



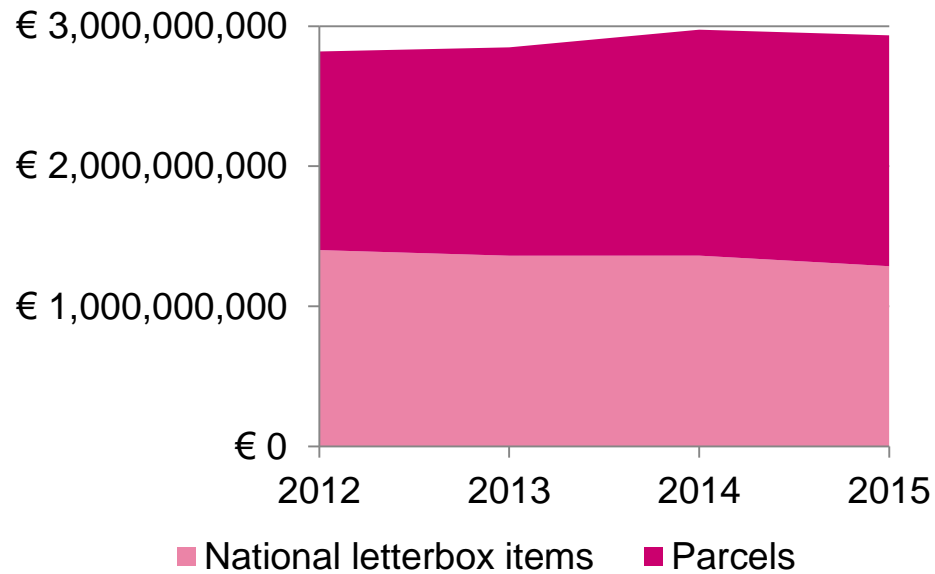
Competition in the Postal Sector: the Dutch Model

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Decline in mail

Revenues



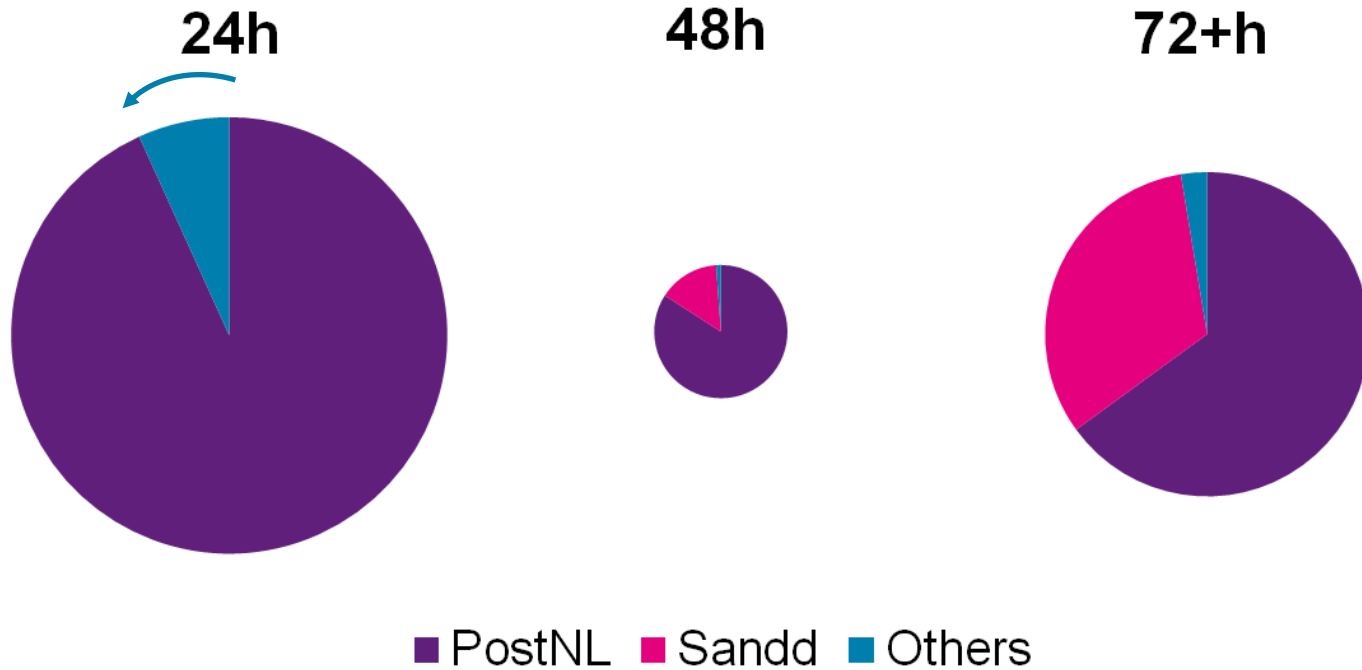
... and rise in parcels

Delivery networks have been duplicated....

Service	PostNL	Sandd	Others
24h mail	National	-	Regional + partnerships
48h mail	National	Partial + partnerships	Minimal presence
72+h mail	National	National + partnerships	Regional + partnerships
Parcels	National		National

... but only partially for 24h and 48h service

Competition is emerging....



... but is still fragile

Access to incumbents network has small volume ...



... but is essential for the competitors

The market offers enough opportunities...

- Future development can take different directions. Choices to be made:



Demand: optimal mix between physical and digital to maximize added value of communication



Supply: synergy between postal and parcel networks to maximize efficiency and customer value



- Innovation is an important driver
- Competition in all segments is prerequisite
- Regulation should facilitate this market process

...not clear which business model will prevail

Market analysis is flexible instrument to...

- Market analysis instrument (SMP) since 2014
- Set-up comparable with telecoms



current market analysis to address access problems for 24h-service



problem identification regarding access and exclusionary behaviour

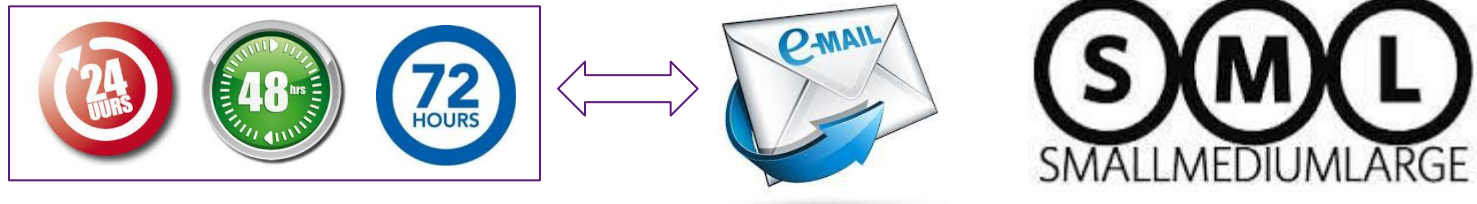


monitoring because the market is highly concentrated

... address competition problems in postal markets

Market analysis overnight service...

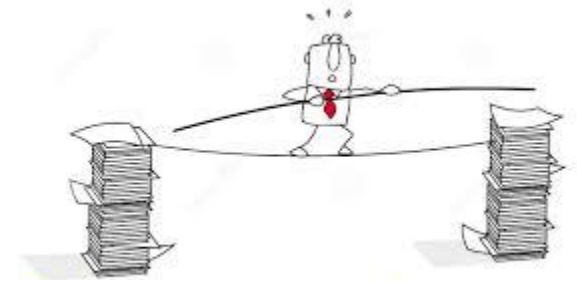
- Market definition includes different types of service levels post and is segmented according to client size



- Dominant position PostNL
- Objectives of regulation:
 - fostering infrastructure competition; not aimed at pure consolidators
 - wholesale access to complement regional coverage competitors

... regulates access to PostNL's network

Tariff for access is...

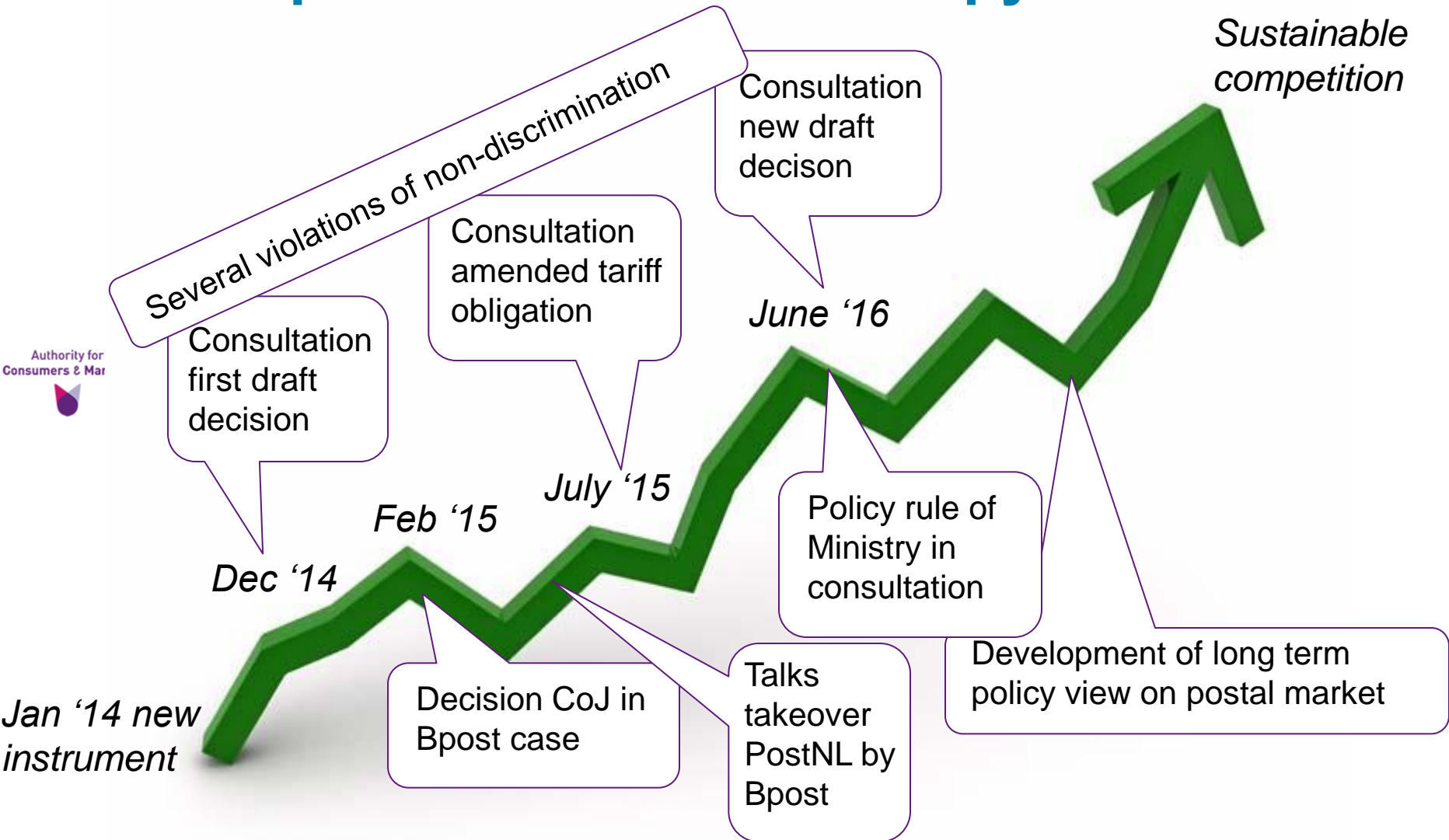


- Criteria for the tariff obligation:
 - Competitors:
 - should be able to compete with PostNL
 - should have incentive to develop their own infrastructure
 - Incumbent:
 - must not be able to exclude competition
 - should have enough pricing flexibility to compete
- Options considered:
 1. Strict non-discrimination
 2. Price based on 'per sender'-principle (Bpost-case)
 3. Cost orientation
 4. Price competitors is average retail tariffs of PostNL

...balancing act

The process has been bumpy...

Sustainable competition



... due to complexity and political context

Round up

- Dutch case shows that competition is possible
- Market analysis (SMP) is flexible, but not an easy instrument
- Balanced design of remedies for network access