

E-COMMERCE PARCEL DELIVERY, THE UNWANTED GUEST AT THE USO TABLE?

AN EMPIRICAL STUDY COVERING TEN MARKETS IN EUROPE

Mindaugas Cerpickis, *Managing Economist*, Copenhagen Economics
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A study in an evolving policy debate

Delivery operators' perspective

- E-commerce parcel delivery services market is highly competitive.
- Multiple regulations co-exist.
- No need to regulate (additionally).



Postal sector regulators' perspective

- Potential market failure in most rural areas.
- (Maybe) Regulate.

Common ground:

- No need to regulate **IF** there is no unaddressed market failure.

Empirical questions to test the common ground condition



Currently, do people living in rural areas have access to reasonable parcel delivery services at a reasonable price?

If **yes**, would they still have such access absent the regulation?

If **no**, will they have access to such services in the near future absent regulation?



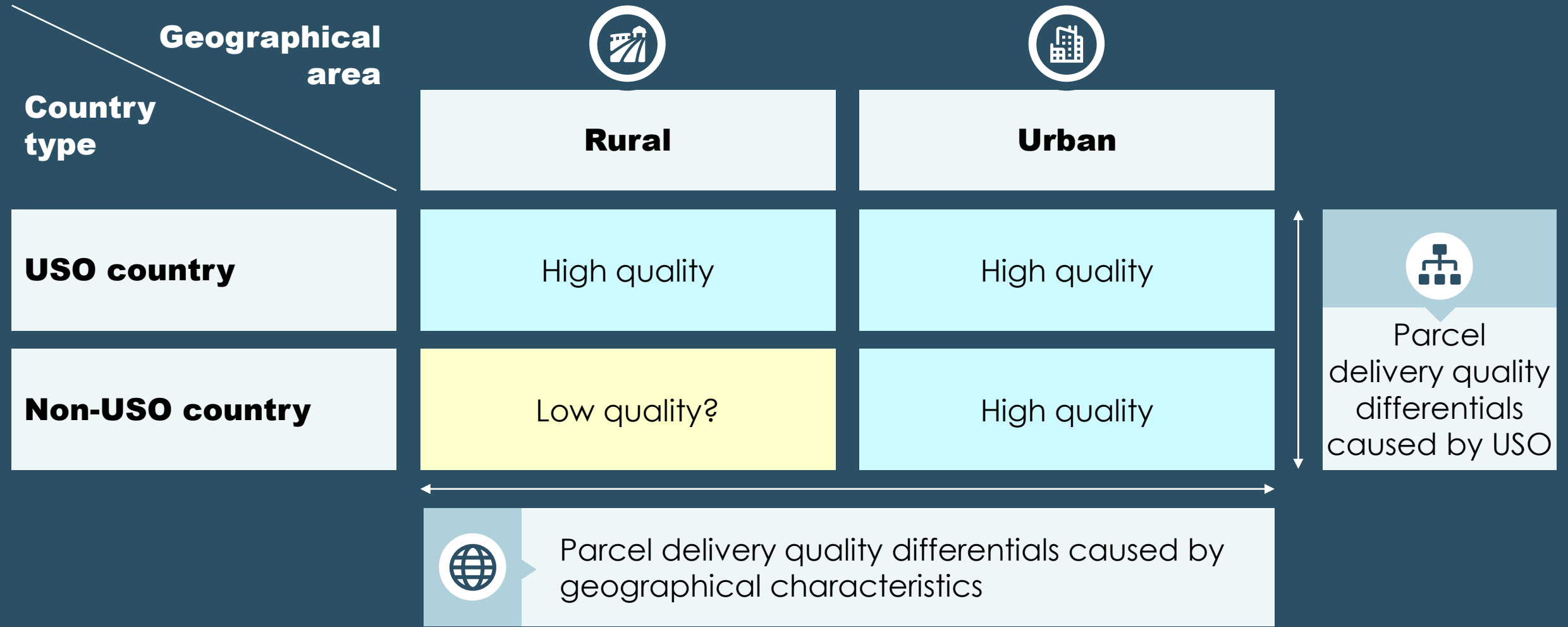
No, if it is constrained by regulation

Yes, if it is constrained by competition and/or buyer power

No, if there is a market failure

Yes, if there are realistic prospects of competition/buyer power

Two-dimensional approach



Two-fold ambition of the research



Compare the actual level of e-commerce parcel delivery services available to consumers living in urban and rural areas



Assess the role of the USO on bulk parcel deliveries in ensuring access to e-commerce parcel delivery services in rural and remote areas

Three main results of the research

1

Online marketplaces often do not differentiate or differentiate only marginally between e-shoppers living in urban or rural areas in terms of delivery options, price, and speed

2

Out-of-home delivery options are highly developed in all 10 investigated countries, matching the usual travel distance to a supermarket

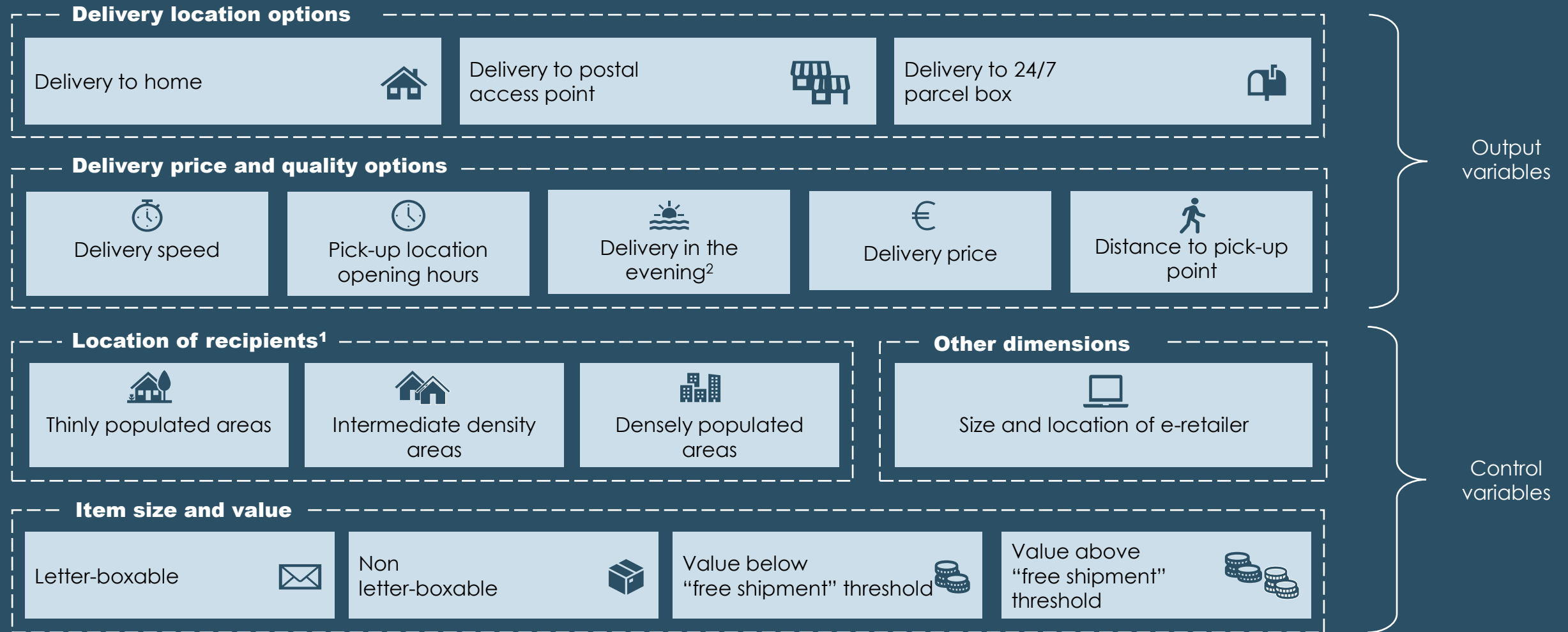
3

The USO regulation on bulk parcel deliveries does not seem to have an influence on e-commerce parcel delivery speed and pricing; meaning that it is rather constrained by competition or buyer power

Our sample is drawn from a mystery e-shopping exercise covering 10 EEA countries and 1434 obs.

	EU study (2020)						Nordic study (2022)			
	Belgium	Bulgaria	Germany	Greece	France	Poland	Portugal	Sweden	Norway	Finland
Number of cities / towns	6, incl. urban and rural areas						6 + 11	10	10	
Population sizes	5.000 – 87.000	3.000 – 160.000	2.500 – 30.000	300 – 65.000	75 – 8.000	2.000-1.800.000	200 – 1.200	2.000 – 970.000	300 – 1.100.000	1.000 – 650.000
Population densities	75 – 1.500 people/km2	10 – 300 people/km2	60 – 1.400 people/km2	15 – 9.000 people/km2	10 – 3.600 people/km2	35 - 3.500 people/km2	95 – 1.200 people/km2	1 – 5.200 people/km2	650 – 4.000 people/km2	1 - 910 people/km2
Sales platforms	<ul style="list-style-type: none"> • bol.com • Coolblue.be • vandenborre.be 	<ul style="list-style-type: none"> • Emag.bg 	<ul style="list-style-type: none"> • plasio.gr • kotsovolos.gr 	<ul style="list-style-type: none"> • Otto.de 	<ul style="list-style-type: none"> • auchan.fr • cdiscount.com 	<ul style="list-style-type: none"> • allegro.pl 	<ul style="list-style-type: none"> • dott.pt • Worten.pt 	<ul style="list-style-type: none"> • Boozt.com • cdon.se • Elgiganten.se • idealofsweden.no • knittingroom.se • + more 	<ul style="list-style-type: none"> • Boozt.no • Elkjop.no • idealofsweden.no • knittingroom.no • Sansvennesla.no 	<ul style="list-style-type: none"> • boozt.fi • gigantti.fi • idealofsweden.fi • knittingroom.fi • Äkäslompolo Sport Shop
Products	<ul style="list-style-type: none"> • Large item: vacuum cleaner • Small item: USB stick 						<ul style="list-style-type: none"> • Large items: laptop, stool, sport shoes • Small item: hoops, lighter, needles, USB stick, phone case 			

Variables included in the research design



1) The distinction is based on the urban-rural typology of the European Commission. In our 2022 experiment, we included an 'intermediate' category.

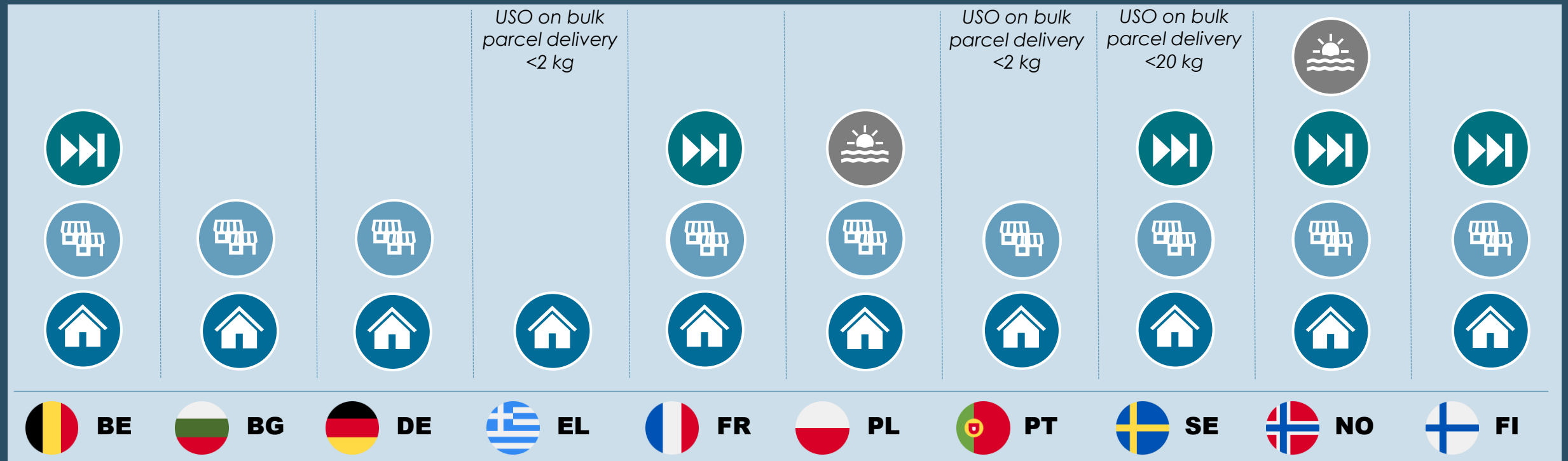
2) Delivery in the evening is equivalent to delivery outside normal working hours.

1

Online marketplaces often do not differentiate or differentiate only marginally between e-shoppers living in urban or rural areas in terms of delivery options

E-shoppers in rural areas all have access to home delivery, and most have access to other delivery alternatives

Delivery options available to e-commerce shoppers in rural areas



Legend



Home delivery



Evening delivery



Delivery to pick-up point

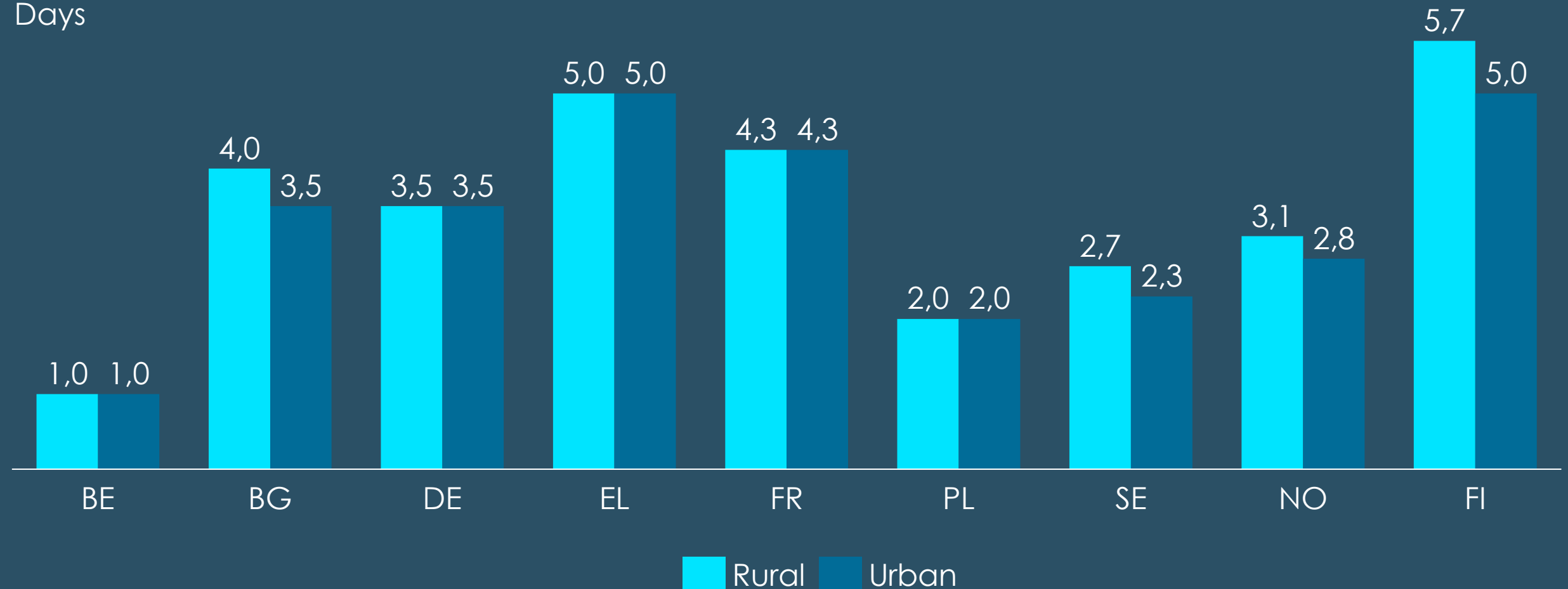


Express delivery

There is little difference in delivery times between urban and rural locations

Average delivery times in urban and rural areas

Days



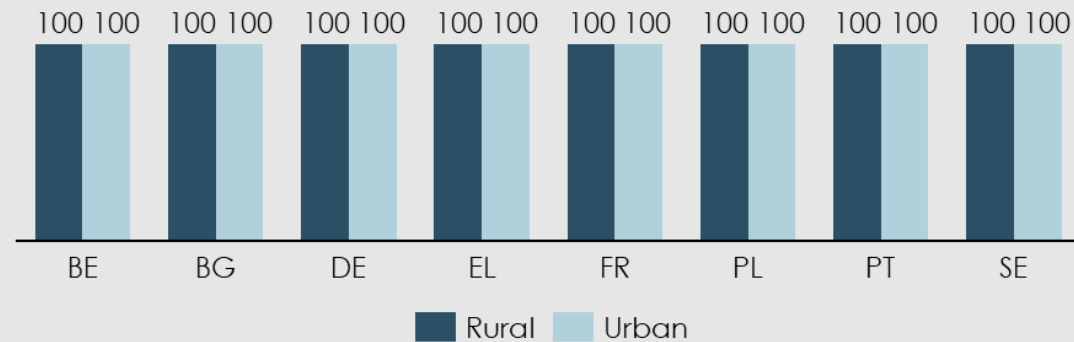
Urban and rural e-shoppers pay identical delivery fees in almost all countries

Delivery fees stated by the e-retailers in their pricing

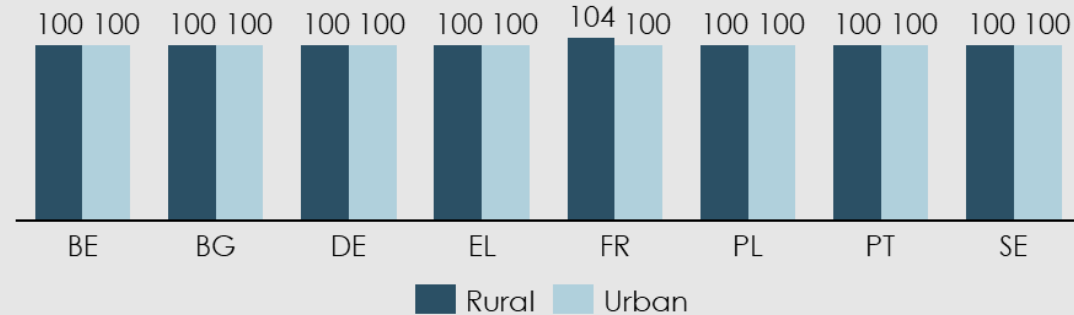
Index, average urban delivery price = 100



**Letter
box
items**



**Non-
Letter
box
items**



2

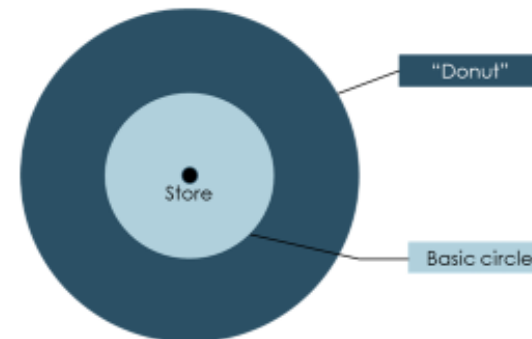
Out-of-home delivery options are highly developed in all 10 investigated countries, matching the usual travel distance to a supermarket

Our 2022 EUI study “Locked into an Access Mindframe” applied the “catchment area” approach

3 Catchment area analysis to identify optimal parcel locker locations

Illustration of catchment areas

Store	Core (Basic circle)		Outer circle ("Donut")	
	Inner radius	Shops	Outer radius	Shops
Cities	5 km	All	15 km	Hypermarkets
Outer areas of cities	10 km	All	20 km	Hypermarkets
Rural	15 km	All	20 km	Hypermarkets



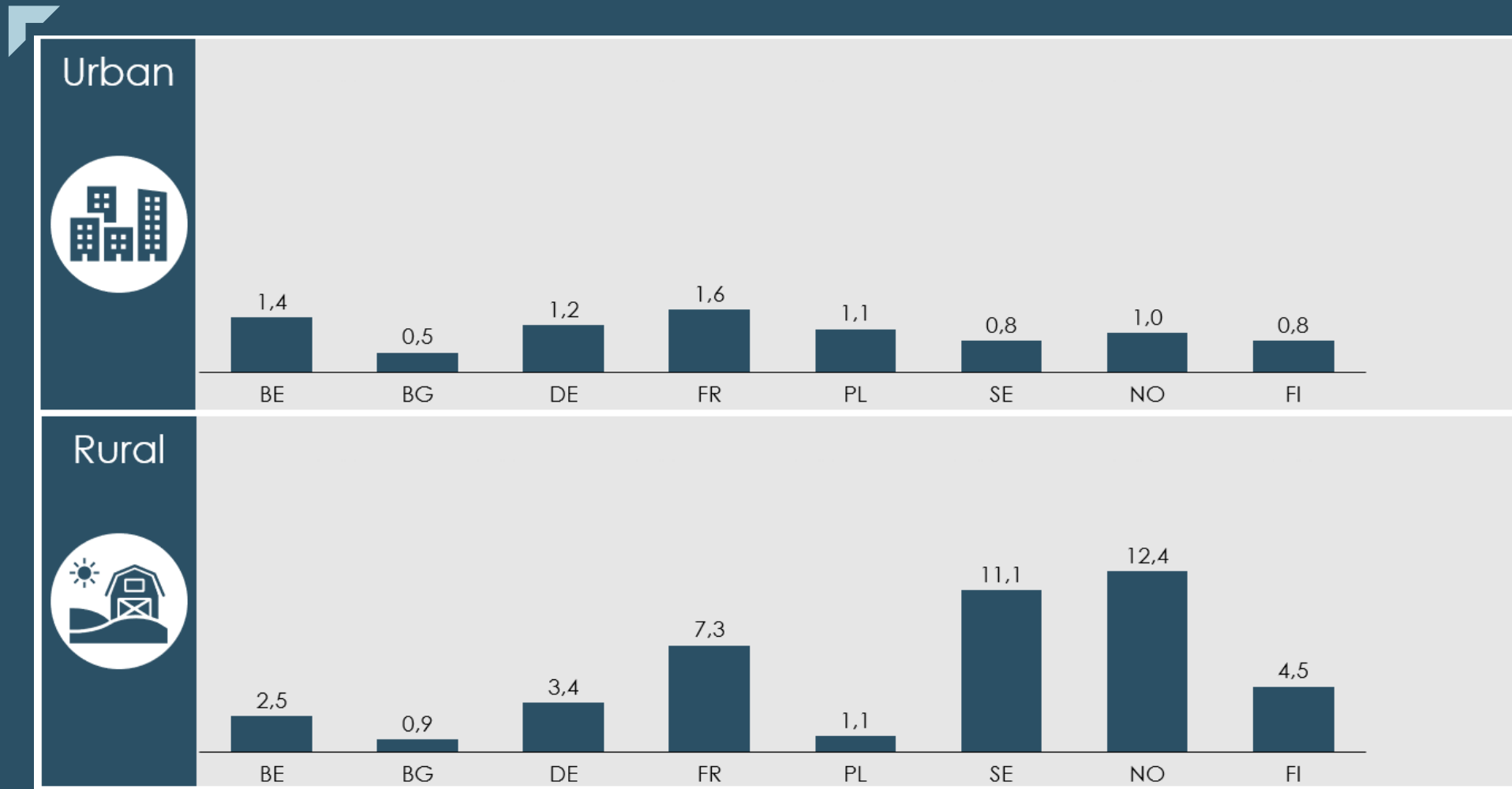
Source: Copenhagen Economics

Copenhagen
Economics

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Travel distances to nearest pick-up points

Kilometers

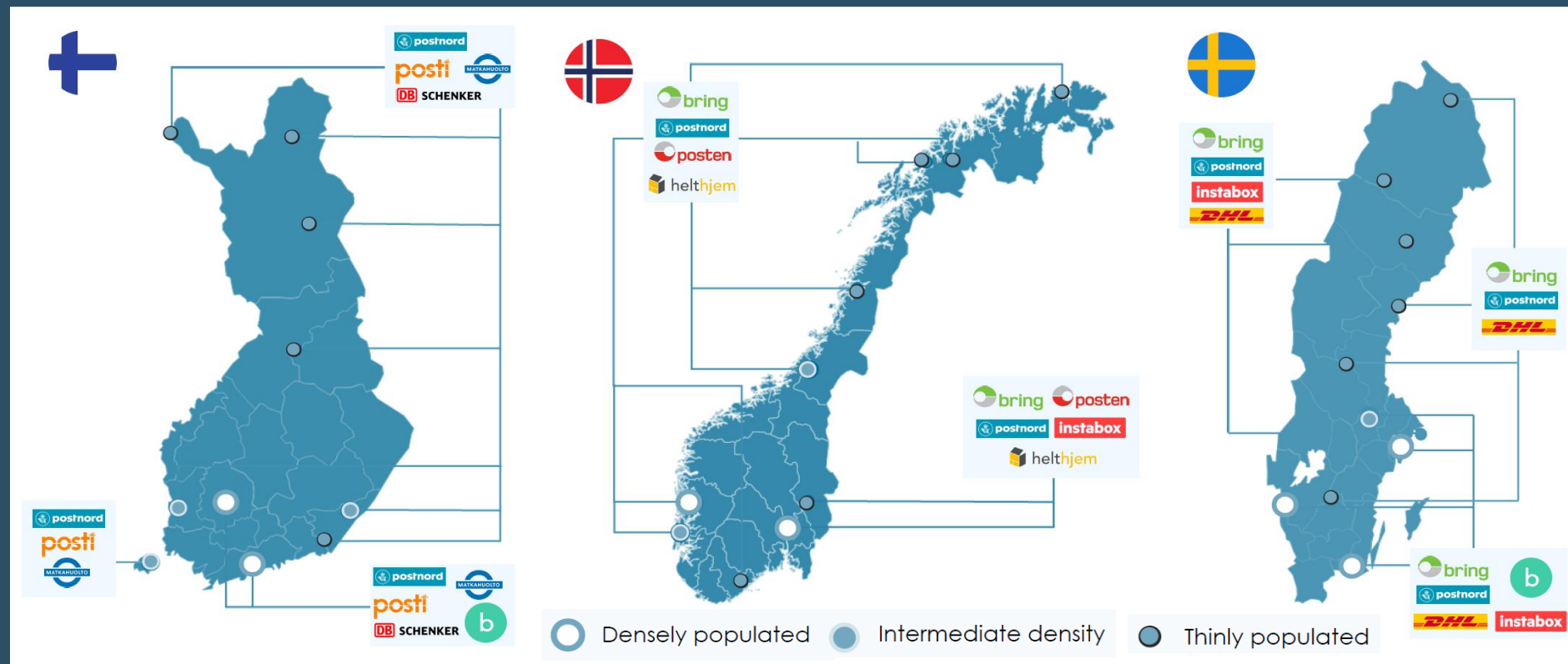


3

The USO regulation on bulk parcel deliveries does not seem to have an influence on e-commerce parcel delivery speed and pricing

E-shoppers have access to multiple delivery operators in rural areas, irrespective of USO regulation

Available postal operators in various locations in Sweden (USO), Norway and Finland (non-USO)

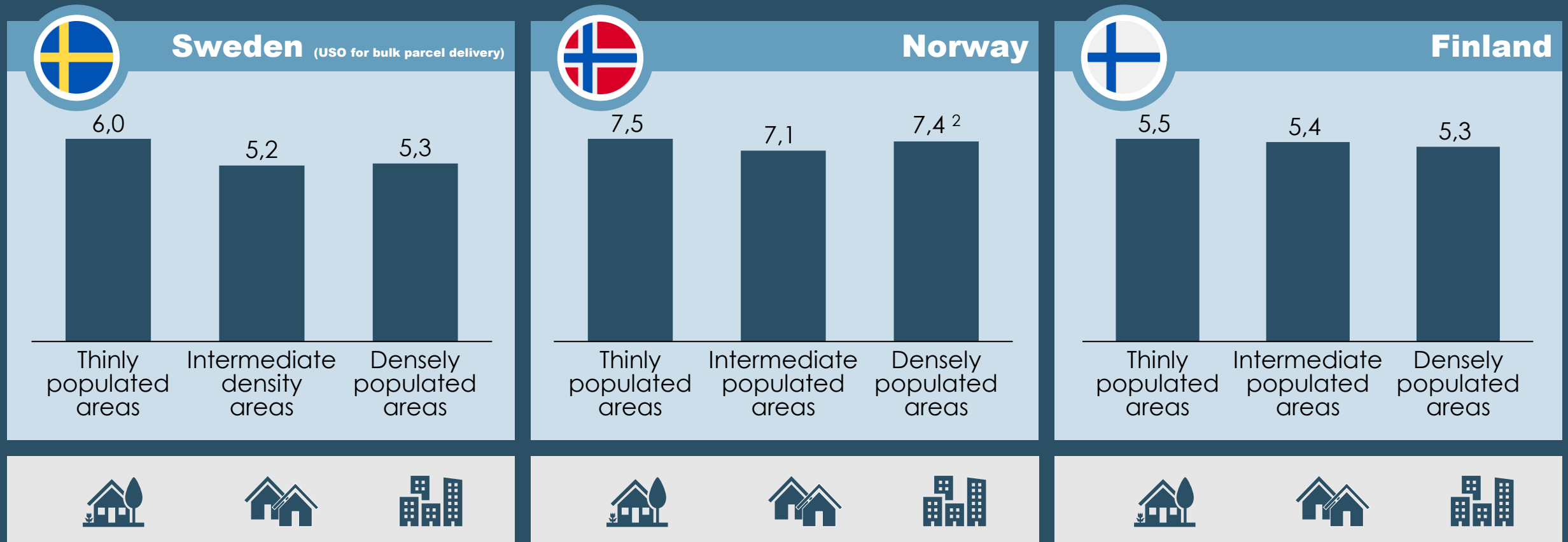


Note: This dimension was not investigated in the 2020 experiment. For this reason, we only report on the three Nordic countries.

There is little difference in delivery fees across regions within a country, irrespective of USO regulation

Average delivery prices¹

EUR



Note: In the 2020 study, prices did not differ for seven out of eight countries

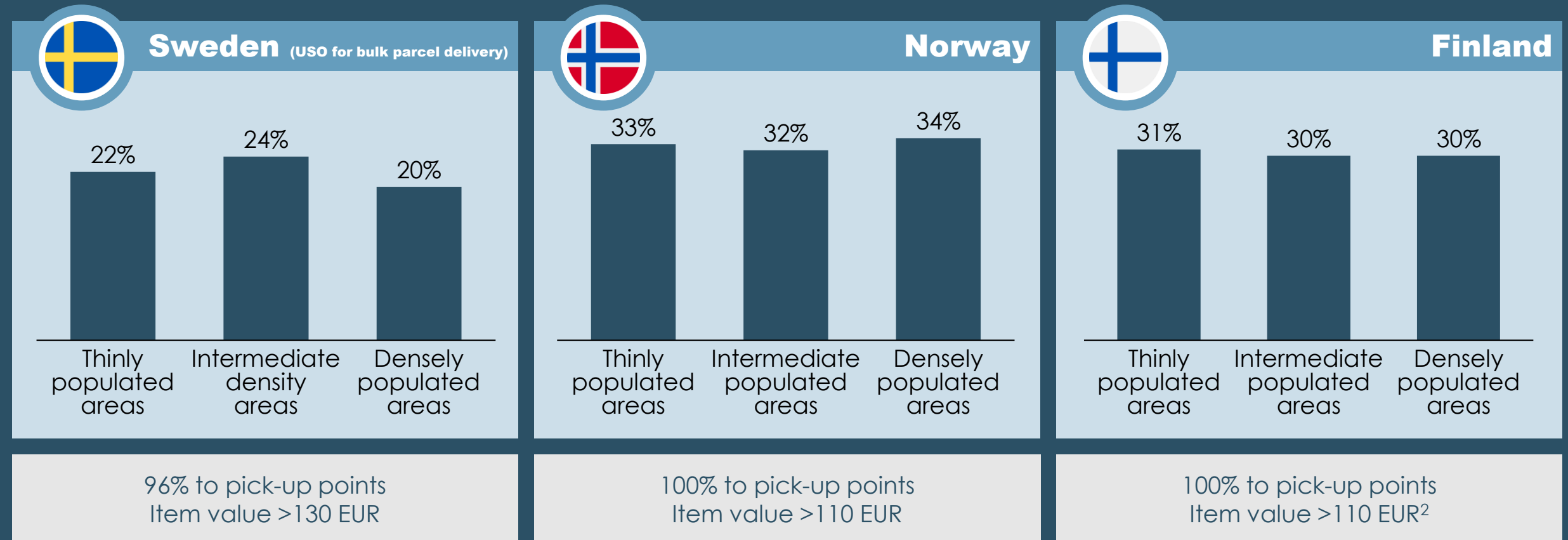
¹ Average delivery price across all delivery options of all items included in the sample. This excludes free delivery options.

² Excluding one outlier express delivery option which pushes the average price to 8,0 EUR.

There is little difference in the availability of “free” deliveries across regions within a country, irrespective of USO regulation

Share of items offered with free delivery as a standard option¹

Per cent



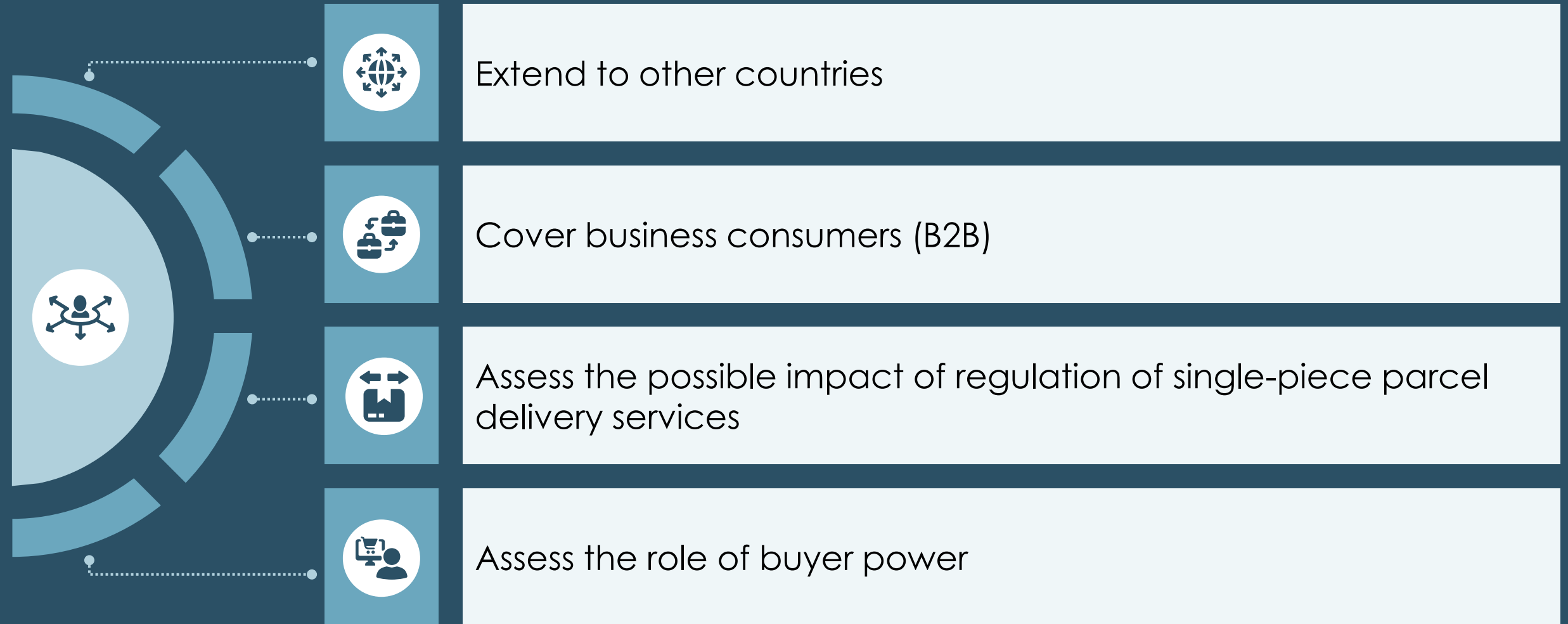
¹ Includes all types of items and all types of delivery options included in the sample.

² With an exception of one item at one marketplace valued at 31,99 EUR and offered with free delivery in all areas.

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Limitations and opportunities for future research

Future research opportunities



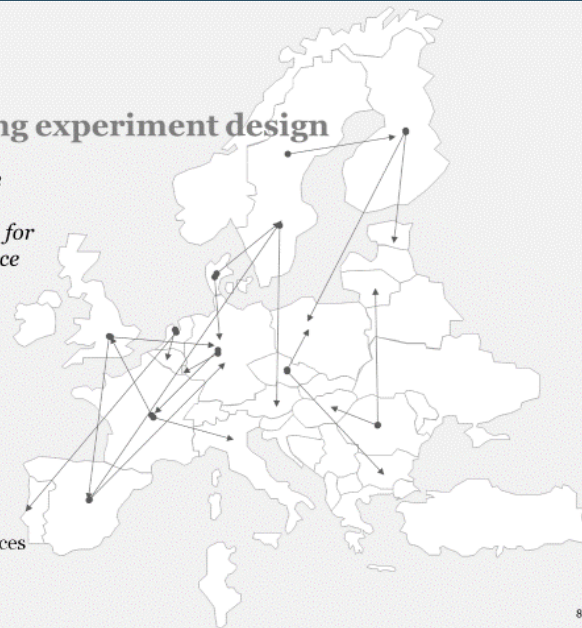
NB! CE's 2016 Study found that prices for cross-border parcel delivery paid by e-shoppers generally do not reflect the prices charged by delivery operators, due to the decisions of e-retailers

- Buyer power may put pressure to:
- offer nationwide delivery
 - offer high quality services
 - offer uniform prices, reducing delivery costs to very remote areas

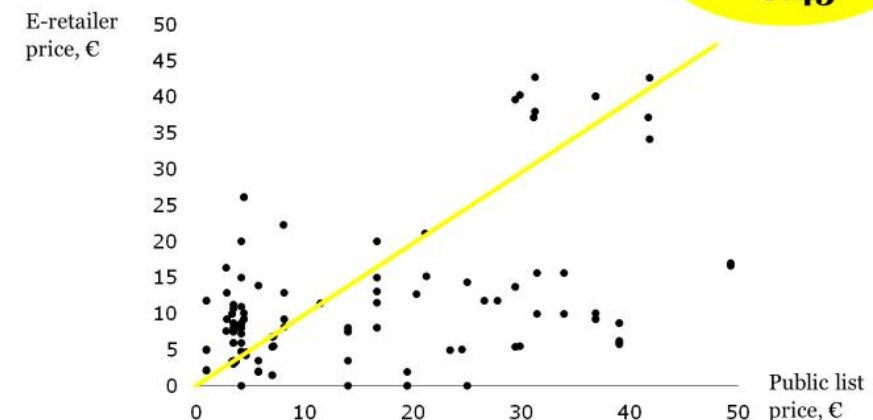
Mystery shopping experiment design

How much does the price charged by the delivery operator to the e-retailer for delivery influence the price charged by the e-retailer towards the e-shopper?

- 20 trade flows
- Low/high weight goods
- Small/large e-retailers
- Comparable delivery prices



Low correlation between prices charged by e-retailers and the public list prices



Our postal & delivery team

We help our clients with

Postal regulation and reform

- Regulatory design & 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 & parcel delivery
- Strategy and business models
- Pricing strategies
- Environmental sustainability

Competition issues and State aid

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



Mindaugas Cerpickis
Service Leader for
Postal & Delivery



**Henrik Ballebye
Okholm**
Managing Partner



Anna Möller Boivie
COO



Bruno Basalisco
Director



Neil Gallagher
Managing Economist



Kalle Kantanen
Senior Economist



Gerdis Marquardt
Senior Economist



Lionel Gendebien
Lead Economist



Stephanie Tizik
Economist



Marco Islam
Economist



Elena Salmaso
Economist



Jacob Østermann
Economist



Stephanie Spahn
Analyst



Jens Frandsen
Researcher

CONTACT

Mindaugas Cerpickis
mic@copenhageneconomics.com

Copenhagen Economics
Langebrogade 1
DK-1411 Copenhagen K

www.copenhageneconomics.com