

Dynamic Development of Cross-border E-commerce through Efficient Parcel Delivery

A study for DG Growth

Delivering for the Future:
Workshop on Developments in the Postal Sector

Brussels, 7 March 2018

WIK & WIK-Consult Science meets Consulting



- WIK: independent research institute, owned by the German government
- More than 30 years of experience in economic regulation and sector policies
- Regulation and policies for digitisation
- WIK-Consult is a 100% subsidiary of WIK, founded 2001. Consultancy specialised in regulated industries
- Strong European client focus
- ~ 40 consultants/researchers combined. Predominantly economists

Contents of this Presentation

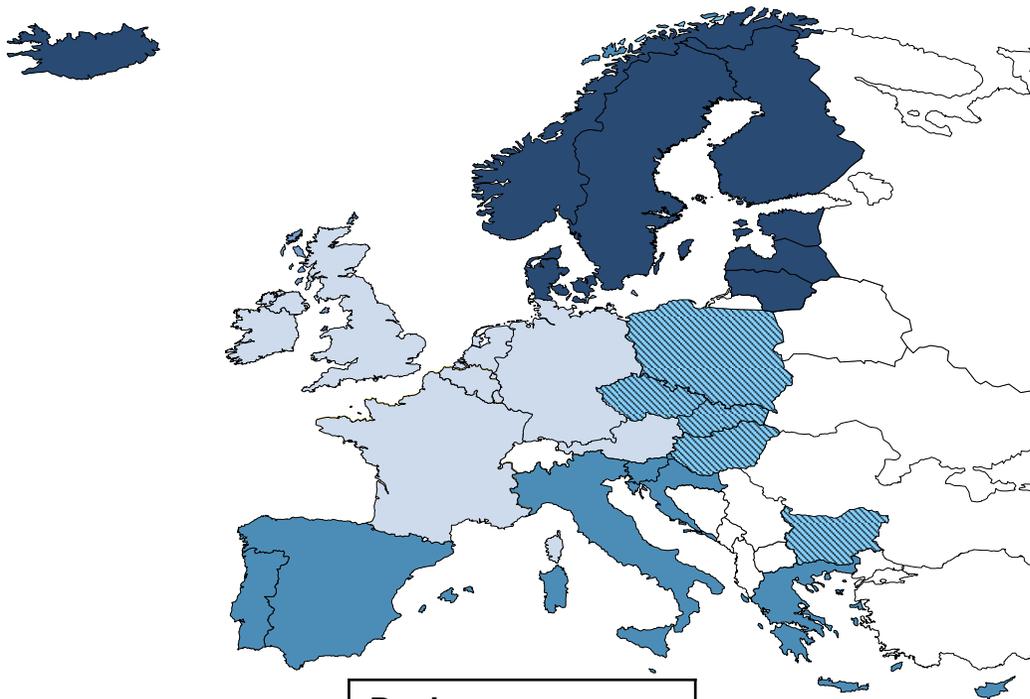
- Background and objectives
- Contents of the study / Terms of reference
- Project team
- Methodology of the study
- Stakeholder engagement & interaction
- Timetable of the study

Background and Objectives

- EP IMCO asked the Commission to conduct a pilot project on the „dynamic development of cross-border e-commerce through efficient parcel delivery“
- Study shall improve the understanding on
 - the state-of-play and the developments in the EU delivery markets and
 - the needs of consumers and e-retailers in relation to cross-border e-commerce and delivery services
- Study focussed on intra-EU parcel delivery services
- Parcels are defined as “postal items containing goods with or without commercial value and a weight not exceeding 31.5kg”
- Study shall provide input for
 - the evaluation report on the regulation on cross-border parcel delivery services (2020) and
 - the report on the application of the Postal Services Directive (expected 2019/2020)

Contents of the Study / ToR

Geographical scope: EU-28 and EEA



Region	
Western Europe	
Southern Europe	
Northern Europe	
Eastern Europe	

Elements of the study

A) Analysis of market for cross-border parcel delivery services

B) Regulatory context

C) Users' needs for e-commerce parcel services

D) Recommendations

Contents of the Study / ToR

Market Analysis



Evolution of parcel delivery markets

- Recent developments (since 2013) and future trends (5-10 years)
- Demand for parcel delivery services (domestic and cross-border)
- Supply of delivery services and technological innovations
- Role of the USO for parcel delivery services



Employment and working conditions

- Number of people working for parcel delivery services structured by type of contract
- Impact of operators' business models on working conditions
- Role of social partners and social dialogue in the parcel sector



Environmental impact of parcel delivery services

- Overview of main environmental challenges
- Key drivers to promote more sustainable transport and delivery modes
- Industry initiatives to promote sustainable operations

Contents of the Study / ToR

Regulatory Context



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National and EU dimensions

- Impact of different legal and regulatory regimes related to parcel delivery services
 - in different Member States
 - for different parcel carriers

International dimension

- Challenges related to non-EU imports/exports for USPs and other parcel carriers
- Impact of the revised UPU terminal dues system
- Impact of customs procedures and aviation security rules on cost and operations of parcel carriers

Contents of the Study / ToR

Users' Needs



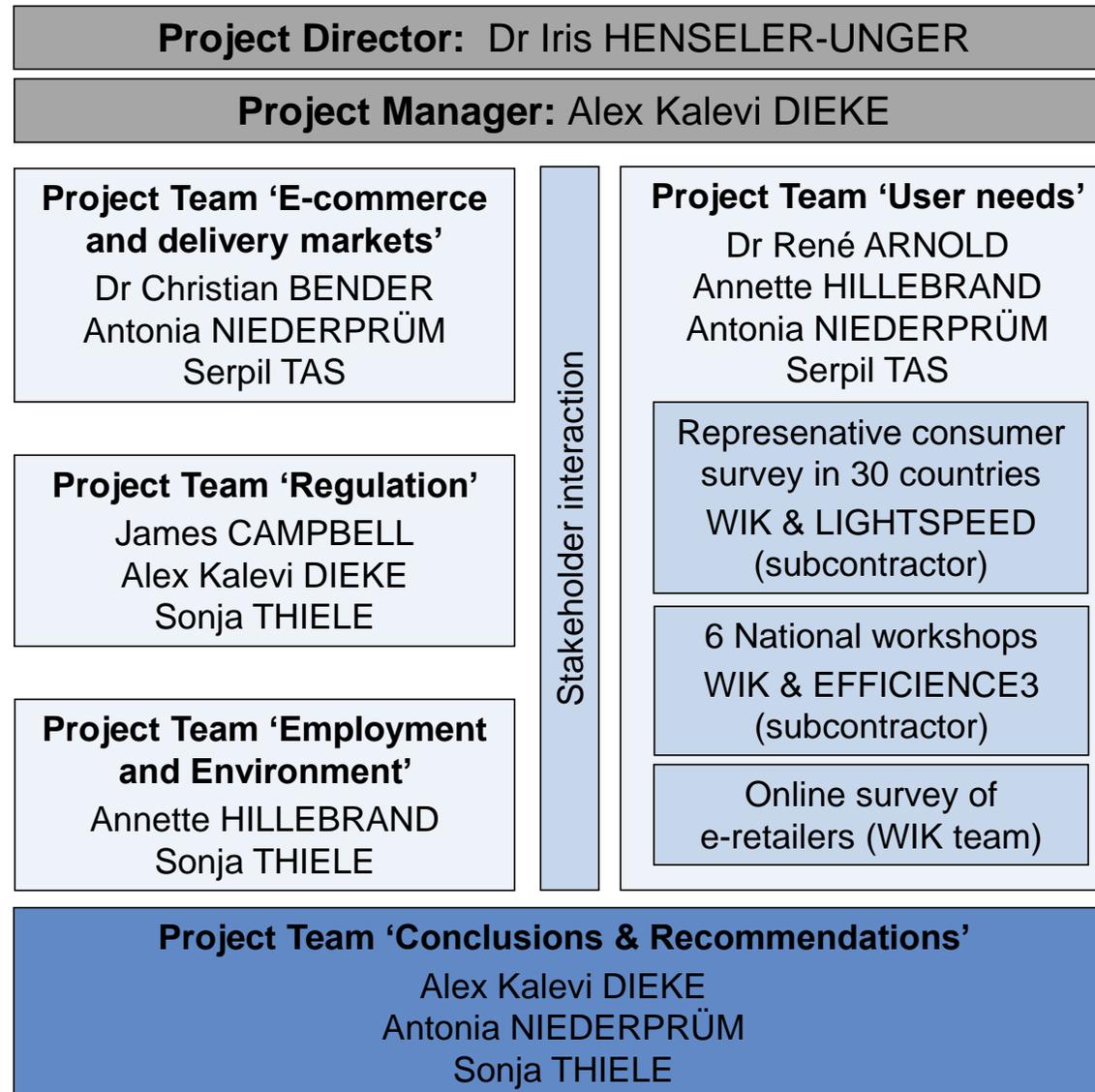
- Mapping of types of consumers and e-retailers using e-commerce parcel delivery services
- Survey of consumers' and e-retailers' needs
 - Preferences for, actual availability of and experiences with certain delivery and return features in the cross-border context
 - Delivery and return features include i.a.
 - Quality of service, delivery locations and price
 - Additional services including tracking, insurance, registered delivery
 - Interoperability and standardisation

Contents of the Study / ToR Recommendations



- Conclusions on the state of play of the cross-border delivery market in the EU and to which extent delivery-related issues continue to restrict the development of e-commerce
- Identify and characterise groups of users whose needs are currently not well met
- Set out areas where additional innovation and service improvements are needed to complete the single market for cross-border parcel delivery services
- Recommendations on potential actions to overcome identified problems to improve the e-commerce driven delivery market

Project Team



Methodology

Research task	Methodology / Tool									
	Desk research	Consumer survey	E-retailer survey	Interviews	National stakeholder workshops	EU experts panels	Case studies	Terminal dues model	Analysis	Conclusions & Recommendations
E-commerce & delivery markets	✓			✓	✓	✓	✓	✓	✓	✓
Employment and environmental topics	✓			✓		✓	✓		✓	✓
Regulatory topics	✓			✓	✓	✓	✓	✓	✓	✓
Consumer needs	✓	✓					✓		✓	✓
E-retailer needs	✓		✓	✓	✓		✓		✓	✓

- Purpose: Collect and assess publicly available data and surveys on all aspects of the study including
 - national parcel markets
 - national e-commerce markets
 - legislative and regulatory information
 - sustainability aspects of delivery services (employment & environment)
 - consumers' and e-retailers' attitudes towards cross-border e-commerce (emphasis: delivery aspects)
- Standardised data sheets will be used for quantitative information and a structured collection of qualitative information.
- Data sheets will be used to
 - inform WIK's overall analysis and recommendations
 - produce 31 country fiches

Methodology

Consumer Survey

- Purpose: Survey consumers' expectations and experiences in relation to delivery of e-commerce purchases (domestic and cross-border)

Socio-demographics

Domestic and cross-border online shopping activities

Consumers' expectations in relation to delivery aspects

Consumers' experiences in relation to their expectations

Concerns of consumers not buying from foreign online shops

- Online survey in all EU Member States, Iceland and Norway (in national languages)
- Target group: Individuals that have purchased online within the last 12 months
- Sample size: 16,400 respondents (combined) in 30 countries
- Duration: 10-15 Minutes
- Translation, programming and fieldwork by our partner *Lightspeed*
- Fieldwork planned for May/June 2018

Methodology

E-Retailer Survey

- Purpose: Collect expectations and experiences on cross-border deliveries and returns from as many different e-retailers as possible

Company information

E-retailers' online sales activities (domestic & cross-border)

E-retailers' experiences with cross-border deliveries & returns

E-retailers' satisfaction with delivery & return services

Concerns of e-retailers not to sell cross-border

- WIK will seek co-operation from European and national e-commerce associations to inform e-retailers about the study and promote participation

Methodology

Stakeholder Interaction: Interviews

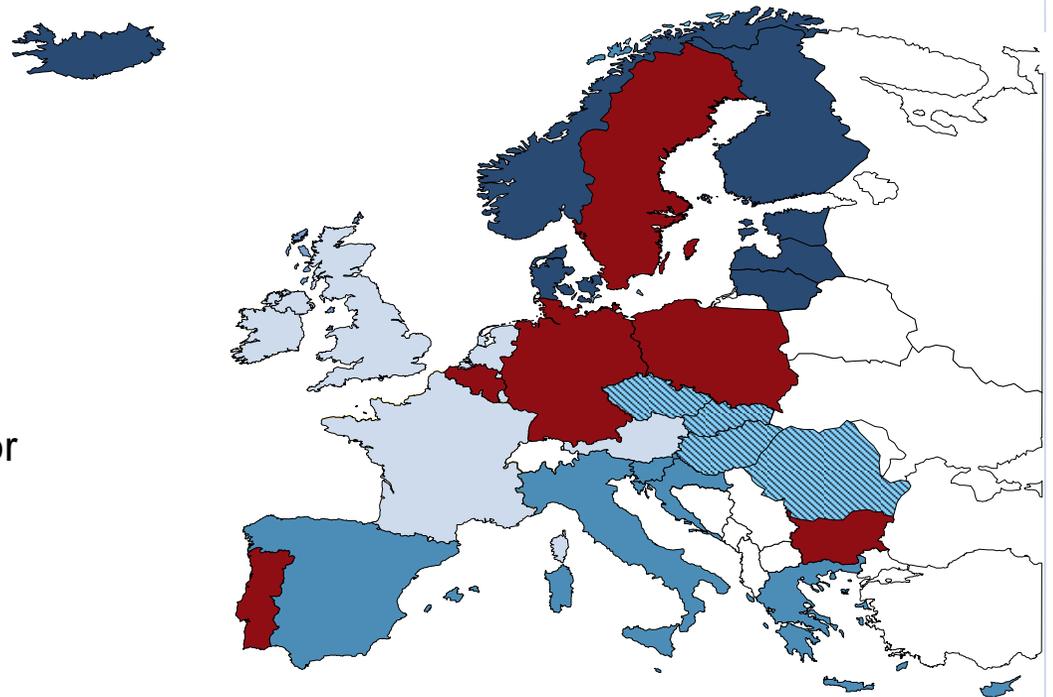
- Purpose: Discuss specific topics, learn about stakeholder views, and discuss draft conclusions and recommendations



Methodology

Stakeholder Interaction: National Workshops

- Six national stakeholder workshops
 - to discuss recent developments of national and cross-border e-commerce
 - to identify challenges for the parcel industry to support e-commerce
 - to identify key drivers and barriers for tackling these challenges
- WIK and Commission services agreed to have workshops in Belgium, Bulgaria, Germany, Poland, Portugal and Sweden
- National stakeholder workshops planned for Jun/Jul and Sept/Oct 2018
- Workshops to be conducted by WIK and its partner *Efficienc3*



Region	
	National workshop
	Western Europe
	Southern Europe
	Northern Europe
	Eastern Europe

Methodology

Stakeholder Interaction: EU Experts Panels

- WIK will organise four EU experts panels to discuss specific topics with market stakeholders and experts
- Planned topics:

Impact of technology and future trends on parcel delivery services

Environment and sustainability

Employment and working conditions in the parcel industry

Discussion and testing of draft conclusions and recommendations

- Target group: EU stakeholders and experts
- Set-up: Half-day events in Brussels or other convenient EU locations
- Implementation of experts panels planned for Sept-Nov 2018

Methodology

Case Studies and Terminal Dues Model

Case studies

Final report will include approximately 20 case studies to address, e.g.

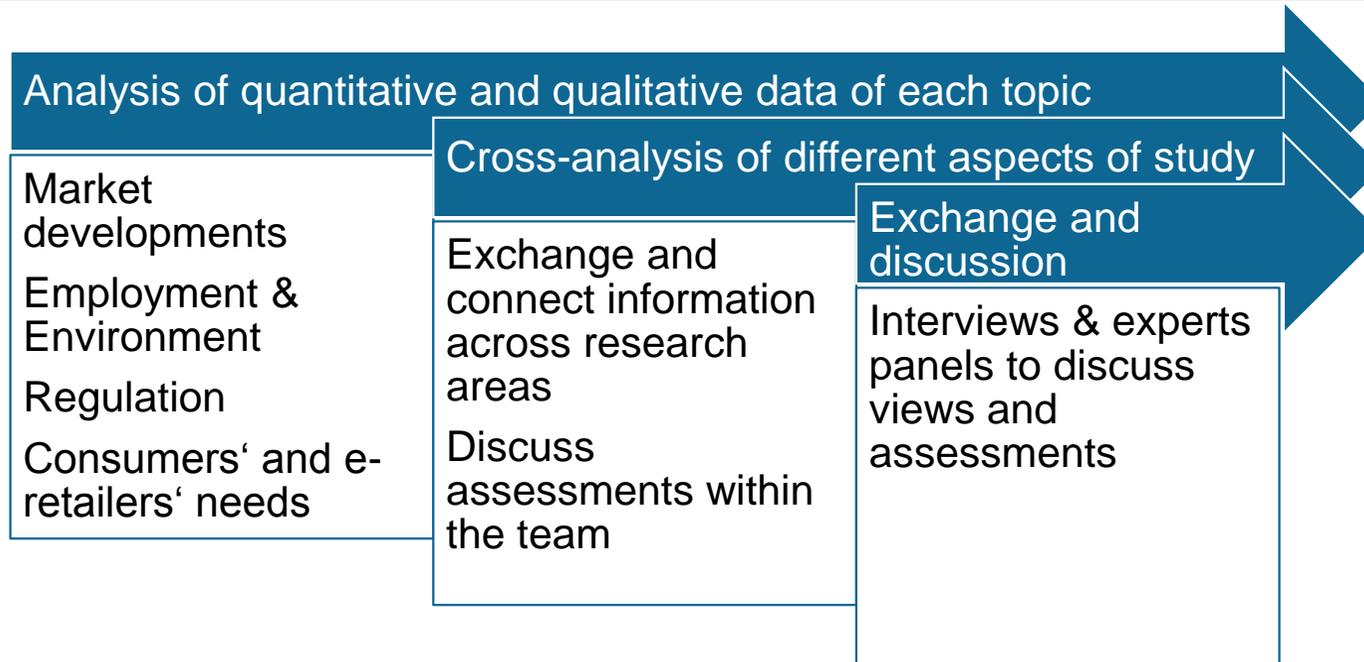
- best practices for cross-border delivery solutions
- innovative services and technologies
- best practices of sustainable delivery services
- examples for good or poor working conditions and employment
- trends and developments from markets outside the EU
- good or poor regulatory practices

Terminal dues model

- Purpose: Identify effects of UPU terminal dues on EU postal operators
- WIK proposes to use a revised version of the mathematical model of the bilateral letter post flows jointly developed by WIK and James Campbell (2010)
- The model will be used to evaluate
 - the terminal dues changes adopted by the Universal Postal Union in the Istanbul Congress held in September/October 2016, and
 - the impact it has on universal service providers (and possibly other parcel operators and e-retailers)
- The focus of the analysis will be on the effects of terminal dues for small packages

Methodology

Analysis and Conclusions & Recommendations



- Conclusions will be based on evidence (quantitative/qualitative)
- Recommendations may be directed to different parties, including:
 - The European Commission
 - Policy-makers and regulators in (all or some) Member States.
 - Parcel carriers (industry approach)
 - Other parties

Stakeholder Engagement

- WIK will NOT conduct a standardised questionnaire survey among stakeholders
- BUT we need and seek YOUR input in this study

Desk research

- Please share with WIK consumer & e-retailer surveys, market studies and other relevant reports you consider important for the study

E-retailer survey

- Please support and promote participation in the e-retailer survey

Interviews and case studies

- Please be available for interviews
- Please share with WIK examples on good practices in cross-border e-commerce delivery and return solutions

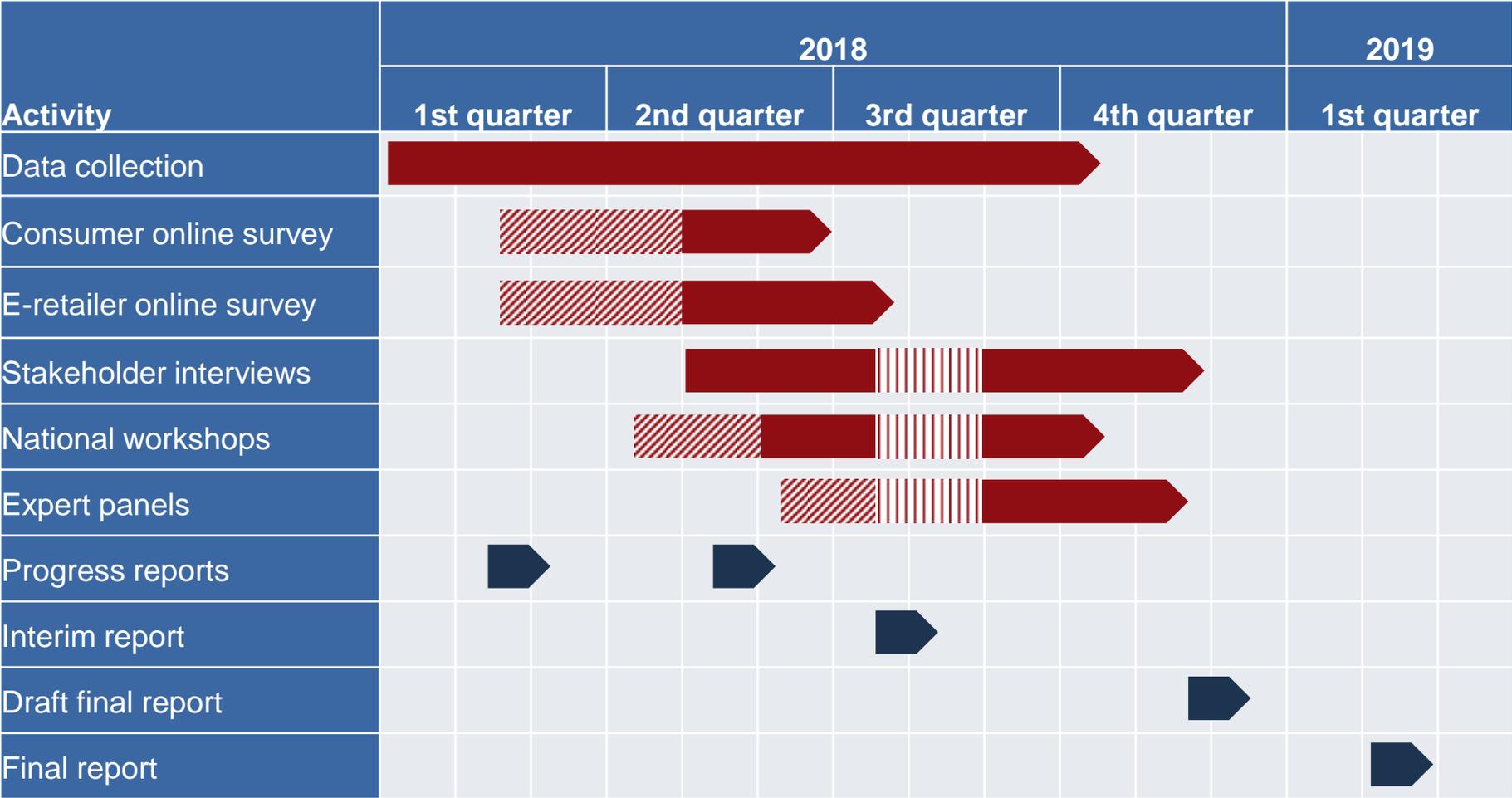
National stakeholder workshops

- Please support and promote participation in the national stakeholder workshops

Experts panels

- Please support participation in the experts panels

Timetable of the Study



[Hatched pattern] Planning phase

[Vertical lines pattern] Summer break

Timetable of the Study

Public Workshops

Public Workshops

- Today: Introduction of the study
- September 2018: Interim Results
- Early 2019: Final Results (TBC)



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