

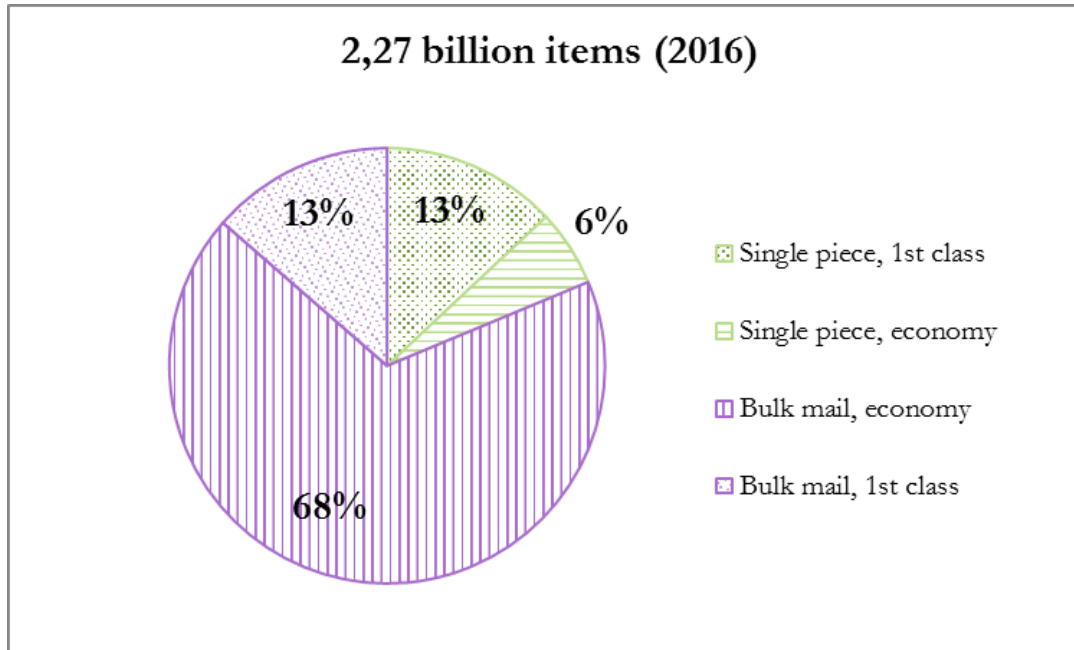


The Swedish Post and Telecom Authority strives to ensure that everyone in Sweden shall have access to good telephone, broadband and postal services.

Consolidation and volume discounts in the Swedish mail market

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Letter mail market in Sweden



- PostNord (80,7%)
- Bring Citymail (17,5%)
- Morning newspaper distributors (1,6%)
- Local operators (0,2%)

Consolidated volumes:
appr. 14% - 23%

Pricing structure (Postnord)

Example: Economy letter for corporate customers, normal price zone

Single piece price	4,80
Basic bulk discount	16% (4,04) (unsorted)
Sorting discount	15%-22% (min 3,13)
Extra sorting	0,20 (min 2,93)
Other operational discount	0% - 19% (min 2,29)
Volume discount (annual)	0% - 15% (min 1,95)

The rise of intermediation (consolidation)

- Complex pricing structure with zonal pricing
- Large volume discounts
- Competing offers Postnord vs. Bring Citymail
- As several intermediaries reached the maximum 15% (25% until 2014) volume discount, they could offer also smaller sized senders very competitive prices.
- Main intermediary 21 Grams AB **trippled** their volumes between 2010 and 2015

The bpost vs. BIPT case in ECJ

- After the judgement, Postnord announced that they would introduce a per-sender volume discount, targeting intermediaries, January 1, 2016.

The Postnord per-sender volume discount

- Applies to intermediaries ("förmedlare")
 - Consolidators with postal rate optimisation (ex: 21 Grams)
 - Printing works as well as small print shops (ex: Parajett, Postnord Strålfors)
 - Postal operators wanting to access the USP's services (Bring Citymail)
- Instead of 15% discount, intermediaries' volume discounts would in most cases be down to 1 – 3%, which would increase the overall price level in the market.
- NRA (PTS) prohibited this action, claimed that it was discriminatory against the intermediaries.
- PTS main arguments: the circumstances in the Belgian market were vastly different from the Swedish market. The volume discount was primarily used to compete with Citymail, not to stimulate overall demand. Consolidators were in the same position with respect to the discount as senders, therefore a case of discrimination.

The Postnord per-sender volume discount (2)

- The administrative courts did not agree with PTS. Basically, the ECJ judgement is applicable regardless of market conditions.
- Postnord's per-sender-model for volume discounts applied since August 15, 2017 by the USP (Postnord)
- Intermediaries still in business. 21 Grams have reported loss of a few major customers, which have become direct customers to Postnord.