative
- Foster transparency through the value chain

End customers to:
- demand and pay for green alternative

Core questions
- A gradual transition needed: pressure to change how fast can you go?
- Where is the willingness-to-pay in the value chain?
- Which changes should be driven by regulators and by the market?
- How do these economic actors interact around driving the green transition?

1) Business partners e.g., e-commerce businesses

3
EMPLOYMENT

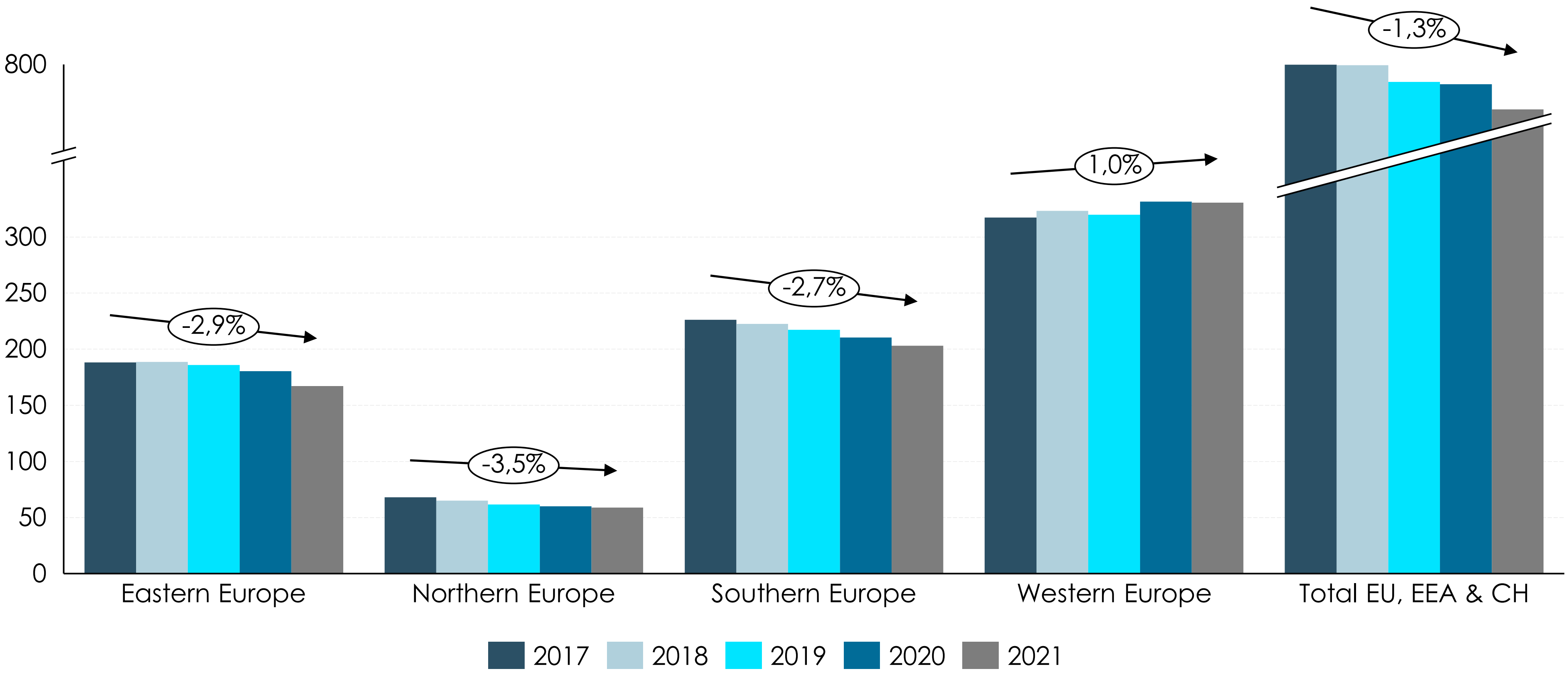
- **DEVELOPMENTS IN POSTAL SECTOR EMPLOYMENT**
- **EMPLOYMENT MODELS AND CONDITIONS**
- **CHANGING REQUIREMENTS FOR POSTAL EMPLOYEES**
- **THE ROLE OF SOCIAL PARTNERS**

DEVELOPMENTS IN POSTAL SECTOR EMPLOYMENT

Employment by USPs in Europe declined at 1,3 per cent annually on average

Evolution of USP employment, 2017-2021

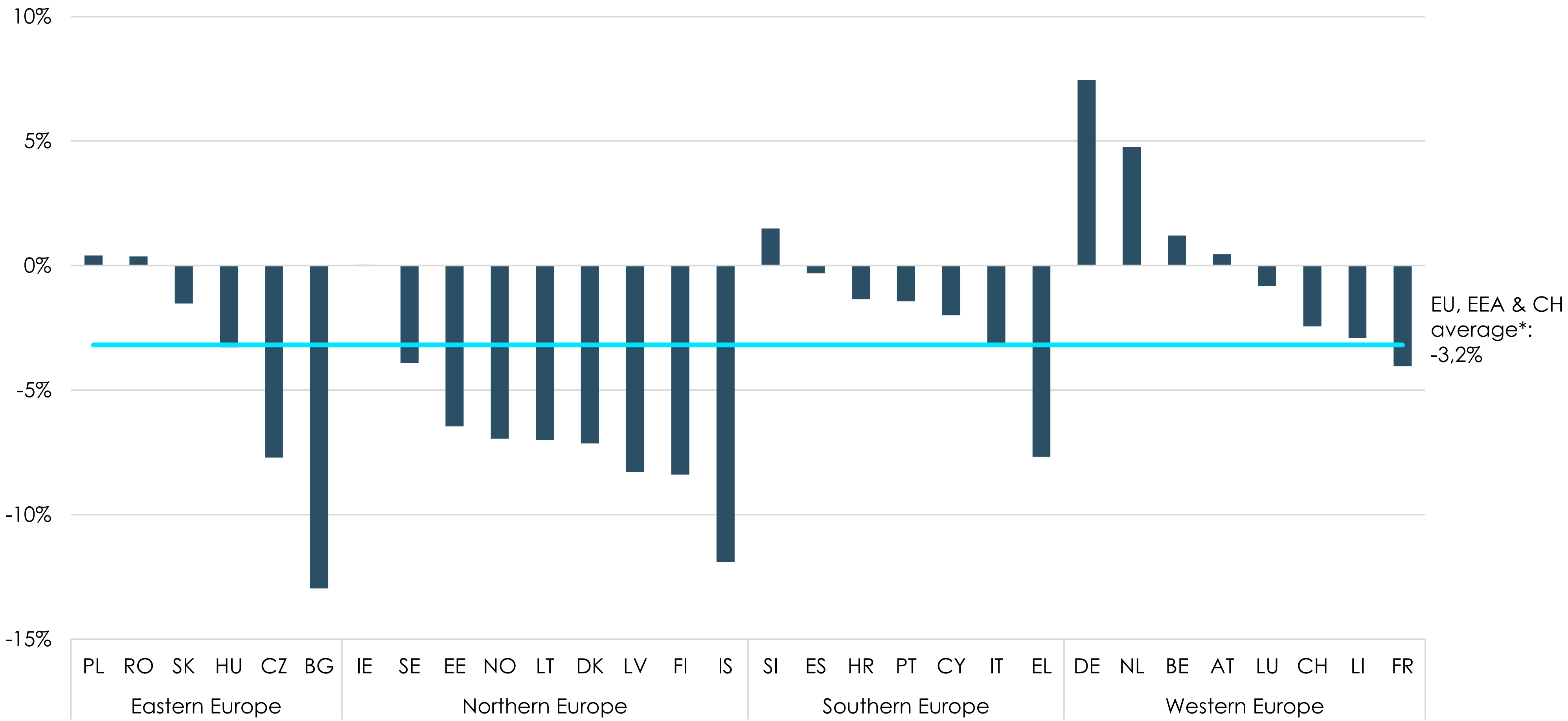
Staff employed in the home country, headcount, thousands



The development of employment in USPs varied across Europe during the period, although most experienced a decline

Evolution of employment at USPs, annual change, 2017-2020

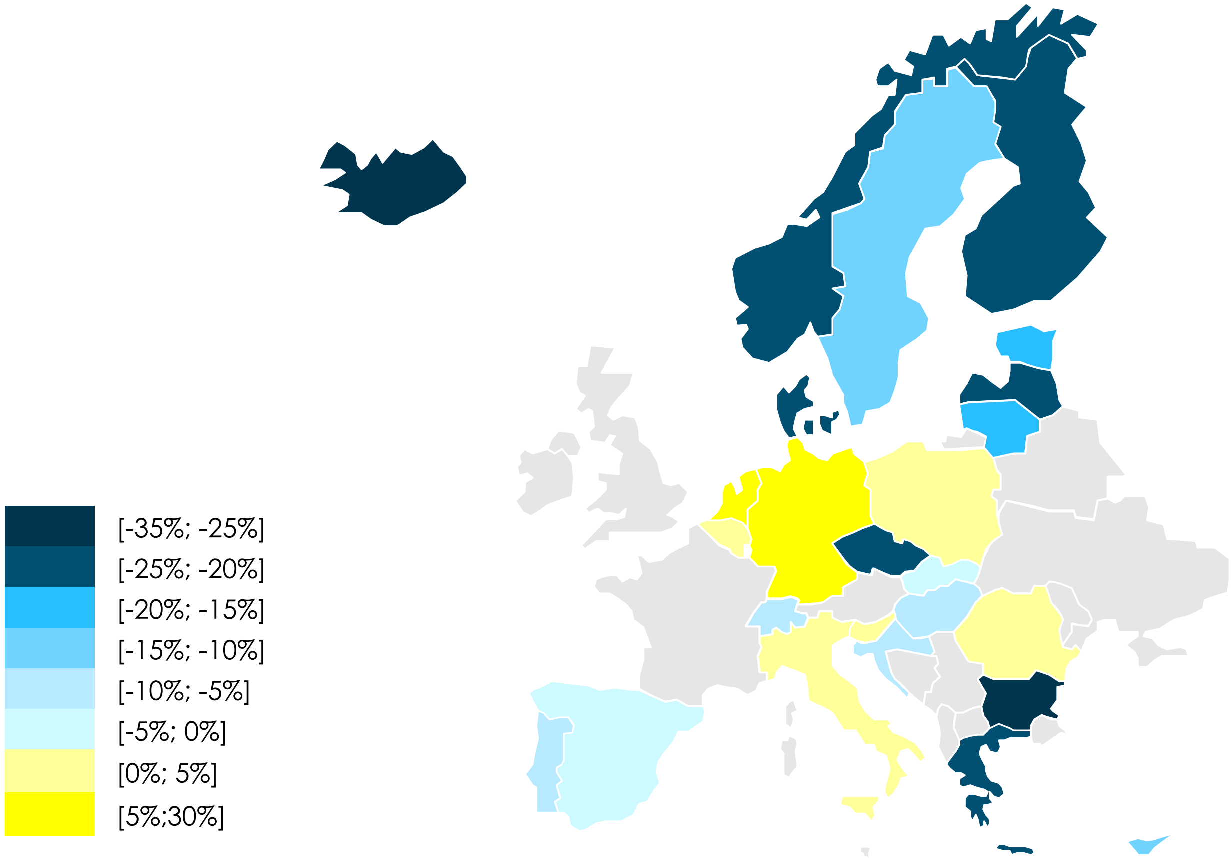
Annual percentage change in total USP employment



A decline in the number of USP employees translates into a decline of USPs’ employment contribution in total domestic employment in many countries

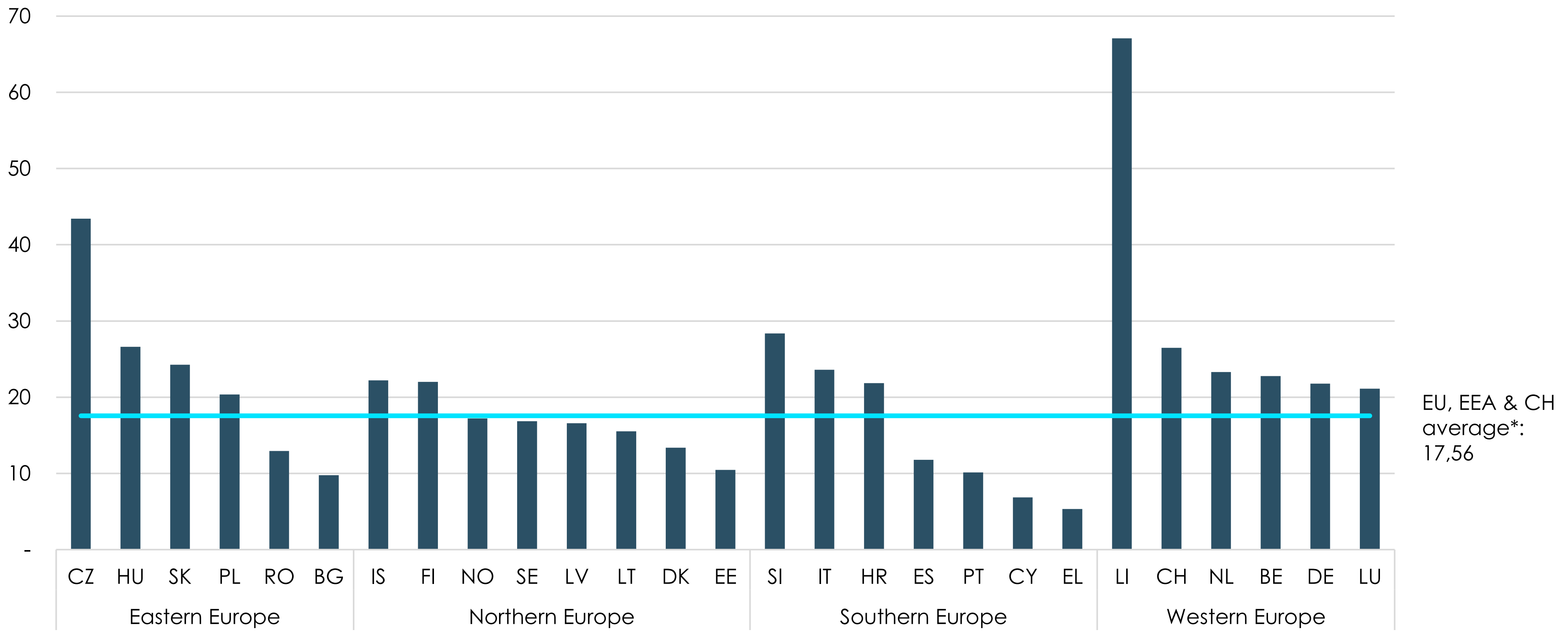
Overall percentage change of the USP’s share of employment, 2017-2020

Percentage change



Employment levels at USPs vary substantially, reflecting varying market circumstances and varying use of technology in delivery processes

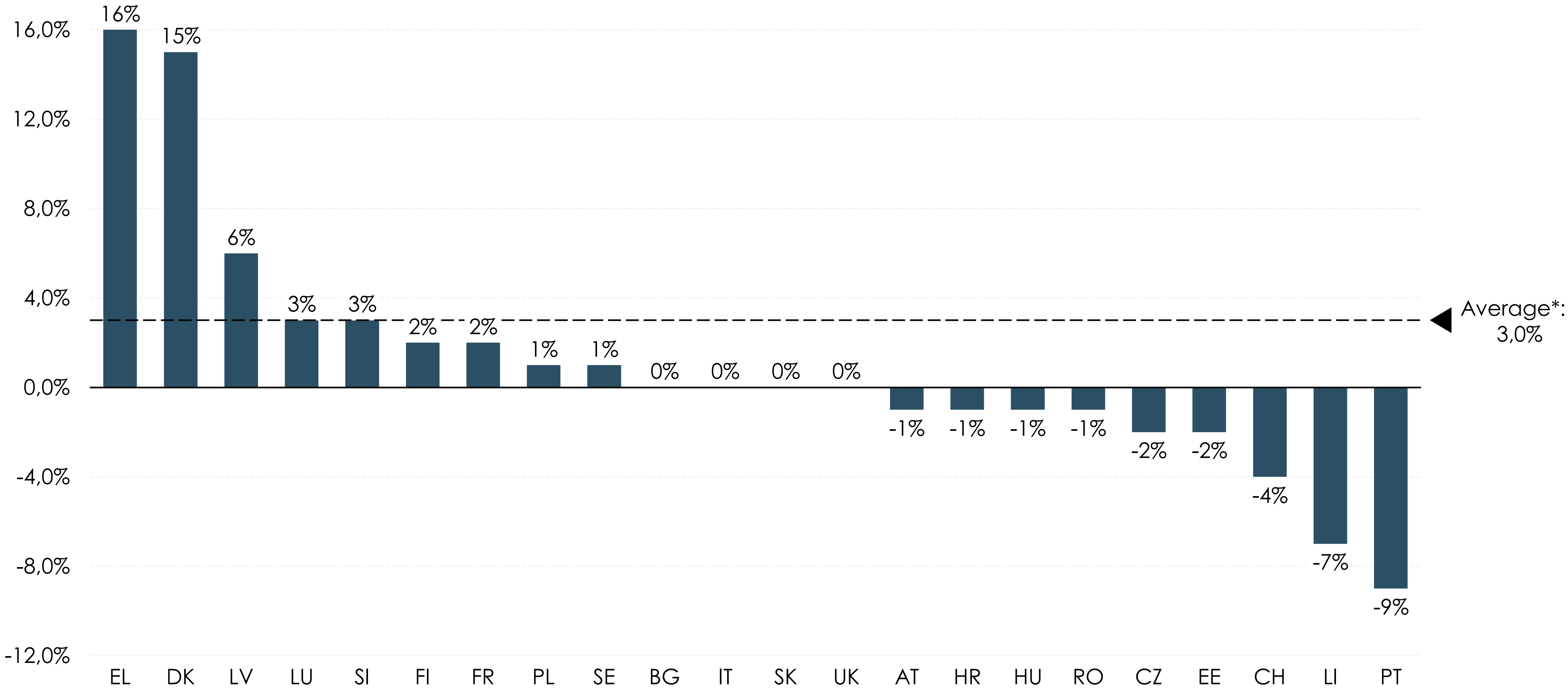
Total employment at USPs, per 10,000 inhabitants, 2020
USP headcount per 10,000 inhabitants



On average the share of employees working in delivery function grew by 3 per cent between 2017 and 2020

Share of delivery staff in the USPs' total employment, 2017 vs. 2020

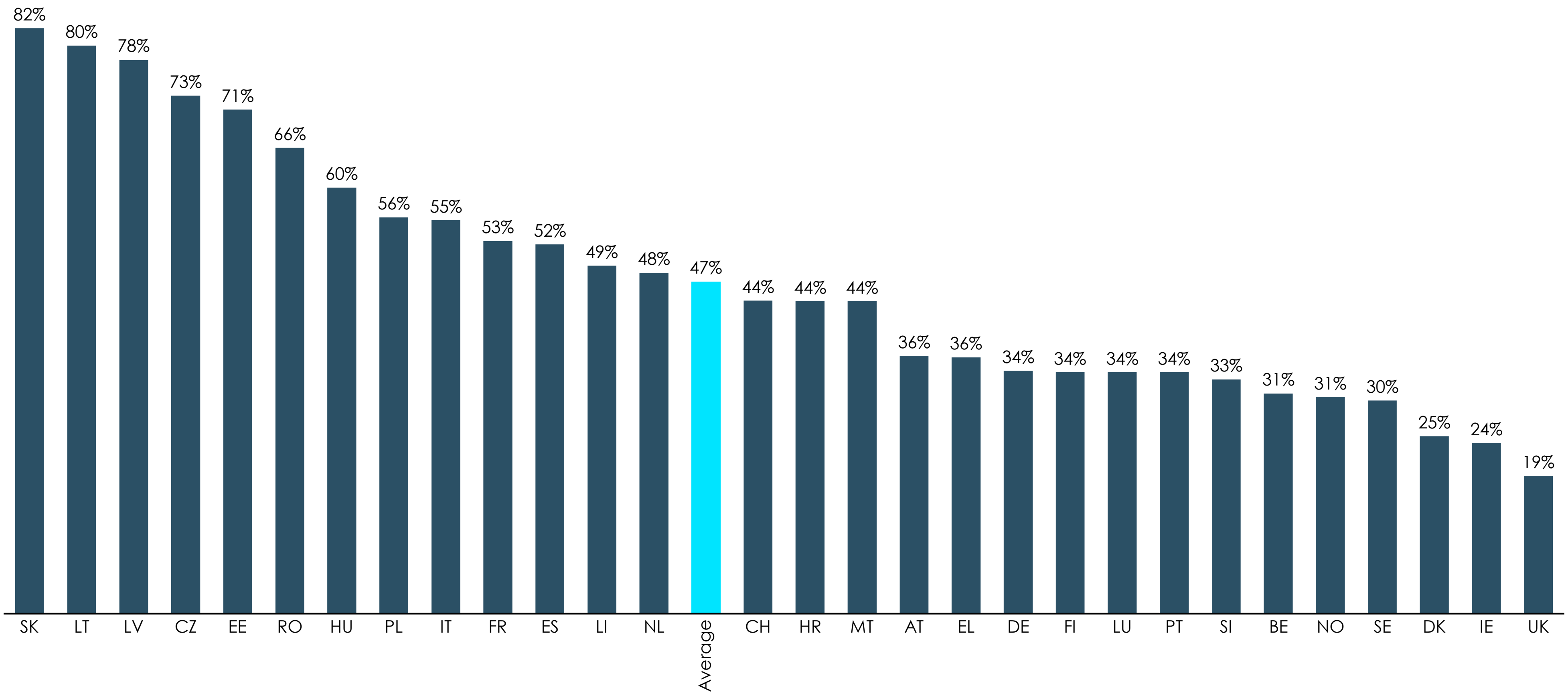
Percentage change, 2017 vs. 2020



In 2020, gender employment is more balanced across Europe, with the average share of women employed at USPs being 47 percent

Share of women in USPs' total employment, 2020

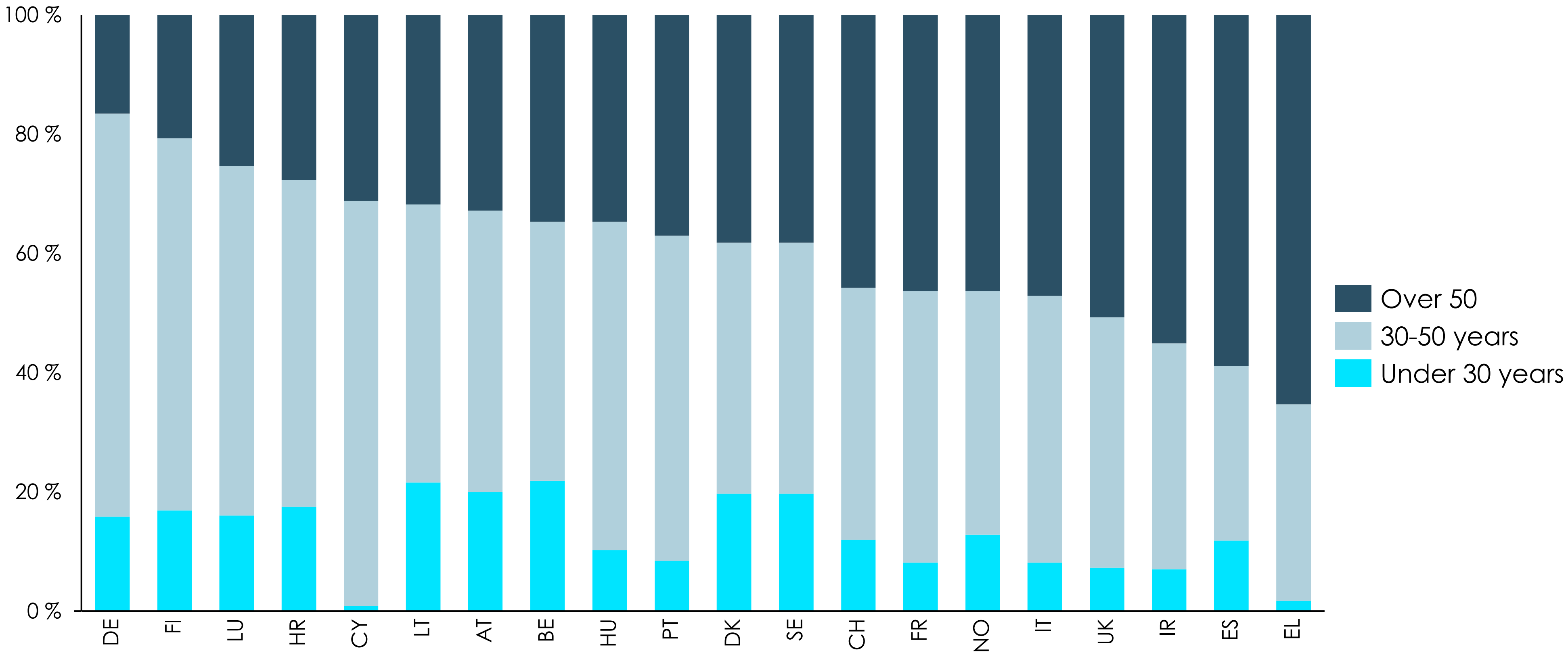
Share of female employees in total employment



The vast majority of the workforce at USPs is above 30 years old

Share of employees by age in USPs' total employment, 2020

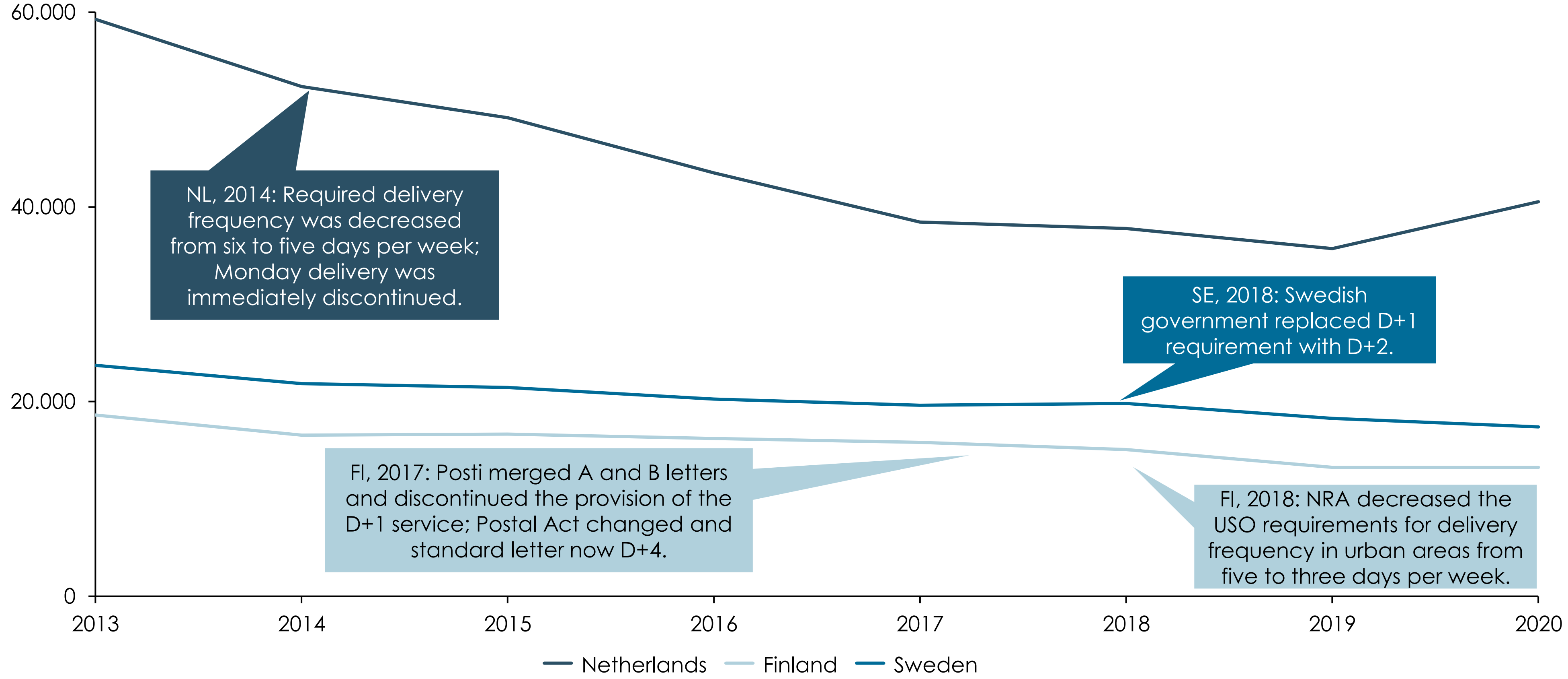
Share of total employees



We do not observe stark drops in USO employment following the reductions in USO requirements

USO employment development following USO changes, 2013-2020

Total headcount, USP employees

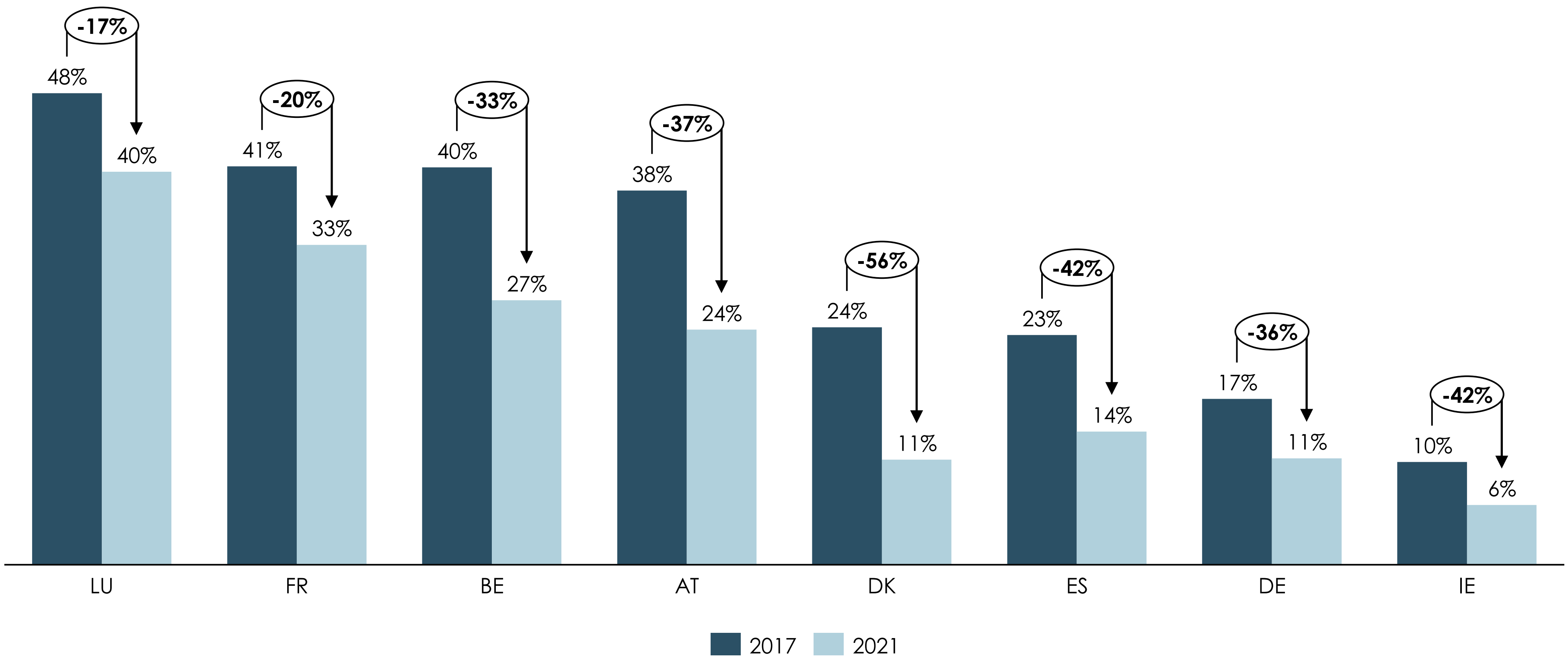


EMPLOYMENT MODELS AND CONDITIONS

All countries have experienced a strong decrease in the importance of civil servants for their workforce

Share of civil servants employed at USPs, 2017 vs. 2021

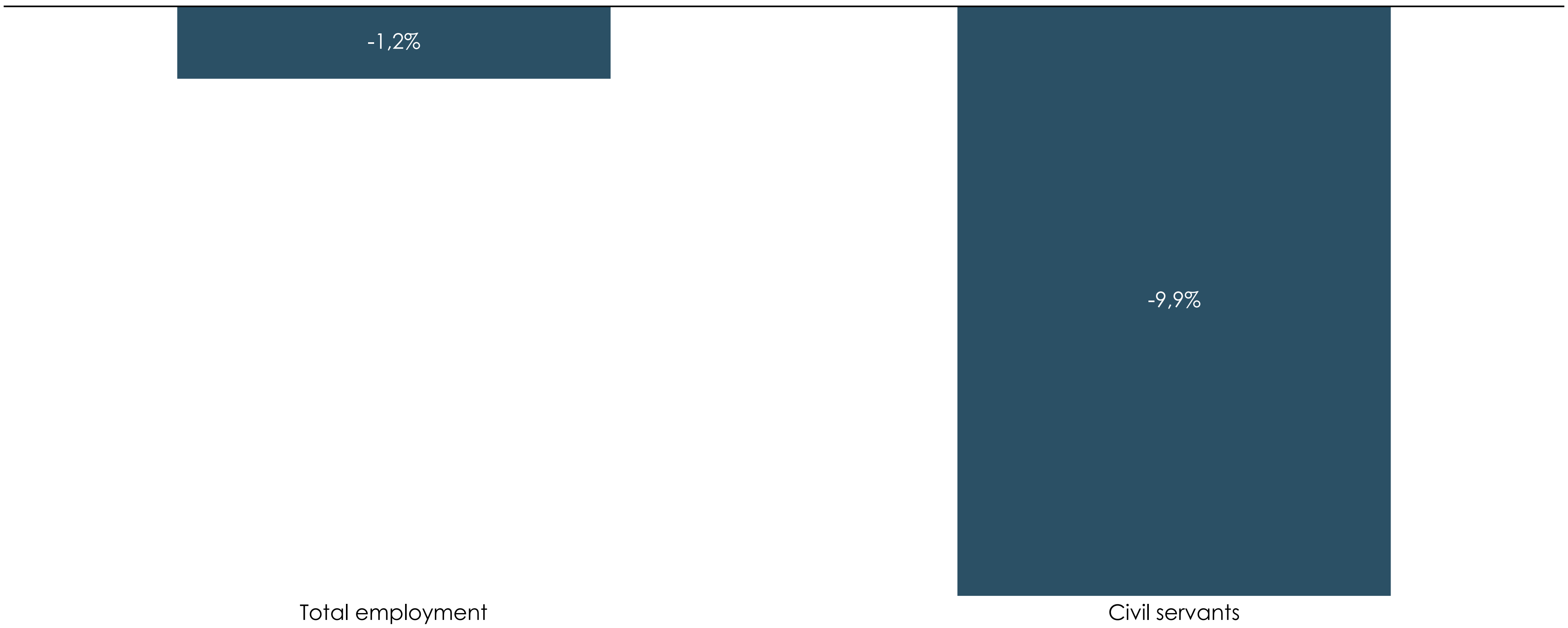
Civil servants, percentage



Focusing on absolute levels, we have seen a steady decline in the number of postal civil servants

Change in the number of civil servants employed at USPs that employ civil servants

Annual percentage change, 2017-2021



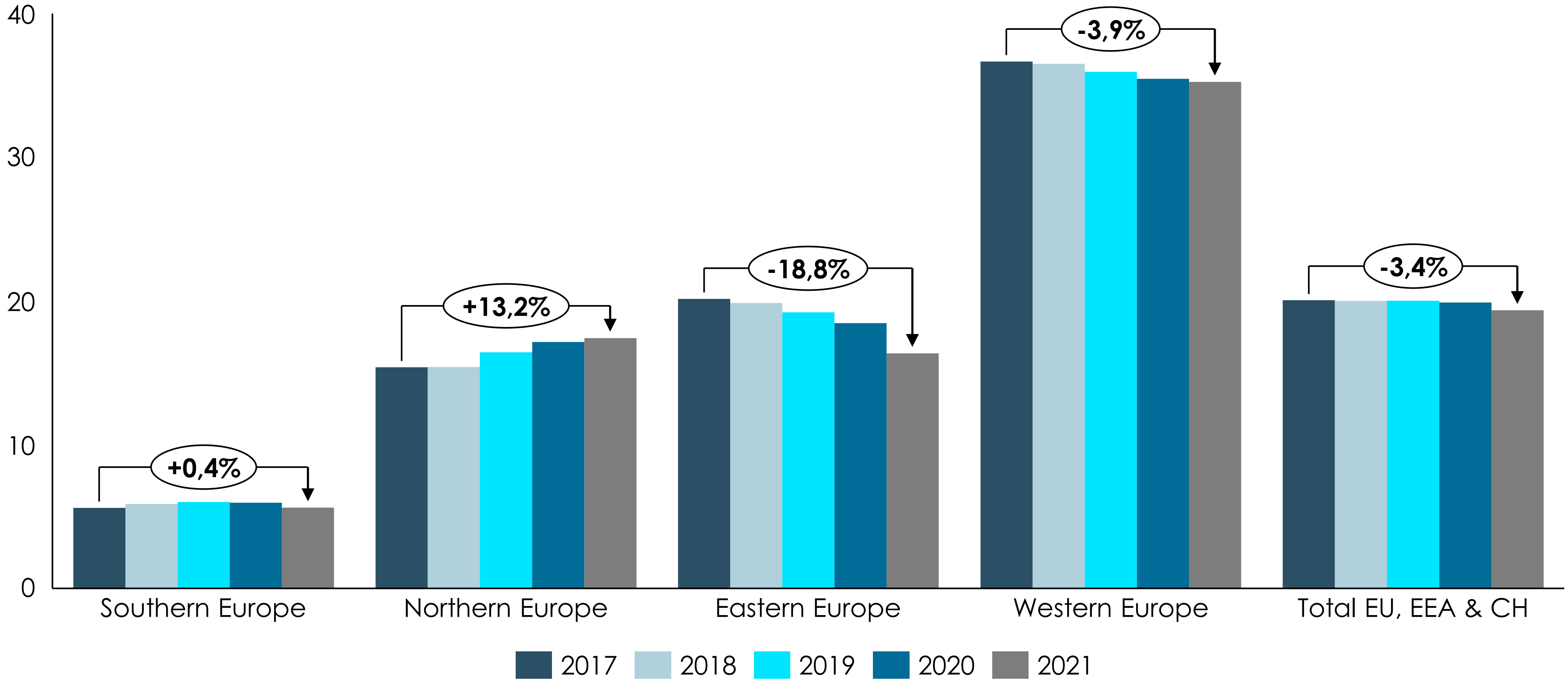
The postal sector uses various forms of employment

- **Part time employment** – refers to an employee whose normal hours of work are less than the normal hours of work of a comparable full-time worker.
- **Temporary employment** (Fixed-term) – a person having an employment contract or relationship entered into directly between an employer and a worker where the end of the employment contract or relationship is determined by objective.
- **Performance-related pay contracts** – contracts with payment scheme based on items delivered, at least 50% of the salary should be performance related.
- **Flexible employment (Casual work**) –workers with no guaranteed working hours that can be called-in ad-hoc, if needed
- **Self-employment contracts** – contracts with private persons who are registered as freelance workers.
- **Subcontracted workers** (Temporary agency work) – form of work where the worker has a contract of employment or an employment relationship with a temporary-work agency.

The share of part-time contracts of total USP labour contracts in Europe decreased by 3,4 per cent in the 2017-2021 period

Development of part-time employment at USPs, 2017-2021

Percentage, average share of part time employees of total employment at USPs



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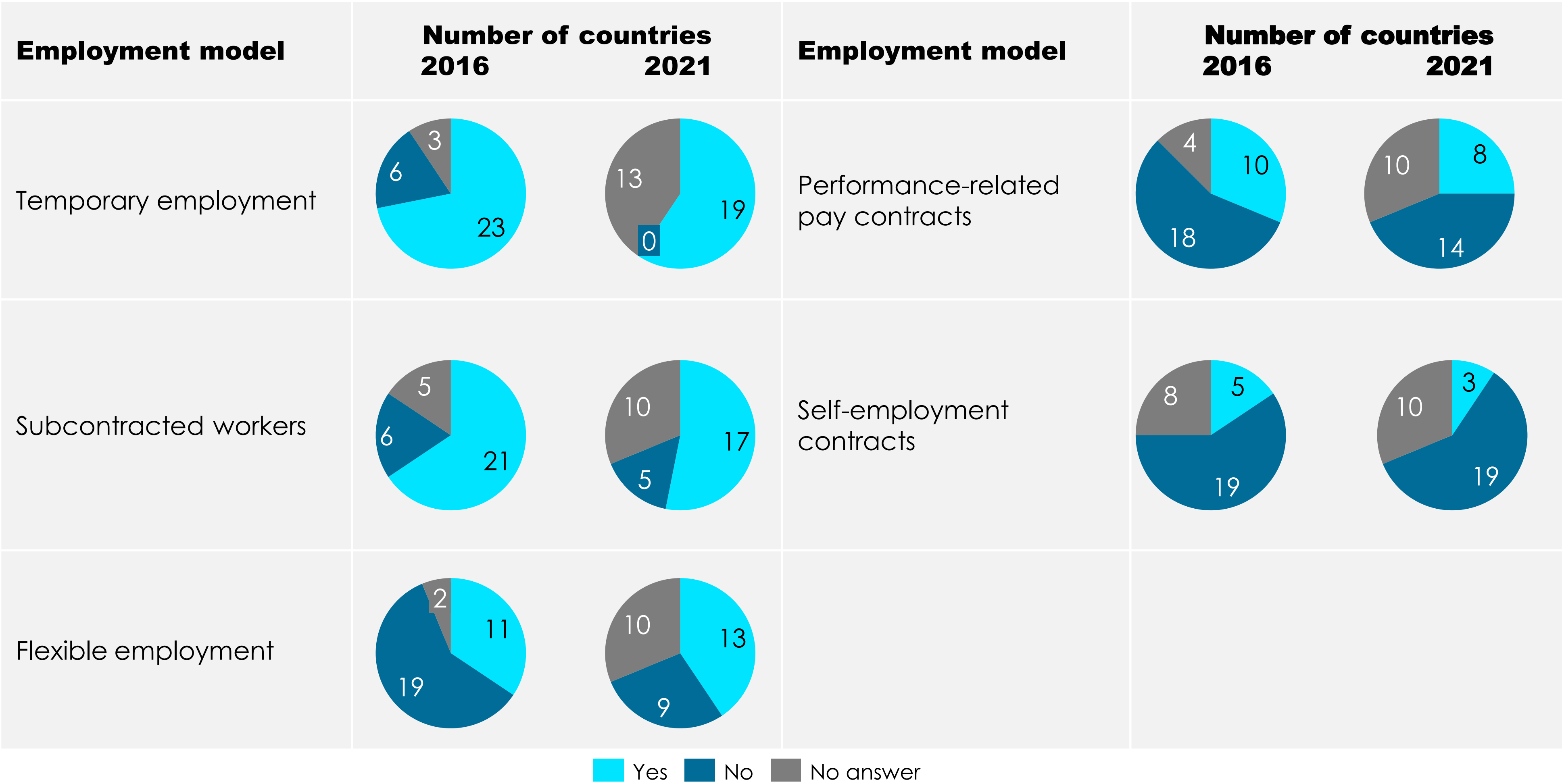
A large number of USPs use different types of non-standard employment models

Use of non-standard employment models by USPs

Number of USPs



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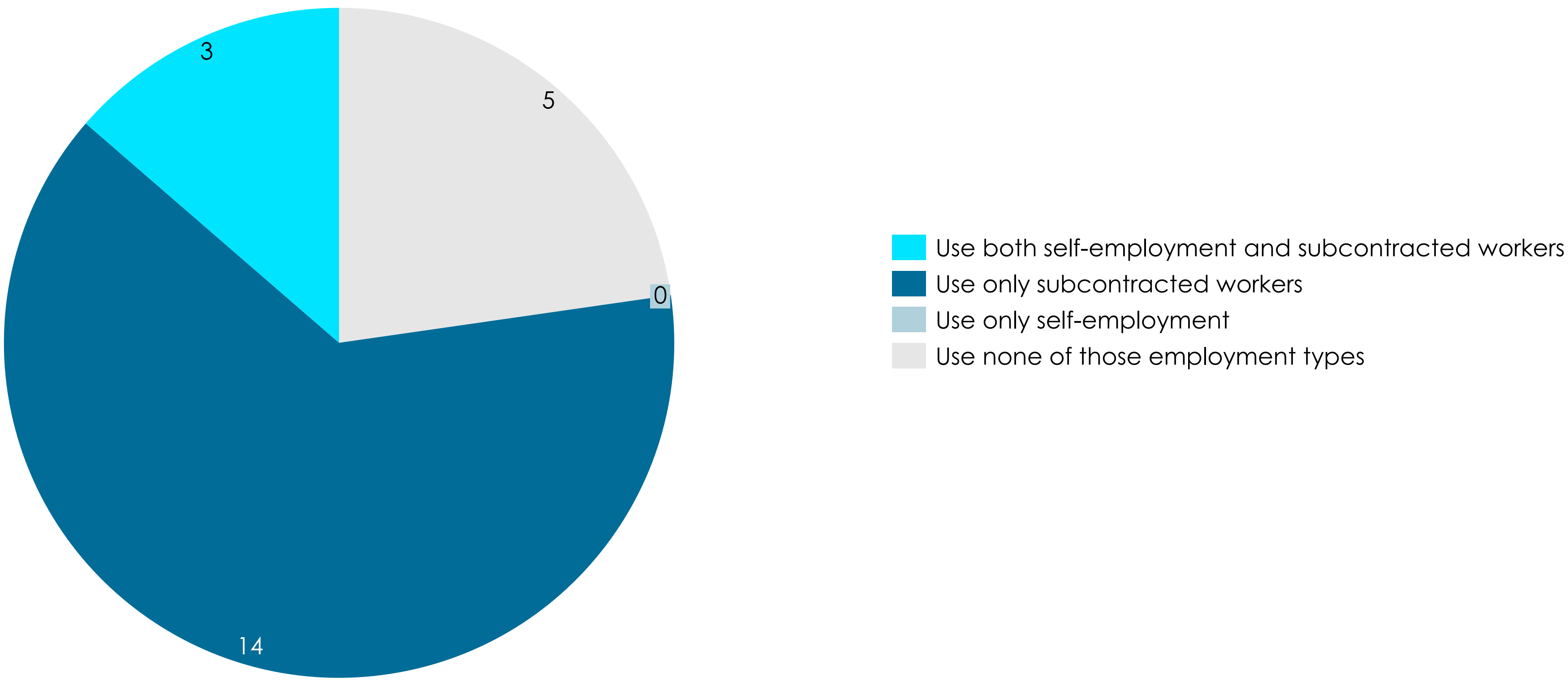
Around three quarters of the responding USPs used at least one type of outsourced work, i.e., self-employed or subcontracted workers

Extent of outsourcing and subcontracted employment at USPs

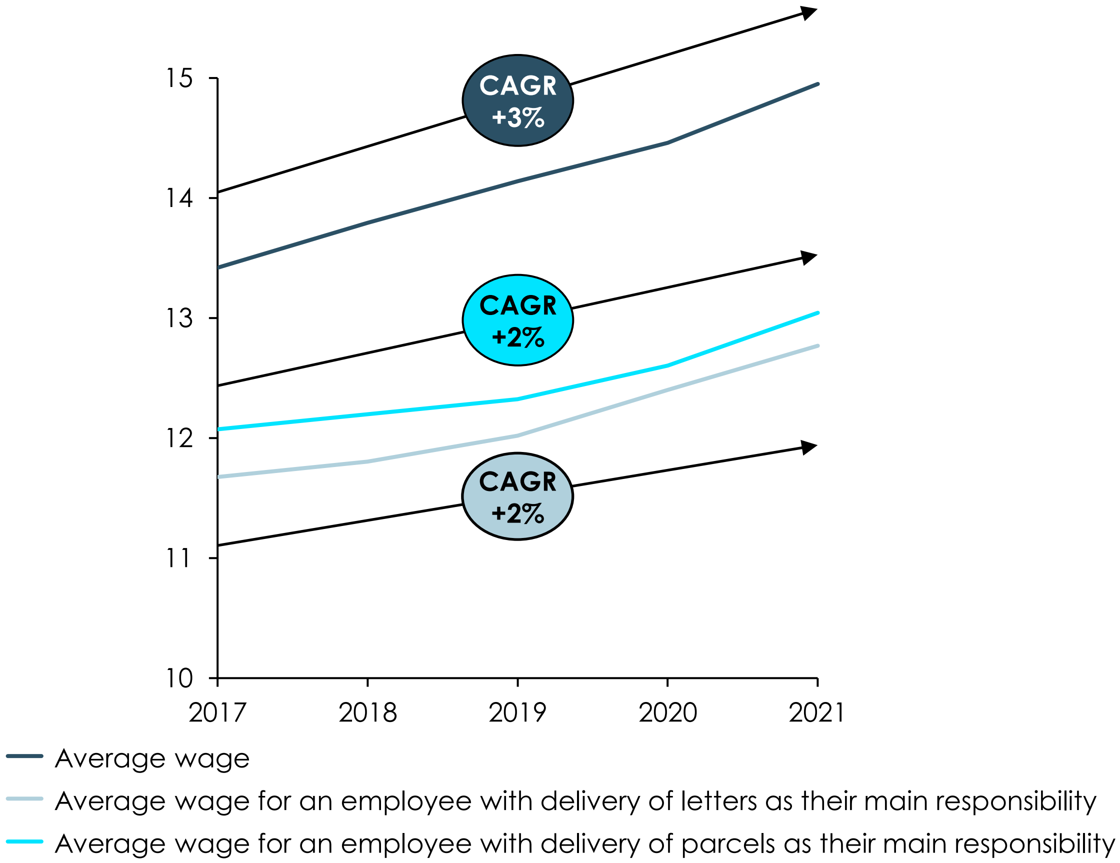
Number of USPs



The average wage for a USP employee in Europe is around 15 euros per hour in 2021 and increased by 3 percent annually over the 2017-2021 period

Average wage development at USPs for various functions, 2017-2021

EUR/h



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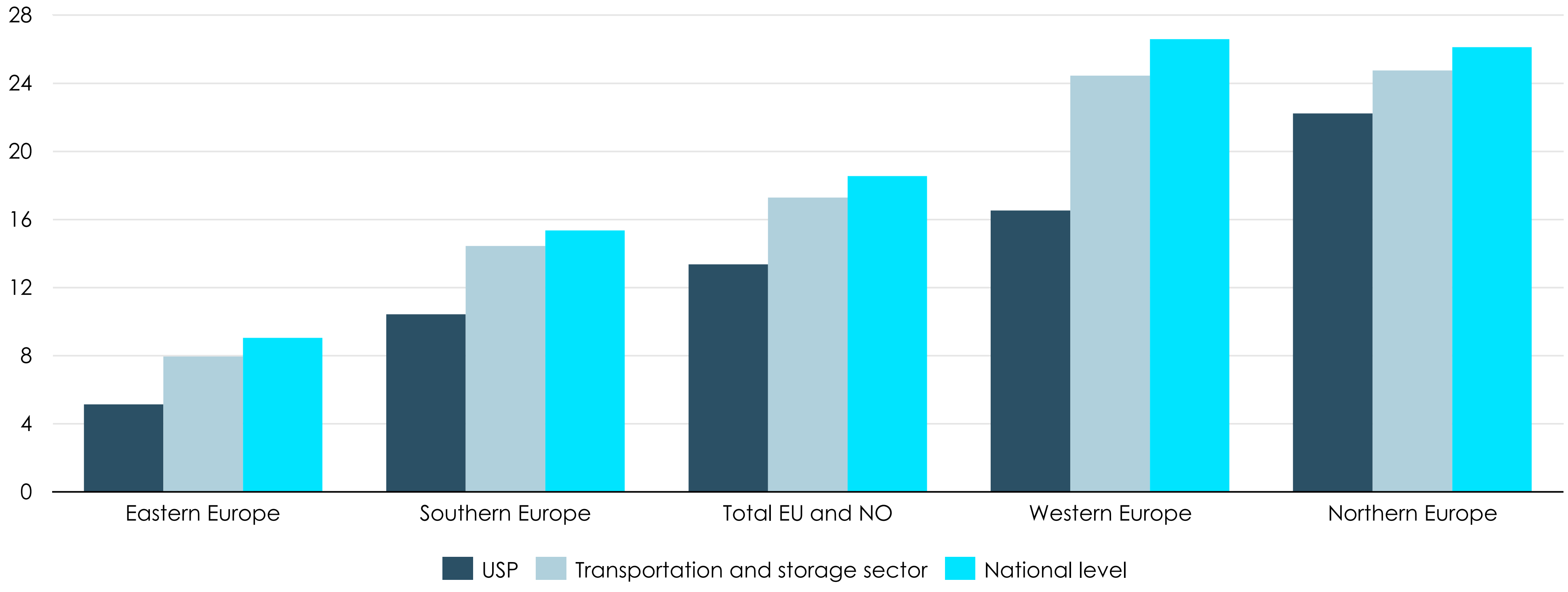
The average wages at USPs are consistently below the average wages at national level

Comparison of average hourly wages at USPs, in the transportation and storage sector and at national level, 2021

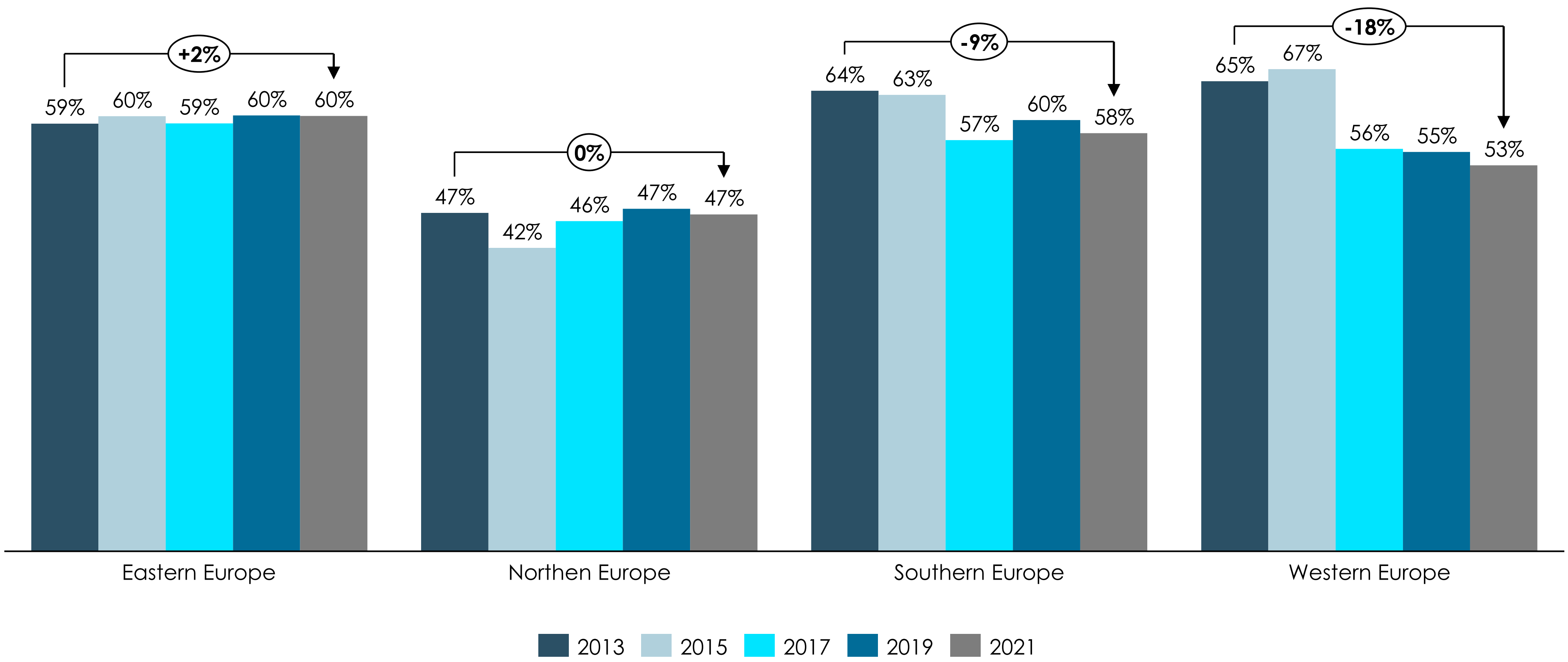
EUR/h



Overall, the share of employment costs of total costs declined for USPs in Southern and Western Europe

Employment cost as a proportion of total costs at USPs, 2013-2021

Percentage



CHANGING REQUIREMENTS FOR POSTAL EMPLOYEES

Trend research for the postal sector outlines five possible scenarios of the postal sector in 2030

Five scenarios of the postal sector in 2030

Standardised society	• Rapidly transforming society that leverages digital technologies • Renewal of social dialogue • Employment characterised by part-time, many complex jobs with higher compensation, task automation, additional training and less process flexibility • Social dialogue has played a key role in negotiating new standards adequate for the changed world
Echo chamber society	• Highly digitalised and individualised niche society and economy, new players set the tone • End of the traditional social dialogue between unions and employers • Employment characterised by automation, agile working, more complex and increasingly demanding jobs, rise of micro-learning opportunities, lifelong employability massive gaps among workforces • Social dialogue is only about emotions and one's own point of view
Adaptable society	• Perpetuate existing social dialogue formats through incremental adjustments in a slowly reacting society • Employment characterised by large differences in the workforces with regard to payment, integration of new technologies, job profiles and work organisation • Postal companies are setting up own further training academies • Social dialogue is characterised by the overall attempt to successively integrate new market players
Vicious cycle society	• Slow deterioration of social dialogue in a society marked by tension and a decline of solidarity • Employment characterised by the fear of job loss, temporary job guarantees linked to hard conditions • Proportion of employees working in the low-wage sector has risen massively • Lack of investment in automation technology means that manual, repetitive tasks regain importance
Innovative society	• Reinvigorated social dialogue using new approaches as a key driver for managing transitions • Employment characterised by diversified employment forms with comparable access to social security and a focus on collaborative technology that does not displace employees • Competence requirements are continuously changing, investment in training • Driven by wider societal discourse

4
THE IMPACT OF THE COVID-19 PANDEMIC

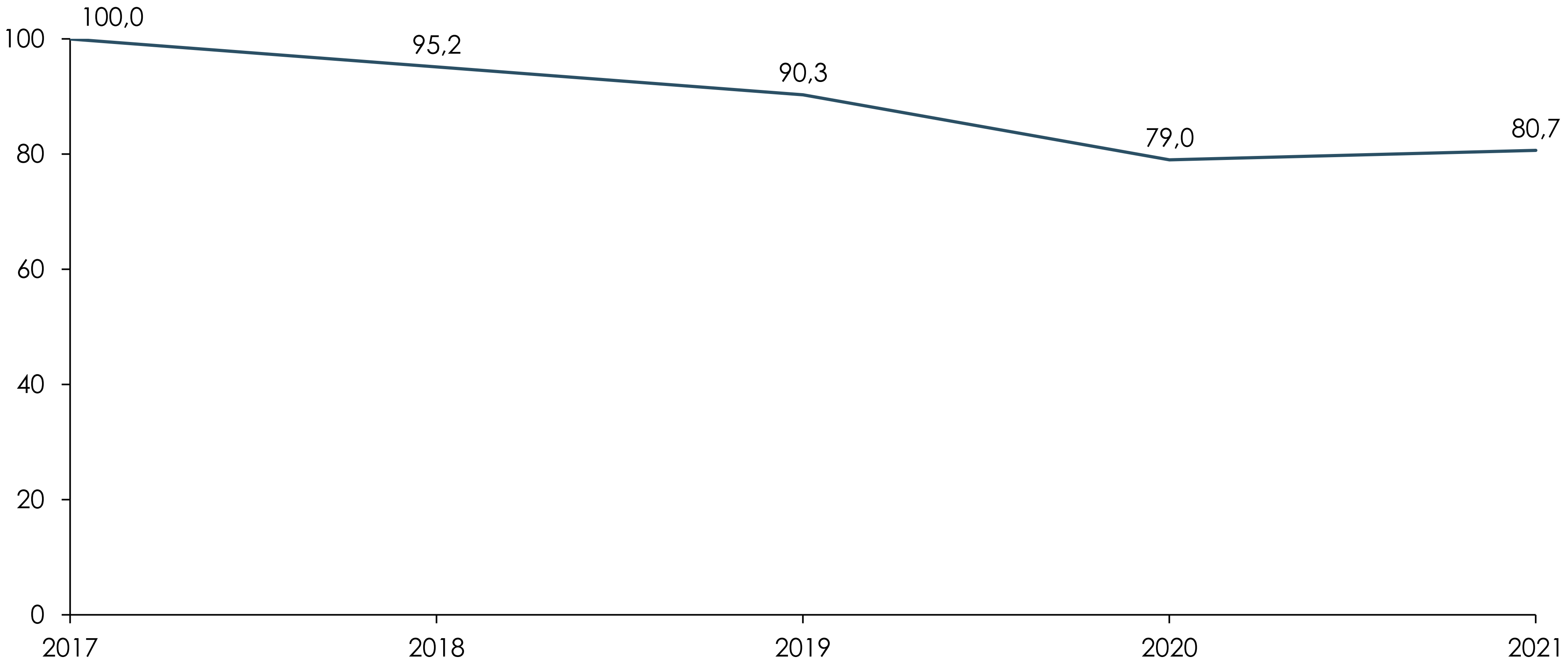
- **THE IMPACT ON THE DEMAND FOR LETTER AND PARCEL DELIVERY**
- **FINANCIAL IMPACT FOR POSTAL OPERATORS**
- **IMPACTS ON THE PROVISION OF POSTAL SERVICES**
- **POLICY AND OPERATIONAL CHANGES TO COPE WITH THE PANDEMIC**
- **THE ROLE OF POSTAL AND COURIER OPERATORS**
- **CHANGES IN USER NEEDS AND CHANGES IN SERVICE LEVELS**
- **OPERATIONAL BOTTLENECKS AND CHALLENGES IN EMPLOYMENT**

THE IMPACT ON THE DEMAND FOR LETTER AND PARCEL DELIVERY

The trend in letter mail volume decline accelerated even further during the pandemic

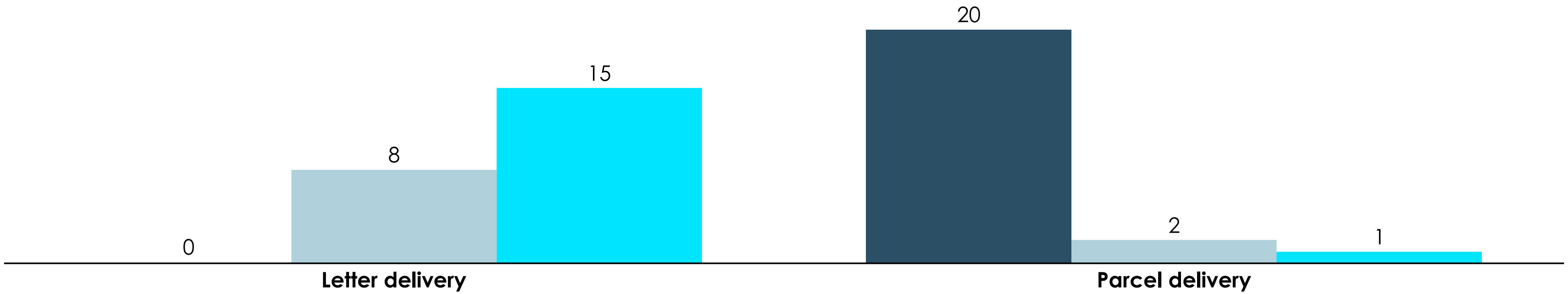
Letter mail volume development year-on-year, 2017-2021

Index 2017 = 100, average across all 27 countries

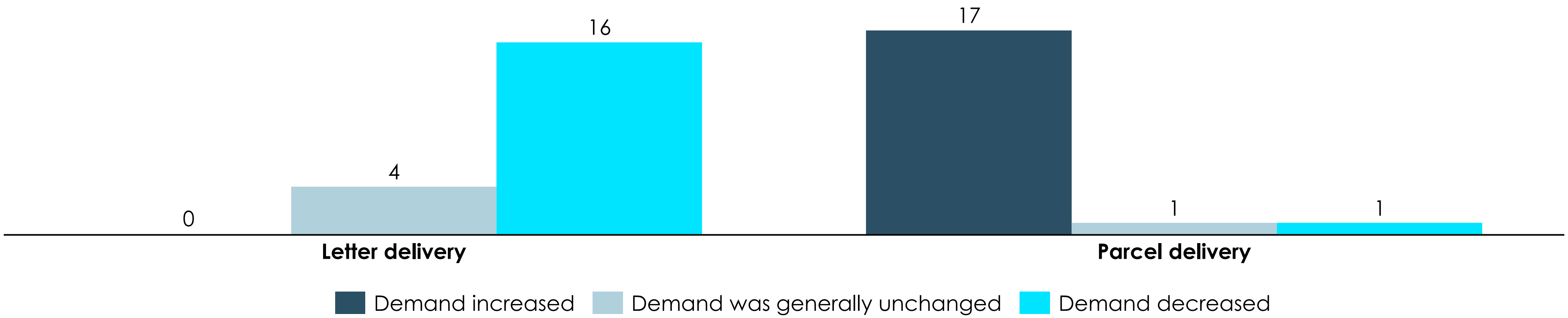


A majority of USPs noted a clear trend of declining demand for letter services and increasing demand for parcel delivery services

Change in demand for letter and parcel delivery services, individuals
Number of USPs



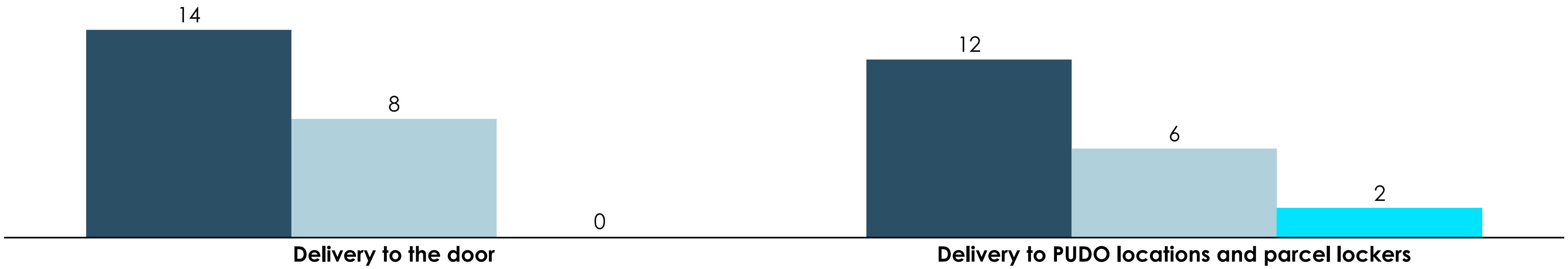
Change in demand for letter and parcel delivery services, businesses
Number of USPs



USPs note an increase in demand for parcel delivery to the door and PUDO locations and parcel lockers

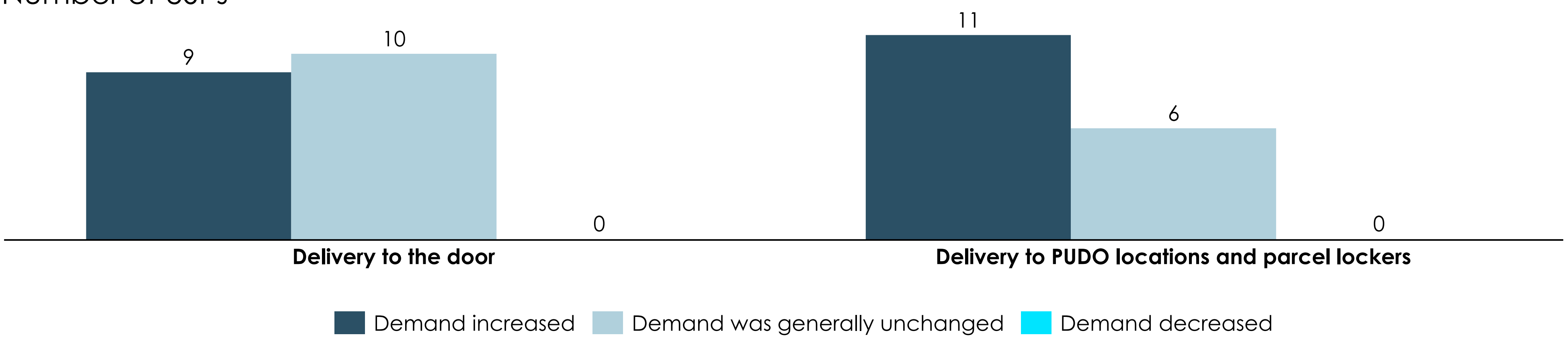
Change in demand for parcel delivery locations, individuals

Number of USPs



Change in demand for parcel delivery locations, businesses

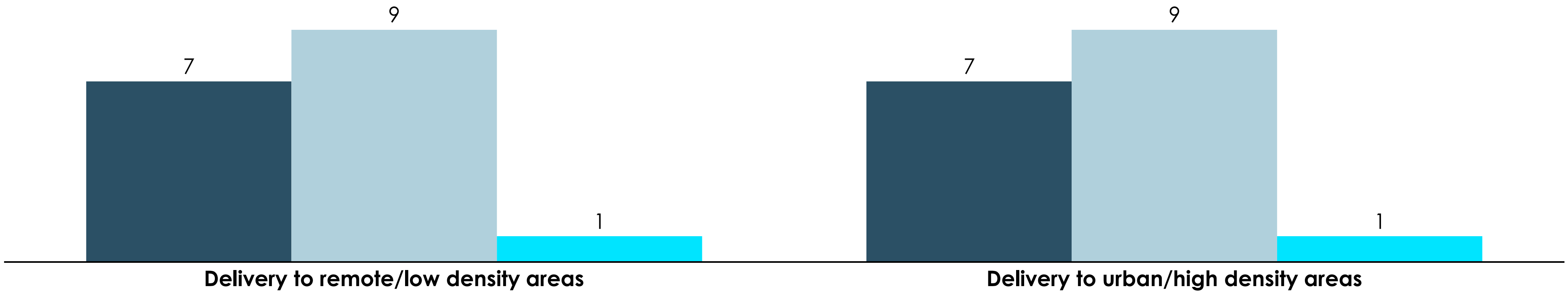
Number of USPs



USPs are split on whether the pandemic led to changes in the distribution of letter mail volumes between urban and rural areas

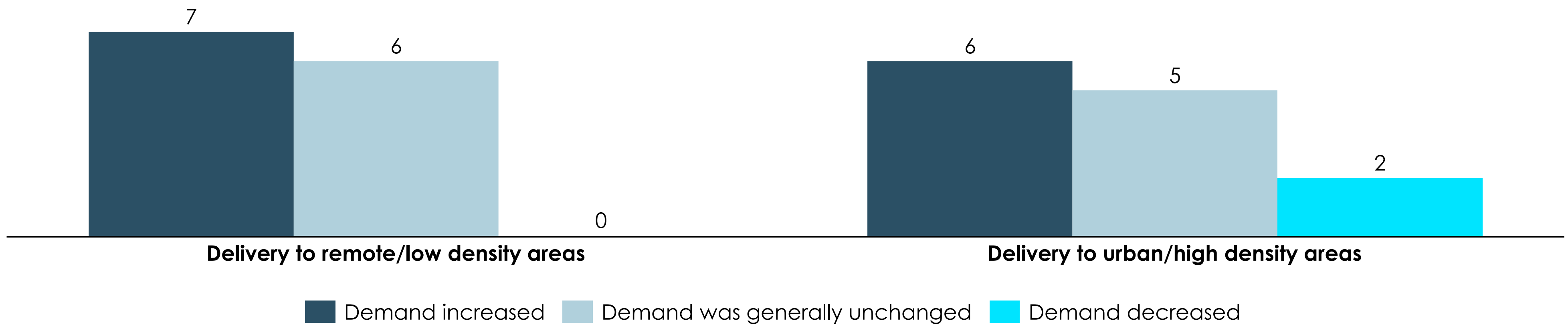
Change in demand in remote and urban areas, individuals

Number of USPs



Change in demand in remote and urban areas, businesses

Number of USPs

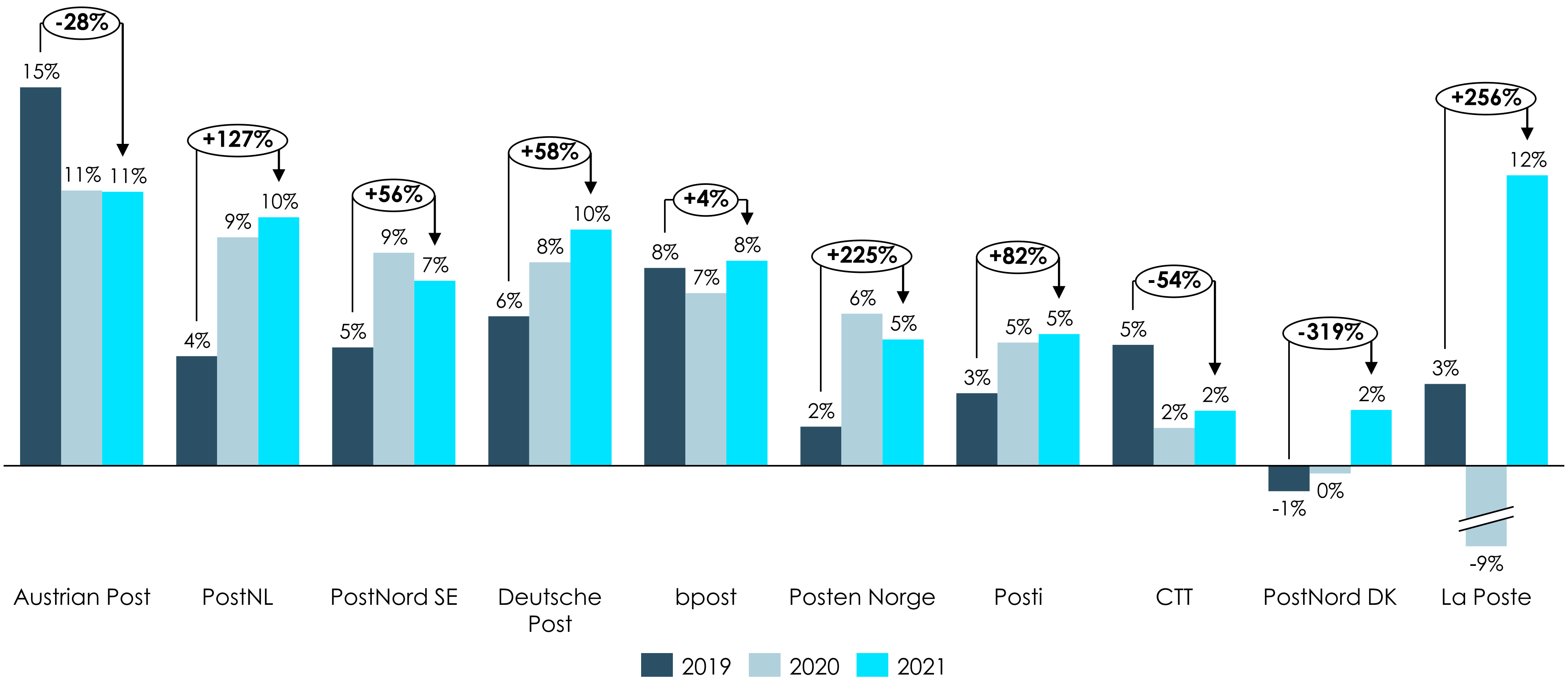


FINANCIAL IMPACT FOR POSTAL OPERATORS

Despite gloomy estimates at the start of the pandemic, may operators were profitable between 2019 and 2021

USPs’ profit from letter and parcel segments, 2019-2021

EBIT margin in per cent



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IMPACTS ON THE PROVISION OF POSTAL SERVICES

Lockdown severity, state of emergency and additional legal measures varied by country

Legal measures taken by EU Member States and the UK in response to Covid-19

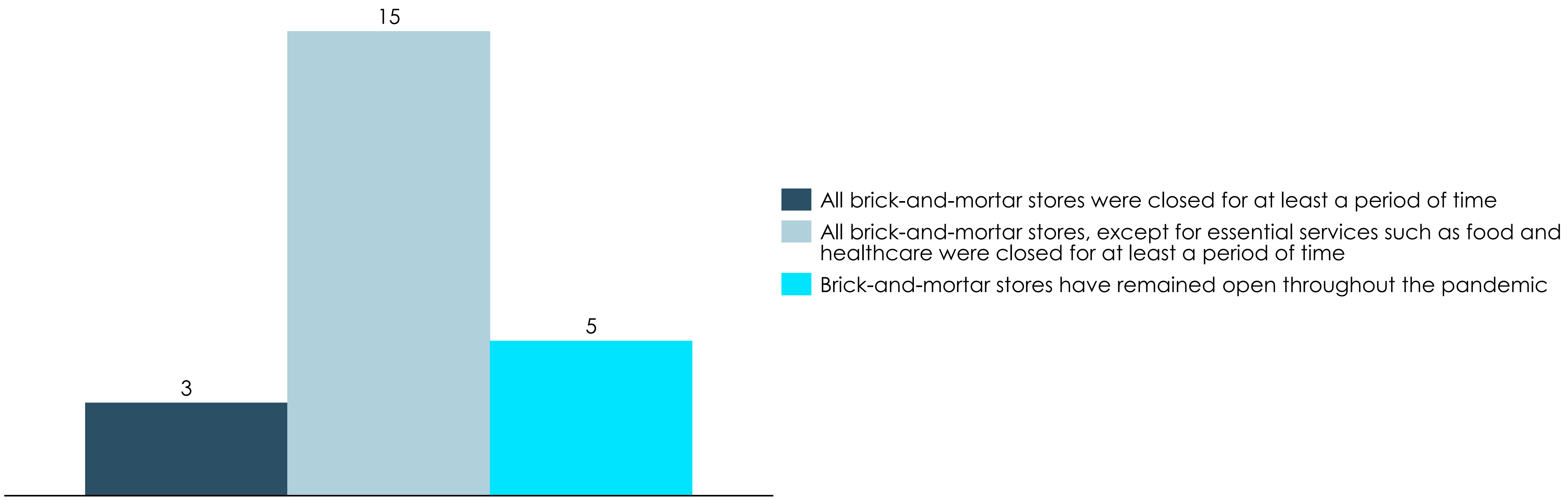
Country	AT	BE	BG	HR	CY	CZ	DK	EE	FI	FR	DE	EL	HU	IE	IT
State of Emergency			X			X		X	X						X
Other legal restrictions		X		X	X		X			X	X	X	X	X	
Lockdowns	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

Country	LV	LT	LU	MT	NL	PO	PT	RO	SK	SI	ES	SE	UK	TOTAL 28
State of Emergency	X	X	X	X			X	X	X		X			13
Other legal restrictions					X	X				X		X	X	14
Lockdowns	X	X	X	X	X	X	X	X	X	X	X	X	X	28

A key restriction of the pandemic was that brick-and-mortar stores had to close

Closure of brick-and-mortar stores during the pandemic

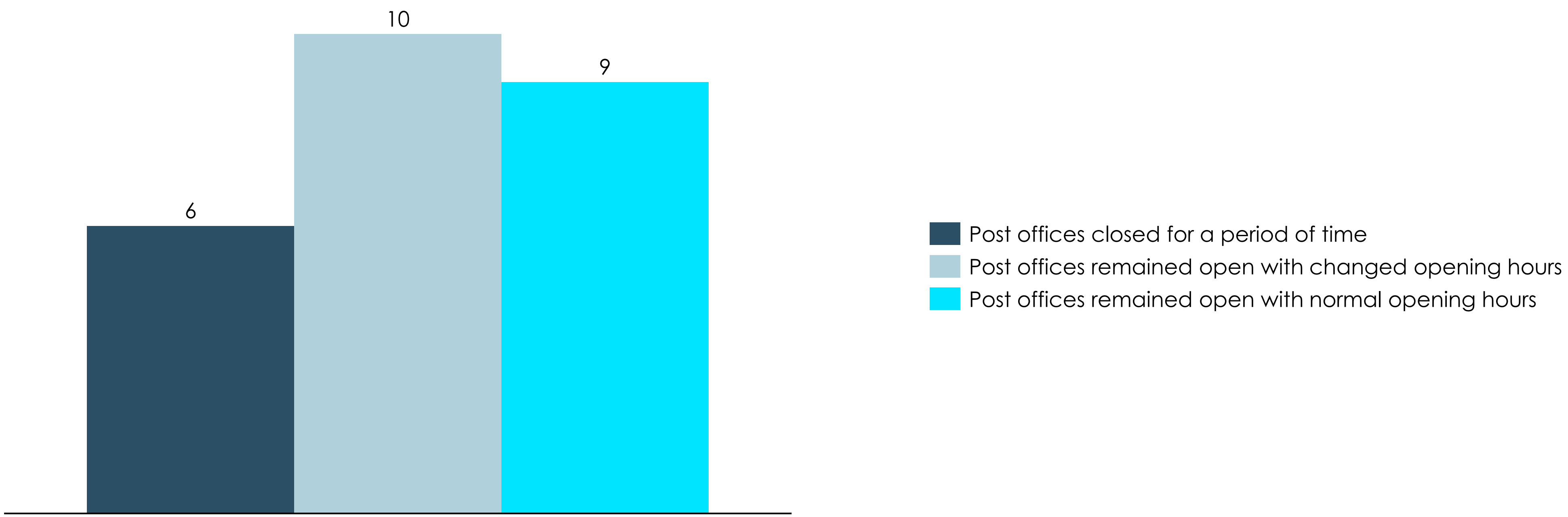
Number of USPs



In contrast to that, the majority of post offices were allowed to stay open throughout the pandemic

Closure and opening hours of post offices during the pandemic

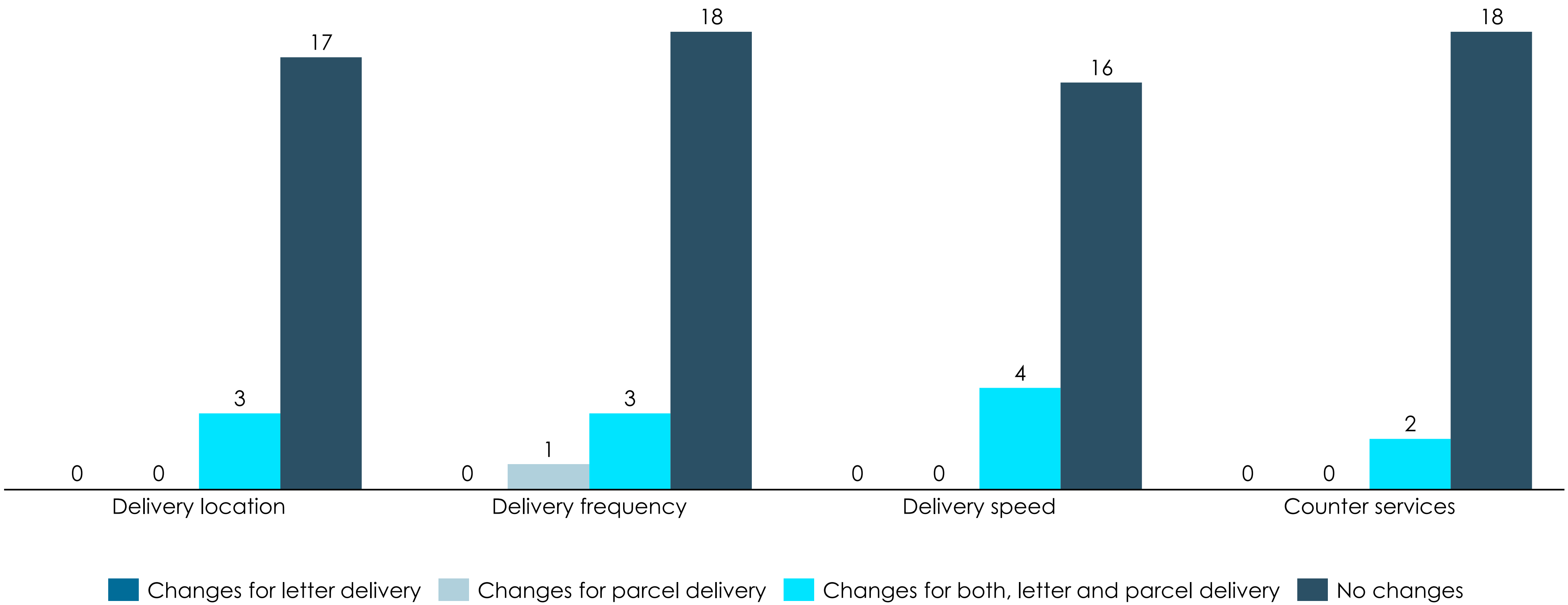
Number of USPs



The majority of operators did not change the level of services offered for letter and parcel delivery

Changes in service level offered as a result of the pandemic

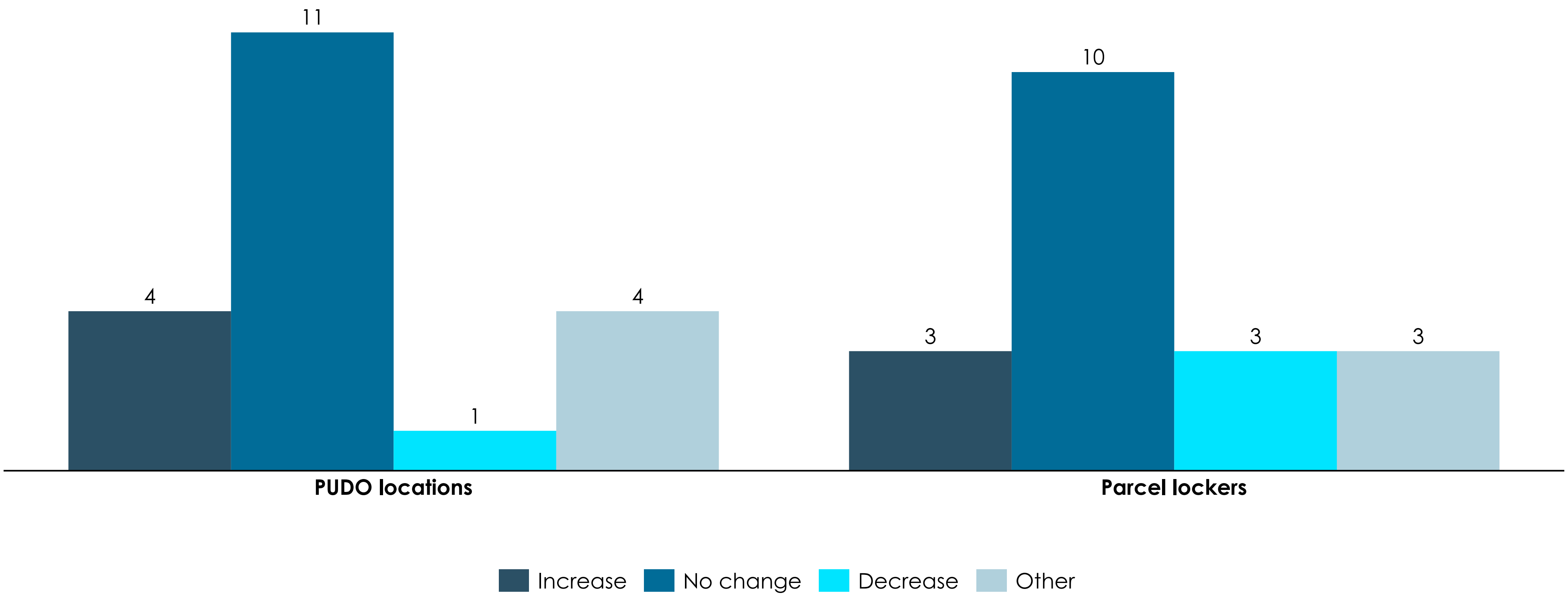
Number of USPs



The majority of operators did not change the number of PUDO locations or parcel lockers

Changes in the number of PUDO locations and parcel lockers as a result of the pandemic

Number of USPs

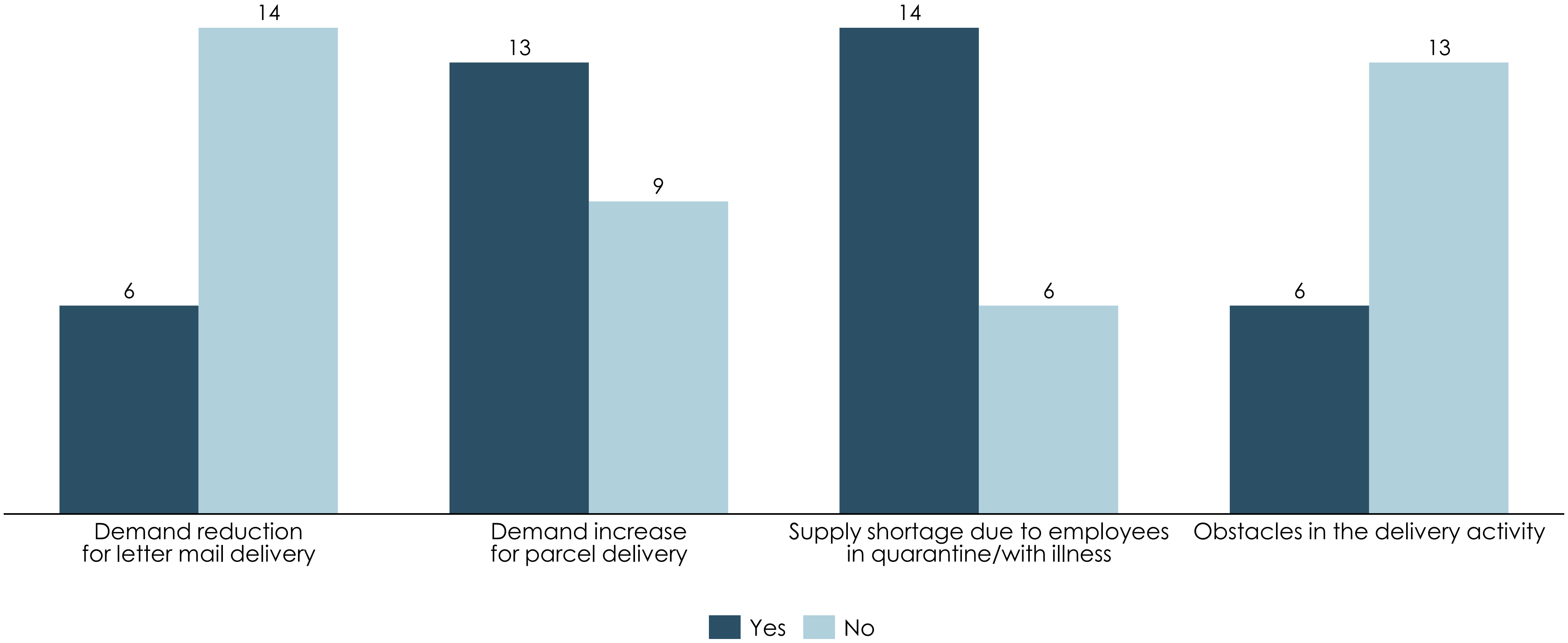


POLICY AND OPERATIONAL CHANGES TO COPE WITH THE PANDEMIC

USPs identify two key drivers of operational change – supply shortages and increased demand for parcel delivery

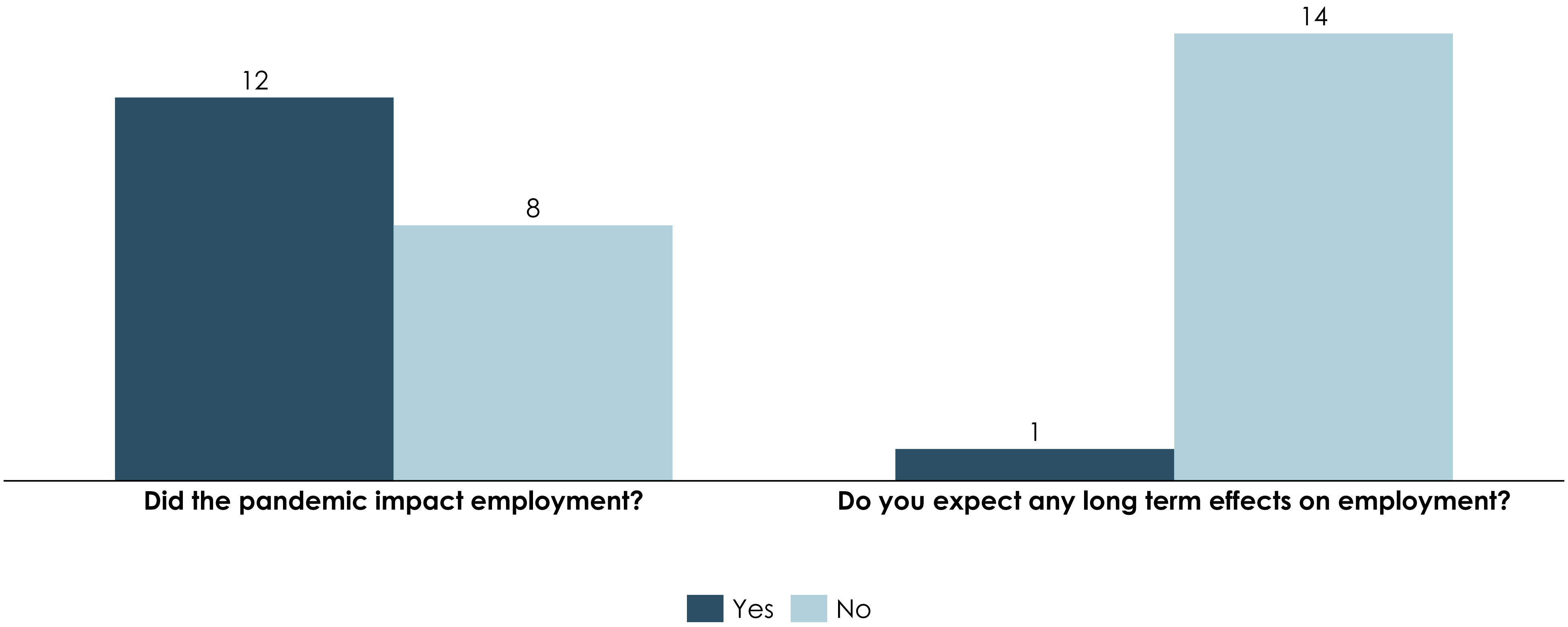
Drivers of operational changes resulting from the pandemic and accompanying lock-downs

Number of USPs



Although many USPs felt that the pandemic impacted employment, most do not expect long-term effects

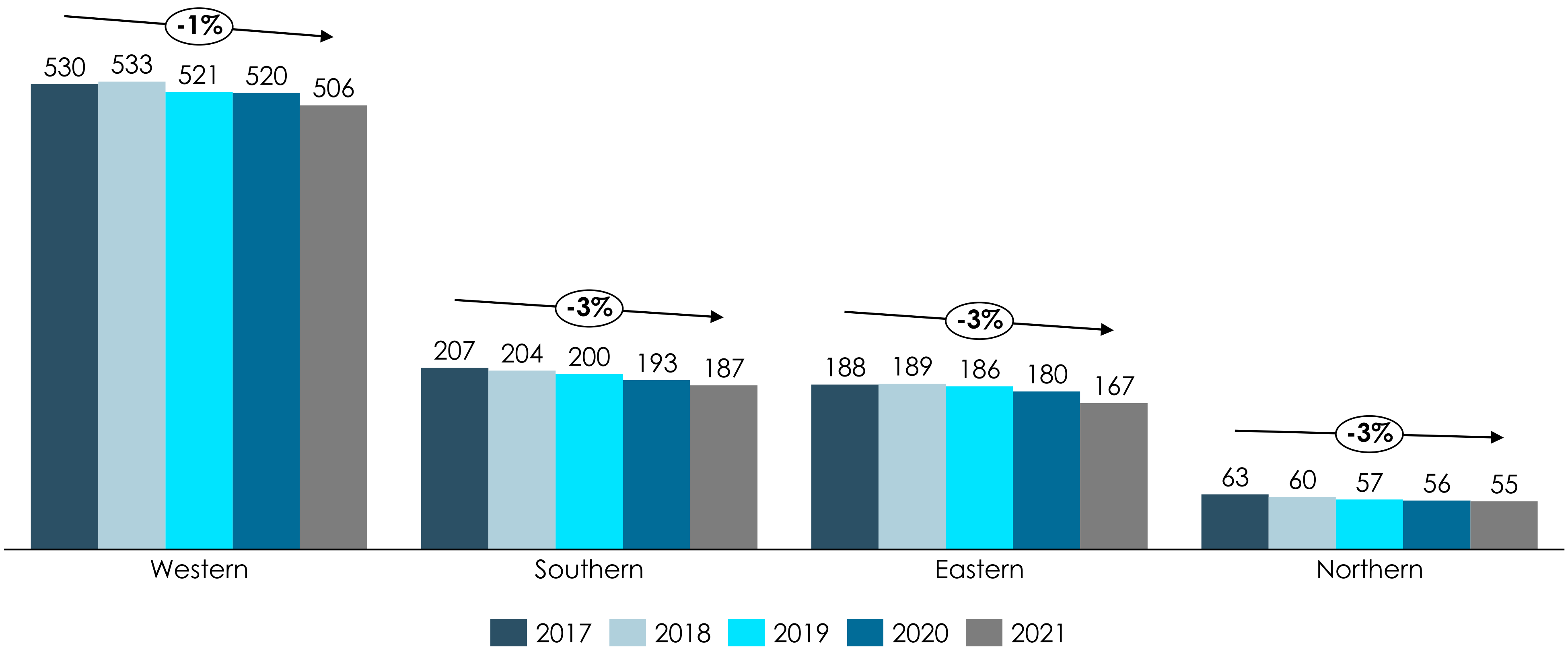
Impact of the pandemic on USP employment
Number of USPs



Overall, the pandemic does not seem to have had a material effect on USP employment

Development of USP employment 2017-2021, Europe (24 countries)

Thousands of workers employed in the home country, change is reported as compound annual growth rate (CAGR)



THE ROLE OF POSTAL AND COURIER OPERATORS

Several NRAs implemented extraordinary instructions related to the delivery of postal services

Examples of extraordinary instructions by NRAs during the pandemic

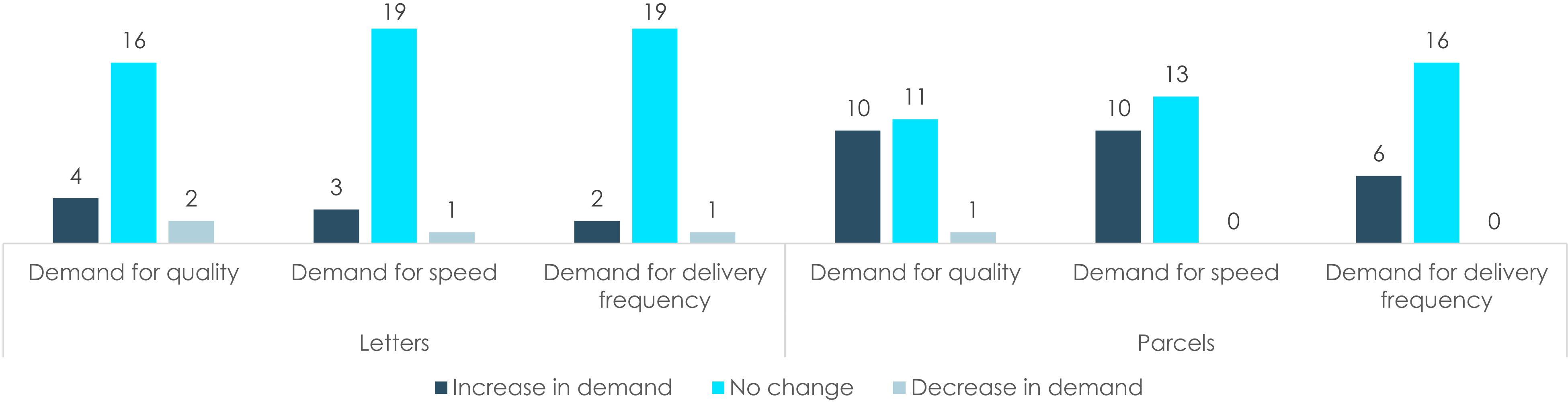
COUNTRY	MEASURES IMPLEMENTED BY THE NRA
Bulgaria	Coordinating between mobile service providers. Inspecting postal operators regarding imposed additional fees.
Croatia	Manage the national postal system during the declaration of force majeure.
Cyprus	Instructed Cyprus Post to continue the home delivery of parcels and not return to the previous practice where the customer has to pick up parcels.
Germany	Sent out letters to 3.000 postal operators informing them that they are important for postal services in the eventual case of a curfew.
Greece	Postal operators must comply with government restrictions and sign for the customer in case the customer refuses to sign.

CHANGES IN USER NEEDS AND CHANGES SERVICE LEVEL

Operators notice an increase in demand among individuals for quality and speed in parcel delivery but not for letter delivery

Change in individual user needs: Demand for quality, speed and delivery frequency

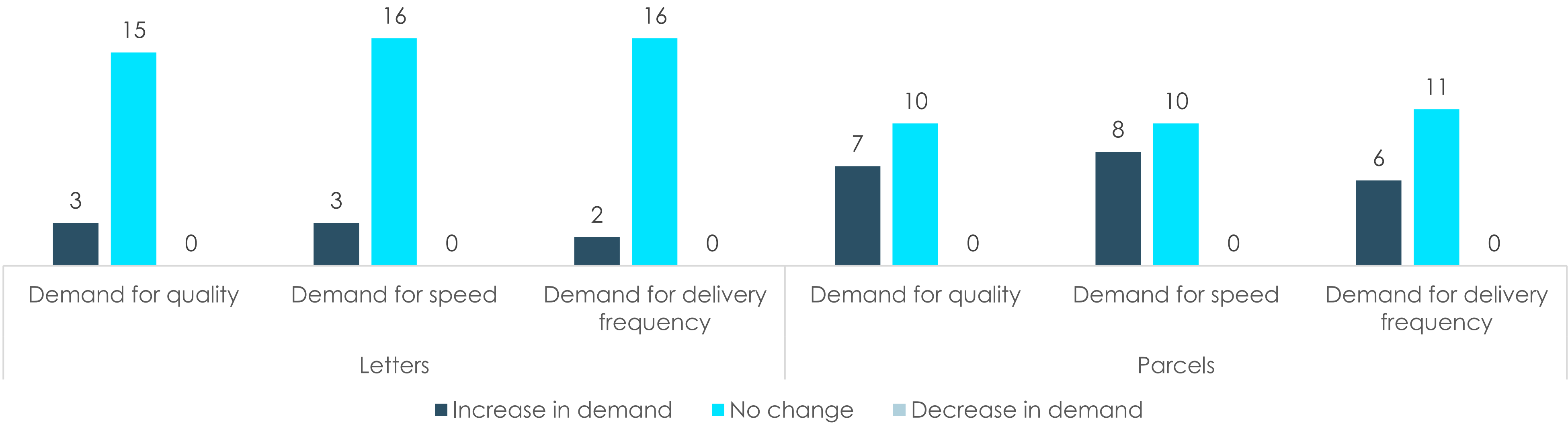
Number of USPs



Operators notice an increase in demand among businesses for quality and speed in parcel delivery but not for letter delivery

Change in business user needs: Demand for quality, speed and delivery frequency

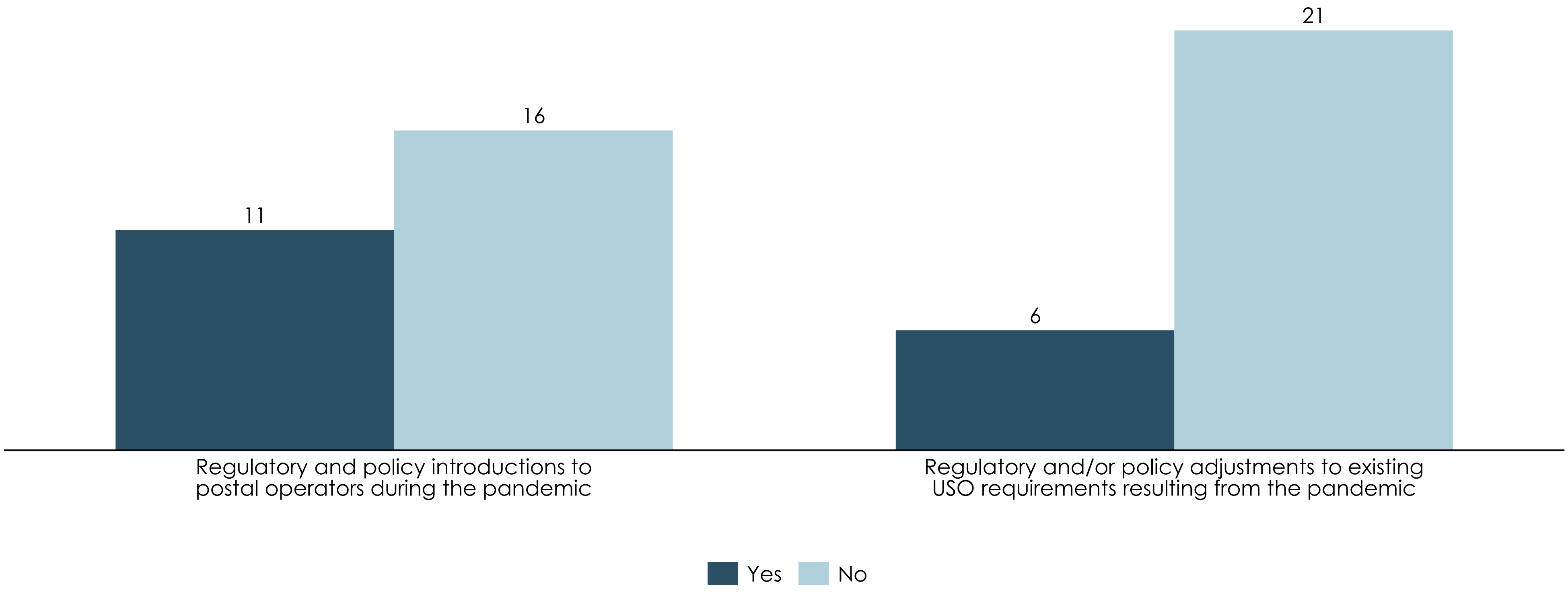
Number of USPs



Limited introduction of new regulations or adjustments in response to pandemic

Regulatory adjustment of quality-of-service requirements during initial pandemic response

Number of countries



5
USO

- DEVELOPMENTS IN USO MINIMUM REQUIREMENTS
- MONITORING AND REGULATION OF QUALITY OF SERVICE
- COMPLAINTS AND USER SATISFACTION
- APPLICATION OF TARIFF PRINCIPLES
- FUNDING OF THE USO

DEVELOPMENTS IN USO MINIMUM REQUIREMENTS

The USO scope defined in the law varies substantially between countries

Product scope of the USO, 2021

	BASIC LETTER (FSC, DOMESTIC)	BASIC LETTER (SSC, DOMESTIC)	BULK LETTERS	REGISTERED MAIL	INSURED MAIL	DIRECT MAIL	PUBLICATIONS	BASIC PARCEL (DOMESTIC)	BULK PARCELS	CROSS-BORDER LETTER POST	CROSS-BORDER PARCELS	EXPRESS SERVICES
AT	2kg	2kg	2kg	2kg	10kg			10kg	10kg	2kg	10kg	
BE	2kg	2kg	2kg	2kg	2kg	2kg	2kg	10kg		2kg	20kg	
BG	2kg	2kg		2kg	2kg		5kg	20kg		2kg		
HR	2kg	2kg	2kg	2kg	2kg			10kg	10kg	2kg	10kg	
CY	2kg		2kg	2kg	2kg	2kg	2kg	20kg	20kg	2kg	20kg	
CZ	2kg	2kg		2kg	10kg			10kg		2kg	10kg out, 20kg in	
DK		2kg	2kg	2kg	20kg	2kg	2kg	20kg	20kg	2kg	20kg	
EE	2kg	2kg		2kg	2kg			20kg		2kg	20kg	
FI	2kg							10kg		2kg	20kg	
FR	2kg	2kg	2kg	2kg	5kg	2kg	2kg	20kg		2kg	20kg	
DE	2kg							20kg				
EL	2kg	2kg	2kg	2kg	2kg	2kg	2kg	20kg	20kg	2kg	20kg	
HU	2kg	2kg	2kg	2kg	2kg			20kg		2kg	20kg	
IS												
IE	100g		100g	10kg	10kg			10kg		100g	10kg	
IT	2kg	2kg	2kg	2kg	2kg		2kg	20kg		2kg	20kg	
LV	2kg			2kg	2kg			20kg		2kg	20kg	
LI												
LT	2kg	2kg		2kg	2kg			10kg		2kg	10kg	
LU	2kg		2kg					10kg	10kg	20kg	20kg	
MT	2kg		2kg	2kg	20kg	2kg	2kg	20kg	20kg	2kg	20kg	
NL	2kg			2kg	2kg			10kg		2kg	20kg	
NO	2kg		2kg	2kg	2kg		2kg	20kg		2kg	20kg	
PL	2kg	2kg		2kg	2kg			10kg		2kg	20kg	
PT	2kg	2kg	2kg				2kg	2kg	2kg	2kg		
RO	2kg	2kg		2kg	2kg		2kg	10kg		2kg	10kg	
SK	2kg	2kg	2kg	2kg	2kg	2kg		10kg	10kg	2kg	10kg	
SI	2kg	2kg	2kg	2kg	2kg		2kg	10kg		2kg	10kg out, 20kg in	
ES	2kg			2kg				20kg		2kg	20kg	
SE	2kg	2kg	2kg	20kg	20kg			20kg	20kg	2kg	20kg	
CH	1kg	1kg	1kg	1kg				20kg	20kg	2kg	20kg	
UK	750g	750g		20kg	20kg			20kg		750g	2kg	

Most countries still impose the minimum delivery frequency for letters stipulated in the Directive

Delivery frequency of priority letters specified under USO requirements across Member States

As a general rule (i.e., excluding exceptional circumstances), how many days of the week does the NRA or government oblige the USP to deliver priority letter post items?	
5 days per week	AT, BE, BG, HR, CY, CZ, EE, FI, EL, HU, IE, IT, LV, LT, LU, NL, PL, PT, RO, SK, SI, SE, CH
6 days per week	FR, DE, MT, UK
Other	NO
No specific requirement	DK

Reduced delivery frequency of non-priority letters and bulk products permitted by the USO across Member States

Does the universal service obligation permit delivery of some non-priority or bulk products fewer days per week than required for delivery of priority letter post items?	
Yes	AT, BE, EL, IT, SE
No	BG, HR, CY, CZ, EE, FI, FR, DE, HU, IE, LV, LT, LU, MT, PL, PT, SK, SI, ES, UK
Other	DK, NO, CH

Most countries set a standard delivery frequency of five days a week for USO parcels but grant exceptions to the delivery of priority letters

Delivery frequency of parcels specified under USO requirements

As a general rule (i.e., excluding exceptional circumstances), how many days of the week does the NRA or government ensure delivery of parcels in the universal service?	
5 days per week	AT, BE, BG, HR, CY, CZ, DK, EE, HU, IE, IT, LV, LT, LU, PL, PT, RO, SK, SI, ES, SE, CH, UK
6 days per week	FR, DE, MT
Other	
No specific requirement	FI, EL, NL, NO

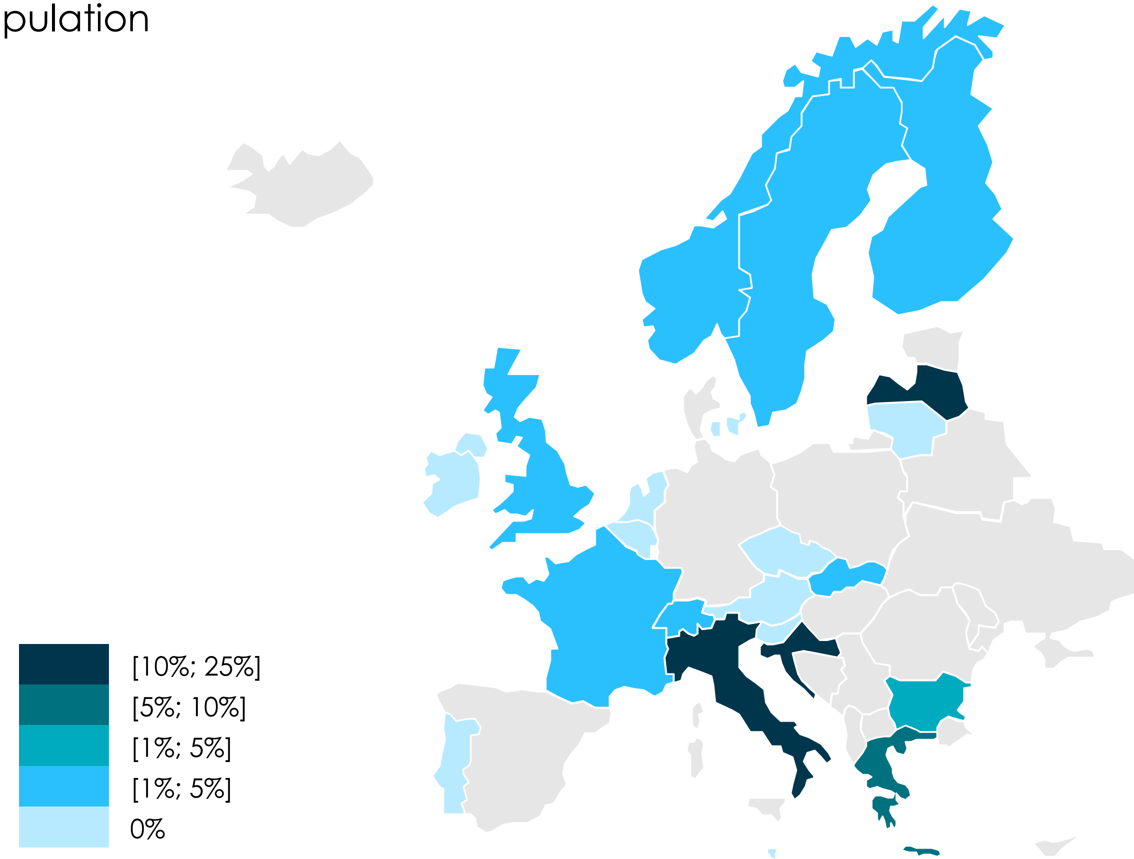
Exceptions to delivery frequency of priority letters

Applicable exceptions on priority letter frequency of delivery, due to:	
Areas difficult to access, e.g. mountainous areas, islands, areas with poor transport infrastructure	AT, BG, EE, FI, FR, NO, RO, SK, SE, UK
Depopulated areas, dispersed population	EL, IT
USP's employees' health and security endangerment	SK, UK
Exceptional circumstances	LT, LU
No general rule	BE, DK, IE, MT, PL, PT, SI
No answer	HR, CY, CZ, DE, HU, LV, LI, NL, ES

Only a limited part of population is affected by the exceptions to the USO minimum delivery frequency

Approximate share of the population not receiving priority letters at standard frequency

Percentage of the population



The access point density varies greatly across Member States

Density of postal access points network, 2013-2021

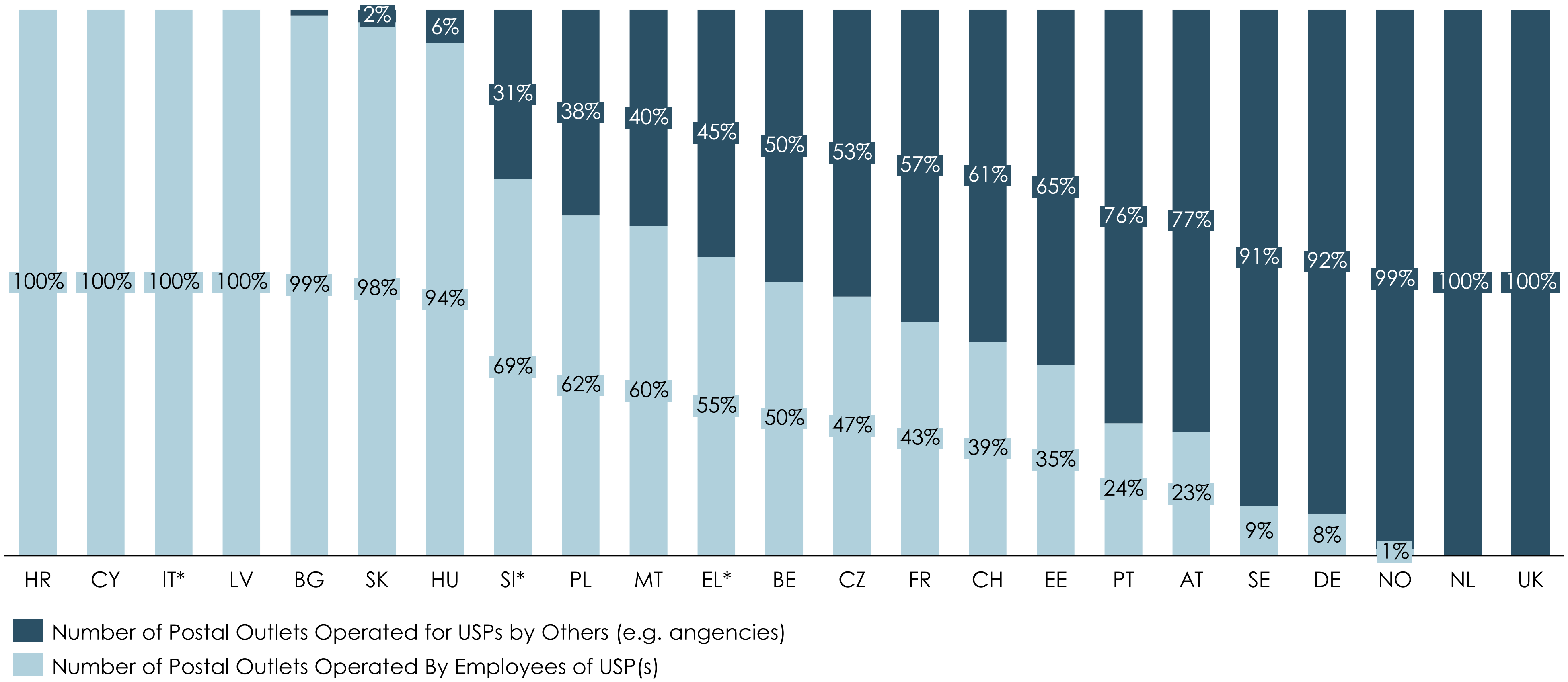
Number of post offices per ten thousand inhabitants

Country	2013	2015	2017	2019	2021	Change (2013-2021)
AT	2.24	2.09	2.06	2.00	**1.96**	**-13%**
BE	1.21	1.20	1.18	1.15	**1.13**	**-6%**
BG	4.09	4.14	4.20	4.25	**4.30**	**5%**
HR	2.39	2.40	2.45	2.49	**2.52**	**5%**
CY	13.07	12.96	22.27	21.74	**21.25**	**63%**
CZ	3.16	3.16	3.13	3.10	**4.89**	**54%**
DK	1.39	1.96	1.79	2.37	**2.50**	**80%**
EE	2.56	2.49	5.78	6.36	**6.18**	**141%**
FI	2.42	2.55	-	-	**-**	**-**
FR	2.60	2.57	2.56	2.54	**2.52**	**-3%**
DE	1.63	1.62	1.57	1.54	**1.55**	**-5%**
EL*	1.32	1.32	1.26	1.12	**-**	**-17%**
HU	2.71	2.68	-	-	**-**	**-**
IS	4.51	4.38	-	-	**-**	**-**
IE	2.79	2.67	-	-	**-**	**-**
IT*	2.23	2.15	2.14	2.16	**-**	**-3%**
LV	3.05	3.12	-	-	**-**	**-**
LI	-	-	-	-	**-**	**-**
LT	2.43	2.26	1.92	1.25	**0.84**	**-65%**
LU*	2.16	2.03	1.73	1.81	**-**	**-21%**
MT	1.54	1.55	1.50	1.42	**1.32**	**-14%**
NL	1.30	1.21	1.02	0.94	**0.88**	**-32%**
NO	2.80	2.71	2.56	2.52	**2.46**	**-12%**
PL	2.07	1.94	1.99	2.01	**2.02**	**-3%**
PT	2.33	2.25	2.30	2.31	**2.29**	**-2%**
RO	2.79	2.83	2.84	2.84	**2.87**	**3%**
SK	2.94	2.93	2.90	2.83	**2.67**	**-9%**
SI*	2.70	2.68	2.51	2.34	**-**	**-14%**
ES	1.99	1.93	1.86	1.81	**1.75**	**-12%**
SE	6.39	6.75	1.98	2.12	**2.12**	**-67%**
CH	2.78	2.67	2.56	2.48	**2.37**	**-15%**
UK	1.83	1.80	1.77	1.75	**1.69**	**-8%**
EU 27	2.87	2.87	3.17	3.15	**3.45**	**2.85%**

In many countries postal access points now include partner-operated PUDO points

Share of postal access points operated by USPs, 2021

Share of total number of post offices



Copenhagen Economics

MONITORING AND REGULATION OF THE QUALITY OF SERVICE

Most NRAs report setting monitoring standards for delivery at least in terms of transit time and reliability of service

Measurements to ensure quality of universal services

COUNTRY	WHAT PARAMETERS ARE INCLUDED IN THE MONITORING SYSTEM?				ARE THERE CONSIDERATIONS TO MONITOR THE QUALITY OF RETURNS?
	On-time delivery	Waiting time at the post office	Failed deliveries	Other	
Responded yes	27	4	5	5	0

Quality standards are in place in every country for basic letter post products

Product scope of quality measurements by NRAs

	BASIC LETTER POST (FSC, DOMESTIC)	BASIC LETTER POST (SSC, DOMESTIC)	BULK LETTERS	REGISTERED MAIL	INSURED MAIL	DIRECT MAIL	PUBLICATIONS	BASIC PARCEL POST (DOMESTIC)	BULK PARCELS	CROSS-BORDER LETTER POST	CROSS-BORDER PARCELS	EXPRESS SERVICES
AT	Yes	Yes		Yes								
BE	Yes	No	No	No	No		No	No		Yes	No	
BG	Yes	Yes		Yes	Yes		No	Yes		No	No	
HR	Yes	Yes	Yes	Yes	Yes			Yes	Yes	Yes	Yes	
CY	Yes									Yes		
CZ	Yes	Yes		Yes	Yes			Yes		Yes	Yes	
DK		Yes	Yes	Yes	Yes		Yes	Yes	No	No	No	
EE	Yes	Yes		No	No			No		No	No	
FI	Yes											
FR	Yes	Yes	No	Yes	No		No	Yes		No	No	
DE	Yes		Yes	Yes			Yes	Yes	Yes	Yes	Yes	
EL	Yes	No	No	No	No		No	No	No	Yes	No	
HU	Yes	Yes	Yes	Yes	Yes	No		Yes	Yes	Yes	No	
IS												
IE	Yes		No							Yes	Yes	
IT	Yes	Yes	Yes	Yes	Yes		Yes	Yes		Yes	Yes	
LV	Yes			Yes	Yes			Yes		No	No	
LI												
LT	Yes	Yes		Yes	Yes			Yes		Yes	No	
LU	Yes		Yes	No	No			No	No	Yes	No	
MT	Other		Other	Other		No	Other	Other		Yes	Yes	
NL	Yes			No	No			No		No	No	
NO	Yes											
PL	Yes	Yes		Yes	Yes			Yes		No	No	
PT	Other	Other	Other	Other	Other		Other	Other	Other	Other	Other	
RO	Yes											
SK	Other	Other		Other	Other			Other		No	No	
SI	Other	Other	Other	No	No			Other		Other		
ES	No	No		Yes				Yes		No	No	
SE	No	Yes		No	No			No		Yes	No	
CH	Other	Other	No	No			No	Yes	No	No	No	
UK	Yes	Yes		Yes	Yes			Yes		Yes	Yes	

Most USPs reached or almost reached their D+1 delivery target levels in 2021

D+1 delivery performance relative to target, 2017-2021, by country

COUNTRY	TARGET LEVEL	2017	2018	2019	2020	2021
AT	95 %	95 %	96 %	95 %	96 %	96 %
HR	85 %	85 %	85 %	85 %	86 %	88 %
CY	90 %	90 %	89 %	90 %	94 %	80 %
CZ	92 %	93 %	93 %	93 %	93 %	93 %
EE	90 %	86 %	76 %	72 %	84 %	90 %
DE	80 %	89 %	88 %	88 %	84 %	83 %
HU	90 %	88 %	88 %	89 %	90 %	91 %
LT	85 %	89 %	85 %	76 %	89 %	66 %
NL	95 %	95 %	95 %	94 %	94 %	94 %
PL	82 %	57 %	57 %	59 %	56 %	54 %
SK	93 %	95 %	94 %	94 %	94 %	92 %
CH	97 %	98 %	97 %	98 %	98 %	97 %

The quality of service of parcel delivery has remained roughly constant during the 2017-2021 period

Parcel delivery performance, 2017-2021, by country

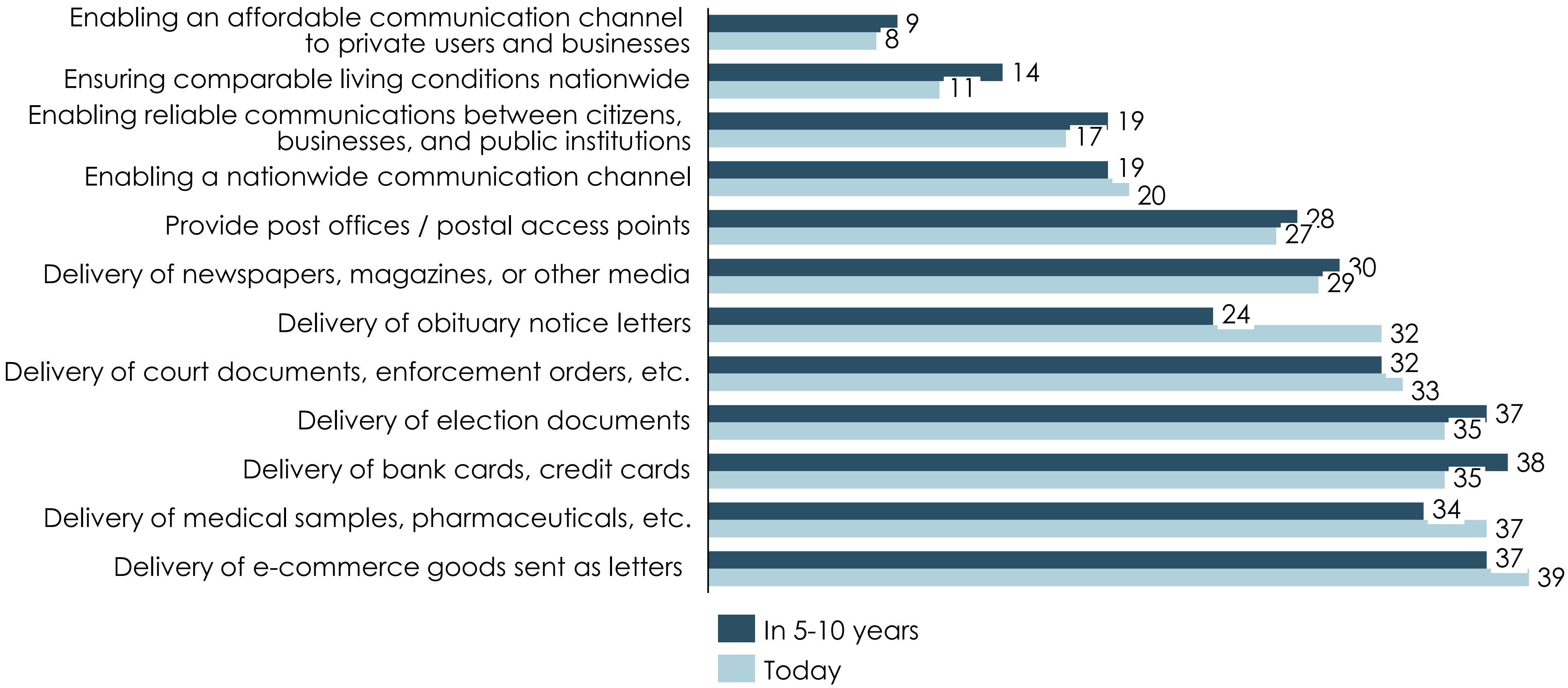
PRIORITY LEVEL	COUNTRY	2017	2018	2019	2020	2021
D+1	BE	90 %	84 %	92 %	84 %	84 %
D+1	DK	94 %	93 %	95 %	94 %	94 %
D+1	PL	81 %	72 %	76 %	76 %	80 %
D+1	CH	96 %	97 %	95 %	95 %	95 %
D+1	UK	92 %	92 %	93 %	75 %	75 %
D+2	AT	94 %	94 %	92 %	87 %	91 %
D+2	FR	92 %	90 %	91 %	78 %	89 %
D+2	HU	98 %	99 %	98 %	98 %	99 %
D+2	SI	100 %	99 %	100 %	95 %	99 %
D+2	CH	98 %	98 %	96 %	96 %	96 %
D+3	HU	100 %	100 %	99 %	99 %	100 %
D+3	PL	98 %	98 %	99 %	99 %	99 %
D+3	PT	95 %	95 %	91 %	92 %	89 %
D+3	SI	100 %	100 %	100 %	97 %	100 %
D+3	ES	59,83	47,33	65,39	75,62	78,4
D+3	UK	98 %	99 %	99 %	94 %	94 %
D+4	FR	99 %	99 %	99 %	95 %	99 %
D+4	IT	92,2	95,1	95,5	94	95,65
D+4	LV	99 %	99 %	99 %	99 %	99 %
D+4	NO	89 %	95 %	97 %	96 %	97 %

COMPLAINTS AND USER SATISFACTION

Certain aspects of the USO remain important despite declining demand for letter services

Future user needs with respect to the USO

Share of respondents, percentage



Most NRAs observed an increase in user complaints regarding delivery of postal products

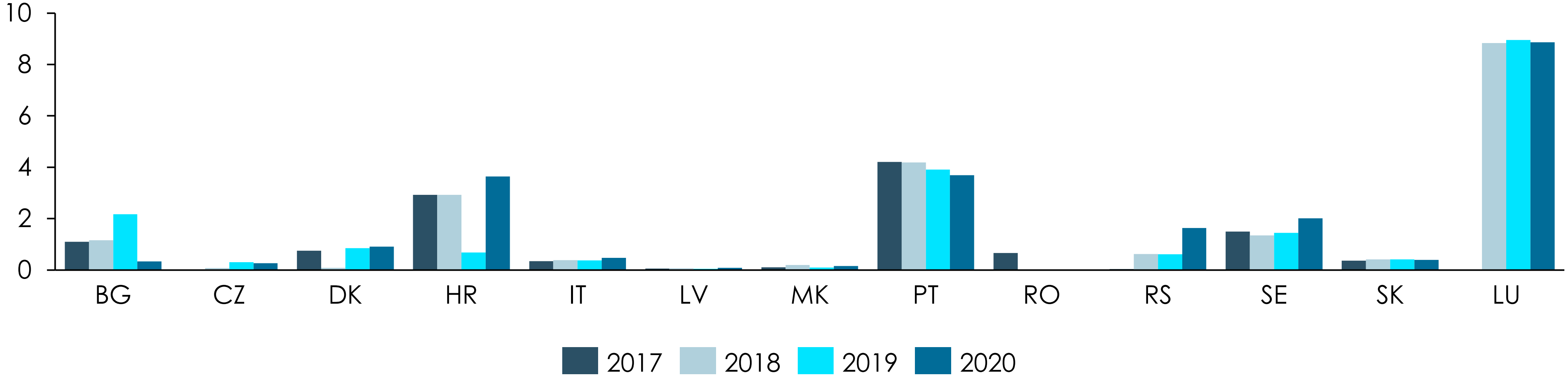
Evolution of user complaints for postal products sent to NRA, 2017 - 2021

Country	2017	2018	2019	2020	2021	Change (2017-2021)
AT	0.20	0.40	0.58	0.69	0.71	254%
BE						
BG*	0.39	0.58	0.75	0.67		70%
HR	0.17	0.33	0.83	1.09	0.79	342%
CY	0.07	0.07	0.11	0.19	0.29	333%
CZ	0.43	0.64	0.63	0.52	0.61	45%
DK						
EE	0.36	0.17	0.29	0.27	0.12	-66%
FI						
FR	0.00	0.00	0.00	0.00	0.00	-17%
DE	0.74	1.52	2.19	2.27	1.82	148%
EL						
HU	0.37	0.26	0.25	0.25	0.23	-38%
IE						
IT*	0.03	0.04	0.02	0.07		159%
LV	4.13	4.39	3.93	5.01	6.36	50%
LT	0.21	0.16	0.24	0.40	0.88	308%
LU*	0.29	0.33	0.18	0.13		-53%
MT	0.41	0.80	0.34	1.03	0.68	84%
NL	0.04	0.03	0.01	0.02	0.02	-37%
NO						
PL*	365.84	522.55	398.73	340.21		-7%
PT						
RO						
SK	0.10	0.14	0.14	0.16	0.11	11%
SI*		0.08	0.12	0.11		
ES						
SE	2.23	1.78	1.44	0.99	1.08	-50%
EU 27	0.37	0.60	0.79	0.82	0.75	103%

The number of complaints relating to cross-border deliveries has been increasing in most countries

Development of cross-border complaints, 2017-2020

Average number of complaints per 1,000 inhabitants



Complaint procedures for cross-border products

Does the NRA and/or USP engage in any initiatives regarding cross-border complaints handling?	
Yes	HR, FR, IT, LV, LU, SK
No	AT, BE, BG, CY, CZ, DK, EE, DE, EL, HU, IE, LT, NL, PT, RO, SI, ES, SE, CH
Unknown, no information	MT, NO, PL, UK
No response	FI, IS, LI

APPLICATION OF TARIFF PRINCIPLES

Cost orientation measures are applied very differently by NRAs across the EU while the definition of tariff transparency is similar

Level of cost orientation measurement

At which level is cost-orientation measured?	
Individual services	BG, CY, DK, EL, IE, IT, LT, PL, SK, ES, SE
Universal services as a whole	AT, HR, CZ, EE, FI, FR, HU, LV, MT, NL, NO
Service baskets	BE, DE, RO
Other	PT

Definition of tariff transparency principle

How is the principle of tariff transparency defined	
Requirement to publish tariffs at the website	HR, CY, CZ, FR, EL, IT, LV, LT, MT, NO, PL, RO, SK, SI, SE, CH, UK
Requirement to publish tariffs and discounts	BG, EE, IE, SE
Requirement to publish tariffs publicly and publish discounts to relevant users only	
Requirement to publish tariffs to NRA	
No specific formal definition	BE, HU, PT

The monitoring of terminal dues by NRAs differs across Member States

Monitoring of terminal dues

COUNTRY	HOW IS THE PRINCIPLE THAT TERMINAL DUES ARE SET IN RELATION TO PROCESSING COSTS AND RELATED TO QUALITY OF SERVICE MONITORED (ENSURED)?
Austria	Part of overall tariff regulation (cost-orientation and affordabilty)
Belgium	Article 19, § 1, 2°, of the Postal Act states that as regards outgoing cross-border mail and outgoing cross-border parcels, the rate increases that are the direct result of an increase in terminal dues, shall not be taken into account for the application of the price cap formula
Bulgaria	The principle that terminal dues are set in relation to processing costs are set by Ordinance for determining rules for the production and application of the price of Universal postal Service.
Croatia	Through monitoring the prices of postal services in domestic transport and monitoring the quality of E2E (primarily in internal transport).
Czech Republic	Terminal dues are set in international agreements (REIMS, Acts of UPU) and CTU may monitor costs from separate cost accounting.
Denmark	Not monitored
Estonia	UPU sets these terminal dues not USP nor NRA.
France	Arcep is not responsible for the definition of terminal dues.
Germany	No
Greece	Terminal dues are taken into account (based on commercial aggremments) upon the approved cost accounting system.
Hungary	Unknown
Ireland	Regulatory Accounts for costs
Latvia	From audit report
Lithuania	There is no applicable regulation regarding this issue.
Malta	The USP adopts the UPU Terminal Due rate. Via the cross-border parcel regulation, the USP is required to provide insight of the costs incurred.
Netherlands	No
Portugal	ANACOM monitors the relation between the revenues deriving from terminal dues with the USP's costs (the unit costs) and data available on the quality of service for the relevant services.
Romania	When concluding agreements concerning the terminal dues for the intracommunity postal items sent from one Member State of the European Union to an address on Romania's territory, the universal service provider shall observe the following principles: a) the terminal dues shall be set in keeping with the costs linked to the processing and delivery of the cross-border postal items; b) the level of the terminal dues shall be in line with the quality of the service; c) the terminal dues shall be transparent and non-discriminatory
Slovakia	The principle that terminal dues are set in relation to processing costs and related to quality of service is monitored by requesting detail information about principles of calculation of terminal dues.
Spain	The terminal dues are not analysed by CNMC in the annual price review of universal service prices. However, CNMC may analyse the processing costs in the verification of the Designated Operator's analytical accounting.
Sweden	No such requirement
Switzerland	No sector-specific monitoring

Methods of price regulation vary across Member States

Method of price regulation

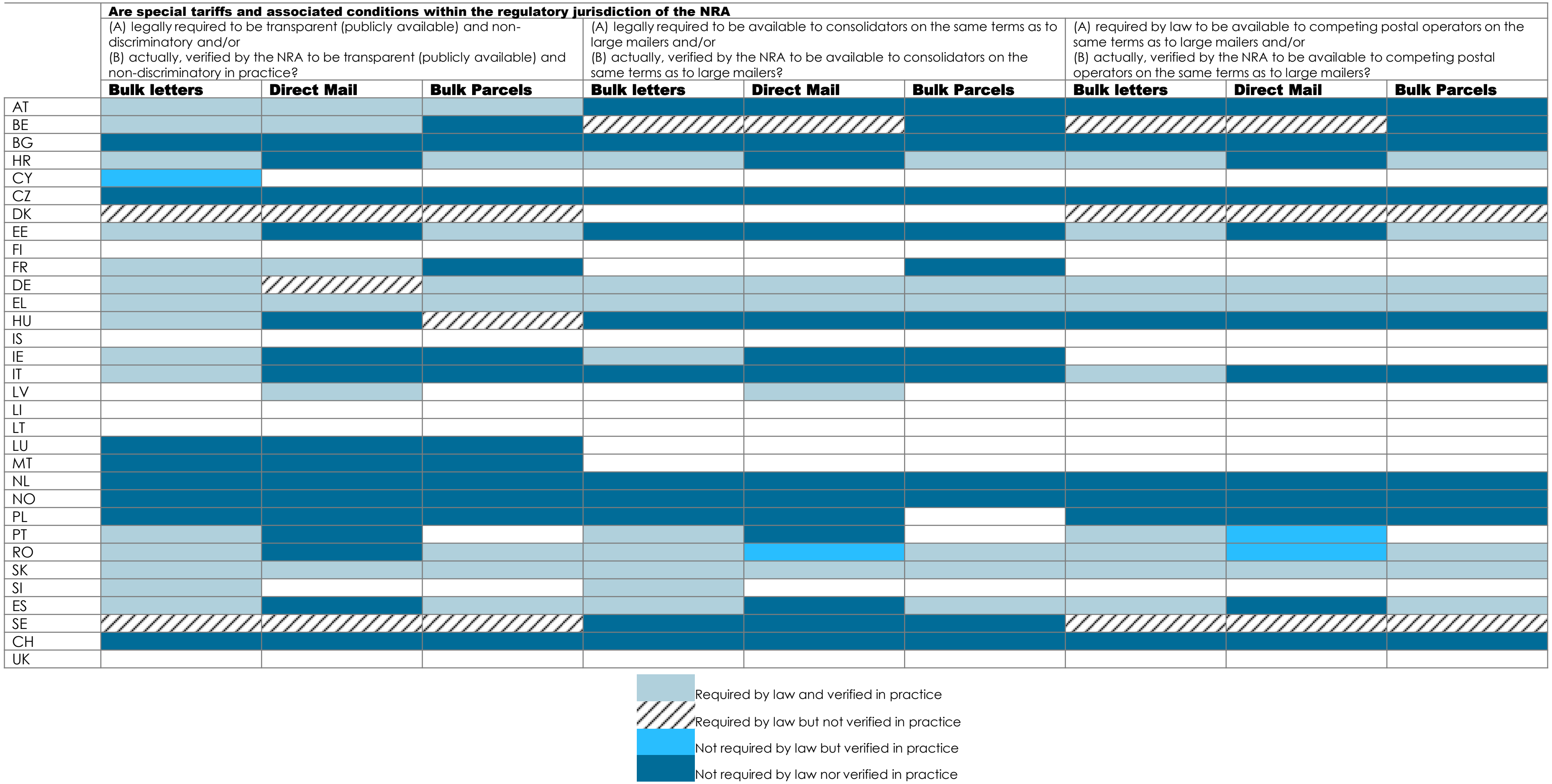
Country	Basic Letter Post	Bulk Letters	Direct Mail	Periodicals	Non-Priority Letter Post	Basic Parcel Post	Bulk Parcels
AT	Ex post	Ex post	Ex post	Ex post	Ex post	Ex post	Ex post
BE	Ex ante	Ex post	Ex post	Ex post	Ex ante	Ex ante	No price regulation
BG	Ex ante	No price regulation	No price regulation	Ex ante	Ex ante	Ex ante	No price regulation
HR	Ex ante	Ex ante	Ex post	Ex post	Ex ante	Ex ante	Ex ante
CY	Ex ante	Ex ante	Ex ante	Ex ante	Ex ante	Ex ante	No price regulation
CZ	Other				Other	Other	
DK	Ex ante	No price regulation	No price regulation	No price regulation	Ex ante	No price regulation	No price regulation
EE	Price cap	Ex post	Other	Other	Price cap	Price cap	Ex post
FI	Ex post					Ex post	
FR	Price cap	Price cap	Price cap	Price cap	Price cap	Price cap	No price regulation
DE	Price cap	Ex post	Ex post	Ex post	No price regulation	Ex post	Ex post
EL	Ex ante	Ex ante	Ex ante	Ex ante	Ex ante	Ex ante	Ex ante
HU	Price cap	Price cap	Other	No price regulation	Price cap	Other	Other
IS							
IE	Ex post	Ex post	No price regulation	No price regulation	No price regulation	Ex post	No price regulation
IT	Ex ante	Ex ante	No price regulation	Ex ante	Ex ante	Ex ante	No price regulation
LV	Ex post			Ex post	Ex post	Ex post	
LI							
LT	Price cap	No price regulation	No price regulation	Other	Price cap	Price cap	No price regulation
LU	Ex ante						
MT	Ex ante	Ex ante	No price regulation	No price regulation	No price regulation	Ex ante	No price regulation
NL	Price cap	No price regulation	No price regulation	No price regulation	No price regulation	Price cap	No price regulation
NO	Ex post				No price regulation	Ex post	
PL	Ex ante	No price regulation	No price regulation	No price regulation	Ex ante	Ex ante	No price regulation
PT	Other	Other	No price regulation	Other	Other	Other	Other
RO	Price cap	No price regulation	No price regulation	Price cap	Price cap	Price cap	No price regulation
SK	Ex ante	Other	Ex ante	No price regulation	Ex ante	Ex ante	Other
SI	Ex ante	Ex ante	No price regulation	Ex ante	Ex ante	Ex ante	No price regulation
ES	Ex post	Ex post	No price regulation	No price regulation	Ex post	Ex post	Ex post
SE	Other	Ex post	Ex post	Ex post	Ex post	Ex post	Ex post
CH	No price regulation	No price regulation	No price regulation	No price regulation	No price regulation	No price regulation	No price regulation
UK	Price cap where dominant	Ex ante where dominant	No price regulation	No price regulation	No price regulation	Price cap where dominant	No price regulation

Ex post
Price cap
Ex ante
No price regulation
Price cap where dominant
Ex ante where dominant

Legal regulation of special tariffs varies across Member States

Regulation of special tariffs, according to NRAs

Share of respondents, percentage

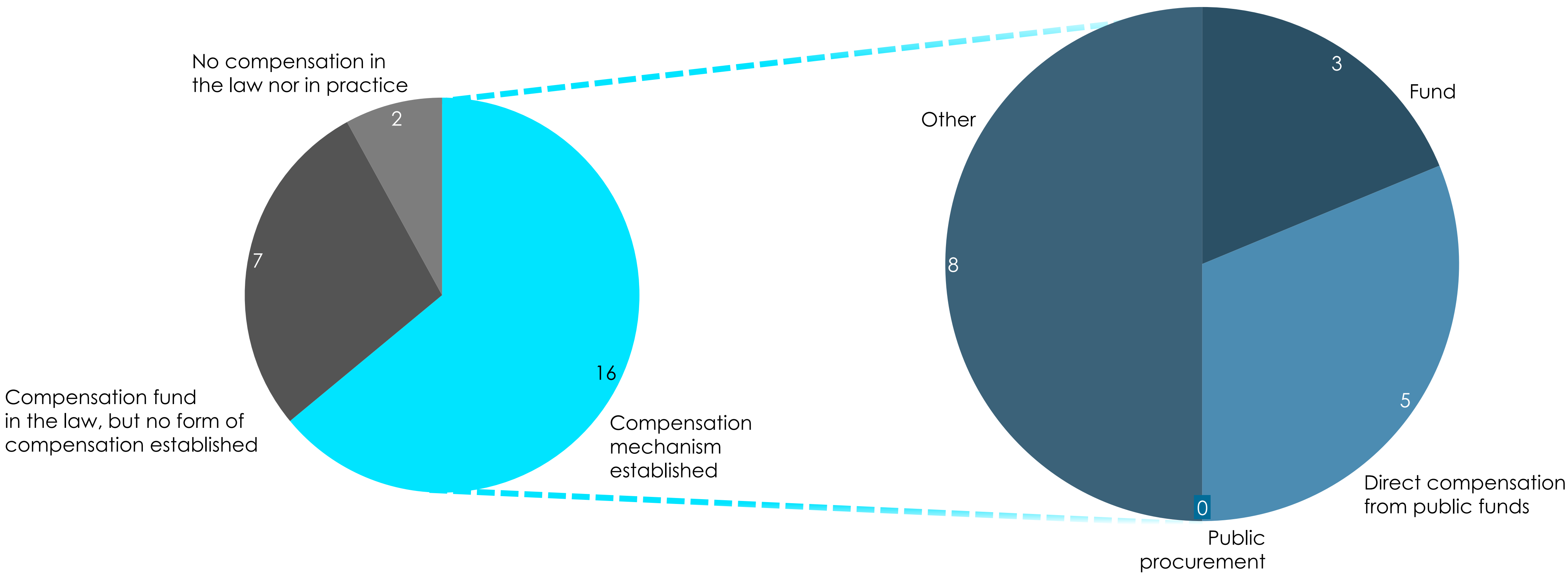


FUNDING OF THE USO

The majority of countries have authorized different forms of compensation by law

Compensation mechanisms for the funding of USO net costs

Number of countries



The legal mechanisms of financing the net cost of the USO differ across Member States

Legal mechanisms of financing the net cost of the USO

COUNTRY	AUTHORISATION OF COMPENSATION FUND	RULING BODY	ADMINISTERING BODY	FUND ESTABLISHMENT	YEAR AUTHORISED	YEAR ESTABLISHED	FIXED METHOD	CONTRIBUTORS	CONTRIBUTION BASIS	USP CONTRIBUTION	ALTERNATIVE COMPENSATION	ALTERNATIVE TYPES OF COMPENSATION	COMPENSATION SIZE	UNFAIR BURDEN
AT	Yes	NRA	NRA	No			Yes	PO in LA	R in LA	Yes	No			
BE	No										Other	DC PF		Other
BG	No										Yes	Other		Yes
HR	No										No			
CY	Yes	NRA	Other	Other	2014	2014	Yes	PO in USO	Other	Yes	No			Yes
CZ	No										Yes	DC PF		Yes
DK	No			No	Other	Other	Other	Other	Other	Other	Yes	Other		
EE	Yes	Other	NRA	Yes	2009	2009	Yes	PO in LA		Yes	No			Yes
FI														
FR	Yes	Other	Other	No	2005	Not established		PO in LA			Other			
DE	Yes	NRA	NRA	No			Yes	PO in LA	R in LA	Yes	No			
EL	No										Other	DC PF		Yes
HU	Other		PM	No							Yes	DC PF		
IE	Yes	NRA	NRA	No				PO in USO	R in USO	Yes	No			
IT	Yes	NRA	PM	No	1999		No				Yes	DC PF		Other
LV	No										Yes	Other		Yes
LT	No										Yes	DC PF		Yes
LU	Yes	NRA	NRA	No			Yes	PO in USO	R in USO	No	No			
MT	Other			No			No			No	No			No
NL	No										No			
NO	No										Yes	PP & DC PF		
PL	Yes	NRA	NRA	No			Yes	PO in USO	R in USO	Yes	Yes	DC PF		Other
PT	Yes	Other		No			No				No			Yes
RO	Yes	PM	PM	No			No				Yes	DC PF		Yes
SK	Yes	NRA	NRA	Yes	2012	2013	Yes	Other	Other	No	No			Yes
SI	Yes	NRA	NRA	No	2009		No	PO in USO	R in USO	Yes	No			Yes
ES	Yes	CM	NRA	Yes	2010[1]	2021	Yes	PO in USO	Other	Yes	No			
SE	No										Yes	Other		No
CH	No										Yes	Other		
UK	Yes	PM	NRA	No			No				No			

With the continuing decline in postal volumes, the compatibility of national financing of USO/SGEI with TFEU remains a topic

State Aid cases in the sector, examples

COUNTRY	CASES	CASE STATUS	SERVICES CONCERNED	ISSUE	REMARKS
Belgium	SA.56448	(2) Closed	Press and periodicals	SGEIs	Extension of press Concessions (2021-2022)
	SA.62486	(2) Closed	Retail network and some other daily or ad hoc services	SGEIs	Prolongation of 6th Management Contract (2021)
	N/A	(1) Ongoing	Retail network and some other daily or ad hoc services	SGEIs	7th Management Contract (2022-2026)
Denmark	T-561/18 and C-442/21P	(1) Ongoing	USO	USO compensation 2017-2019, internal capital injection, VAT exemption, guarantee, and alleged cross-subsidization	
	SA.49668/SA.53403	(2) Closed		Capital injections	
	SA.57991/SA.55918	(1) Ongoing	USO	USO compensation 2020	
	0	(1) Ongoing	USO	USO compensation 2021/2022	
France	SA.49469	(2) Closed	Regional Planning	Decision not to raise objections	All the "cases" mentioned here are decisions regarding public mission compensations - not disputes.
	SA.48883	(2) Closed	Transport of newspapers	Decision not to raise objections	
	SA.41147	(2) Closed	Banking access	Decision not to raise objections	
	17-D-26	(2) Closed	Banking access	Decision not to raise objections	
Italy	SA.48492 (2019/NN)	(2) Closed	"servizi editoriali"	State compensation for reduced tariff offered to publishers and not for profit organizations over the period 2017-2019	Aid compatible with the internal market pursuant the article 106(2) TFEU
	SA.55270 (2020/N)	(2) Closed	universal services	2020-2024 USO Compensation	The Commission found the compensation to be in line with EU state aid rules
	SA.43243	(2) Closed	universal services	Delivery of the universal postal service over the periods 2012-2015 and 2016 - 2019	The Commission found the compensation to be in line with EU state aid rules
Poland	SA.42843 (2015/N) Compensation for the provision of services which are statutorily exempted from postage fees (2016-2021)	(1) Ongoing	Postal items	Exemption from postage fees for the following: services including clearance, transport and delivery of items posted by blind and partially sighted persons or to organisations performing activities for and on behalf of blind and partially sighted persons; items containing the "compulsory library copies" sent to the libraries entitled to receive them; "voting packages" and consignment of return envelopes.	Designated operator receives compensation from the state budget in form of subvention.
	Public Registered Electronic Delivery Service	(1) Ongoing	Registered Electronic Delivery	Exemption from postage fees of forwarding correspondence using Public Registered Electronic Delivery Service by non-public entity to public entity.	Designated operator receives compensation from the state budget in form of subvention.
Spain	SA.37977	(2) Closed	USO compensation H.53 - Postal and courier activities H.53.1 - Postal activities under universal service obligation	State Aid to Correos	State aid for provision of USO.
	SA.50872	(2) Closed	USO compensation H.53.10 - Postal activities under universal service obligation	USO compensation for Correos, 2011-2020, SPAIN	State aid for provision of USO.

Q&A

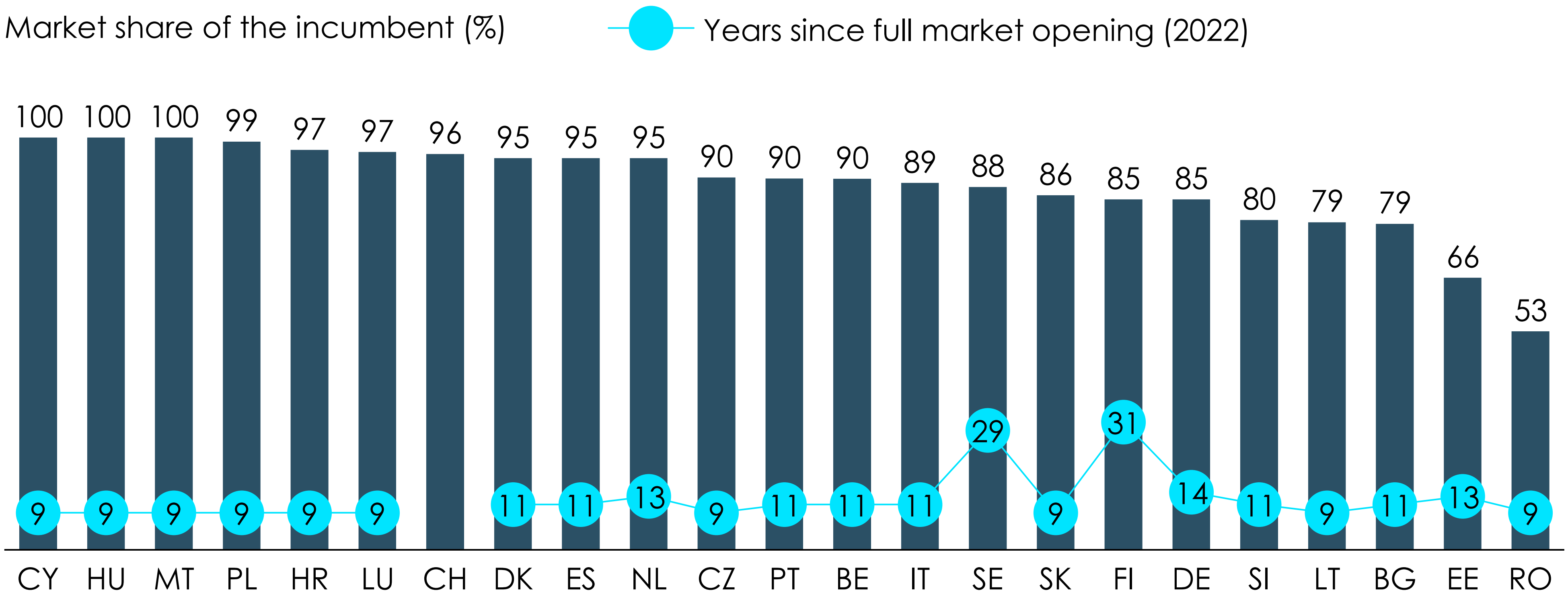
6
COMPETITIVE LANDSCAPE

- **DEVELOPMENT OF COMPETITION IN LETTER AND PARCEL DELIVERY MARKETS**
- **EMERGENCE OF NEW BUSINESS MODELS AND INNOVATIONS**
- **DEVELOPMENTS IN AUTHORISATION, LICENSING AND ACCESS REGIMES**
- **THE ROLE OF EX-ANTE REGULATION IN THE POSTAL SECTOR**

DEVELOPMENT OF COMPETITION IN LETTER AND PARCEL DELIVERY MARKETS

The impact of postal market liberalization on the incumbent's market share varies considerably; generally, letter segment market shares remained stable

Market share of postal incumbent 2021 vs. years since full market opening



Copenhagen Economics

Most operators that have managed to gain and maintain a stable foothold in the market entered the market more than 10 years ago

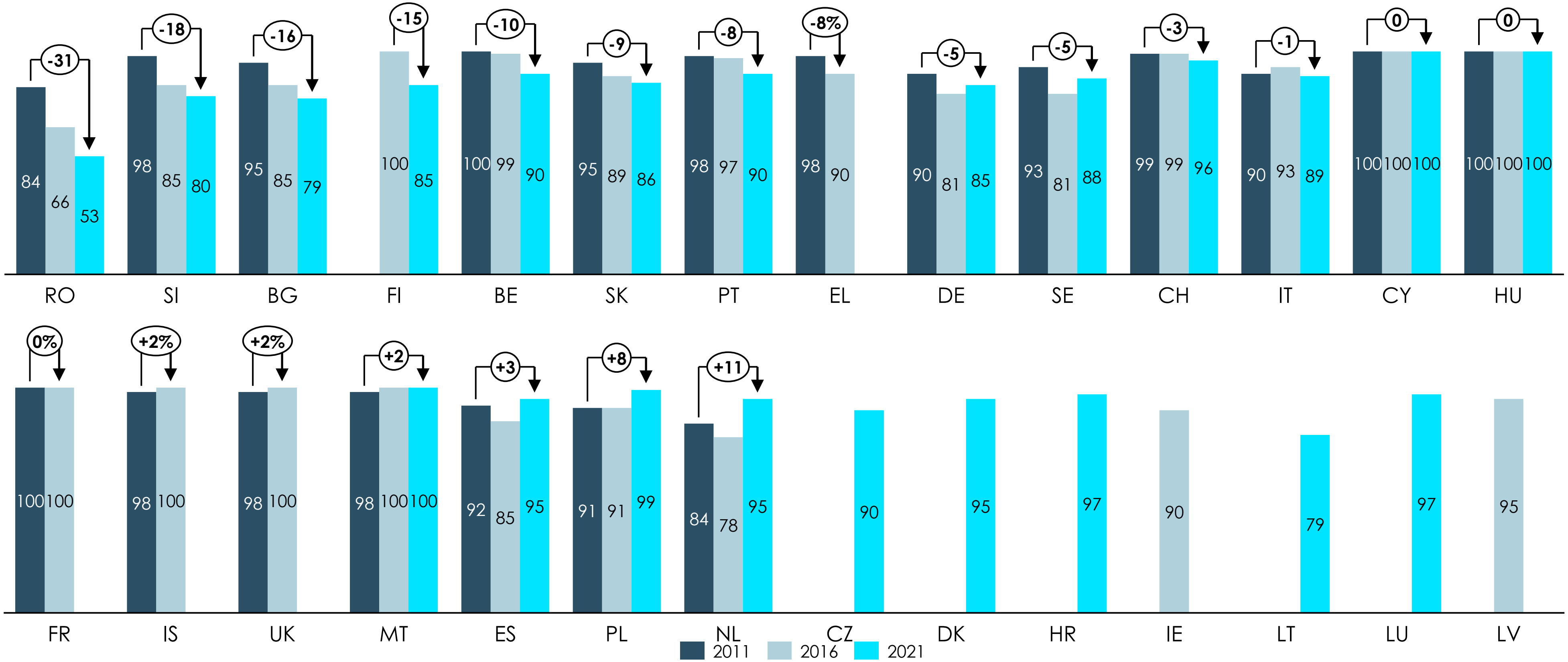
Organisation of the postal market

ORIGIN	NUMBER	COMPANIES	YEAR OF ENTRY
Operators established by national postal operator in another country	7	M&BM (BG) Bring Citymail (DK) PostCon (DE) Nexive (IT) Pink Post (RO) Citymail (SE) Whistl (UK)	2008 2007 2000 1998 2009 1991 2012
Operators coming from the media/printing business	4	Cromwell Post (SK) Express post (EE) Speedmail (PL) CityEx (HR)	2008 1997 2011 2010
Operators coming from the logistics sector	2	Econt (BG) UniPost(ES)*	2006 2001
Private companies and operators backed by private equity funds	3	PGP (PL) Sandd (NL) CityPost (IE)	2006 1999 2017

The developments of the USPs market share in the letter mail segment vary across Member States

Development of incumbent's market share in the domestic addressed letter mail delivery market, 2016-2021

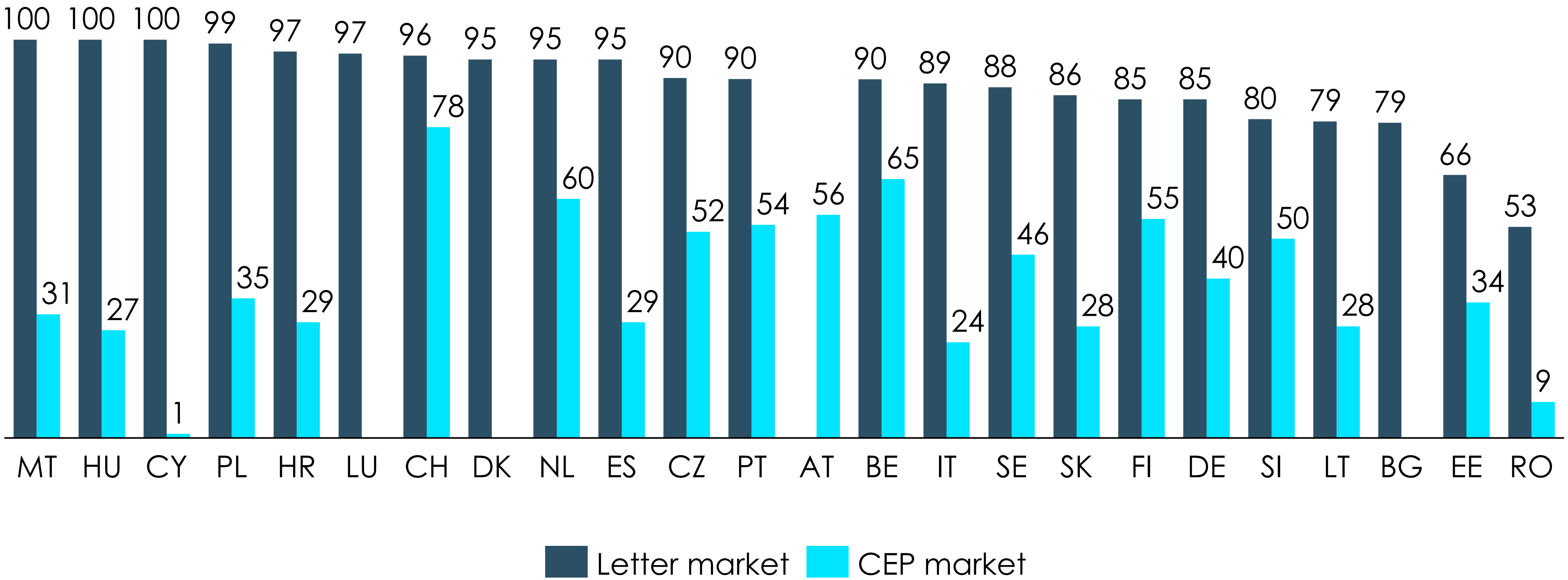
Market share incumbent in per cent, change in percentage points



Copenhagen Economics

USPs generally hold lower market shares in the parcel delivery segment compared with letters

Market share of postal incumbent in the domestic letter and CEP market, 2021
Per cent

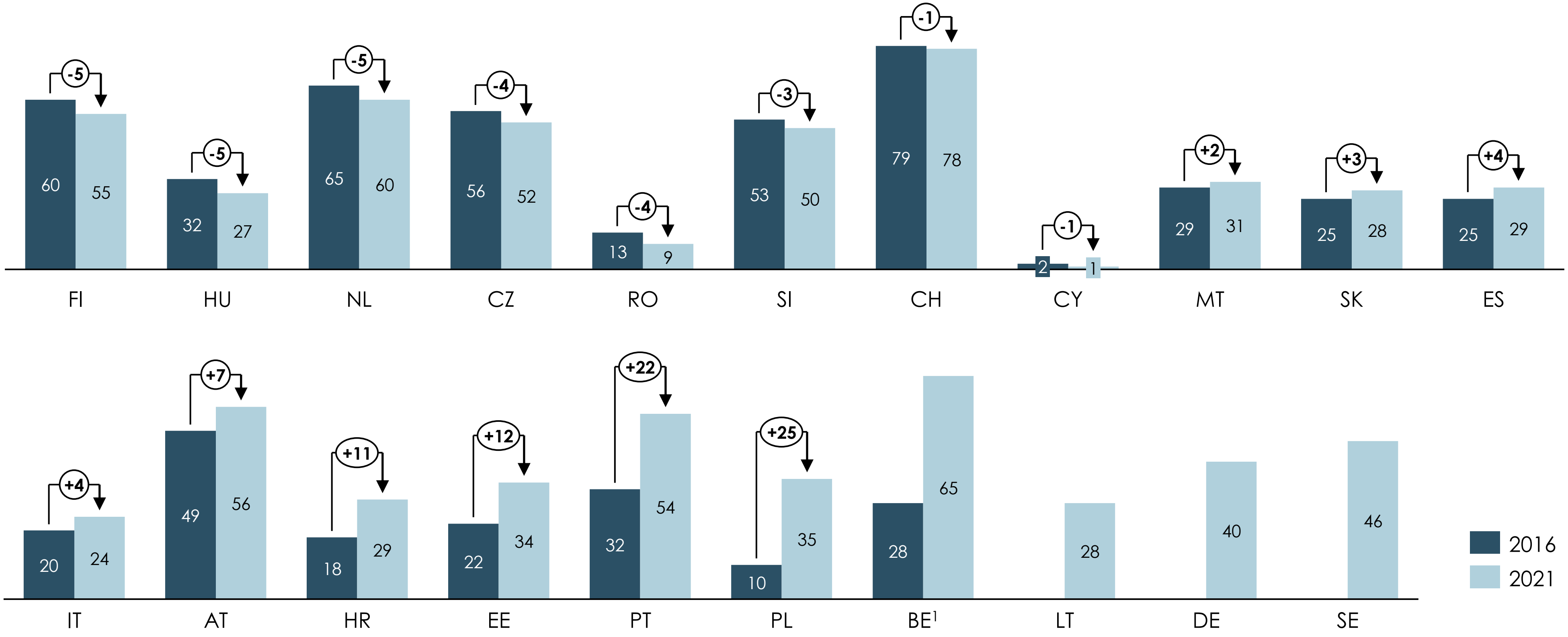


Copenhagen Economics

The developments of the USPs market share in parcel & express segment vary across Member States

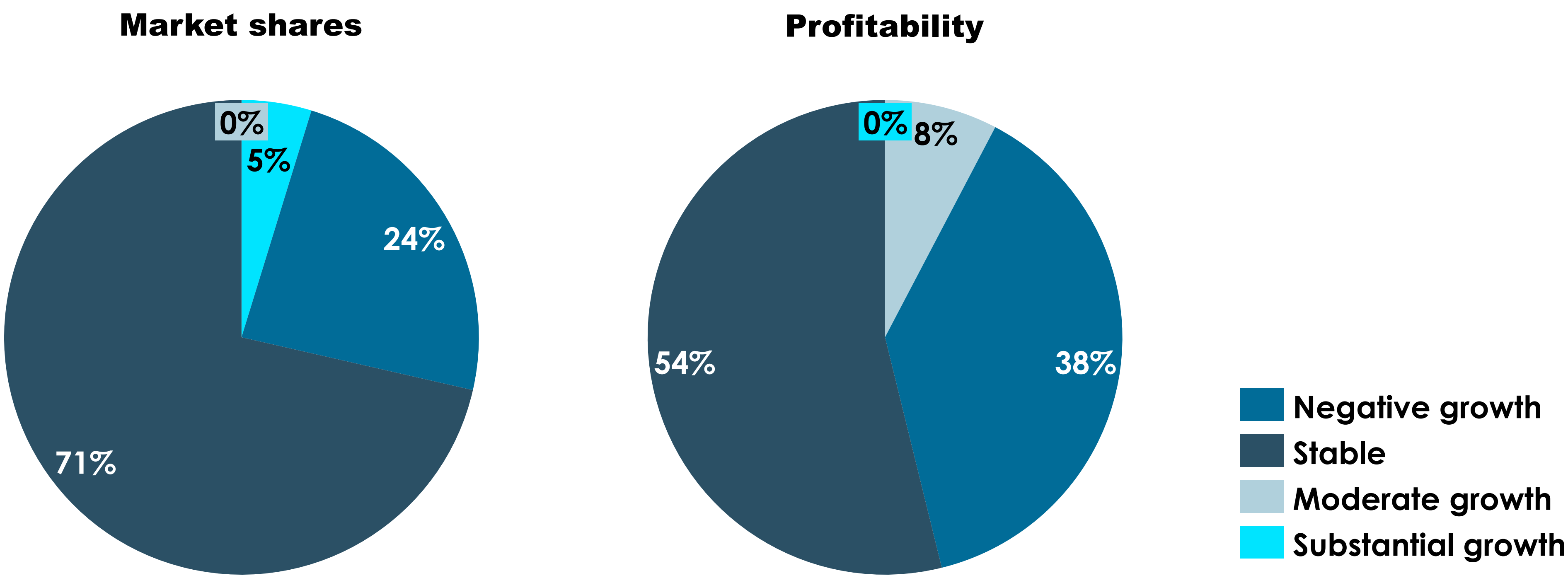
Development of incumbent's market share in the parcel and express market, 2016-2021

Market share incumbent in per cent, change in percentage points



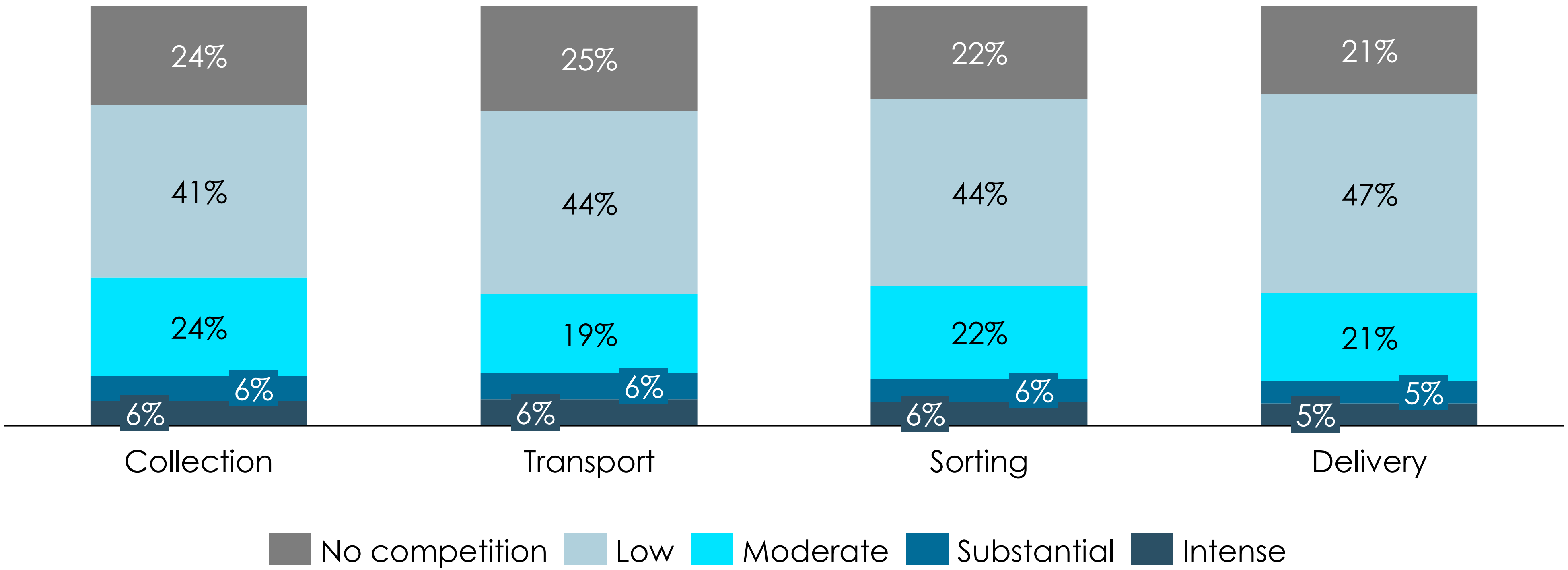
NRAs generally report that market shares of main competitors have remained stable

Evolution of the 3 main competitors market shares and profitability in the letter segment
Number of countries



NRAs across the EU characterise competition as weak across the entire value chain for domestic letter mail

Assessment of competition across the addressed letter mail (domestic) delivery value chain
Share of countries

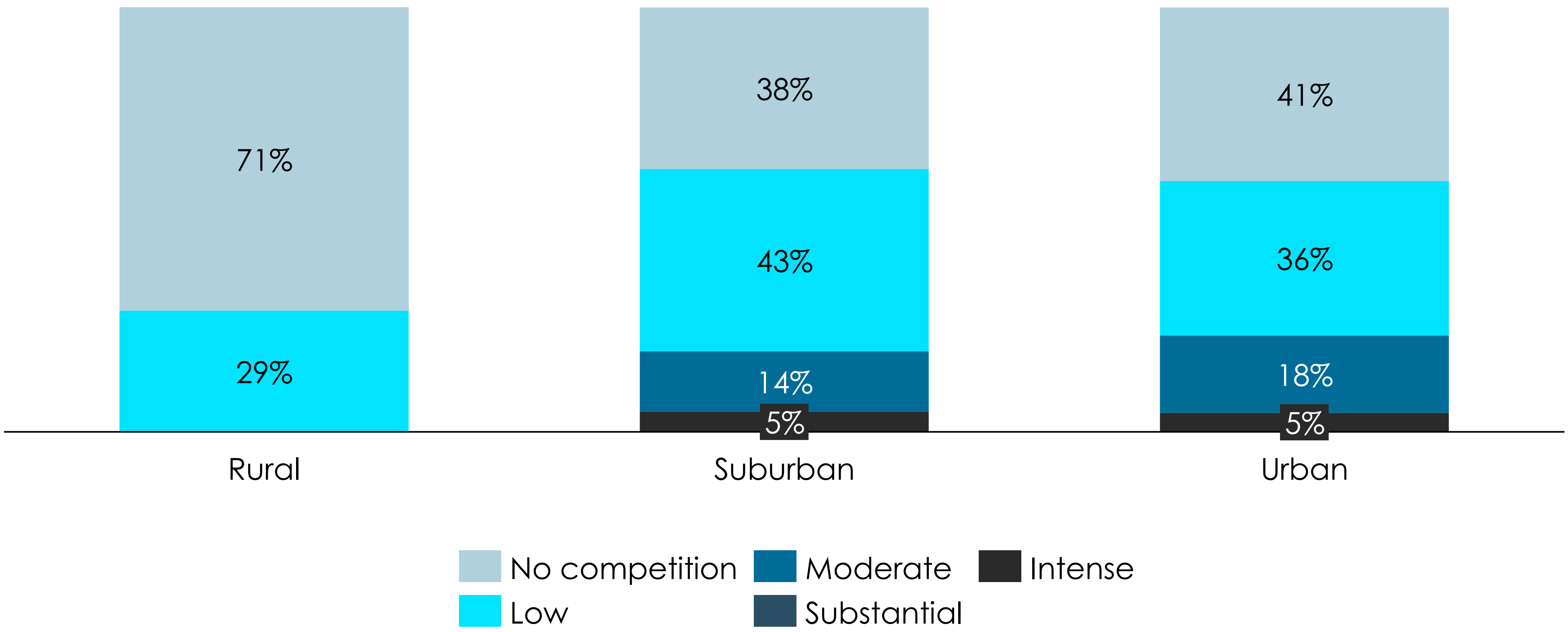


Copenhagen Economics

In the letter segment, NRAs predominantly categorise competition as low in all geographical areas; more competition in suburban and urban areas

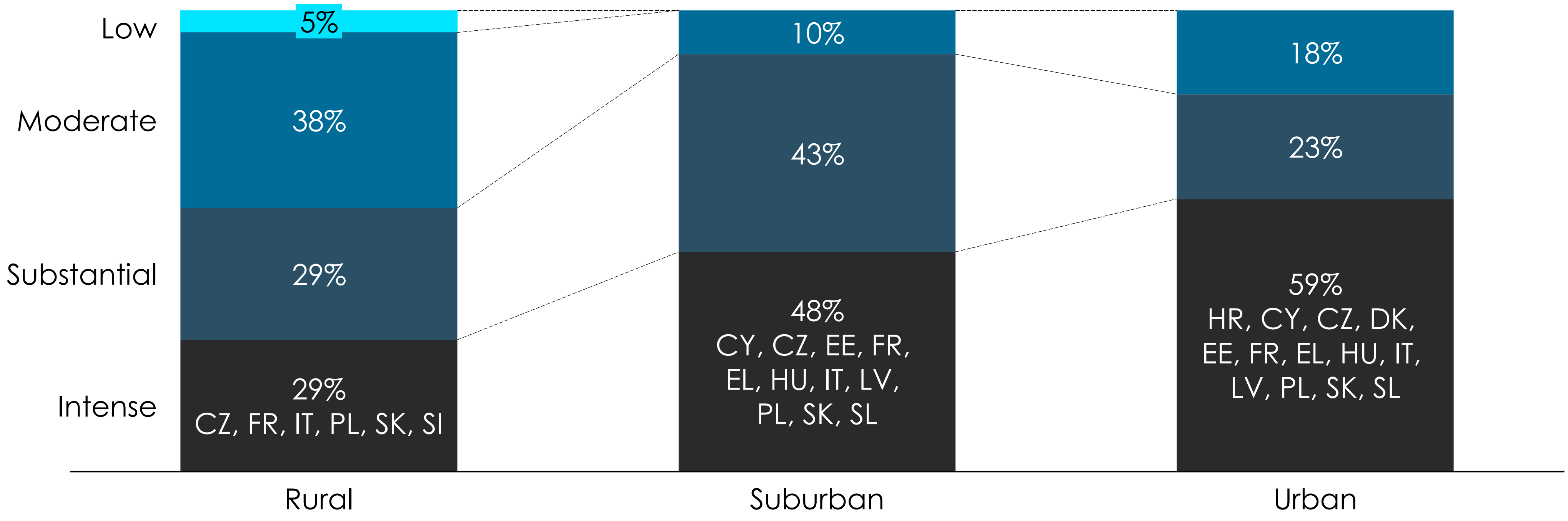
NRA assessment of letter competition in rural vs. urban areas

Share of countries



In the CEP market, NRAs identify at least moderate level of competition in all geographical areas

NRA assessment of parcel & express competition in rural vs. urban areas
Share of countries

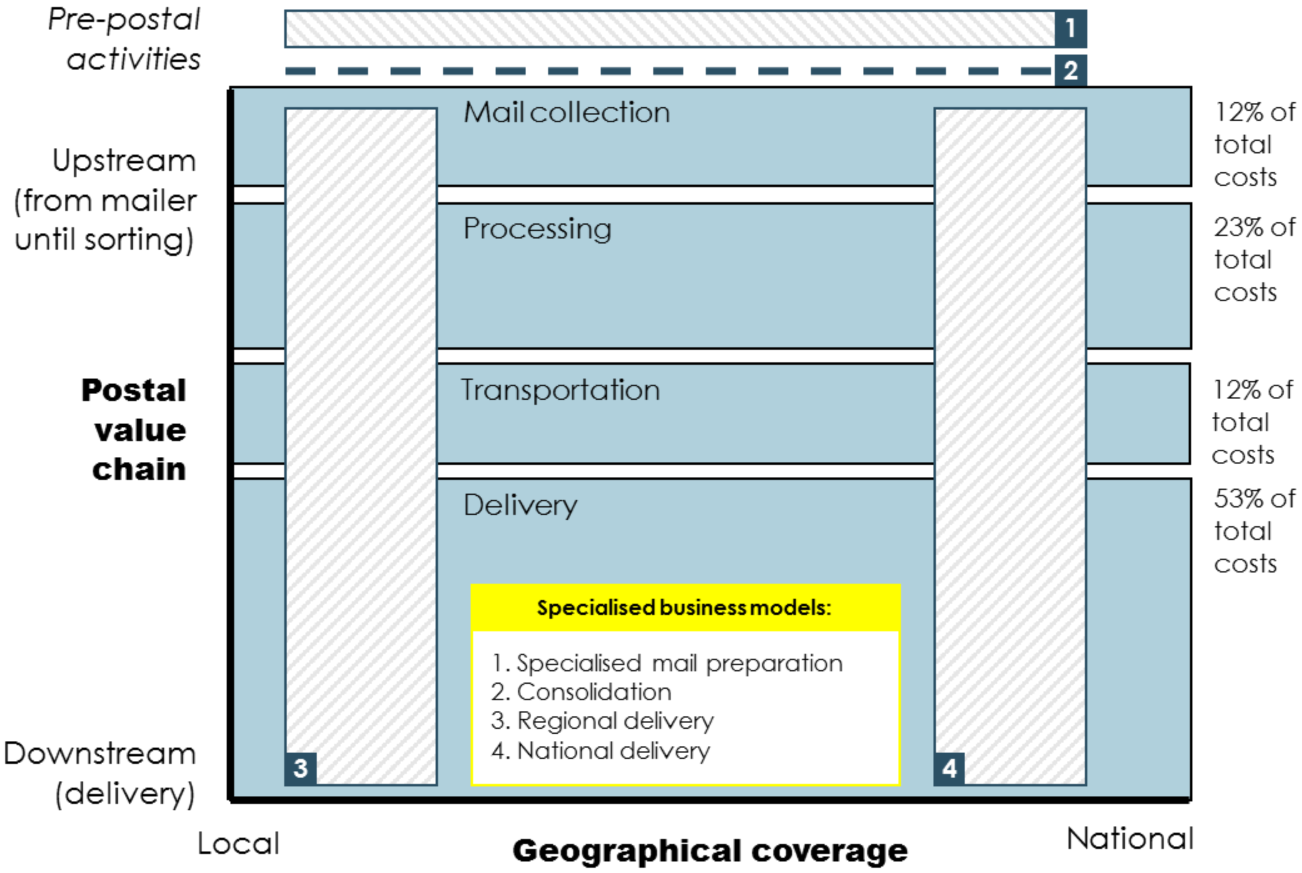


EMERGENCE OF NEW BUSINESS MODELS AND INNOVATIONS

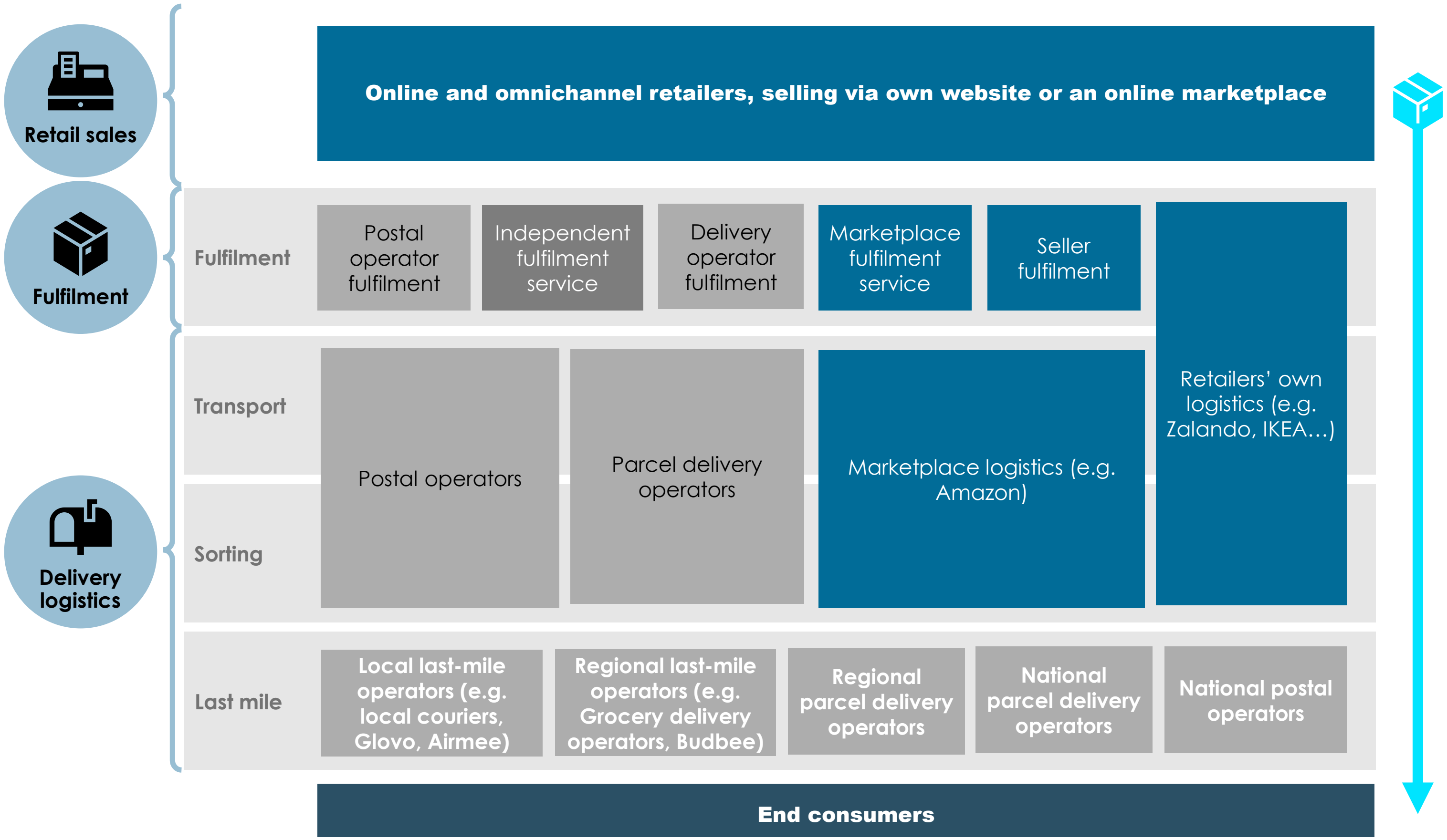
Traditionally, most postal operators serve the entire value chain

Alternative business models in the postal sector

Postal value chain

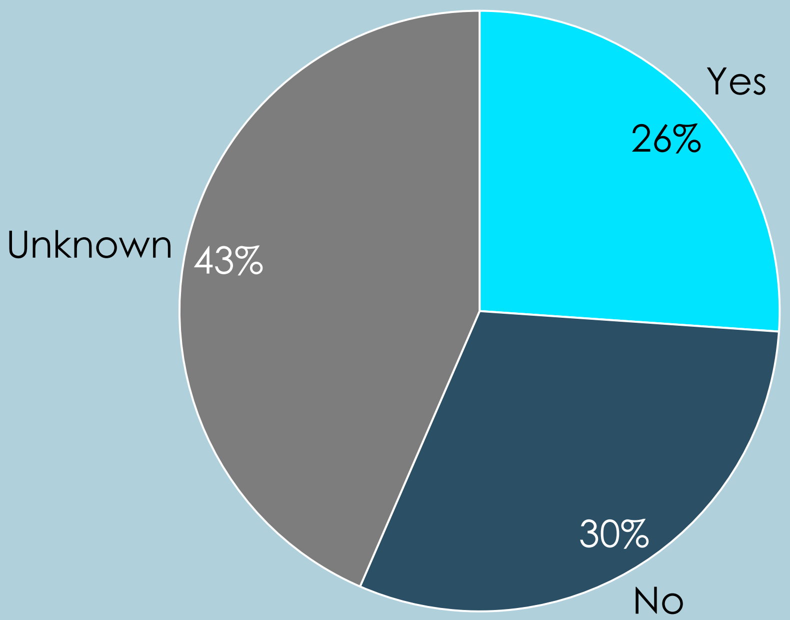


The traditional postal delivery value chain has become much more fragmented and contested



Are last mile food delivery operators also starting to deliver goods and parcels?

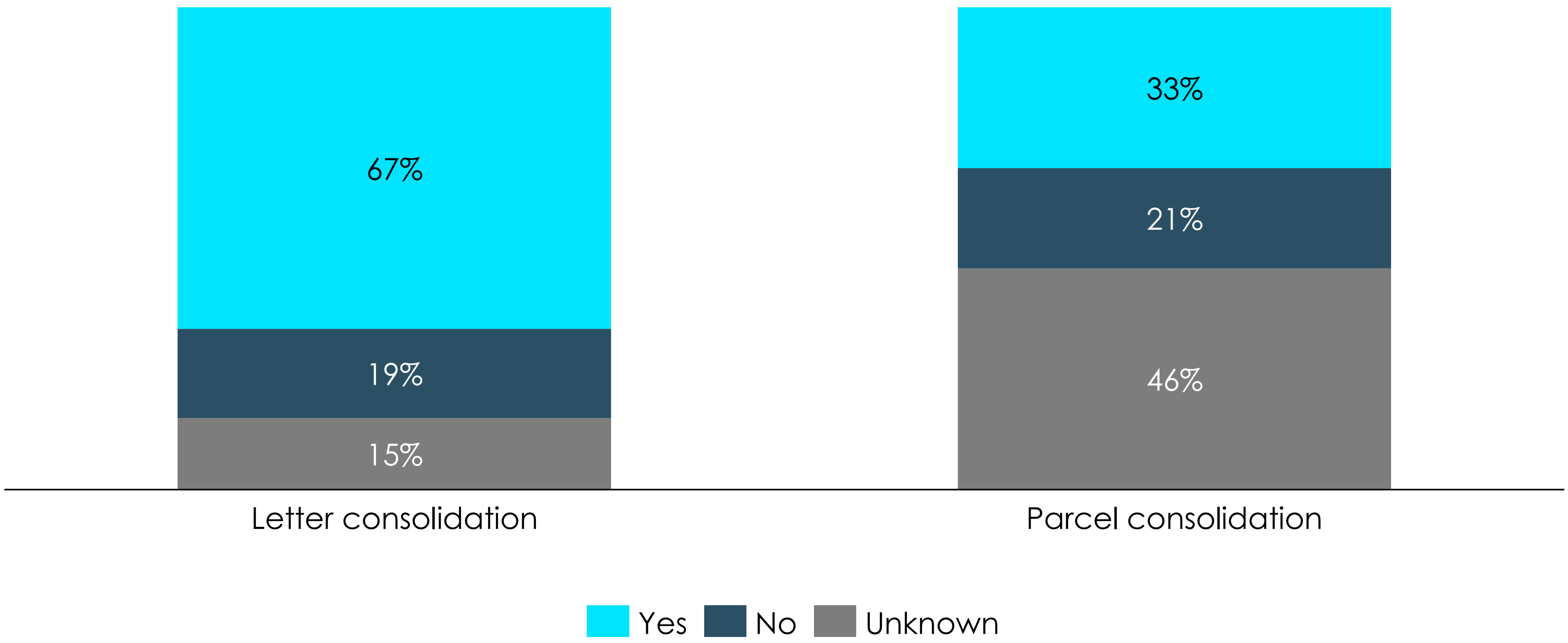
Share of countries (%)



- How to handle authorisation and licensing under these new conditions?
- What is the status of a point-to-point delivery?
- How is downstream access handled?
- What implications for the role of ex-ante regulation in the postal sector?

Consolidation activities are still more common for letter delivery than for parcel delivery

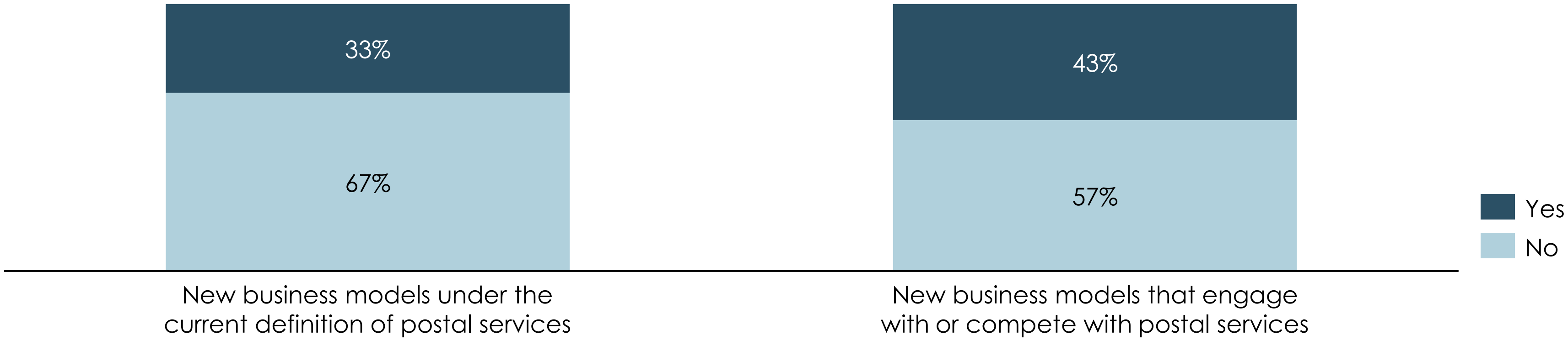
Consolidation activities for letter and parcel delivery
Share of respondents, percentage



NRAs report that new business models are emerging

Have new business models emerged?

Share of countries, percentage



Examples of new business models competing with traditional postal

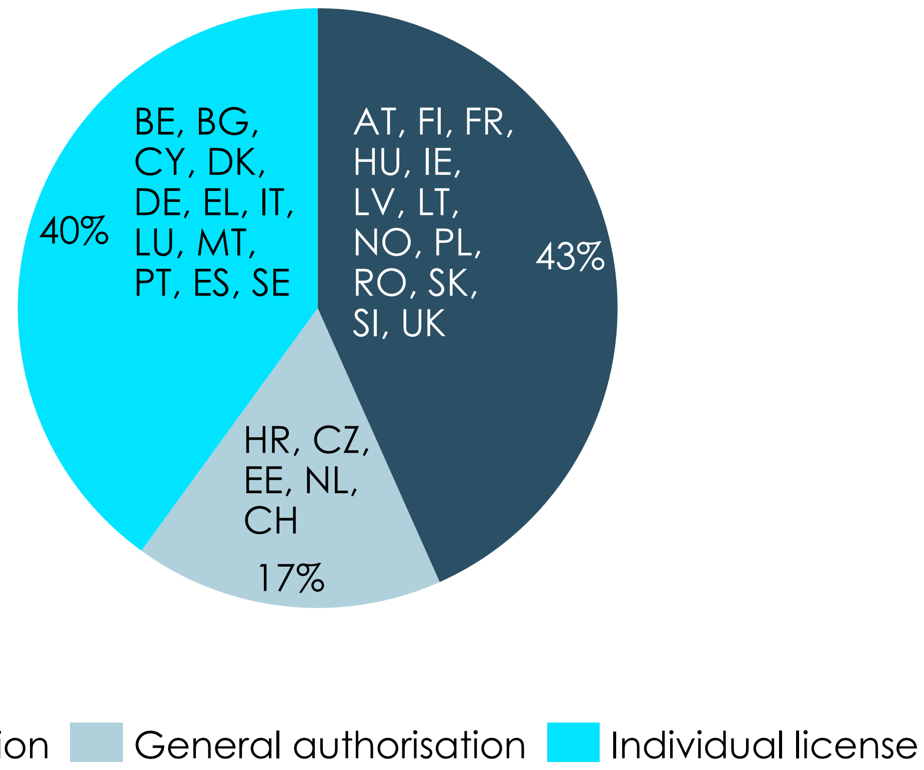
Companies providing parcel locker services for other operators
Companies providing PUDO services for other operators
Delivery of medicine
Flower delivery
Hybrid services
Online platforms (especially those engaging in fulfilment activities)
Postal article forwarding
Postal delivery through car-sharing platforms
Services to deliver articles (mainly packets and/or parcels) from foreign companies
Supermarket product and food delivery

DEVELOPMENTS IN AUTHORISATION, LICENSING AND ACCESS

The majority of NRAs report that services are provided through a direct designation or individual licensing

Authorisation procedure used for services within the USO

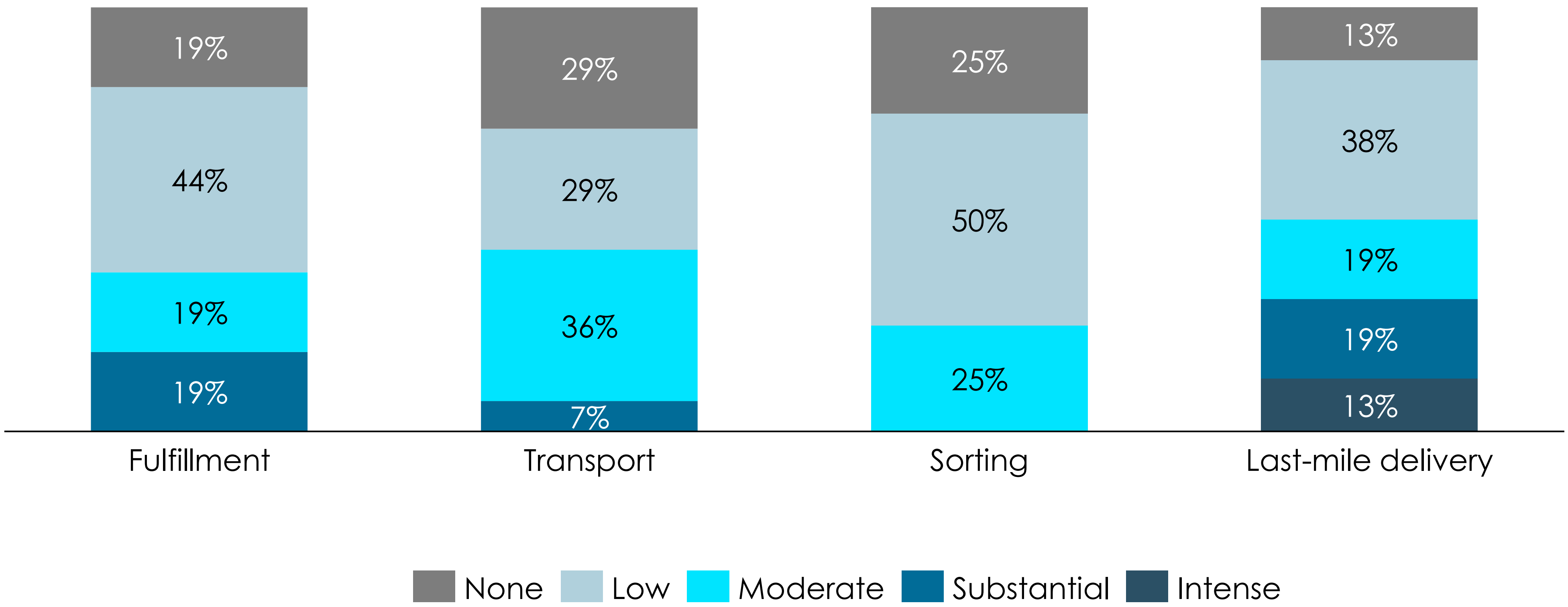
Share of countries, percentage



NRAs mostly experience challenges in regulating last-mile delivery

Assessment of challenges in ability to monitor and regulate the postal sector due to current authorisation and licensing regimes

Share of countries, percent



The types of operations that are subject to authorisation or licensing differ across the EU

Authorisation procedure used for services within the USO

COUNTRY	AUTHORISATION AND LICENSING WITHIN USO	AUTHORISATION AND LICENSING OUTSIDE USO	
		GENERAL AUTHORISATION	INDIVIDUAL LICENSING
AT	Letter mail items up to 50g	All postal services	Letter mail items up to 50g
BE	Only for items of correspondence	None	None
BG	Hybrid & direct mail, courier services	Hybrid & direct mail, courier services	Postal money orders
HR	Clearance, sorting, transport, delivery of mail & parcel	Other postal	Interchangeable service
CY	All USO products & services	International & local courier services, mailbox services, postal preparation services	N/A
CZ	Postal services	Other postal services, e.g. express	
DK	All postal operators excl. couriers & companies only delivering B2C & B2B on contractual basis	None	None
EE	Delivery of direct mail, periodicals, express mail	Delivery of direct mail, periodicals, express mail	Delivery of standard & bulk letters & parcels
FI	All USO products and services		
EL	Letters up to 2kg, parcels up to 20kg. No weight limit in courier services.	Courier services (envelopes up to 2kg & parcels)	N/A
HU	Postal services, postal items	Courier, express, EMS, others	
IE		Postal services	N/A
IT	All USO products and services	Postal items >2kg, parcels between 20 & 30kg, value added services, priority registered mail, hybrid mail, consolidation service	
LT	All USO products and services	N/A	N/A
LU	Postal activities		
MT	All USO products & services	Services outside the USO, express services	None
PT	All USO products & services	All services outside the USO	
RO		All services outside the USO	
SK	All USO products & services	The collection & distribution of postal items up to 50kg, postal payment services, additional services	
SI	Postal services	Postal services	Postal services
CH		All postal services outside the USO	

THE ROLE OF EX-ANTE REGULATION

Different market failures may emerge in the postal market

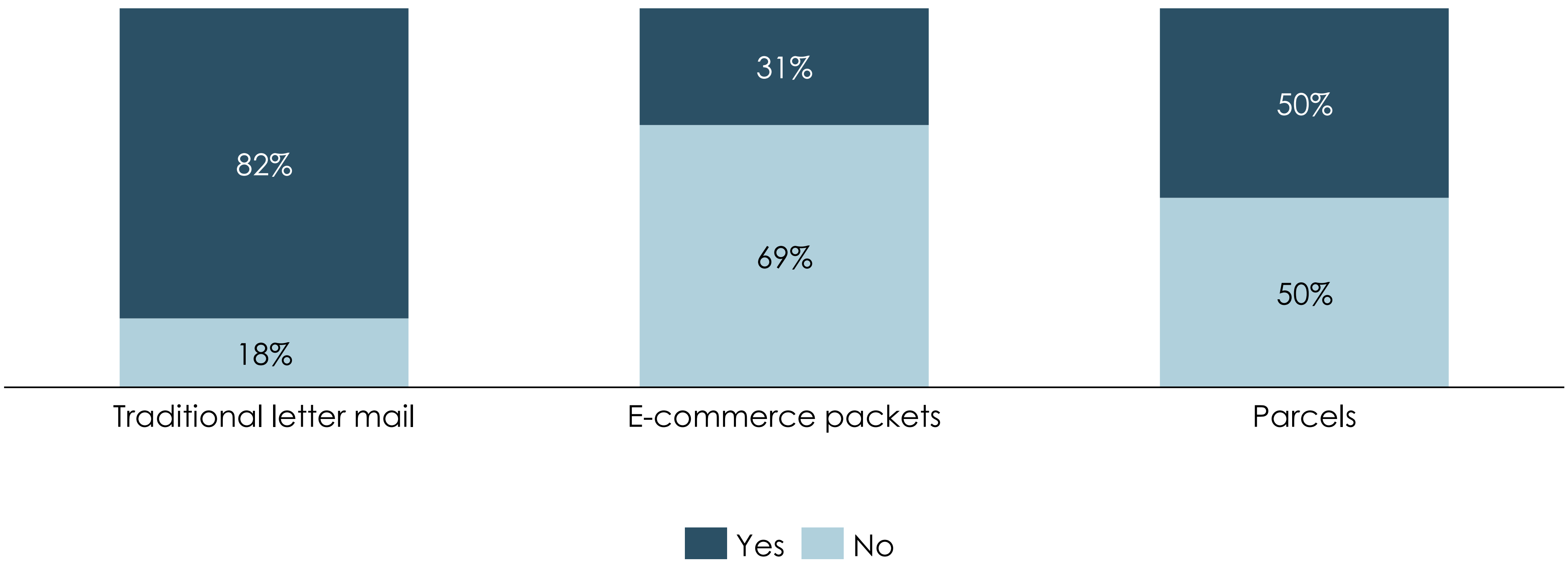
Market failures and examples from the postal context

MARKET FAILURE	DESCRIPTION	EXAMPLES IN THE POSTAL SERVICES CONTEXT
Concentrated market power	Lack of competition may lead to higher prices, lower quality, or lower efficiency than what would be the case in a competitive market	Postal operators with significant market power (or even a regulated monopoly) in parts of the market may exploit consumers by increasing prices for essential services if users do not have access to alternatives.
Public goods	Goods or services that the consumer does not have to pay for in order to use and that can be consumed without reducing their availability to others.	Universal coverage of postal services. Requirement to supply services to all households, including those households that are commercially unattractive to deliver to, such as those in sparsely populated areas.
Externalities	A cost or benefit that impacts a third party although the third party did not participate in the transaction creating the cost/benefit and has no control over the amount of cost or benefit created.	Negative externality: Environmental impact caused by the delivery of letters and parcels. Positive externality: Higher volumes of letters and parcels delivered to rural areas reducing the cost per item of serving rural recipients.
Asymmetric information	Inefficient outcomes may arise because one of the two parties in a transaction (the buyer/user or the seller) has more information.	Lack of trust in delivery services (leading to lower consumption of the services in question) created by the fact that senders and recipients do not know whether a letter/parcel will be delivered on time or not.

Certain aspects of the USO remain important despite declining demand for letter services

Is third-party access used in practice for upstream and/or downstream delivery?

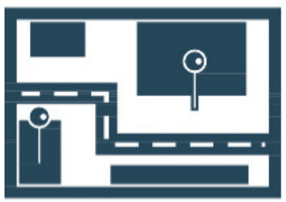
Share of countries, per cent



In most countries competitor operators are given access to USPs’ post codes, address database, and post office boxes

Elements the USP is required to provide to third-party access to

Share of countries, per cent



Post codes

24 countries
80% of responses

Address database

20 countries
67% of responses

Public letter-post collection boxes	Post office boxes	Parcel lockers	Letter delivery boxes	Return service
8 countries 29% of responses	21 countries 70% of responses	3 countries 12% of responses	12 countries 44% of responses	6 countries 33% of responses

More often than previously the USPs must provide third-party access to elements of postal infrastructure

Comparison of third-party access prevalence now and in the previous study

Share of countries, per cent

INFORMATION TO BE SHARED	THIRD PARTY ACCESS IN 2022	THIRD PARTY ACCESS IN 2018
Post codes	80%	69%
Address database	67%	56%
Public letter-post collection boxes	29%	13%
Post office boxes	70%	63%
Parcel lockers	12%	3%
Letter delivery boxes	44%	50%
Return services	33%	34%

7
COST STRUCTURE, RETAIL PRICES AND REBATES OF CROSS-BORDER PARCEL DELIVERY

Introduction

Context:

- Article 11 of the Regulation on cross-border parcel delivery services: the European Commission shall evaluate the impact of this Regulation on cross-border parcel delivery levels and e-commerce, including data on delivery charges.
- Previous studies identified certain high prices and inconveniences of cross-border parcel delivery as being among the main obstacles to greater uptake of e-commerce

Two types of analyses

- Assessment of evolution of retail tariffs and costs *(dynamically)*
- Comparison of cross-border parcel delivery costs with retail tariffs *(statically)*

EVOLUTION OF RETAIL TARIFFS AND COSTS

In 2017-2021, retail tariffs of 1kg intra-EU cross-border parcels increased by an average 2 per cent, and tariffs for 5kg intra-EU parcels on average remained unchanged

Evolution of USPs' retail tariffs of cross-border parcels within the EU

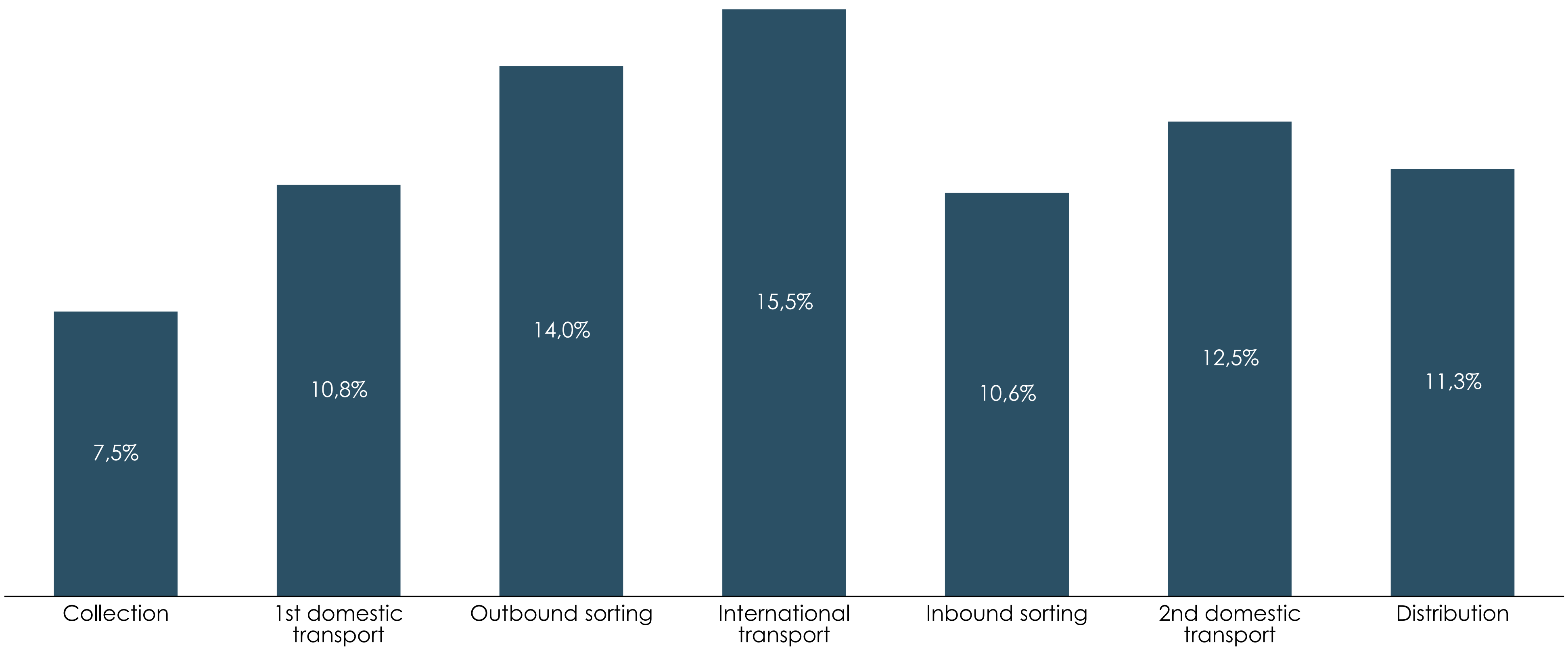
	Single Piece 1 kg			Single Piece 5 kg		
Country	**Lowest tariff 2017, €**	**Lowest tariff 2021, €**	**% Change 2017-2021**	**Lowest tariff 2017, €**	**Lowest tariff 2021, €**	**% change 2017-2021**
BE	11,70	11,70	0%	16,40	16,40	0%
BG	13,80	13,80	0%	18,92	18,92	0%
HR	15,90	15,90	0%	29,15	29,15	0%
CZ	19,82	19,82	0%	23,99	23,99	0%
DK	29,57	26,08	-12%	40,99	29,84	-27%
EE	13,75	16,90	23%	17,62	20,40	16%
FI		9,90		25,00	19,00	-24%
FR	14,85	15,95	7%	21,20	23,10	9%
DE	9,00	9,00	0%	17,99	17,99	0%
HU	13,33	15,92	19%	13,92	18,57	33%
IE	22,50	21,00	-7%	46,50	23,00	-51%
IT	22,00	24,00	9%	32,00	34,00	0%
LI				42,10	42,10	0%
LT	9,97	8,00	-20%	13,73	14,00	2%
MT	11,88	11,88	0%	18,04	18,04	0%
NL	9,31	9,30	0%	19,50	19,50	0%
PL	7,10	7,10	0%	9,10	9,10	0%
RO	8,88	9,65	9%	17,44	22,60	30%
SK	3,90	3,90	0%	9,00	9,00	0%
SI	13,67	13,67	0%	20,48	20,48	0%
ES	14,27	14,92	5%	42,22	46,25	10%
SE	26,24	26,24	0%	27,75	26,43	-5%
EU average	14,59	14,49	2%	22,74	21,82	0%

Source: Questionnaire to USPs

USPs report an average 11 per cent increase in costs across the cross-border value chain in 2017-2021

Evolution of costs across the cross-border value chain, USPs, 2017-2021

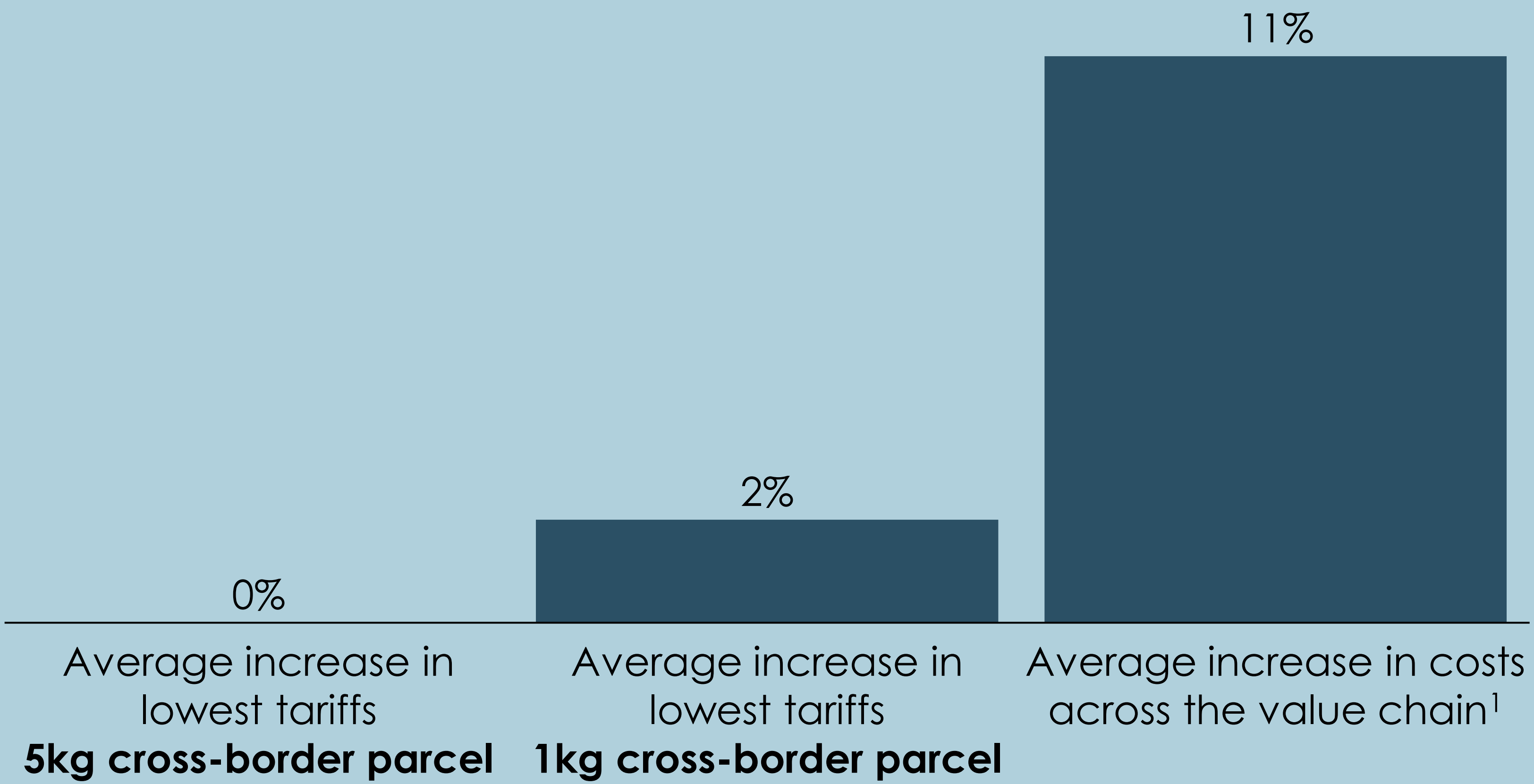
Percentage change



Source: Questionnaire to USPs

Single-piece cross-border delivery prices of USPs have increased less than costs in many countries

Per cent, average across EU-27, total change between 2017-2021



Source: [1] Questionnaire to USPs

COMPARISON OF CROSS-BORDER PARCEL DELIVERY COSTS WITH RETAIL TARIFFS

The first natural step is to look into the NRAs' assessments of 25% highest cross-border tariffs…

However, such assessments are lacking:

- Price data for bulk products;
- Cost data of non-universal service providers;
- Cost data for countries where cross-border delivery prices fell outside the EC's pre-assessment filter of 25% of the highest tariffs

Hence, we have developed a cost modelling approach which builds on the publicly available tariff information

Cost modelling approach

1 Estimate cross-border delivery costs across the value chain

- Draw up **the value chain** for the different business models
- Define key **modelling assumptions**
- Estimate **upstream and downstream costs** based on domestic prices
- Model **international transportation** costs

2 Triangulate cost estimates using other sources

- Collect and assess unit cost information provided in **NRA's annual assessments** and questionnaires to USPs
- **Compare** unit cost data provided in NRA annual assessments with our cost estimates
- Identify **deviations** and address them

3 Validate cost estimates

- Validate model parameters via interviews
- Conclude **cost estimates**

Our key modelling assumptions

- We use list prices for 1 kg (domestic and intra Union) track and trace parcel based on
  - EC's price comparison tool (USP & non-USP)
  - DG GROW's postal statistics
  - Questionnaire to USPs and non-USPs

- For USPs, we assume a P2P delivery model

- For non-USPs, we assume an E2E integrated delivery model

- Our model distinguishes between three types of countries: (a) island countries, (b) neighboring countries, and (c) other EU countries.

  - To/from island countries: 30% air and 70% road (incl. ferries) transportation

  - To/from neighbouring countries: 100% road transportation

  - To/from other countries: 90% road and 10% air transportation

- Air transportation is four times as costly as road transportation [1]

- Other assumptions about truck loading efficiency, marginal costs and profit margins.

[1] World Bank (2009), Air freight, a market study for landlocked countries, p.1.

We have estimated international transportation costs for road and air transport for 702 destinations in EU-27

Illustration of the model; Euro per 1kg parcel/ percent (as indicated)

Country of origin	Country of Destination	Road transportation							Air transportation	Weighted transport costs
		Distance km	Wage driven transport costs €	Fuel driven Transport costs €	Share of wages in transport costs Percent	Share of fuel in transport costs Percent	Transportation costs 40t truck €	Road transportation cost per 1kg parcel €	Air transportation cost per 1kg parcel €	Transportation cost per 1kg parcel €
AT	BE	1181	344	555	19%	31%	1816	1,14	4,57	1,49
AT	BG	1044	230	481	17%	35%	1366	0,86	3,44	1,12
AT	HR	308	93	149	21%	33%	446	0,28	1,12	0,37
AT	CY	2673	774	1451	20%	38%	3846	2,42	9,69	4,60
AT	CZ	416	88	173	16%	31%	562	0,35	1,42	0,35
AT	DK	1200	491	731	21%	32%	2288	1,44	5,76	1,87
AT	EE	1798	452	738	22%	36%	2069	1,30	5,21	1,69
AT	FI	1859	746	1067	25%	35%	3043	1,92	7,66	2,49
AT	FR	1318	444	620	19%	27%	2282	1,44	5,75	1,87
AT	DE	773	241	336	21%	29%	1166	0,73	2,94	0,73
AT	EL	1711	444	826	19%	35%	2377	1,50	5,99	1,95
AT	HU	255	67	110	15%	24%	454	0,29	1,14	0,29
AT	IE	2274	738	1451	19%	38%	3836	2,42	9,66	4,59
AT	IT	1096	271	561	15%	32%	1752	1,10	4,41	1,10
AT	LV	1439	372	597	22%	35%	1723	1,08	4,34	1,41
AT	LT	1251	312	530	21%	35%	1512	0,95	3,81	1,24
AT	LU	1017	322	471	20%	30%	1590	1,00	4,01	1,30
AT	MT	2058	518	1489	14%	40%	3713	2,34	9,35	4,44
AT	NL	1226	400	585	20%	30%	1975	1,24	4,97	1,62
AT	PL	813	214	343	19%	31%	1110	0,70	2,79	0,91
AT	PT	2935	665	1410	16%	34%	4119	2,59	10,38	3,37
AT	RO	1067	217	417	16%	31%	1353	0,85	3,41	1,11
AT	SK	123	38	55	21%	31%	181	0,11	0,46	0,11
AT	SI	262	70	119	19%	32%	376	0,24	0,95	0,24
AT	ES	2376	581	1148	17%	33%	3474	2,19	8,75	2,84
AT	SE	1846	657	1037	22%	35%	3003	1,89	7,56	2,46

Based on the data provided in the European Commission (2019) *Estimating road transport costs between EU regions.*

The model provides a cost estimate for each step of the value chain for all country origin-destination pairs

Illustration of the model; Euro per 1kg parcel

Country of origin	Country of destination	Collection	1st domestic transport	Outbound sorting	Int. transport costs	Inbound sorting	3rd domestic transport	Distribution	Total international unit costs
AT	BE	1,07	0,56	0,46	1,49	0,33	0,27	1,87	6,05
AT	BG	1,07	0,56	0,46	1,12	0,08	0,07	0,45	3,80
AT	HR	1,07	0,56	0,46	0,37	0,15	0,13	0,87	3,60
AT	CY	1,07	0,56	0,46	4,60	0,24	0,20	1,37	8,50
AT	CZ	1,07	0,56	0,46	0,35	0,29	0,24	1,62	4,58
AT	DK	1,07	0,56	0,46	1,87	0,59	0,49	3,35	8,39
AT	EE	1,07	0,56	0,46	1,69	0,22	0,19	1,26	5,45
AT	FI	1,07	0,56	0,46	2,49	0,28	0,23	1,56	6,64
AT	FR	1,07	0,56	0,46	1,87	0,46	0,38	2,61	7,40
AT	DE	1,07	0,56	0,46	0,73	0,22	0,18	1,24	4,46
AT	EL	1,07	0,56	0,46	1,95	0,15	0,13	0,85	5,16
AT	HU	1,07	0,56	0,46	0,29	0,26	0,22	1,47	4,32
AT	IE	1,07	0,56	0,46	4,59	0,75	0,63	4,26	12,32
AT	IT	1,07	0,56	0,46	1,10	0,52	0,43	2,95	7,09
AT	LV	1,07	0,56	0,46	1,41	0,20	0,16	1,12	4,98
AT	LT	1,07	0,56	0,46	1,24	0,15	0,12	0,83	4,43
AT	LU	1,07	0,56	0,46	1,30	0,42	0,35	2,36	6,51
AT	MT	1,07	0,56	0,46	4,44	0,52	0,43	2,95	10,43
AT	NL	1,07	0,56	0,46	1,62	0,42	0,35	2,38	6,85
AT	PL	1,07	0,56	0,46	0,91	0,10	0,08	0,55	3,72
AT	PT	1,07	0,56	0,46	3,37	0,44	0,37	2,51	8,78
AT	RO	1,07	0,56	0,46	1,11	0,08	0,07	0,45	3,78
AT	SK	1,07	0,56	0,46	0,11	0,23	0,19	1,28	3,89
AT	SI	1,07	0,56	0,46	0,24	0,22	0,19	1,26	3,99
AT	ES	1,07	0,56	0,46	2,84	0,66	0,55	3,74	9,88
AT	SE	1,07	0,56	0,46	2,46	0,69	0,57	3,90	9,71

If cross-border parcel delivery services provided by USPs were sold at list prices, the generic margin for parcel delivery in EU-27 ranged from -53 to 90 percent

Estimated generic margin between list prices and cost estimates for cross-border parcel delivery <u>by USPs</u>, 2020 data

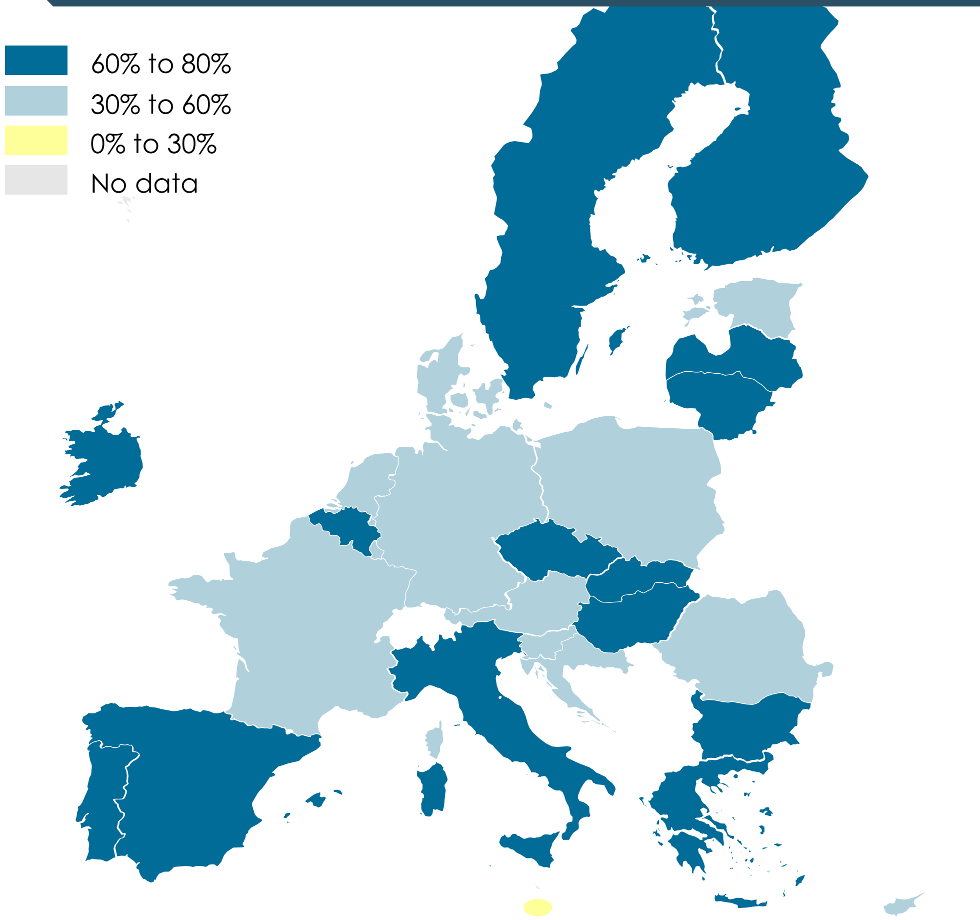
	Country of destination																											Average generic profit margin across all destinations
Country of origin	AT	BE	BG	HR	CY	CZ	DK	EE	FI	FR	DE	EL	HU	IE	IT	LV	LT	LU	MT	NL	PL	PT	RO	SK	SI	ES	SE	
AT		57%	73%	74%	39%	67%	40%	61%	52%	47%	68%	63%	69%	12%	49%	64%	68%	53%	25%	51%	73%	37%	73%	72%	71%	29%	30%	55%
BE	82%		84%	84%	67%	83%	75%	80%	77%	62%	71%	80%	82%	68%	74%	81%	83%	65%	64%	65%	86%	75%	84%	83%	83%	72%	71%	76%
BG	72%	61%		83%	67%	73%	43%	72%	62%	53%	72%	84%	78%	16%	55%	75%	79%	57%	45%	55%	82%	47%	90%	78%	77%	37%	35%	63%
HR	64%	48%	87%		67%	67%	23%	77%	53%	48%	61%	81%	72%	41%	49%	79%	82%	53%	55%	40%	77%	38%	79%	73%	70%	28%	25%	59%
CY	48%	35%	73%	62%		53%	18%	48%	34%	30%	46%	63%	58%	4%	33%	51%	56%	33%	31%	30%	59%	21%	71%	58%	57%	15%	9%	42%
CZ	70%	69%	76%	75%	49%		49%	67%	65%	56%	81%	72%	70%	27%	51%	70%	77%	61%	44%	59%	63%	55%	79%	53%	71%	46%	49%	62%
DK	61%	62%	64%	64%	37%	64%		63%	61%	55%	68%	65%	61%	33%	48%	65%	67%	58%	31%	59%	70%	47%	64%	64%	62%	41%	52%	57%
EE	61%	53%	75%	74%	54%	64%	43%		75%	58%	66%	71%	65%	28%	53%	76%	78%	48%	39%	49%	78%	44%	80%	70%	65%	48%	44%	60%
FI	77%	68%	82%	81%	62%	79%	64%	81%		69%	73%	75%	79%	51%	66%	81%	82%	64%	54%	72%	85%	64%	83%	80%	79%	60%	64%	72%
FR	52%	60%	58%	60%	25%	56%	38%	48%	43%		61%	49%	53%	23%	43%	52%	56%	55%	19%	53%	62%	44%	57%	58%	58%	38%	29%	48%
DE	50%	47%	57%	57%	1%	55%	24%	45%	32%	32%		40%	48%	-21%	16%	49%	56%	39%	-19%	40%	69%	11%	56%	55%	51%	-2%	7%	34%
EL	77%	71%	89%	82%	69%	78%	59%	76%	68%	65%	76%		81%	40%	70%	78%	81%	68%	63%	67%	83%	61%	87%	81%	81%	56%	54%	72%
HU	79%	71%	88%	84%	73%	78%	60%	81%	76%	65%	78%	83%		54%	72%	78%	81%	69%	62%	68%	84%	68%	86%	82%	81%	63%	63%	74%
IE	65%	70%	67%	68%	54%	68%	59%	63%	59%	66%	69%	61%	66%		57%	65%	67%	67%	51%	67%	71%	60%	67%	68%	67%	57%	54%	63%
IT	70%	65%	74%	75%	54%	68%	53%	66%	60%	63%	69%	71%	70%	38%		68%	70%	63%	57%	61%	73%	59%	73%	72%	74%	54%	48%	64%
LV																												
LT	67%	72%	75%	72%	45%	68%	50%	77%	77%	56%	78%	64%	72%	21%	47%	73%		52%	35%	56%	83%	54%	80%	70%	68%	38%	51%	62%
LU																												
MT	-6%	10%	41%	20%	-1%	20%	-39%	35%	0%	39%	54%	31%	13%	-53%	47%	38%	43%	-8%		30%	15%	-15%	50%	25%	15%	25%	-34%	15%
NL	63%	55%	66%	68%	38%	66%	33%	61%	57%	44%	58%	59%	63%	37%	27%	63%	66%	48%	30%		72%	51%	67%	67%	66%	21%	22%	53%
PL	69%	63%	79%	77%	44%	53%	47%	74%	65%	51%	75%	67%	72%	15%	46%	77%	82%	57%	23%	58%		41%	81%	58%	72%	30%	39%	58%
PT	64%	67%	74%	74%	55%	72%	60%	69%	64%	64%	67%	69%	71%	51%	60%	70%	72%	64%	54%	63%	75%		74%	73%	73%	64%	56%	66%
RO	59%	47%	83%	75%	71%	59%	17%	77%	60%	43%	60%	78%	69%	-1%	48%	64%	71%	36%	16%	38%	76%	31%		71%	66%	30%	15%	52%
SK	77%	68%	82%	81%	59%	55%	54%	73%	66%	61%	76%	75%	78%	33%	60%	75%	79%	65%	45%	64%	83%	54%	82%		78%	46%	47%	66%
SI	71%	59%	77%	78%	48%	68%	41%	64%	55%	52%	68%	68%	71%	16%	54%	67%	71%	56%	33%	54%	76%	43%	77%	73%		34%	32%	58%
ES	68%	70%	69%	70%	50%	67%	59%	64%	59%	69%	70%	67%	66%	51%	64%	65%	67%	68%	50%	67%	70%	72%	69%	68%	68%		55%	65%
SE	64%	65%	67%	67%	44%	67%	62%	70%	70%	60%	69%	61%	65%	41%	54%	71%	72%	62%	39%	63%	73%	53%	67%	67%	65%	49%		62%

-60% to -30% | -30% to 0% | 0% to 30% | 30% to 60% | 60% to 80% | >80%

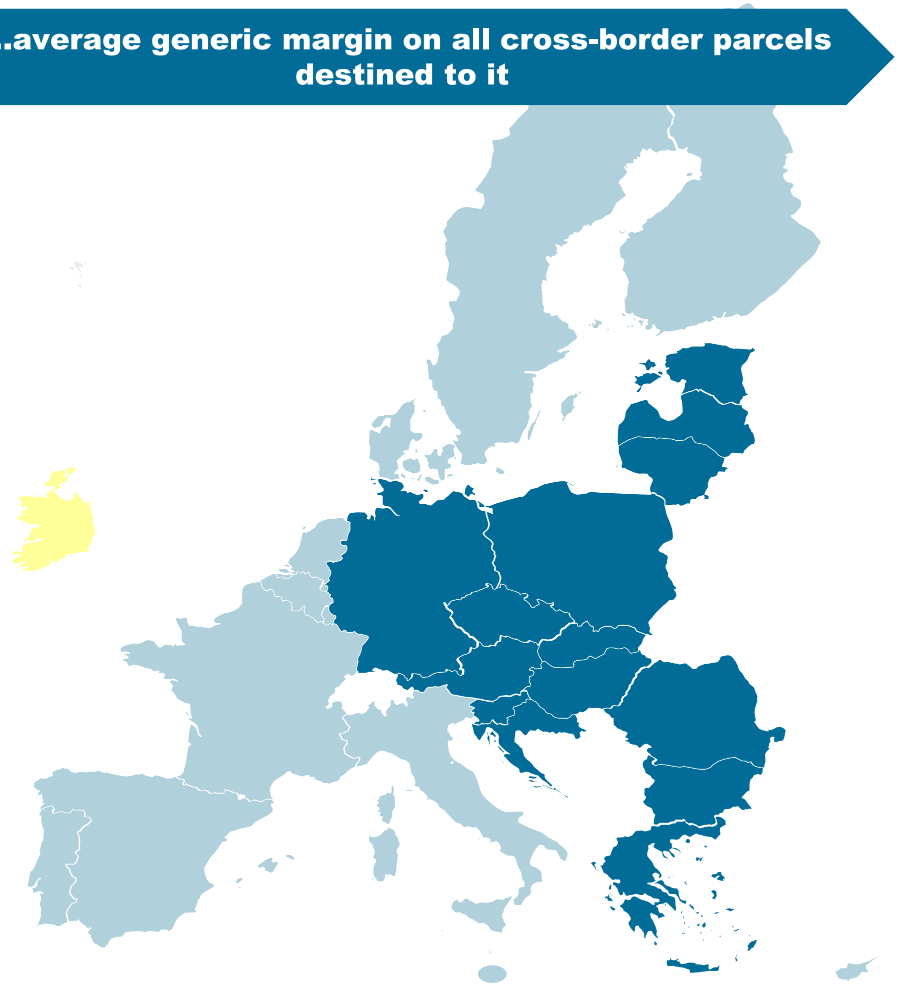
Copenhagen Economics

Uniform/zonal pricing limits USPs ability to consider country specific costs and higher transportation costs for longer distances

Average generic margin for parcels sent from a given country to other 26 EU countries



....average generic margin on all cross-border parcels destined to it



If cross-border parcel delivery services provided by non-USPs were sold at list prices, the generic margin for parcel delivery in EU-27 ranged from 0 to 94 percent

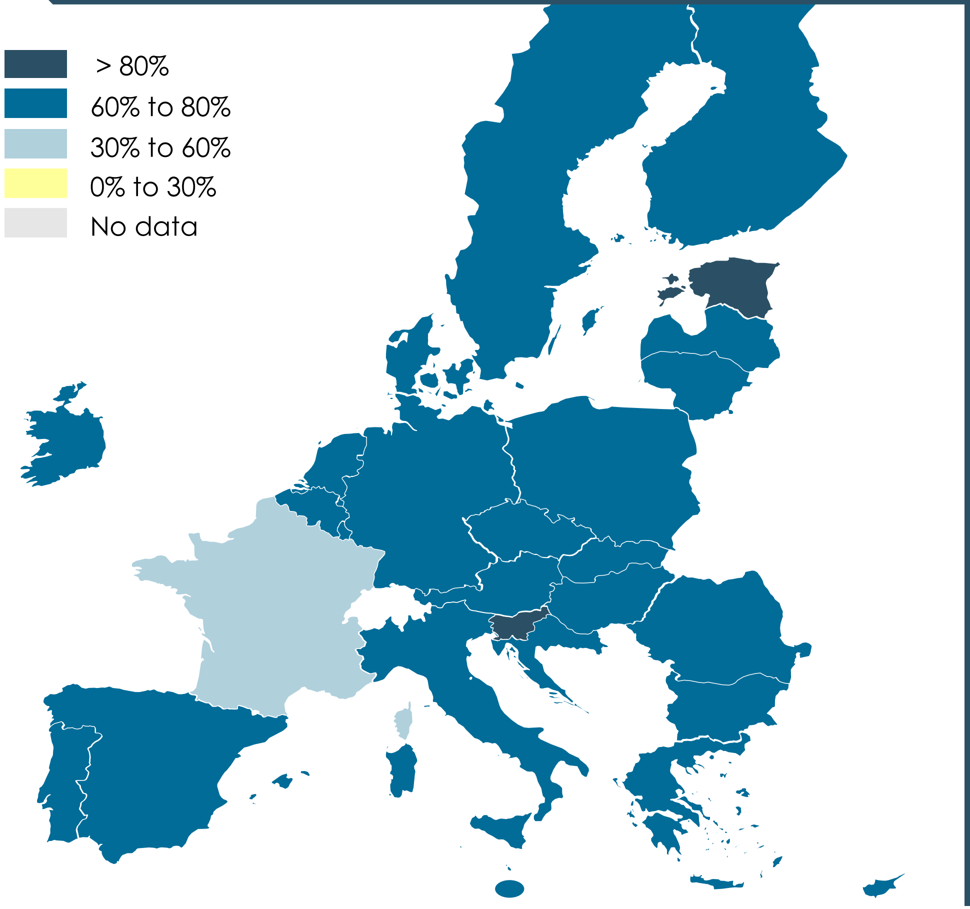
Estimated generic margin between list prices and cost estimates for cross-border parcel delivery <u>by non-USPs</u>, 2020 data

	Country of destination																											
Country of origin	AT	BE	BG	HR	CY	CZ	DK	EE	FI	FR	DE	EL	HU	IE	IT	LV	LT	LU	MT	NL	PL	PT	RO	SK	SI	ES	SE	Average generic profit margin across all destinations
AT		55%	79%	78%	74%	62%	45%	70%	50%	57%	58%	73%	66%	43%	48%	75%	77%	56%	72%	51%	70%	58%	70%	71%	69%	58%	36%	62%
BE	59%		82%	80%	78%	77%	51%	76%	59%	63%	58%	77%	77%	61%	53%	79%	81%	50%	77%	43%	79%	62%	77%	79%	77%	57%	53%	68%
BG	78%	73%		88%	85%	78%	69%	81%	77%	72%	80%	68%	83%	57%	69%	86%	88%	73%	72%	71%	88%	72%	79%	85%	84%	64%	60%	76%
HR	83%	80%	91%		83%	82%	74%	84%	84%	67%	81%	89%	79%	61%	74%	86%	84%	79%	79%	75%	85%	74%	85%	83%	77%	73%	73%	79%
CY	75%	59%	87%	82%		78%	53%	80%	65%	54%	67%	69%	82%	60%	68%	81%	80%	59%	71%	55%	78%	63%	81%	83%	80%	61%	53%	70%
CZ	73%	78%	88%	84%	91%		71%	79%	78%	72%	74%	82%	68%	60%	69%	83%	84%	79%	89%	75%	77%	70%	81%	63%	81%	65%	65%	76%
DK	67%	66%	83%	82%	79%	0%		79%	65%	74%	66%	76%	82%	67%	63%	80%	81%	66%	79%	62%	77%	71%	82%	81%	83%	71%	57%	71%
EE	82%	80%	90%	89%	84%	85%	76%		76%	82%	83%	86%	88%	71%	79%	76%	78%	80%	81%	80%	89%	80%	90%	87%	87%	78%	66%	82%
FI	65%	64%	79%	79%	70%	71%	62%	76%		70%	68%	73%	74%	56%	65%	80%	80%	65%	66%	61%	77%	65%	73%	77%	74%	68%	53%	70%
FR	49%	54%	70%	70%	60%	53%	47%	65%	38%		46%	55%	50%	41%	43%	67%	67%	52%	59%	43%	64%	43%	56%	70%	65%	24%	35%	53%
DE	60%	59%	81%	78%	64%	70%	44%	74%	61%	58%		77%	71%	44%	51%	76%	78%	54%	59%	53%	79%	54%	77%	74%	71%	50%	48%	64%
EL	77%	70%	86%	86%	61%	78%	63%	81%	72%	69%	74%		82%	52%	72%	83%	85%	70%	78%	67%	84%	70%	87%	83%	83%	67%	61%	75%
HU	70%	74%	86%	81%	83%	82%	64%	85%	73%	71%	76%	89%		60%	68%	87%	86%	75%	78%	70%	84%	77%	77%	79%	79%	75%	69%	77%
IE	43%	60%	73%	69%	78%	65%	50%	63%	50%	58%	57%	58%	63%		50%	65%	66%	59%	74%	53%	68%	56%	65%	67%	63%	60%	47%	61%
IT	57%	55%	77%	78%	68%	68%	45%	67%	41%	60%	59%	73%	72%	36%		73%	75%	55%	69%	50%	75%	57%	71%	75%	72%	55%	33%	62%
LV	73%	66%	81%	78%	71%	74%	58%	70%	69%	64%	72%	75%	76%	44%	63%		70%	64%	63%	64%	81%	61%	82%	76%	76%	56%	60%	69%
LT	79%	74%	90%	86%	87%	80%	68%	75%	80%	74%	80%	87%	84%	66%	76%	67%		74%	80%	71%	87%	75%	90%	83%	85%	73%	72%	79%
LU	56%	50%	82%	81%	80%	77%	49%	76%	55%	63%	56%	79%	77%	63%	58%	80%	82%		79%	45%	79%	69%	75%	81%	77%	68%	51%	69%
MT	54%	54%	87%	84%	75%	81%	42%	78%	48%	62%	56%	78%	79%	59%	63%	79%	78%	54%		48%	79%	68%	79%	82%	83%	69%	48%	68%
NL	58%	55%	76%	75%	76%	71%	49%	72%	54%	48%	59%	72%	68%	50%	57%	74%	73%	53%	77%		72%	61%	64%	75%	72%	62%	53%	64%
PL	75%	72%	88%	87%	87%	75%	68%	84%	76%	70%	78%	84%	76%	53%	66%	85%	86%	70%	83%	62%		69%	85%	79%	81%	62%	63%	76%
PT	60%	58%	79%	80%	78%	65%	54%	64%	57%	64%	65%	72%	73%	44%	57%	75%	76%	60%	75%	60%	76%		78%	73%	72%	39%	35%	65%
RO	71%	62%	76%	80%	83%	77%	53%	76%	70%	54%	66%	63%	58%	50%	46%	79%	79%	64%	74%	57%	71%	62%		73%	77%	51%	56%	66%
SK	73%	75%	87%	85%	94%	60%	70%	82%	80%	73%	75%	87%	74%	63%	72%	83%	85%	76%	93%	74%	78%	73%	83%		83%	71%	68%	78%
SI	84%	79%	94%	75%	92%	86%	77%	87%	81%	84%	83%	88%	90%	78%	78%	90%	90%	80%	89%	78%	90%	85%	91%	89%		83%	73%	84%
ES	66%	67%	81%	82%	70%	76%	59%	76%	63%	61%	68%	76%	75%	55%	62%	78%	78%	65%	70%	61%	78%	43%	73%	79%	78%		58%	69%
SE	67%	65%	77%	77%	65%	70%	56%	71%	59%	63%	67%	72%	73%	54%	66%	73%	70%	67%	63%	61%	75%	67%	69%	76%	74%	66%		68%

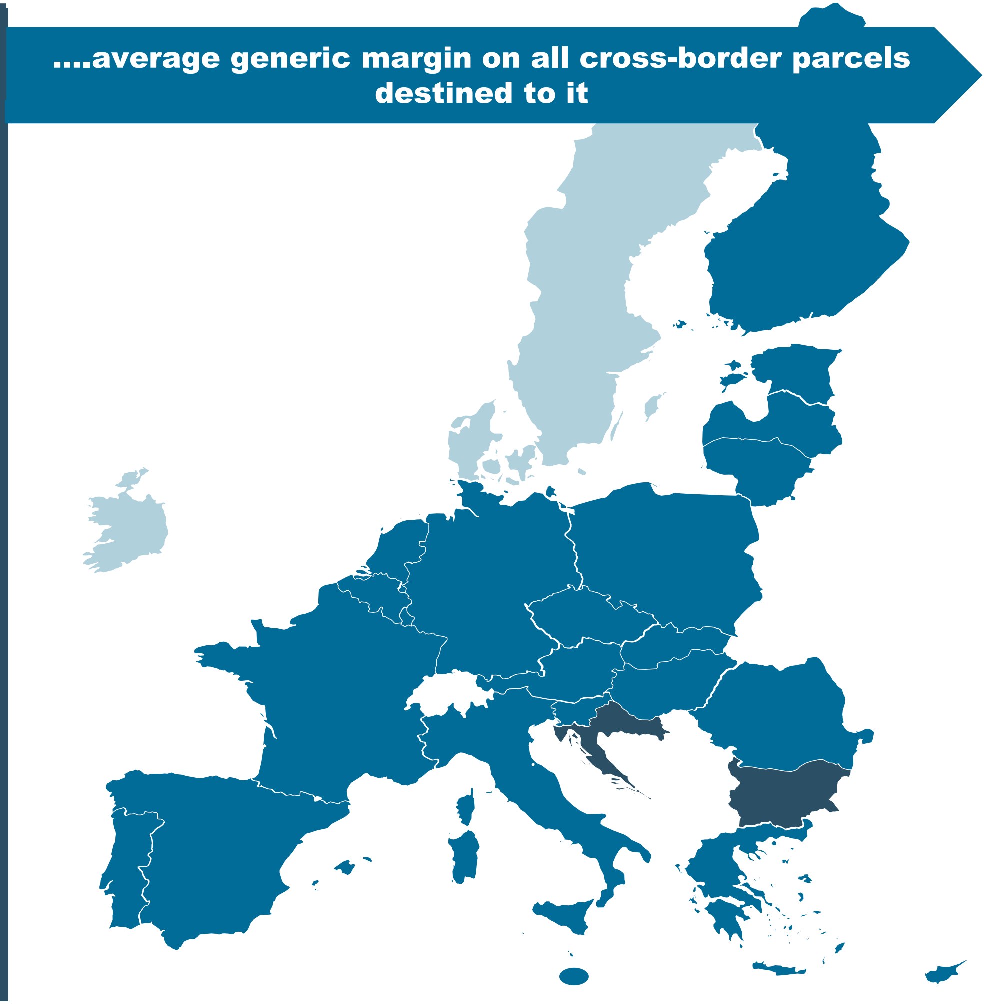
-60% to -30% | -30% to 0% | 0% to 30% | 30% to 60% | 60% to 80% | >80%

We find that non-USPs are able to consider country specific costs in the price such that they can attain a similar margin across all countries

Average generic margin for parcels sent from a given country to other 26 EU countries



....average generic margin on all cross-border parcels destined to it



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Q&A

CONTACT

Mindaugas Cerpickis
mic@copenhageneconomics.com

Bruno Basalisco
bb@copenhageneconomics.com

Copenhagen Economics
Langebrogade 1
DK-1411 Copenhagen K

www.copenhageneconomics.com

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