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COMPETITION ON THE POSTAL SERVICE MARKET IN POLAND

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K e y w o r d s: competition, services, service market.

A b s t r a c t

Services play an important role in the Polish economy alongside industry, construction, banking or agriculture. On the European Union markets services represent the dominant area of economic activity. This position is exemplified by the number of employees in that sector of the European Union economy providing jobs to about 75% of the total EU professionally active population.

Results of the analysis of source materials concerning the level of competition in the postal market indicate its rapid development, including fierce competition in the sector of services allowed for every operator after obtaining the concession as well as completely deregulated postal services. In the reserved services market only the monopoly of the Polish Post Office continues in providing services of general nature.

KONKURENCJA NA RYNKU USŁUG POCZTOWYCH W POLSCE

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S ł o w a k l u c z o w e: konkurencja, usługi, rynek usług.

A b s t r a k t

W polskiej gospodarce, obok przemysłu, budownictwa, bankowości i rolnictwa, usługi odgrywają ważną rolę. Na rynkach państw Unii Europejskiej stanowią dominujący obszar działalności gospodarczej. Przykładem tej pozycji jest liczba zatrudnionych w tym sektorze gospodarki Unii Europejskiej – ok. 75% ogółu czynnych zawodowo mieszkańców UE.

Wyniki przeprowadzonej analizy źródeł dotyczących poziomu konkurencji na rynku usług pocztowych wskazują na jego szybki rozwój, a tym samym na silną konkurencję w sektorze usług dozwolonych każdemu operatorowi po uzyskaniu koncesji oraz w usługach pocztowych całkowicie wolnych. Jedynie na rynku usług zastrzeżonych trwa monopol Poczty Polskiej na świadczenie usług o charakterze powszechnym.

Introduction

With the systemic transformations that took place in Poland after 1989 the phenomenon of competition started functioning. A single operator, the Polish Post, monopolized the market of postal services until that time. During the period of transformation, foreign entities started appearing in the market providing services in that field. We can conclude that their activities were highly efficient as in the market of courier services they have taken over around 97% of the total volume of such services.

Subject structure of the postal services market

Postal services market is divided into the:

– reserved services market – postal provided in that market are services on the base of appropriate concessions. Entities operating in that market are operators functioning on the base of the concession or registration with the register, among which the Poczta Polska S.A. [Polish Post S.A.] plays the major role;

– market of postal services open to every operator after obtaining the concession from the Office of Electronic Communications (UKE);

– market of postal services open for every entity.

The postal services market is rather diversified. Although two types of business entities are involved in providing the services:

1. the public operator – in case of postal services Poczta Polska S.A.
2. other postal operators, mainly private ones, providing services in the strictly defined segment of postal services market encompassing courier services, not addressed prints and mail of private business entities. Such operators operate on the base of the concession obtained.

Competition in the postal services market

The market of postal services in Poland is one of a few markets developing dynamically as concerns establishment of competition. During the initial years of the free market economy operation in Poland the competition was quite weak.

On the base of this graph it can be noticed that during the years 1996–2009 the number of non-public operators increased almost 14-fold (from 15 to 209). The dynamic increase in the number of operators emerging in the here-discussed market has been observed as of 2001. The largest year-to-year

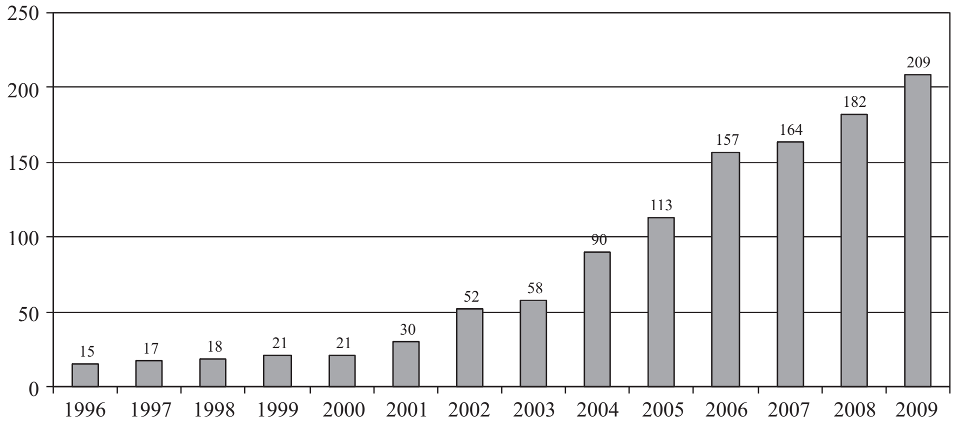

Fig. 1. Number of non-public operators during the the years 1996–2009
(as at December 31 of each year)
Source: own work based on the: *Raport Prezesa Urzedu Komunikacji Elektronicznej*... 2010.

increase was recorded in 2002 (+ 73%) and 2004 (+ 55%). The UKE data indicate that in 2008 the number increased by another 18 operators of postal services and reached 182. In 2009 then the number reached 209 registered entities.

Analyzing, however, the capital of non-public operators operating in 2008 engaged in establishment of those businesses we can conclude that it was at a relatively low level amounting:

– up to PLN 10.000 – 18 non-public operators,
– from PLN 10.000 up to PLN 50.000 – 23,
– from PLN 50.000 up to PLN 100.000 – 6,
– from PLN 100.000 up to PLN 500.000 – 10,
– from PLN 500.000 up to PLN 1 million – 2,
– from PLN 1 million up to PLN 10 million – 5,
– from PLN 10 million up to PLN 50 million – 3,
– over PLN 50 million – 1,
– no data available – 38 (*Raport Prezesa Urzędu Komunikacji Elektronicznej*... 2009, p. 18).

Analyzing the coverage by operations of non-public operators, we can find out that:

– 51 operators operate locally, including:
  a) 22 in the area of a voivodship,
  b) 10 in the area of a county,
  c) 16 within a city,
  d) 3 within other area of local character;

– 24 operators operate on national scale;
– 22 operators operate on the national and international scale,
– 9 operators operate in the international market only.

Despite such major development in the postal services market the quality of services provided by individual operators is not fully satisfactory. Only the time deliveries are made within appropriate time.

Table 1

National timeliness indicators in 2007 for priority mail

Time of delivery	National timeliness indicators 2007	Target in delivery timeliness (quality standard)
	in %	
D + 1	77.21	82
D + 2	95.57	90
D + 3	98.49	94

Source: own work based on the: *Raport Prezesa Urzędu Komunikacji Elektronicznej...* 2008.

According to Annex No. 2 to the Regulation by the Minister of Infrastructure on conditions of providing general postal services, the national timeliness indicator in 2008 for priority mail (D+1, meaning delivery of mail on the next working day after the date of mailing) in case of the majority of the relations does not satisfy the requirements defined and the effective European standards.

Table 2

National timeliness indicators in 2007 for economy mail

Time of delivery	National timeliness indicators 2007	Target in delivery timeliness (quality standard)
	in %	
D + 3	80.57	85
D + 5	96.70	97

Source: own work based on the: *Raport Prezesa Urzędu Komunikacji Elektronicznej...* 2008.

According to Annex No. 2 to the Regulation by the Minister of Infrastructure on conditions of providing general postal services, the national timeliness indicator in 2007 for economy mail does not satisfy either the requirement of D+3, or even D+5.

Table 3

National timeliness indicator for delivery of priority packages computed on the base of aggregated data

Time of delivery	National timeliness indicators 2007	Target in delivery timeliness (quality standard)
	in %	
D + 1	57.80	80

Source: own work based on the: *Raport Prezesa Urzędu Komunikacji Elektronicznej*... 2009.

The national timeliness indicator for delivery of priority packages looks similar to hat for economy packages with the exception of packages sent in the relation rural area – city for the distance of up to 200 km, for which that indicator was 91.6%. The lowest timeliness indicator occurred in case of economy packages sent in the same relation, i.e. rural area – city for the distance exceeding 200 km and it was 72.6%.

Table 4

National timeliness indicator for delivery of economy packages computed on the base of aggregated data:

Time of delivery	National timeliness indicators 2007	Target in delivery timeliness (quality standard)
	in %	
D + 3	84.30	90

Source: own work based on the: *Raport Prezesa Urzędu Komunikacji Elektronicznej*... 2009.

The national timeliness indicator for delivery of economy packages satisfies the requirements of D+3.

Adjustment of facilities to the needs of the clients, in particular the disabled ones, represents a significant problem for postal operators. This applies to both non-public operators and the public operator.

Analyzing the results of control conducted during the years 2003–2007, it can be noticed that as of 2004 the values of some indicators improved (e.g. publication of information, access to mail boxes, marking of windows, receipt of mail).

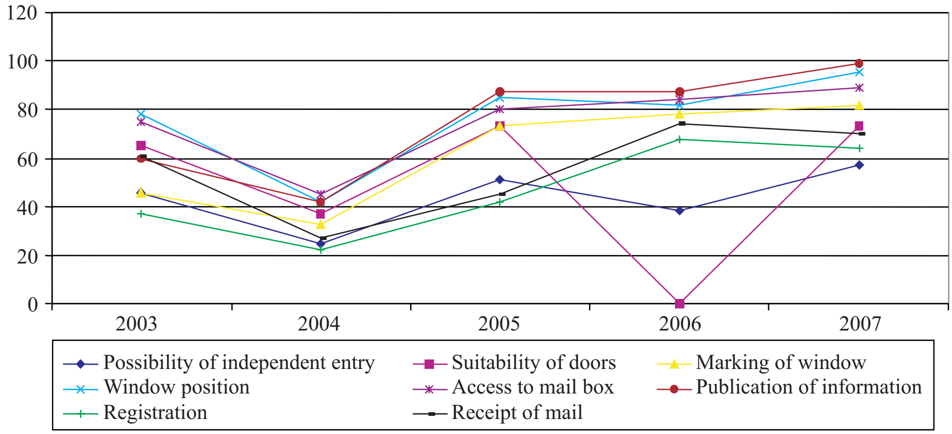

Fig. 2. Comparison of the results of control in towns conducted during the years 2003–2007 (in %)
Source: own work based on the: Office of Electronic Communications. Evaluation of postal facilities adjustment to provide services for the disabled in 2008.

Conclusion

Competition in the postal services market is developing relatively dynamically. Despite large potential in possession of Poczta Polska S.A. in the form of the network of post offices, logistics, Forwarding-Distribution Centers, the competing operators are beginning taking over some of its services, which in particular applies to the courier services provided by operators such as the DHL, DGD, TNT, UPS or InPost.

The competition will surely increase with further liberalization of that market, which, as well know, provides that as of 2013 the market will be more open for non-public operators. Then postal operators from other European Union countries will join the combat for the postal services market in Poland. It must be concluded that the public operator, i.e. Poczta Polska S.A. is conducting activities towards weakening its current position, which is confirmed by, e.g. the financial results of that company for the past 5 years.

Assuming further liberalization of the market, which is to take place as of the beginning of 2013, the thesis can be formulated that competition between individual operators operating in that market will increase. Increasing opening of the market to non-public operators of the discussed services might contribute to activation of entities domiciled in the other European Union countries.

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