



14th Königswinter Seminar on Postal Economics Postal Regulation and Volumes under Pressure

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„Challenges in the European B2C parcels market“



The boom of e-commerce

- leads to new forms of distance sales
- offered by specialized e-commerce enterprises („Amazon“)
- traditional mail order business, and
- by SME's
- subject to special rules under Directive 97/7/EC on Distance Contracts, especially
 - right of withdrawal (Art. 6)
 - max. 30 days for execution (Art. 7)
 - information on after-sales services (Art. 5)

Challenges

e-commerce as driver for change

- deliveries to residential address
- low stop factor
- absence of addressee
- re-routing
- mode of delivery, especially perishables
- return shipment
- across Europe and even world-wide
- at affordable prices



EU Green Paper on Parcel Delivery **(EU COM 2012/698)**

(1)

- **emphasis on consumer rights:**
 - **lack of transparency**
 - **lack of awareness about redress mechanisms**
 - **insufficient consumer protection “when delivery goes wrong”**
 - **unsatisfactory return procedures**
 - **high prices for cross-border delivery**

EU Green Paper on Parcel Delivery **(EU COM 2012/698)**

(2)

- **emphasis on “E-Retailers”:**
 - **lack of information**
 - **lack of available providers and choice**
 - **lack of geographical coverage**
 - **high prices, especially to SME’s**
- **emphasis on delivery operations:**
 - **lack of inter-operability**
 - **regulatory requirements for cross-border-deliveries**
 - **barriers to competition**
 - **(VAT and customs problems not addressed)**



Status on Green Paper

- no regulation by Directive
- but “Roadmap” following up on targets especially with respect to:
 - consumer protection
 - SME’s access to parcel delivery throughout the EU
 - interchangeability and available return service
 - affordable prices

Consumer Protection

- **Directive on Distance Contracts**
 - covers relationship between seller and consumer
 - imposes certain obligations on seller, especially the obligation to provide for return shipments
 - seller must find service provider capable of
 - making speedy deliveries
 - receiving and handling of return shipments
 - in the entire geographic area of sales

Seller's Position

- **Traditional Mail Order Companies**
 - have well-established means of delivery:
 - f. e. **Otto Versand / Hermes**
(former) Quelle / DHL
- **Large “E-Retailers”**
 - work with several logistics and delivery services
 - have bargaining power
- **Small SME's**
 - problem of being acceptable as “trusted seller”
 - often without warehouse
 - low bargaining power
- **Aggravating factor:**
 - “Delivery at no costs”



Challenges for Delivery Services

(1)

■ Geographic Coverage

- individual countries
- entire EU
- need for additional logistics, such as
 - warehousing
 - central distribution hubs
- delivery to consumers requires delivery structure different from B2B (truck size, routing, personnel)
- receiving and handling of return shipments
- price
 - end price of product must not exceed retail price



Challenges for Delivery Services

(2)

- **Few Providers have the capacity to deliver throughout the entire EU**
- **Their business models are B2B based**
- **National Post offices are geographically limited by nature**
- **Quality of delivery services varies among EU Member States**



Possible Solutions

(1)

- Create “EU delivery champions” (following US example)
- Problems: Mergers subject to EU merger control
 - could lead to large oligopolies or even EU-wide monopoly
 - negative consequence on price for service
 - national players may disappear



Possible Solutions

(2)

- **Cooperation among Delivery Providers**
- **European Parcel Group**
 - has potential for EU-wide delivery and returns
 - is not an integrated system
 - problems with antitrust law:
 - territorial allocations ?
 - coordinated pricing ?
 - closed shop ?
- **specialized Distribution Systems**
f. e. FashionNet
 - limited to B2B
 - but could provide model for EU-wide delivery service



Conclusions

- **There is no single solution**

- **National Post offices should make their branch office network available to other delivery services – postal and commercial companies**

- **Cooperation among delivery services will increase**
 - **Subject to limitations of EU antitrust law**
 - **To the benefit of consumers (Art. 101 para 3 TFEU)**



Thank you very much for your attention!

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