



11th Königswinter Seminar

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Competition in Postal Services – A Return to Senders ?

The German mail market – Update on competition after full liberalisation

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A classical metaphor

- used by Nassim Nicholas TALEB, Professor of Risk Engineering at New York University's Polytechnic Institute -



A turkey is – let's say - fed for a 1000 days — every day confirms to its statistical department that the human race cares about its growth and welfare "with increased statistical significance".



A big surprise for the turkey !

But not for the butcher – and not for the cook !

However, on the 1001st day, the turkey has a surprise.





Lesson to learn !

freely adapted from Nassim Taleb

A past which promises steady growth and profits is a past in which there was growth and profits. Not more, not less.

Who, however, projects the past on the future, bets against surprising or rare events.

Pretty risky, because these events are just the surprises one wants to prepare for !



On 1 January 2008 the German letter mail market has been fully opened for competition.

The last monopoly (⇒ letters up to 50 g) was abolished on 31 December 2007.

For the postal market we finally have obtained a regulative situation like for the telecommunication market in 1998 !

A delay of 10 years !



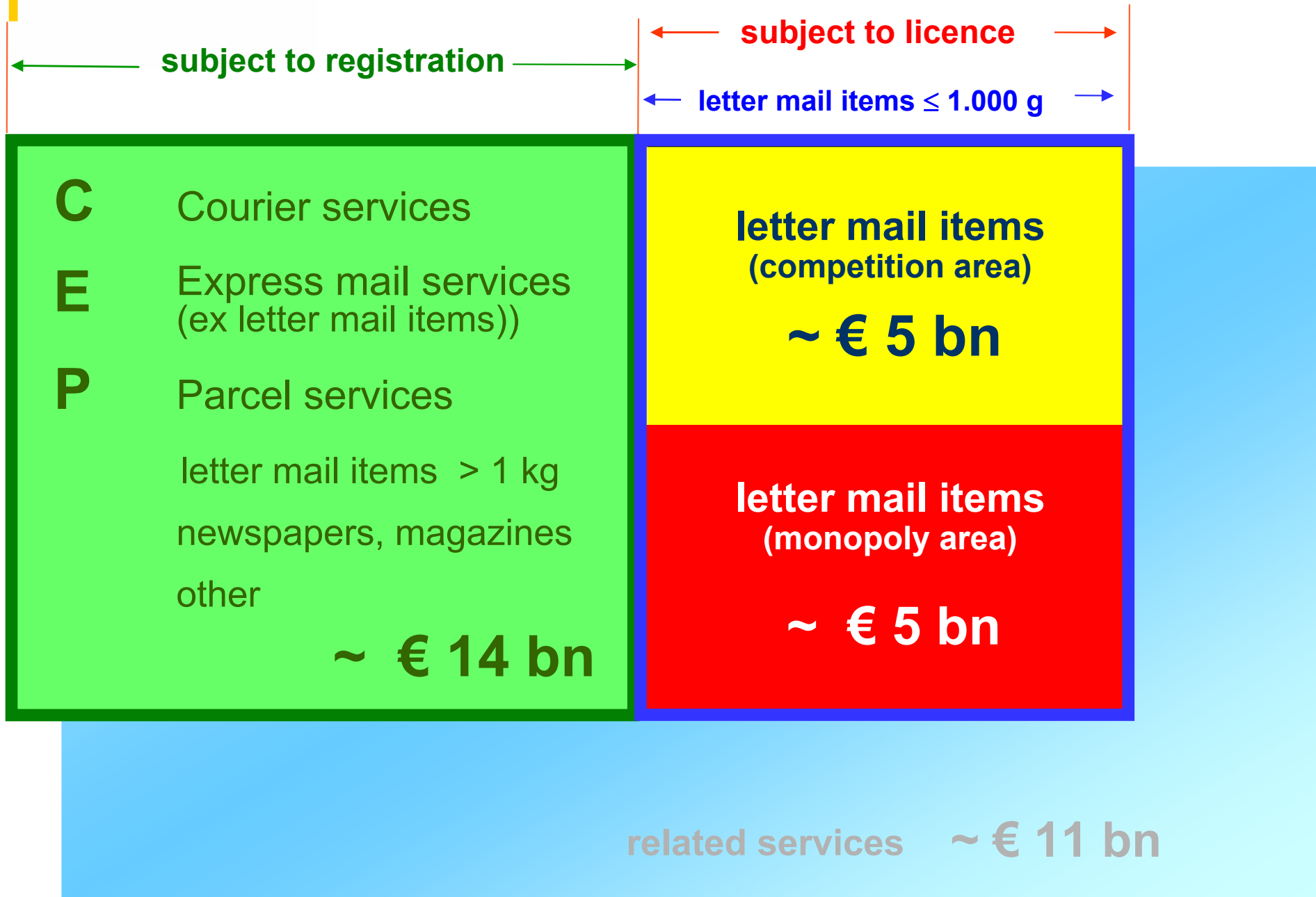
Not necessarily !

Because there still are some "minor" but important differences:

- ➔ VAT exemption for Deutsche Post AG (DPAG)**
- ➔ Shift from ex ante to ex post price regulation**
- ➔ High minimum wages – especially for postman**

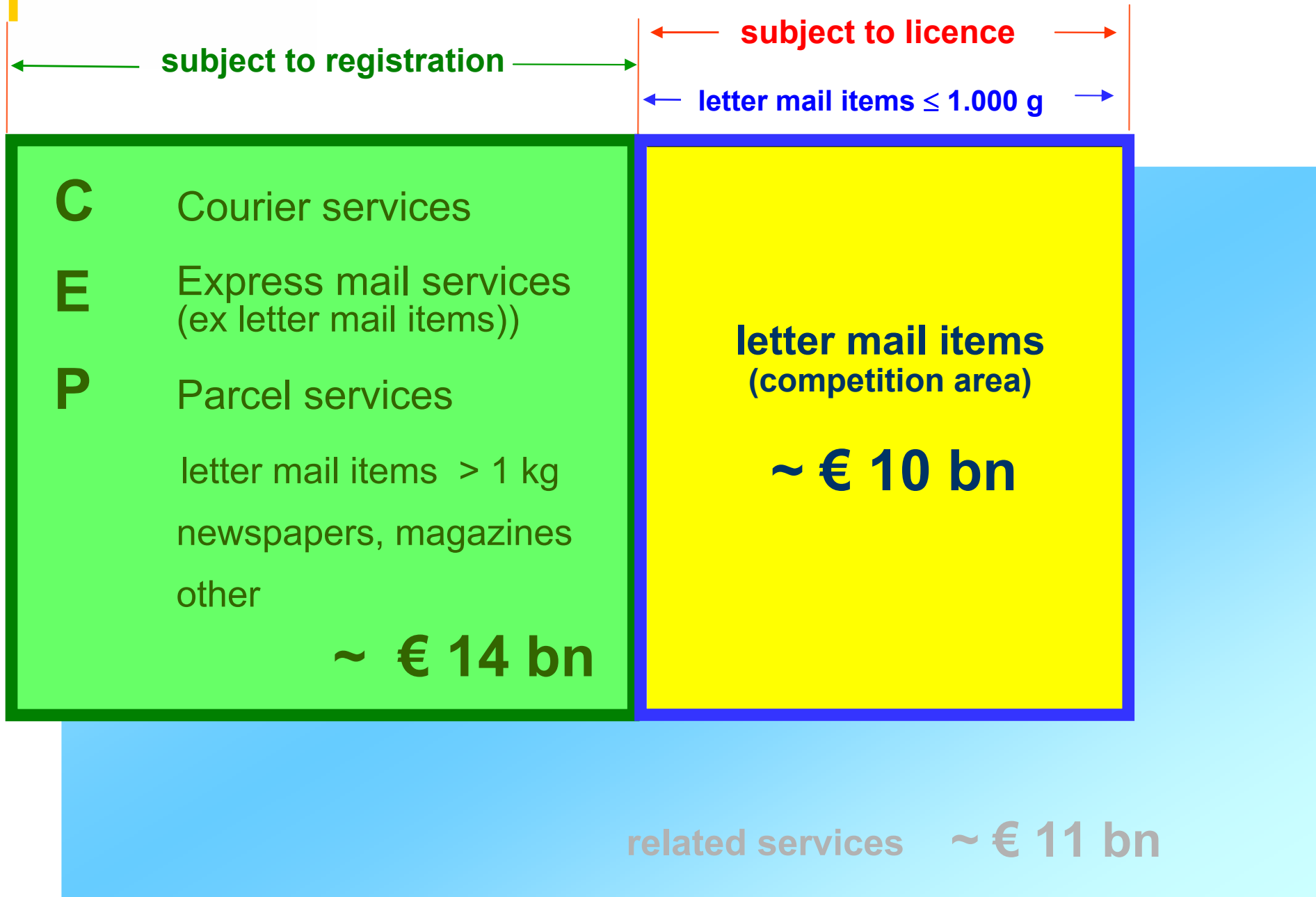


The German mail market 2007



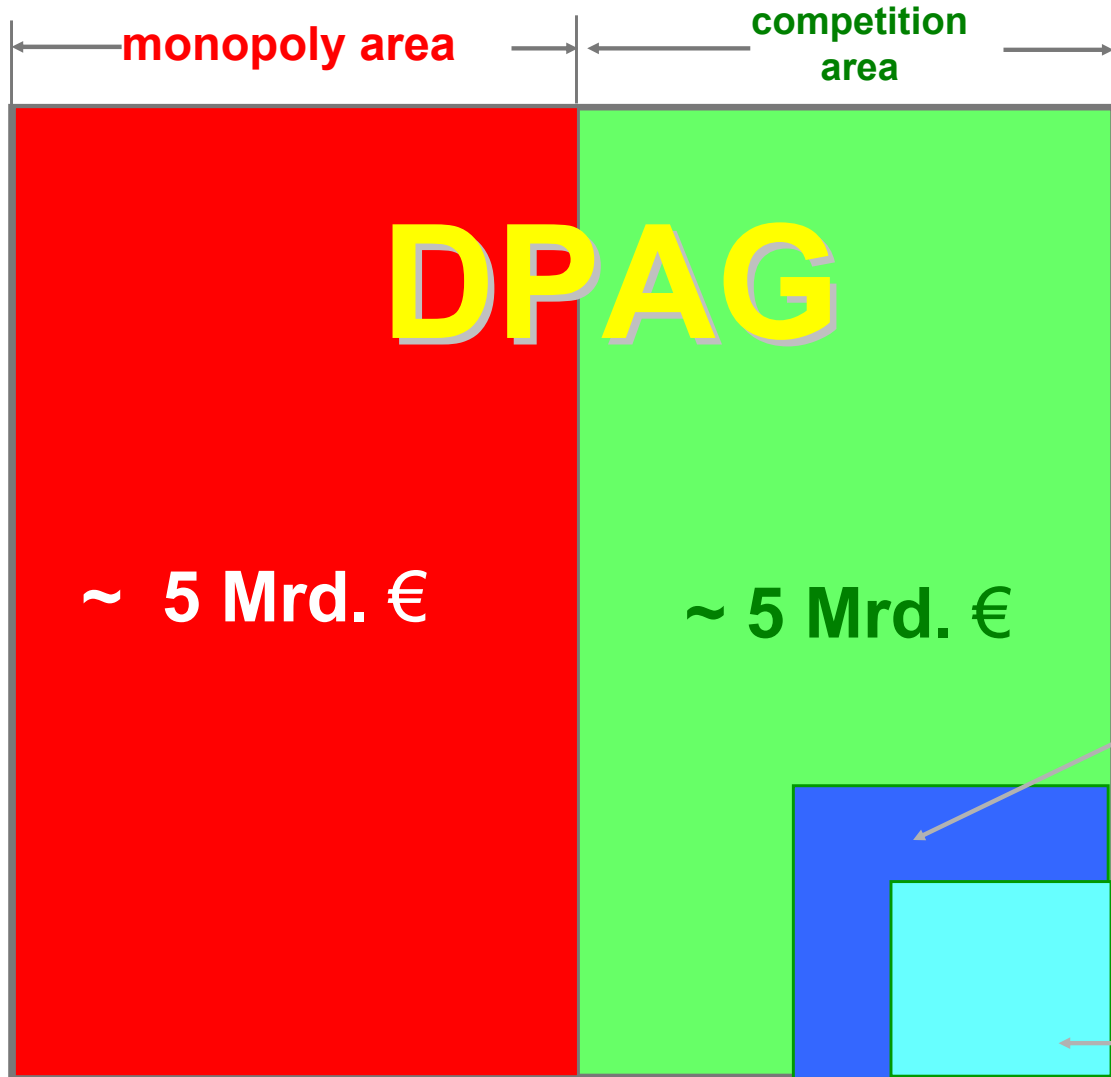


The German mail market 2008





Letter mail market – turnover 2007



$\Sigma \sim \text{€ } 10 \text{ bn}$

market shares

DPAG

⇒ ~ 87 %

competitors

⇒ ~ 13 %

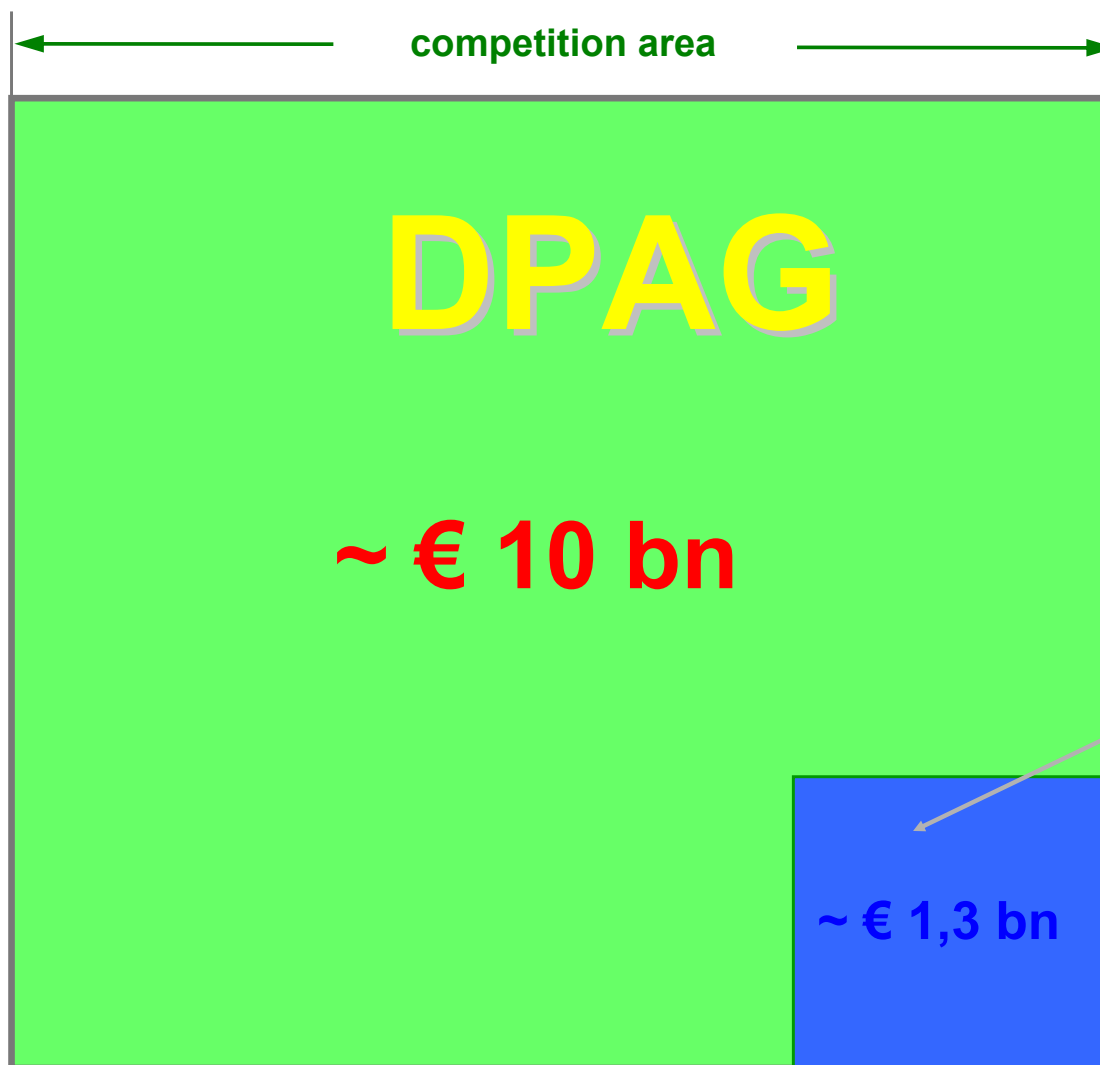
turnover with higher quality Services

~ € 715 m

⇒ 7,15 %



Letter mail market – turnover 2008e



$\Sigma \sim € 10 \text{ bn}$

market shares

DPAG

$\Rightarrow \sim 87 \%$

**turnover
licenceses (total)**

competitors

~ € 1,3 bn

$\Rightarrow \sim 13 \%$

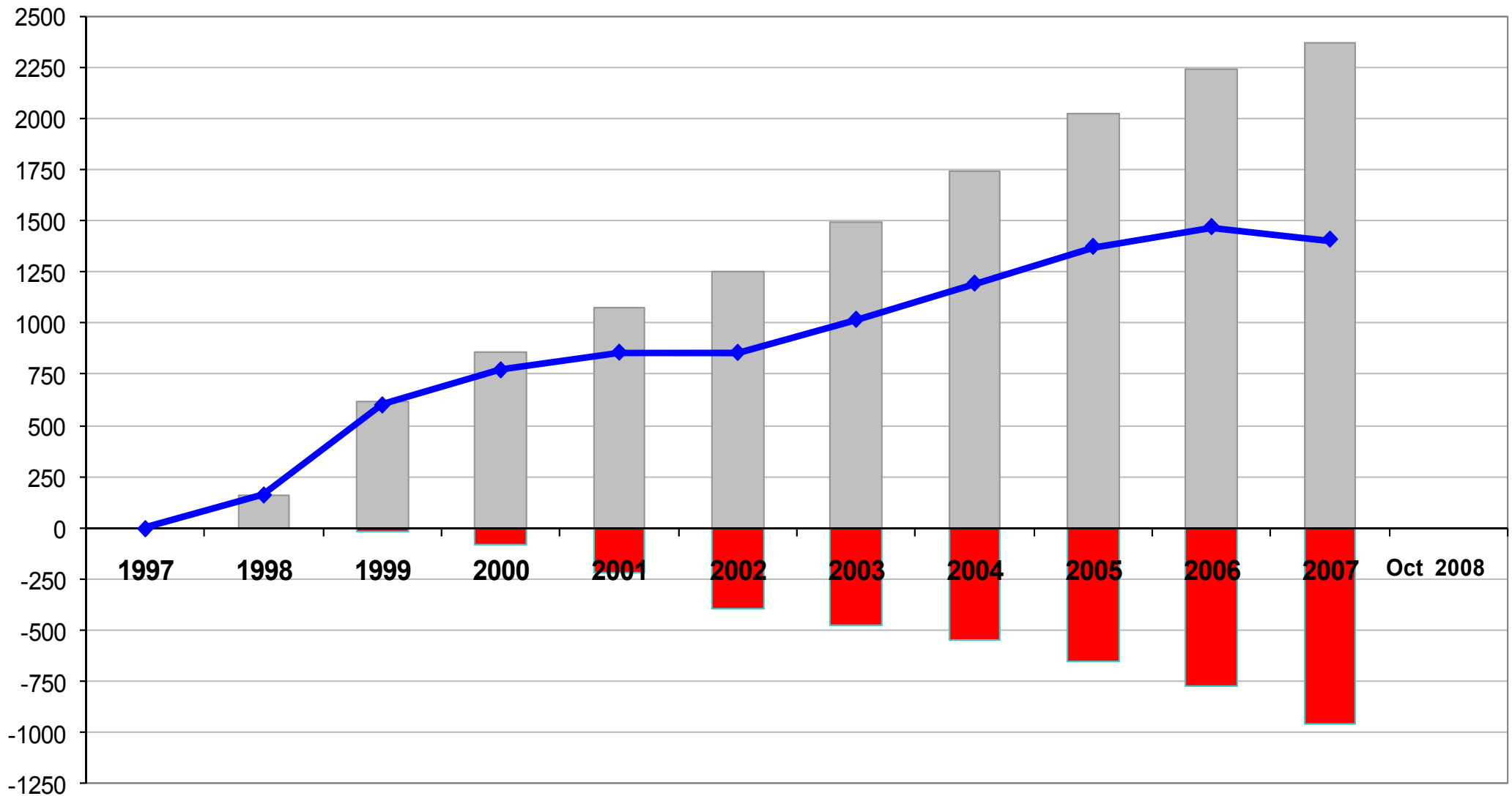


Licences granted – market exits - licences

licences granted

market exits

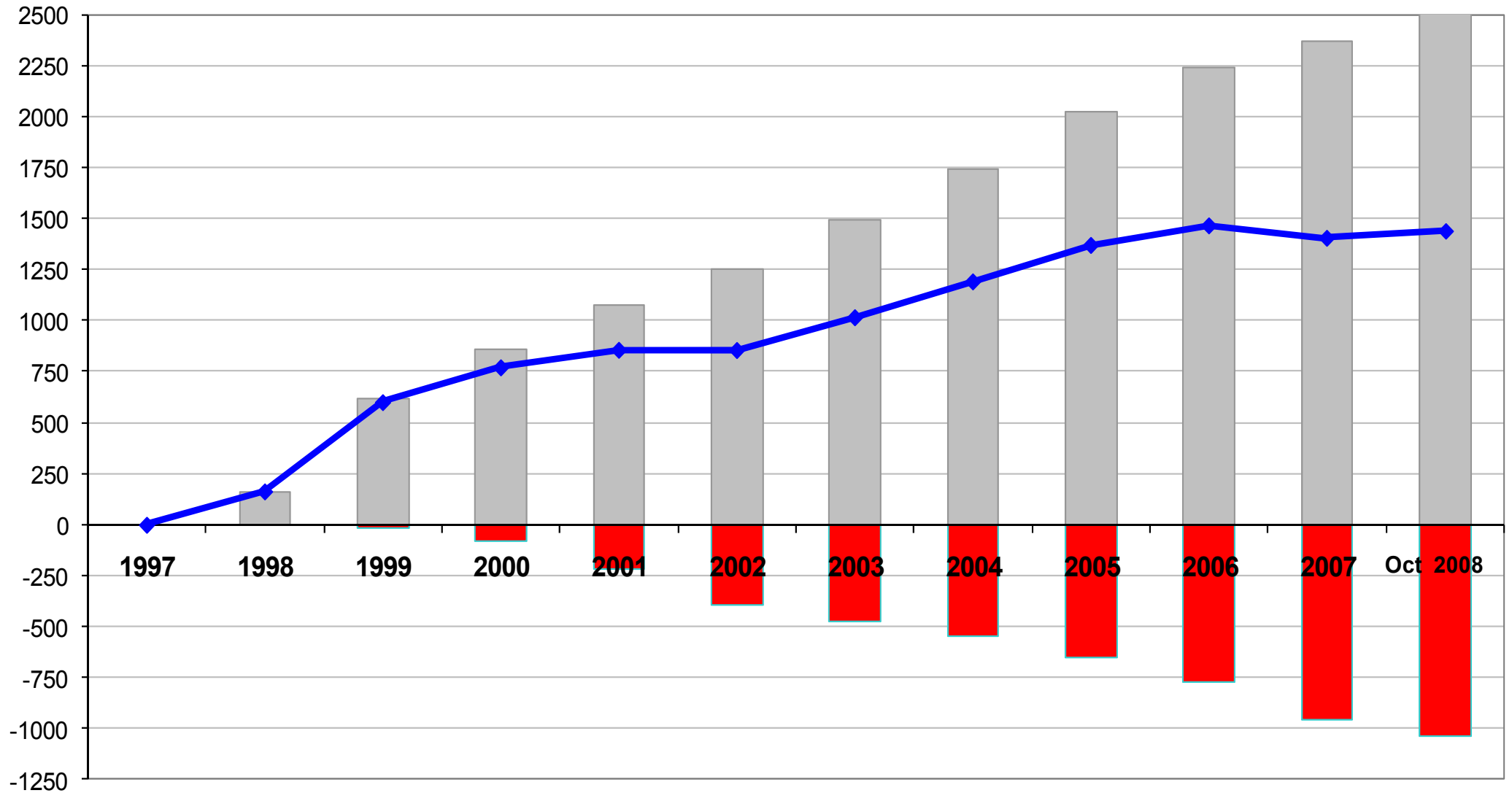
licences





Licences granted – market exits - licences

licences granted market exits licences





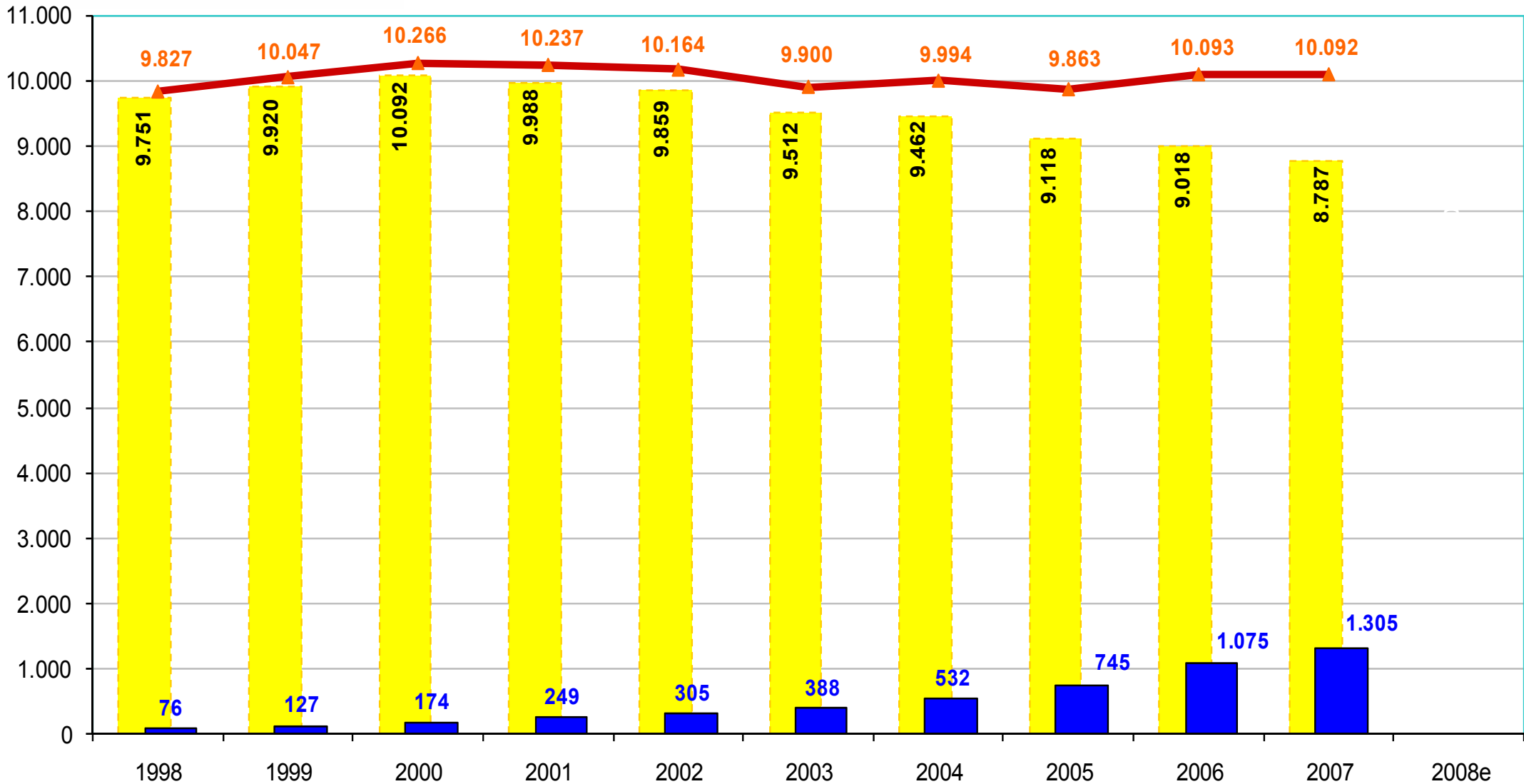
Letter mail market - turnover ("sales")

€ m

DPAG

licencees

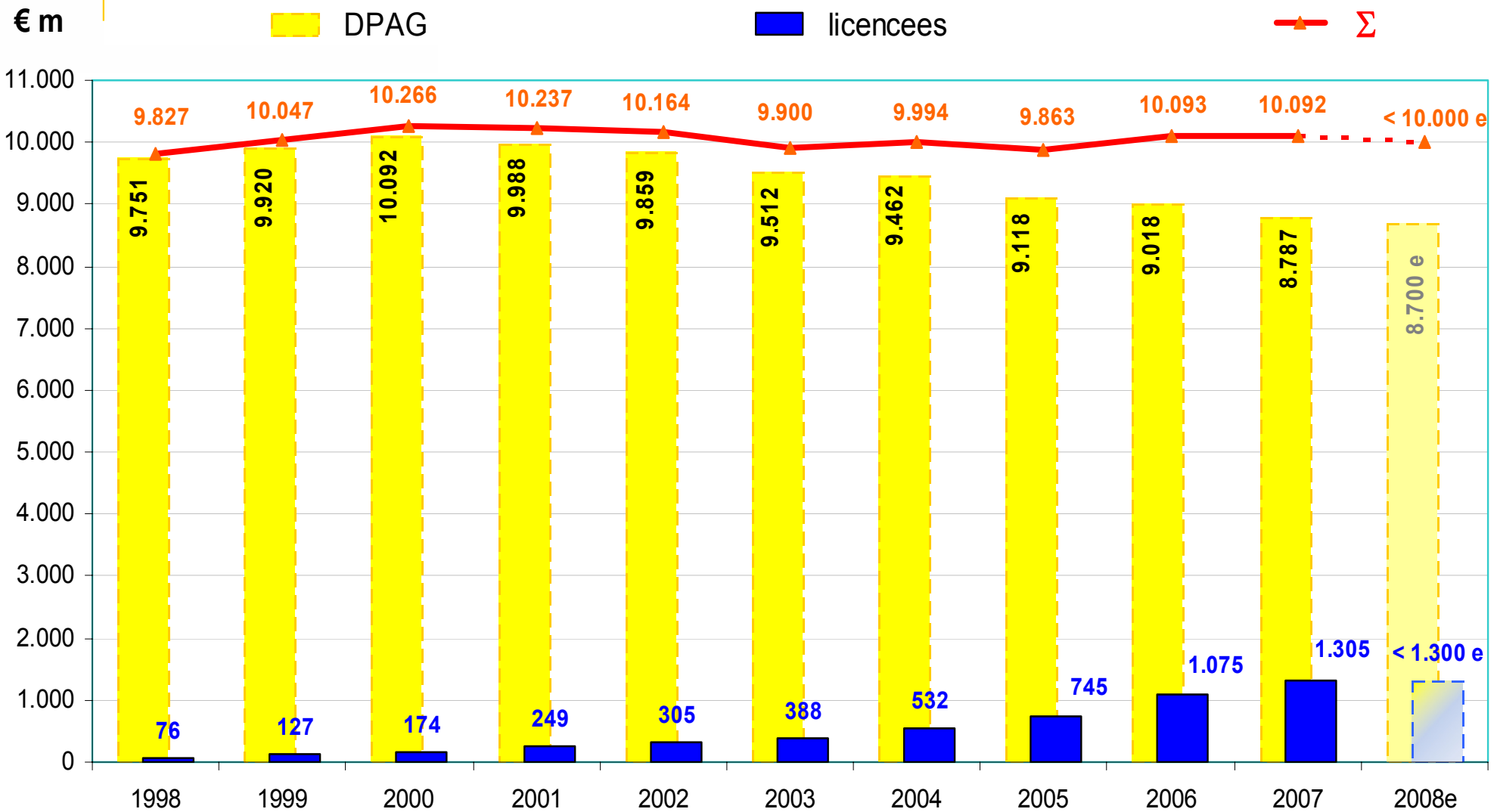
Σ



Marktanteil Wettbewerber 2007: 12,9 % - 2008e: 13 %



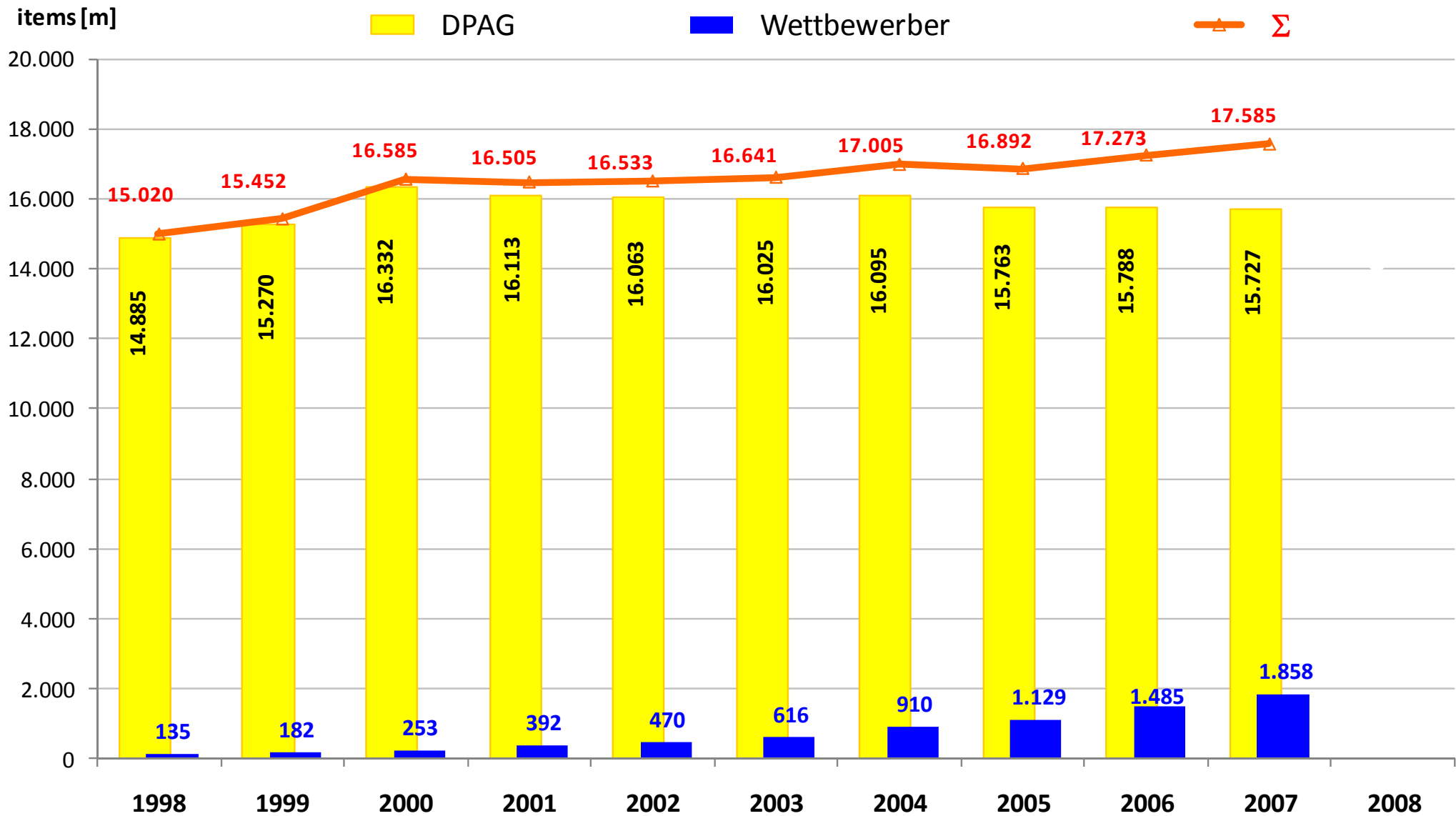
Letter mail market - turnover ("sales")



Marktanteil Wettbewerber 2007: 12,9 % - 2008e: < 13 %



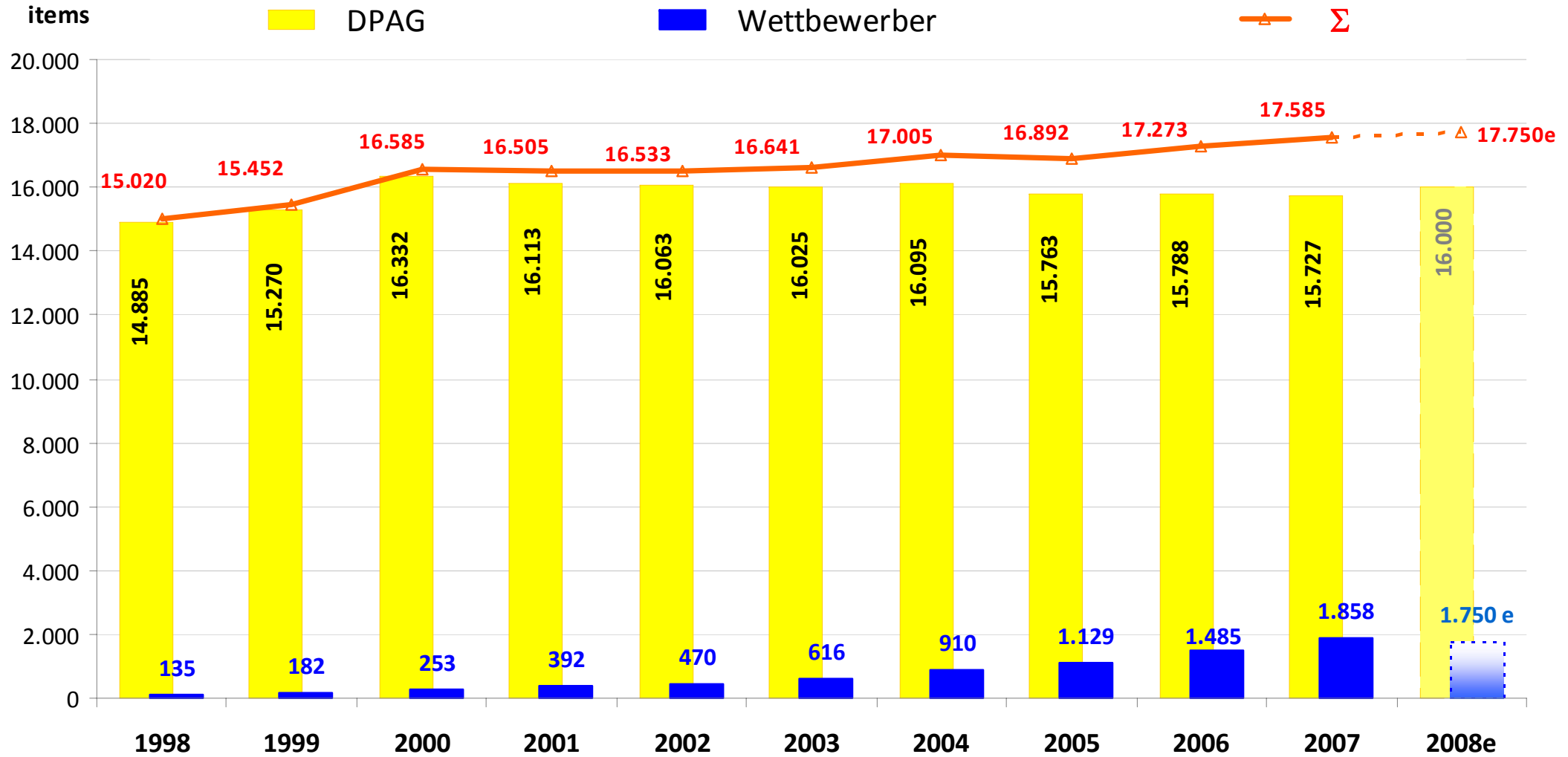
Letter mail market - volumes



Marktanteil Wettbewerber 2007: 10,4 %



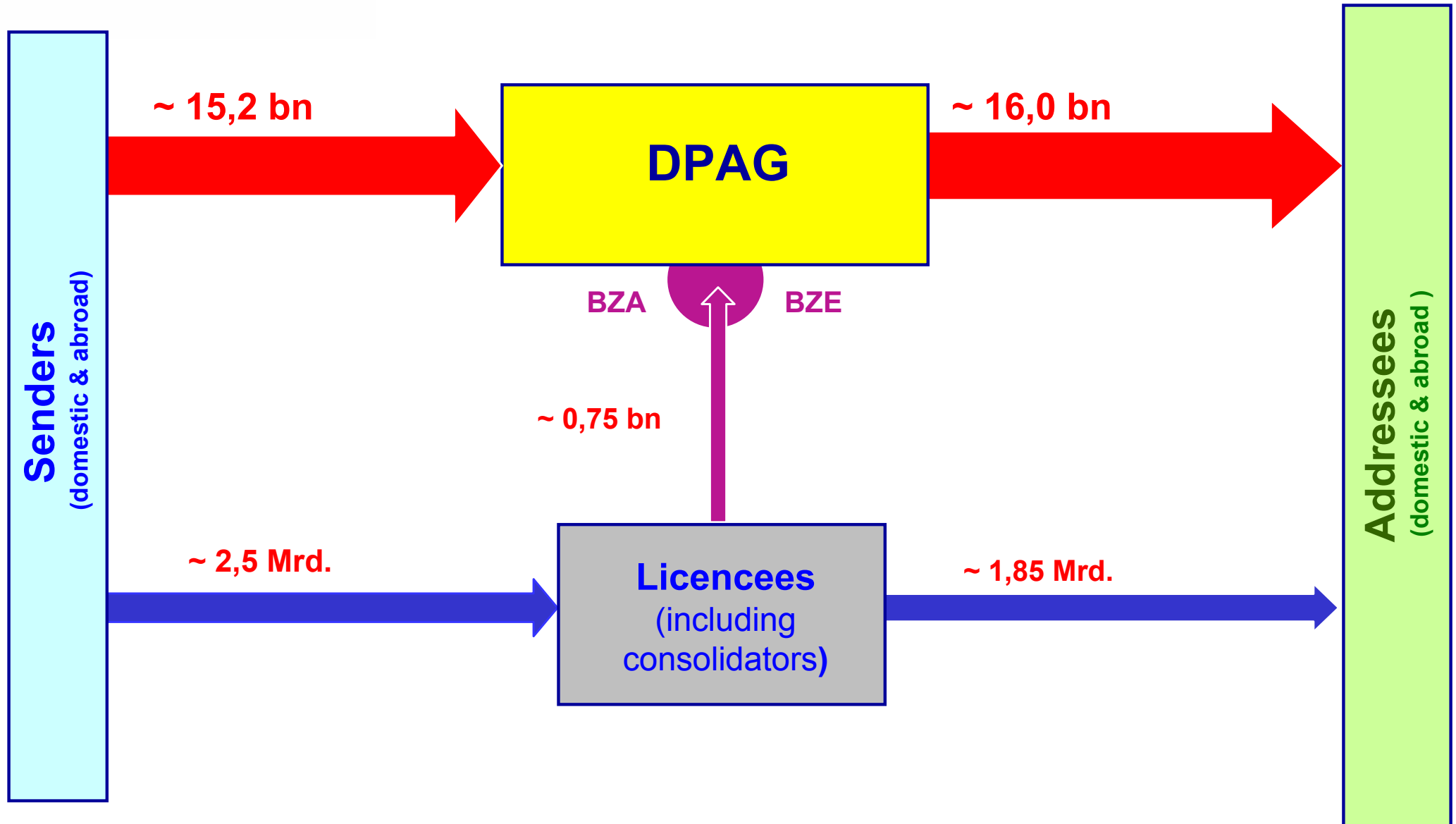
Letter mail market - volumes



Marktanteil Wettbewerber 2007: 10,4 % - 2008e : 9,9 %

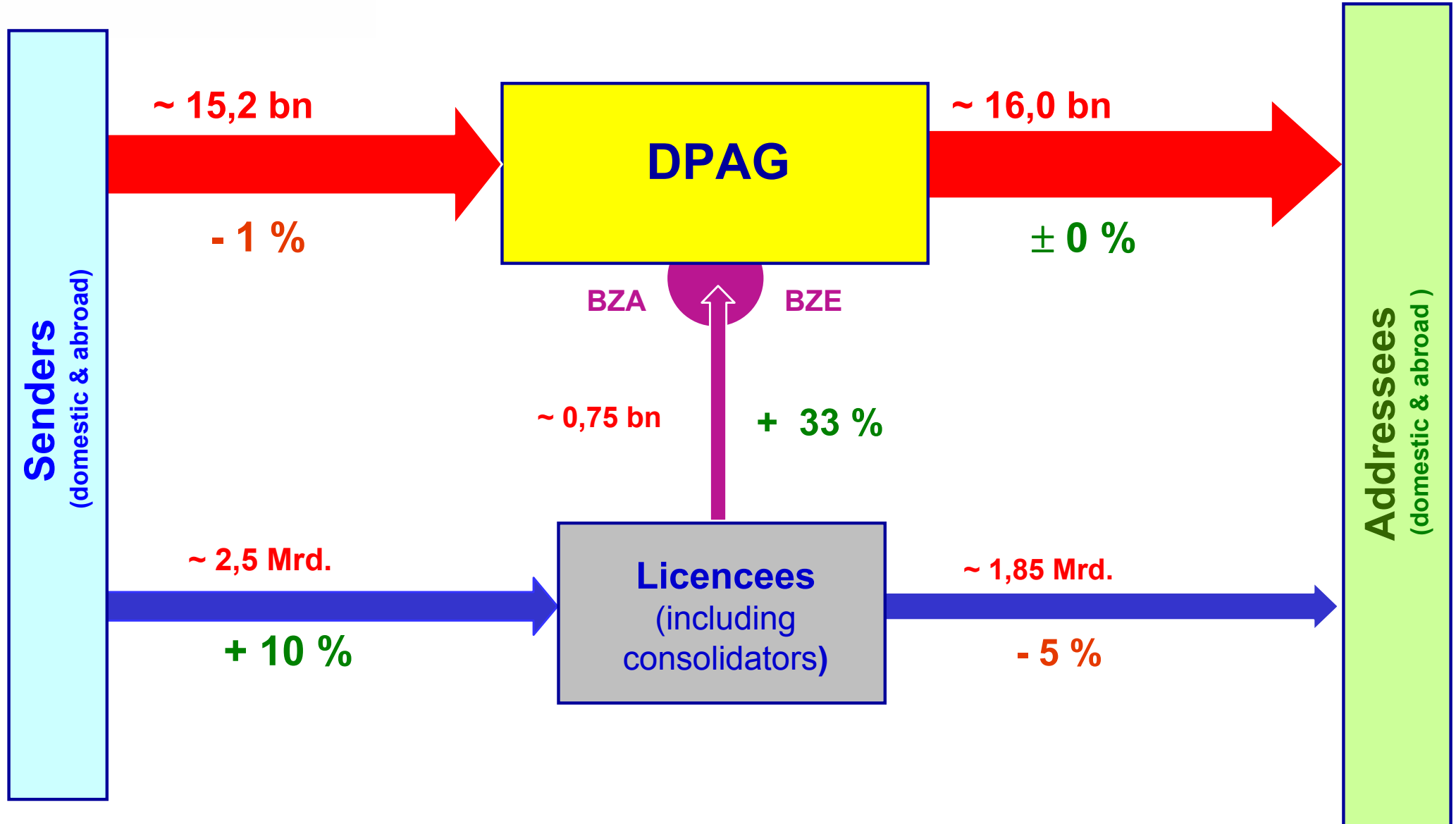


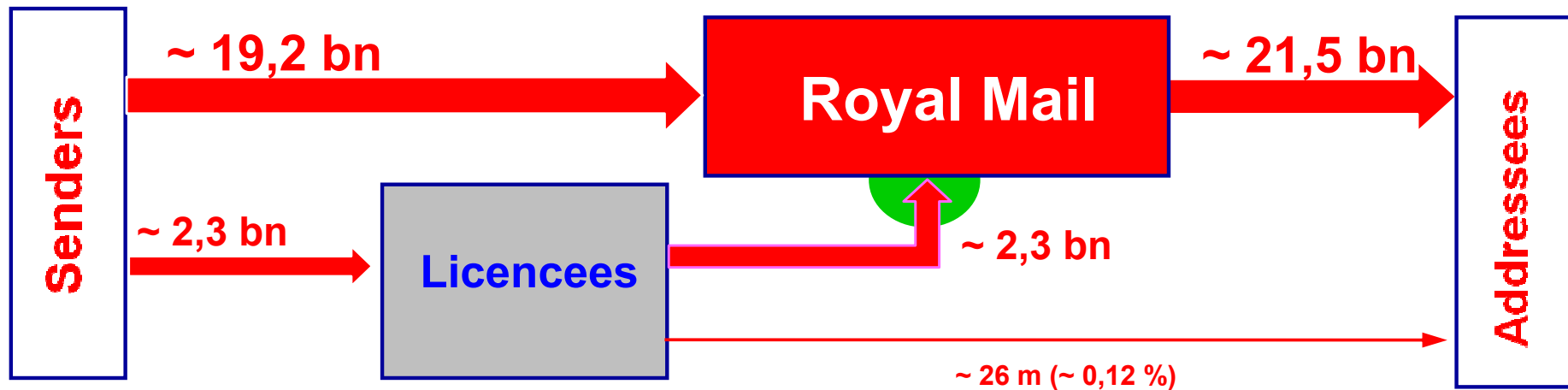
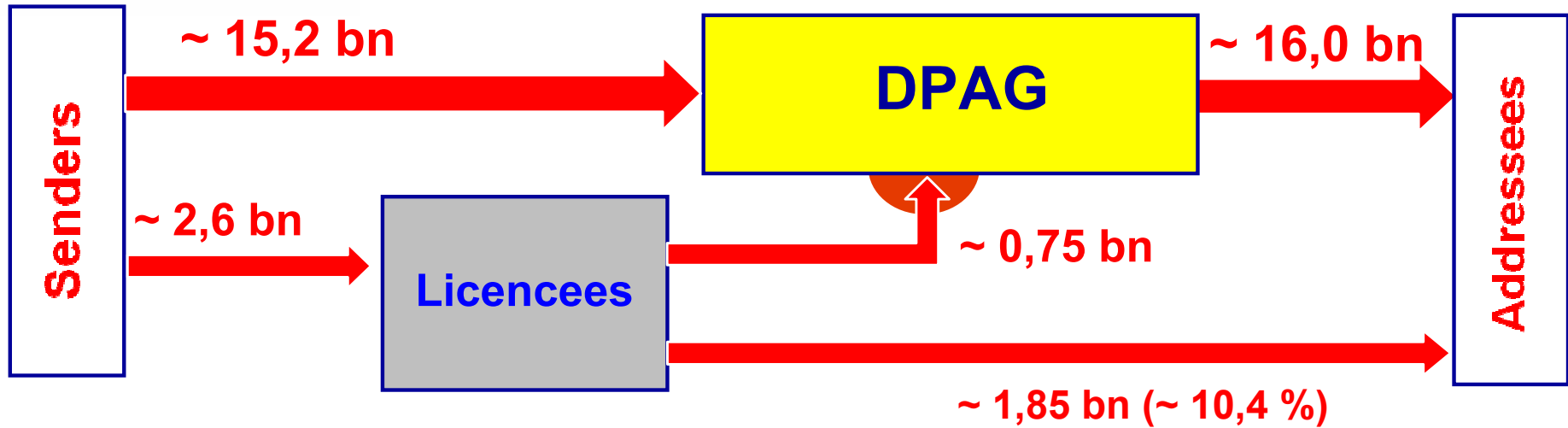
Letter mail streams 2007





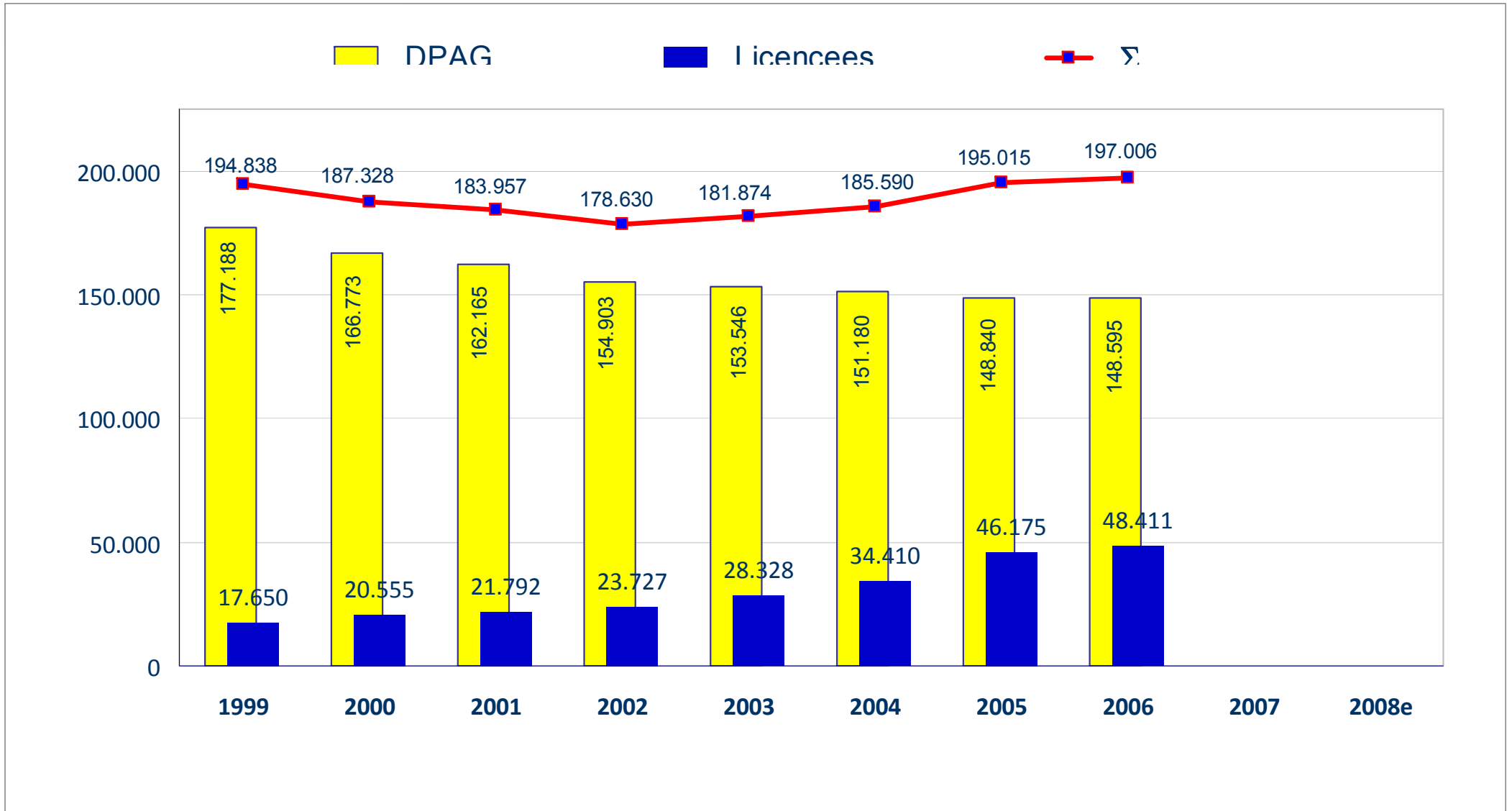
Letter mail streams 2007 & 2008e

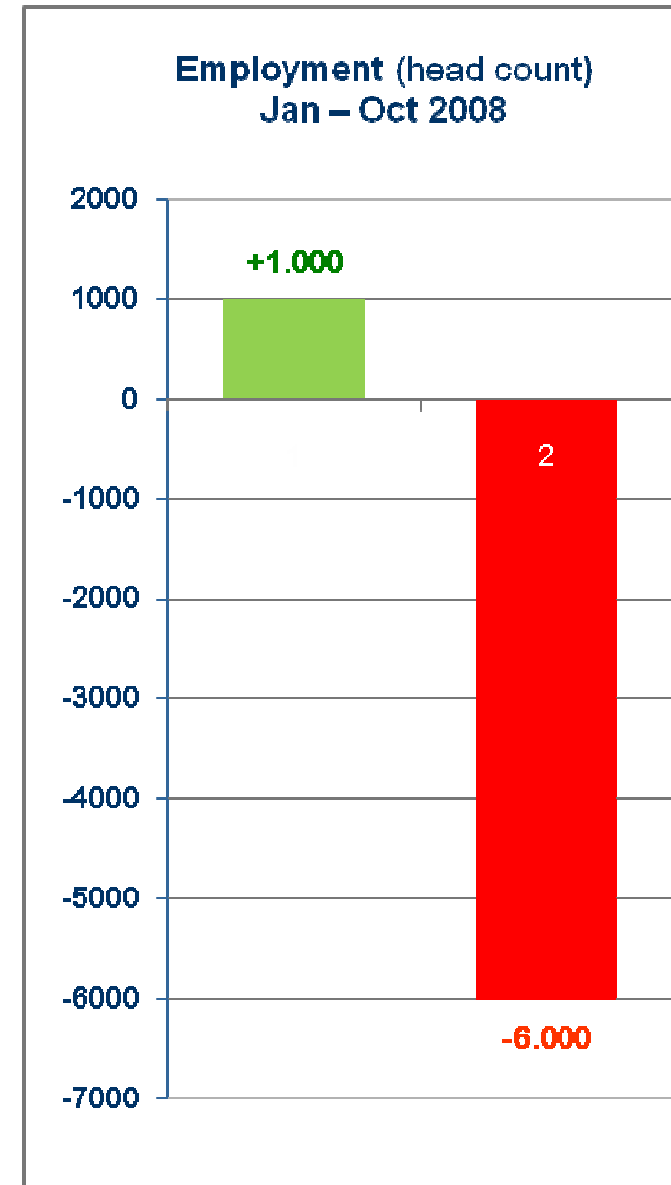
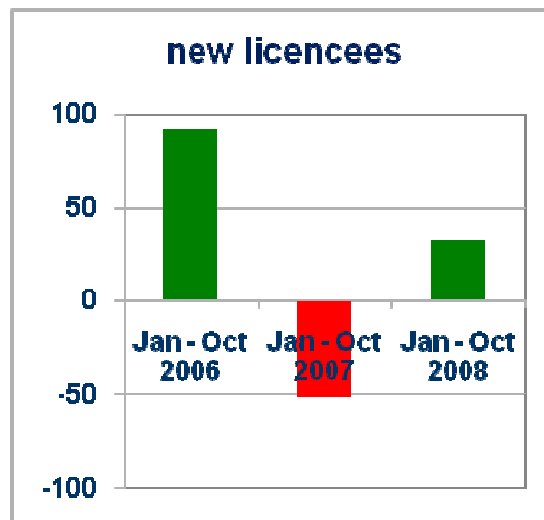
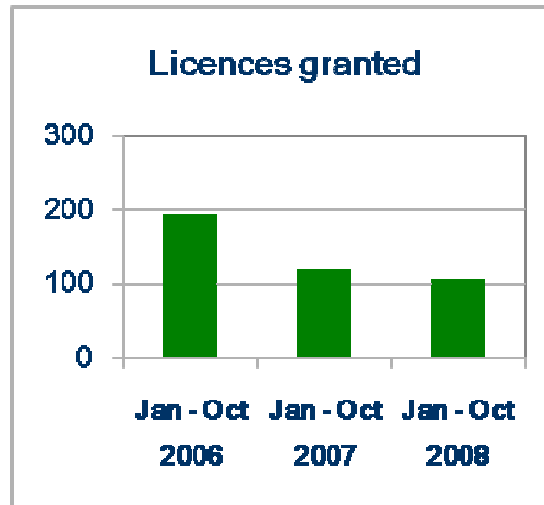
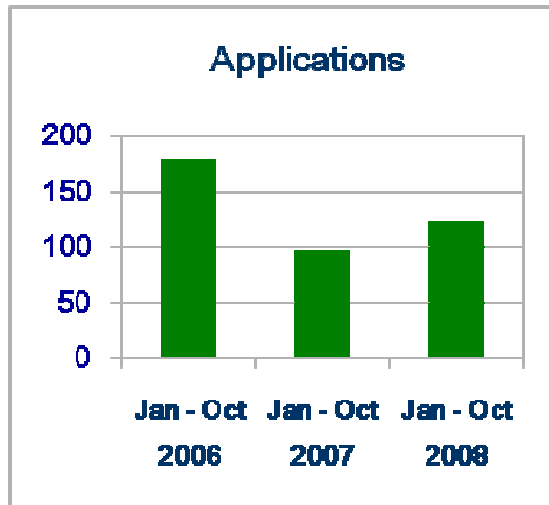






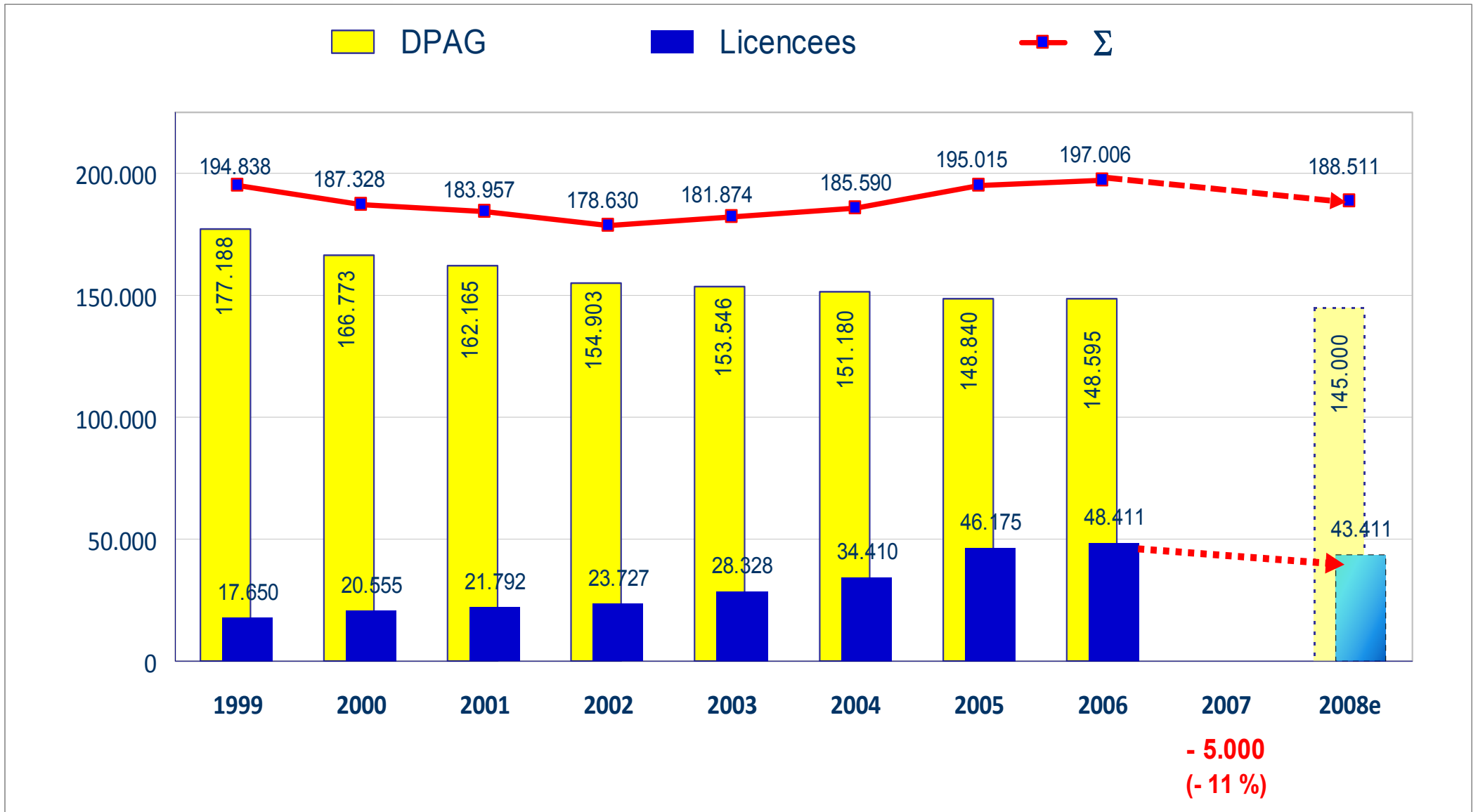
Employment (head count)







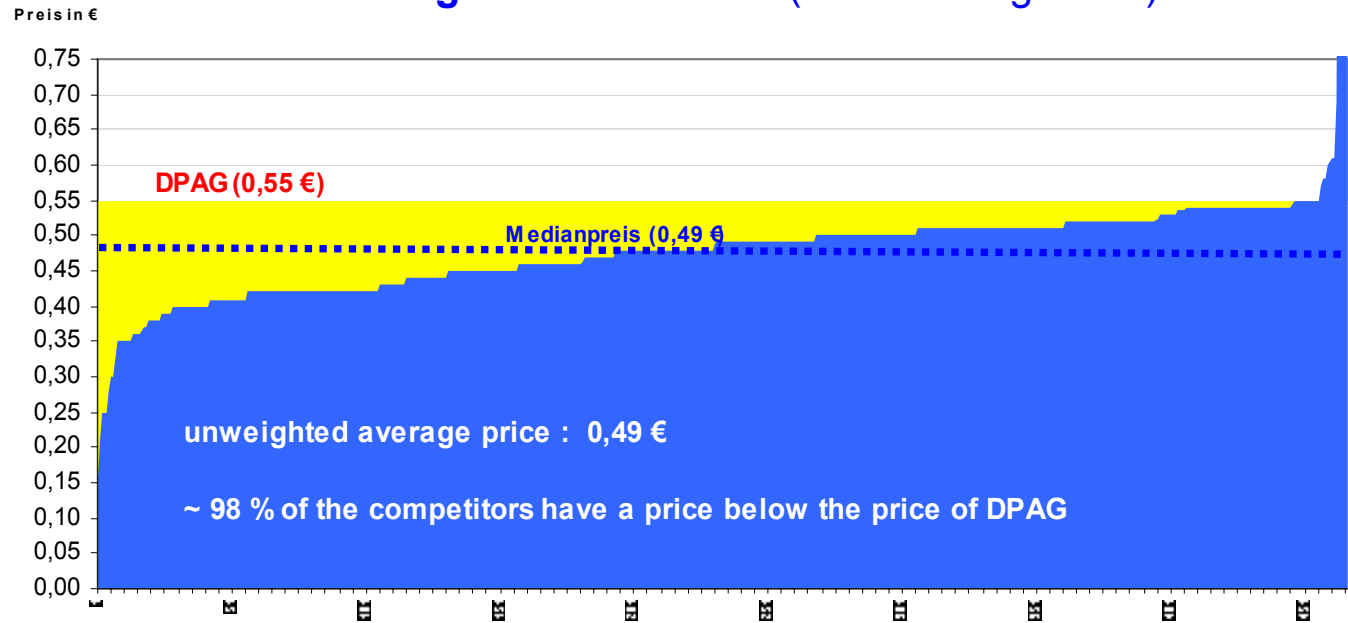
Employment (head count)



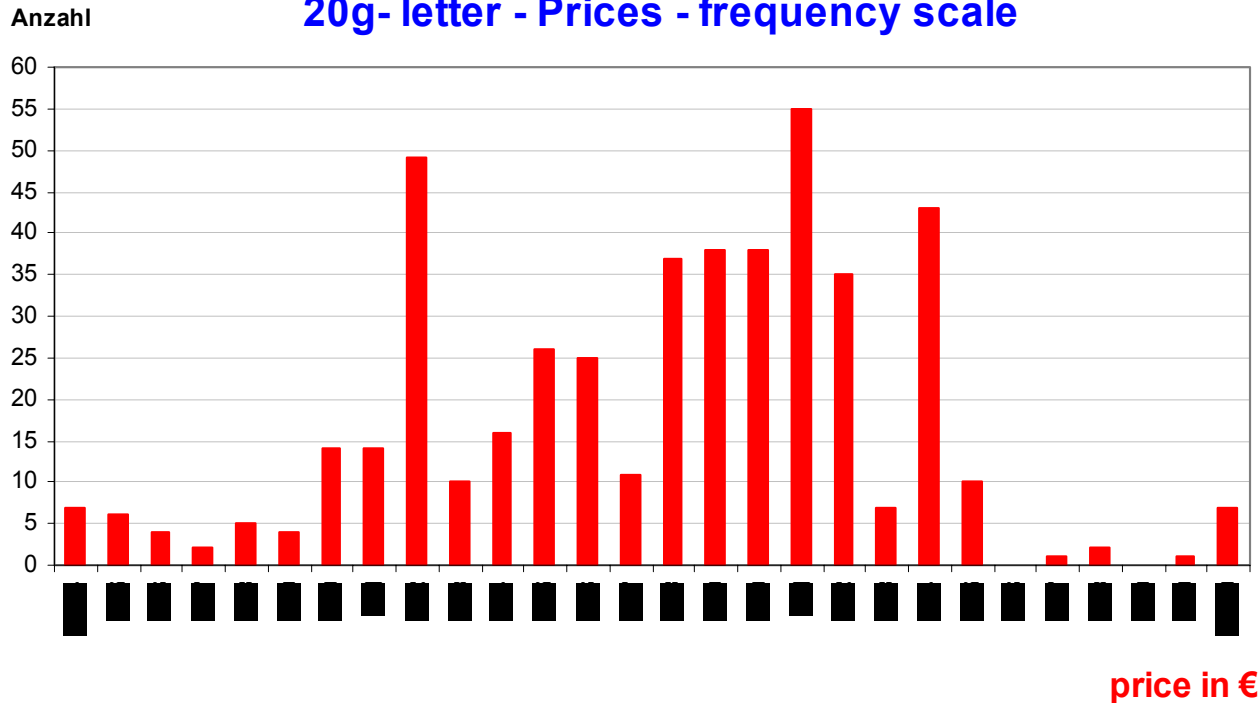


Prices of the competitors of DPAG

20g-letter - Prices (in ascending order)



20g-letter - Prices - frequency scale



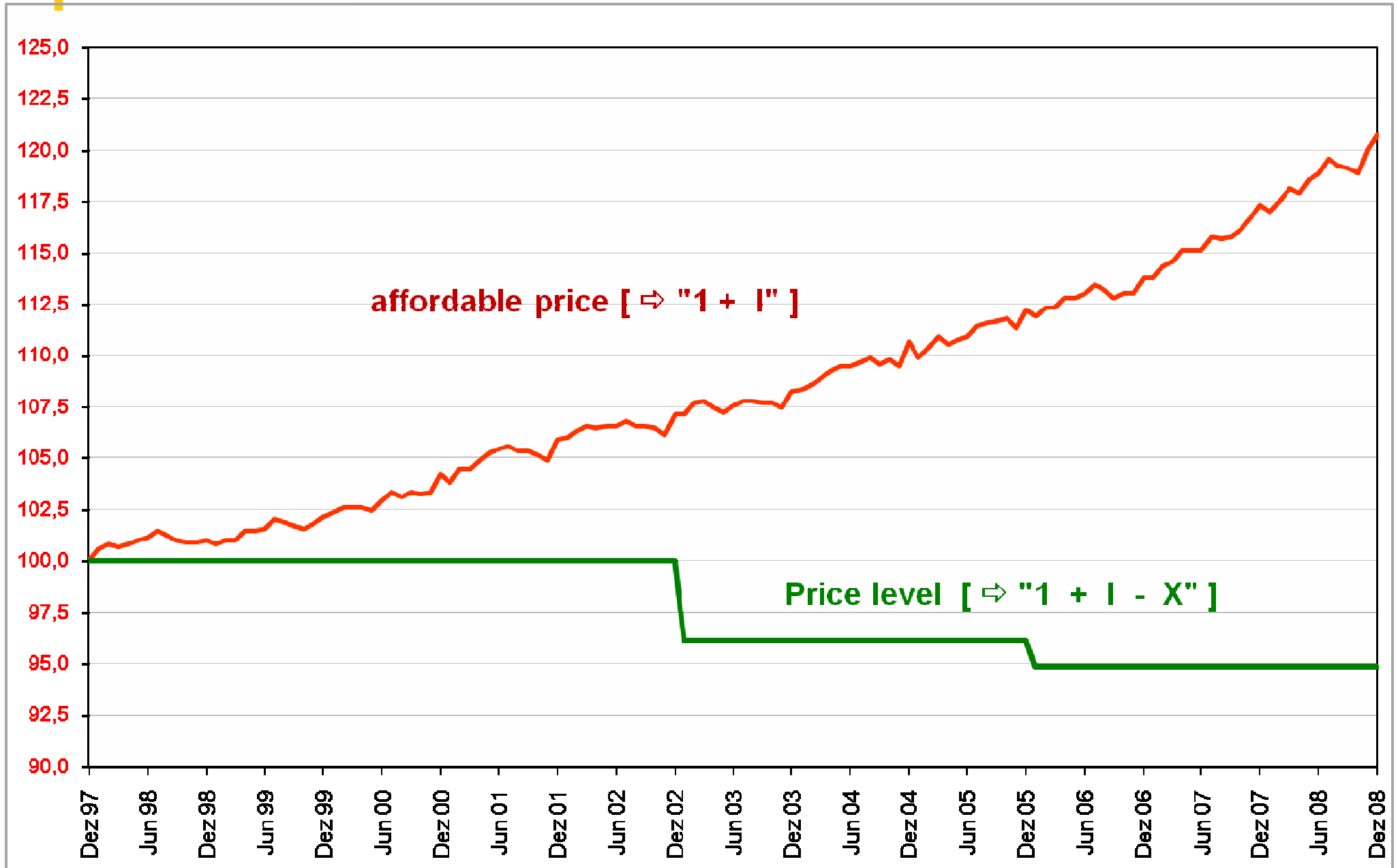
Note:

Prices of competitors contain 19 % VAT.

Price of DPAG is a "net price"; DPAG is exempted from VAT !



Single piece letter mail - price level and affordable price -

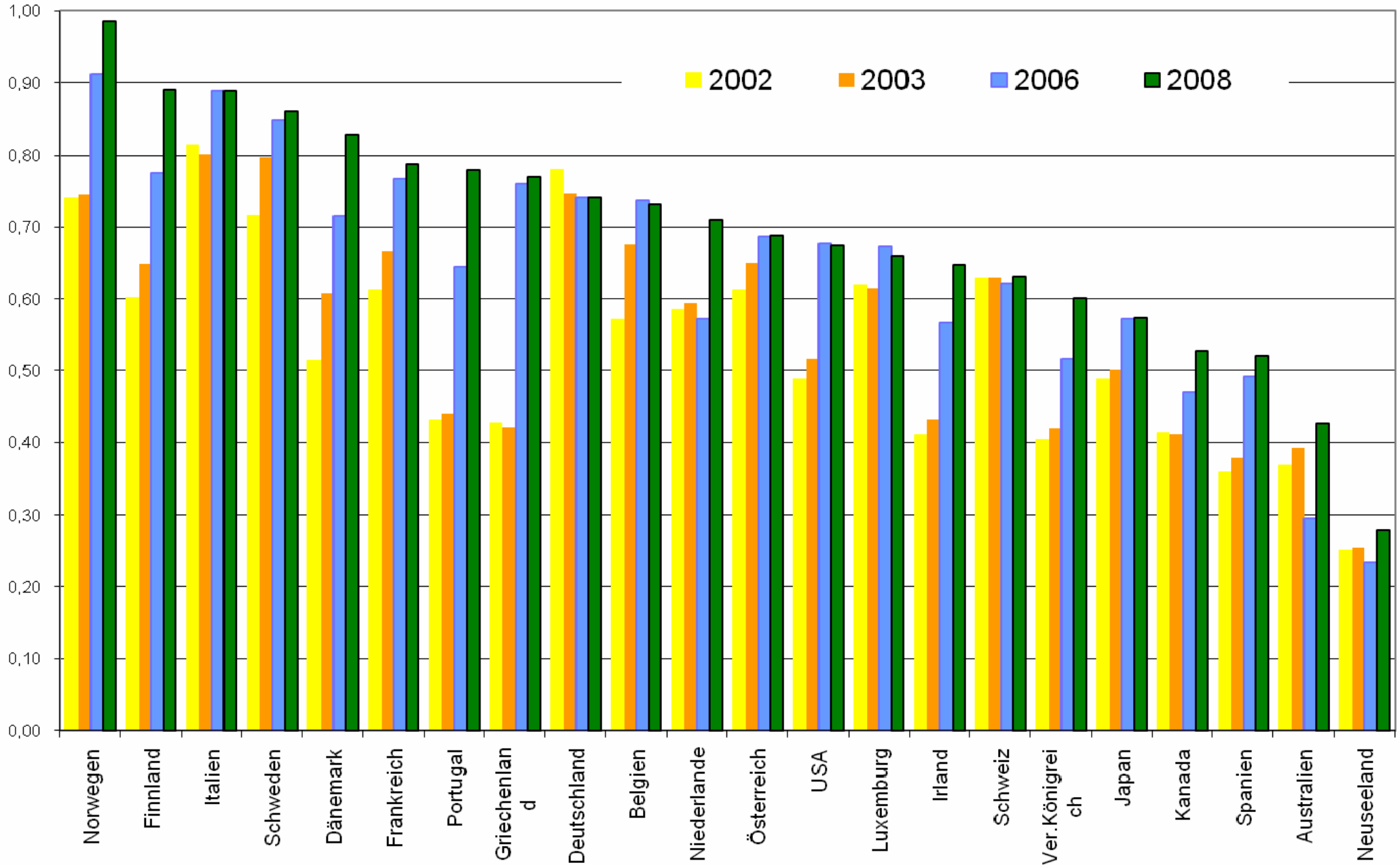




Bundesnetzagentur

Price level (€) of single piece letter mail - 2002 to 2008

- October 2008 - purchasing power -





Résumé

On 31.12.2007 the last monopoly in the postal sector was abolished; since 01.01.2008 also the letter mail market is fully open for competition.

However, there was **no big bang** – neither at the size of the letter mail market nor at the intensity of competition.

Business customers have the choice between several service providers; however, one large provider as such has dropped out of the market.

The prices of the competitors for business customers are lower than the prices of DPAG; the prices for private customers are stable further on.

And there is still hope for more competition: The VAT problem might be solved in 2009 (⇒ VAT exemption for single piece mail only ?) and there may be a positive decision of the courts for the minimum wage problem.



1891 - in Vienna - the operetta
"Der Vogelhändler"
("The Birdseller")
of Carl Zeller
had its premiere

with the famous song



„Ich bin die Christel von der Post“

I am the girl who brings the mail ...

containing the motto

*Nur nicht gleich,
nicht auf der Stell',
denn bei der Post
geht's nicht so schnell!*





Leitmotif for the postal sector ?!

The motto



*Nur nicht gleich,
nicht auf der Stell',
denn bei der Post
geht's nicht so schnell !*

*But not at once,
not on the spot,
the Post, you see,
takes time a lot !*

seems to be imprinted in the memory of many people

- Europe wide and world wide -

It seems to be the Leitmotif for many countries
for the full liberalisation of the postal sector.



Thank you for your attention !



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