

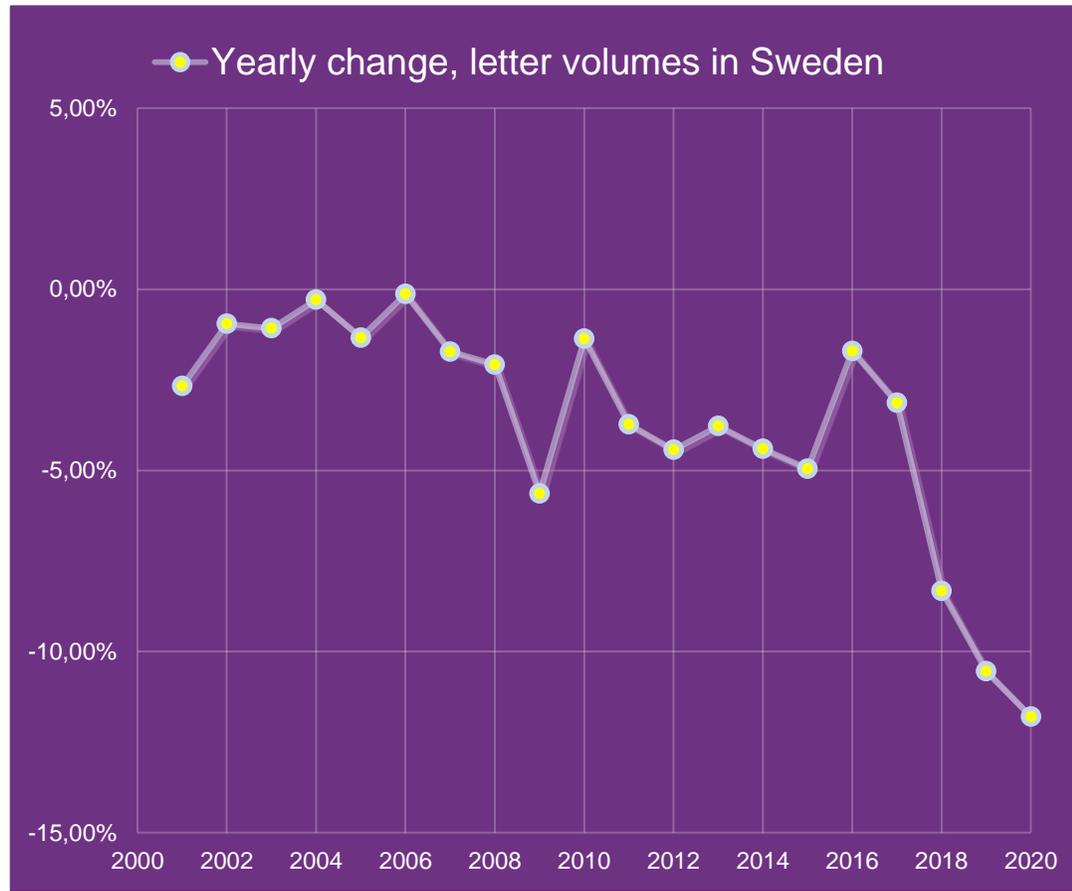
# Sweden: update on alternate day delivery model and USO regulation

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# Agenda

- The alternate delivery model of the Universal Service Provider (Postnord)
- USO regulation
  - The official government inquiry on the financing of the universal postal service
  - User studies and reports by PTS

# The alternate delivery model of USP (Postnord) (1 of 3)



- Several examples in Europe of changes in national postal acts to introduce reduction of delivery days, e.g. Norway, Finland.
- In Sweden, no change in regulation has occurred (requirement of delivery five days per week within universal service)

# The alternate delivery model of USP (Postnord) (2 of 3)

- Postnord's XY model
  - Each day half of the routes (X) is served for every postal product by normal postal routing
  - The other half of the routes (Y) is served by dynamic routing only for specific high priority (low volume) products as e.g.
    - express letters,
    - small packets ("Varubrev")
    - add-on service for every day delivery of postally distributed newspapers (applicable for some local areas and for subscribers that live outside the normal distribution area of the paper – most newspapers in Sweden are distributed through specific newspaper routes early each morning and are not affected by the change in postal delivery model)

# The alternate delivery model of USP (Postnord) (3 of 3)

- The model is rolled out sequentially over the country. Currently around 50% of the recipients (households and companies) are covered. Fully implemented in all of Sweden in June 2022.
- The NRA's (PTS) response
  - The quality target (95% of D+2 letters on time) must be fulfilled (and is so far)
  - The model, through its Y component, guarantees delivery every day. PTS do not find that the five day delivery requirement in postal law requires that every single service/product must be delivered every working day. (European Commission has posed questions about the delivery model to Swedish government, but has not yet made any comments.)
  - Study: More than 80% of recipients perceive that they have not experienced any negative consequences of the new delivery model.

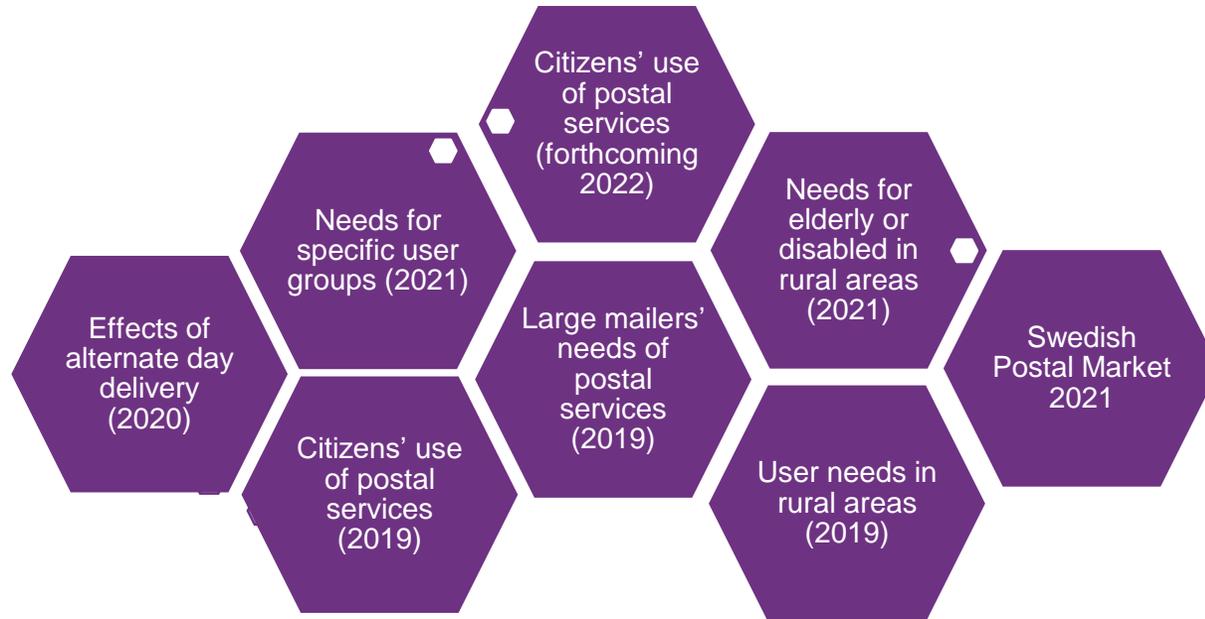
# The official government inquiry on the financing of the universal postal service (1 of 2)

- Final publication of its proposals in January 2023
- The inquiry should present detailed proposals for decreased or increased contents of the universal service (US) together with cost estimates to be compared with the current range of US.
  - Potential decreases: remove particular services or segments from the scope of US (e.g. bulk mail, some or all parcel services); decrease number of delivery days, reduce quality requirement (from D+2 to D+3)
  - Potential increases: reintroduce requirement of overnight delivery (D+1), extend quality requirements to parcel segment

# The official government inquiry on the financing of the universal postal service (2 of 2)

- The inquiry should analyse different methods for financing a potential net cost of the US obligation, e.g., state aid and procurement, and make a proposal of a financing method.
- The inquiry should take a geographical perspective and consider the possibility to have a higher service level in rural areas than in other parts of the country, and/or consider financing only for specific parts of the country.

# User studies and reports by PTS



Reports in English or with English summaries:  
<https://pts.se/en/documents/reports/>

# User studies - some main observations

- Reliability and precision (i.e. it can be foreseen which day a letter is delivered) is more important than speed (D+1, D+2, D+3,...)
- Strong negative correlation between users level of digitalisation and their need for letter mail services
  - Companies and organisations: private sector companies have higher degree of digitalisation than public/governmental bodies – and perceive that their need for letter mail services is lower than what public/gov organisations reports
  - Individuals: Less digitalised individuals perceives a much higher reliance on letter mail services than more digitally experienced individuals. Some digitally experienced individuals perceive that their need for letter mail services is only because some governmental bodies still communicate physically.
- 76% of individual mail receivers are positive or neutral to reducing delivery days from five days a week to every other day.