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Study on the quality of parcel services and the impact of e-commerce on the postal services market, during 2021

Contained:

I. Introduction

This study is part of the Authority's effort to monitor the evolution of postal services used as a support for the distribution of items generated by e-commerce.

Traditional volumes of correspondence are declining worldwide, mainly due to the uptake of electronic communication means, through the users' increasingly adopting online ways of communication instead of the paper-based ones. The unprecedented development of e-commerce has generated, on the other hand - especially in countries with a high level of digital skills, where the users prefer online interaction -, an increase in parcel item volumes, with service providers in the courier industry often being involved in the processes of delivering the goods purchased online by users. This trend sharpened in recent years, once with the growing internet penetration rate, as shown also by ANCOM's statistical data report on electronic communications services for 2021.[1]

Moreover, the pandemic sanitary context of 2019-2021, reinforced the intertwining trends of decline in the volumes of the letter post items, along the increase in the volumes of parcel items, due to the fact that in the vast majority of countries affected by the pandemic the circulation of consumer goods was ensured by the postal service providers, which generated the increase of traffic volumes in the parcel market.

In this context, many providers implemented development strategies focusing on the deployment of parcel-locker networks in the recent years, in order to implement self-service delivery services, which do not imply human contact between the user and the courier, while featuring several economic advantages, as well.

In light of the above, at European level, the conclusions of the *Report on core indicators for monitoring the European postal market*, published by the European Regulators Group for postal services[2] (hereinafter referred to as *ERGP*), show the following dynamics regarding the volume indicators in the ERGP Member States for the period 2019-2021:

- the total volume of postal traffic decreased by 3.7 billion items (from 53.2 billion in 2019 to 49.5 billion in 2021, -6.9%);
- the total volume of traffic from letter post services decreased by 7.4 billion items (from 44.8 billion in 2019 to 37.4 billion in 2021, -16.5%);
- the total volume of traffic from parcel services increased by 3.7 billion items (from 8.3 billion in 2019 to about 12 billion in 2021, +44.5%).

Regarding the postal services market in Romania, the total traffic of postal items increased between 2019 and 2021 by approximately 6% (+36 million items[3]), while the traffic of letter post items[4] decreased by approximately 8% (-29 million items), unlike the parcel traffic, which witnessed a steep upward trend, increasing by over 70 million items (+50%).

ANCOM understood that the new challenges in the postal industry require a careful monitoring of the market dynamics, thus drawing up the study on the quality of parcel services and the impact of

[1] https://statistica.ancom.ro/sscpds/public/alldocuments/report – Statistical data report on electronic communications services, second semester 2021 (data valid for 2021);
[2] https://ec.europa.eu/growth/sectors/postal-services/ergp_en;
[3] https://statistica.ancom.ro/sscpds/public/alldocuments/report: Annual statistical report on postal services for 2021, Chap. 4 – Postal traffic and revenue;
[4] Items of correspondence and printed matter;

e-commerce on the market, as a research tool for surveying the main developments and trends in the postal sector in Romania.

Thus, starting with 2017, annual studies have been carried out on the quality of parcel services and the impact of e-commerce on the field of postal services in Romania, the outcome of the 2021 study being presented herein.

II. Methodology

Considering all the issues identified in carrying out the studies in the previous years, ANCOM deemed that the methodology for the 2021 study must be optimized, by modifying and completing the previous working methodology, as detailed below.

The methodology used in the process of conducting the study included the following stages of execution: setting the research panel; questioning the providers; collecting and aggregating information; verifying (validating), processing and analysing the data; laying down market rankings; drafting the study and publishing it.

In setting the research panel, two study groups were set up: one group of providers for researching the quality of parcel services and one group of providers for researching the impact of e-commerce.

In the first group, we selected the top postal service providers that processed traffic volumes totalling more than 95% of the postal services market of domestic and international parcels (including bulk postal parcels, small packages and bulk small packages), plus the providers who reported a parcel traffic of more than 100,000 items. The group for researching the impact of e-commerce on the postal industry in 2021 included those providers in the first group that reported having processed postal items generated by online commerce during the previous year.[5]

The research process consisted of sending a questionnaire in electronic format that comprised three research sections:

- determining the dynamics of the quality of parcel services;
- determining the dynamics of the annual impact generated by e-commerce on the postal industry; and
- an additional enquiry, carried out by the Authority in order to obtain data on the extent of implementation of self-service delivery, the results of which were used, fully or partly, in completing the research, but also in carrying out other analyses and market studies, as appropriate.

The data collection process spanned the period August - September, a response rate of 100% being pursued. The data thus obtained were entered in a database with similar data for the past years, to facilitate the analysis of the trends of the questionnaire indicators.

[5] In accordance with Article 2, point 2. 16[5] of the Order government emergency no. 13/2013, on postal services, with subsequent amendments, items *small package* are those postal items containing goods with or without commercial value to which can be attached any documents having the character of correspondence, weighing up to and including 2 kg, and which follow the technological flow used for the items of correspondence, as provided for by the Universal Postal Convention and the Rules of the Letter Post; chiar if they are characteristic only the fsu activity, small packages and small packages in large numbers, from the perspective of the other providers on the market, are assimilable to postal parcels. For this reason, and in order for the study on the quality of parcel services to produce the most relevant results, these two categories of items are introduced in the algorithm for quantitatively establishing the first actual flows of postal items that by summing up exceed the threshold of 95% of the total traffic;

The verification, processing and analysis of the data involved, required on the one hand, directly contacting the representatives of the interviewed providers, in order to clarify the reported information, as well as cross-checking, by comparing with the statistical data reported by the providers in accordance with the provisions of ANCOM President's Decision no. 388/2020 on the reporting of statistical data by postal operators. The data verification was carried out during September and October 2022.

For identifying and presenting the evolution of the parcel market during 2021, several market rankings were laid down, based on the following indicators: " Z+1 quality", "traffic volume", "tariffs levied", "revenues obtained", "volume of traffic generated by e-commerce", and "revenues generated by e-commerce".

Thus, the following 27 postal service providers were considered in the research on the quality of parcel services:

1. ALTEX LOGISTIC & DISTRIBUTION S.R.L.;
2. ATLAS MOTORS S.R.L.;
3. AUTONET LOGISTIC S.R.L.;
4. BOOKURIER LOGISTICS S.R.L.;
5. C SOLUTION S.R.L.;
6. CARGUS S.R.L.;
7. THE NATIONAL COMPANY POSTA ROMÂNĂ S.A.;
8. DELIVERY SOLUTIONS S.A.;
9. DHL INTERNATIONAL ROMANIA S.R.L.;
10. DSC EXPRES LOGISTIC S.R.L.;
11. DYNAMIC PARCEL DISTRIBUTION S.A.;
12. ECONT FOR YOU S.R.L.;
13. FAN COURIER EXPRESS S.R.L.;
14. FEDEX EXPRESS ROMANIA TRANSPORTATION S.R.L.;
15. GLS GENERAL LOGISTICS SYSTEMS ROMANIA S.R.L.;
16. LOGISTICA TRANS ROM S.L. (LOGISTICA TRANS ROM S.R.L. SEBEȘ BRANCH);
17. NEMO EXPRES LOGISTIC S.A.;
18. OPEN TEAM S.R.L.;
19. PACKETA ROMANIA S.R.L.;
20. PANDORAS COURIER S.R.L.;
21. PINK EXPRESS DELIVERY S.R.L.;
22. ROMFOUR TUR S.R.L.;
23. TABITA TOUR S.R.L.;
24. TCE WORLDWIDE SERVICES S.R.L.;
25. TOYA CURIER S.R.L.;
26. TRANSILVANIA POST S.R.L.;
27. UPS ROMANIA S.R.L..

In view of the above, and taking into account the fact that the vast majority of postal items generated by e-commerce belong to the categories of small domestic and international parcels and packages, only those postal operators that processed postal items generated by e-commerce were considered in the research on the impact of e-commerce i.e., only 22 of the providers mentioned above (ATLAS MOTORS S.R.L., LOGISTICA TRANS ROM S.L., ROMFOUR TUR S.R.L., TABITA TOUR S.R.L. and TOYA CURIER S.R.L. were not considered in the second research group).

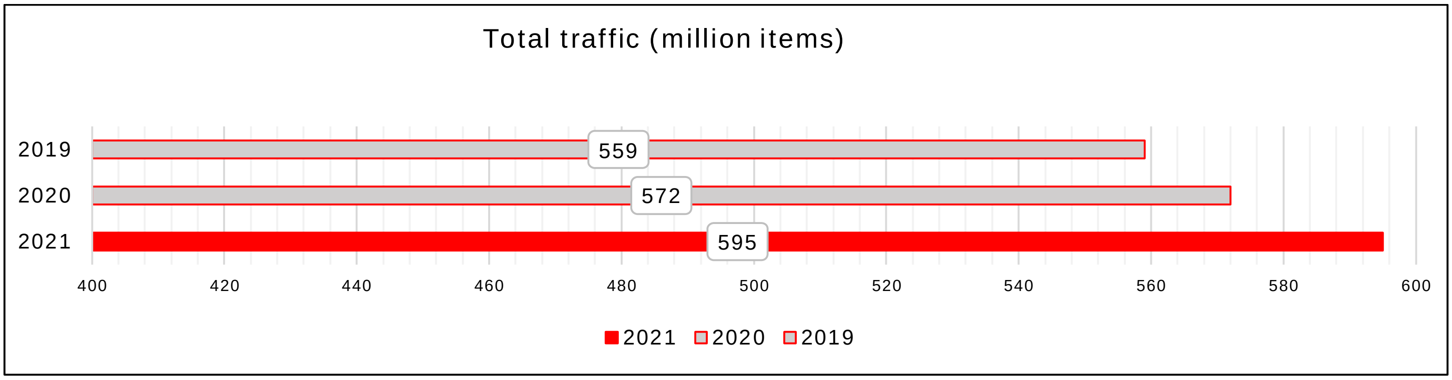
III. Research on the quality of parcel services in Romania - 2021

III. 1 The dynamics of traffic volumes in Romania

In carrying out this study, the Authority used the most recent data on the evolution of postal services, which were extracted from the annual statistical reporting incumbent on the postal operators.[6]

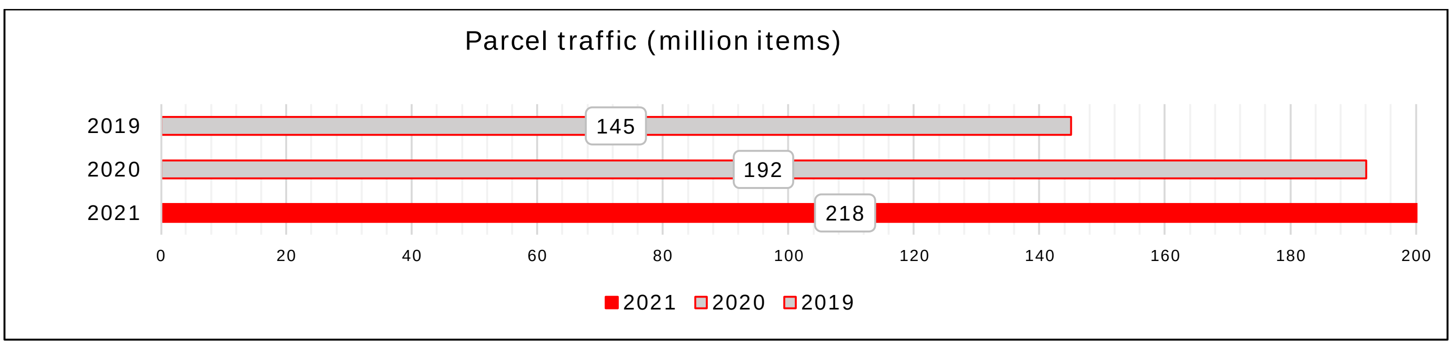
The total traffic of postal items increased relatively significantly from about 559 million items in 2019 to 595 million items during 2021 (growing more than 6% in the last 3 years).

Total postal traffic dynamics: 2019-2021



Regarding the activity of processing postal items consisting of parcels and small packages, during 2021, the postal market in Romania recorded a total parcel traffic of 218 million items, up by over 13% compared to the previous year (approx. 192 million items in 2020) and by over 50% compared to 2019 (when parcel traffic totalled about 145 million items).

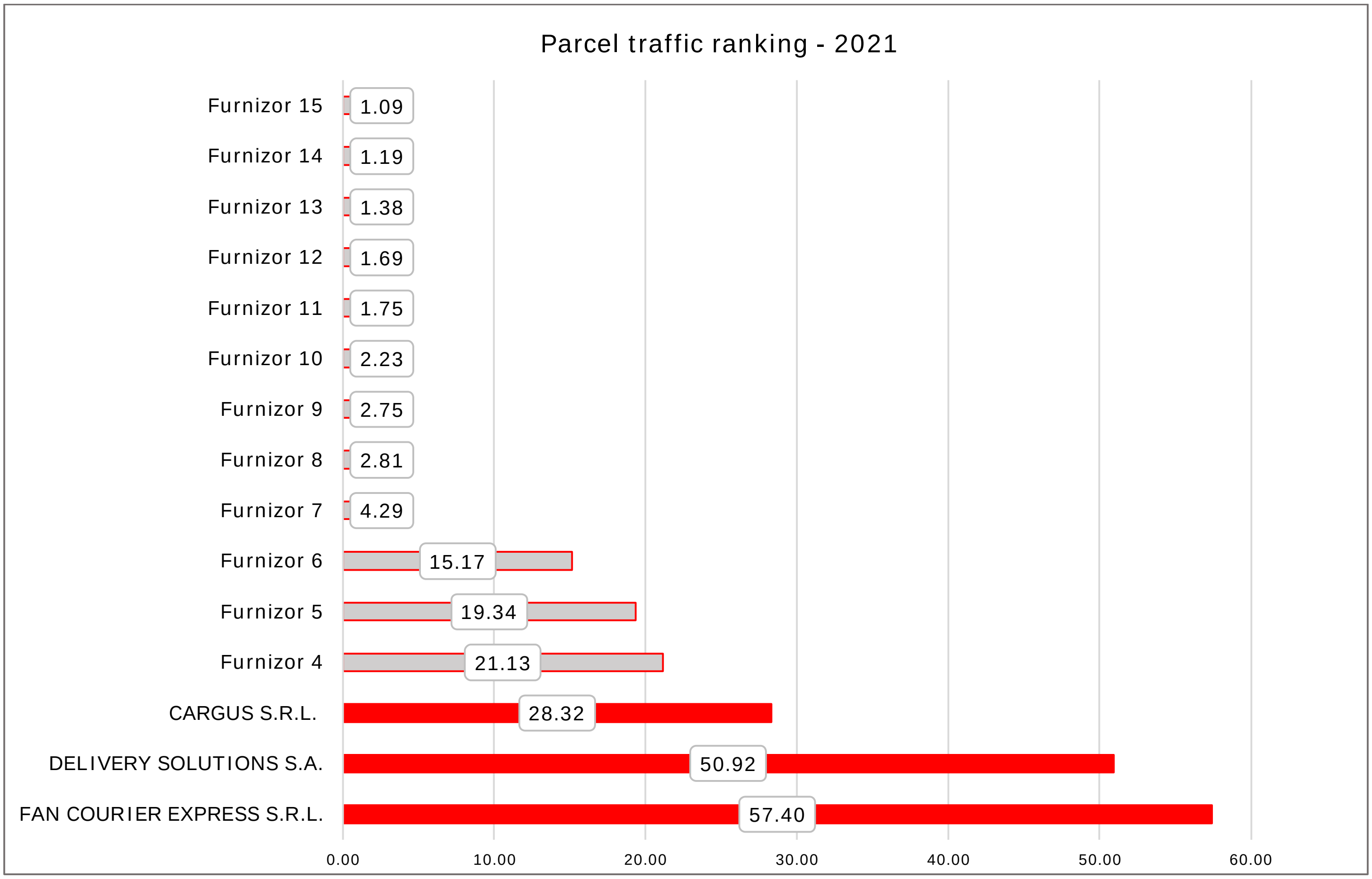
Traffic dynamics of parcels and small packages: 2019-2021



From a methodological point of view, in order to establish the score in *the Ranking on traffic volumes processed in the parcel market in 2021*, traffic volumes of more than 1 million items were taken into account, consisting of small packages and parcels, domestic and international. Thus, each provider received one point for each 1 million processed items (e.g. 20.4 million items = 20.4 points).

[6] https://statistica.ancom.ro/sscpds/public/alldocuments/report: Annual statistical report on postal services for 2021;

Ranking of parcel traffic volumes: 2021

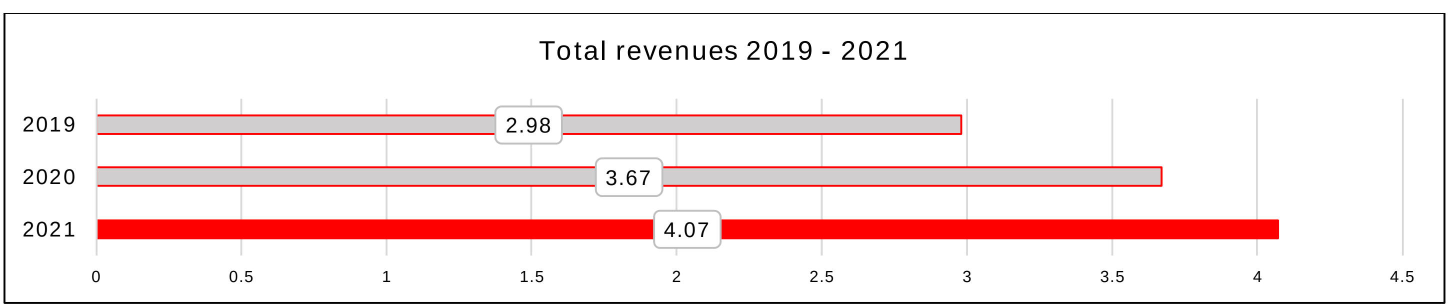


In 2021, the first three providers on the parcel market in Romania, in descending order of the processed traffic volumes, were FAN Courier Express S.R.L., DELIVERY SOLUTIONS S.A. and CARGUS S.R.L., who together processed over 136.6 million items, i.e. over 60 % of the total volumes of parcel traffic on the market.

III. 2 Dynamics of postal revenues in Romania

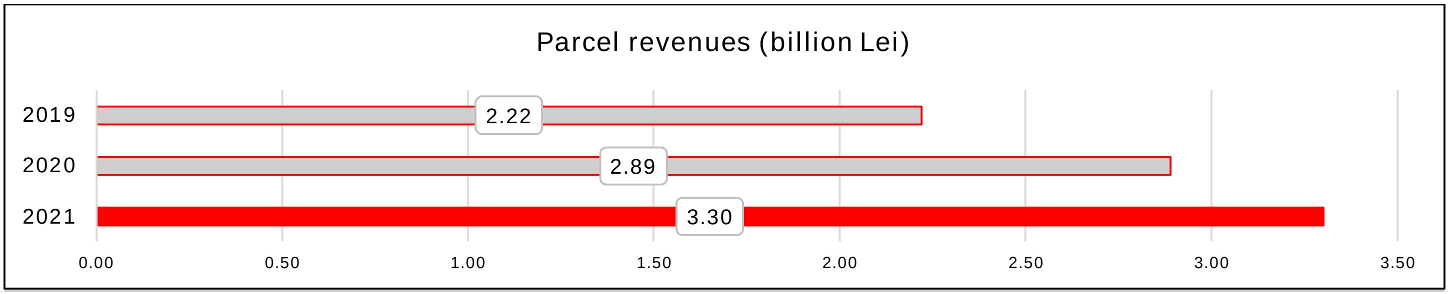
In carrying out this study, the Authority used the most recent data on the evolution of postal services, which were extracted from the annual statistical reporting incumbent on the postal operators. Total postal revenues increased relatively significantly from about 2.98 billion lei in 2019 to about 4.07 billion lei during 2021 (by over 36% in the previous 3 years).

The dynamics of total postal revenues: 2019-2021



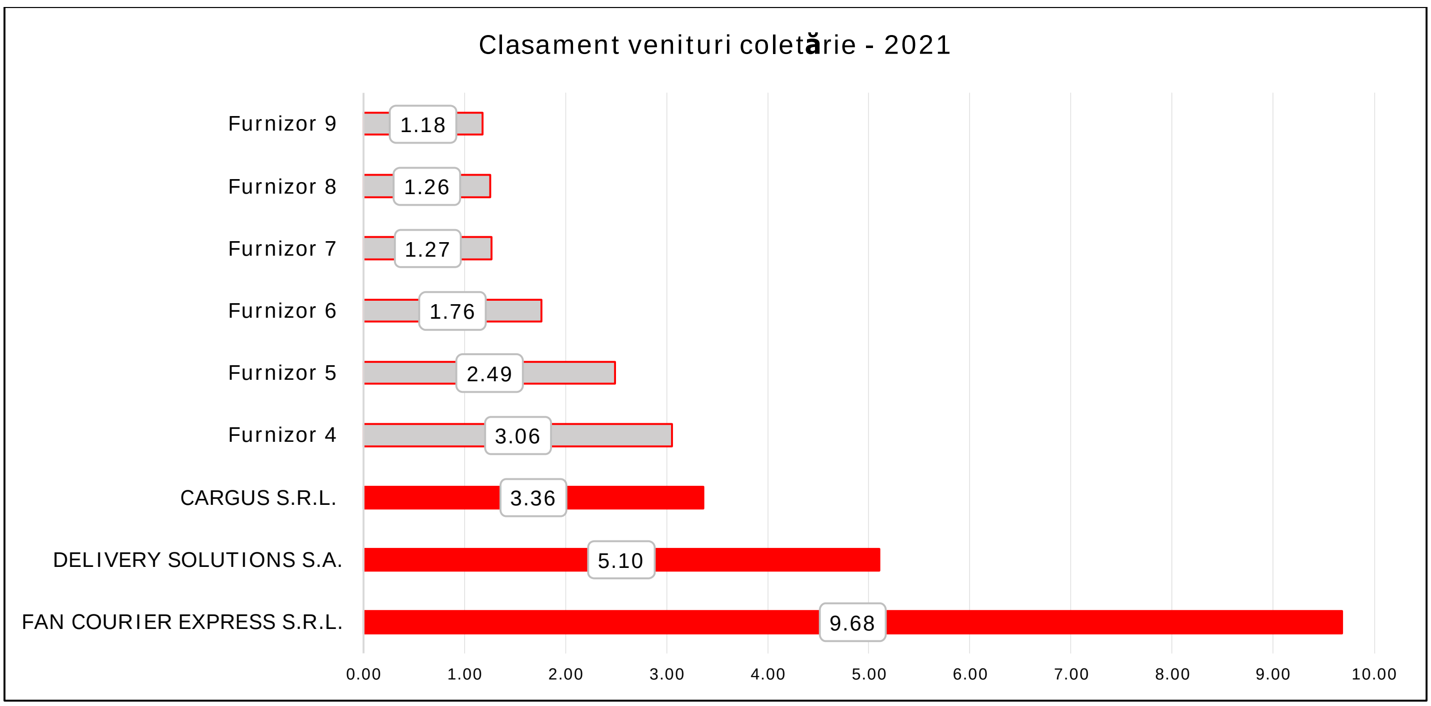
Regarding the activity of processing postal items consisting of parcels and small packages, during 2021, the providers who offered the respective services cumulated revenues of about 3.3 billion lei, up by about 1.1 billion lei compared to 2019, when the revenues from parcels cumulated 2.2 billion lei (increased by 50%).

Dynamics of parcel revenue: 2019-2021



From a methodological point of view, in order to establish the score for the ranking regarding the revenues obtained from the parcel, only revenues higher than 100 million lei were taken into account, each provider being scored one point for each 100 million Lei (e.g. 644,847,736 Lei = 6.45 points).

Ranking of revenues achieved in the parcel market: 2021



In 2021, the first three providers on the parcel market in Romania, in descending order of the revenues from the parcel market, were FAN Courier Express S.R.L., DELIVERY SOLUTIONS S.A. and CARGUS S.R.L. their overall revenues totalling approx. 1.8 billion Lei, i.e. about 55% of the total revenues received by all the providers in the research panel (approx. 3.3 billion Lei for 2021, up by more than 15% compared to the previous year, when the providers in the panel cashed in approx. 2.8 billion in 2020).

III.3. Quality of services in the parcel market in 2021

Among the 27 providers selected, 26 informed the Authority that they had made measurements on the quality of the parcel services provided in 2021. Regarding the frequency of quality measurements, it emerged that 11 providers developed and implemented systems through which they monitored the quality of services *permanently*, 14 providers *monthly*, and 9 providers carried out quality monitoring processes at various intervals, which were not regular (multiple response).

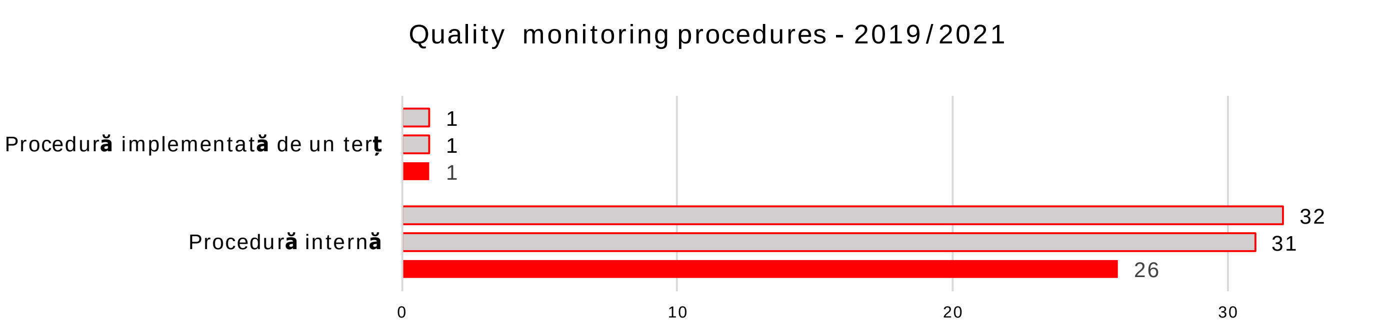
Quality measurements: 2019-2021 (multiple response)

	Au monitorizat calitatea	Permanent	Lunar	Altfel
2019	32	22	11	3
2020	31	19	10	2
2021	26	11	14	9

III.3.1. Quality measurement procedures

Among the respondents, 26 providers reported that the monitoring of the quality of the parcel services they provided was done in 2021 according to an internal procedure. One provider monitored the quality of its own parcel services both through an internal procedure and through a procedure implemented by a third party, based on customized quality quantification systems.

Quality monitoring procedures: 2019-2021 (multiple response)



	Procedură internă	Procedură implementată de un terț
2019	32	1
2020	31	1
2021	26	1

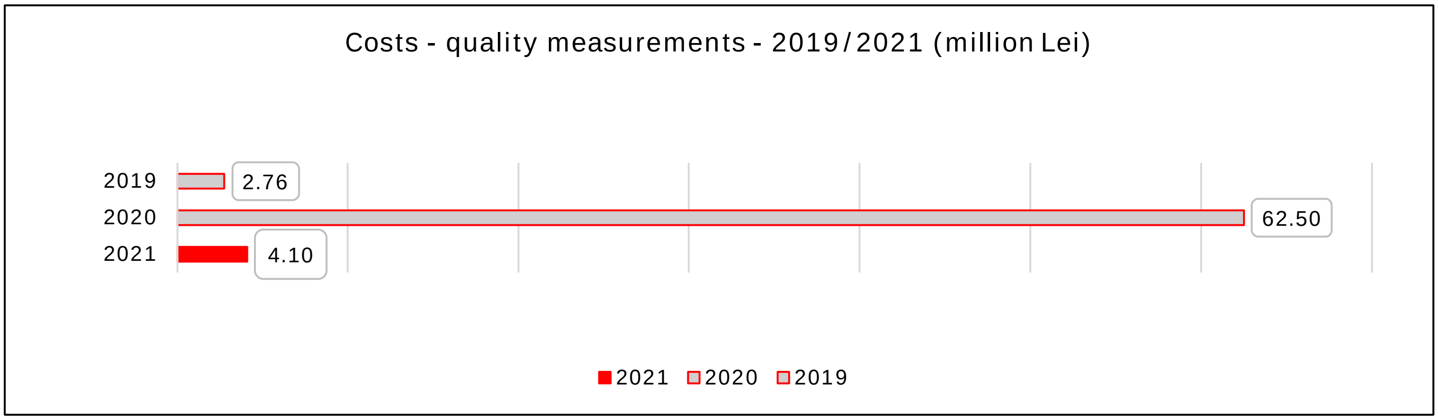
Among the 26 respondents who reported that they had made quality measurements during 2021, 2 providers also implemented quality monitoring systems measuring the performance of the employees involved in the distribution of postal items.

III.3.2. Costs of quality measurements

The analysis of the answers received regarding the indicator "*Costs - quality measurements*" showed that, in 2021, 24 of the 27 providers (88% of the panel) invested substantially in implementing or developing systems for monitoring the quality of the postal parcel distribution services they provide, even if the total amount of expenditure incurred by the surveyed providers decreased a lot compared to the previous year, from approx. 62.5 million Lei to approx. 4.1 million Lei in 2021.

This difference could be explained by the fact that during 2020, one provider reported costs of over 55 million lei for the implementation and operationalization of a system for integrated monitoring of traffic flows and of employees' performance throughout the distribution flow of postal items.

Costs - quality measurements: 2019-2021



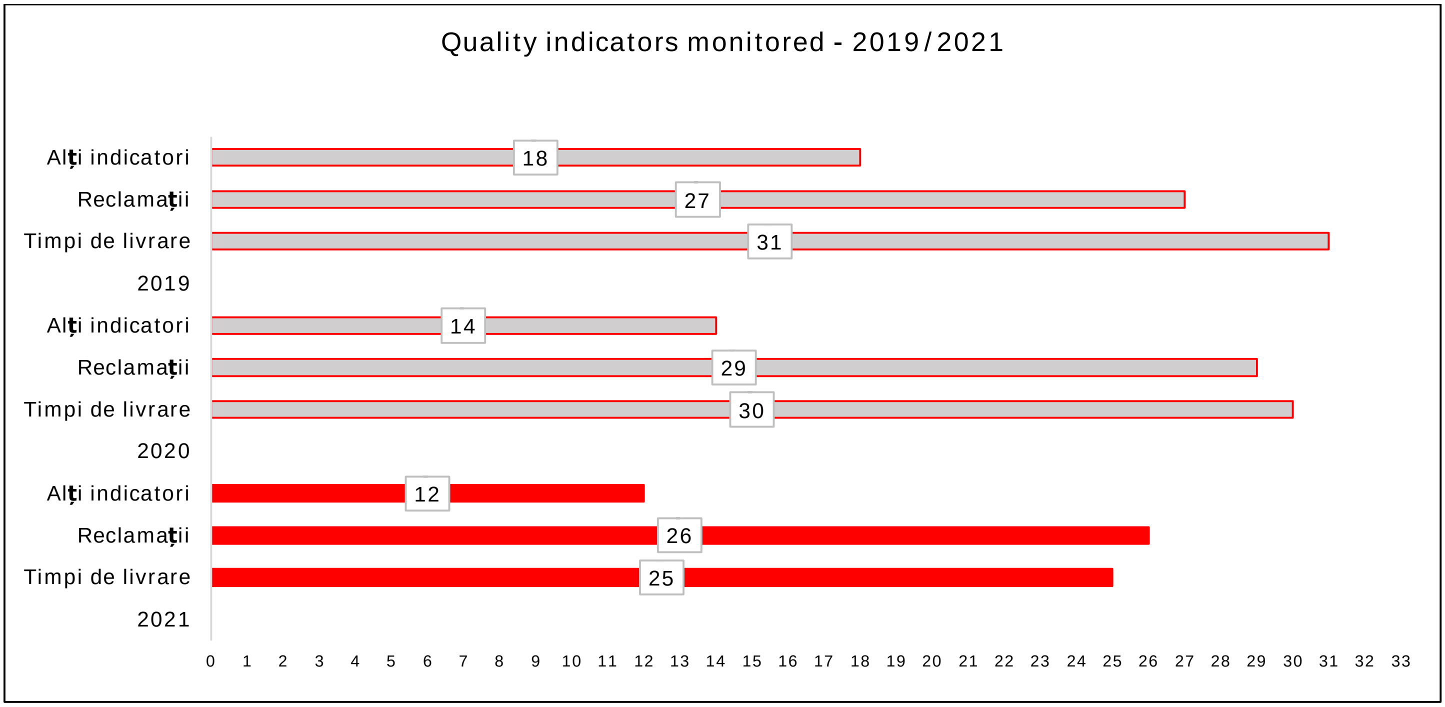
De facto, during 2021, the total volume of costs reported by the research panel in terms of monitoring the quality of services returned approximately to the order of magnitude reported in the previous years.

III.3.3. Indicators monitored in quality measurements

Similarly to the previous years, the responses received by the Authority on the specific indicators underlying the processes for monitoring the quality of parcel services revealed that, in the vast majority of cases, those providers identified delivery times and the number of complaints as fundamental indicators.

Thus, in 2021, 25 providers in the research panel (92% of the panel) monitored the delivery times, given the implementation of end-to-end distribution of the postal items (from the entry into the postal network, until the moment of delivery to the addressee), compared to 30 providers (88% of the panel), in 2020. The number of complaints received from parcel service users was monitored by 26 providers in the panel (96%) in 2021.

Moreover, in 2021, 12 providers introduced other quality indicators, that were specific to their own activity, in the quality monitoring processes, (e.g. the return rate of postal items, the dynamics of the delivery processes, the dynamics of the sorting processes, the behaviour of the employees in direct relationship with the users, the application by the employees of the procedures for ensuring the security of the network and of postal items, cases of loss or deterioration of items, etc.).



III.4. Types of processed parcels: import - export

The cross-border parcel market has generated a flow of approx. 20 million items, of which 14.8 million import items and 5.1 million export items. The revenues obtained in the cross-border parcel market segment by the providers in the research panel amounted to 737 million lei, of which 266 million were generated by the processing of import items, and 471 by the processing of export items.

In the cross-border parcel market, the most active providers in 2021 were C.N. POŞTA ROMÂNĂ S.A., DYNAMIC PARCEL DISTRIBUTION S.A. and UPS ROMANIA S.R.L., which processed 7.5, 3.6, respectively 2.2 million items, i.e. approx. 66% of all cross-border parcel items.

The top three providers in terms of import processing, by volume of processed items, were again C.N. POŞTA ROMÂNĂ S.A., DYNAMIC PARCEL DISTRIBUTION S.A. and UPS ROMANIA S.R.L., that processed 7.2, 2.0, respectively 1.6 million items, the main import origin being Germany. Regarding the processing of the export items, the most active in 2021 were DYNAMIC PARCEL DISTRIBUTION S.A., ECONT FOR YOU S.R.L. and UPS ROMANIA S.R.L., which processed 1.5, 0.7 and 0.6 million items, the main export destination being Bulgaria.

III.5. Quality of parcel services – domestic items: D+1

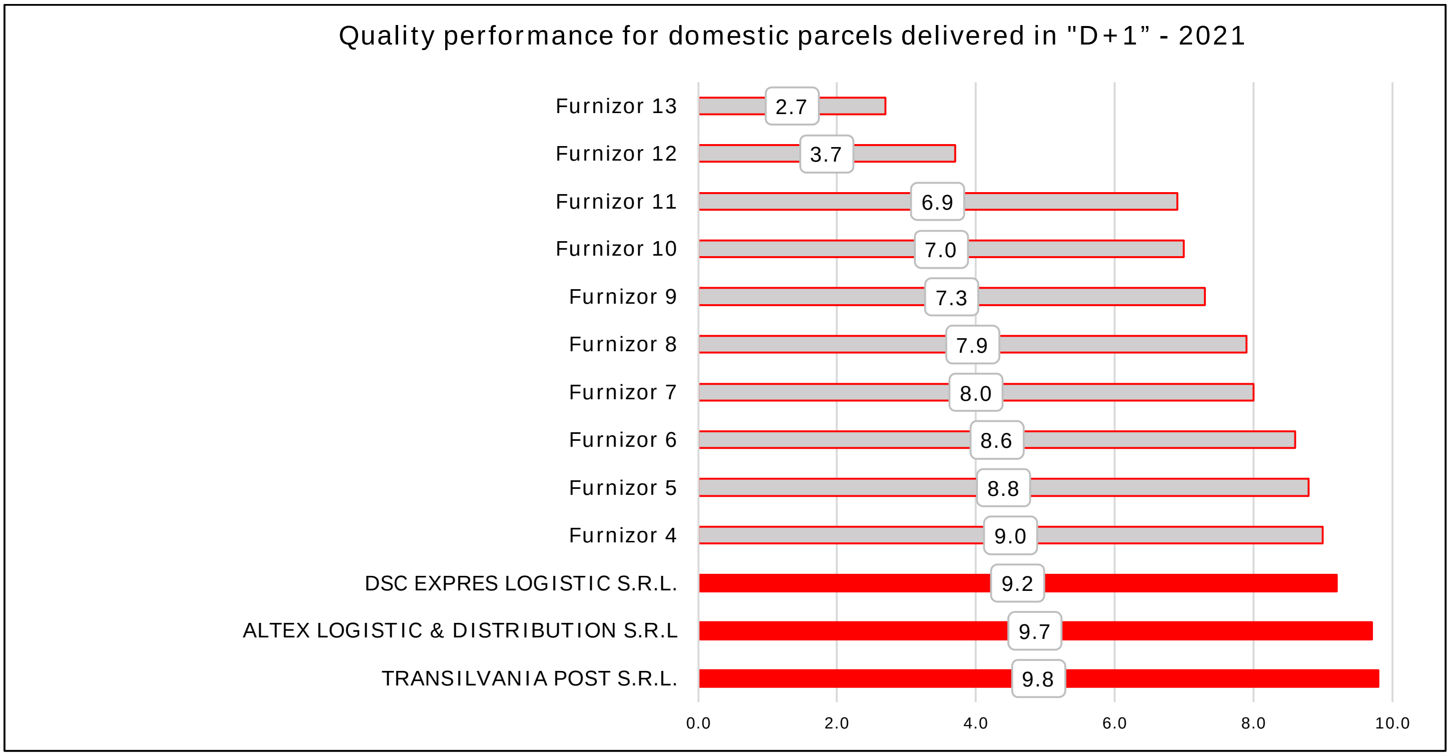
The providers in the research panel were questioned regarding the results of the quality measurements carried out regarding domestic parcel services in 2021 for the indicator D+1 (delivery on the next working day from the date of collection, at the latest - this speed of processing postal items throughout the technology chain being the most accurate reference for the end-users' expectations[7]). The analysis of the data received revealed that during the last year, only 11 providers have measured

[7] https://statistica.ancom.ro/sscpds/public/files/181_ro; Study on the consumption pitems of postal services users in Romania, natural persons - Qualitative research report, (pages 33-34), criteria for choosing the postal service providers – delivery speed);

the performance of D+1. The data available to ANCOM show that courier companies that report very good quality results in the D+1 traffic segment are companies that process relatively low volumes of postal traffic generated by recurring contracts. In 2021, the big providers that recorded significant traffic increases in the context of the crisis generated by the Covid-19 pandemic overcame the cutback in service quality witnessed in 2020. The processed data showed that 10 providers, who made quality measurements, delivered in D+1 over 70% of the traffic volumes they processed.

From a methodological point of view, the score in the *Quality Performance Ranking* was established taking into account the items distributed in D+1 (percentage) reported by the providers. Thus, each supplier was scored with one point for each 10% (items processed in D+1).

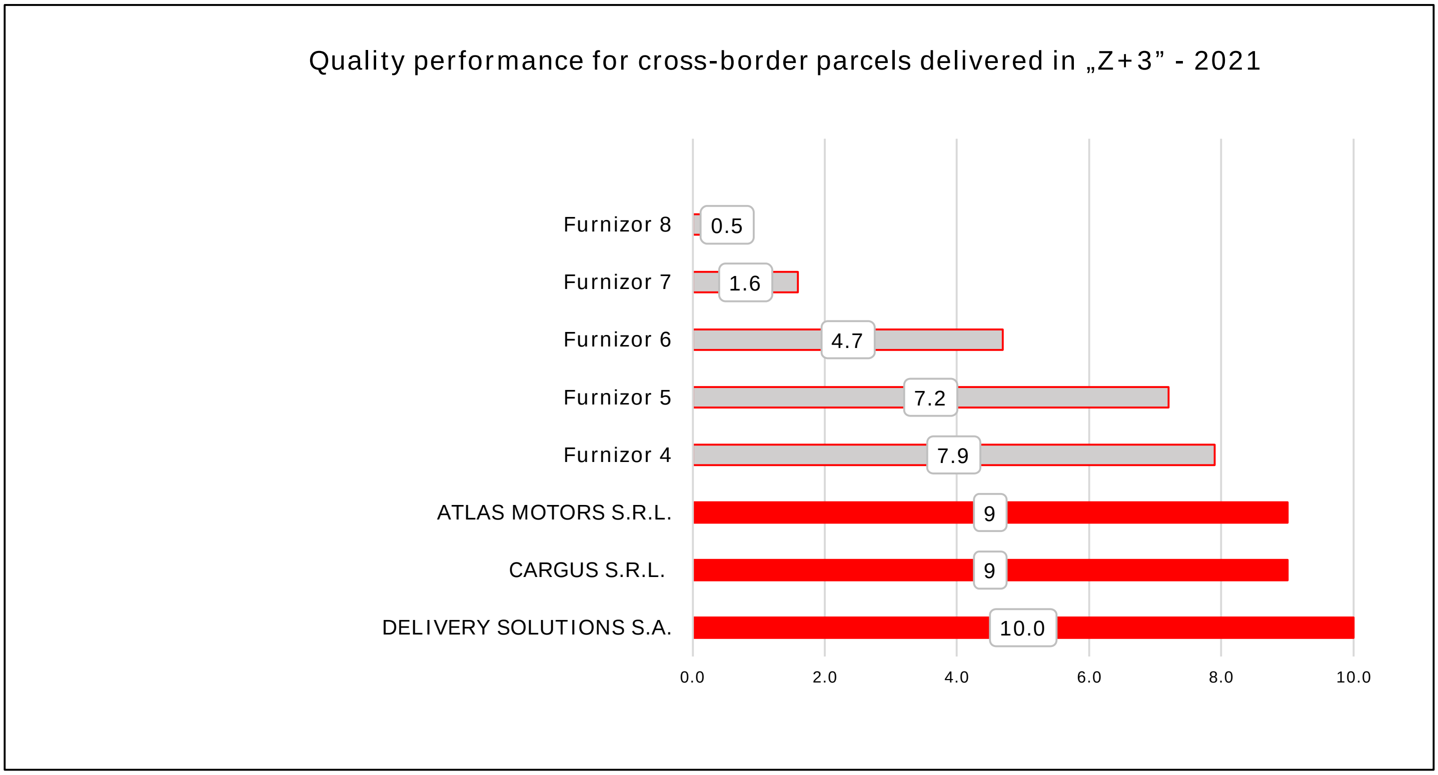
Domestic parcels: quality performance Z+1 – 2021



The first three providers on the parcel market in Romania, in descending order of quality performance considering D+1, obtained in the processing of domestic parcel items, were in 2021: TRANSILVANIA POST S.R.L., ALTEX LOGISTIC&DISTRIBUTION S.R.L. and DSC EXPRES LOGISTIC S.R.L. These provides reported that they had managed to deliver over 90% of the respective items in D+1, with the mention that these companies process relatively low volumes of domestic traffic.

III.6. Quality of parcel services – cross-border incoming items: Z+3

Regarding the results of the quality measurements carried out on international parcel services in 2021 considering the indicator Z+3 (since the date of completion of customs procedures for postal items), only 8 providers have measured this indicator during the last year.



The first three providers on the parcel market in Romania, in descending order of quality performance in terms of Z+3, obtained in the "last mile" distribution of cross-border parcel items, were in 2021: DELIVERY SOLUTIONS S.A., CARGUS S.R.L. and ATLAS MOTORS S.R.L. These providers reported that they had managed to deliver over 90% of the respective items in maximum three working days from the moment of completion of the required customs operations. It should be noted, however, that this quality performance can be influenced by the fact that the volumes of cross-border traffic processed by the top providers are low compared to the volumes processed by the first companies in the order of total processed traffic.

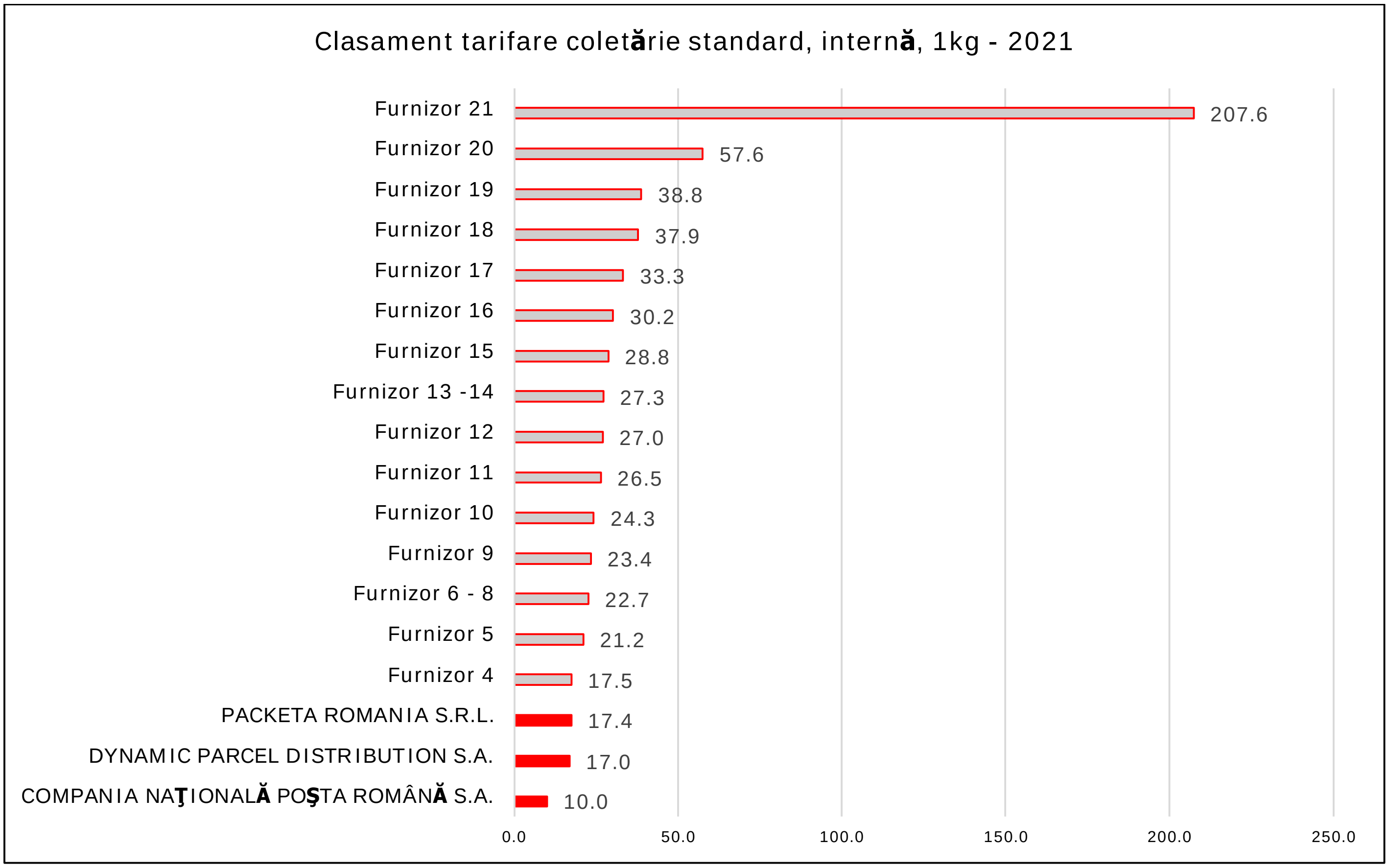
III.7. Domestic parcel postal services tariffs

In this section of the questionnaire, the providers presented the average tariffs applied for parcel services during 2021, indicating the average for three distinct tariff categories (*1 standard domestic parcel / 1kg*, *1 Express domestic parcel / 1 kg and 1 Cash-on-delivery domestic parcel / 1 kg*), as well as the total average tariff, achieved as an arithmetic average of the tariffs communicated for the three categories mentioned above.

The data reported by respondents in relation to this indicator show that, in 2021, the lowest *average standard tariff* was approx. 6.6 Lei/parcel. The scores for *the Classification regarding the tariff of parcel services* were established considering *the average standard tariff* reported by each provider, respectively the lowest *average standard tariff* reported (6.6 Lei), by applying the formula:

$$x = \frac{\text{MINIMUM average standard tariff}}{\text{PROVIDER's average standard tariff}} * 10$$

Ranking by domestic parcel tariffs in 2021



The data transmitted by 21 respondents revealed that the first three providers on the parcel market in Romania, in terms of attractiveness and accessibility of the tariffs charged for the delivery of standard domestic parcels (1kg) were, during 2021, C.N. POŞTA ROMÂNĂ S.A., DYNAMIC PARCEL DISTRIBUTION S.A. and PACKETA S.R.L.

III.8. Number of complaints on parcel services in 2021

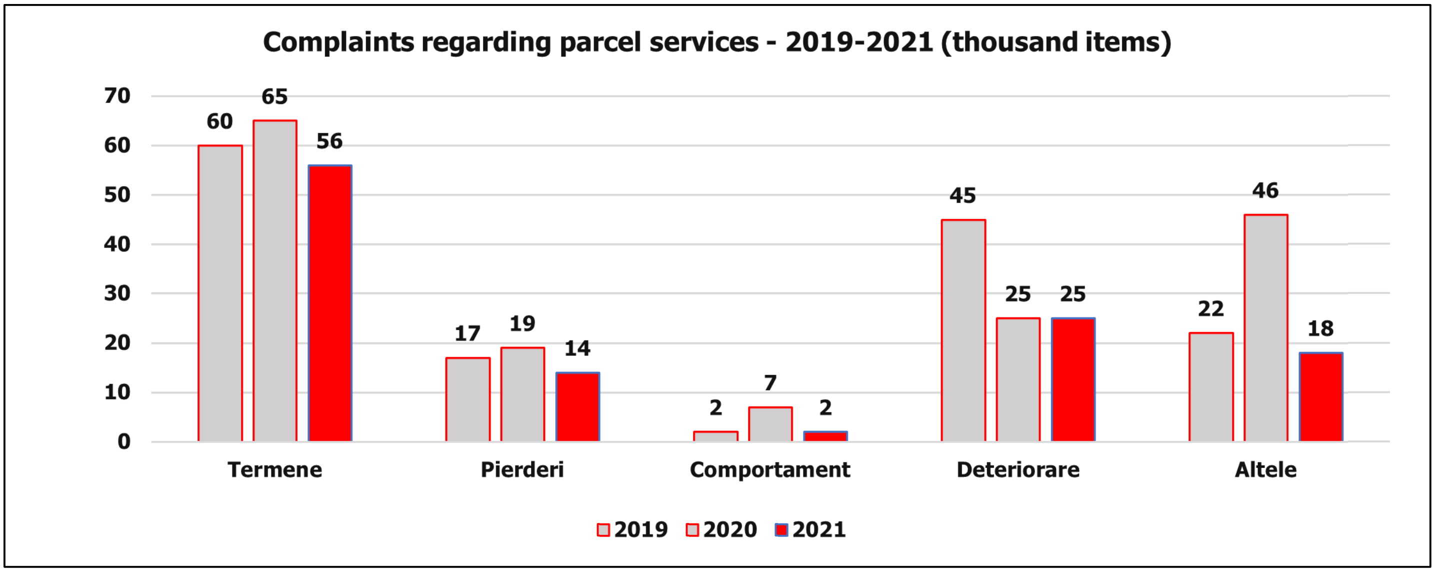
The providers' responses regarding the number of complaints on parcel services in 2021 indicated that, similarly to the previous years, most of the providers in the research panel monitored the complaints by the reasons that generated them, i.e.: non-compliance with delivery deadlines, loss of postal items, deterioration of the items, the behaviour of employees and other types of complaints.

Taking into account the fact that some of the interviewed providers made corrections to the data on the number of complaints corresponding to 2020, the study published by ANCOM last year, as well as the figures in the annual statistical reports published by the Authority were adjusted accordingly. However, given that these adjustments were not such as to significantly alter the dynamics of this indicator, the necessary corrections were made in this study with the mention that the total figures should be approximated to the nearest thousand.

Thus, in 2019, most of the complaints received from users regarded the non-observance of delivery deadlines (approx. 60 thousand) and the deterioration of the postal items (approx. 45 thousand). Complaints regarding the loss of postal items amounted to approx. 17 thousand.

During 2020, most of the complaints received from users concerned the non-observance of the delivery deadlines (approx. 65 thousand) and the loss of postal items (about 19 thousand). Complaints regarding the loss of postal items amounted to approx. 25 thousand.

Complaints about parcel services – 2019-2021



During 2021, the following figures regarding complaints were registered: approx. 56 thousand complaints for non-compliance with delivery deadlines (down by about 9 thousand compared to 2020), approx. 14 thousand complaints concerned the loss of postal items (about 5 thousand fewer than the previous year), approx. 25 thousand complaints concerned the deterioration of postal items (constant value compared to 2020), and 18 thousand complaints for issues that are not directly related to the activity of processing postal items (down by about 28 thousand compared to the previous year).

The total amount of compensations granted by the panel providers to the users who claimed the non-compliant provision of parcel services exceeded the value of 14.6 million Lei.

III.9. Investments in the parcel market

Analysis of the information received from the providers revealed that, during the last year, the total investments in increasing the quality of parcel services amounted to about. 273 million Lei.

The main categories of investments made for the development of parcel services in 2021 envisaged, among others: the expansion of operations through the implementation and development of self-service courier services (approx. 78 million); automation of item processing (approx. 46.5 million); the growth of car fleets (approx. 43.6 million); respectively, reducing the carbon footprint (approx. 15.8 million).

III.10. Processing e-commerce items

22 providers answered affirmatively to the question on the processing of postal items generated by e-commerce during 2021. These providers made up the research panel on the impact of e-commerce on the market.

IV. Research on the impact of e-commerce on the postal services market in Romania, during 2021

IV.1. Dynamics of the e-commerce industry

Europe

In the context of the increasing internet usage, and due to the improvement of digital skills and to the emergence of simpler ways of making online payment transactions, the growth trend of the e-commerce industry in Europe continued in 2021, as well.

Data available from the European Commission's Statistical Office (Eurostat) shows that in 2021 more than 70% of internet users in the EU[8] have shopped online[9] (high percentages being registered in the Netherlands, Denmark and Sweden), thus contributing to an increase by more than 13%[10] of the e-commerce industry in Europe.

Even though Eastern Europe[11] has cumulatively seen a higher growth of the industry than in previous years, reaching a share of over 2% in the total European sector turnover, Western Europe continues to hold the largest share in the total turnover at continental level (over 63%).

According to Eurostat data, about 63% of users in the EU did not encounter problems when shopping online. For 37%, the main problems encountered were: longer delivery times than initially assumed by the providers, difficulties encountered in the use of websites for e-commerce, the delivery of wrong or damaged products, the unsatisfactory resolution of complaints, etc.

Romania

In generic rankings, Romania is indicated as the largest e-commerce market in South-Eastern Europe ("Ecommerce News"[12]), with sales of over 6.2 billion Eur in 2021, the largest players in the market being emag.ro and olx.ro.

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[8] European Union + Member States of the European Free Trade Association (EFTA) who are not members of the EU:Switzerland Iceland Liechtenstein Norway Kingdom Unit of Great Britain;
[9]https://ec.europa.eu/eurostat/statistics-explained/index.php?title=E-commerce_statistics_for_individuals&oldid=554700;
[10] https://ecommercenews.eu/european-ecommerce-grew-13-in-2021/;
[11] Bulgaria Bosnia Herzegovina, Czech Republic Estonia Kosovo, Latvia, Lithuania, North Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, Hungary, Turkey;
[12] https://ecommercenews.eu/ecommerce-in-europe/ecommerce-romania/;

On a national level, according to the data presented in the latest report on the dynamics of online purchases in Romania, made by GPeC[13] and published in February 2022, e-commerce consumers purchased online goods worth 6 billion Eur, in 2021, up by about 10% compared to the previous year.

The conclusions of the GpeC report indicate that one of the largest courier players on the postal services market in Romania reported an increase in the number of e-commerce deliveries by about 12% in 2021, compared to 2020, the peak being recorded in November (Black Friday).

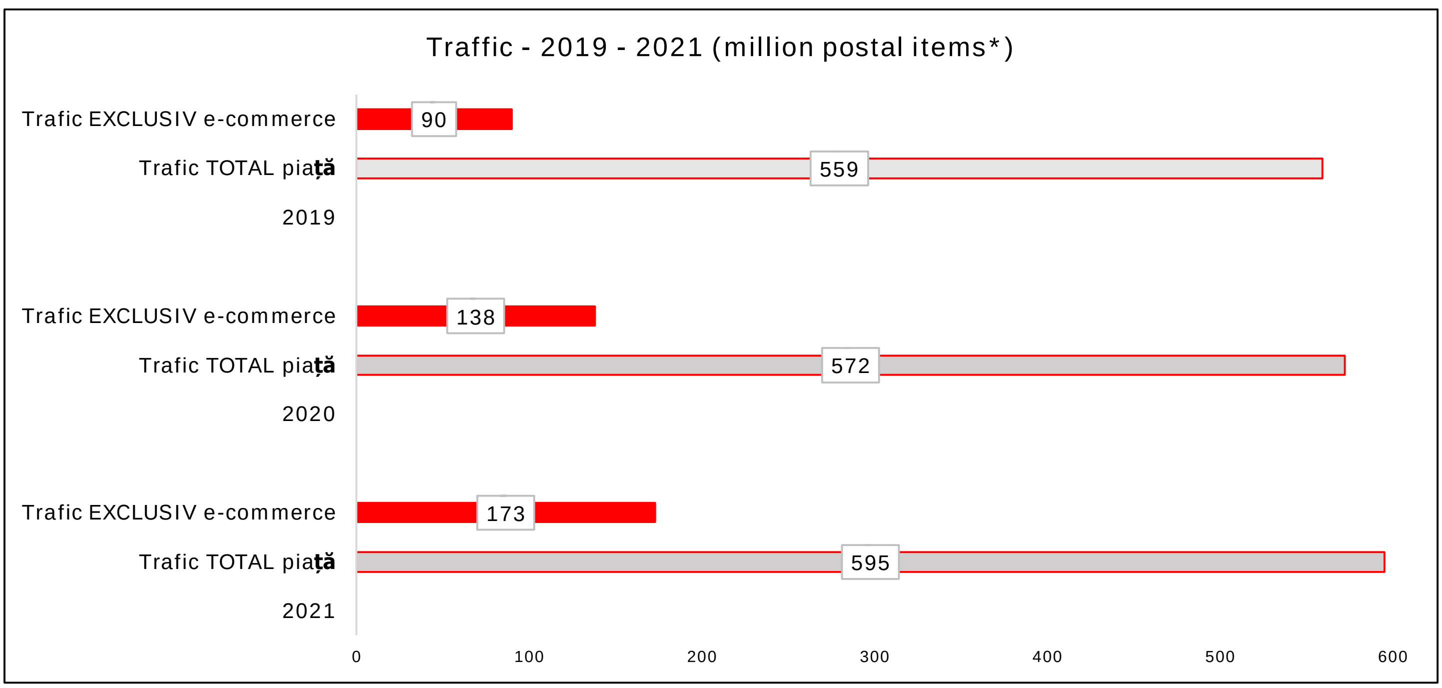
IV.2. Dynamics of postal traffic generated by e-commerce in 2021

In 2019, the total volume of postal traffic processed in Romania was approx. 559 million postal items, down by approx. 20 million compared to the previous year.

However, the total number of postal items generated by e-commerce (domestic traffic + cross-border traffic) has increased and slightly exceeded the threshold of 90 million items, reaching 16% in the total market traffic. In 2020, the total volume of traffic processed on the postal services market in Romania was approx. 572 million postal items, of which, approx. 138 million (almost 24% of the total traffic of the market) were postal items generated through e-commerce, resulting in a 53% increase in the traffic generated by e-commerce compared to the previous year.

The growth trend observed in previous years has been maintained for 2021, when the total traffic processed on the postal services market in Romania was about. 595 million items, of which, approx. 173 million (over 29% of the total market traffic) were postal items generated through e-commerce, resulting in an increase of approx. 25% of the traffic generated by e-commerce compared to the previous year.

Traffic dynamics: 2019-2021*

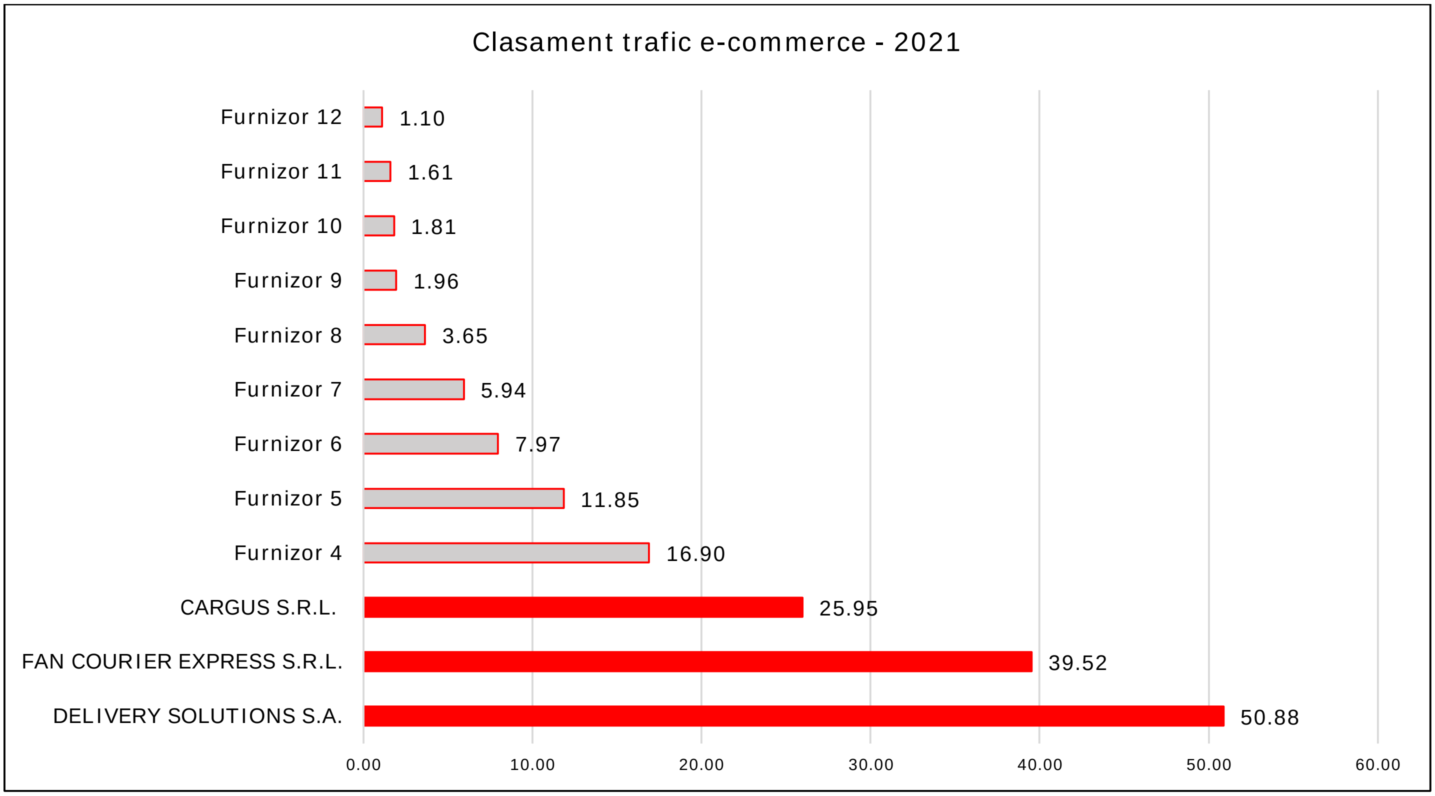


* Some respondents may have included items over 31.5 kg, but it expected that their volume would not significantly affect the values presented.

[13] GPeC – E-Commerce Awards Gala: https://www.gpec.ro/blog/raport-gpec-e-commerce-romania-2021-cumparaturi-online-de-62-miliarde-de-euro-in-crestere-cu-10-fata-de-2020 - "GPeC Report: E-Commerce Romania 2021";

In analysing the data related to the "Traffic" indicator, only the information on the traffic volumes generated by e-commerce was taken into account for the purposes of the market ranking, each provider in the panel receiving one point for every 1 million items.

Ranking of traffic volumes processed from e-commerce in 2021*



* Some respondents may have included items over 31.5 kg, but it is expected that their volume will not significantly affect the values presented.

Considering the activity of processing the traffic volumes consisting of items generated by electronic commerce, the main players on the postal services market in Romania, during 2021, were DELIVERY SOLUTIONS S.A., FAN Courier EXPRESS S.R.L. and CARGUS S.R.L., these three providers processing together about 116 million out of the total of approx. 173 million items that e-commerce introduced in the postal networks.

IV.3. Dynamics of postal revenues generated by e-commerce in 2021

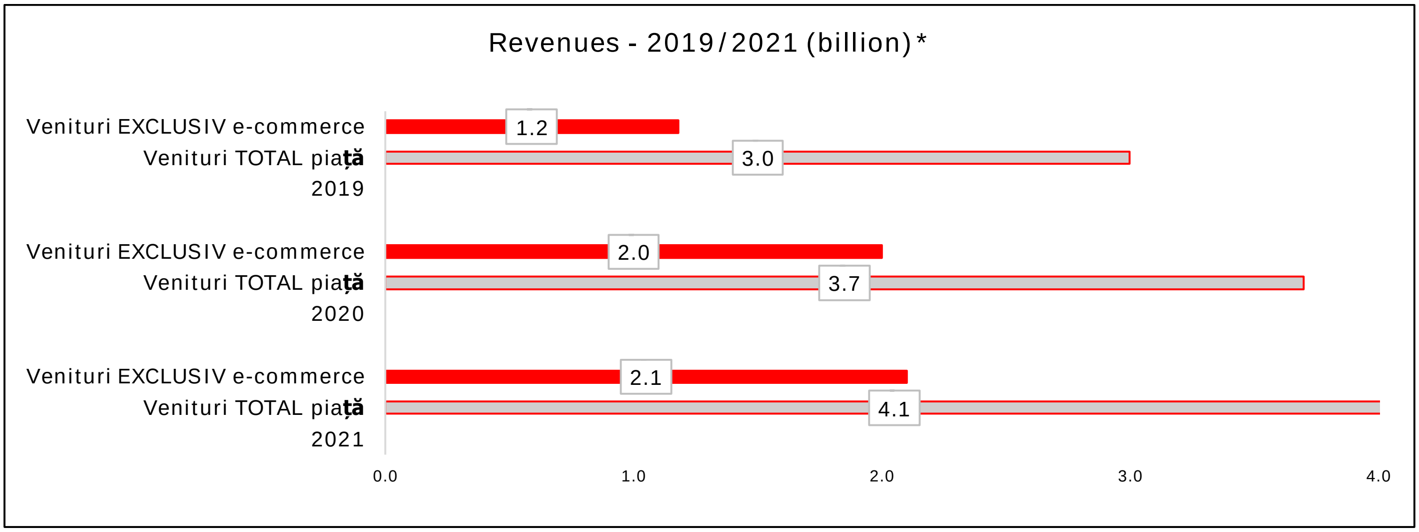
In 2019, the total amount of revenues obtained in the Romanian postal services market was approx. 3 billion Lei, of which approx. 1.2 billion Lei were collected exclusively from the processing of items generated by e-commerce, i.e. approx. 40% share in the total market.

In 2020, the total amount of revenues received in the postal services market in Romania was approx. 3.7 billion Lei, of which approx. 2 billion Lei were revenues collected exclusively from the processing of items generated by e-commerce, i.e. approx. 54% share in the total market.

In 2021, the total amount of revenues received in the postal services market in Romania was approx. 4.1 billion Lei, of which 2.1 billion Lei were generated by the processing of items generated by e-commerce, i.e. approx. 54%.

It is remarkable that the e-commerce sector in Romania generated in 2021, for the second consecutive year, revenues of more than 2 billion Lei, the share of these revenues in the total revenues from the postal market marking a growing trend compared to 2019.

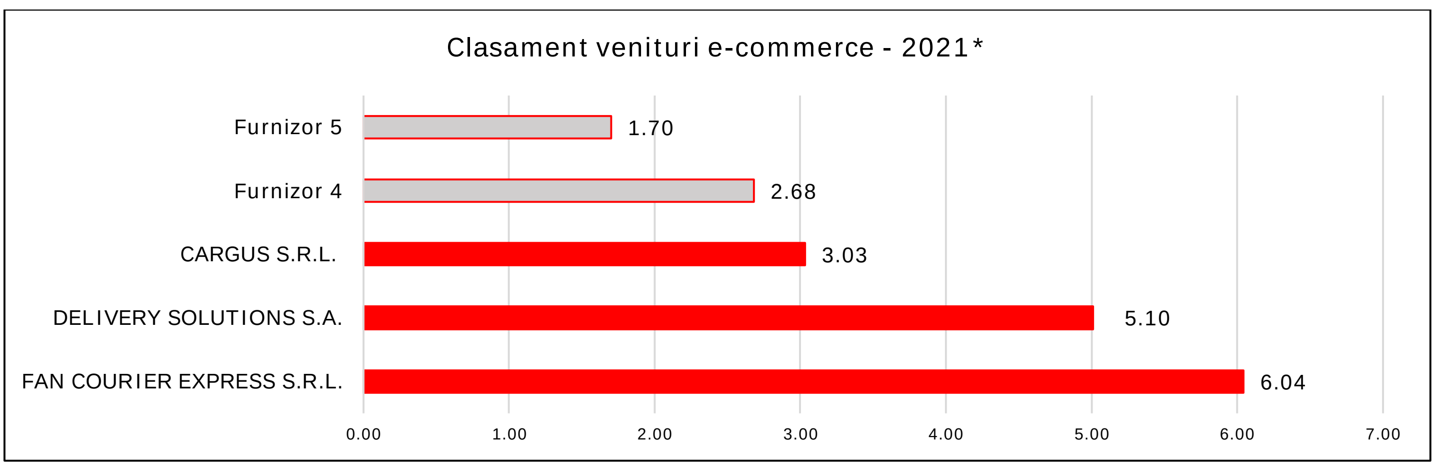
Dynamics of postal revenues: 2019-2021*



* Some respondents may have included items over 31.5 kg, but it is expected that their volume will not significantly affect the values presented.

In the analysing the data regarding the "Revenues" indicator, only the information regarding the revenues of more than 100 million Lei collected from the processing of the items generated by the electronic commerce were taken into account for the purposes of the market ranking, each provider in the panel receiving one point per 100 million Lei.

E-commerce revenue ranking in 2021*



* Some respondents may have included items over 31.5 kg, but it is expected that their volume will not significantly affect the values presented.

Considering the revenues collected from the processing of traffic volumes consisting of items generated by e-commerce, the main players in the postal services market in Romania, during 2021, were FAN Courier Express S.R.L., DELIVERY SOLUTIONS S.A. and CARGUS S.R.L., these three providers achieving together revenues of over 1.4 billion Lei out of the total of approx. 2.1 billion that e-commerce generated in the postal market.

IV.4. Types of postal items generated by e-commerce

Only 22 of all the providers surveyed informed the Authority that they had processed postal traffic generated by e-commerce, all of them indicating the category of postal parcels as the main type of those items.

The only notable exception was the universal service provider, C.N. POȘTA ROMÂNĂ S.A., which processed both postal parcels and postal items consisting of ‘small packages’. Given that 'small package' items are a category of the universal service provider's activity - the other providers on the market assimilating these items to postal parcels -, for the purposes of this research it was considered that the items in question fall within the parcel market.

Regarding the cross-border postal items, both in the case of postal items sent from the territory of other states to addresses located on the territory of Romania (import) and in the case of items sent from the territory of Romania to addresses located on the territory of other states (export), the respondents indicated the countries of origin or destination concerned, in the order of traffic volumes processed during 2021.

Regarding the cross-border items generated by e-commerce, statistical estimation indicated that, in 2021, the share of international items was approximately 10% in the total traffic generated by e-commerce.

Types of postal items generated by e-commerce in 2021

Cross-border e-commerce (million) - 2021

	Trafic total	Trimiteri internaționale	Internaționale Import	Internaționale Export
Furnizori servicii poștale	173	15	11	4

In the case of cross-border import items (approx. 11 million items) the top countries of origin, by traffic volumes were - Bulgaria, Germany and Italy. In the case of cross-border export items (approx. 4 million items), the first five destination countries were, by traffic volumes - Bulgaria, Hungary and Germany.[14]

[14] It should be noted that not all providers who were involved in the quantitative research held accurate data regarding the traffic volumes classified in the depending on the origin and destination. Therefore, the resulting overall situation is also based on estimates;

V. Conclusions

V.1. Conclusions on the quality of parcel services in Romania in 2021

Regarding the parcel services market in Romania during the last year, the main conclusions that can be drawn from this study, are the following:

a) in terms of the actual quality of services, in 2021, most of the providers who were part of the research panel focused their efforts on delivering domestic items to no more than D+1 and delivering international items to no more than D+3 (end-to-end measurements);

b) last year, the parcel traffic in the Romanian postal market increased by over 13% compared to the previous year, reaching approx. 218 million items in 2021, compared to about 192 million in 2020;

c) in 2021, the parcel traffic fueled the postal market growth, which can also be noticed in the dynamics of the volumes processed by the main three providers in the market. Thus, last year, the first three players (the same as in the previous year: FAN Courier Express S.R.L. , DELIVERY SOLUTIONS S.A. and CARGUS S.R.L.) together processed approx. 136.6 million items (approx. 63% of parcel traffic). In comparison, during 2020, these providers jointly processed about 118 million items (almost 62% of parcel traffic);

d) the total revenues generated by parcel processing during 2021 was at approx. 3.3 billion Lei (up by about1.5% compared to the previous year); the average revenue per parcel was in 2021 approx. 15.14 Lei, compared to an average income per parcel of about 14.58 Lei, in 2020;

e) in 2021, the revenues of the main three players (the same as in the previous year: FAN COURIER EXPRESS S.R.L., DELIVERY SOLUTIONS S.A. and CARGUS S.R.L.) amounted to approx. 1.8 billion Lei (about 55% of the revenues from parcels). In comparison, during 2020, these same providers obtained together about 1.6 billion Lei (almost 55% of the revenues from parcels);

f) the total number of complaints submitted by users regarding the provision of parcel services decreased in 2021 by approx. 47 thousand, while the total amount of compensations granted by the providers for well-founded complaints slightly exceeded the amount of 14.6 million Lei (up by about 4.5 million, compared to 2020); in the context of the decrease in the number of complaints, the compensations granted by the providers to the users of courier services have increased, which indicates healthy competition among the service providers, with a solid intention of self-compliance in terms of observing the contractual obligations regarding quality requirements;

g) the total amount of financial resources invested by the providers in the panel for the development of parcel services, amounted in 2021 to approx. 273 million Lei, over 78 million Lei being invested in the implementation of automatic delivery systems (self-service) by 4 service providers only; moreover, over than half of the research panel indicated investments in the automotive fleet and in the automation of internal processes; on the other hand, no provider has indicated investment in rail and/or air transport.

V.2. Conclusions regarding the impact of e-commerce on the market in 2021

Regarding the impact of e-commerce on the postal services market in Romania during the last year, the following conclusions can be drawn:

a) the total volume of postal traffic generated by e-commerce is on an upward trend, from approx. 138 million parcels in 2020, to approx. 173 million items in 2021;

b) in 2021, the main three players (the same providers as in the previous year: FAN Courier Express S.R.L., DELIVERY SOLUTIONS S.A. and CARGUS S.R.L.) together processed approx. 116 million items (over 67% of the parcel traffic generated by e-commerce). In comparison, during 2020, the same providers jointly processed about 95 million items (almost 69% of the parcel traffic generated by online commerce – approx. 138 million items);

c) the revenues collected from the processing of traffic generated by online commerce saw an upward trend, from approx. RON 2 billion in 2020, increasing in 2021 to RON 2.1 billion; the average income per e-commerce item was about 14.5 lei in 2020 and about 12.1 lei in 2021, witnessing a decrease by about 17%;

d) in 2021, the revenues of the first three providers (the same as in the previous year: CARGUS S.R.L., DELIVERY SOLUTIONS S.A. and FAN Courier EXPRESS S.R.L.) amounted to about 1.4 billion Lei (approx. 67 of the revenues from the parcels generated by e-commerce). In comparison, during 2020, the same providers cashed together approx. 1.3 billion Lei (about 65% of the revenues from parcels generated by e-commerce – about 2 billion Lei).

V.3. General conclusions

1. The quality level of parcel services remains high in terms of delivery times (the first 11 providers in the parcel market each delivering over 69% of the domestic items processed, in D+1) and the providers' self-compliance with their contractual obligations in relationship with the users.

2. The two analyses reveal that e-commerce has a higher growth rate than the general segment of parcels. It can be stated that in 2021, the postal market relied mostly on parcel traffic volumes, in particular the traffic volumes generated by e-commerce. Furthermore, competition in the e-commerce segment is stronger than in the general segment of parcels, as shown by the increase in the average amount of revenue per parcel once with the decrease of the average income per e-commerce item.

3. We can also see the overall, organic growth of the market, in the context of the moderate strengthening of the first three provider's leading position, along with a decrease in the average income per e-commerce item, which has been achieved without market intervention by the authorities.

4. One of the notable developments, in terms of investment, is that 4 providers in the panel invested in developing self-service solutions, during 2021. Some of the benefits of these investments are the optimization of collection/delivery operations. Thus, a single courier can process several postal items simultaneously, registering fuel savings and implicitly the reduction of the carbon footprint, while being able to ensure a faster coverage of an increased number of users by implementing automated access/contact points (e.g. parcel-lockers). Additional details regarding the self-service postal services in Romania are available in *the Study on the implementation of self-service services for the delivery / collection of postal items*, developed and published on the Authority's website[15].

[15] https://www.ancom.ro/studii-de-piata_5507