

User Needs in the Postal Sector

A study for the European Commission
Directorate-General for Internal Market, Industry,
Entrepreneurship and SMEs
Directorate E: Modernisation of the Single Market

Public Stakeholder Workshop

Brussels, 29 January 2019

- Background and purpose of the study
- Scope and content
- Methodology
- Stakeholder involvement
- Timing: meetings and workshops
- Q&A

Project team

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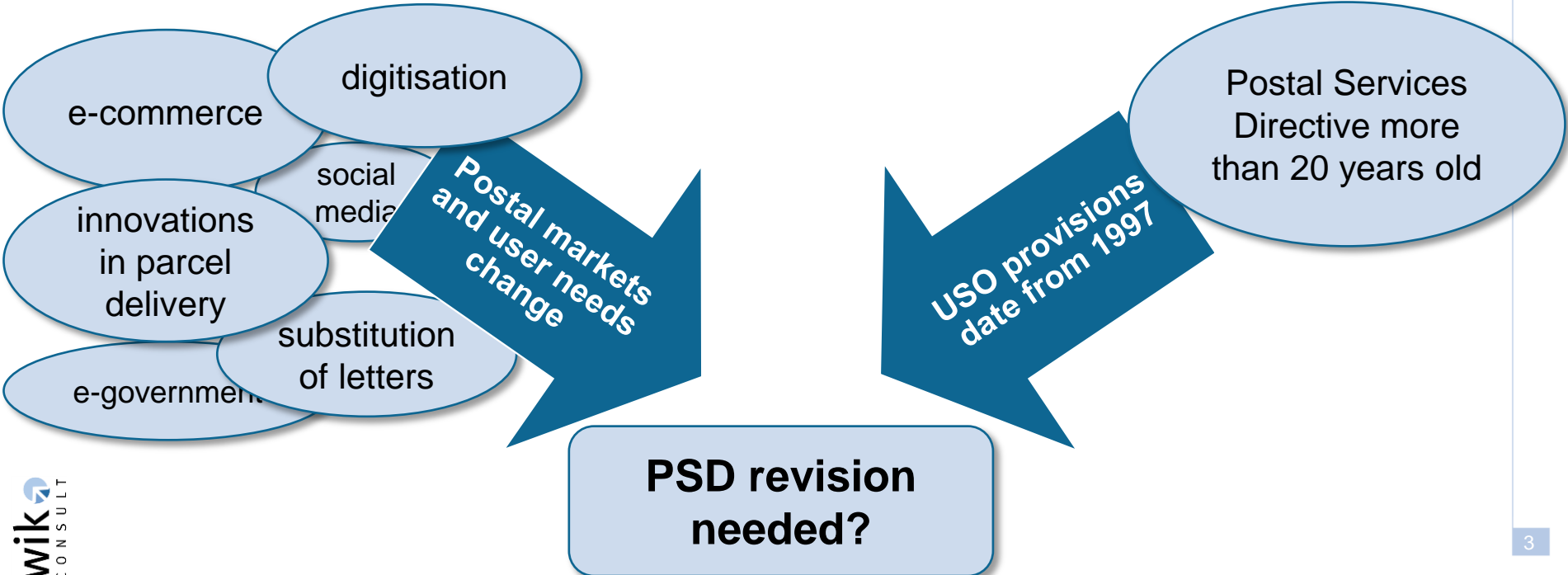
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Background

Universal service “shall evolve in response to the technical, economic and social environment and to the needs of users” (Art. 5 Postal Services Directive)

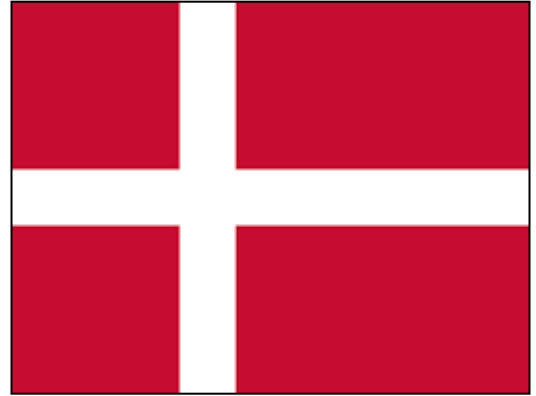


Recent examples of USO amendments

- Member States seek flexibility to adapt USO to market developments and user needs
- In practice, Member States apply very different concepts of USO as regards e.g.
 - Scope of services included
 - Frequency of collection and delivery
 - Quality of service / transit time
- Examples of USO amendments in recent years in DK, IT, NL

Recent examples of USO amendments: Denmark

- XY delivery introduced in 2009
- Priority letters (D+1) are outside the scope of USO
- Fastest USO letter product has D+5 transit times
- USO letters are delivered once per week since 2018



Recent examples of USO amendments: Italy

- Frequency of delivery
 - five days per week as general rule
 - large scope of exemptions: not in rural areas with fewer than 200 inhabitants per sqkm
 - XY delivery model applies (week 1: delivery on Mondays, Wednesdays, Fridays; week 2 on Tuesdays and Thursdays)



Recent examples of USO amendments: Netherlands

- Frequency of delivery reduced to 5 days per week
- PostNL does not deliver on Mondays
- Except obituary notice letters and medical samples (still delivered on Mondays)



Purpose of the study

Identify present and future user needs

Evaluate Postal Services Directive

Recommendations re PSD, focus on USO

Scope of the study

Overview

Within the next 5-10 years
Senders and receivers:
Individuals, businesses,
public sector users

A. Tomorrow's user needs

- Analyse drivers of demand and supply
- Forecast development of EU postal markets
- Identify vulnerable users

B. The need for USO: market failure and social cohesion

- Market provision of postal services
- For what and for whom should USO be required?

C. Evaluation of regulatory aspects

A. Tomorrow's user needs

Forecast development of EU postal markets

Drivers for demand

- substitution
- e-government
- e-commerce
- economic development
- broadband access
- digitisation
- e-newspapers
- generation change
- prices
- quality of service:
availability, reliability,
speed of delivery
- role of price comparison
websites...

Drivers of supply

- prices
- costs for input factors
- technology developments
- digitisation

A. Tomorrow's user needs

Forecast development of EU postal markets

- Who will the users be?
 - different user groups, e.g. consumers as senders, consumers as receivers, small businesses etc.
- Which services will be needed for which purposes?
 - different types of mail, e.g. correspondence, letters containing goods, transaction mail, social mail etc.
 - different purposes: e.g. interacting with businesses, manage customer relationship, social interaction etc.

A. Tomorrow's user needs

Vulnerable users

- Features of user groups which may be more in need of USO (examples)
 - Rural / remote place of living
 - Disabilities / reduced mobility
 - Blind / visually impaired
 - Low income
 - Old age
 - ...

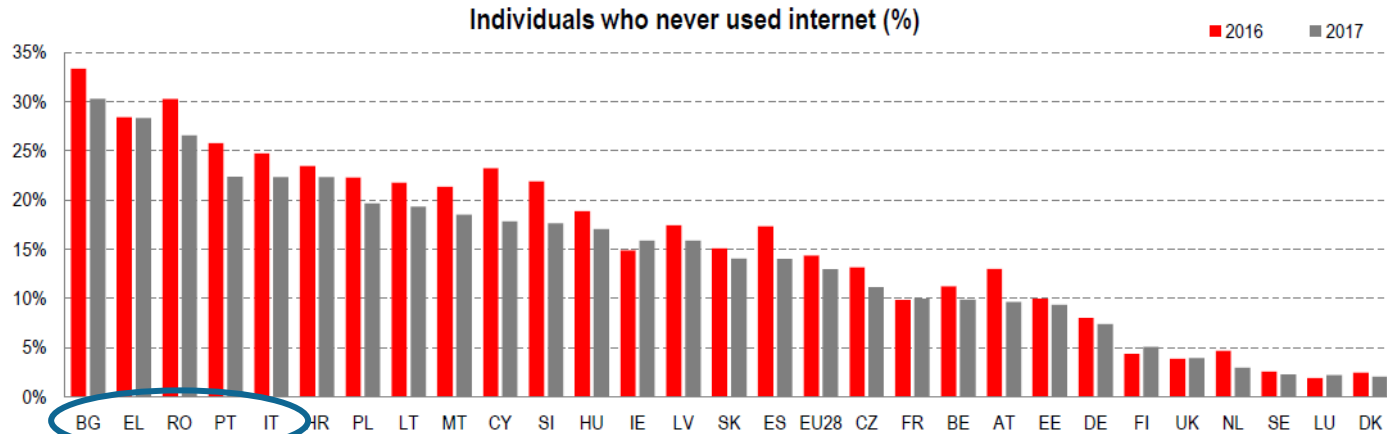
Potential vulnerable user groups - examples	# people (EU/EEA/CH)	%
Inhabitants of rural areas	99 million	19%
Inhabitants of island areas	22 million	4%
Inhabitants of mountain areas	131 million	25%
Disabled persons	27 million	5%

Source: Eurostat

A. Tomorrow's user needs

Vulnerable users

- Users are more vulnerable to USO reductions if they have no access to digital substitutes



Source: Eurostat

B. The need for USO

Guiding questions

- Market provision of postal services
 - Where does the market provide services needed by users?
 - In which cases will the market not meet user needs?
- Scope of future USO
 - For what and for whom is USO required?
 - What would be the impact of no USO?
 - What are the baseline services of a future USO?
- Changes to USO
 - Which changes to USO would be required to reflect user needs?

B. Societal need for USO

- Analysing societal needs in the future will help us
 - to analyse whether there is a need for USO at all
 - to define what USO should cover



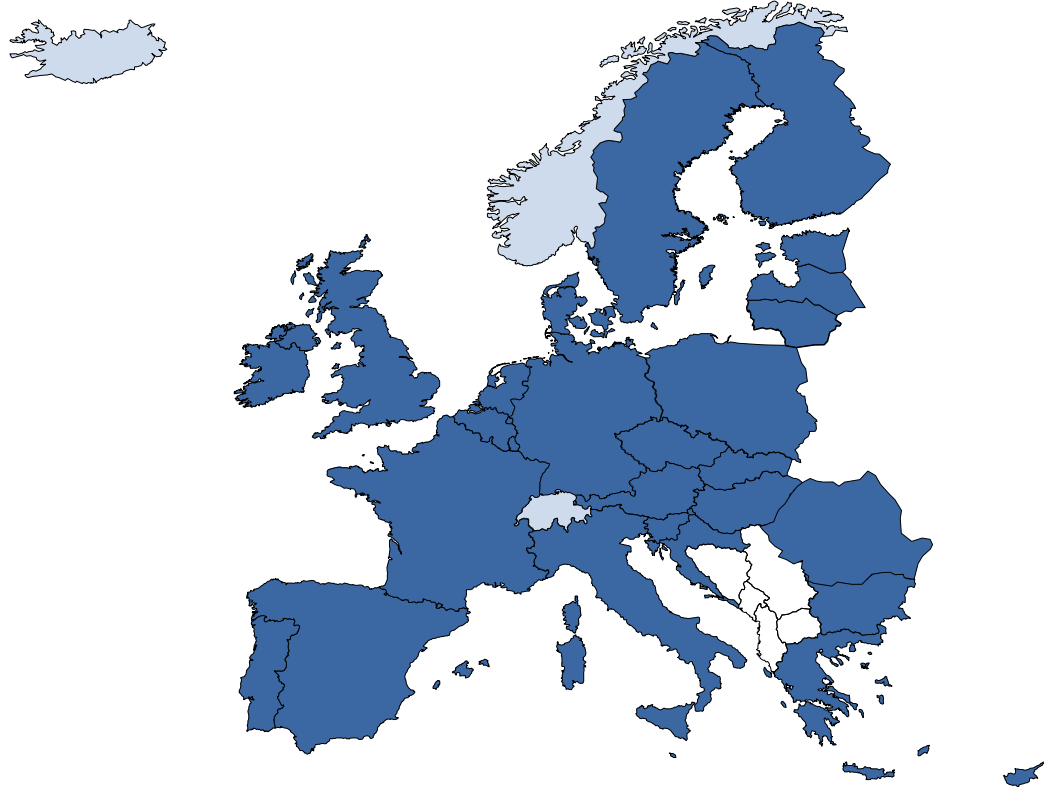
C. Evaluation of regulatory aspects

1. National implementation approaches
 - National postal legislation and regulatory practice
 - Impact on market developments in the EU
2. Evaluation of the impact of the PSD based on Better Regulation Guidelines
3. Recommend amendments to the PSD, with a focus on USO

Geographical scope

EU/EEA + Switzerland

- Targeted consultation
 - in EU and EEA
 - in CH



Methodology Overview

Data collection

Desk Research

- user surveys
- market reports
- legislation
- statistics
- studies
- etc

Stakeholder interaction

Online survey
(postal stakeholders)

Follow-up interviews

Public stakeholder
workshops

Evaluation tool

Evaluation based on
Better Regulation
Guidelines

Targeted consultation: Stakeholder Online Survey

Method	Scope	Contents
<ul style="list-style-type: none">▪ Online survey▪ Modular structure of questionnaire▪ Targeted to different stakeholder groups▪ Questionnaires agreed with EC▪ Questionnaire language: English▪ Programming and hosting by specialised IT supplier	<ul style="list-style-type: none">▪ Target: 400 responses▪ Postal stakeholders in EU-28 and EEA<ul style="list-style-type: none">➢ Ministries responsible for postal policy➢ National regulatory authorities➢ National competition auth.➢ National consumer bodies➢ Universal service providers➢ Postal, parcel & express carriers➢ Business associations➢ Business and public senders➢ E-commerce associations➢ Publishers and associations	<ul style="list-style-type: none">▪ Stakeholder views on PSD▪ Expectations on future, e.g.<ul style="list-style-type: none">➢ Postal market developments➢ Substitution and digitisation➢ Impact of e-commerce➢ User needs➢ Vulnerable postal users➢ Provision of (universal) postal services

Methodology

Stakeholder mapping

Ministries responsible for postal policy

National regulatory authorities

National competition authorities

Universal service providers

Other delivery service providers

- Postal service providers competing with NPOs in the letter market
- Parcel and express carriers

Intermediaries

- Hybrid mail suppliers and letter shops,
- Suppliers for franking machines,
- Suppliers for sorting technology,
- Suppliers of secure electronic communication solutions

Business associations

- Associations of large business mailers
- Direct marketing associations
- E-commerce and retail associations
- Associations of publishers
- Chambers of commerce

Consumer associations

Charitable and non-profit organizations

Businesses

- With focus on large business mailers, like banks and insurances, utilities, pension insurances
- Retail & wholesale (including e-tailers)
- Industry

Public authorities

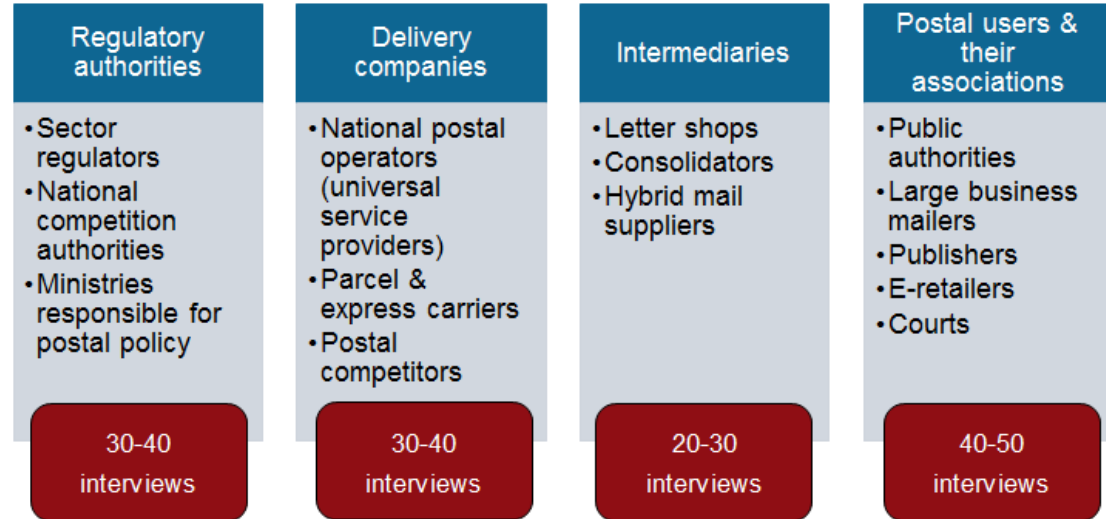
- Tax authorities,
- Public social security
- Local and national public authorities
- Authorities responsible for public procurement
- Courts of law

Methodology

Interviews

- Target: 120 interviews
 - Face-to-face (20)
 - Phone (100)
- Collection of evidence for problems, causes, and effects
- Discussion of possible options for action

Number of interviews per stakeholder group



Methodology

Evaluation of the PSD

Evaluation: Evidence-based analysis of the PSD

Collect evidence from
desk research,
targeted consultation,
and interviews



Evaluation of PSD
according to
Better Regulation
Guidelines

Leading question

In light of future user needs,
is the PSD still appropriate?

Methodology

Approach for PSD evaluation

Assessment of interventions according to the Better Regulation Guideline

Criterion	Elements to consider	Assessment
How effective has the PSD been?	e.g. market opening, competition, sustainable provision of postal services, prices, QoS etc.	
How efficient has the PSD been?	Costs proportionate to benefits? Impact on USPs resource allocation, funding of net costs in future etc.	
How relevant is the PSD?	How well are current and future user needs reflected in the PSD? To what extent are the objectives of the PSD relevant to future users?	Determine advantages and disadvantages
How coherent is the PSD internally and with other (EU) actions?	Coherent with other legislation? e.g. Cross-border parcel regulation, Consumer Rights Directive Contradictions of objectives? Objectives coherent with PSD articles? etc.	
What is the EU added value of the PSD?	Added value compared to national postal legislation, consequences of withdrawing PSD etc.	

Methodology

Recommendations

- Recommended policy measures will be based on future user needs and PSD evaluation
 - Status quo / no change is default option
 - Potential regulatory measures
 - Potential non-regulatory measures

Stakeholder involvement

How you can support this study

- Participate in our survey
- Identify relevant studies and surveys in your country
 - USO
 - User needs
 - Vulnerable users
- Identify relevant stakeholders

Project planning

	2018	2019									
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Stakeholder online survey			▶								
Interviews					▶						
Public Stakeholder workshops		x					x			x	

- Planned dates for public workshops
 - ▶ 2nd public workshop: 4 June
 - ▶ 3rd public workshop: 18 September
- Final report is due in September
- EC plans to publish it in autumn 2019

It is time for your questions!



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