

# Will consumers still need protection in the future postal market?

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# Context and assumptions



Looking at market  
beyond 2030s



Focus on consumer protection  
(not competition, harmonisation)



Regulation needs to be justified  
especially sector-specific



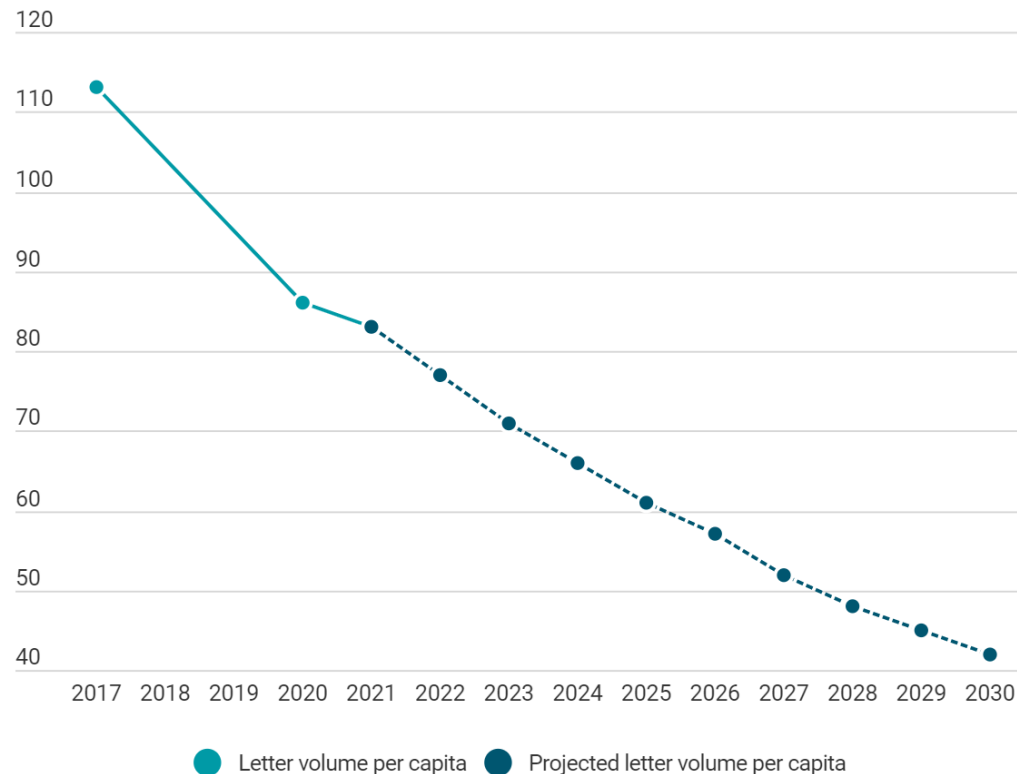
With competition,  
horizontal regulation should be sufficient

# Market changes

Type of traffic	Market trend
Ordinary letters – consumers	Rapidly diminishing volumes Multiple digital substitutes
Ordinary letters – businesses	Diminishing volumes Multiple digital substitutes, plus policy changes to move to digital
Priority and registered mail	Diminishing volumes Digital substitutes Some core demand still exists
Parcels – consumers	Very low volumes Some core demand will continue to exist Small C2C increase due to growth in C2C platforms?
Parcels – businesses	Rapidly growing volumes Highly competitive market
Post office network	Smaller network (lower volumes in letters and parcels from consumers) High consolidation (especially in rural areas) Commercial partnerships (with supermarkets, petrol stations etc)

# Letters sent by consumers

## Letters volume per capita (EU)



Cullen International estimate based on ERPG Core Indicators 2021

By a conservative estimate, the average person in 2030 may receive less than one letter per week.

The majority of these letters will be sent by businesses.

According to the EU postal user needs report 2021, only 19% of postal stakeholders predicted that letters would still be used for social interaction in 5-10 years.

36% predicted letters to still be used for special occasions, such as greeting cards or invitations.

➔ Personal letters mostly now ‘nice to have’  
(used as frequently as attending a concert)

# Letters sent by businesses

Ordinary letters sent by businesses declining more slowly than that sent by consumers.

Belgium: half of businesses predict sending fewer letters within the next three years.

UK: 75% of SMEs had already (or would) moved communications online.

EU's Digital Economy and Society index: number of businesses adopting technology is steadily rising, and some 70% of users accessed Government services online.

 Business/government letters volumes fall significantly (some use cases for letters to remain essential for certain population groups).

# Registered mail

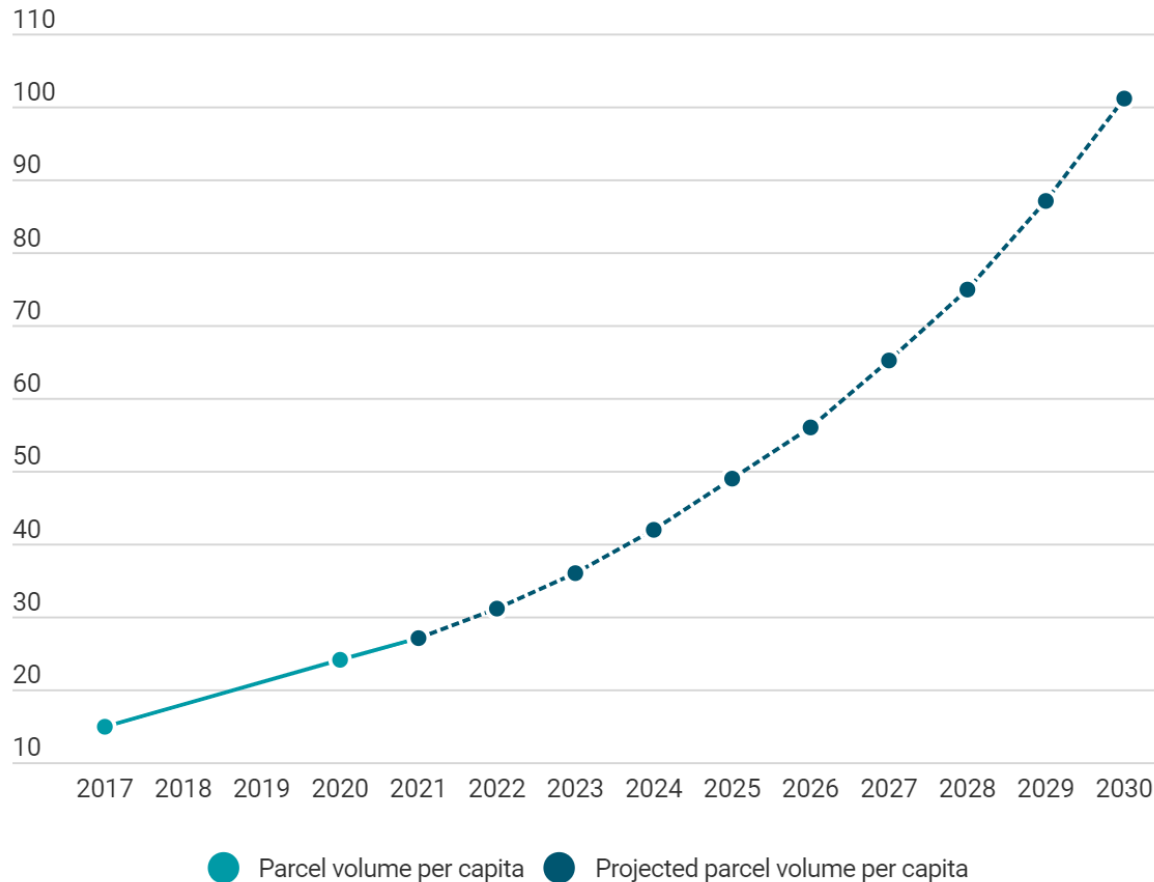
Commission's postal user need study: in France, Sweden and the UK, priority mail volumes fell by 74% from 2007 to 2017 compared to 32% for non-priority letter volumes.

Consumers do not think next-day delivery is a priority – but many businesses still expect the service to be offered.

➔ Consumers rarely need priority/registered mail but, if so, it is important  
Businesses continue to require registered mail until fully replaced by digital

# Parcels sent by consumers

## Letters volume per capita (EU)



Cullen International estimate based on ERPG Core Indicators 2021

Parcels boom largely driven by eCommerce.

UK: 25% of users do not send any parcels in a typical month. Half of users send parcels to return an item.

Sweden: only 3% of parcels are C2C; however, this represented a year-on-year growth of 44% in 2021.

➔ Parcels sent by consumers are mostly e-commerce returns, with a possible growing C2C element.


# Parcels sent by businesses

La Poste has predicted that the B2C segment is predicted to triple in volume by 2025 compared to 2016.

Poland's overall parcel market grew by almost 2.5 times between 2017 and 2021.

Cross-border parcels: make up 25% of parcels in France, and 10% in Germany.

ERGP found that EU countries had on average more than eight operators with more than 1% of the parcel volume share in 2021.

 As volumes grow, we expect increased competition perhaps with competitive advantage for cross-border operators  
Users may need transparency on liability for lateness or damage.



# Postal networks

Postal networks in the EU have tended to remain stable or grow.

ERGP: post office numbers in the EU rose by 35% between 2017 and 2021. At the same time, post offices operated by USPs rose only slightly by 2.4%

Cullen research: most USPs are reducing the number of self-owned post offices, and relying more on franchised and partnered offices.

- ➔ Users continue to require nearby post offices, especially as parcel return volumes grow.
- ➔ Many post offices diversify their offers by providing banking, governmental services, utilities and educational services.

# What justification for continued protection?

- Affordability
- Ubiquity
- Frequency of collection and delivery
- Complaint handling
- Essential requirements
- Specific concerns
- Public interest
- Speed of reaction
- Enforcement

solved by competition  
or  
not material in rapidly declining markets?

justification for going beyond horizontal rules?

vulnerable users

practicalities: resourcing and expertise of regulator

# Some of the main questions?

- What is the right time period to plan for the new postal regulatory framework?
- Is the concept “essential services” critical when deciding whether or not to regulate?
- Only use sector-specific regulation when there is a clear finding of market failure?
- Important to differentiate between general measures (for all) and measures to protect only vulnerable users?
- What categories of users are considered to be vulnerable?
- Should regulation look more widely across different markets for solutions to protect vulnerable users?
- Worth supporting a sector-specific regulator just for enforcement (resources and specialist knowledge)?
- How far to go to allow for different national market situations?



thank you!

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