ANCOM
National Authority for Management and Regulation in Communications of Romania

2 Delea Noua Street, Bucharest 3, 030925,Romania
Phone: +40 372 845 400 / +40 372 845 454. Fax: +40 372 845 402
E-mail: ancom@ancom.ro. Website: www.ancom.ro

# Study on the quality of parcel services and the impact of e-commerce on the postal service market, during 2019

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## I. Introduction

At present, the postal industry proves to be a key industry in connecting consumers around the world, even in the conditions of the unprecedented expansion of electronic communication means.

Thus, although after 2000s, the traditional postal services, regularly specific to the universal service scope, had statistically seen a downward trend in terms of revenues and traffic volumes processed by the providers, we witness an accelerated growth of revenues and traffic volumes specific to services outside the universal service scope in the past years, in particular in the case of postal parcels, mainly thanks to the increase of the volumes generated in the postal networks by the electronic commerce.

Hence, the studies conducted in the recent years by various international bodies, as well as the data collected from the Romanian postal service market by ANCOM show that the impact of electronic commerce on the postal market is stronger every year.

This growth trend is closely connected to the evolution of the end-users' needs and acceleration of the technological progress, generating a permanent increase - from a statistical standpoint - of the indicators specific to the postal parcel market, due to the selling of goods on the internet.

Due to the increase of the internet penetration rate[1], the postal end-users' needs have become ever more complex, as they started to largely give up traditional communication (letters, postal cards etc.) in favour of electronic communication (e-mail etc.).

In this context, postal networks have become preponderantly used for buying goods and services by way of electronic commerce.

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 *ERGP*), show the following dynamics for the volume indicators in the ERGP Member States between 2015 and 2019:

- the total postal traffic volume decreased by 3%;
- the total letter-post traffic volume decreased by 4.5%;
- the total postal parcel traffic volume increased by 8.8%.

In terms of total postal traffic, the Romanian postal market has faced a decrease by approx. 18 million items in the last two years, from 579 million items in 2018 to 561 million items in 2019, about 146 million of these being postal parcels.

[1] https://statistica.ancom.ro/sscpds/public/files/192_ro: ANCOM – Statistical data report on the electronic communications market in Romania (data valid for second semester of 2019, page 57): the fixed internet penetration rate per 100 households = 63.8%; the mobile internet penetration rate = 102.4% (the no. of active mobile internet connections exceeded the number of inhabitants); the rate of active connections in rural area = 52.9%, the rate of active connections in urban area = 87.4%;

[2] https://ec.europa.eu/growth/sectors/postal-services/ergp_en: Report on core indicators for monitoring the European market;

Considering these sector dynamics at both Community level and at the level of the Romanian postal market, as well as the need for a quantitative and qualitative evaluation of the influence that e-commerce has on the postal industry, ANCOM has set as strategic direction the monitoring of the impact of e-commerce on postal market, conducting annual studies in this regard, since 2018, which are available on the ANCOM webpage.

Thus, in 2018 and 2019, ANCOM conducted studies on the **quality of parcel services and impact of e-commerce on Romanian postal service market in 2017 and 2018**.

The respective studies involved setting a sampling pool which included the first 29 postal providers, selected in keeping with the volumes of parcels processed in 2017, respectively the first 32 postal providers for the study concerning the year 2018, which together dealt with more than 95% of the parcel traffic. These providers were asked information on the quality of the parcel services they provide and, respectively, on their processing of the postal items generated exclusively by e-commerce. The studies are available on the Authority's website[3].

The activities required for monitoring the quality of the parcel services and the impact of e-commerce on the postal services from Romania during 2019 were initiated in February 2020 and spanned throughout October. The conclusions are presented herein.

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

## II. Methodology

Methodologically, the survey involved - among others - the following stages, both for quality of parcel services and impact of electronic communications on the postal market:

1. setting the sampling pool;
2. questioning the providers;
3. collecting and aggregating the information;
4. verifying, processing and confirming the data.

### II.1. Sampling pool

In **researching the quality of the parcel services**, ANCOM selected the first 33 postal service providers which held together more than 95% share in the market of processing of domestic and cross-border parcel and small packages in 2019.

In line with the provisions of art. 2, point 16[5] of the Government Emergency Ordinance no.13/2013 on postal services, with the subsequent amendments, *a small package is the postal item weighing up to including 2 kg and containing merchandise with or without commercial value which may have attached documents with correspondence character. As these items are specific to the activities of the universal service providers, in the process of clearance, sorting, transport and delivery, small packages are processed following the technological flow used for the items of correspondence, as provided by the Universal Postal Convention and the Letter-post Regulation.*

Being characteristic exclusively to the activity of the universal service provider, from the perspective of the other providers on the market, small packages are assimilable to postal parcels.

For this reason and aiming that the study on the quality of the parcel services produces as meaningful results as possible, ANCOM decided, exceptionally, to include in the study on the parcel service market these two categories of items as well.

Thus, the 33 providers included in the sampling pool for this study were the following, in alphabetical order:

1. **ALTEX LOGISTIC & DISTRIBUTION S.R.L.**
2. **ALTEXPRESS COURIER & E-FULFILLMENT SERVICES S.R.L.**
3. **ALTO SYSTEMS S.R.L.**
4. **ATLANTIC TRAVELS INTERNATIONAL S.R.L.**
5. **ATLASSIB S.R.L.**
6. **BARSAN TRANS S.L.**
7. **BLUE EURO COURIER S.R.L.**
8. **BOOKURIER LOGISTICS S.R.L.**
9. **C SOLUTION S.R.L.**
10. **CABRITUR S.R.L**
11. **NATIONAL COMPANY *ROMANIAN POST* S.A.**
12. **DANTE INTERNATIONAL S.A.**
13. **DELIVERY SOLUTIONS S.A.**
14. **DHL INTERNATIONAL ROMANIA S.R.L.**
15. **DSC EXPRES LOGISTIC S.R.L.**
16. **DYNAMIC PARCEL DISTRIBUTION S.A.**

17. **ECONT FOR YOU S.R.L.**
18. **FAN COURIER EXPRESS S.R.L.**
19. **GLS GENERAL LOGISTICS SYSTEMS ROMANIA S.R.L.**
20. **LOGISTICA TRANS ROM S.L.**
21. **MATY EXPRESS S.R.L.**
22. **NEMO EXPRES LOGISTIC S.A.**
23. **PINK EXPRESS DELIVERY S.R.L.**
24. **POŞTA ATLASSIB CURIER RAPID S.R.L.**
25. **ROMFOUR TUR S.R.L.**
26. **SPEED COLET S.R.L.**
27. **TABITA TOUR S.R.L.**
28. **TARSINCOM S.R.L.**
29. **TCE WORLDWIDE SERVICES S.R.L.**
30. **TNT ROMÂNIA S.R.L.**
31. **TRANSILVANIA POST S.R.L.**
32. **UPS ROMANIA S.R.L.**
33. **URGENT CARGUS S.R.L.**

Considering the aspects mentioned above and the fact that most of the postal items generated by e-commerce industry are domestic and cross-border postal parcels and small packages, only those postal providers that processed postal items exclusively generated by the electronic commerce industry were involved in the research of the **impact of electronic commerce**, namely only 23 of the providers mentioned above.

### II.2. Questioning of the providers

Given the need for data consistency and comparability, the Authority proposed, similarly to the previously conducted studies, that the requested information be focused on two distinct categories of indicators, namely: indicators specific to the quality of parcel services, respectively, distinct indicators on the impact of e-commerce on postal services.

Bearing this in mind, ANCOM laid down the questionnaire which stood at the basis of the research process and included, in depth, the following indicators:

#### II.2.1. Quality of parcel services – specific indicators

- ***performance of quality measurements*** on parcel-processing postal services: the answer allowed only two options (*yes* or *no*).

- ***frequency of quality measurements***: in this case, service providers have been given the opportunity to state precisely whether they carry out the relevant quality measurements *permanently*, *on a monthly basis*, *once a year*, *twice a year* or *otherwise*, with the possibility of detailing the alternative.

- ***how quality is monitored***: the response options for this indicator were *according to an internal procedure/methodology, according to a procedure/methodology implemented by a third party* or *otherwise*, with the possibility of detailing the alternative.

- ***resources and means involved in the performance of quality measurements***: in this case, the providers were asked to state whether they were using their *own resources* or *resources belonging to a third party* for the purpose of carrying out quality measurements.

- ***costs involved by the quality measurements***: the respondents were required to quote the exact amount or to approximate the level of costs involved in the quality measurements performed in 2019; the given amounts were rounded to "thousands".

- ***indicators monitored by providers, through quality measurements***: the providers had the possibility to identify these indicators in a set of indicators laid down by the Authority (the list proposed by ANCOM included: *delivery times, number of complaints regarding delays, number of complaints regarding damaged items, number of complaints regarding lost/undelivered items, number of complaints regarding staff behaviour, number of complaints regarding the lack of technical equipment*, and *other indicators,* with the possibility of detailing them).

- ***delivery times for domestic parcels***: in this case, the providers reported the parcel delivery times as assumed under their contract with the users: *D+1, D+2, D+3*, or *other delivery times*.

- ***results of quality measurements carried out by providers during 2019,*** classified into the following distinct categories of postal items: *Standard*, *Express*, *Cash-on-delivery*, respectively *Other services*[4]; as well, the providers specified the results of the quality measurements carried out on the domestic parcel services in 2019, structured on three quality thresholds (*D+1*, *D+2*, respectively *other results*, with the possibility of detailing the alternative).

- ***average tariff of parcel services***: the providers indicated which were the average tariffs they charged in 2019, for the categories *Standard*, *Express* and *Cash-on-delivery*, as well as the Total average tariff (their total average).

- ***number of complaints addressed to providers in connection with the processing of postal items in 2019***, identifying the grounds on which they were based in a list proposed by ANCOM, i.e.: *failure to observe delivery term, loss of postal items, staff behaviour, damage to postal items, failure to transfer the amount corresponding to cash-on-delivery items,* as well as *other reasons* with the possibility of providing further details thereon.

- ***postal service providers' investments for increasing the quality of parcel services in 2019***: the Authority identified three categories of investments that drive to improved service quality (*investments in technical equipment*, *staff investments*, *network investments*), and gave the providers the possibility to mention and detail other investment measures they have implemented in their activity.

- ***factors that contribute to increasing service quality***: the Authority identified 5 possible factors that drive to improved quality of parcel services (*staff training, technology progress, innovation, staff remuneration and postal network optimization*), asking the respondents to rank the respective factors by their importance, with the possibility to mention and detail other similar factors.

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[4] For this indicator, including the quality performance corresponding to the categories *Registered items, Added value, Advice of delivery, Insured items, Special delivery* were cumulated;

### II.2.2. E-commerce impact – specific indicators

- ***postal traffic generated by e-commerce in 2019***: given the limited possibility for all postal service providers to accurately monitor these traffic volumes, ANCOM has allowed the providers to report also estimated amounts.

- ***revenues generated by e-commerce in 2019***: given the reduced possibility for all postal service providers to accurately monitor revenues from the processing of postal items generated by e-commerce, ANCOM has allowed the providers to report also estimated amounts.

- ***types of postal items generated by e-commerce in 2019***: in this case, the providers had the possibility to identify the types of postal items generated by e-commerce, split on several distinct categories (*Correspondence* and *Printed matter*, *Parcels*, *Domestic* items, *Cross-border* items – *Import* and *Export*). The categories of items consisting of *Correspondence* and *Printed matter*, although specific to letter-post, have been included in the analysis of this indicator exclusively for information purposes, their impact on the traffic volume generated by e-commerce being insignificant.

- ***number of complaints addressed to the providers in relation to the processing of postal items generated by e-commerce in 2019***: the respondents were asked to classify the complaints into the following categories: *grounded complaints, ungrounded complaints, complaints solved with damage compensation, complaints solved without compensation,* or *unsolved complaints*.

- ***types of postal services generated by e-commerce and their frequency***: the Authority identified 6 postal services that could fit into the delivery flows for postal items generated by e-commerce; the providers were required to rank these services by frequency (the list proposed by ANCOM contained the following categories of services: *Standard*, *Express*, *Cash-on-delivery* and *Other services*).

- ***provision of the service Track & Trace***: the providers were asked to mention whether they provided this service or not within the distribution flows for postal items generated by the e-commerce industry in the year in question.

- ***categories of senders of postal items generated by e-commerce in 2019***: the Authority identified the following possible categories of senders of postal items generated by e-commerce: *e-commerce platforms*, *online stores*, and *other categories of senders*; the respondents were requested to sort them by frequency.

### II.3. Data collection and consolidation

The data was collected during June - September 2020, and the response rate of the sampling pool was 100%.

The data obtained from the providers were consolidated alongside the similar data corresponding to the previous year, to assess the dynamics of the specific indicators subject to the questioning in the 2018-2019 timeframe.

### II.4. Data verification, processing and analysis

By cross-verification, the information received from the providers was analysed against certain statistical indicators reported by the providers following their reporting obligation stipulated in *ANCOM President's Decision no. 388/2020 on the reporting of statistical data by postal service providers*.

The data verification ensued more than 200 phone interviews (on average > 6 interviews/provider) and was concluded as of 15 October 2020.

### II. 5. Market rankings

Unlike the previous years, for this study, ANCOM included a new element, namely market rankings, based on the indicators reported by the respondents.

Thus, in view of the research of the parcel services quality in Romania in 2019, the following market rankings were made:

- ranking on the *Traffic volumes processed on the parcel market*;
- ranking on the *Revenues achieved on the parcel market*;
- ranking on the *Quality D+1* (for the categories *Standard*, *Express*, *Cash-on-delivery* and *Other services*);
- ranking on the *Parcel services tariffs*.

For the research on the impact of e-commerce on the postal market in 2019, the following market rankings were made:

- ranking on the *Processed traffic volumes, generated exclusively by the electronic commerce industry*; respectively,
- ranking on the *Revenues achieved exclusively from the processing of postal items generated by electronic commerce*.

Also, two general rankings were made, one on the quality of parcel services and one on the impact of electronic commerce on the postal market.

Another new element regarding the market monitoring is that the Authority decided to publish the names of the postal providers ranked on the top three positions, for each market ranking made.

#### II.5.1. Setting of scores for the quality of parcel services rankings

**II.5.1.1.** Scores for the *Ranking on the traffic volumes processed on the parcel market*: **the traffic volumes consisting of domestic and cross-border parcels and small packages were considered**, each provider receiving one point for each 10 million items processed (e.g. 20,400,000 items = 2.4 points).

**II.5.1.2.** Scores for the *Ranking on the revenues achieved on the parcel market*: the revenues achieved from the processing of traffic volumes consisting of domestic and cross-border parcels and small packages were considered, each provider receiving one point for each 100 million Lei obtained (e.g. 644,847,736 Lei = 6.4 points).

**II.5.1.3.** Scores for the *Ranking on the quality performance D+1*: only the results of the quality measurements for the D+1 indicator have been considered, for each category of services (e.g. 94% = D+1 = 9.4 points).

**II.5.1.4.** Scores for the *Ranking on the parcel services tariffs*: the *total average tariff* reported by each provider, respectively the lowest total average tariff reported, the score for each respondent being established according to the following formula:

$$x = \frac{\text{MINIMUM total average tariff}}{\text{PROVIDER's total average tariff}} \, x \, 10$$

**II.5.2. Setting of scores for the e-commerce impact rankings**

**II.5.2.1.** Scores for the *Ranking on the processing of traffic volumes generated by electronic commerce*: only the traffic volumes consisting of domestic and cross-border parcels and small packages generated by the online commerce industry were considered, each provider receiving one point for each 10 million items processed (e.g. 20,400,000 items = 2.4 points).

**II.5.1.2.** Scores for the *Ranking on the revenues exclusively achieved from the processing of items generated by the electronic commerce*: only the revenues achieved from the processing of traffic volumes consisting of domestic and cross-border parcels and small packages generated exclusively by the online commerce industry were considered, each provider being receiving one point for each 100 million Lei achieved (e.g. 644,847,736 Lei = 6.4 points).

**II.5.3. Setting of scores for the market general rankings**

**II.5.3.1.** The *General performance ranking on parcel services* was made based upon an algorithm deriving from the following shares:
- quality D+1 (arithmetic average of scores obtained for D+1): = 35%;
- total traffic volume: = 30%;
- total average tariff: = 25%;
- total postal revenue: 10%.

**II.5.3.2.** The *General performance ranking on the processing of items generated by the electronic commerce industry* was made based upon an algorithm deriving from the following shares:
- quality D+1 (arithmetic average of scores obtained for D+1): = 35%;
- traffic volume generated exclusively by electronic commerce: = 30%;
- total average tariff: = 25%;
- postal revenue generated exclusively by electronic commerce: 10%.

## III. Quality of parcel services in Romania

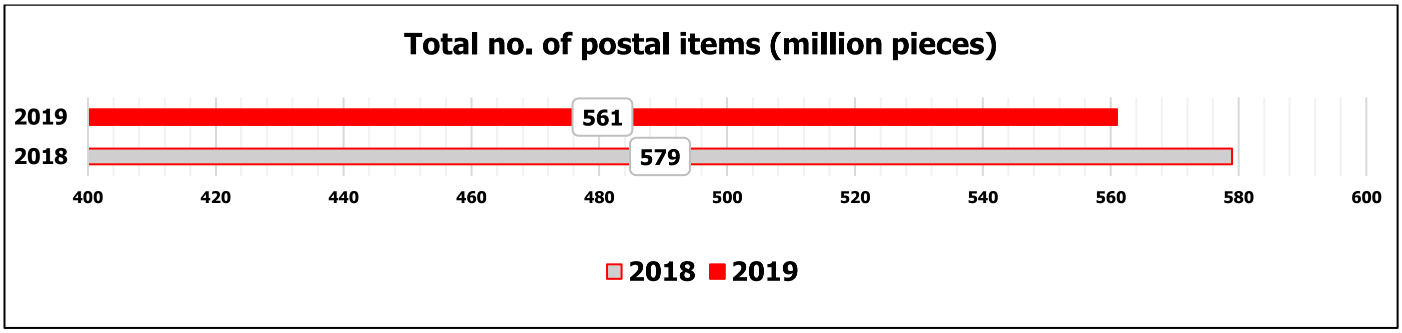
### III.1. Dynamics of traffic volumes in Romania

#### III.1.1. Dynamics of total traffic of postal items

In view of making this study, the Authority used the most recent data on the evolution of the postal industry, data which were generated by the annual statistical reporting incumbent on the postal service providers[5].

As for the total traffic of postal items, the Romanian postal industry decreased very slightly from 579 million in 2018 to 561 million items in 2019 (down by approx. 3%).

**Dynamics of the total postal traffic: 2018-2019**

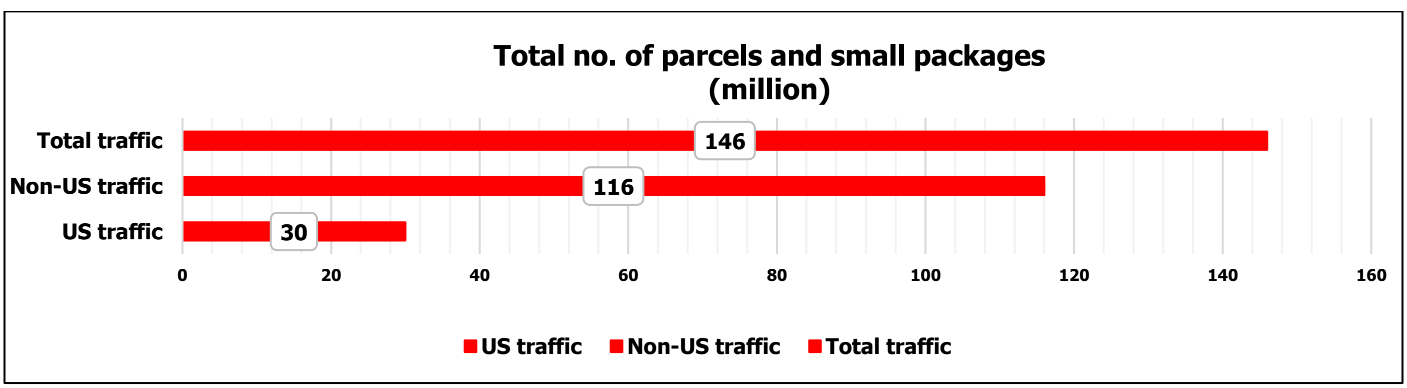



#### III.1.2. Dynamics of parcels and small packages traffic in 2019

As regards the processing of postal items consisting of parcels and small packages, during 2019, the Romanian postal market registered the following traffic values:

- total traffic parcels + small packages = 146 million items;
- traffic parcels + small packages within the universal service scope = 30 million items;
- traffic parcels + small packages outside the universal service scope = 116 million items.

**Dynamics of parcels and small packages traffic - 2019**



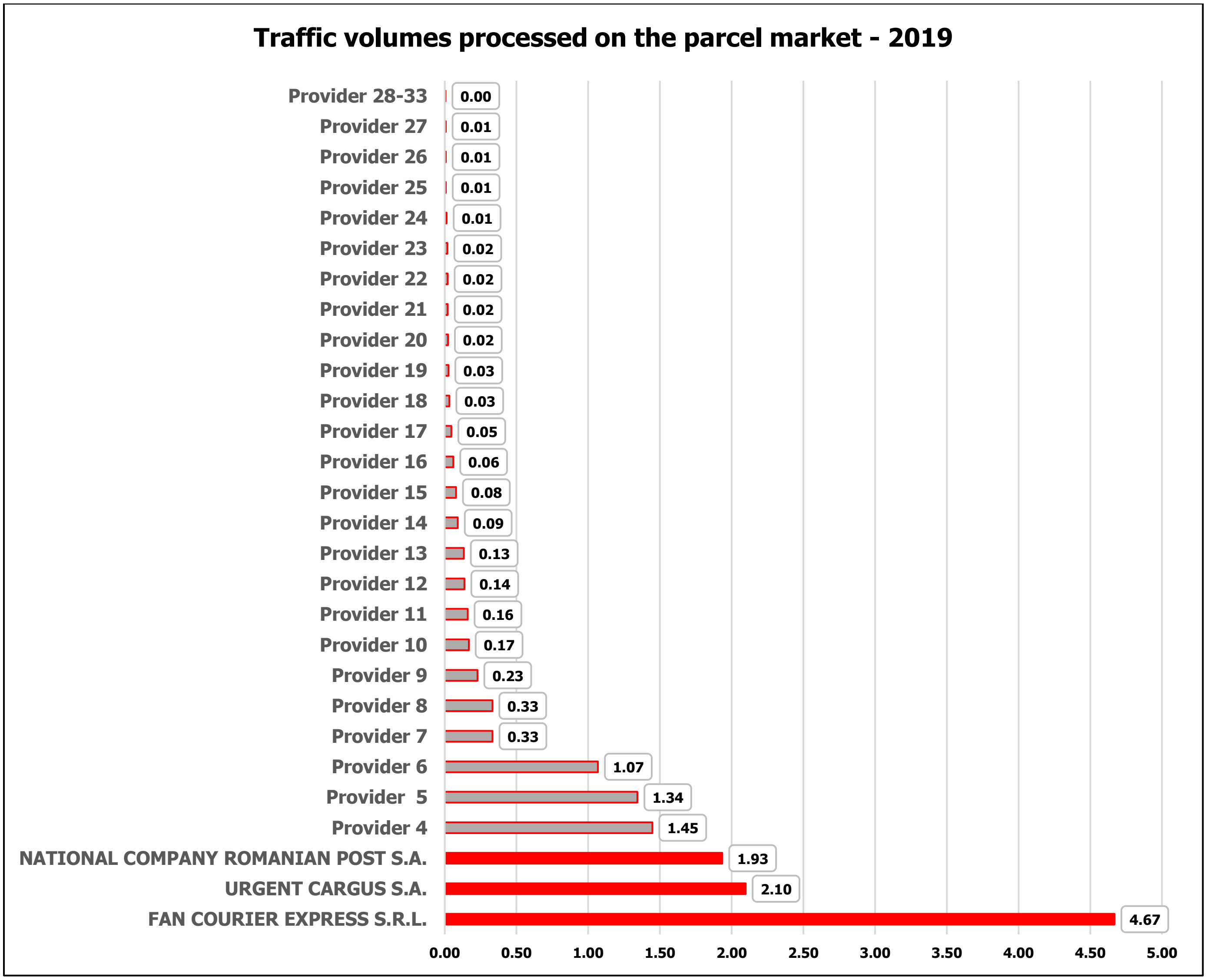

#### III.1.3. Indicator "Traffic" on parcels market, in 2019

In analysing the data concerning the indicator "Traffic", the postal items consisting of parcels and small packages were considered. The data grounding the study were extracted from the

[5] https://statistica.ancom.ro/sscpds/public/alldocuments/report?lang=ro; - Romanian postal service market in 2018;

answers received from the providers in the sampling pool, which were confronted against the data communicated to ANCOM via the statistical reporting of the respective providers.

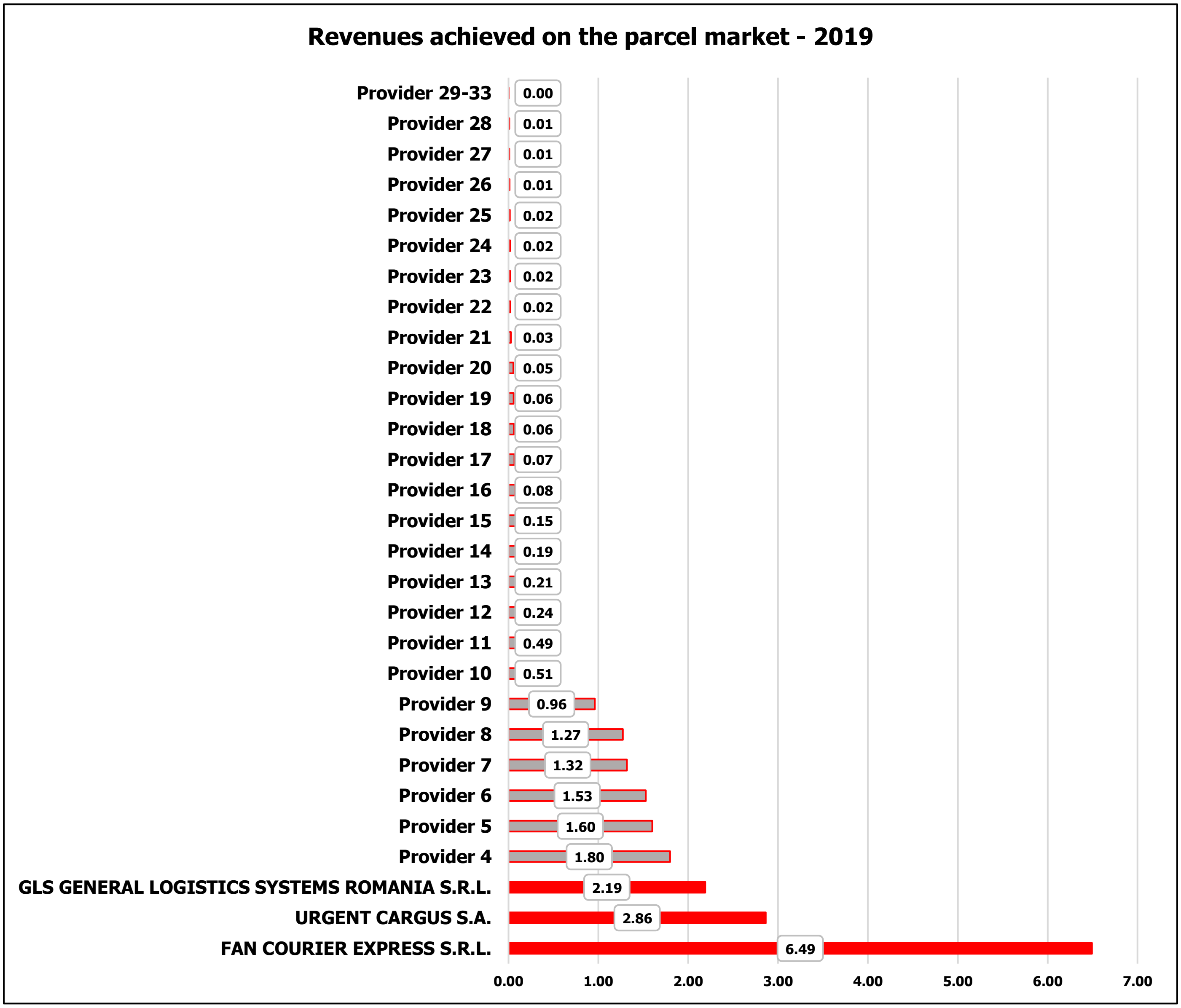
**Ranking on the traffic volumes processed on the parcel market - 2019**




The first three providers on the Romanian parcel market, by descending order of the traffic volumes processed in 2019, were FAN COURIER EXPRESS S.R.L., URGENT CARGUS S.R.L. and NATIONAL COMPANY *ROMANIAN POST* S.A., these providers processing together more than 87 million items, accounting for almost 60% of the total traffic volumes of parcels processed by the providers who were part of the sampling pool (approx. 145 million items).

## III.2. Indicator "Revenues" on parcels market, in 2019

In analysing the data concerning the indicator "Revenues", the revenues achieved from the processing of the traffic volumes consisting of parcels and small packages were considered. Similarly to the analysis of the information regarding the indicator "Traffic", the data extracted from the answers received from the providers in the sampling pool were considered, which were then confronted against the data communicated to ANCOM via the statistical reporting of the respective providers.

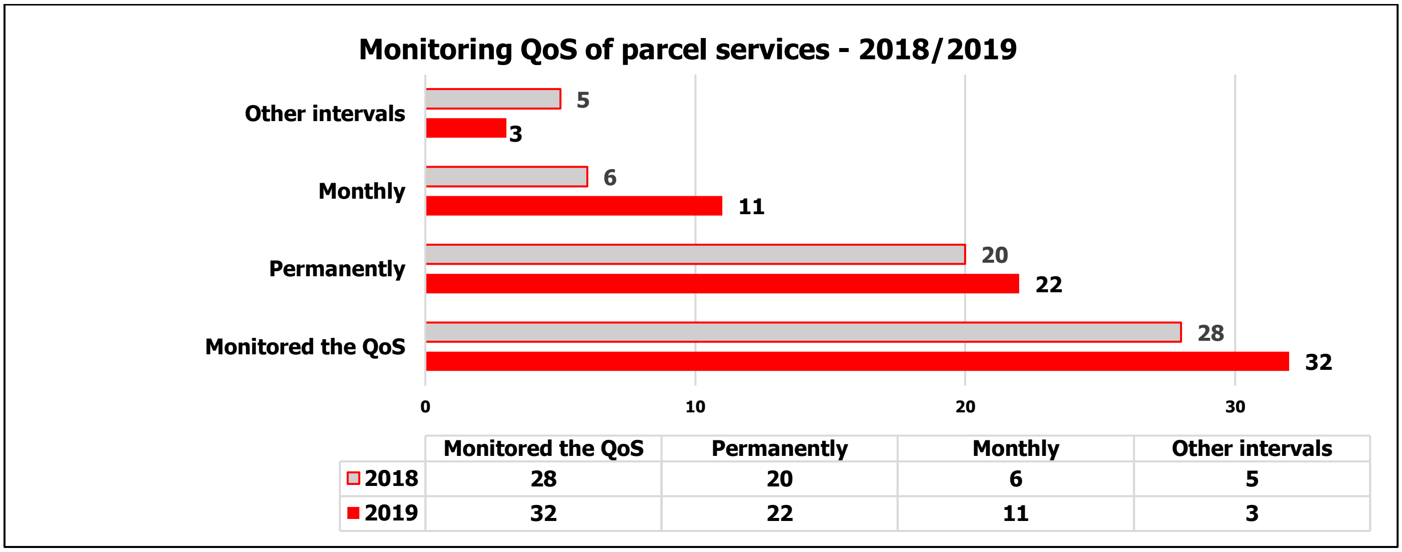



The first three providers on the Romanian parcel market, by descending order of the revenues achieved on the parcel market during 2019, were FAN COURIER EXPRESS S.R.L., URGENT CARGUS S.R.L. and GLS GENERAL LOGISTICS SYSTEMS ROMANIA S.R.L., these providers achieving together revenues of 1.15 billion Lei, accounting for almost 52% of the total revenues obtained by the providers who were part of the research panel (approx. 2.22 billion Lei).

## III.3. Quality of services on parcel market, in 2019

32 (97% of the sampling pool) of the selected providers communicated to the Authority that they had performed measurements on the quality of the parcel services they delivered in 2019. As regards the frequency of the quality measurements, it was assessed that 22 providers developed and implemented systems that measure service quality *permanently* (as opposed to 20, during 2018), 11 providers performed quality measurements *on a monthly basis* (6 providers in 2018), 5 providers implemented systems by which they measured service quality *weekly*, *half-yearly* or *once a year* (3 providers in 2018). Only 1 provider communicated to the Authority that it had not performed any quality measurements in 2019.

**Quality measurements: 2018-2019**

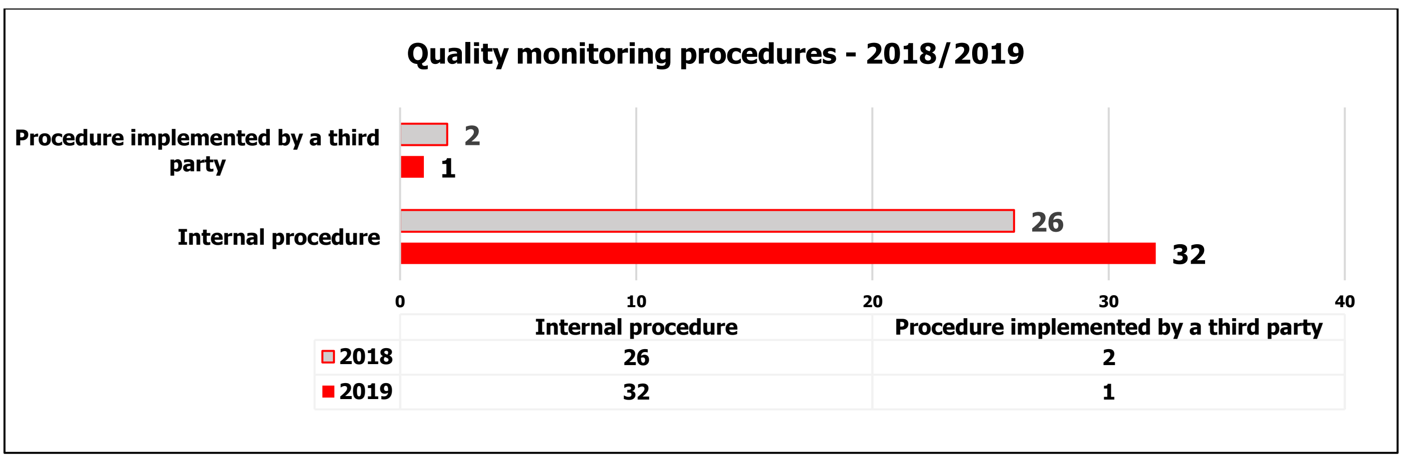



### III.3.1. Quality measuring procedures

Among the respondents, 32 providers (97% of the sampling pool) answered that they monitored the quality of their services in accordance with an internal working procedure.

Only one provider monitored the quality of its parcel services through both an internal procedure and a procedure implemented by a third party, based on customized quality quantifying systems.

**Quality monitoring procedures: 2018-2019**



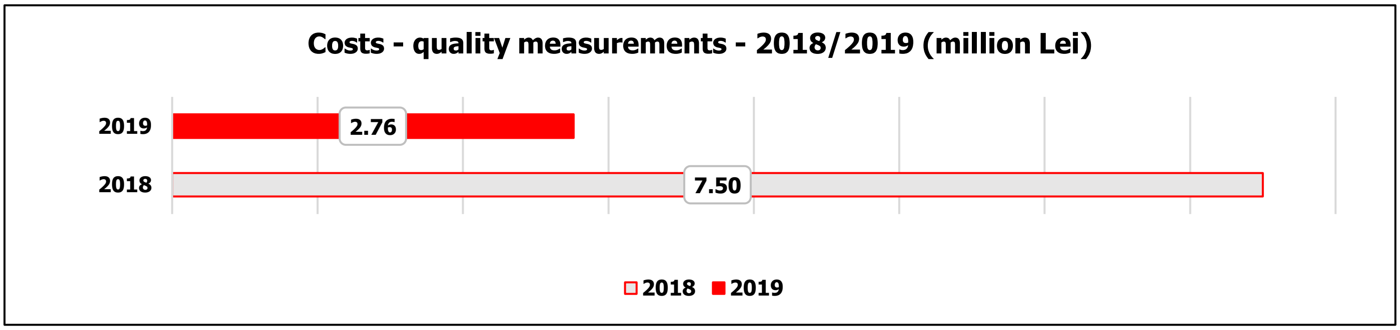

Of the 33 questioned providers, only one provider communicated to ANCOM that it had not performed quality measurements in 2019, but the same provider said it is in process of implementing a complex monitoring system which will imply, from 2021, monitoring the parameters of the parcel services, as well as the professional performances of the employees involved in the respective service provision process.

### III.3.2. Costs involved by quality measurements

The analysis of the answers received under the indicator "*Costs – quality measurements*" revealed that, in 2019, 31 providers (94% of the sampling pool) invested in monitoring the quality of their parcel delivery services. However, the total amount of expenses made by the questioned providers in view of monitoring the quality decreased from approx. 7.5 million Lei in 2018 to approx. 2.8 million Lei in 2019.

This difference can be explained, on the one hand, by the fact that the sampling pool involved in this study is sensitively different from the 2018 sampling pool and, on the other hand, by the fact that many of the providers that were part of both the 2018 and the 2019 sampling pools have finalised certain investments begun in the previous years.

**Costs – quality measurements: 2018-2019**



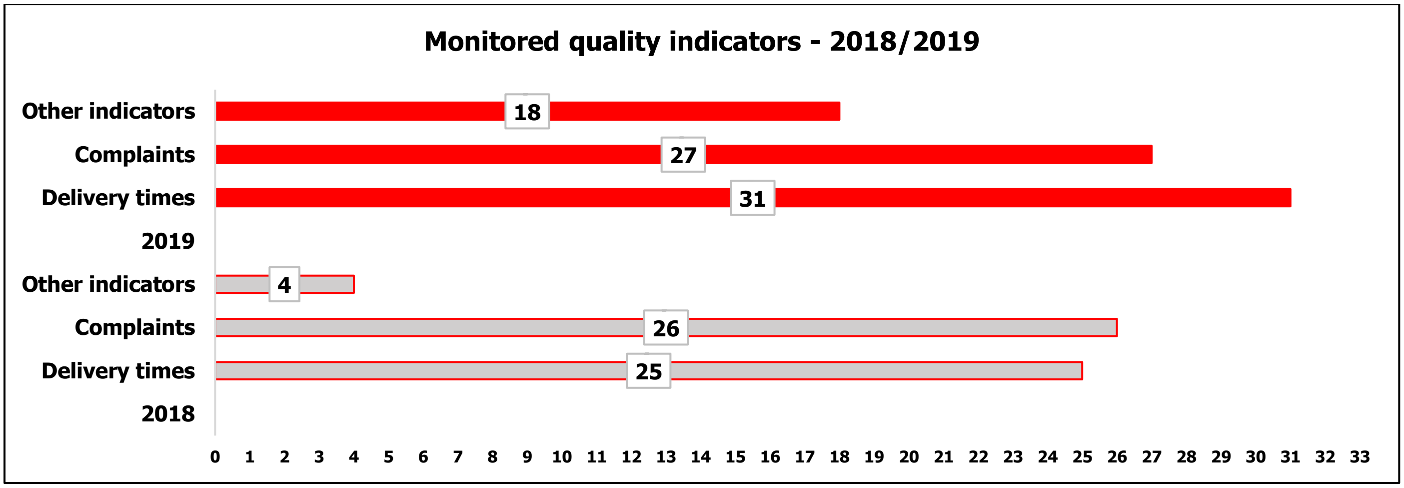

The communication with the questioned providers showed that, unlike previous years, when a large part of the costs corresponding to quality monitoring was represented by the salaries of the providers' employees involved in the monitoring process, in 2019, the share of the salaries within the total costs occasioned by quality measurement fell and the share of the expenses incurred by the purchase, implementation and use of softs dedicated to the monitoring process grew instead.

### III.3.3. Monitored indicators in quality measurements

The answers received by the Authority regarding the specific indicators which based the processes of parcel service quality monitoring by the respondents revealed that most of the providers identified the delivery times and the number of complaints as core indicators.

Thus, in 2019, 31 providers from the sampling pool (94%) monitored the delivery times, resulted from the processes of end-to-end distribution of items (from the submission into the postal network to the time of delivery to the addressee), as opposed to only 25 providers in 2018. The number of complaints received from the users of parcel services was monitored in 2019 by 27 providers from the sampling pool, whereas in 2018 this quality indicator was monitored by 26 respondents.

It is worth noting the increase in the number of providers that introduced quality indicators specific to their activity in the monitoring of the QoS of the parcel services they regularly provide (e.g. the rate of return of postal items, the dynamics of the delivery processes, the dynamics of the sorting processes, the employees' behaviour in the direct relation with the users, the employees' implementation of network and item security procedures, the cases of loss or damage of the items etc.).




## III.4. Guaranteeing of delivery terms – domestic parcels

The providers indicated the delivery times they assumed in their relationship with the users in the processing of the domestic postal items (*D+1*, *D+2*, respectively *other delivery terms*, with the possibility of describing the alternative).

The replies received by the Authority showed that 21 providers undertook to deliver domestic parcels in D[6]+1 (64% of the sampling pool) in 2019, as compared to 12 providers in 2018. The D+2 delivery term was guaranteed in 2019 by 24 providers (73% of the sampling pool) as opposed to 13 providers in 2018. Other delivery terms were guaranteed by 7 providers (22% of the sampling pool). 4 providers guaranteed cascading end-to-end delivery times (e.g. they ensured D+3 delivery only for the postal items which could not be delivered – from various reasons – in D+1 or D+2).

The data analysis also showed that 7 providers in the sampling pool processed in 2019 only cross-border items and they did not undertake in the direct relation with their service users the obligation to guarantee the transit times of the respective items.

Just as in the previous years, several respondents indicated that the impossibility to guarantee shorter transit times in the distribution of the postal items they process is caused by the lack of a proper road infrastructure. The biggest issues in this sense are met on the postal routes connecting the historical regions. The big providers on the market managed to improve the processing times of the postal items *only* because they have invested in the development of their sorting centres and in rendering more efficient the operations involved by the clearance and delivery of the postal items.

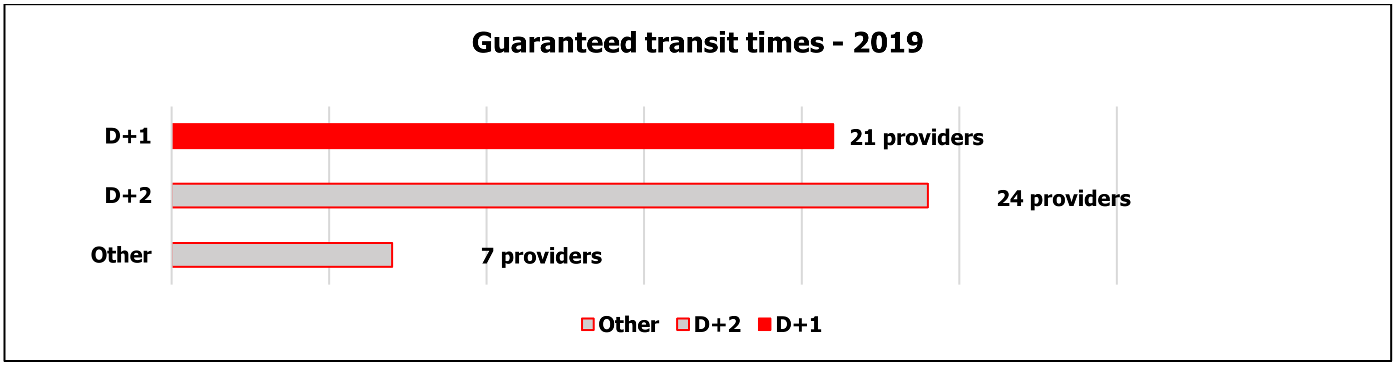
As well, many of the respondents communicated to the Authority that in the last years they were not able to access the railway infrastructure[7] for transporting the postal items, because, on the one side, they have not identified an offer for mail services at the main railway operators from

[6] D = date of postal item clearance;
[7] In 2019, one provider only transported the postal items by using railways;

Romania and, on the other side, the possible implementation of this transport means would have generated in fact an increase of the distribution times and not an improvement.

Most of the questioned providers underlined that the optimisation of the postal items transport will be possible on the long run only when the national road infrastructure will undergo an unprecedented development process.

**Guaranteed delivery times in 2019**




## III.5. Quality of parcel services

The questions regarding the results of the quality measurements which concerned the domestic parcel services provided in 2019 referred to four categories of services: *Standard*, *Express*, *Cash-on-delivery*, respectively *Other services*, the last category including the services *Advice of delivery*, *Added value* and *Special delivery*).

The questioned providers specified the results of the quality measurements carried on the domestic parcel services in 2019, split on three quality thresholds (*D+1*, *D+2*, respectively *other*, with the possibility of describing the alternative).

Thus, the analysis of the data received from the sampling pool showed that, in 2019, many of the questioned providers made quality measurements on the end-to-end transit times (from the clearance day (D) to the delivery day) of the items on their postal networks.

The quality measurements for "D+1", made on categories of items, were performed as follows:

- *Standard* category: 16 providers (48.5% of the sampling pool);
- *Express* category: 9 providers (27% of the sampling pool);
- *Cash-on-delivery* category: 20 providers (61% of the sampling pool);
- *Other services* category: 18 providers (55% of the sampling pool).

About the data above, it must be mentioned that the respective figures should be read as follows:

- not all questioned providers provided processing services in all envisaged categories;
- not all providers that processed items from all the envisaged categories performed measurements for each category. Thus, some of the providers made performance measurements for one category, while others made measurements for two or three categories.

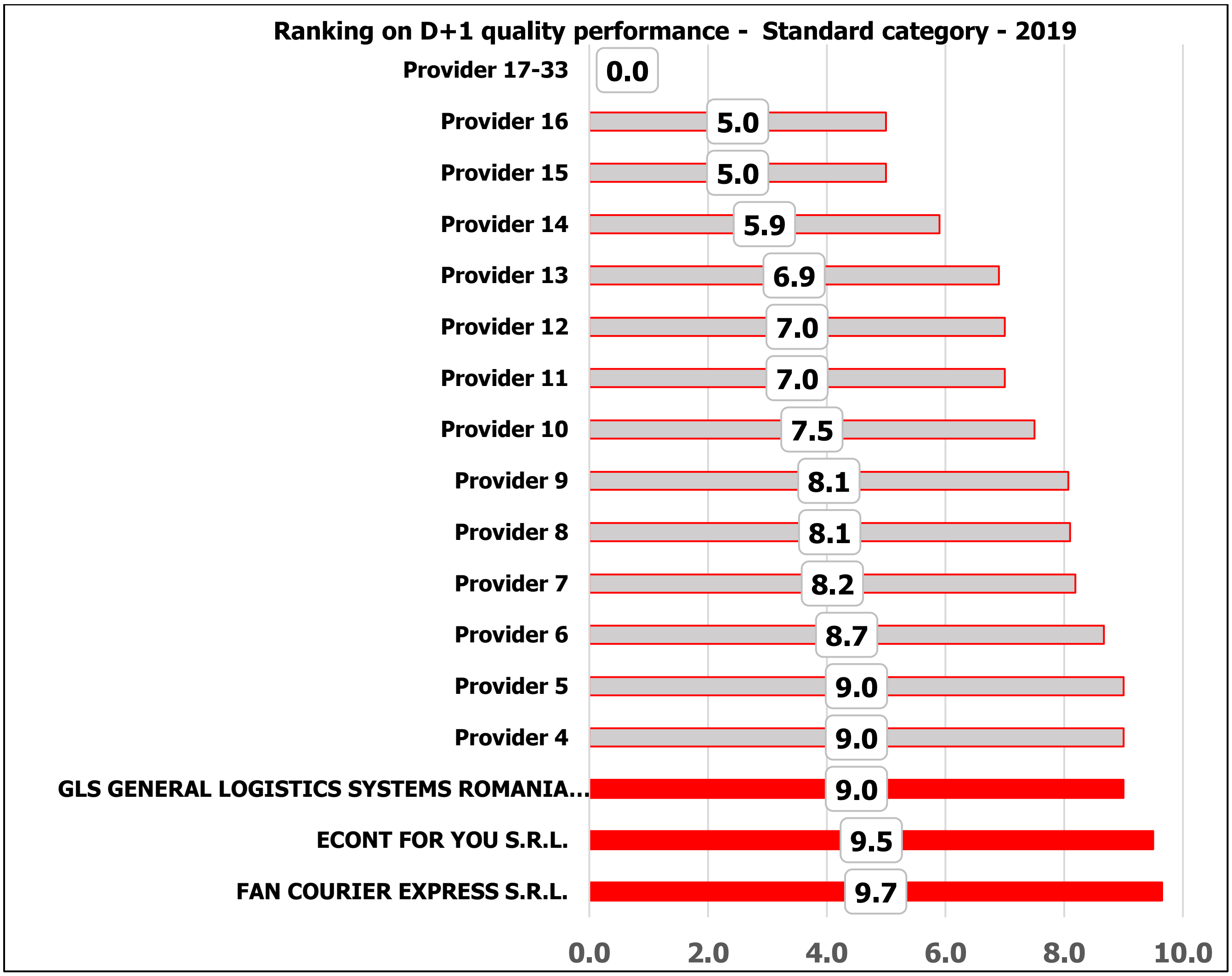
To obtain the scores which based the rankings on the quality results in 2019, for all the four envisaged categories (*Standard*, *Express*, *Cash-on-delivery* and *Other services*), only the performance obtained for D+1 was considered, as this processing speed on the entire technological chain is the reference indicator that most precisely denotes the expectations of the end-users[8].

### III.5.1. Quality D+1 - *Standard* category

With regard to the quality of the processing services for the Standard category, the data reported by the respondents showed that, in 2019, only 16 providers made quality measurements on the D+1 quality threshold for the respective category.

Of these, there were 9 providers who obtained, each, for D+1, quality performances above 80%, the first 5 of them obtaining results above 90%.

**D+1 quality performance - *Standard* category in 2019**




The first three providers on the Romanian parcel market, by descending order of the quality performances obtained in the processing of the *Standard* items in 2019, were FAN COURIER EXPRESS S.R.L., ECONT FOR YOU S.R.L. and GLS GENERAL LOGISTICS SYSTEMS ROMANIA S.R.L., these providers succeeding to deliver between 90% and 97% of the respective items in D+1.

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[8] https://statistica.ancom.ro/sscpds/public/files/181_ro; Study on the consumption preferences of Romanian residential postal users – Quality research report, (pages 33-34, criteria applied to choosing the postal service providers – delivery speed);

### III.5.2. Quality D+1 - *Express* category

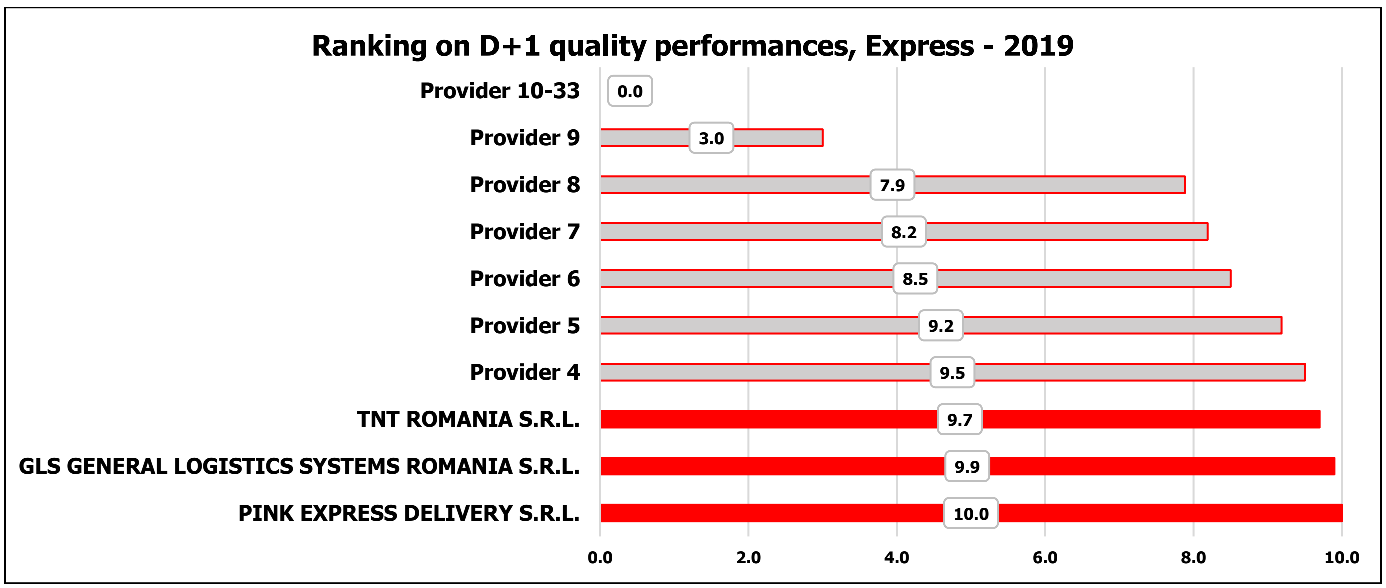
According to the provisions of point 3.14.7. under Annex no. 1 – *General Authorisation Regime* to ANCOM President's Decision no. 313/2017 on the general authorisation regime for the provision of postal services, the providers of Express services have the obligation to deliver the respective items within 12 hours in the same locality, in 24 hours between county capitals and county-wide, respectively in 36 hours between any other two localities on the territory of Romania.

Considering the specific obligation of the Express service providers to ensure delivery to the addressee of an Express item within D+1 in the same locality, and between county capitals and county-wide and within D+2 between any two other localities on the territory of Romania (depending on the submission time), it can be said that quality measurements on the transit periods of Express items should be deemed one of the managerial priorities of the postal service providers in this category.

However, the answers received from the respondents revealed that *only 9 of* them (28% of the sampling pool) carried out the respective quality measurements in 2019.

Among these, there were 7 providers who obtained, each, for D+1, quality performances above 80%, the first 2 of them obtaining results above 99%, respectively 100%.

**D+1 quality performance - *Express* in 2019**



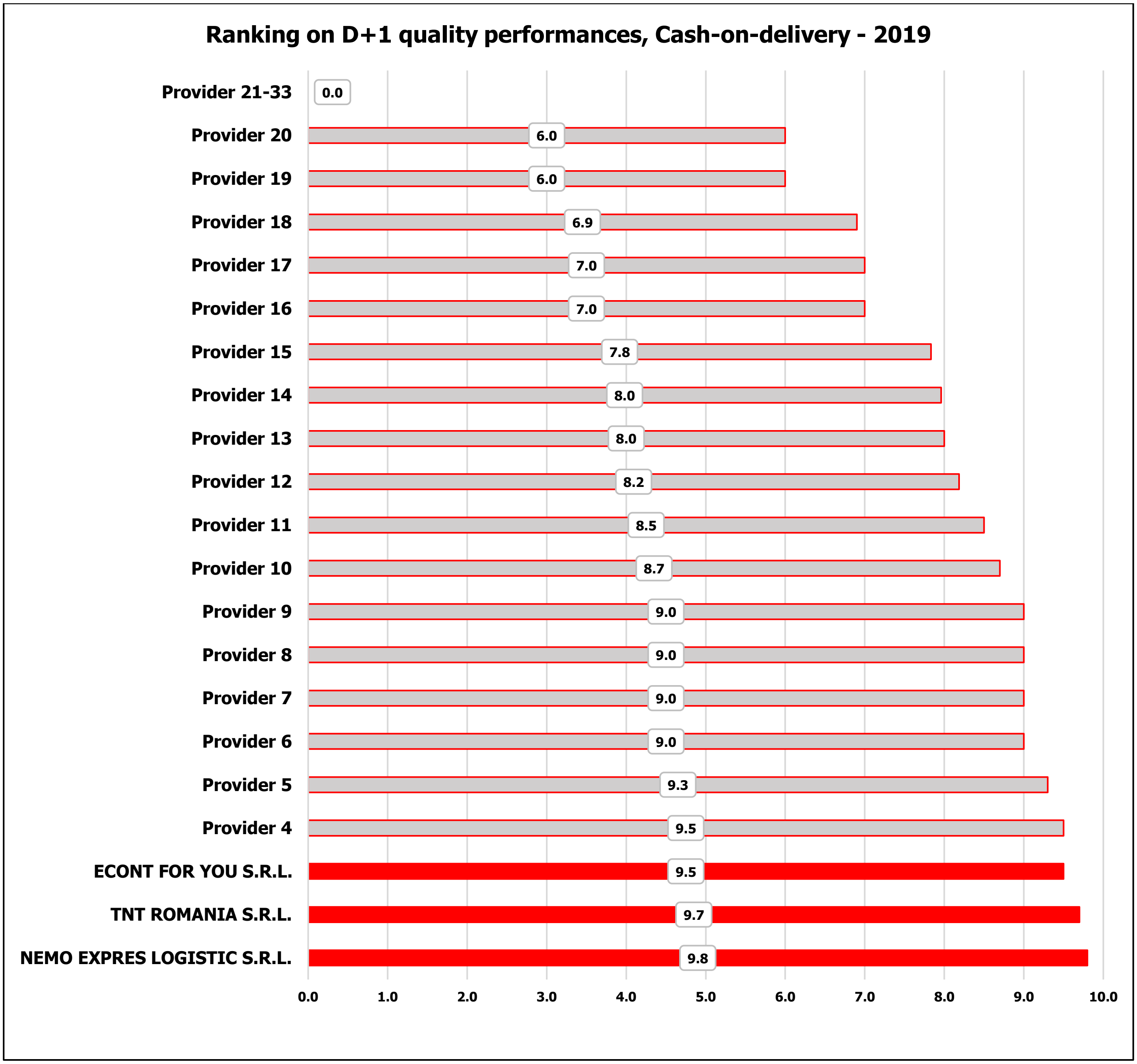

The first three providers on the Romanian parcel market, by descending order of the quality performances obtained in the processing of the *Express* items, were in 2019 PINK EXPRESS DELIVERY S.R.L., GLS GENERAL LOGISTICS SYSTEMS ROMANIA S.R.L. and TNT ROMANIA S.R.L., these providers succeeding to deliver between 97 and 100% of the respective items in D+1.

### III.5.3. Quality D+1 – *Cash-on-delivery* category

In the case of the processing of *Cash-on-delivery* parcels, the reported data for 2019 showed that 20 providers (61% of the sampling pool) made quality measurements on D+1 indicator for the respective category.

Among these, there were 14 providers who obtained, each, for D+1, quality performances above 80%, the first 9 of them obtaining results above 90%.

**D+1 quality performance in 2019, Cash-on-delivery parcels**



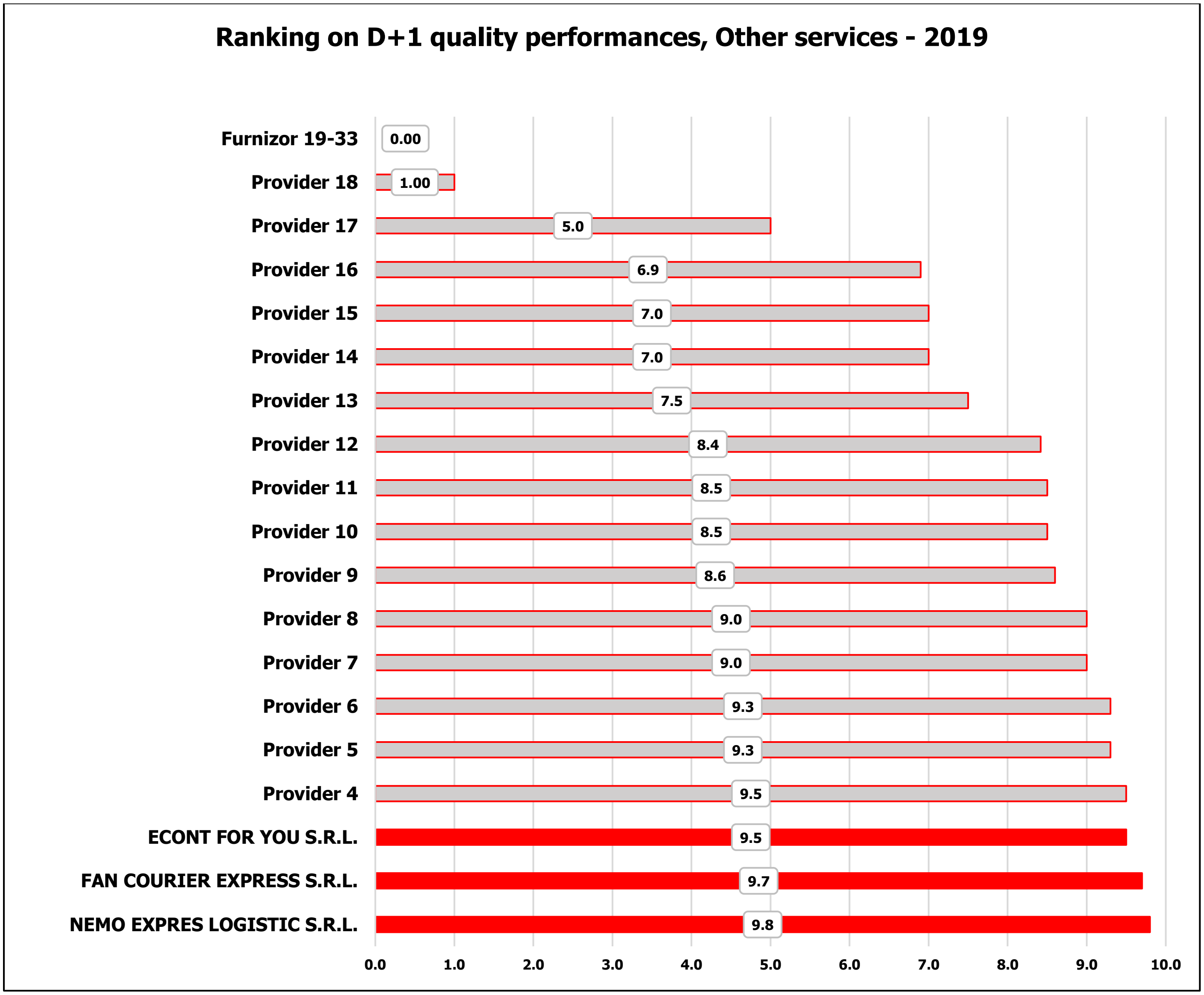

The first three providers on the Romanian parcel market, by descending order of the quality performances obtained in the processing of the *Cash-on-delivery* items, were in 2019 NEMO EXPRES LOGISTIC S.R.L., TNT ROMANIA S.R.L. and ECONT FOR YOU S.R.L., these providers succeeding to deliver between 95 and 98% of the respective items in D+1.

### III.5.4. Quality D+1 – *Other services* category

In the case of the quality of services for the *Other services* category, the data reported by the respondents showed that 18 providers (55% of the sampling pool) made quality measurements on the D+1 indicator for the respective category in 2019.

Among these, there were 12 providers who obtained, each, quality performances above 80%, the first 9 of them obtaining quality results above 90%.

**D+1 quality performance - *Other services* category in 2019**



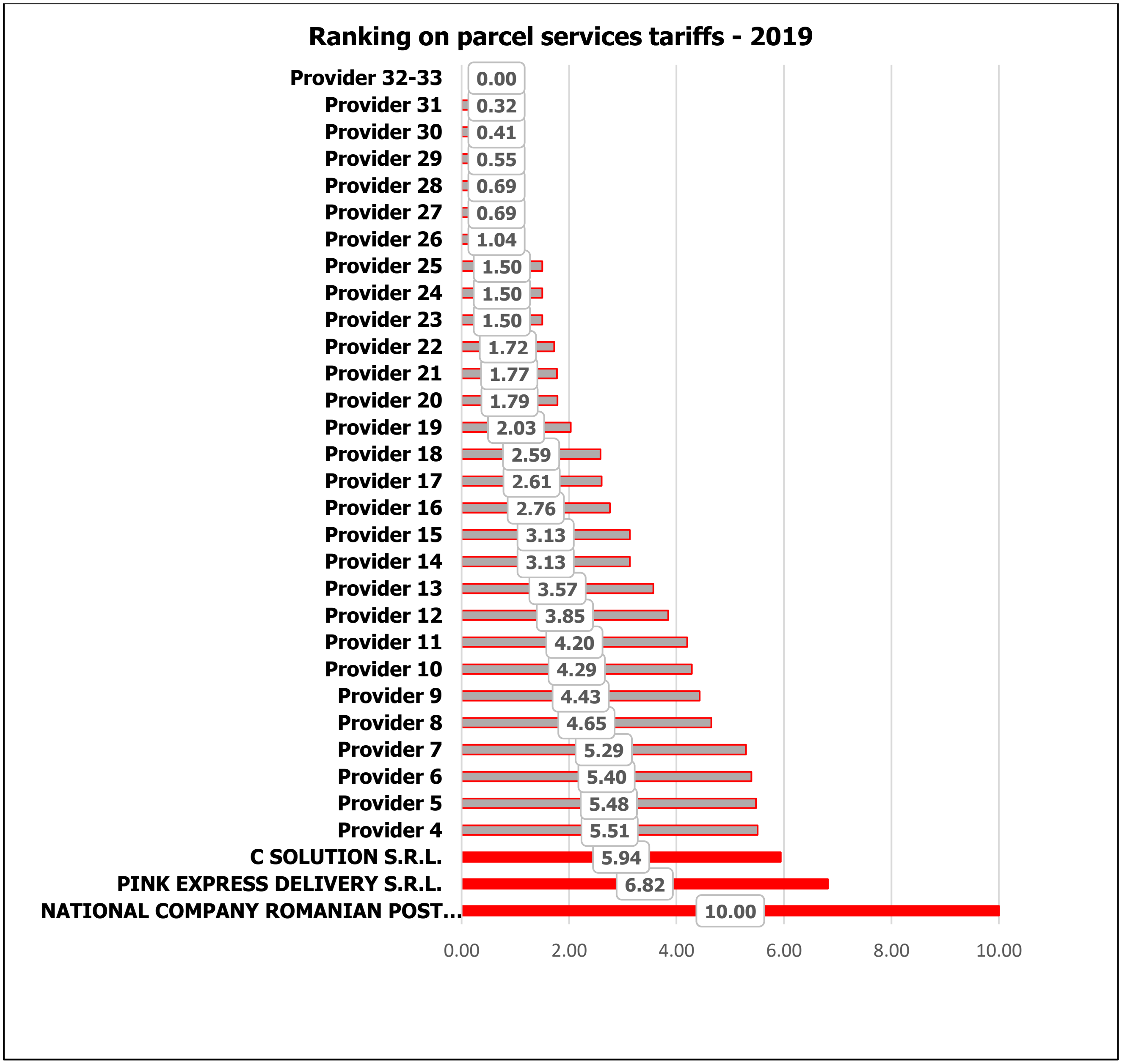

The first three providers on the Romanian parcel market, by descending order of the quality performances obtained in the processing of the *Other services* items, were in 2019 NEMO EXPRES LOGISTIC S.R.L., FAN COURIER EXPRESS S.R.L. and ECONT FOR YOU S.R.L., these providers succeeding to deliver between 95 and 98% pf the respective items in D+1.

## III.6. Tariffs of postal parcel services

The providers presented in this section of the questionnaire the average tariffs charged for the parcel services in 2019, indicating the average for three distinct tariff categories (*Standard*, *Express* and *Cash-on-delivery*), as well as the total average tariff, resulted as the arithmetic mean of the tariffs communicated for the three categories mentioned above. The analysis of the data reported by the respondents about this indicator showed that, in 2019, the lowest *Total average tariff* was 7.5 Lei/parcel, while the highest was 231.67 Lei/parcel. The scoring for the *Ranking on the parcel services tariffs* was established by taking into consideration the *total average tariff* reported by each provider, respectively the lowest *total average tariff* reported (7.5 Lei), upon applying the formula:

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

**Ranking on parcel services tariffs in 2019**




The first three providers on the Romanian parcel market, by descending order of the scores obtained based on the total average tariffs charged for the processing of the postal items, were in 2019 NATIONAL COMPANY *ROMANIAN POST* S.A., PINK EXPRESS DELIVERY S.R.L. and C SOLUTIUONS S.R.L.

## III.7. Complaints concerning parcel services in 2019

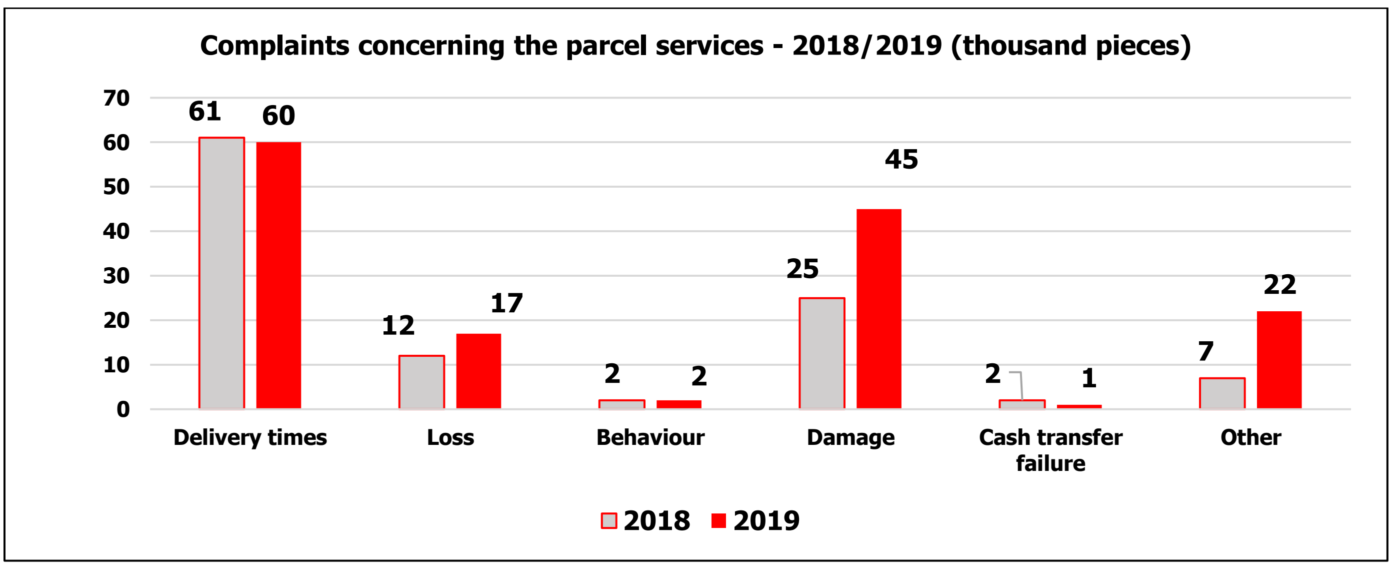
The respondents' answers on the number of complaints regarding the parcel services in 2019 showed that, as in previous years, most of the providers in the sampling pool monitored these complaints by the issues raised therein, i.e.: failure to observe delivery times, loss of the postal items, staff behaviour, failure to pay upon delivery to the sender, damage of items and other types of complaints.

Given that some of the questioned providers brought corrections to the data concerning the statistics of the complaints lodged in 2018, their number suffered changes as compared to the Study published by ANCOM last year, as well as to the figures published in the annual statistical reports previously published by the Authority. Nevertheless, as the respective changes were not of nature to significantly modify the dynamics of this indicator, in the making of this study the necessary corrections were made, but it was decided that the total figures be published by approximation in thousands.

Thus, approx. 61 thousand complaints for non-observance of the delivery times were lodged in 2018, approx. 25 thousand for the damaging of the items, approx. 12 thousand for the loss of the items, approx. 2 thousand for the employees' behaviour towards the users, and approx. 2 thousand complaints for cash transfer failure.

During 2019, most complaints referred to the non-observance of the delivery times (approx. 60 thousand) and to the damaging of the postal items (approx. 45 thousand). Approx. 17 thousand complaints were lodged for the loss of the postal items.

**Complaints concerning the parcel services – 2018/2019**




It must be emphasized that, from the discussions with the providers in the sampling pool, it resulted that, in the case of the users' complaints framed in the *Other* category, the respective complaints regularly concerned aspects which were not directly connected with the processing of the postal items.

As regards the total amount of the compensations paid by the providers in the sampling pool to the users that claimed the non-compliant provision of the parcel services, this exceeded 9 million Lei.

## III.8. Investments for improving the quality of parcel services

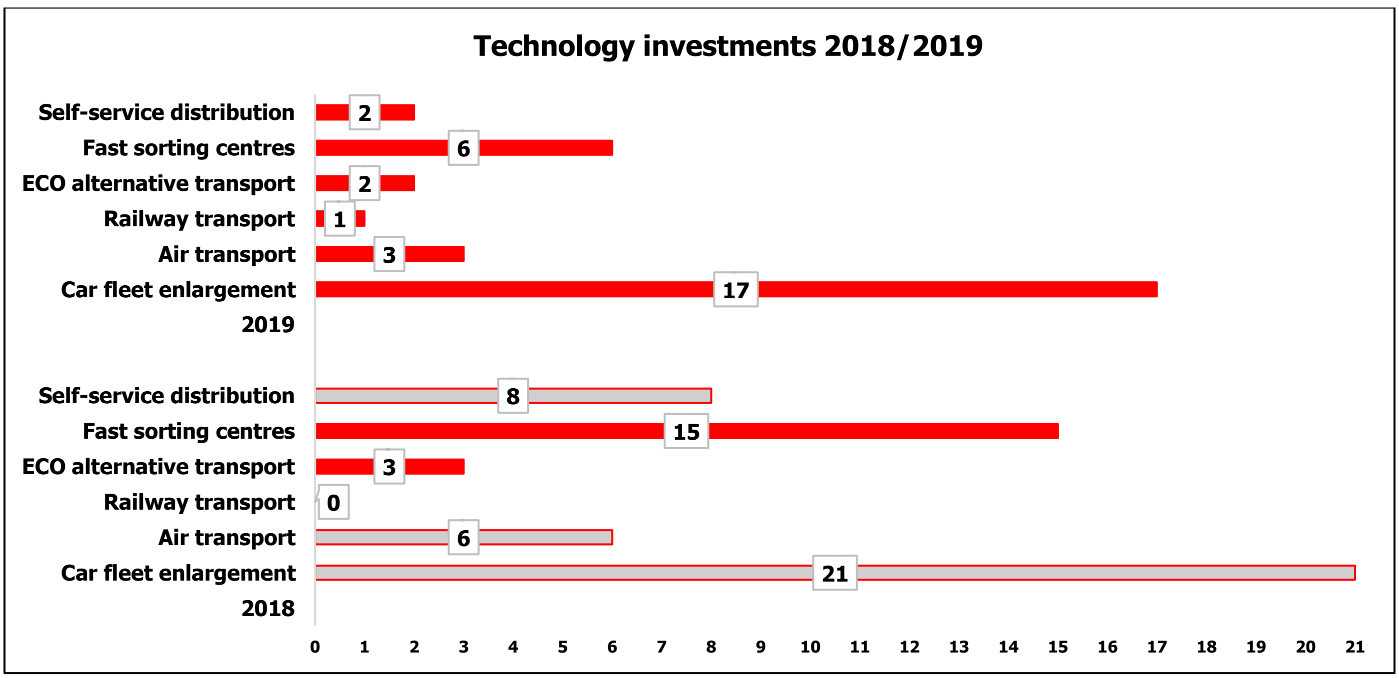
The analysis of the information received from the providers in the sampling pool regarding their investments aimed at improving service quality in 2019 revealed in the following relevant conclusions:

### III.8.1. Technology investment

17 providers (52% of the sampling pool) invested in enlarging their car fleets in 2019 as opposed to 21 providers in 2018. As well, 3 providers purchased air transport services, aiming at increasing the efficiency of the overall processing of the postal parcels by high-speed transport, while 1 provider purchased railway transport services. Two providers (6% of the sampling pool) invested in 2019 in the purchase of smart facilities and in the implementation of self-service distribution services. The development and implementation of automated, fast sorting solutions was a priority for only 6 of the questioned providers (19% of the sampling pool), as compared to the 15 providers (46% of the sampling pool) which made such investments in 2018. In 2019, diversifying the transport means in densely populated urban areas and/or in remote rural areas by purchasing bicycles, scooters, motorcycles, ATVs, etc. was a priority for only 2 providers.

The total investments in technical endowment exceeded 156 million Lei in 2019, more than 60 million Lei of these investments being allocated by the providers to enlarging their car fleets.

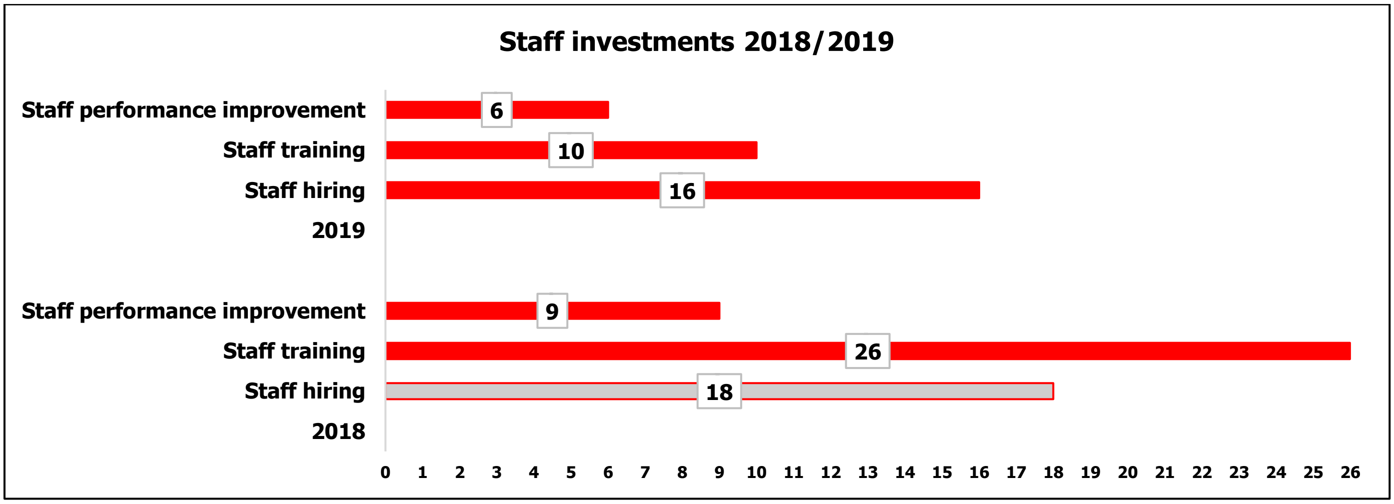
**Technology investments 2018/2019**




### III.8.2. Staff investment

In 2019, hiring additional staff was a priority for 16 of the surveyed providers (49% of the sampling pool), as compared to 18 in 2018. Also, 10 providers (33% of the sampling pool) invested in staff training in 2019 whereas this was a priority for 26 respondents in the previous year.

The total staff investments in 2019 exceeded 10 million Lei.



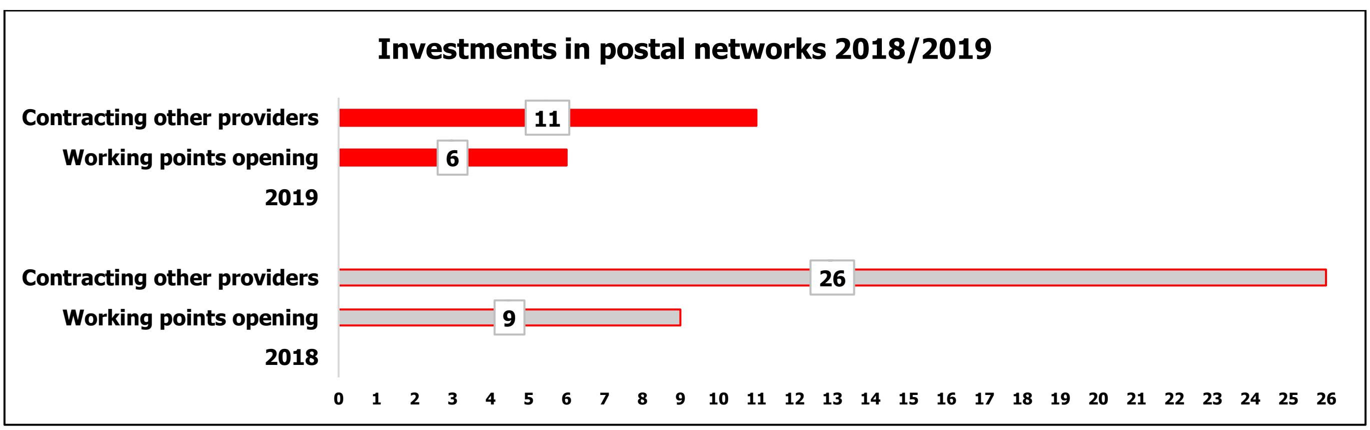

### III.8.3. Investment in developing the postal network

In 2019, six providers (19% of sampling pool) opened additional working points compared to 9 providers in 2018.

26 providers invested in increasing the geographical coverage of their networks by contracting services provided by other providers.

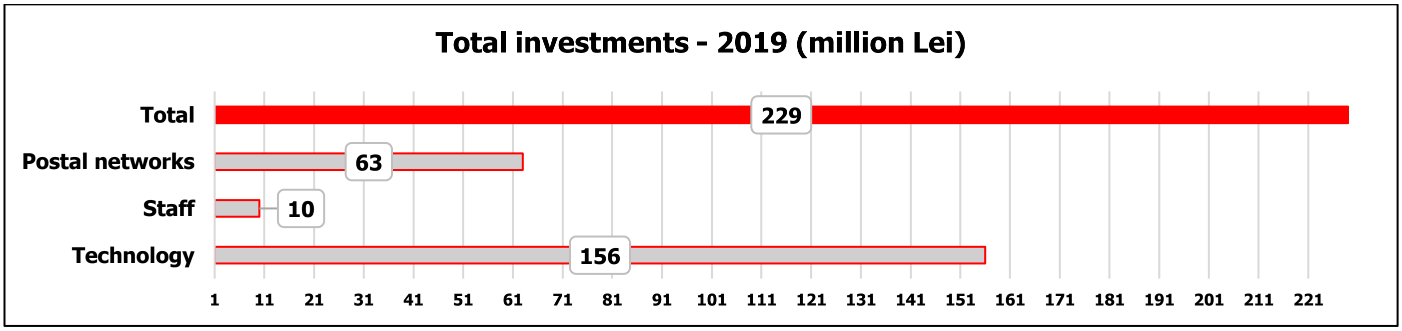
The total investments in the development of the postal networks, during 2019, exceeded approx. 63 million Lei.

**Investments in networks 2018/2019**




### III.8.4. Total investments for improving QoS

During 2019, the total investments made for improving the quality of the parcel services amounted to approx. 229 million Lei.




## III.9. Service quality growth drivers

As in the previous years, in the questionnaire on the quality of parcel services, the providers were offered a list of factors that drive to enhancing the quality of services, and they were required to rank the respective factors from "1 - most important" to "5 - the least important". These factors are: "employees' training", "technology", "innovation", "salaries of operating personnel" and "postal network optimization".

Thus, ANCOM drew up a synopsis of the management policies implemented by the surveyed providers in view of improving the quality of their services and of management development. The scores set by the respondents for the factors under the questionnaire are, for 2019, as follows:

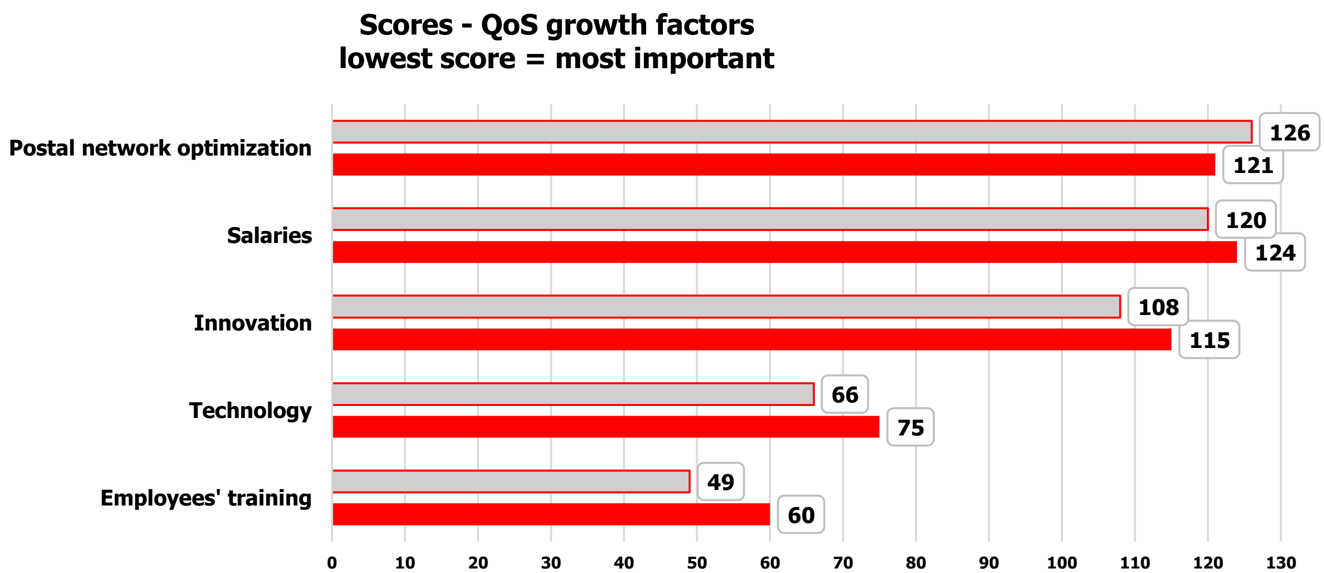
- "employees' training": 60 points (49 in 2018); the employees' professional training remained the main driver for quality of service growth in the perspective of the surveyed providers;

- "technology": 75 points (66 in 2018); it was considered the second most important growth factor in correlation with the technology investments made by the providers in the year in question;

- "innovation": 115 points (108 in 2018); in the opinion of the surveyed providers, bringing innovation to the process of postal service provision is a QoS growth driver less important than the employees' professional training and the automatization of the operational processes;

- "salaries of operating personnel": 124 points (120 in 2018); just as in the previous year, in 2019, the salaries of the employees involved in the processing of the postal items is not deemed a possible QoS growth driver;

- "postal network optimization": 121 points (126 in 2018); as in 2018, the optimization of the postal network by opening new access/contact points or updating the transport routes etc. is considered the least important factor in the QoS growth, this showing the stability of the networks of the surveyed providers.




| | Employees' training | Technology | Innovation | Salaries | Postal network optimization |
|---|---|---|---|---|---|
| 2018 | 49 | 66 | 108 | 120 | 126 |
| 2019 | 60 | 75 | 115 | 124 | 121 |

Compared to the previous year, in 2019, the only noteworthy change as regards the synopsis of the management policies implemented by the questioned providers is that the salaries were considered the least important growth driver of QoS.

The analysis of the scores granted by the providers in the sampling pool and their correlation with other categories of information considered under the survey on the quality of parcel services in Romania in 2019 show that most of the surveyed providers indicated that the staff training remains the most important growth driver of the quality of the services provided. This is in line with the information provided by the respondents with regard to the investments made in the year in question, according to which the largest share of the staff investments (little above 10 million Lei) was allocated for the staff training and performance improvement.

The synopsis above reveals an apparent dissonance between the processes of network optimization, which - alongside the staff salaries - are considered the least important from the perspective of QoS growth, and the investment made in the development of postal networks (approx. 63 million Lei). This inconsistency may be explained by the fact that the amount of the investments engaged during 2019 for the development of the postal networks includes very high amounts invested by a small number of providers, between them and the rest of the market being extremely big differences as regards the financial capacity.

## IV. E-commerce impact on Romanian postal market in 2019

### IV.1. Dynamics of electronic commerce industry

### Europe

The online purchases phenomenon keeps growing in the European Union. The increased use of internet, as well as the improvement of the security standards of the online payment operations and of the use of personal data generated in the consumers' behaviour the trust in, and easy adoption of, the online shopping concept. The convenience of being able to shop anytime anywhere, having immediate access to a broader range of products, the possibility to easily compare the prices and to choose modern delivery, including "Self-service", in line with the personal needs, have become in the last years a normality, thus contributing including to the development of the postal services industry. According to a survey conducted by Eurostat[9] for 2019 and published in January 2020, the proportion of e-shoppers in 2019 is varied among the European states. The first place is held by UK, with 91% users who bought goods online, while Romania is last with 29%.

Socially, the Eurostat survey revealed that online shopping has apparently two speeds in the European states. Thus, the report presents the status in several states from Western Europe, such as UK, Denmark, Germany, The Netherlands and Sweden, with more than 80% of consumers who made online purchases in opposition with the status in the European states where this proportion was below 50%, respectively Italy (49%), Cyprus (45%), Bulgaria (31%) and Romania (29%). However, the conclusions of the document published by Eurostat also show that between 2014-2019 the largest increases were recorded in countries such as Lithuania, Czechia, Estonia, Hungary, Croatia, Poland, Spain and Slovenia.[10]

Furthermore, according to the mentioned survey, the proportion of users who made online purchases has grown in the European states between 2009 and 2019, on all age categories, the largest increases being registered at the 16-24 (78%) and 25-54 (76%) age groups[11]. The most popular goods and services purchased online in the European states in 2019 involved clothes and sports clothing (65%), with 73% of shoppers from the 16-24 age group, followed by tourist services (54%), with 57% of shoppers from the 25-54 age group, respectively books and newspapers (33%), with 35% of shoppers from the 25-54 age group, respectively 55-74[12].

### Romania

At the national level, according to the data published in February 2020 by GPeC[13] in its most recent report on the dynamics of online purchases in Romania, the e-shoppers made online

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[9] https://ec.europa.eu/eurostat/statistics-explained/index.php/E-commerce_statistics_for_individuals#General_overview;

[10] https://ec.europa.eu/eurostat/statistics-explained/images/e/ec/E-commerce_statistics_for_individuals_2019_final.xlsx - "Internet users who bought or ordered goods or services for private use in the previous 12 months, 2014 and 2019";

[11] https://ec.europa.eu/eurostat/statistics-explained/images/e/ec/E-commerce_statistics_for_individuals_2019_final.xlsx - "Internet users who bought or ordered goods or services for private use in the previous 12 months by age group, EU-28, 2009-2019";

[12] https://ec.europa.eu/eurostat/statistics-explained/images/e/ec/E-commerce_statistics_for_individuals_2019_final.xlsx - "Online purchases, EU-28, 2019 (% of individuals who bought or ordered goods or services over the internet for private use in the previous 12 months)";

[13] GPeC – E-Commerce Awards Gala: https://www.gpec.ro/blog/raport-gpec-e-commerce-romania-2019 - "Report E-Commerce Romania 2019";

purchases in 2019 worth over 4.3 billion euros, up by 20% from 2018, being estimated that this value will exceed 5 billion EUR in the following year.

As for the preferences of Romanian consumers, the most important categories of goods purchased online consisted of electronic devices, fashion accessories and beauty products, interior design items, kids' items and books /music/movies.

Similarly to the previous years, one of the most important growth drivers in the industry was the value brought about by the *Black Friday* event, which reached more than EUR 253 million in November 2019, in the public space being vehiculated figures which exceed the value of EUR 300 million.

As well, according to GPeC data, the number of active online sellers in Romania reached 20,119 in 2019, significantly up from the previous year, when there were only 14,749 sellers.

"Price" and "Speed delivery" are still the first two key factors influencing the decision to buy online and the preferred means of delivery remained in 2019, just as in the previous years, the Cash-on delivery service (80% of purchases).

From the perspective of the results of the surveys conducted by Eurostat and GPeC and bearing in mind the direct correlation existing between the evolution of e-commerce industry and that of postal services, ANCOM undertook the present study on the qualitative and quantitative impact of e-commerce on postal services, aiming at identifying the dynamics of the main indicators which it has selected in this regard.

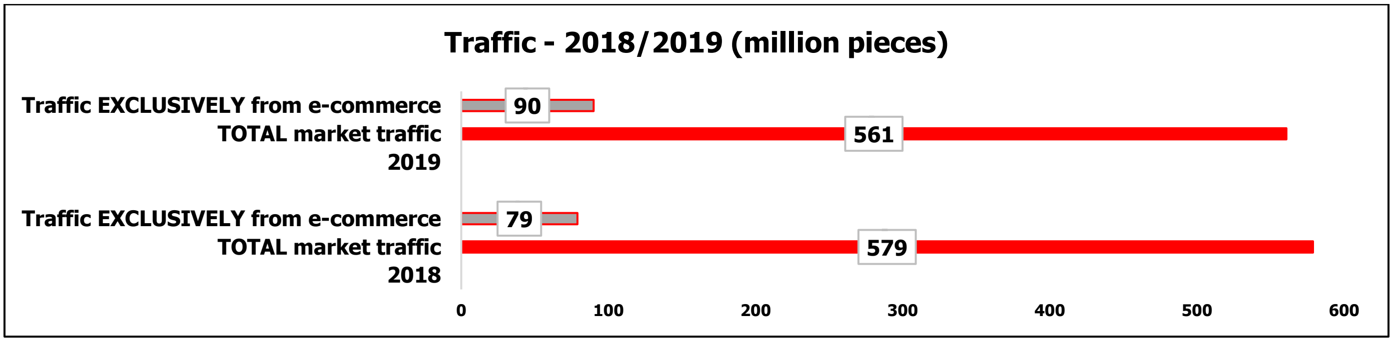
The analysis of the responses received from the postal service providers selected for the sampling pool regarding the e-commerce impact on the industry resulted in the conclusions which are detailed below.

### IV.2. Postal traffic generated by e-commerce in 2019

During 2018, the total traffic volume processed on the Romanian postal market amounted to approx. 579 million postal items, of which little more than 79 million (approx. 14%) were generated by electronic commerce.

In 2019, the total postal traffic processed in Romania amounted to approx. 561 million postal items, down by 18 million compared to the previous year. Nevertheless, the number of postal items generated by electronic commerce grew and surpassed the threshold of 90 million, accounting for 16% within the total market traffic.

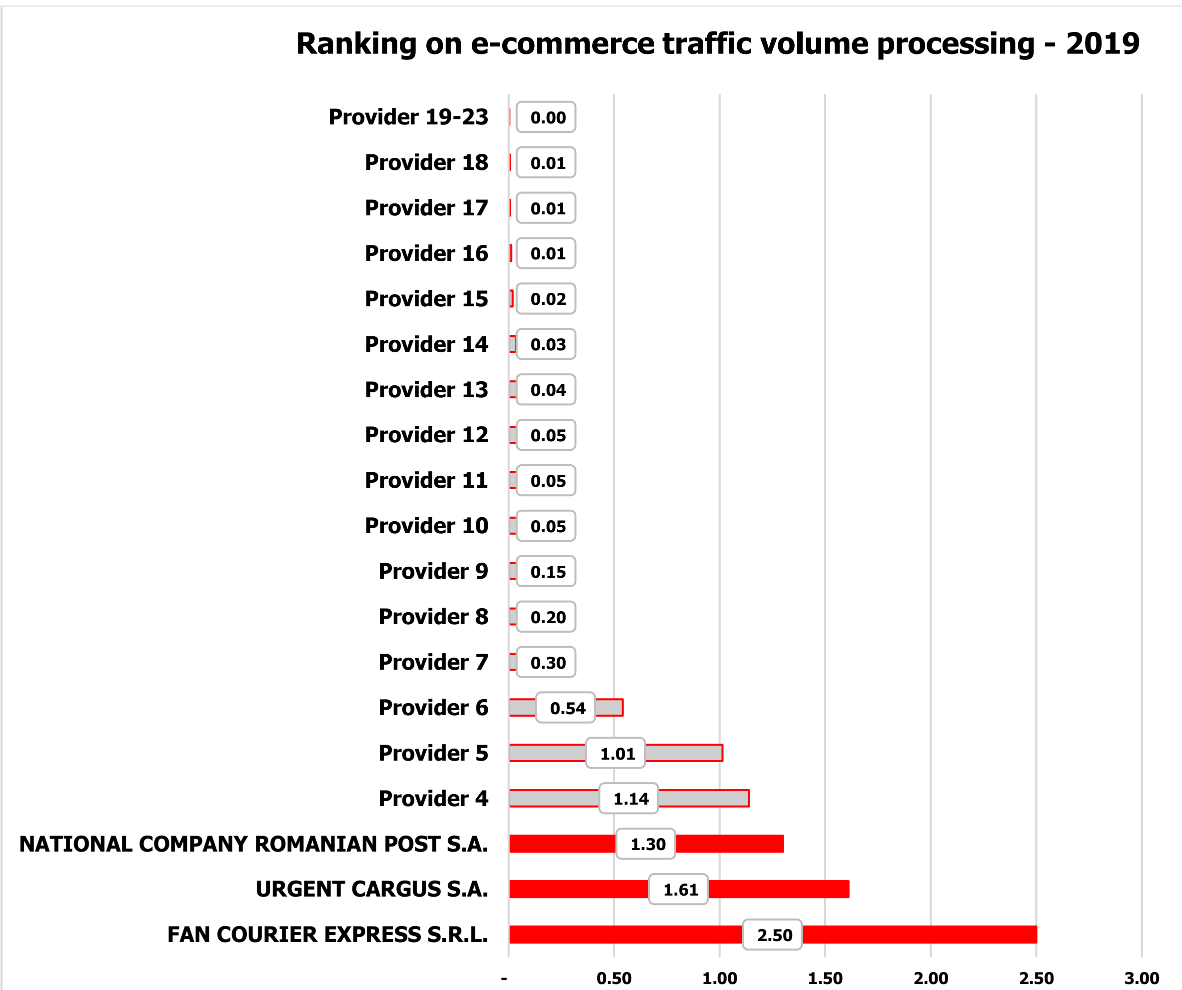
As well, it is important to emphasize that all the 23 providers who reported that they had processed items generated by electronic commerce in 2019 processed together approx. 424 million items, 21% of their activity consisting of the processing of postal items resulted from online purchases.




## IV.2.1. Indicator "Traffic" on parcel market in 2019

In the analysis of the data relating to the "Traffic" indicator only the information concerning the traffic volumes generated by electronic commerce was taken into consideration, each provider in the sampling pool receiving one point for each 10 million items.

**Processing of e-commerce traffic in 2019**




As regards the processing of the traffic volumes consisting of items generated by the e-commerce industry, the best performers of the Romanian postal market in 2019 were FAN COURIER EXPRESS S.R.L., URGENT CARGUS S.A. and NATIONAL COMPANY ROMANIAN POST S.A., these three providers processing together more than 54 million items of the approx. 90 million introduced in the postal networks by the e-commerce industry.

### IV.3. Postal revenues generated by e-commerce industry in 2019

In 2018, the total revenues obtained from the provision of postal services in Romania amounted to approx. 3.11 billion Lei.

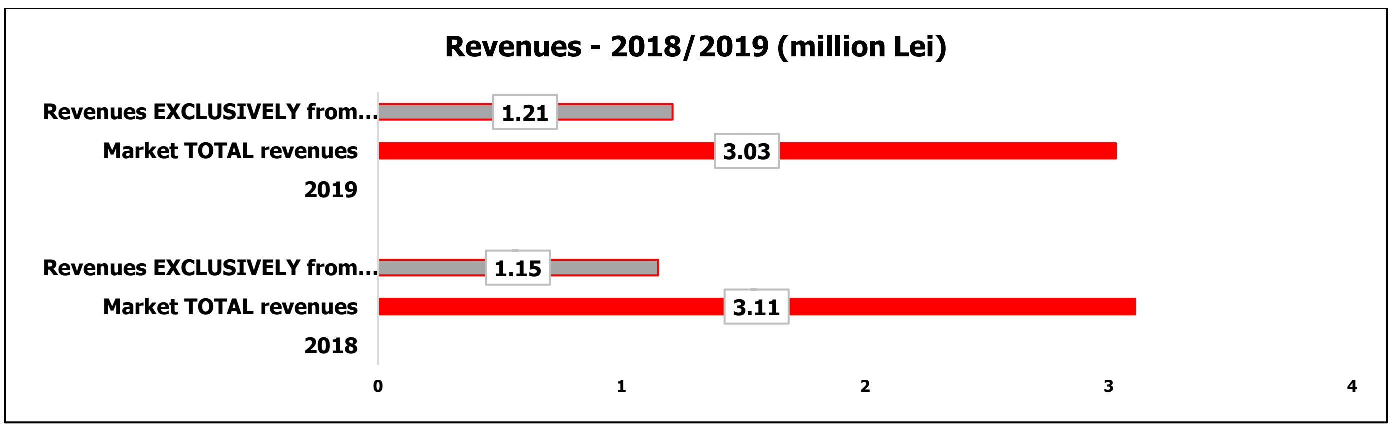
In the same year, the providers that processed postal items generated by electronic commerce registered together a cumulated total postal revenue of approx. 3.05 billion Lei, of which approx. 1.15 billion Lei were revenues obtained exclusively from the processing of e-commerce generated items, with a share of approx. 38% in the total market value. In 2019, the total revenues obtained on the Romanian postal market amounted to approx. 3.03 billion Lei.

The data reported by the providers who processed e-commerce generated items show that their total cumulated postal revenue was 2.83 billion Lei in 2019.

The total revenues obtained exclusively from processing e-commerce generated items in 2019 amounted to approx. 1.21 billion lei, with a share of 40% in the total cumulated revenue of the Romanian postal market and 43% in the total cumulated revenue of the providers who processed e-commerce generated items.

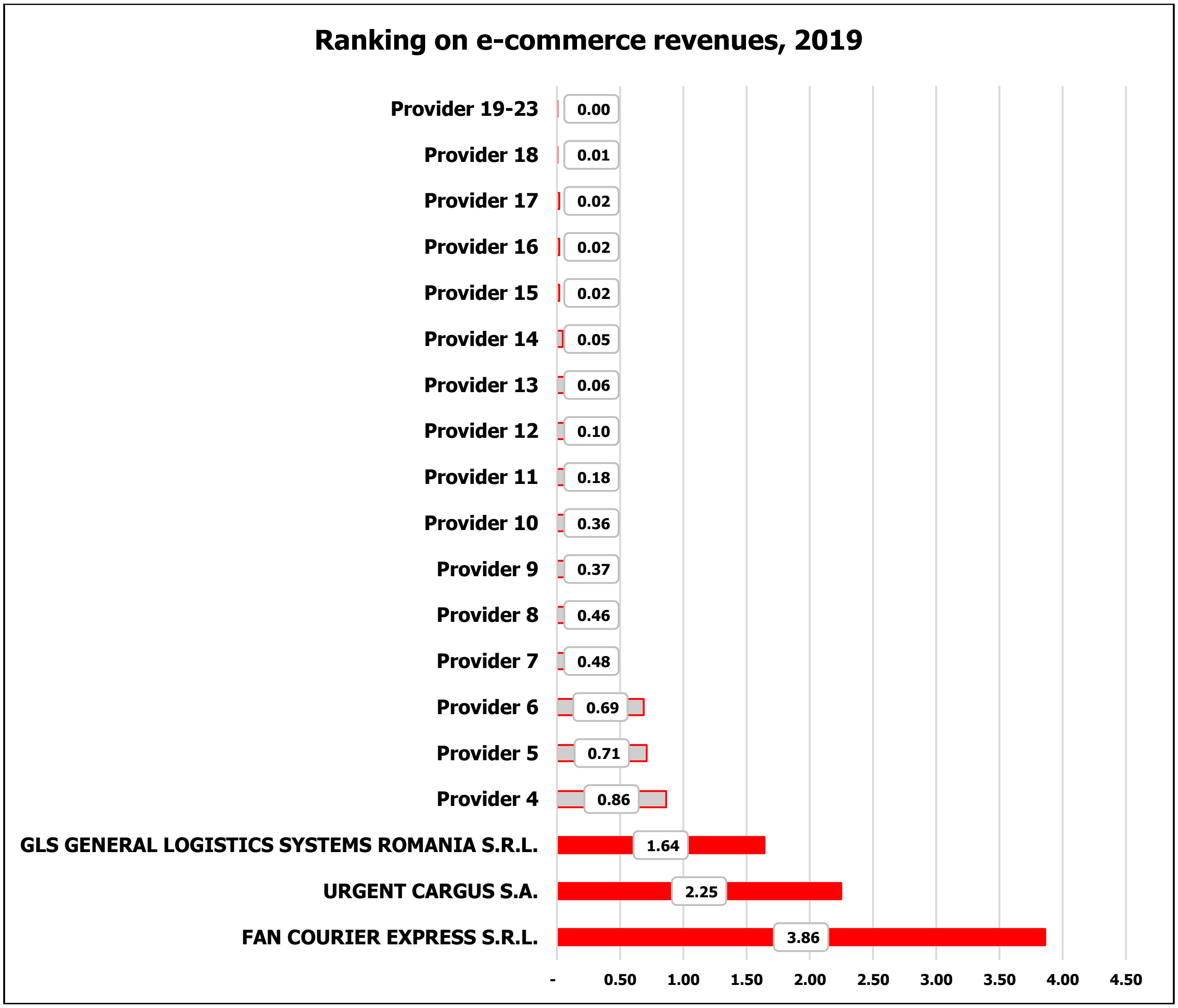
It is remarkable that, in 2019, the electronic commerce industry generated revenues above RON 1 billion, for the second year on a row, the shares of these revenues within the total revenues of the postal market registering an upward trend.

**Dynamics of postal revenues: 2018/2019**




### IV.3.1. Indicator "Revenues" on parcel market, in 2019

In making this ranking, only the revenues obtained from the processing of electronic commerce generated items were taken into consideration, each provider in the sampling pool receiving one point for each 100 million Lei.




As regards the revenues obtained from processing the traffic volumes consisting of items generated by the e-commerce industry, the best performers of the Romanian postal market in 2019 were FAN COURIER EXPRESS S.R.L., URGENT CARGUS S.A. and GLS GENERAL LOGISTIC SYSTEMS S.R.L., these three providers registering together more than 775 million of the total revenues of approx. 1.21 billion lei generated by the e-commerce industry on the postal market.

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

Of all the questioned providers, only 23 communicated that they processed postal traffic generated by the electronic commerce, all of these indicating that the respective items were mainly from the postal parcels category.

The only noteworthy exception from this rule was the universal service provider, the National Company *Romanian Post* S.A., which processed both postal parcels and small packages[14].

[14] Acc. to art. 2, point 16[5] of the Government Emergency Ordinance no.13/2013 on postal services, with the subsequent amendments, small package items are the postal items weighing up to including 2 kg and containing goods with or without commercial value which may have attached documents with correspondence character, and which follow the technological flow used for the items of correspondence, as provided by the Universal Postal Convention and the Letter-post Regulation;

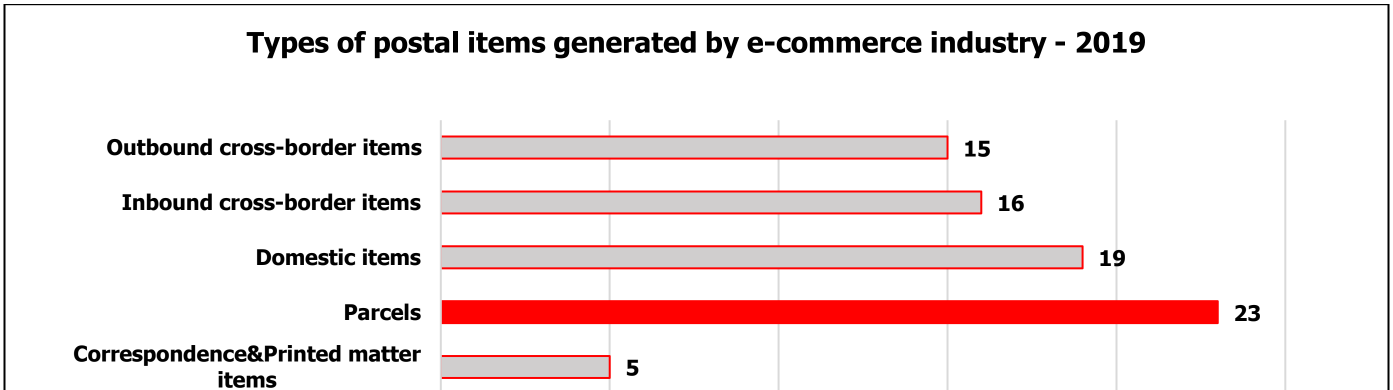
As well, exceptionally, the questionnaire included all the categories of postal items generated by e-commerce in 2019 in the online purchases process, including *correspondence items* and *printed matter* items, these categories regularly comprising goods which are not subject to parcel services (e.g. plane tickets, events tickets, stamps etc.).

It must be emphasised that only 5 respondents communicated to ANCOM that they had processed as e-commerce generated items including the correspondence items and the printed matter items but specified that they did not have the possibility to identify the exact volumes or traffic estimates in this regard, as these items are not usually monitored.

At the question concerning the cross-border postal items, both those sent from other states to Romania (inbound), and those sent from Romania to other states (outbound), the respondents indicated, by order of the traffic volumes processed in 2019, the respective origin or destination countries.

Regarding the cross-border postal items generated by e-commerce, the responses received by the Authority show that 16 providers processed inbound cross-border e-commerce items and 15 processed outbound cross-border e-commerce items in 2019.

**Types of postal items generated by e-commerce in 2019**




| | Correspondence &Printed matter items | Parcels | Domestic items | Inbound cross-border items | Outbound cross-border items |
|---|---|---|---|---|---|
| Postal service providers | 5 | 23 | 19 | 16 | 15 |

Thus, in the case of cross-border items, inbound, the first five origin countries, by order of traffic volumes processed by the providers in the sampling pool, were Germany, UK, Italy, Hungary and Bulgaria. In the case of cross-border items, outbound, the first five destination countries were, by traffic volumes, Bulgaria, Hungary, Italy, Germany and UK.

It also must be mentioned that in the case of 4 providers in the sampling pool the routes of processing of cross-border items, both inbound and outbound, generate postal traffic exclusively with the respective countries (2 providers – 100%, Spain; 1 provider – 100%, Bulgaria; respectively 1 provider – 100%, UK).

## IV.5. Complaints concerning the processing of postal items generated by e-commerce

The number of complaints received by the respondents, in relation to the processing of postal parcels generated by e-commerce, in 2018 and 2019[15], was monitored by the following categories: *grounded*, *ungrounded*, *settled with damage payments*, *settled without damage payments*, respectively *unsettled*.

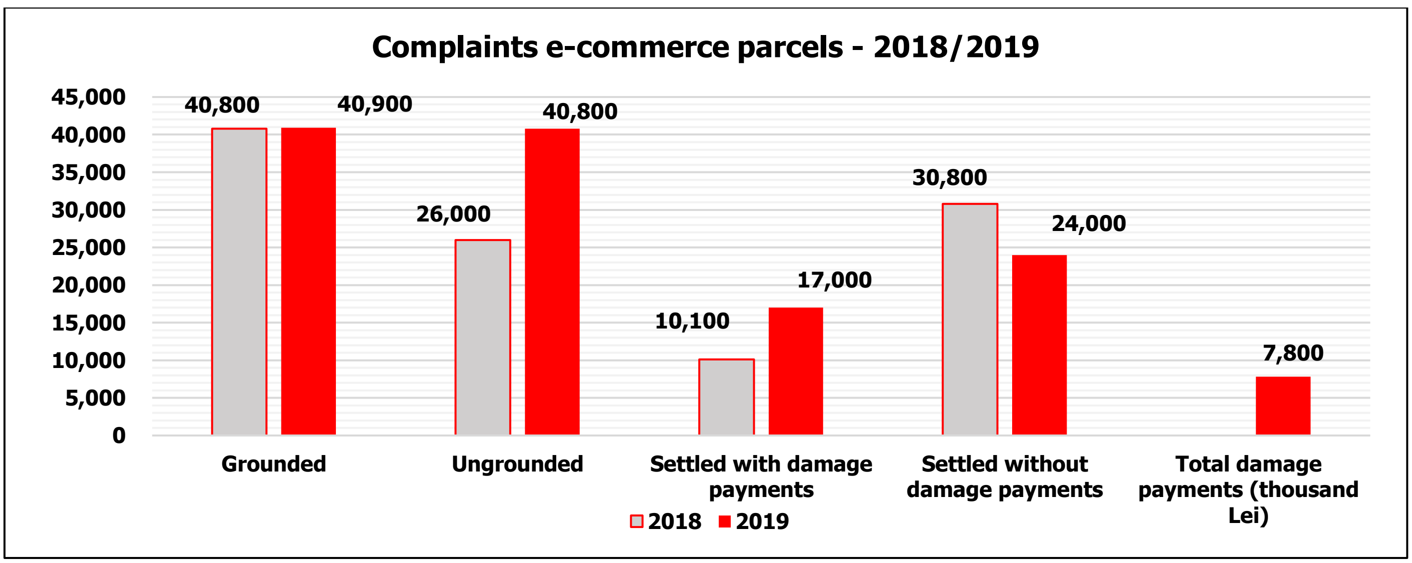
Considering that 6 providers did not monitor this indicator specifically and, therefore, were not able to report the respective information, the conclusions below were grounded on approximated values.

The analysis of the data received in this regard revealed the following:

- the number of grounded complaints rose in 2019, from 40,800 in the previous year to 40,900;
- compared to 2018, the number of ungrounded complaints grew significantly in 2019 (by almost 15,000 – more than 50%);
- during 2019, almost 17,000 complaints settled with damage payments were registered, up by approx. 6,800 compared to the previous year;
- the number of complaints settled without the payment of penalties fell by approx. 6,800 (from 30,800 in 2018 to little above 24,000 in 2019).

The total value of the damage payments[16] for the non-compliant provision of the postal services dealing with e-commerce generated items amounted to approx. 7,800,000 Lei in 2019.

**Complaints related to the processing of e-commerce generated items - 2018/2019**




[15] Taking into account that the sampling pool on which the present study is based is different from the previous research sampling pool, and considering the correction brought by the postal service providers to the statistical data reported to ANCOM, the figures published in the previous study with reference to the complaints regarding exclusively the processing of e-commerce items in 2018 were updated to reflect the lower figures;

[16] As regards this indicator, the Authority does not hold data for 2018, these data being collected for the first time for the present study;

### IV.6. Postal services generated by e-commerce in 2018 and 2019

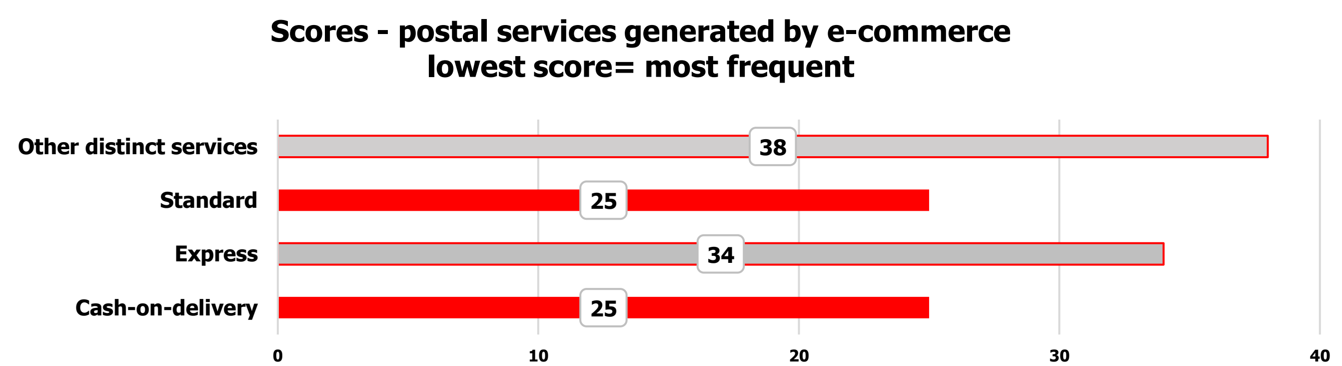
The questionnaire on the impact of e-commerce on the postal service market made available a list of services to the providers in the sampling pool. They had to order these services from "1 – most frequently" to "6 - least frequently". The postal services proposed by ANCOM were "Cash-on-delivery", "Express", "Standard", "Other distinct services" (Advice of delivery, Special delivery etc.). Thus, ANCOM aimed at obtaining a synoptic chart regarding the postal services directly generated by the e-commerce industry.

Having analysed the answers received from the providers, the Authority reached the following conclusions:

- most of the providers communicated to the Authority that the most frequent services they provided in the case of postal items resulting from e-commerce in 2019 were *Cash-on-delivery* and *Standard* (these services received the lowest scores: 25);

- the next most frequently used postal services in 2019 were *Express*, with 34 points, respectively *Other distinct services*, with 38 points.

**Postal services generated by e-commerce in 2019**




| | Cash-on-delivery | Express | Standard | Other distinct services |
|---|---|---|---|---|
| 2019 | 25 | 34 | 25 | 38 |

### IV.7. Track & Trace

In 2019, the Track & Trace service was ensured by 17 providers (74% of the sampling pool) in the processing of e-commerce generated postal items.

### IV.8. Types of senders introducing e-commerce items in the postal network

For 2019, just as in the previous years, the providers had to split the sources generating e-commerce postal items into two categories *Online platforms* and *Online stores*. The Online platforms category entails market-places (eMag, Ebay, Okazii, Olx etc.) which facilitate the relation buyer-seller and which, regularly, ensure including delivery services at negotiated tariffs and conditions.

From this standpoint, the Romanian postal market has created a development pattern in the last years which is mainly based on the providers' possibility to process the traffic volumes. Thus, regularly, the big service providers, due to their capacity to absorb large traffic volumes, are in the position of negotiating the tariffs corresponding to the operations involved by the distribution of the postal items with the big online platforms, whereas the rest of the providers find themselves usually in the situation where they process smaller traffic volumes, generated by the seller-buyer direct relation.

For 2019, 17 providers in the sampling pool (74%) communicated to ANCOM that, in their case, the main generators of e-commerce postal items were the Online stores, whereas only 6 providers indicated the Online platforms as main generators.

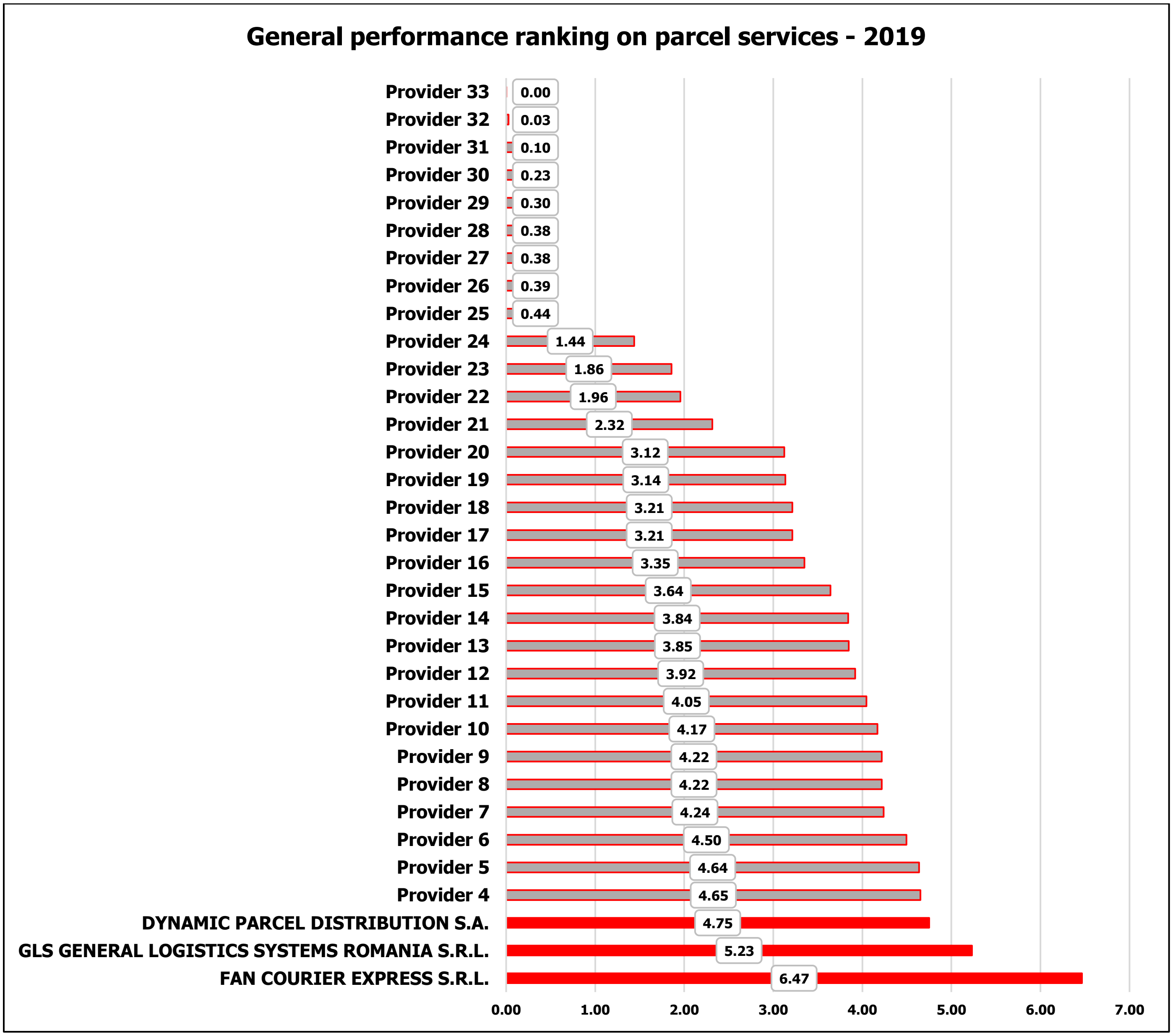
## V. Conclusions and market general rankings

### VI.1. Conclusions on the quality of parcel services in Romania in 2019

*The general performance ranking on parcel services* was made based upon an algorithm resulted from the following shares:

- quality D+1 (arithmetic average of scores obtained by each provider for D+1): = 35%;
- total traffic volume processed on the parcel market: = 30%;
- total average tariff: = 25%;
- total postal revenue achieved on the postal market: 10%.

**Romanian postal parcel market in 2019, general performance ranking**




Analysing the data presented in the general ranking above, one may note that the average of the scores set based on the performances reported by the providers in the sampling pool for the indicators Quality D+1, Traffic, Tariffs and Revenues is 2.79 points, 20 of the 33 providers selected for being part of the sampling pool obtaining performances above this threshold.

The best performers of the Romanian parcel market in 2019 were FAN COURIER EXPRESS S.R.L., GLS GENERAL LOGISTIC SYSTEMS ROMANIA S.R.L. and DYNAMIC PARCEL DISTRIBUTION S.A., their performances with regard to service provision being well above the average threshold achieved by the other providers in the sampling pool.

As regards the Romanian parcel market in 2019, the following conclusions can be drawn, among other, following the study:

- although the normative acts in force in the postal field do not impose the obligation to make quality measurements, 97% of the postal providers that processed together more than 95% of the total traffic of parcels and small packages monitored the quality of their services;

- the amounts invested in view of implementing quality monitoring systems registered a significant decrease compared to 2018, from 7.10 million Lei to 2.76 million Lei, most of the providers on the market developing their own quality assessment systems during the previous years;

- most of the providers in the sampling pool monitored as core quality indicators the end-to-end transit times of the postal items (31 providers) and the complaints received from users regarding the faulty provision of services (27 providers);

- the total amount of the financial resources invested by the providers in the sampling pool in view improving the quality of their services was of approx. 229 million Lei, more than 60 million Lei of these investments being allocated by the providers to the enlargement of their car fleets;

- the total amount invested by the providers in the sampling pool in their staff (for hiring, training and improving the performance of the personnel etc.) was of approx. 10 million Lei, however, similarly to the previous years, the "salaries of the operating personnel" remained in the postal providers' opinion the least important QoS growth driver;

- the total parcel traffic volume amounted to approx. 145 million items, the first three providers on the market processing together almost 60% of the total traffic;

- as for the revenues obtained from the processing of parcel traffic volumes, the first three providers on the market obtained together revenues amounting to approx. 1.15 billion Lei, accounting for almost 52% of the total revenues obtained by the providers who were part of the sampling pool (approx. 2.22 billion Lei);

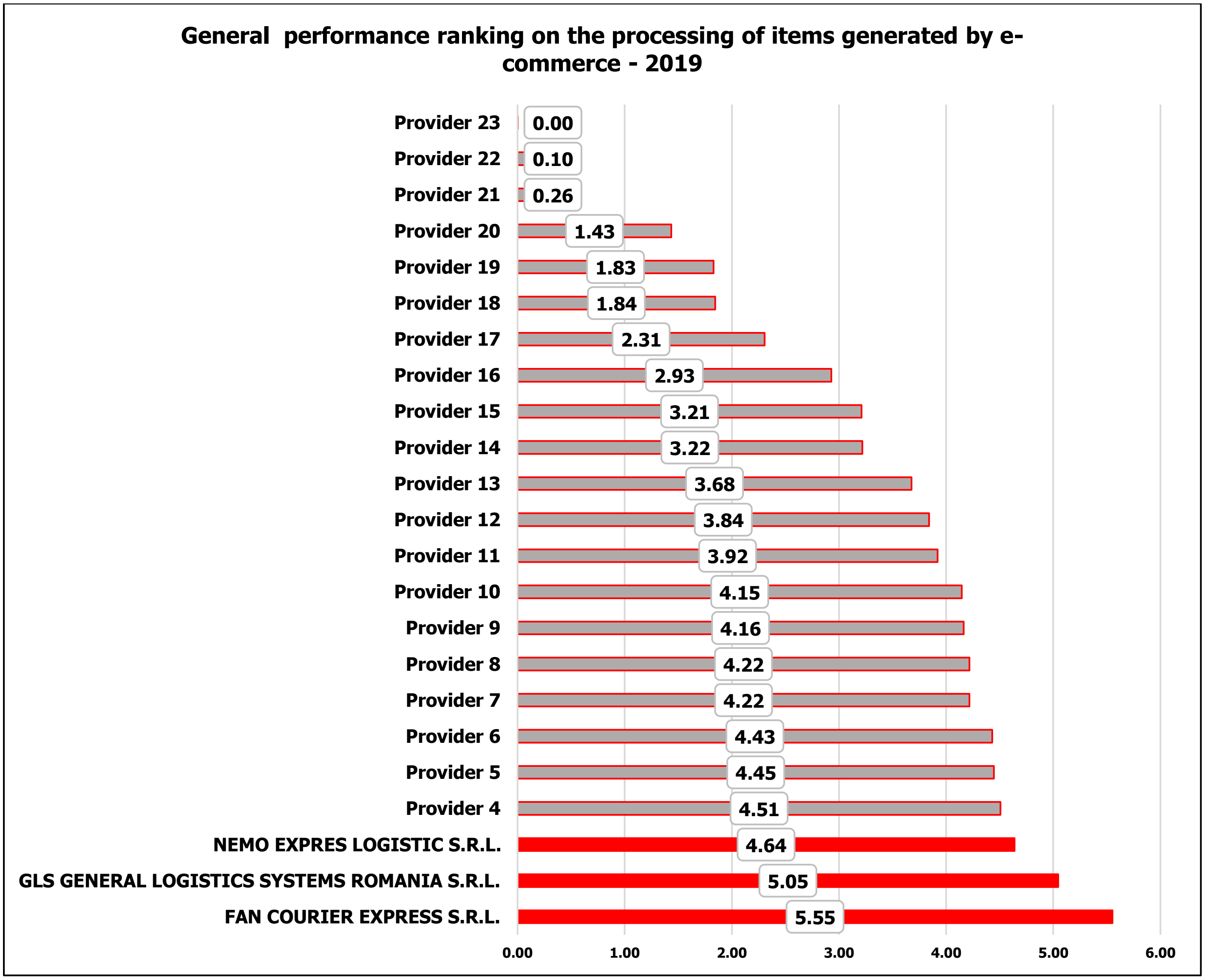
- the most pressing issues faced by the providers active on the Romanian postal market are the lack of workforce and the status of the road infrastructure, specifically the lack of a network of highways that would link the historical regions.

## VI.2. Conclusions on the impact of e-commerce industry on the Romanian postal service market in 2019

*The general performance ranking on the processing of the traffic volumes generated by the e-commerce industry* was made based on an algorithm deriving from the following shares:

- quality D+1 (arithmetic average of scores obtained by each provider for D+1): = 35%;
- total traffic volume processed on the parcel market, generated exclusively by electronic commerce: = 30%;
- total average tariff: = 25%;
- total postal revenue obtained on the parcel market, exclusively by processing the traffic volumes generated exclusively by electronic commerce: 10%.

**Romanian parcel market in 2019, general performance ranking**




Analysing the data presented in the general ranking above, one may note that the average of the scores set based on the performances reported by the providers in the sampling pool for the indicators Quality D+1, Traffic, Tariffs and Revenues is 3.21 points, 15 of the 23 providers that processed postal items generated by e-commerce industry obtaining performances above this threshold.

The best performers of the Romanian parcel market in 2019 were FAN COURIER EXPRESS S.R.L., GLS GENERAL LOGISTIC SYSTEMS ROMANIA S.R.L. and NEMO EXPRES LOGISTIC S.R.L., their performances with regard to service provision being well above the average threshold achieved by the providers in the sampling pool.

As for the impact of electronic commerce on the Romanian postal market during 2019, the following conclusions can be drawn, among other, following the study:

- the total postal traffic volume generated by electronic commerce enjoys an upward trend, growing from approximately 54 million parcels in 2017 to little less over 78 million in 2018 and surpassing 90 million parcels in 2019;

- the revenues obtained from the processing of the traffic volumes consisting of items generated by the e-commerce industry were of approx. 1.21 billion lei, the first three providers achieving more than half of the total revenues (little over 775 million Lei).