Greek courier Market

Data and market tendencies for 2006

EXECUTIVE SUMMARY

DEMAND

The total turnover of Greek postal market in 2006 amounted to 732 million euros compared to 631 million euros in 2005. **The revenues of courier services market reached 263 million euros,** presenting a 8.2% increase. The postal items volume rose to **45 million postal items** presenting a 15.1% increase compared to the 39,2 million in 2005.

The revenue from the **domestic** postal items amounted to 178 million euros or 68% of the total revenue of courier services market. Respectively, the volume of the domestic postal items rose from 35,5 million in 2005 to 40,6 million in 2006. This figure corresponds to 90% of the total postal items in the courier services market. On the other hand, the turnover and the volume **of cross border postal items** are considerably smaller corresponding to 11,9% and 20,03% (incoming and outgoing respectively) in terms of value and 6% and 3,5% in terms of volume.

As far as the delivery time of **postal items is concerned**, **80,5% of domestic postal items is delivered within one day** (next day delivery) (32,6 million postal items of 139,6 million euros). Instead, 15% of items (6,1 million postal items of 25,6 million euros) need more than one day to reach their destination. Same day delivery occurs for the 4,5% of items (1,8 million items of 12,4 million euros). On the other hand, as far as the **incoming cross border** postal items are concerned, 65,3% (1,8 million items) is handled in 1 day and 34,7% (0,9 million items) needs more days to be delivered. The respective percentages for the **outgoing cross border items** do not differ considerably since 71,6% (1,1 million items) is delivered within 1 day and 28,4% (0,4 million items) needs a longer period to be delivered.

In regard to the **weight classification**, **51,2%** of postal items ranges **between 1-500 gr. (except parcels), 31,6%** of postal items **is between 500 gr. - 2 kilos (except parcels)** while **the parcels up to 20 kilos** constitute the rest **17,2%** of total postal volume. It is worth noted that the aforementioned classification does not vary considerably compared to 2005.

From the examination of the **domestic postal items** (**except incoming postal items) by region**, we conclude that the largest quantity of the postal items during **2006 came from Attica (64%)** followed by **Central Macedonia (13%)** and **Crete**

(4%). In relation to the **cross border postal items,** it is clear that the **most important region of origin/destination is the European Union** with shares of **63%** and **65%** respectively. The rest of the classification for the regions of origin and destination is differentiated. As far as the incoming postal items is concerned, Asia is in the second place (16%) followed by the USA - Canada (12%). However, in relation to the outgoing postal items, the rest of Europe (European countries except EU) comes second (12%) followed by Asia (10%) and the USA - Canada (9%).

The most important **factors determinative of postal services demand** are the **customers' service, the reliability of the enterprise and the product price** while **the customers' income** does not affect significantly the demand.

The most important **corporate customers** of courier services providers are the **sectors of trade** (39%) and **services** (31%) followed by the manufacturing sector (18%) and the Public Sector (13%).

SUPPLY

According to EETT database the registered postal operators almost doubled during the period 2000-2006. **The number of licensed enterprises in 31/12/2006 amounted to 341 postal undertakings.**

The courier market is mainly characterized by the **important degree of concentration yield upon a small number of enterprises.** Thus, over **76%** of the market **in terms of volume** is occupied by the **five biggest sector companies** (compared to 80% in 2005), while the total revenues of the same enterprises represent the **69% of total market turnover** (compared to 71% in 2005). It is noted that the leader enterprise handles over 29% of total postal items and its revenues exceeds the 23% of total market turnover.

From the association of the **geographic distribution of the licensed postal undertakings** operating in the courier services to the respective one of **the postal items**, we conclude that the majority of enterprises reside in the regions where the largest part of production takes place, namely **Attica and Central Macedonia**. Specifically, 44% of courier enterprises is located in Attica and handles 64% of the total volume of domestic and cross border items, while the percentages for Central Macedonia are 16% and 13% respectively.

According to postal operators**, the** most important **factors determinative of courier services supply** are firstly the current economic environment, the price reductions, and the Legislation/Regulation and secondarily, the audits and the sanctions.

According to the majority of market's representatives, **the prices of postal services** are about to change positively or negatively. During 2006, **the largest price reduction was observed in the transportation of documents** while the **biggest price increase took place in the transportation of parcels.** It is pointed out that the factors that mainly influence postal services' prices are the delivery time, the item's weight and the destination while **the delivery time** is considered to be from market's representatives the most important one.

The analysis of the various cost categories of the courier services, appoints **the personnel salaries** as the most important one (33%) followed by the **operational expenses** (23%), the **transportation expenses** (22%) and **other expenses** (13%). The latter mainly concern the **commissions** of courier services providers to other collaborative courier operators.

During 2006, it is calculated that the licensed postal undertakings (including the Hellenic Post - ELTA) together with the enterprises - members of their network, employed **about 21.000 employees**. The courier services providers employed over 10.700 workers, 81% of which was full-time and 19% was part-time. Generally, the employment in the sector doesn't require any special skills, a fact that explains on the one hand the high percentage of part-time employees and on the other hand, that the overwhelming majority (92,5%) of the personnel has received either secondary (83%) or compulsory education (9%). In any case, the contribution of the postal sector to employment is significant, taking into consideration the 5.8% jobs' increase from 2004 to 2006 and the gradual shift from part-time to full-time personnel.

According to the research's results, the majority of courier operators face **difficulties in hiring and** keeping its personnel. More specifically, the couriers and the motorbike owning drivers are the most difficult to find and keep.

As far as the **infrastructure** of operators is concerned, in 2006 **the total number of operators' (including their network) courier services offices, sorting centres and warehouses** was 2.482 occupying a surface of 136.731 m^2. The courier services providers along with their network have at their disposal more than 7.100 transportation means in order to meet their operational needs. With regard to the classification of the transportation means, 67% are motorbikes, 25% vehicles and the rest 8% refers to other type of vehicles.

In relation to the **technological infrastructure** of courier services providers, only a small percentage uses advanced technologies, such as scanners and automatic sorting systems. This conclusion seems fairly logical since the majority of the operators are small size enterprises and the investment for the acquisition of those technologies is feasible only for enterprises with an important volume of postal items.

COMPETITION

The market of courier operators is characterized by **intense competition due to the high degree of concentration** of market shares. During 2006, the five (5) biggest enterprises handled 76,6% of total postal items compared to 80,2% in 2005 and realised 69% of total revenue compared to 71,3% in 2005. The bargaining power of the market's suppliers is low, as opposed to that of the market's customers and particularly of the corporate enterprises, which have high bargaining power and can achieve important price discounts at the provided services.

Finally, the threat from substitution products and other services seems small for the courier services market in the immediate future. In the long run, however, the market will be influenced from the use of e-mail, e-signature and electronic document interchange (EDI).

CURRENT ISSUES – FUTURE PERSPECTIVES

The most important issue, mainly stressed out by the biggest sector enterprises, is the significant increase of transportion expenses. This problem in combination with the **continuous "pressure" for the reduction of the provided services' prices,** that prevails the past few years has considerably damaged the courier services providers.

Another important issue is the operation of unlicensed family-size postal undertakings in the above mentioned sector.

According to market's representatives regarding the **future development of the courier market** for the period 2007-2010, an increase in the demand in all categories of postal services is expected to take place. Particularly, an increase of 4,78% on average is forecasted for mail correspondence, a 7,40% for postal parcels, and a 3.81% for direct mail without recipient's address 3,81%. The preparation of postal items and the exchange of documents are following with 1,83% and 6,66% respectively.

The most important barriers to entry in the courier market under Individual License are the development of a wide postal network in order to support the services provided, the necessary investment, as well as the low profit margin of the provided services. which presupposes the existence of an economically vigorous enterprise so that it can survive but also be motivated to enter a market with small profit margins.

The development of trade transactions within the Balkans will help to promote the international courier services providers as well as the local operators who don't have a local network in order to realize the transport of cross border postal items in cooperation with the international providers. Consequently, the cooperation of Greek providers with the neighboring countries can constitute an important factor regarding the growth of courier services market.

In conclusion, **the suitable regulatory framework and economic environment** as well as the **appropriate conditions of healthy competitive environment** can create further **prospects of** courier market's **growth** as it is shown by the 15,1% increase of postal items per resident for 2006. The future of the sector will be determined by the capability of postal undertakings to function in an efficient way and particularly to deal with the increasing tendency of reducing their cost and their prices.

CONTENT

Executive Summary

Chapter 1: INTRODUCTION

In chapter 1 is described the classification of courier services market according to the statistical classification of sectors of economic activity by the Greek National Statistical Organization. Also, the system of collection of statistical elements adopted by EETT is described, within the frame of follow-up and analysis of postal services market for the period 2003-2005, which is also applied during 2006 after adopting the necessary adjustments and improvements in order to regulate the market and guarantee an environment of healthy competition. Afterwards, the methodology which was followed is analyzed, as well as the structure of the present study, within the frames of which are presented also the quantitative elements of courier services providers operating under an Individual License. Also the main obstacles and prospects of courier services providers regarding their activation under Individual License are presented. Finally, elements for the enterprises operating under Individual License are mentioned.

1.1 Statistical Classification

According to the statistical classification of sectors of economic activity by the Greek National Statistical Organization, the courier services belong in the sub-division 641.2, which is a fragment of sector 641 concerning the postal services and which belongs in the wider sector of posts and telecommunications referring by code 64.

More analytically, the above sectors and sub-divisions, as well as the activities included, are the following:

64. Posts and telecommunications

641. Postal activities

Mainly, in the postal activities are included the collection, the transport and the delivery of letters, parcels and similar type documents.

641.1 Activities of national posts

They include:

- collection, transport and distribution (domestic or abroad) of mails and parcels,
- collection of mails and parcels from public mail boxes or from postal offices,
- distribution and delivery of letters and parcels,
- use of mail boxes, Poste Restante services etc.

The activities relative to postal accounts and the post bank, as well as other financier activities executed by national postal services, are excluded (651.9).

641.2 Postal activities, except the activities of national posts (private postal offices)

Include:

- collection, transport and distribution of letters, parcels and postal items of other companies, except the national posts. One or more ways of transport may be used, the activity can be executed with transportation means, (private or even of public use)
- services of delivery at home,
- urban services of messages transport and services of goods' transport with commercial vehicles.

1.2 System of collect of statistical data

In the frame of follow-up and analysis of postal services market and ultimately aiming at the regulation of market in order to protect the consumers' rights and guarantee the operation of a healthy competition, the composition of a questionnaire constituted by two basic parts was judged mandatory. The first part concerns the collect of quantitative data, while the second one concerns the collect of qualitative elements of providers operating within a liberated postal services market.

Concretely, with regard to the demand of postal services, the fields examined in the questionnaire concerned:

- the level of growth and the rate of change of domestic postal services market,
- the determination of most important customers of courier services providers,
- the defining factors of postal services demand, as well as
- the determination of most basic factors that influence the price of services offered by the courier services providers.

Focusing on the offer of postal services, the elements of questionnaire are referring to:

- the number and size of courier services providers,
- the type of services offered by the courier services providers,
- the volume and the structure of employment, but also
- the degree of enterprises' growth, based on the technological and building infrastructure, transportation and communication means they dispose.

Other elements concern the most determining factors of cost faced by the providers operating in this sector, as well as the type and volume of investments that they realise.

Finally, an important part of the questionnaire concerns those data related to the competition of courier services providers. More concretely they concern:

- the market's shares of postal services biggest enterprises,
- the bargaining power of courier market's customers and suppliers,
- the strategies of growth of courier operators, as well as

- the ways of growth and the obstacles of entering the postal market

The analysis of the above information will contribute:

- ✓ **firstly**, to the analysis of courier market in Greece concerning the demand and the offer,
- ✓ **secondly**, to the determination of type and the intensity of competition that prevails,
- ✓ **thirdly**, to the recording of structural weaknesses of the market, and
- ✓ **fourthly**, to the determination of future development of domestic courier services market.

1.3 Methodology

In order to achieve the above aim, in total, 337 questionnaires to the enterprises registered at EETT database and consequently are licensed, were dispatched. Twenty (20) questionnaires (percentage 6%) were returned to EETT because the enterprises weren't found to the declared address or had closed, while eighty eight (88) they were not returned (percentage 26%), for unknown reasons. According to EETT's elements, the enterprises that did not answer the questionnaire are, primarily, small enterprises regarding the volume of handled items as well as the annual income. Consequently, **even if 229 from the 337 questionnaires** that were sent (that is to say 68%), **were answered and sent back**, however, it is appreciated that these represent the **courier market in a percentage of 98%.**

In the present study, the data that are presented, concern the entire market, after appropriately scaling results to cover the whole market. It is marked that for the first time this year, a different factor of scaling results of handled postal items' volume and postal services' income has been used, since it has been observed that the growth rhythm between the two sizes differs. Moreover, in the analysis of certain sizes the following assumptions were applied:

- the enterprises that did not answer, were considered as mainly individual enterprises, without occupying other personnel full or part-time,
- the transportation means of enterprises that did not answer the questionnaire are constituted primarily by a motor cycle and a car per enterprise,
- the licensed enterprises that did not answer is estimated that they possess a relatively small office, around 30 m^2, which are also used as sorting centres and warehouses,

- the licensed enterprises in question that did not answer, don't have a network,
- the postal items are delivered the same day to the addresses, due to the fact that they operate mainly in a local level. A minor percentage of items is delivered the next day.

The above assumptions are based on elements that have been registered to EETT database, according to the declaration of provision submitted by the operators.

We should point out that, in the present study, the word "Network" implies the total of organisation and all kind of means and persons that the operator of postal services uses under General Authorisation, including individual or legal persons who do not dispose a General Authorisation and who are engaged to provide a service, according to its Authorisation. (Regulation on General Authorisations for the Provision of Postal Services – Government Gazette 1682/[B]/2003).

1.4 Structure of study

In the **second chapter** is presented the National and Community legislation that applies to the courier services market. In the **third chapter** are presented the size and the development of courier market, as well as the defining factors of demand. In the **fourth chapter** are recorded the number of licensed enterprises and their classification based on the size, while at the same time issues concerning the personnel, the cost of postal services' provision and the infrastructure that postal providers dispose, are examined. In the **fifth chapter** the degree of concentration of the market, the bargaining power of customers and suppliers of the specific market, as well as the strategies of companies are analyzed. In the **sixth chapter** the main problems of the courier market, but also the prospects, with the presentation of growth and obstacles of entering the courier market are numbered. Finally, in the **seventh chapter** is presented the regulatory framework that applies to the provision of postal services under Individual License, as well as statistical data of enterprises operating in this sector.

CHAPTER 2: INSTITUTIONAL FRAMEWORK

In this chapter is presented the National Legislation that regulates the postal market, organises the sector of provision of postal services and establishes the rules of operation, so that the universal postal service is ensured and the provision of postal services from the postal services providers is regulated. Moreover, is presented the Community Legislation which determines the rules for European postal services internal market's evolution and the improvement of quality of provided services.

2.1 National Legislation

The organisation of postal services' sector and the establishment of its rules of operation, in order to safeguard the provision of the universal postal service and regulate the provision of postal services from postal operators, is determined by the ***L. 2668/1998 "Organisation of the postal service sector and other provisions***" (Government Gazette of The Hellenic Republic 282/A/1998), as it was amended with the ***L.3185/2003 "Amendment to L.2668/1998, harmonisation with the Directive 2002/39/EU, regulation of issues pertaining to the HELLENIC POST (EL.TA.) and other provisions*** " (GOVERNMENT GAZETTE OF THE HELLENIC REPUBLIC 229/A/2003).

More specifically, the issues that are examined in the above laws concern, among others, the following:

- the responsibilities of Ministry of Transport and Communications,
- the constitution, the structure, the management, as well as the responsibilities of the National Committee of Telecommunications and Posts (EETT) which is the national regulatory authority responsible to regulate and supervise the telecommunications and postal market,
- the universal postal service, the guarantee of economic viability of the universal services provider, the provision of satisfactory postal services in all country, but also the pricelists of the provider,
- the terms and conditions in order to get a General Authorisation or an Individual License of postal services, the charter of obligations towards the consumer, the compensations and the sanctions that result from the inefficient provision of services and the violation of current legislation's terms.

The postal providers in order to operate legally, they owe to dispose General Authorisation or Individual License for the provision of postal services.

More specifically, the enterprises are able to provide under General Authorisation postal services that are not included in the Universal Postal Service, as it is also determined in the "***Regulation on General Authorisation of provision of postal services***" (GOVERNMENT GAZETTE 1682/B/2003). This possibility is realized by their registration to the Register of Postal Enterprises. In the particular regulation are included, among others, the following:

- the services that the postal operators are able to provide,
- the types of general authorisation,
- the operation of postal network,
- the charter of obligations towards the consumer (C.O.C.),
- the Special Postal Items Track & Trace System (S.P.I.I.T.S),
- the Express Delivery Voucher (E.D.V.) and the terms of the Individual Agreement,
- the elements that are included to the declaration for the provision of postal services,
- the duration of validity, the modification or the renewal of authorisation, as well as the cases of license revoke,
- the obligations of postal operators,
- the administrative sanctions,
- the fees that postal operators under General Authorization should pay.

The operators that provide postal services that rise within the field of Universal Postal Service are obliged to dispose Individual License as it is also determined in the "***Regulation on Individual License for the provision of postal services***" (GOVERNMENT GAZETTE 1906/B/2003).

The decision of EETT on issuing or not an Individual License is based, mainly, on the evaluation of:

- the possibility of postal enterprise to provide qualitative and reliable postal services,
- the complete submitted strategic and operational draft of the provider for at least three years and its potential realisation,
- the possibility of postal enterprise to ensure the basic requirements in order to provide postal services.

In the particular regulation are examined, among others, the following:

- the object of Individual License and the operation of postal network,
- the geographic regions where the operator under Individual License provides postal services,
- the various certificates and documents that postal providers should submit,
- the validity of Individual License, as well as the actions taken in case of modification, renewal or retraction of the license,
- the obligations of postal operators under Individual License,

- the sanctions imposed to the postal providers in case of violation of exclusive rights of the Universal Postal Service,
- the fees that the providers under Individual License should pay.

The type and procedure of researches or other controlling actions to which EETT can resort in order to ascertain any violation of the L. 2668/1998, the procedure of hearings, etc, are determined by the *Ministerial Decision No. 36608/1026/18-6-2004* (GOVERNMENT GAZETTE 970/B/2004).

As the above Ministerial Decision defines, EETT in order to practise her controlling competences determined by the L.2668/1998, realises audits within the functional areas of postal operators. Specifically regarding the violation of Universal Postal Service's exclusive rights, it carries out researches in private or public spaces. At the same time, it carries out expertises for the examination of specific issues related to legislative dispositions which govern the operation of postal operators, examines complaints related to violations of users' rights, and collects information and elements from public services, chambers, institutions and private enterprises in order to ascertain the nature of postal object.

The *Ministerial Decision No. 29030/816/2000* (GOVERNMENT GAZETTE 683/B/2000), determines the cases where a lump sum compensation is imposed for inefficient provision of postal services. In the particular Ministerial Decision, is also determined the minimal lump sum compensation for inefficient provision of postal services, as well as the cases where the postal operators aren't responsible for loss, damage or delay of postal object delivery.

Finally, the *Ministerial Decision 74196/1885* (GOVERNMENT GAZETTE 1887/B/30-12-2005) determines the maximum weight and price limits of exclusive services of the Universal Services Provider. Thus, "from the 1/1/2006 the maximum weight limit for the postal services of article 1, paragraph 1, second section of the L. 3185/2003, is set up to 50 grams". Meanwhile in the same decision it is fixed that "the above weight limit shall not apply where the price is equal to or greater than three times the public fees for a postal item in the first weight range of the faster delivery category".

2.2 Community Legislation

The Community Legislation sets the rules for European postal services internal market's evolution and the quality improvement of provided services by the following Directives:

- ✓ **Directive 97/67/EU** European Parliament and Council, of 15 December 1997,
- ✓ **Directive 2002/39/EU** "Amendment of Directive 97/67/EU European Parliament and Council, of 15 December 1997".

More analytically with the particular Directives common rules are established, related to:

- the benefit of universal service provider inside the Union,
- the criteria determining the services that can be assigned exclusively at the universal services providers and the relative terms for the provision or not of exclusive services,
- the rules of tariffs and the transparency of accounts for the provision of universal services provider,
- the determination of quality specifications for the provision of universal services provider and the establishment of system that will ensure them,
- the harmonisation of technical specifications,
- the constitution of national independent regulator authorities,
- the definition of general authorisations and Individual Licenses.

In consequence of the existing European Directive, the issue of the **Third Directive** that will concern the Postal Sector is accepted.

The proposal of European Committee for the new Postal Directive and the total liberalization of sector from 1/1/2009 are discussed within the frames of joint decision.

With a recent resolution of the European Parliament, the States - Members have the possibility to extend the time of liberalization for a couple of years until the 1/1/2011. For countries with peculiar geographic conditions a time limit until 1/1/2013 is given.

Basic aims of the directive are:

- the creation of a common legislative frame for the liberalization of European postal services market and the suppression of exclusive rights,
- the guarantee of a common quality level for the provision of universal services for all European users, and

- the determination of common rules regulating the postal services in the internal market, aiming at the restriction of parameters that don't allow the liberalization of market.

In the Third Directive, inter alia: the way and the level of internal market liberalization, the way of controlling the universal service's provision according to the quality standards, the alternative ways of financing the universal services provider and others issues such as the licensing of providers will be determined.

CHAPTER 3: DEMAND

In this chapter, postal and courier service market's size and growth rhythm, during the past seven years, is presented (2000-2006). More specifically, the handling of domestic and cross borders postal items, as well as their handling in combination with the method of distribution (autonomous or combined) and the time of delivery is analyzed. Also, the main factors that define the demand of courier services and the most important customers of the market are mentioned.

3.1 Data of the European Postal Market

The income of postal services in the EU (25) rise up to 91,7 billions Euro in 2005. Fact that implies how greatly postal services contribute to the economy of EU[1]. The direct contribution of postal sector in the GNP of EU is estimated around 37 billions Euro (or 0,4%) providing employment in 1,6 millions individuals (or 0,8% of all posts in the EU). Additional income around 150 billions Euro and 3,5 millions posts result from sectors relative or depending from the postal services. Regarding the customers or users of postal services, individuals send 12,5% but receive 70% of total postal items. The users of companies send 87,5% and receive 30% of postal objects[2].

According to a second study that was carried out by Postal User' s Group in July 2006, it was highlighted that except one million directly occupied in the European postal market, other four millions posts of work depend on the evolution of the European postal sector. According to the data of the above study the wider European postal market contributes around 203 billions euro in terms of income to the European Economy[3]. The indirect contribution such in terms of income as in terms of jobs is related to the provision of services by third to postal organisms and providers, to the realisation of investments of constant and capital equipment from them. More concrete examples of indirect contribution constitute the services of mail orders and the services of e-commerce.

In the postal sector of EU important changes take place today, including the market's progressive liberalization, the rapid growth and the reduced cost of electronic means' substitutes, the new technology of automatism and the new structures of property. These changes increase the pressure so that the sector become more competitive and effective, in order to extinguish the repercussions for the employment and the viability of services. The differences between legislations and economic environment, cause distortions of competition and discourage further reforms of European postal institutions. Moreover, various barriers that impede the essential competition within the postal market exist, i.e. the remaining monopolies or different systems of approval and licensing. The obligation of universal postal services may involve a huge cost to a majority of regions of certain countries; however it is vitally important for the citizens and the

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[1] Source: http://www.upu.int/pls/ap/ssp_report.CreateReport

[2] Source: WIK Consult, Main Developments in the Postal Sector (2004-2006), (WIK Consult GmbH – May 2006)

[3] Source: Postal User's Group, The European Mail Manifesto 2006 (PUG July 2006, 1st Edition)

enterprises of EU the maintenance of Universal Postal Service in every geographic region.

In February 2007 Eurostat published the statistics of European postal market after collecting and analysing primary data from the National Regulating Authorities of the EU. Certain data and indicators that concern the market in question for year 2004 are presented in the following table:

Rates of European Postal Market 2004[4] (USP)

	Postal Services Offices	Employees	Revenue (million €)	Postal items (1000)	Postal Fee (€)	Reserved Area (1000)	Quality % (X+1)*
BE	1.308	32.311	2.000,5	N/A	0,50	C	87,3
BG	3.134	9.134	28,9	80.798	0,23	67.552	88,0
CZ	3.419	31.681	396,4	952.990	0,20	580.939	95,0
DK	996	28.349	1.482,0	1.454.053	0,60	1.001.600	95,2
DE	34.019	201.541	14.076,0	16.038.000	0,55	13.705.000	87,9
EE	545	4.222	41,6	74.338	0,28	M/Δ	95,3
IE	1.614	7.502	515,0	757.000	0,48	594.000	72,0
EL	1.565	10.412	401,8	600.988	0,49	494.556	65,8
ES	10.063	52.133	1.854,7	4.964.692	0,27	3.082.447	84,3
FR	16.947	M/Δ	11.300,0	19.329.000	0,53	15.007.000	75,7
IT	13.855	C	3.973,0	6.056.543	0,60	C	87,2
CY	52	942	29,7	55.462	0,34	M/Δ	62,5
LV	967	7.080	19,5	64.006	0,23	59.195	70,0
LT	951	8.164	19,4	52.854	0,29	20.056	78,6
LU	543	1.485	146,0	133.300	0,50	80.000	94,4
HU	2.820	27.713	268,6	918.303	0,36	814.695	99,3
MT	53	625	C	C	0,16	C	89,0
NL	2.112	42.150	2.660,0	5.300.000	0,39	M/Δ	96,5
AT	1.947	26.058	1.701,6	M/Δ	0,55	M/Δ	95,9
PL	8.350	73.784	1.161,0	3.165.683	0,42	1.930.460	93,0
PT	3.037	14.378	648,0	1.300.654	0,45	1.055.694	95,6
RO	6.955	34.756	M/Δ	324.741	0,12	156.321	M/Δ
SI	557	5.645	128,0	398.129	0,20	295.063	99,0
SK	1.603	13.990	C	514.805	0,37	258.982	94,6
FI	1.311	21.800	1.035,0	2.150.400	0,65	M/Δ	95,7
SE	2.000	34.299	2.753,0	2.995.500	0,60	M/Δ	95,6
UK	17.900	195.952	11.847,0	18.807.000	0,44	M/Δ	91,0
HR	1.158	9.838	114,3	299.701	0,31	176.707	98,1
NO	1.504	19.650	1.104,0	1.427.000	0,72	1.073.608	99,6

*Delivery percentages of A priority domestic mail within one (1) business day.

[4] Source: Eurostat (2007) *"Inquiry on Postal Services 2005"* E.C. – Eurostat, February 2007, www.ec.europa.eu/eurostat

Countries codes:

BE: Belgium	IE: Ireland	LT: Republic of Lithuania	AT: Austria	FI: Finland
BG: Bulgaria	EL: Greece	LV: Latvia	PL: Poland	SE: Sweden
CZ: Czech Republic	ES: Spain	LU: Luxembourg	PT: Portugal	UK: United Kingdom
DK: Denmark	FR: France	HU: Hungary	RO: Romania	HR: Croatia
DE: Germany	IT: Italy	MT: Malta	SI: Slovenia	NO: Norway
EE: Estonia	CY: Cyprus	NL:Netherlands	SK: Slovakia	

The intensity of competition differs in the various sectors of postal market. The Universal Service Providers are dominating the market of letter post. On the contrary the market of parcels and courier services is characterized by intense competition. The markets business to business (B2B) and business to consumer (B2C) are also particularly high competitive, while the competition is not so intense to the market consumer to consumer (C2C). In the market of letter post, public postal providers possess 83% of total income, while the rest 17% is shared among private postal providers. The market of parcels and express delivery, on the other hand, is characterized by intense competition. In the market in question five private providers are dominants. It is marked however, that four from these five private providers belong (in some percentage) to public postal providers[5].

3.1.1 The mail market

The European internal mail market (EU 25) amounted in 54 billions euro for 2004 while it is estimated that 93 billions items were handled. The three bigger Universal Service Providers continue occupying more of 60% of the European postal market's share.

In the following table is presented the income of European mail market of the 25 Universal Service Providers of member-states of EU. The mail market of the EU 25 sums up a total income of 47 billion euro for the Universal Service Providers, fact that justifies the importance of the sector since it contributes 0,5% to the European GNP.

[5] Source: WIK Consult (2004) *"Main Developments in the European Postal Sector"* E.C. – D.G. Internal Market

European USP revenue[6]				
Country	USP	2002 (Revenue million €)	2003 (Revenue million €)	Rate of change (%)
Austria	Austria Post	1.142	1.117	-2%
Belgium	De Post – La Poste	1.364	1.354	-1%
Cyprus	Cyprus Postal Services	21	22	+7%
Czech Republic	Ceska Posta	182	196	+7%
Denmark	Post Danmark	948	920	-3%
Estonia	Eesti Post	16	16	-4%
Finland	Posti	711	733	+3%
France	La Poste	10.051	9.162	-9%
Germany	Deutsche Post	11.703	11.711	0%
Greece	Elta Hellenic Post	325	362	+11%
Hungary	Magyar Posta	240	257	+7%
Ireland	An Post	427	434	+2%
Italy	Poste Italiane	3.838	3.862	+1%
Latvia	Latvia Post	17	16	-9%
Republic of Lithuania	Lietuvos Pastas	18	16	-12%
Luxembourg	P&T Luxembourg	110	113	+2%
Malta	Malta Post	13	12	-8%
Netherlands	TPG	3.267	3.195	-2%
Poland	Poczta Polska	677	662	-2%
Portugal	CTT Correios	516	527	+2%
Slovakia	Slovak Post	79	91	+15%
Slovenia	Posta Slovenije	91	103	+13%
Spain	Correos	1.483	1.486	0%
Sweden	Posten	1.747	1.793	+3%
United Kingdom	Royal Post	8.746	8.370	-4%
Total revenue		**47.733**	**46.530**	

The mail market constitutes more and more a way of one way information than a bidirectional correspondence. While the total demand for mail remains constant from 2002, the direct mail services increase considerably. The electronic substitution of mail (i.e. accounts) was not realized in the extent that was forecasted until 2000.

3.1.2 The market of parcels and courier services.

The limits between the market of postal parcels and the courier market tend to become more and more indistinct, fact that results the not clarified segregation with the required precision.

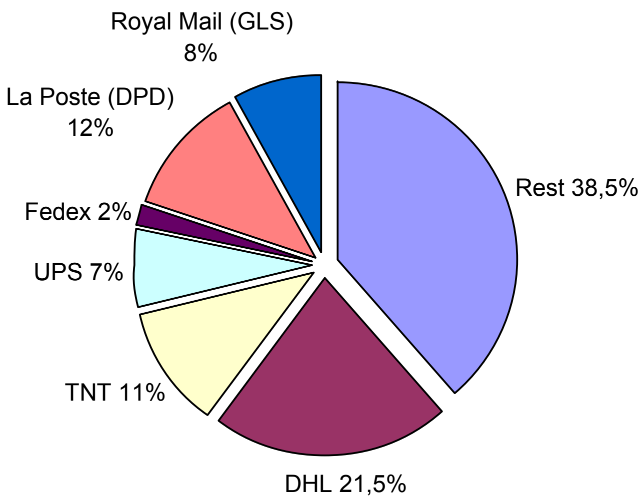
[6] Πηγή: Postal User's Group, The European Mail Manifesto 2006 (PUG January 2007, 2nd Edition)

It is undisputable that the market of parcels and courier services operates in a liberated competitive environment. This conclusion results from the fact that the share of five bigger Universal Service Providers in the market in question amounts to 59%, while respectively the market's share of private postal providers amounts to 41%.

According to the last available elements the total turnover in the market of parcels and courier services amounted to 35 billions euro in 2004 instead of 33 billions euro in 2000[7].

The courier services market, while it is particularly competitive, offers exceptionally interesting prospects for the public and private institutions given the fact of important growth rhythms of items' volume, of services' differentiation and of geographic differentiation.

In European level, the recent market's shares (2004-2005) of the main providers are presented to the following schema[8]:



[7]Source: WIK Consult (2004) *"Main Developments in the European Postal Sector"* E.C. – D.G. Internal Market

[8] Source: IPC & DIW (2007) *"How to regulate the Postal Industry: An Economic Approach"* IPC, August 2007

3.2 Size and growth rhythm of the Greek Postal Market

The Greek Postal Market is constituted by two main sub-divisions: the Universal Service Provider and the courier market, meaning “Services related to special express transport of postal items, tracked by the Special Postal Items Track & Trace System” (article of 1 Regulation of General Authorisations for the provision of Postal Services – GOVERNMENT GAZETTE 1682/B/2003). The postal services are provided by the Universal Service Provider and by private postal providers operating in the market under General Authorization or Individual License. The commitment for provision of universal service means that to all users of postal services, wherever they are located, are provided, permanently, services at a fair price and of specific quality. The L. 2668/98 defines that the Universal Service Provider for Greece, are the Hellenic Posts (EL.TA.).

The third market, considerably smaller in income from the two previous is operating under Individual License for the provision of postal services. It is analytically described to chapter 7.

The annual turnover of postal enterprises in Greece corresponds to 0,27% of GNP for 2006 (revised elements GNP - source: Greek National Statistical Organisation). The Greek postal market is not liberated for objects up to 50 grams. This means that the Universal Service Provider maintains the exclusive right to collect, transport, sort and distribute mails with address of recipient. The above exclusive right of USP was fixed with the Ministerial Decision 74196/1885 (GOVERNMENT GAZETTE 1887/B/30-12-2005). According to the same Ministerial Decision “the above weight limit shall not apply where the price is equal to or greater than three times the public fees for a postal item in the first weight range of the faster delivery category ”.

In the table that follows are presented the volume of postal items of the Universal Service Provider market and the courier market for the past 7 years.

USP and courier services providers postal items' volume, 2000-2006

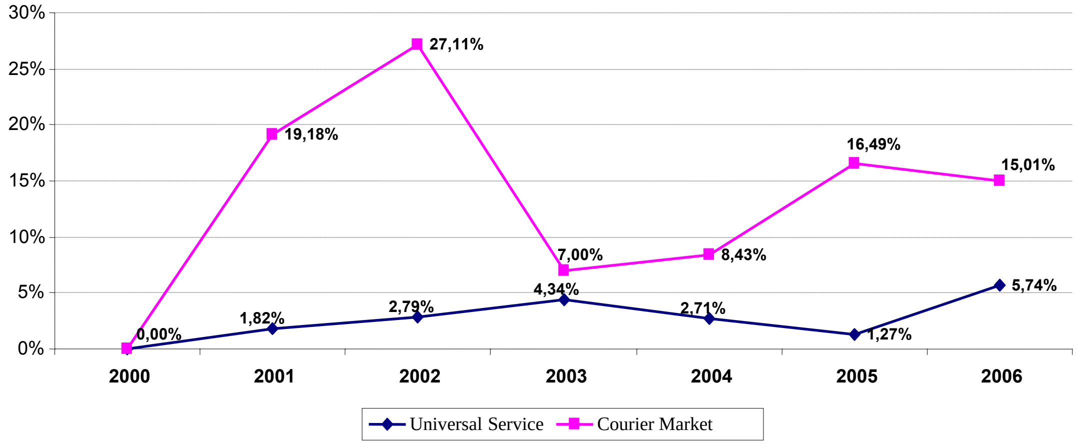
Postal items (% classification)	2000	2001	2002	2003	2004	2005	2006
Universal Service Providers	571.786.808 (96,76%)	582.212.123 (96,23%)	598.441.707 (95,38%)	624.417.800 (95,27%)	641.361.900 (95,02%)	649.475.889 (94,31%)	682.782.500 (93,85%)
Courier Market	19.126.192 (3,24%)	22.794.224 (3,77%)	28.973.204 (4,62%)	31.000.000 (4,73%)	33.613.878 (4,98%)	39.156.615 (5,69%)	45.034.437 (6,15%)
Total	**590.913.000 (100%)**	**605.006.347 (100%)**	**627.414.911 (100%)**	**655.417.800 (100%)**	**674.975.778 (100%)**	**688.632.504 (100%)**	**731.816.937 (100%)**
Annual rate of change (%)	-	2,40%	3,70%	4,46%	2,98%	2,02%	6,27%

As it results from the table, the Greek postal market during 2006 handled 732 Mill items from 689 millions during 2005 presenting an increase of 6,3%. The average annual rate of change of Greek postal market from 2000 until 2006 rise up to 3,6%.

The Universal Service Provider market occupies the biggest share of the Greek postal market and for 2006, occupying the 93,8% of postal market, while a percentage of 6,2% corresponds to the courier market. It is observed that the courier market, despite its small size, presents continuous increase of share that possesses in the Greek postal market with corresponding reduction of the universal service provider market's share. Actually, the average rate of change of the courier market's volume rise up to 15,5%, while the universal service provider market is increased with much lower rate of 3,1% for the period 2000-2006.

The rates of change of two markets for the period 2000 - 2006 are reported to the following diagram.

Annual volume's rate of change of USP and courier services providers, 2000-2006



The picture of Greek postal market is differentiated referring to shares of income as it appears to the following table.

USP and courier services providers revenue, 2000-2006

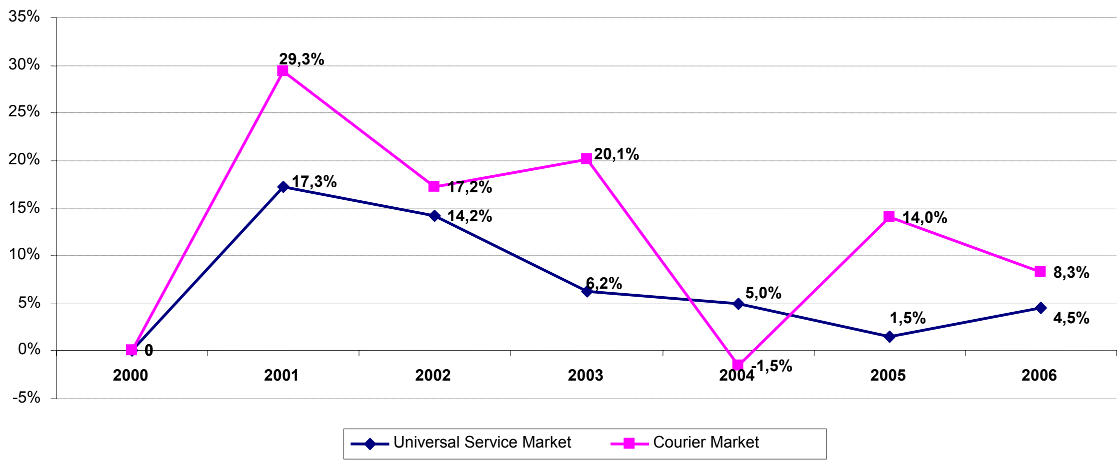
(amounts in €) (% classification)	2000	2001	2002	2003	2004	2005	2006
Universal Service Providers	255.842.692 (68,29%)	300.042.840 (66,13%)	342.546.634 (65,54%)	363.895.486 (62,71%)	381.994.575 (64,18%)	387.581.925 (61,46%)	405.141.268 (60,59%)
Courier Market	118.796.416 (31,71%)	153.649.638 (33,87%)	180.128.683 (34,46%)	216.399.731 (37,29%)	213.160.626 (35,82%)	243.013.704 (38,54%)	263.465.527 (39,41%)
Total	**374.639.108 (100%)**	**453.692.478 (100%)**	**522.675.317 (100%)**	**580.295.217 (100%)**	**595.155.201 (100%)**	**630.595.629 (100%)**	**668.606.795 (100%)**
Annual rate of change (%)	-	21,10%	15,20%	11,02%	2,56%	5,95%	6,03%

In 2006 the income of Greek postal market amounted to 669 Millions Euro, from that around the 405 Millions Euro concern the market of universal service (60,6%) and 263 Millions Euro concern the courier market (39,4%), in which has been included also the income from the rest postal services (distribution of advertising objects) under General Authorization that rise up to 0,2 millions Euro. The average annual rate of change of Greek postal market's in terms of income from 2000 until 2006 amounts to 10,3%.

The important differentiation that exists in Greek postal market concerning the volume and the income shows the big fluctuation of offered services' price. It is expected, since in the courier market are provided "services related to special express transport of postal items monitored by the Special Postal Items Track and Trace System".

It is marked that in Europe the shares of market that occupy private postal providers, regarding the income, compared to the Universal Service Providers are around 20%. On the contrary in Greece, as it was presented in the above tables, it is observed that this percentage is almost double and amounts in almost 39%.
The annual rates of income evolution of every market for the period 2000-2006 are presented in the diagram that follows.

Annual revenue's rate of change of USP and courier services providers, 2000-2006

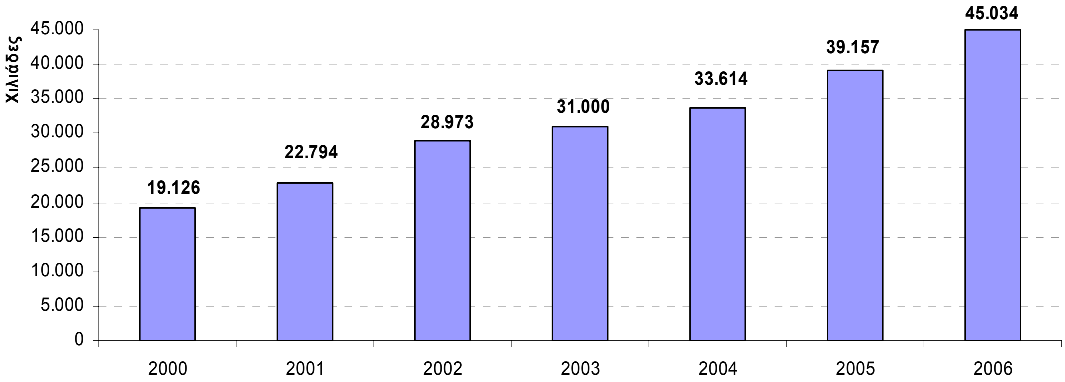


<u>3.3 Size and growth rythm of courier market</u>

<u>Volume and Income:</u>

In 2006 in the courier market were handled around 45 millions postal items instead of 39 millions items in 2005, presenting an increase of 15,1%. Regarding the income, the size of courier market in 2006 amounted to 263 millions euro instead of 243 millions Euro in 2005, an increase of 8,6%.

Handling of postal items



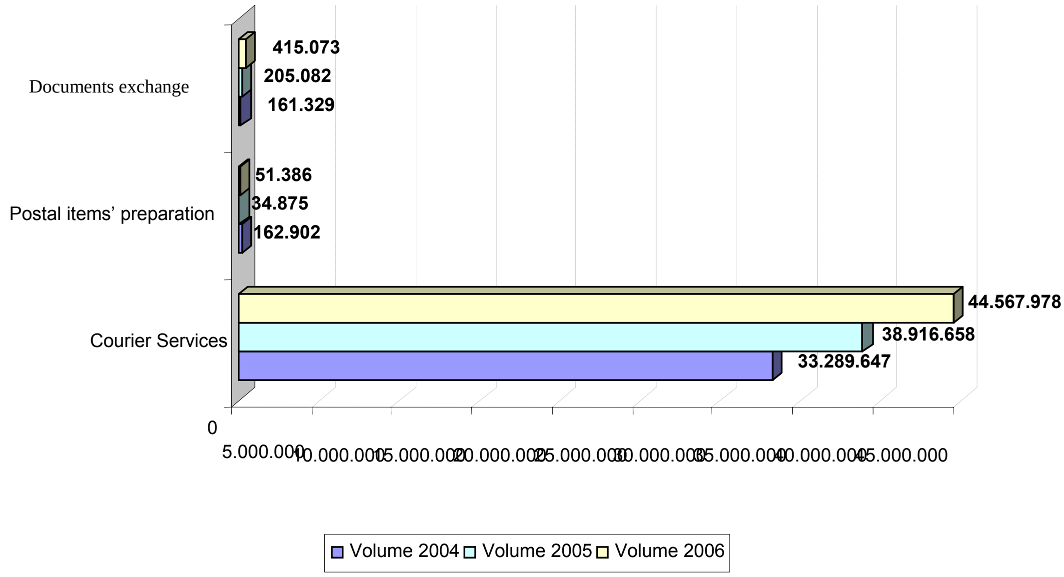
With regard to the courier market, it deserves to highlight the fact that, despite the diachronic increase of its total income, the average annual income per handled postal item presents a reduction, since the average annual increase of handled postal items' volume exceeds the average annual increase of corresponding income. The result is the diachronic reduction of average income per postal object that is handled within the courier market. An indicative table is coming up.

Average revenue per postal item in the courier services market 2000-2006

	2000	2001	2002	2003	2004	2005	2006
Courier Market	6,21 €	6,74 €	6,22 €	6,98 €	6,34 €	6,21 €	5,85 €
Rate of change %	-	8,53%	-7,77%	12,28 %	- 9,16%	- 2,13%	- 5,80%

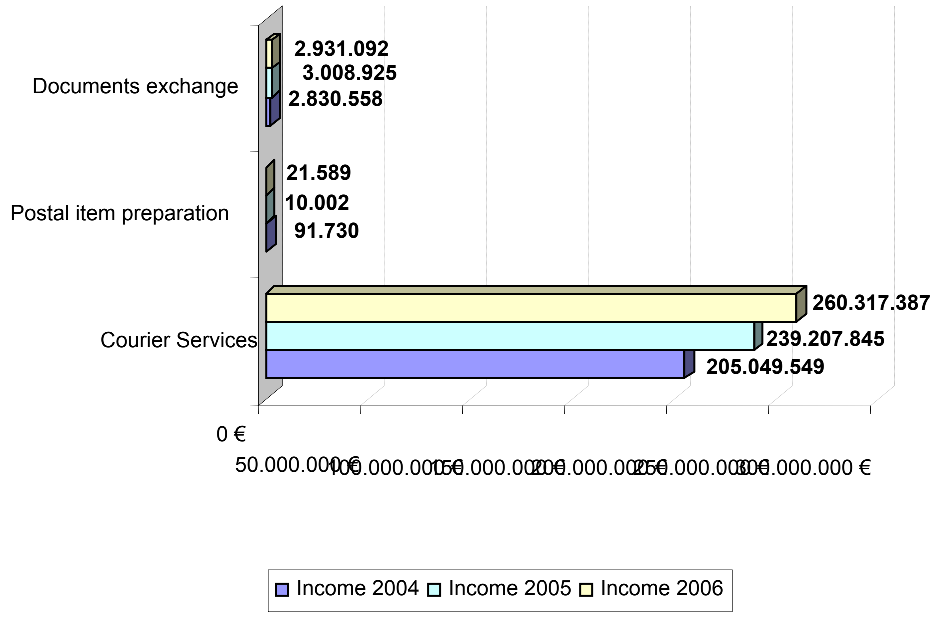
In the diagram that follows, is presented the analysis of handled items' volume under General Authorisation per category of provided service, for the years 2004 - 2006. Concisely we report that an increase of 15% is presented in the handled items and an increase of 47% in the service of preparation of postal objects.

Postal items' volume 2004-2006



In the following diagram is presented the segregation of income per provided postal service under General Authorisation comparatively for years 2004 - 2006.

Revenue from courier services 2004-2006



Way of distribution:

The analysis that follows concerns the distribution of handled postal items of courier market, depending on the way of distribution (autonomously or combined) for years 2005-2006.

The autonomous distribution concerns the receipt and distribution of postal objects from the postal operator and its network, as this has been defined (article 1, Regulation of General Authorisations – GOVERNMENT GAZETTE 1682/B/2003), while the *combined distribution* concerns the receipt of postal objects from the postal enterprise and the distribution from other postal enterprise with General Authorisation.

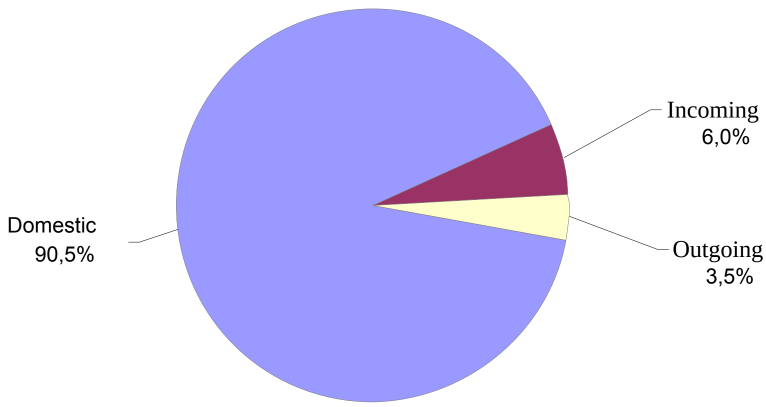
Handling of postal items, 2005-2006

Courier Services of postal items	**Year 2006**		**Year 2005**	
	Postal items (% classification)	**Revenue in € (%classification)**	**Postal items (% classification)**	**Revenue in € (% classification)**
Handling of Domestic				
Autonomous	36.916.570 82,28%	161.206.814 € 61,67%	33.102.600 83,73%	147.285.714 € 61,56%
Combined	3.664.146 8,17%	16.770.125 € 6,42%	2.347.638 5,94%	11.912.979 € 4,98%
Total	40.580.716 90,45%	177.976.939 € 68,08%	35.450.238 89,67%	159.198.694 € 66,54%
Handling of incoming				
Autonomous	2.535.432 5,65%	29.275.407 € 11,20%	2.462.839 6,23%	26.427.956 € 11,05%
Combined	172.623 0,38%	1.791.405 € 0,69%	157.380 0,40%	1.624.080 € 0,68%
Total	2.708.055 6,04%	31.066.812 € 11,88%	2.620.220 6,63%	28.052.036 € 11,73%
Handling of outgoing				
Autonomous	1.264.202 2,82%	42.113.258 € 16,11%	1.162.837 2,94%	42.591.109 € 17,80%
Combined	311.789 0,69%	10.258.370 € 3,92%	302.190 0,76%	9.400.230 € 3,93%
Total	1.575.991 3,51%	52.371.629 € 20,03%	1.465.027 3,71%	51.991.339 € 21,73%
Total	**44.864.762** **100%**	**261.415.380 €** **100%**	**39.535.485** **100%**	**239.242.069 €** **100%**

The **domestic** handled postal objects amounted to 40,1 Million (or 90,5% of total volume of postal objects) while their value is calculated to 178 Million euro (or 68,1% on the total income). On the contrary, considerably smaller are presented the volume and the value of **incoming** and **outgoing** postal items with rates of attendance, in terms of volume 6,04% and 3,51% respectively, and in terms of value 11,88% and 20,03% respectively. It is marked that is not observed important differentiation in the proportion of volume and income of postal items depending on the way of distribution in combination to the corresponding sizes of 2005.
It is observed that such in the domestic distribution as well as abroad, the biggest part of volume is handled (receipt and distribution) by the postal operator and its network, without the collaboration of other licensed postal providers.

In the diagram that follows is presented the distribution of domestic and cross borders postal objects.

Handling of domestic and cross border postal items 2006



As it is obvious, the autonomous domestic distribution constitutes the main way of distribution within the country’s borders. This, in combination with the fact that the bigger volume of domestic postal objects is handled by few enterprises that accumulate the biggest market’s shares, leads to the conclusion that the last ones have developed powerfully autonomous networks.

Respectively, the big rates of attendance of autonomous distribution in the categories of domestic and outgoing result from the fact that the biggest volume of these postal objects is handled by multinational companies operating in the courier market that also has developed powerfully wide range networks.

In the table that follows is mentioned indicatively the average income per postal object depending on the destination/origin independently from the way of distribution (autonomously or combined).

Average revenue per postal item depending on the destination / origin

Postal items	Average revenue per postal item		Rate of change
	2005	2006	
Domestic	4,49 €	4,39 €	-2,3%
Incoming	10,71 €	11,47 €	+7,2%
Outgoing	35,49 €	33,23 €	-6,4%

The distribution of domestic and cross borders postal items with regard to their time of distribution is presented in the following table.

Handling of domestic postal items related to their delivery time 2006

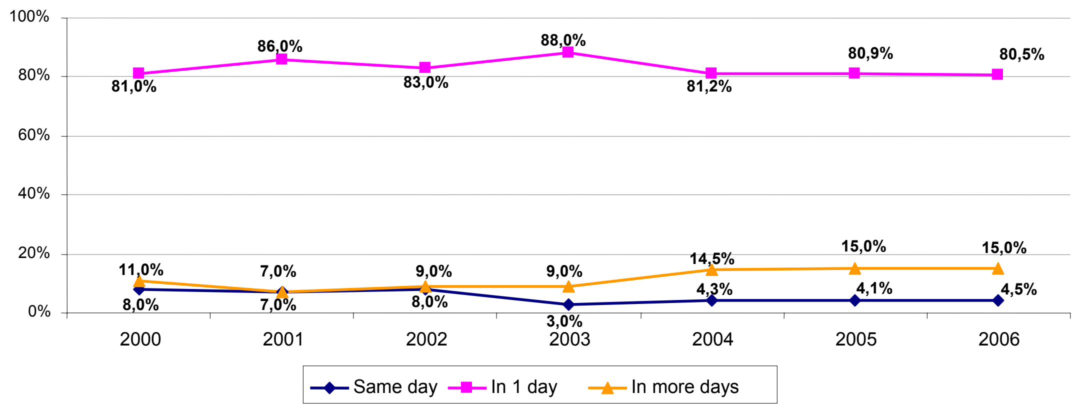
	Autonomous distribution		Combined distribution		Total	
	Volume	Income	Volume	Income	Volume	Income
Same day	1.591.094 4,3%	10.945.697 € 6,8%	219.047 6,0%	1.439.008 € 8,5%	1.810.141 4,5%	12.384.704 € 7,0%
In 1 day	29.552.737 80,1%	125.575.604 € 78,2%	3.093.471 84,8%	13.983.122 € 82,6%	32.646.208 80,5%	139.558.726 € 78,6%
In more days	5.759.042 15,6%	24.059.575 € 15,0%	336.788 9,2%	1.498.598 € 8,9%	6.095.830 15,0%	25.558.173 € 14,4%
Total	**36.902.873** **100,0%**	**160.580.876 €** **100,0%**	**3.649.307** **100,0%**	**16.920.728 €** **100,0%**	**40.552.179** **100,0%**	**177.501.603 €** **100,0%**

A percentage of 80,5% of **domestic** postal items is handled in one day (32,6 Million items, value 139,6 Million euro). In more days are handled the 15% of total of market (6,1 Million objects of 25,6 Million euro), while on the same day are handled the 4,5% of total amount (1,8 Mill. objects, value 12,4 Millions euro).

We should underline the differentiation observed in the proportion of income emanating from the objects handled on the same day in combination to the corresponding volume (7% and 4,5% respectively), in combination with the reverse image that presents the corresponding proportion of postal objects handled in more days. It is expected that because of the character of express transport of postal object that is received and delivered the same day, the consumer has to pay a bigger price due to the increased cost but also due to the increased added value for the service.

The diachronic development of **percentage distribution of the volume of handled postal items in combination with their delivery time** is presented to the following diagram.

Rate of change of domestic postal items related to their delivery time, 2000-2006



The autonomous and combined distribution of cross borders postal items' volume is presented in the following tables.

Handling of incoming items related to their delivery time

2006	Autonomous distribution		Combined distribution		Total	
	Volume	Revenue	Volume	Revenue	Volume	Revenue
In 1 day	1.749.691 69,0%	16.394.170 € 56,0%	25.989 14,1%	882.972 € 37,7%	1.775.680 65,3%	17.277.142 € 54,7%
In more days	785.375 31,0%	12.880.520 € 44,0%	158.430 85,9%	1.456.438 € 62,3%	943.805 34,7%	14.336.958 € 45,3%
TOTAL	**2.535.066 100%**	**29.274.690 € 100%**	**184.419 100%**	**2.339.410 € 100%**	**2.719.485 100%**	**31.614.100 € 100%**

Handling of outgoing items related to their delivery time

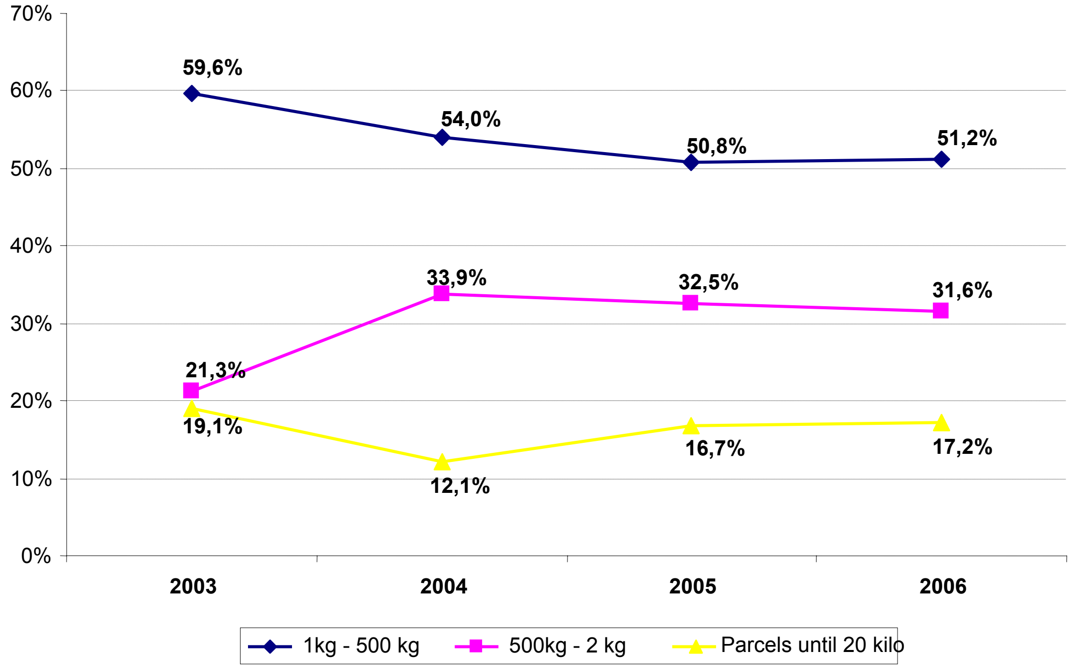
2006	Autonomous distribution		Combined distribution		Total	
	Volume	Revenue	Volume	Revenue	Volume	Revenue
In 1 day	951.129 75,2%	28.005.070 € 66,5%	159.283 55,4%	6.007.118 € 62,7%	1.110.412 71,6%	34.012.189 € 65,8%
In more days	313.042 24,8%	14.129.504 € 33,5%	128.264 44,6%	3.578.214 € 37,3%	441.306 28,4%	17.707.718 € 34,2%
TOTAL	**1.264.171 100%**	**42.134.575 € 100%**	**287.547 100%**	**9.585.332 € 100%**	**1.551.718 100%**	**51.719.906 € 100%**

According to the data of tables it is realised that in 2006, 65% (1,8 Millions items) of **incoming** items was handled in 1 day, while 35% (944.000 items) was handled in more days. The corresponding shares for the **outgoing** items are 72% (1,1 Millions items) and 28% (441.000 items) respectively.

Weight levels:

With regard to the **distribution of handled postal objects per weight level**, as it appears from the following diagram, it is observed that the proportion of postal objects per level of weight seems to be stabilised.

Rate of change of postal items' weight handling, 2003-2006



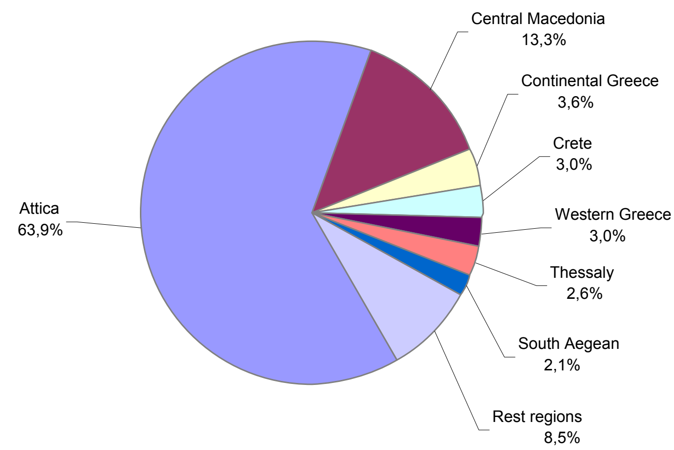
In 2006 at the category of weight 1-500 gr. (except parcels) correspond the 51,2% of postal objects, at the category 500 gr. - 2 kilos (except parcels) correspond the 31,6%, while the parcels until 20 kilos constitutes the 17,2% of total postal volume.

Geographic analysis:

The geographic analysis of Greek courier market shows the important difference between the region of Attica in combination with the rest regions of Greek territory, but also the general effect of big urban centres in the distribution, where is accumulated the biggest part of population and where the majority of providers are operating.

As it appears from the diagram that follows, the biggest volume of handled postal objects comes from the Region of Attica (63,9%), while follows the Region of Central Macedonia (13,3%). The rest 22,8% comes from the rest regions of the country. On the other hand, the smaller volume of postal objects comes from the regions of Northern Aegean and the Ionian Islands (1,1% and 1,0%, respectively of total domestic handled postal items).

Classification of domestic postal items per origin



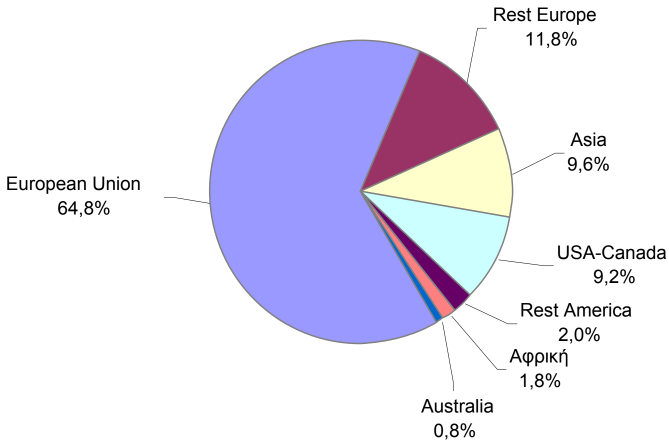
In the table that follows is presented the handled volume of postal objects per resident (according to the provisional elements of inventory 2001) per region of destination. The important population's concentration in the region of Attica is proved catalytic, given the fact that with 3,78 postal item per resident, Attica presents an average of 7,04 postal objects per resident, while the rest regions have an average less from 3 objects per resident.

Handling of domestic postal items per origin, 2006

Distribution of postal items from:	Postal items	%	Population	Postal items per resident
Attica	26.480.735	63,9%	3.761.810	7,04
Central Macedonia	5.505.298	13,3%	1.874.214	2,94
Continental Greece	1.493.566	3,6%	605.329	2,47
Crete	1.239.930	3,0%	753.888	1,64
Western Greece	1.225.079	3,0%	601.131	2,04
Thessaly	1.070.166	2,6%	740.506	1,45
South Aegean	884.143	2,1%	611.067	1,45
East Macedonia & Thrace	831.581	2,0%	638.942	1,30
Peloponnesus	798.517	1,9%	302.686	2,64
Epirus	525.647	1,3%	301.522	1,74
Western Macedonia	515.676	1,2%	212.984	2,42
North Aegean	437.348	1,1%	353.820	1,24
Ionian Islands	424.883	1,0%	206.121	2,06
Total volume (except incoming)	**41.432.570**	**100%**	**10.964.020**	**3,78**

Interest presents the distribution of **outgoing** handled postal objects, as it is shown in the following diagram 3.3.7 and the corresponding Table 3.3.7. As it appears the European Union (64,8%) is the region that accepts the biggest volume of outgoing postal items, while follow the rest Europe (11,8%), Asia (9,6%) and the USA - Canada (9,2%). It deserves to highlight that until 2005 the region of USA - Canada possessed the third place, but in 2006 this place occupies Asia.

Cross border postal items per destination

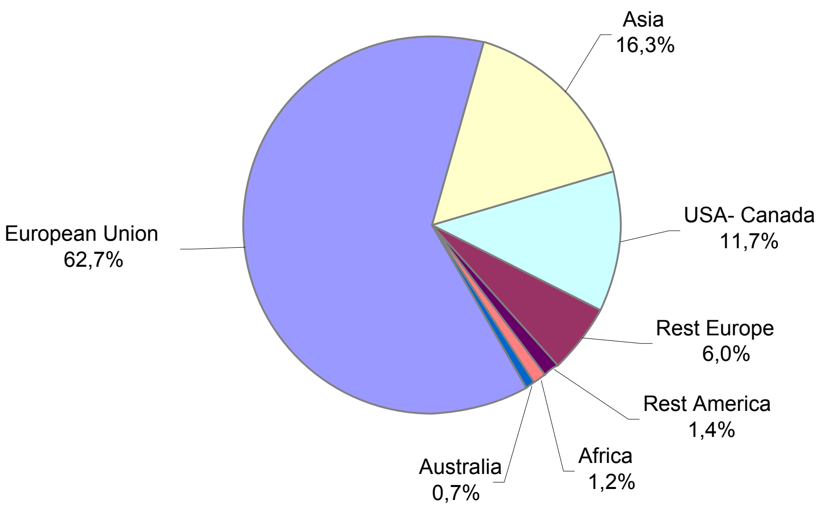


Handling of cross borders items per destination, 2004-2006

Regions	Postal items		
	2004	**2005**	**2006**
European Union	725.424 64,4%	845.182 63,4%	914.614 64,8%
Rest Europe	96.305 8,5%	151.486 11,4%	166.376 11,8%
Asia	125.109 11,1%	135.458 10,2%	135.330 9,6%
USA-Canada	122.909 10,9%	138.631 10,4%	129.128 9,2%
Rest America	24.114 2,1%	23.972 1,8%	28.333 2,0%
Africa	22.160 2,0%	26.721 2,0%	24.985 1,8%
Australia	10.623 0,9%	12.445 0,9%	11.861 0,8%
TOTAL	**1.126.644**	**1.333.895**	**1.410.629**

The situation differs referring to the distribution of postal objects per country **of origin of incoming items** as it appears in the following diagram. More important region is shown the European Union (62,7%), follows Asia (16,3%) and the region of USA - Canada (11,7%), while the rest of Europe is classified in the fourth place (6%).

Cross border postal items per origin



Handling of cross border postal items per origin 2004-2006

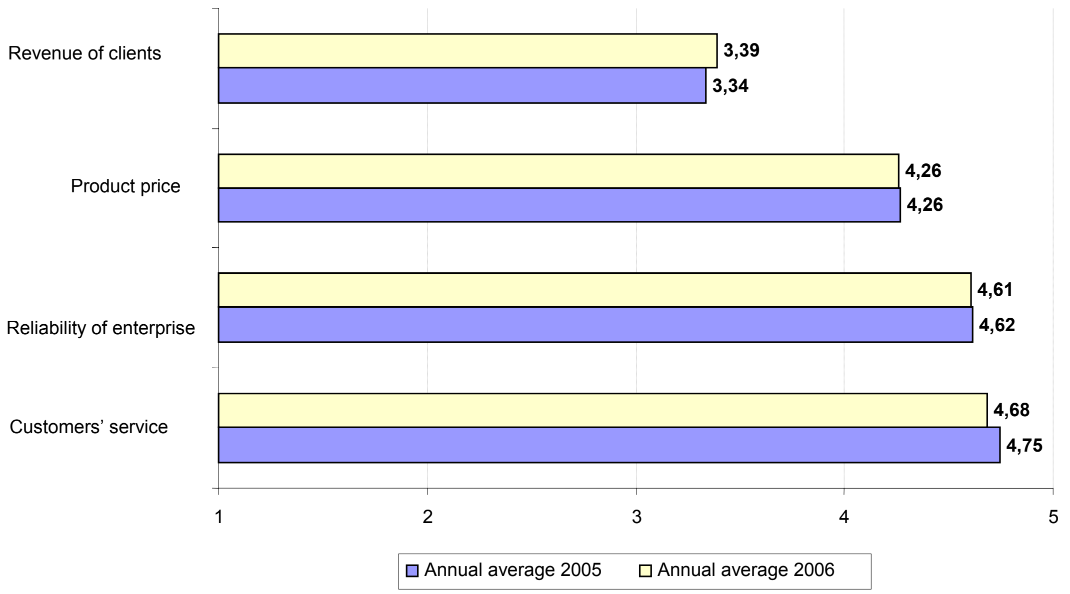
Region	Postal items		
	2004	**2005**	**2006**
European Union	1.095.286 58,5%	1.466.812 61,2%	1.578.542 62,7%
Asia	328.528 17,5%	433.336 18,1%	409.003 16,3%
USA-Canada	231.785 12,4%	300.863 12,5%	295.286 11,7%
Rest Europe	100.578 5,4%	113.100 4,7%	150.250 6,0%
Rest America	60.906 3,3%	36.299 1,5%	33.978 1,4%
Africa	35.046 1,9%	35.022 1,5%	30.458 1,2%
Australia	20.264 1,1%	12.506 0,5%	18.553 0,7%
TOTAL	**1.872.393** **100,0%**	**2.397.938** **100,0%**	**2.516.069** **100,0%**

3.4 Defining factors of courier services' demand.

Particular interest present the answers that were given by the agents of courier market, with regard to the factors influencing their services' demand. Their answers, depending on the gravity that has each defining factor on the demand of courier services, were evaluated in scale from 1 to 5 (where 1 stands for "not important" and

5 “exceptionally important”). Afterwards the average of answers that were given for years 2005-2006 were used for the presentation of corresponding sizes.

Courier services’ demand determinative factors, 2005-2006



The relative table with the distribution of answers of enterprises that answered to the research is following.

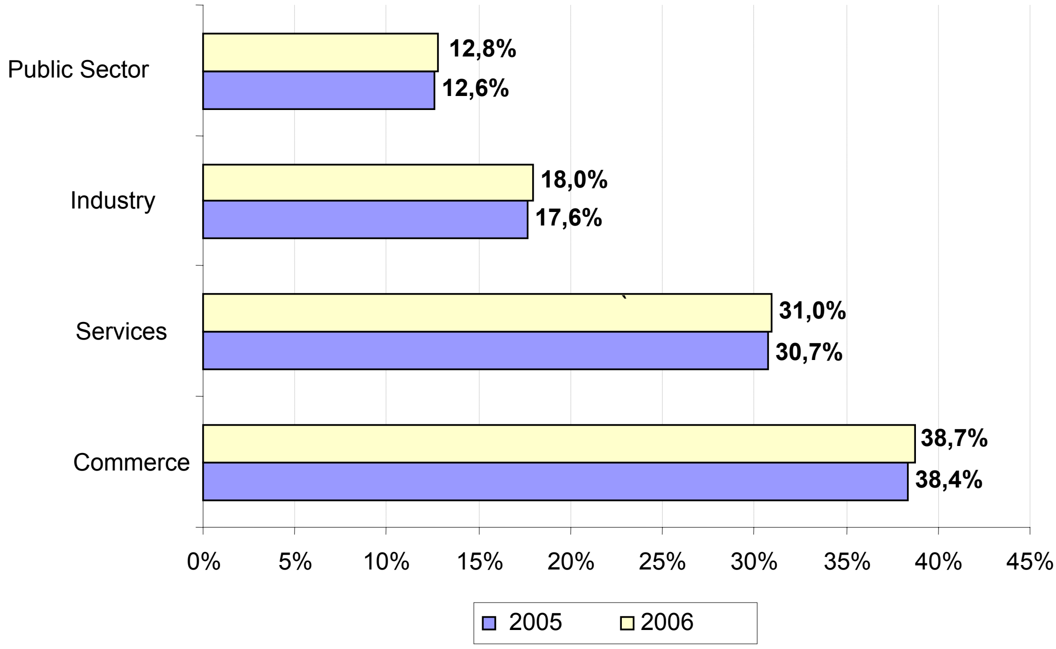
Courier services’ demand determinative factors, 2006

	Not important	Less important	Important	Rather important	Exceptionally important
Product price	0%	4%	17%	19%	50%
Revenue of clients	7%	10%	25%	24%	17%
Reliability of enterprise	0%	0%	6%	22%	63%
Customers’ service	0%	0%	5%	16%	70%

3.5 Most important customers of courier operators.

Most important customers of courier enterprises remain also for 2006 the sectors of trade with percentage 39% and the services with 31%. The industry sector is coming next with a percentage of 18% and finally with percentage 13% the Public Sector.

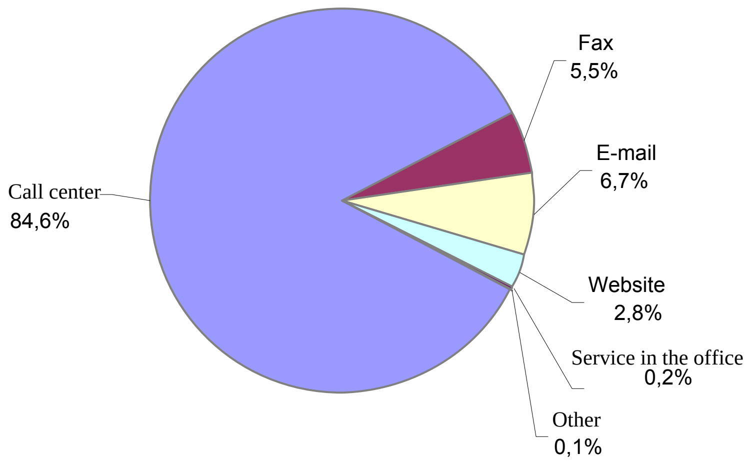
Courier services' corporate clients, 2005-2006



According to the analysis of qualitative data that was provided by the courier market's agents, the most important corporate customers in terms of volume and income of handled items, are the advertising and tourist enterprises. In the classification follow with smaller shares the editorial enterprises, the enterprises of information, the banking sector and insurance companies, the medical sector and enterprises of communications / telecommunications. However important corporate customers for the courier providers are also the Shipping, the Manufactures, the Industry of Clothing, and the Food Industry etc.

With regard to **the way of communication** that select the consumers (enterprises and individuals) in order to contact the courier enterprise, main means are, as expected, the telephone centre of enterprise, while follows the communication via fax and e-mail.

Ways of communication with the courier providers 2006



CHAPTER 4: OFFER

In this chapter, is presented the number of licensed enterprises, as well as their classification based on their size. Moreover, are examined the categories of courier services in which was observed during 2006 the biggest increase or reduction of prices, the factors that influence the cost of courier enterprises, the number occupied in the courier services market per type of employment, speciality and educational level. Finally, is presented the volume of transportation means of enterprises, as well as the building and technological infrastructure that they dispose.

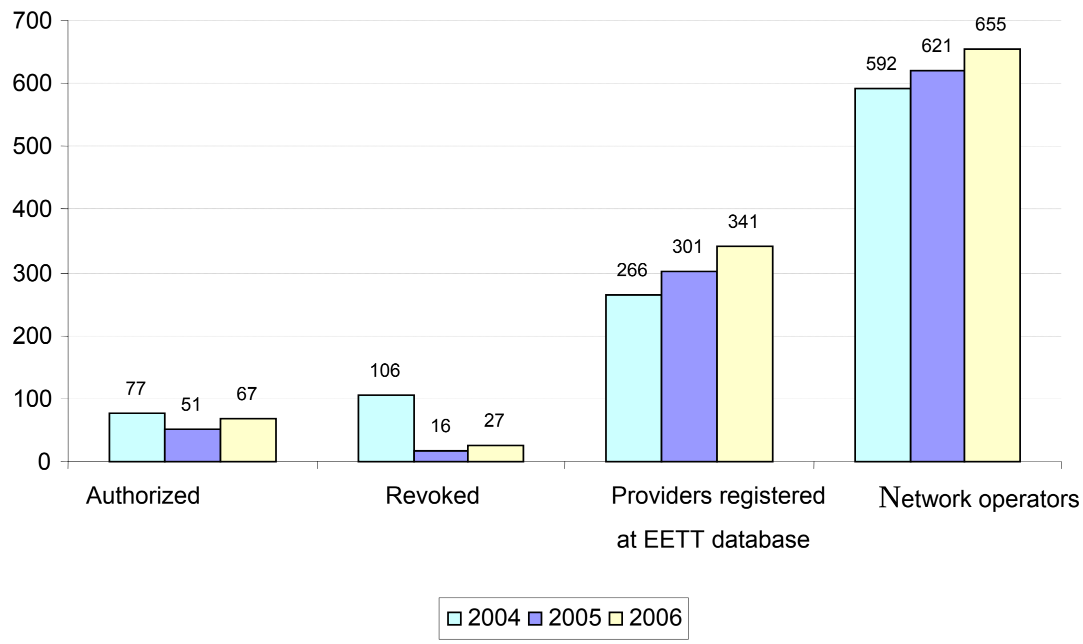
4.1 Basic characteristics of courier services' offer

According to the elements of the Register of Postal Services Operators of EETT**, the number of licensed postal enterprises** from 2000 until 2006 has been almost doubled, showing that the courier services market is highly attractive as a sector of operation. During 2006, 27 postal providers requested to be erased from EETT's Register of Postal Services Operators.

Number of licensed postal providers at 31/12/2006

	2000	2001	2002	2003	2004	2005	2006
Authorized	36	60	62	54	77	51	67
Revoked	12	12	24	21	106	16	27
Providers registered at EETT database	**176**	**224**	**262**	**295**	**266**	**301**	**341**
Network operators	**-**	**-**	**392**	**1.065**	**592**	**621**	**655**

Number of licensed postal providers, 2004-2006



From the point of view of geographic distribution of offered courier services in the Greek market, is clear, once more, the leading place that occupies Attica as well as the big difference of concentration of offer in combination to the rest regions of the country. More generally it can expressly be underlined the catalytic role of urbanism and big urban centres in the distribution since in these regions operate the majority of courier providers and is accumulated the biggest part of population. This tendency is respectively also confirmed by the demand of courier services.

In the table that follows is presented the handled postal items volume of courier operators (according to the data of the Register of EETT) per region of destination. The effect of important concentration of population in the region of Attica is proved to be significant, since in terms of Territory with average postal objects per enterprise 121,5 thousand objects, Attica presents an average of 175,4 thousand postal items, while the rest regions less than 102.000 items per enterprise.

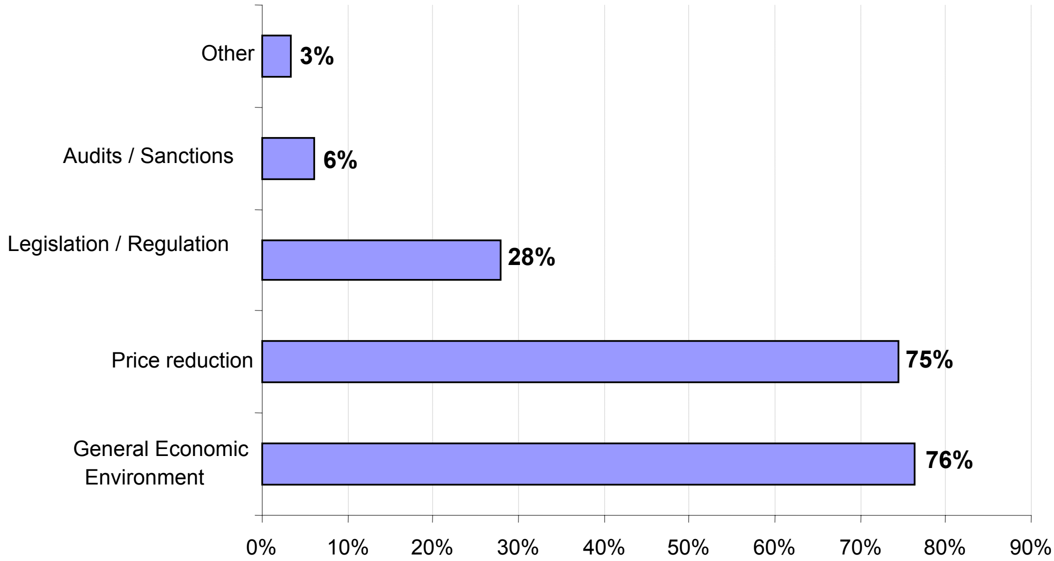
Geographic distribution of postal items & licensed courier services providers

Regions	**Postal items**		**Number of providers**		**Items per operator**
	Volume	**%**	**Volume**	**%**	
Attica	26.480.735	63,9%	151	44,3%	175.369
Central Macedonia	5.505.298	13,3%	54	15,8%	101.950
Continental Greece	1.493.566	3,6%	15	4,4%	99.571
Crete	1.239.930	3,0%	15	4,4%	82.662
Western Greece	1.225.079	3,0%	19	5,6%	64.478
Thessaly	1.070.166	2,6%	13	3,8%	82.320
South Aegean	884.143	2,1%	13	3,8%	68.011
East Macedonia & Thrace	831.581	2,0%	16	4,7%	51.974
Peloponnesus	798.517	1,9%	10	2,9%	79.852
Epirus	525.647	1,3%	6	1,8%	87.608
Western Macedonia	515.676	1,2%	9	2,6%	57.297
North Aegean	437.348	1,1%	7	2,1%	62.478
Ionian Islands	424.883	1,0%	13	3,8%	32.683
TOTAL	41.432.570	100,0%	341	100,0%	121.503

4.2 Factors that influence the provision of courier services

The main factors that influence the offer of courier services, are in order of classification (as were selected by the enterprises that took part in the research) the general economic environment, the reduction of prices, while follow the Legislation and the regulatory rules. It follows diagrammatic presentation

Main factors influencing the courier services 2006



From studies carried out, in the past, by EETT, the classification of factors that influences the offered courier services, remains stable.

4.3 Prices

The majority of enterprises that took part in the research declared that there were changes - positive or negative, at the offered prices of services. From the enterprises that answered the relative question of research, percentage 2% answered that there was not reduction at offered prices; while percentage 9% answered that there was not increase at the prices of provided services.

More specifically, the answers of enterprises that took part in the research are described in the following table.

Classification of courier services presenting the biggest price increase/ reduction 2006

Postal Services	Price reduction	Price increase
Documents courier services	60%	24%
Parcels courier services	34%	56%
Unaddressed advertising items	3%	1%
Preparation of postal items	1%	5%
Documents exchange	2%	4%

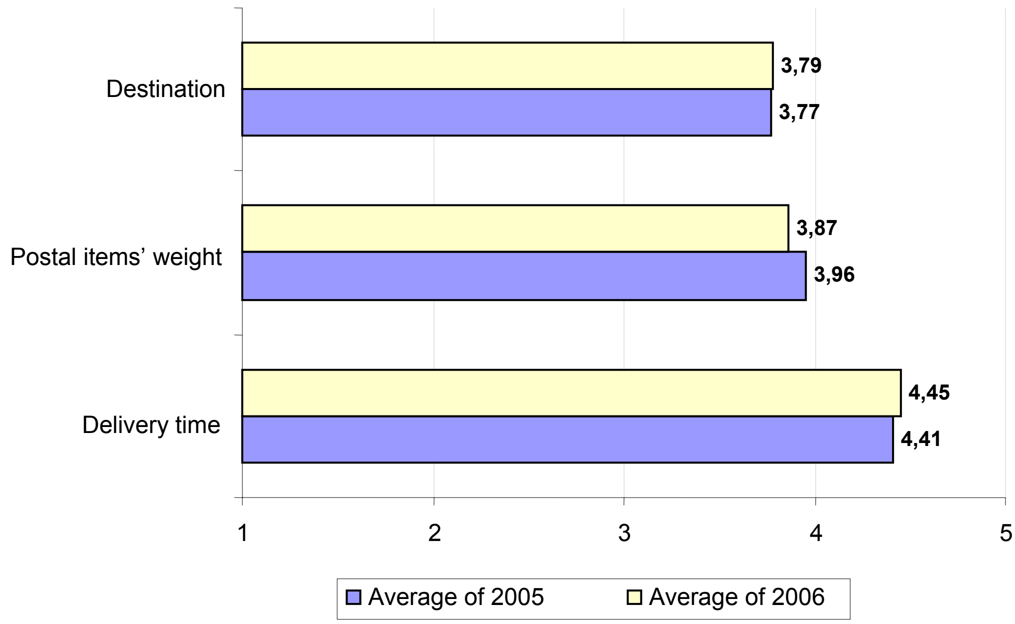
According to the opinion of postal market's agents, the main defining factors of configuration of prices of postal services are considered to be *the time of delivery of postal object, the weight and the destination*. In the following table is shown the distribution of answers, as they were given by the operators.

Main factors influencing the postal services price

2006	Not important	Less important	Important	Rather important	Exceptionally important
	1	2	3	4	5
Item's weight	4%	7%	20%	24%	34%
Delivery time	0%	4%	9%	20%	57%
Destination	3%	9%	20%	29%	29%

In combination to the corresponding data of 2005 it doesn't seem to exist a big tendency of differentiation, since the distribution of answers did not change considerably. It deserves to say however that except these factors mentioned above, the agents of market show as important factors the competition between the postal enterprises, the volume of services per customer but also the factor of qualitative service of customer. In any case, the time of delivery remains the main defining factor for the price of services.

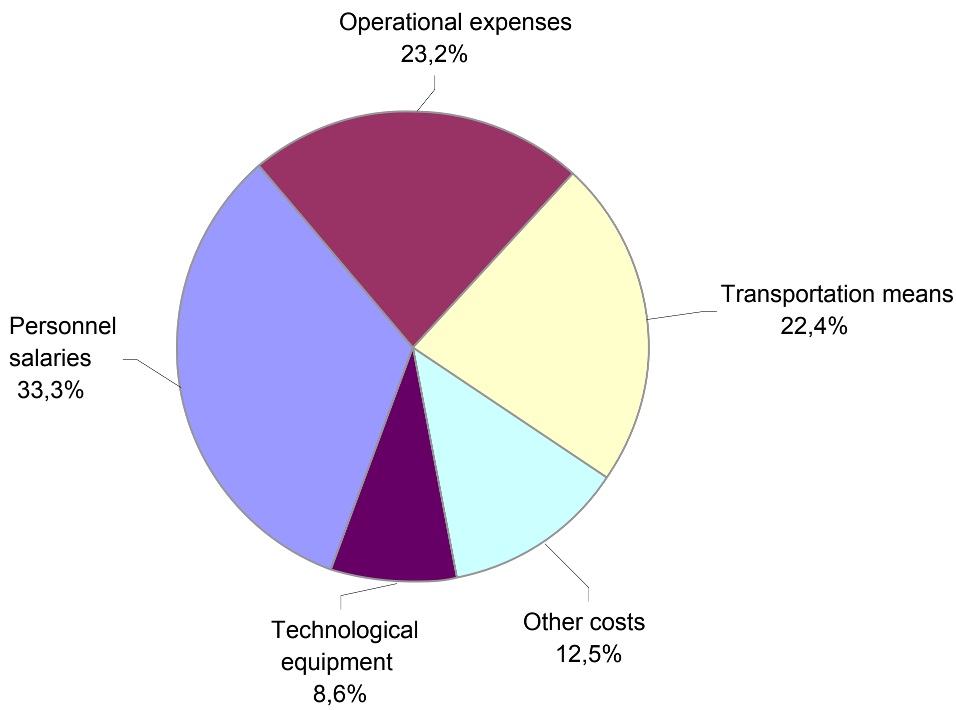
Postal services' price determinative factors, 2005-2006



4.4 Cost

In order to analyze the cost of courier enterprises the average of answers of market's agents was used. Very important factor of configuration of cost of courier enterprises, as is was expected since the sector is intensity of work, is the personnel's remuneration. The functional expenses and the expenses of maintenance of transportation means of enterprises are following. In the rest expenses are included, according to the businessmen of sector, the supplies that are given to third courier enterprises within the frames of collaboration so that they achieve intensification of their place in the market and evolution of their work.

Courier services providers' expenses classification, 2006

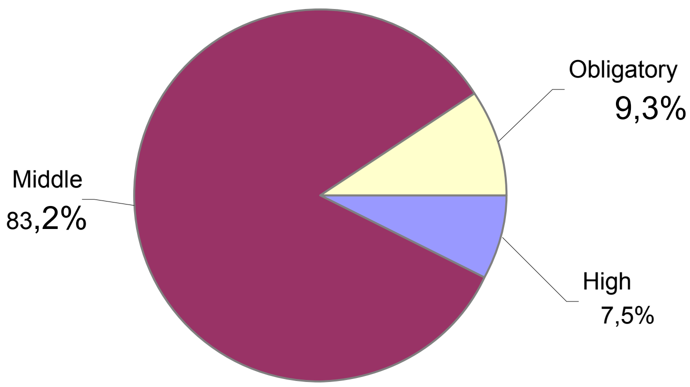


4.5 Personnel

The number of total occupied personnel in the sector presents continuous increase during the past few years, but the last three years his size shows to be stable. In the diagram and the tables that follow are presented quantitative and qualitative elements regarding the employment in the courier services sector.

Generally speaking, the employment in the market does not require high dexterities and academic training and for this reason a particularly high portion of employed are graduates of medium education. Also, remarkable is the fact that in 2006, for the first time, the balance between couriers and the rest personnel is reversed; 48% of personnel of enterprises and their network, is constituted by couriers while the rest 52% is constituted by other categories of personnel.

Classification of employees per education (Providers – Network) 2006



Total number of employees at the courier services market 2006

Type of employment	2000	2001	2002	2003	2004	2005	2006
Full-time	3.877	4.805	5.528	5.917	7.717	8.225	8.688
Part-time	373	490	490	1.377	2.435	2.361	2.049
TOTAL	**4.250**	**5.295**	**6.018**	**7.294**	**10.152**	**10.586**	**10.737**

Annual rate of change

Type of employment	-	2001/00	2002/01	2003/02	2004/03	2005/04	2006/05
Full-time employment	-	23,9%	15,0%	7,0%	30,4%	6,6%	5,6%
Part-time employment	-	31,4%	0,0%	181,0%	76,8%	-3,0%	-13,2%

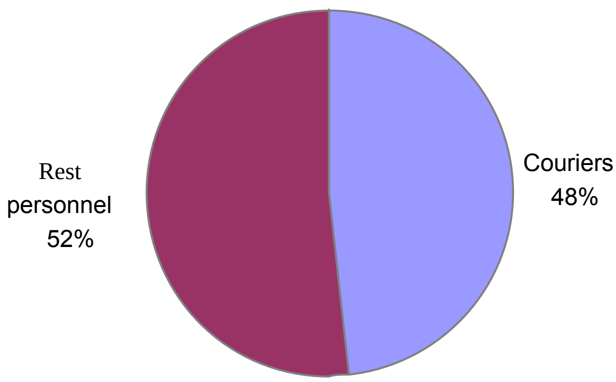
Classification of employees per education 2006

	Provider	Network	Total
High	543 10,1%	265 4,9%	808 7,5%
Middle	4.449 83,1%	4.482 83,2%	8.931 83,2%
Obligatory	360 6,7%	638 11,8%	998 9,3%
TOTAL	**5.352** **100%**	**5.385** **100%**	**10.737** **100%**

Classification of employees per specialty

	Provider	Network	Total
Couriers	2.445 45,7%	2.734 50,8%	5.179 48,2%
Rest of personnel	2.907 54,3%	2.651 49,2%	5.558 51,8%
TOTAL	**5.352** **100%**	**5.385** **100%**	**10.737** **100%**

Classification of employees per specialty (Providers & Network) 2006



It deserves to point out that percentage over 51% of enterprises that took part in the research, pretend that they face difficulties finding personnel. More specifically, there is greater difficulty to find couriers, drivers with privately-owned bicycles and employees for exterior work.

From the elements that were mentioned above, the conclusions that can be exported are on one side the existence of a tendency of reduction of part-time occupied with corresponding increase of the number of fully occupied. Also is observed an important increase of 26% of courier services' personnel, while there was a reduction of 15% of personnel of network enterprises.

In the frames of improvement of provided services' quality, most courier operators answered that they offer to their personnel programs of training. The main educational programs in which they focus, are related to subjects of qualitative customers' service, while in the classification follows the pc training. In smaller percentage is provided education in technically and other subjects that are related to the activities of courier operators.

4.6 Infrastructure

4.6.1 Building infrastructure

The total building infrastructure used by the courier providers is increasing, following the tendency of increase of licensed operators' number. With regard to the average surface of building installations, it does not appear to be differentiated considerably since in the market mainly enter small size enterprises operating in a local level and by consequent big size installations are not required.

The diachronic development of building infrastructure of courier enterprises for years 2000-2006 is presented.

Courier services offices-sorting centers-warehouses 2006

	2000	2001	2002	2003	2004	2005	2006
Postal provider	194	257	437	469	362	608	554
Network	372	488	498	1.302	1.873	1.835	1.928
Total	**566**	**745**	**935**	**1.771**	**2.235**	**2.443**	**2.482**

Courier services offices– sorting centers-warehouses

(in m^2)	2000	2001	2002	2003	2004	2005	2006
Postal provider	35.491	43.737	58.806	61.250	63.292	86.241	75.878
Network	22.236	30.779	30.581	40.420	55.874	35.365	60.853
Total	**57.727**	**74.516**	**89.387**	**101.670**	**119.166**	**121.606**	**136.731**

It is marked that the company Hellenic Post declares for the 764 courier operators of her network, a surface of 1.900 m^2, meaning that it multiplies the average surface of courier box inside the shops of Universal Service Provider with the number of operators of network with the surface of courier box in the shops of Hellenic Post. The above elements imply that the average surface of buildings of network of particular enterprise is much smaller than the corresponding average surface of remaining postal enterprises, and for that reason is not increased the surface of buildings proportionally with the increase of number.

Offices' average surface – sorting centers – warehouses

(in m^2)	2000	2001	2002	2003	2004	2005	2006
Postal provider	182,9	170,2	134,6	130,6	174,8	141,8	137,0
Network	59,8	63,1	61,4	31,0	29,8	19,3	31,6
Postal provider & network	**102,0**	**100,0**	**95,6**	**57,4**	**53,3**	**49,8**	**55,1**

4.6.2 Transportation means

The usual transportation means that use the postal enterprises are constituted by cars of production, two-wheeled and other type of vehicles. Of course, mainly, and due to the nature of service, the main transportation means that are used are the two-wheeled. During 2006 for the first time is observed a reduction of transportation means of courier enterprises' volume around 11%. All previous years a continuous increase was observed. This reduction results from an important reduction of number of transportation means of courier providers of the rest network and not of licensed courier enterprises.

Courier operators' and network's transportation means

	2000	2001	2002	2003	2004	2005	2006
Production vehicles	1.048	1.273	1.644	1.875	1.611	1.872	1.760
Two-wheeled	2.217	2.800	2.728	4.062	4.957	5.528	4.820
Rest vehicles	104	113	116	252	770	600	578
Total	**3.369**	**4.186**	**4.488**	**6.189**	**7.338**	**8.000**	**7.158**

4.6.3 Technological infrastructure

In order to evolve, a courier provider except from the Special Postal Items Track & Trace System (SPITTS) that is mandatory, according to the Regulation of General Authorizations, needs to allocate also effective ways of communication and customers' service. Most enterprises that took part in the research answered that dispose a telephone centre for the service of customers, as well as other informative systems except SPIITS. In smaller percentage and mainly the big enterprises of sector dispose systems of sorting as well as Scanner for their distributors.

Except the above technological infrastructure enough enterprises declare that they dispose even more advanced technologies apart from the computers, the fax and the photocopies.

Basic element for the provision of courier services, but also essential difference between the enterprises that provide postal services and the Universal Service Provider (EL.TA), is the existence of Special Postal Items Track & Trace System in all stages of the handling from the sender until the addressee.

The possibility of track & trace in all stages, the time within which the enterprise is in position to locate the object if needed, but most important the way and the means that are used for this aim, constitutes a very decisive element of operator's organisation and quality's level. Apart from this, the Special Postal Items Track & Trace System creates added value in the offered service, in relation to the Universal Service Provider.

CHAPTER 5: COMPETITION

In the particular chapter is presented the degree of concentration of courier market, examining the shares of market that the biggest enterprises occupy. Other subjects that are analyzed, concern the bargaining power of suppliers and customers in the courier services market, the existence or not of dangers from new entries in the market, as well as the threat or not from substitute products and services. Finally, are reported the main strategies of courier providers, the ways of evolution as well as the obstacles of entering the courier market.

5.1 Degree of concentration of market

The courier market is characterized by high degree of concentration in a small number of big enterprises. The five bigger enterprises operating in the sector during 2006 handled more than 34 millions items or percentage 77% of the total postal items that were handled in the courier services, possessing 69% of the total income. During 2006 there was a reduction of 3,6% of market's share for the biggest operators of the sector compared to 2005. It deserves to underline that only one enterprise accumulates around 30% of handled postal items' volume, while the corresponding share in terms of income is shaped to 24%, remains in other words at the corresponding level of 2005.

Main courier services providers market's shares (volume)

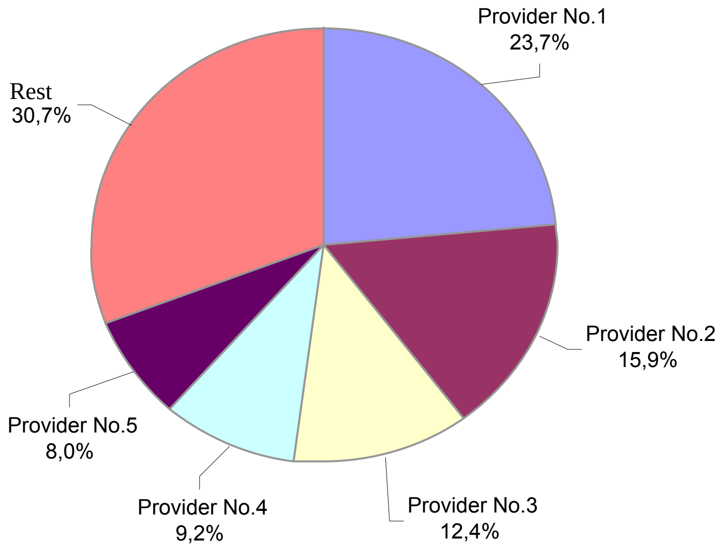
	2002	2003	2004	2005	2006
The 5 biggest providers	73,6%	77,4%	81,3%	80,2%	76,6%
The 9 biggest providers	84,8%	86,8%	89,1%	87,3%	85,5%

Main courier services providers market's shares (income)

	2002	2003	2004	2005	2006
The 5 biggest providers	-	70,8%	74,9%	71,3%	69,3%
The 9 biggest providers	-	88,7%	90,1%	89,0%	87,6%

In the following diagram are showed the market's shares of five biggest enterprises of sector in terms of income.

Main courier services providers market's shares (income)



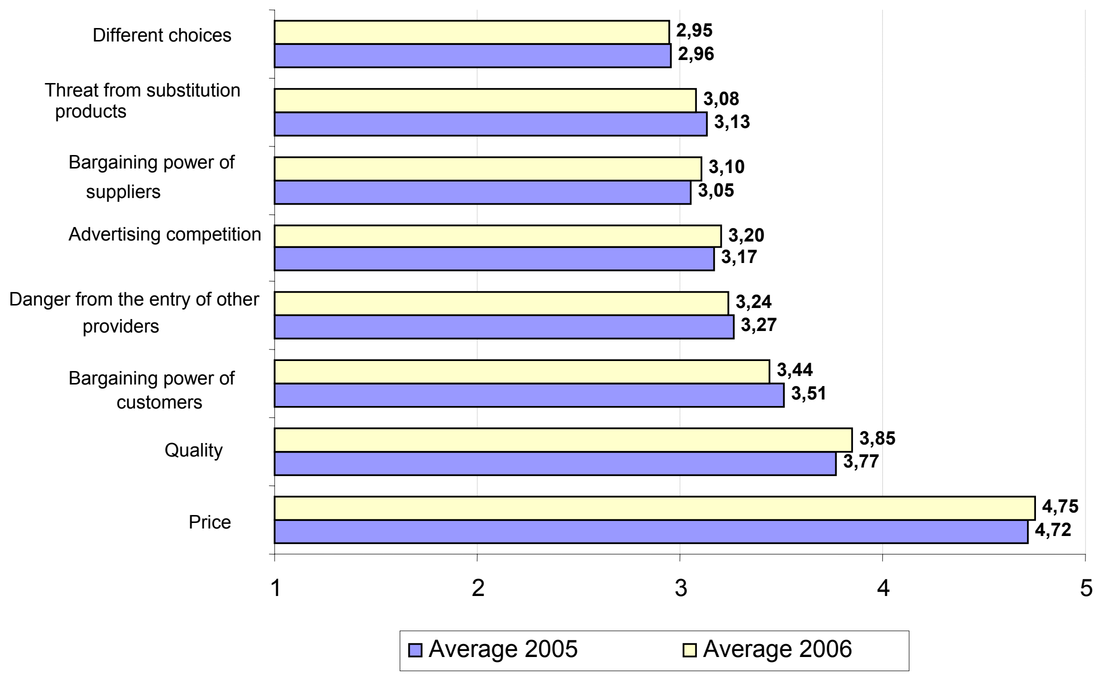
The courier services market is characterized by high competition, from the enterprises operating in the sector, focusing on prices and quality of provided services. This is also expressed by the answers of enterprises that took part in the research and are mentioned in the following table.

Competition types within the courier market 2006

	Not important	Less important	Important	Rather important	Exceptionally important
	1	2	3	4	5
Price	0%	2%	1%	13%	77%
Quality	3%	9%	16%	29%	31%
Danger from the entry of other providers	10%	20%	18%	18%	21%
Threat from substitution products	15%	16%	17%	18%	17%
Bargaining power of customers	3%	13%	24%	27%	15%
Advertising	8%	17%	24%	22%	14%
Bargaining power of suppliers	8%	17%	25%	20%	11%
Variety of services	13%	19%	25%	21%	9%

In the diagram that follows, is presented the importance that attribute, on average, the market's agents to the various forms of competition for the period 2005-2006. The answers of market's providers have been evaluated in a scale from 1 until 5, where 1 stands for "not important" and 5 for "exceptionally important".

Courier market competition's determinative factors, 2005-2006



5.2 Bargaining power of suppliers

In the courier market the term "suppliers" includes:

- other postal operators handling domestic or cross borders postal objects that intervenes for the combined handling,
- enterprises that supply the courier services enterprises with transportation means (tracks, motorcycles) used for the realisation of their work,
- the couriers - editorial houses - printing companies,
- the fuel companies,
- the informative companies (hardware and software),
- the companies supplying with maps, that are used for tariffs, receipts, vouchers.

The bargaining power of courier providers' suppliers, as they were presented above, is small and it does not influence greatly the competition. Exception, perhaps, constitutes the group of other postal enterprises that intervenes for the delivery of postal item in regions where the postal operator and its network don't operate. As shows the analysis of cost of courier enterprises, the supplies, given to third operators for the final handling, were considered an important factor of cost. In general lines, it is realised that the cost of replacing a local supplier by some other is

not important, but this cost increases considerably in cases where, in specific regions, a small number of local courier providers is operating. Defining factor of this cost, of course, is the volume of postal items that is intended for the region where activates the supplier of the courier operator.
An Important factor which influences the courier services providers' cost is the fuel of transportation means of production. This fact offers to the group of fuel companies a relatively high bargaining power. From their side, the courier operators in order to reduce the eventual risk from the fuel companies, they are able to sign conventions with concrete suppliers.
The group of suppliers - enterprises that make all the work of production and preparation of postal items or parcels has a particular gravity for the courier enterprises (bearers - editorial houses - printing companies).
Generally speaking, it is realised that the bargaining power of sector's suppliers, is not so important, so that it is able to cause problem in the usual operation of courier services providers. This is also reflected by the opinions of courier operators, since at a relative question of the research referring to the gravity that they attribute to the bargaining power of their suppliers, they have answered that this factor is considered important, but not exceptionally important.

5.3 Bargaining power of customers

The main customers of courier services market are the individual (private individuals) and the enterprises, organisms and legal persons (corporate customers).
As it is generally known, the individual customers/consumers that dispose a small volume of postal items don't have high bargaining power. On the contrary the customers that give to the courier operators bigger volume of postal items to handle - and mainly this occurs on behalf of corporate customers – possess higher bargaining power.
The bargaining power of customers increases as long as the interest of last ones on courier services' market is increased. Thus, knowing that there are many couriers operators on one hand and the tariffs and Chart of Obligations towards the Consumer on the other hand, which constitute basic elements for the operation of enterprises, help the consumers to bargain in order to achieve services of better price and better quality. Of course, we should not ignore that a big number of courier operators activates in a local level and is not present to all the Greek territory. The existence of collaborations and the creation of networks between the courier operators, blunt the consequences from the local character of courier services' operation. The results of the research that was carried out, shows that accordingly to

the opinions of market's operators the bargaining power of customers is relatively high, particular for the corporate customers, which due to the important volume of handled postal objects, are able to achieve important reductions to the offered prices.

5.4 Danger from new entries in the market

The institutional frame doesn't create essential obstacles of entering the courier market since it is completely liberated.

The initial investment required so that a new enterprise starts to operate in local level, is small. Apart from the existence of a completed Special Postal Items Track & Trace System (SPIITS) additional infrastructures are not required, except what is in any case required for the operation of any type of enterprise (ie. siege of activity). The volume of required investments differs depending on whether the enterprises wish to operate in a regional or national level. The differences concern the necessary infrastructures that are required, the building installations, the mechanical equipment and the transportation means.

The tendency of growth of courier market in Greece seems to be continuously increasing. However, the market's shares occupied by the big courier providers seem to be allocated to concrete shares of market. This means that in case where an enterprise decides to enter the courier sector aiming at its consolidation and growth within the Greek territory, this decision will involve important amount of investments (for the creation of infrastructures and of a network). Important condition of entering the courier services sector should constitute the existence of an organised network that could serve the aims of courier. Such enterprises that could constitute potential entries could be the transport, financing, editorial and telecommunications companies.

5.5 Threat from substitutes products

Basic substitutes of courier products and services are the remaining forms of communication, as the electronic post (e-mail), the fax (fax), the sms, mms, EDI.

The above alternative forms of communication are widely used from the individuals as well as from the enterprises, fact that for quite some time has affected the market of postal services. This effect is limited due to the rest ways – apart from the postal forms of communication – that cannot transmit prototypes or confidential documents. So in these cases the use of postal channels of communication is still the most preferred. Particularly with regard to the courier market where the nature of object requires express handling, the threat of substitution of this service from the above remaining forms of communication, are not considered important.

In the future, however, the courier services market is expected that will be influenced by two important factors. On one hand it is expected that the wide adoption of the electronic signature will have a negative impact at the courier services market, but on the other hand positive is expected to be the effect that will emanate from the expected rise of handled postal items' volume for the aims of electronic trade.

As for the electronic signature, the Hellenic Government has published relative circulars for the use of electronic signature and electronic protocol. The evolution of electronic trade is expected that will lead to a new increase of postal services' demand, because the mission of products from the salesmen and the receipt by their purchasers usually is realized via the classic postal roads. To this direction complementarily acts the use of credit cards for the aims of remotely goods' transactions.

Concisely we could observe the following by referring to the substitution of postal products from other forms of communication:

<u>Individuals/users:</u>

- The personal correspondence to a large extent has been substituted by the telephone, written messages via mobile telephones (SMS) and electronic post (e-mail) and is used only for communication with sentimental content or for official communication with companies, different organisms or other institutions.
- The orders via post have been substituted to a large extent by the electronic orders and it is expected that they will continue their declining course.

<u>Corporate customers/users:</u>

- With regard to the advertising post, its substitution by the electronic post (e-mail) is not expected. On the contrary an increase of its use within the next years is expected.
- The substitution of commercial correspondence by the electronic post has been already realized. Further substitution is expected taking into consideration the use of electronic signature.
- The orders via post declines continuously and it is expected that it will continue the declining course because of the substitution from the use of alternative forms of communication (e-mail, fax).
- The volume of parcels' handling is expected to increase because of the electronic trade.
- The speed in parcels' handling acquires big importance.

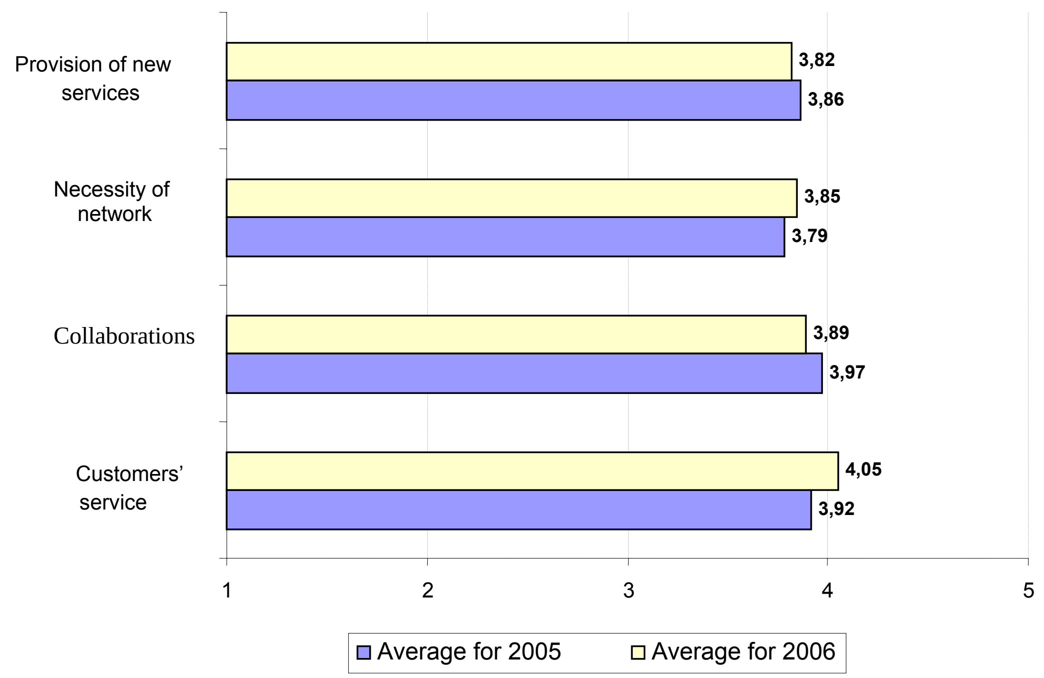
5.6 Shares of market - Ways of evolution and obstacles

According to the opinions of market's representatives that took part in the research, as more important ways of market shares' increase are proved to be the specialised and adapted to customers' needs services and the existence of collaborations between the operators so that they obtain bigger geographic cover of customers' needs.

Ways of increasing the courier services market's share, 2006

	Not important	Less important	Important	Rather important	Exceptionally important
	1	2	3	4	5
Collaborations	6%	6%	13%	30%	32%
Creation of network	6%	9%	12%	23%	36%
Customers' service	4%	4%	14%	27%	39%
Provision of new services	5%	8%	16%	30%	29%

Ways of increasing the courier services market's share, 2005-2006



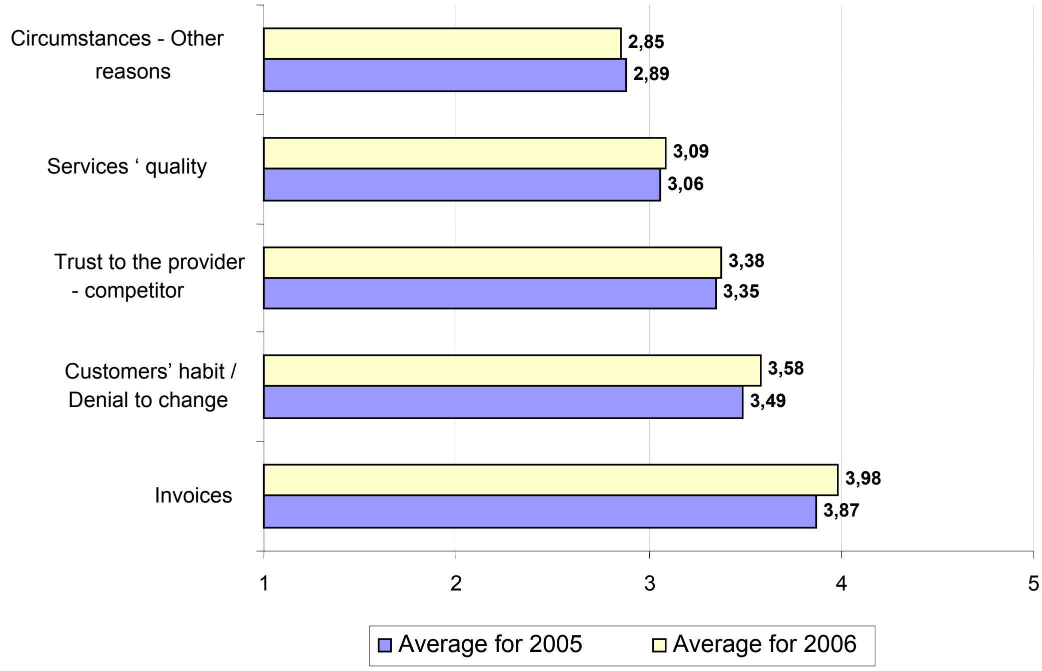
As it appears also from the above diagram, the courier providers do not appear to focus on some concrete way in order to increase their market share, from those that were mentioned above. On the contrary, they appear to attribute almost the same degree of importance to all. We could conclude that the courier services providers follow a mixture of the above ways in their effort to extend the market's share that they possess.

The most important obstacles in the effort of growth and increase of market's share, are accordingly to the given answers, the tariffs (48%), the habit of customers and their refusal to change the courier operator they collaborate with.

Barriers of increasing the courier services market's share 2006

	Not important	**Less important**	**Important**	**Rather important**	**Exceptionally important**
	1	**2**	**3**	**4**	**5**
Invoices	6%	8%	16%	14%	47%
Services' quality	18%	16%	12%	18%	20%
Customers' habits / denial to change	4%	9%	29%	20%	23%
Trust to the provider – competitor	3%	18%	23%	22%	17%
Circumstances – other reasons	8%	24%	23%	15%	7%

Barriers of increasing the courier service market's share 2005-2006



5.6 Courier services operators' strategies

From the analysis that proceeded certain conclusions are exported referring to the strategies adopted by the courier services providers so that they develop their activity and they consolidate their place in the market. The courier services providers seem to focus on the following points: a) the close follow-up of the competition with regard to the pricelists of provided services, so that they provide services at a low as possible cost aiming at gaining customers and the gain of market's share from the competitive enterprises, and b) the specialised service aiming at covering potential particular needs so that they can become more attractive among the competitors.

In order to be able to realize these strategies, they proceed in actions that concern investments for modernisation of their technological infrastructure and training of their personnel.

Another strategy widely adopted by the courier operators in order to increase their share of market, is the increase of customers' service points, via conventions/collaborations with other courier services operators so that they extend the region where they are able to provide their services.

In the Greek market, regarding the multinational enterprises whose plan of integration does not include the growth of autonomous network, they usually collaborate with other (big or small) courier enterprises that function in national, regional or even local level, so that they acquire points of service in all the country and they extended their operations in the Greek market. On the other hand, enterprises that do not dispose the essential network for the distribution of outgoing postal objects sign contracts with multinational courier services providers that are operating in Greece, so that they cover also this part of postal services for their customers.

Finally, we observe that the medium size enterprises operating in the sector mainly collaborate with small size enterprises activating in a local level, so that they extend their network and they achieve economies of scale. In this way their further economic growth and the guarantee of their presence in the courier services market are promoted.

CHAPTER 6: ISSUES - PERSPECTIVES

In the present chapter, we refer to the problems of courier services market, as they result from the questionnaire’s answers and the estimations of courier services market’s representatives. The prospects of market’s further development are presented as well. Finally, the obstacles of entering the market under Individual License are mentioned.

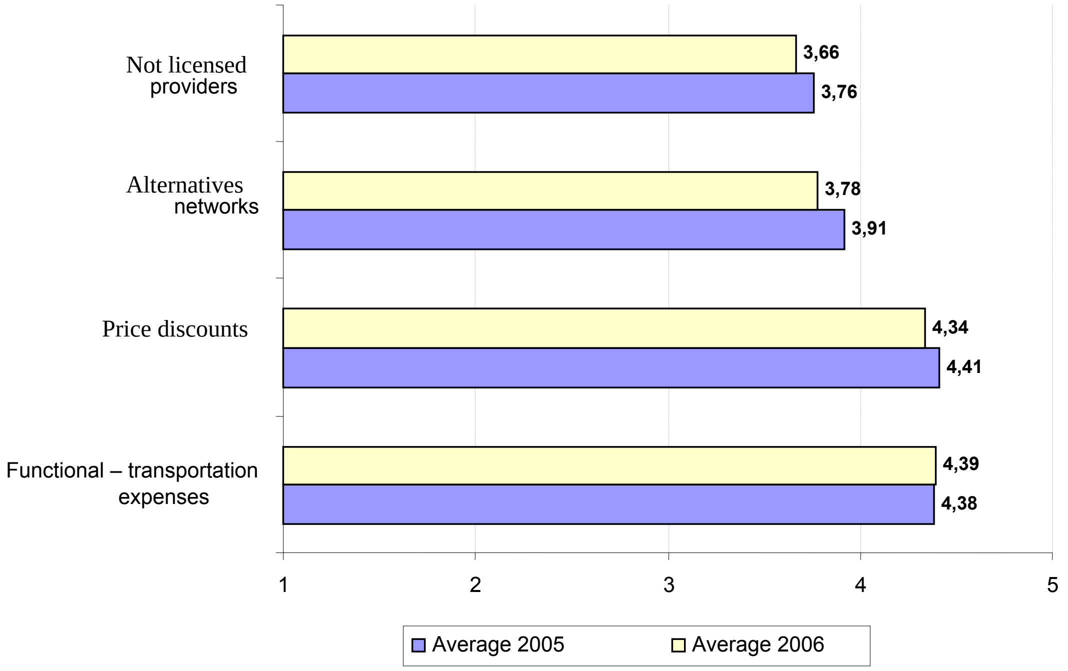
6.1 Issues of courier services market.

Important problems of courier services market, according to the opinions of market's agents, as they were exported from the research that was carried out, are: firstly the important *cost of operation/transport* as well as the *constant pressure for compression of invoices*, the competition from the *alternative networks of transports* and the *operation of not licensed providers* in the sector - with multiple negative results. These results are mentioned to the following table and diagram. It is pointed out that the answers of market's agents have been evaluated in scale from 1 to 5, where 1 means "not important" and 5 is "exceptionally important".

Issues and weaknesses of courier services market, 2006

	Not important	**Less important**	**Important**	**Rather important**	**Exceptionally important**
	1	**2**	**3**	**4**	**5**
Price discounts	2%	5%	9%	15%	54%
Functional – transportation expenses	1%	1%	7%	31%	47%
Not licensed providers	8%	15%	11%	16%	35%
Alternatives networks	1%	12%	19%	26%	27%
Other	0%	0%	0%	0%	7%

Issues and weaknesses of courier services market, 2005-2006



In addition to the above, a portion of market's businessmen has noticed also as important problems the *difficulty of finding and keeping the personnel* - mainly couriers - but also *the need of actualisation - revision of the institutional frame and the reinforcement of institutional agent' role*. Within this frame, EETT programs the conduct of public dialogue in order to locate the needs of revising the institutional frame of licensing and operating in the courier services market.

The cost of operation has considerably increased the past few years for the courier operators, because of the continuous increase of fuels' price. This increase, in combination with the constant pressure of prices' reduce in concrete customers' parts (in wholesale we have reduction of prices, in retail the prices are still high) of offered services - result of intensely competitive practices, has led us to express fears that negative repercussions may befall in the market due to the fact that potentially certain operators can adopt illegal actions so that they continue their activity.

Another problem that affects in many ways the courier services providers is the action of not licensed enterprises in the market. It has been observed that the enterprises operating in the courier services market and don't possess the required authorisation, are mainly familial type and operate in a local level. These enterprises do not allocate the suitable infrastructures for the provision of reliable qualitative postal services, the result is that the providers under authorization are affected

considerably, on one hand because they have to face illicit competition and on the other hand, the reliability of legally operating providers is influenced.
EETT, has already intensified the audits from 2005 so that it eliminates the illegal activity from the market and ensures its legal operation. Indicatively we report that from the second half-year of 2005 up to today, have been held 27 unscheduled audits to not licensed operators checking the potential provision of postal services without the required General Authorisation and /or Individual License and 30 regular audits to licensed enterprises checking their conformity with the terms and the conditions of authorisation that has been granted to them.
Beyond the increased cost and the illegal competition that the enterprises operating in the courier services market have to deal with, they face important problem finding and keeping the personnel, particularly the couriers. The sector, because of its nature, is characterized by high rhythm of personnel's movement. The enterprises that are operating in the sector and particularly the bigger size enterprises, try to face this problem by offering additional benefits to their personnel (private programs of insurance, etc.) and programs of education and training.
Finally, a problem that results from the data of questionnaires and their analyse is the weakness of small courier services providers to complete the field of *handled volume and of income per category of postal service*, although according to the Regulation of General Authorisations (GOVERNEMENT GAZETTE 1682/B/2003) it is mandatory to dispose information on items' handling and declare their income to their accountant books so that the income per postal service is clearly distinguished. These services, according to the same Regulation, are the courier services, the distribution of advertising items without recipient's address, the preparation of postal objects and the exchange of documents.
Thus, from the evaluation of data, it results that most enterprises had problem answering the questions that concerned the distribution of postal items in customers with or without convention, the segregation of domestic or cross borders postal items' volume that was received (autonomously or combined) per Region, as well as the segregation of volume and income from autonomous and combined handling of domestic postal items in combination to total time (from the receive until the distribution) that was required for their handling. EETT has already started audits in a big number of courier services operators in order to check the existence of Special Postal Items Track & Trace System, known as SPITTS that covers the requirements set by the Regulation of General Authorisations based on which the courier services providers are registered to EETT database. Already have been realised 80

unscheduled audits for this purpose and this process is expected to be continued in the future.

6.2 Postal Services under Individual License

The activity of postal operators under Individual License leads to further release of the market and to the guarantee of healthy competition. The enterprises that provide postal services under General Authorisation, don't want to provide postal services under Individual License. Within this frame, the agents of the market answered which were the main factors that discourage them from providing services under Individual License (services of not exclusive rights of Universal Services Provider).

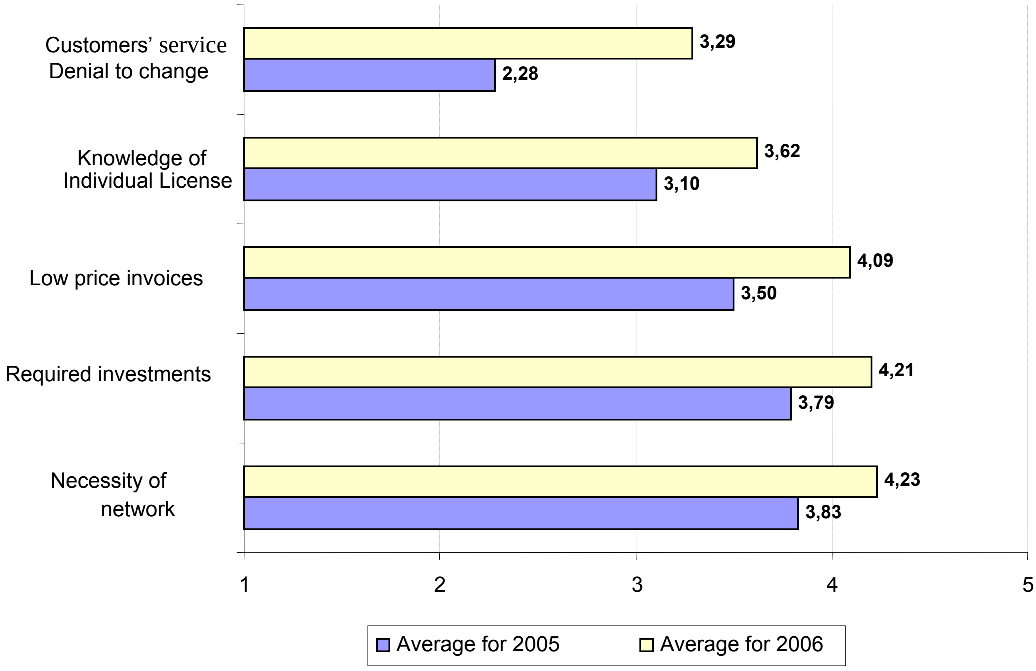
As it appears and from the following table, the most important factors of not operating under Individual License are the investments required concerning the infrastructure and the need of a developed network.

Barriers of entering the market under Individual License

	Not important	**Less important**	**Important**	**Rather important**	**Exceptionally important**
	1	**2**	**3**	**4**	**5**
Required investments	2%	4%	13%	29%	46%
Necessity of network	0%	2%	13%	36%	41%
Low price	2%	3%	18%	29%	40%
Knowledge of Individual License	5%	10%	20%	27%	31%
Customers' habits – denial to change	11%	13%	27%	23%	14%

A diagrammatic presentation of courier services providers' opinions for years 2005-2006 is following.

Barriers of entering the market under Individual License, 2005-2006



6.3 Perspectives of period 2007 - 2010

According to the estimations of market's representatives, for the next years is forecasted an increase of offered postal services' prices. The estimations of representatives of market are indicated in the following table.

Tendencies of postal services' demand for 2007-2010

Postal Service	Reduction		Stable	Increase		Medium rate of change %
	Answers	Reduction on average	Answers	Answers	Increase average	
Documents courier services	21%	13,51%	15%	49%	15,57%	4,78%
Parcels courier services	12%	17,25%	14%	62%	15,47%	7,40%
Advertising objects without address of recipient	4%	11,69%	23%	28%	14,94%	3,81%
Postal items' preparation	3%	21,75%	27%	18%	13,95%	1,83%
Documents' exchange	3%	9,08%	26%	18%	38,39%	6,66%

Taking into consideration the total of answers for every category of postal services separately, results the average demand change for the examined period and which is presented at the last column of the above table. As it appears, for all postal services is expected an augmentative tendency of demand for the period 2007-2010 expected between 1,8% and 7,4%.

As it appears from the above table, the biggest positive modification is appreciated that will present the *courier service of parcels*, since 62% of representatives of market that took part in the research believe that the price of this service will increase. The *service of document exchange* is following, for which even if the majority of operators believe that this service will remain immutable, nevertheless the agents, appreciating that there will be an ascendant change of price, believe that this change will be important, because this service is underestimated. *The courier service of documents* comes third in terms of change. Its appreciated increase of price is estimated around 4,8%, since the 49% of representatives believe that it will present an increase. The category of *advertising objects without address of recipient* and the *service of postal objects preparation* are following.

In the table that follows are presented the estimations of market's representatives regarding the domestic geographic regions expected to present the biggest increase of postal services' demand for the period 2007-2010.

Geographic domestic regions where the demand is expected to increase, 2007-2010

	1	**2**	**3**
Attica	**63%**	9%	4%
Central Macedonia	9%	**42%**	15%
Crete	0%	9%	**18%**

Attica, is appreciated that will present the biggest increase of handled postal items' volume for the period 2007-2010. The region of Central Macedonia is the second at line geographic region, according to the 42% of enterprises, that is expected to present increase of postal services demand in the next three years. Crete is coming up next, which is selected by the 18% of representatives of courier services market.

Afterwards, is presented a table with the regions of abroad that according to the estimations of operators are expected to present bigger increase of postal services demand for the next three years.

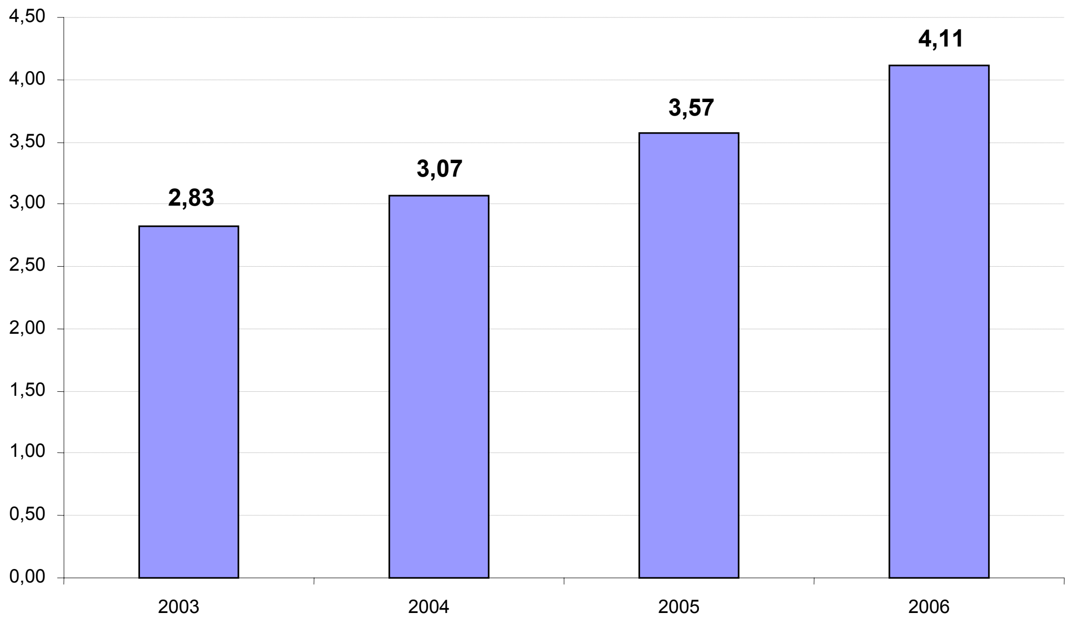
Geographic cross borders regions where the demand is expected to increase, 2007-2010

	1	**2**	**3**
European Union (25 countries)	**66%**	12%	5%
Rest of Europe	5%	**34%**	23%
USA – Canada	2%	20%	**32%**
Asia	11%	15%	17%

As it appears, the European Union is expected that will present the biggest increase, while follows the rest European countries and the USA and Canada. The classification of Asia in the above table is judged quite important.

The prospects of courier services market's development, according to the operators, seem that will continue being positive for the next years, fact that shows to be confirmed by the ascendant course that erases the indicator of courier items per resident indicated in the following diagram.

Postal items per resident 2003-2006



From the previous diagram it appears that during the last few years a small but regularly ascendant tendency exists in the courier items per resident. This tendency is conformable to the general estimation pretending that the courier services market is expected to demonstrate further growth. To this direction complementarily will contribute the further growth of operators' network and the improvement of their infrastructures, aiming to provide services of higher quality and cover the expected increase of postal services' demand. The improvement of courier services providers' infrastructure is achieved with increase of investments in technological equipment but also with further training of their personnel.

Positive factor for the further growth of domestic courier services market is expected to be the turn of activity of Greek enterprises towards the neighbouring countries, as well as the investment of European and public funds to the Greek Region (D' Community Support Framework). The evolution of commercial transactions within the Balkans will give impulse on one hand at the international courier services operators as well as to domestic ones.

Within these frames the businessmen of sector are called to engrave the strategies of growth using the data of market but also its future prospects. It should be also taken into consideration the faculty of enterprises to provide qualitative services to their customers and simultaneously to be viable enterprises, particularly under the important competitive pressure of prices that prevails at the sector.

CHAPTER 7: ENTERPRISES OPERATING UNDER INDIVIDUAL LICENSE IN THE POSTAL MARKET

In the present Chapter, are presented statistical data for the enterprises operating in the postal market under Individual License, that is to say services that rise in the field of Universal Service Provider.

7.1 Market of Postal Services of Individual License

According to the article 3 of the Regulation for Individual License for the provision of Postal Services (GOVERNEMENT GAZETTE 1906/B/2003) "postal undertakings may provide postal services that fall within the scope of the Universal Postal Service, provided they hold an Individual License for providing postal services issued by the EETT upon their request".

According to the actual institutional frame, the postal enterprises that wish to operate in the scope of Universal Service Provider under Individual License have the possibility of undertaking the provision of one or more, or even of all phases of collect, sorting, transport and distribution for the following postal objects:

Postal services under Individual License

Services	Restrictions
Correspondence items up to 2 kilos	Except those that are included to the exclusive rights of the Universal Service provider
Books, Catalogues, Magazines up to 2 kilos	
Parcels up to 20 kilos	
Other postal services	EETT will decide if they are part of the Universal Service and will define the terms and conditions for their provision

The competence of issuing an Individual License was assigned by the L. 3185/2003 to EETT. According to the Regulation of Individual License, EETT regulates the process and the conditions of issue, renewal, modification, suspension and revoke of Individual License for the provision of postal services, as well as the way of calculating and paying the annual fees.

The actual regulatory framework has incorporated the following issues in the operation and growth of enterprises that wish to operate in the future providing services which don't fall in the scope of exclusive services of the Universal Service Provider:

- Definition of the term postal Network, its way of operation, as well as its terms of interconnection with other postal networks
- Determination of an effective and flexible framework of licensing, giving the possibility at EETT of evaluating the faculty of postal operators to provide reliable services of high quality.

Also, in this Regulation are included the obligations of postal services providers towards the consumers and the rules of provided postal services' pricing.

Constituting a lever of movement in the process of progressive liberalization of postal market, the regulation strengthens the entry of new operators in the market, given the fact that EETT is mainly in charge of regulating and monitoring the market.

According to EETT's register of postal service operators, the registered postal enterprises possessing an Individual License, except the Universal Service Provider, amount up to five (5). The terms and conditions that the operators, wishing to operate under Individual License, owe to fulfil as well as the elements that should submit obligatorily in order to be registered by the regulatory authority are listed below:

- Submission of Application for the provision
- Type of requested Individual License (Local, Regional, National)
- Network of operator (Shops – Sorting Centres)
- Submission of Strategic and Operational Plan (for at least 3 years)
- Submission of a Charter of Obligations towards the Consumer (COC)
- Submission of a Pricelist of Postal Services
- Existence of an Accountant System according to the article 20 of L. 2668/98

7.2 Statistical data of postal operators under Individual License

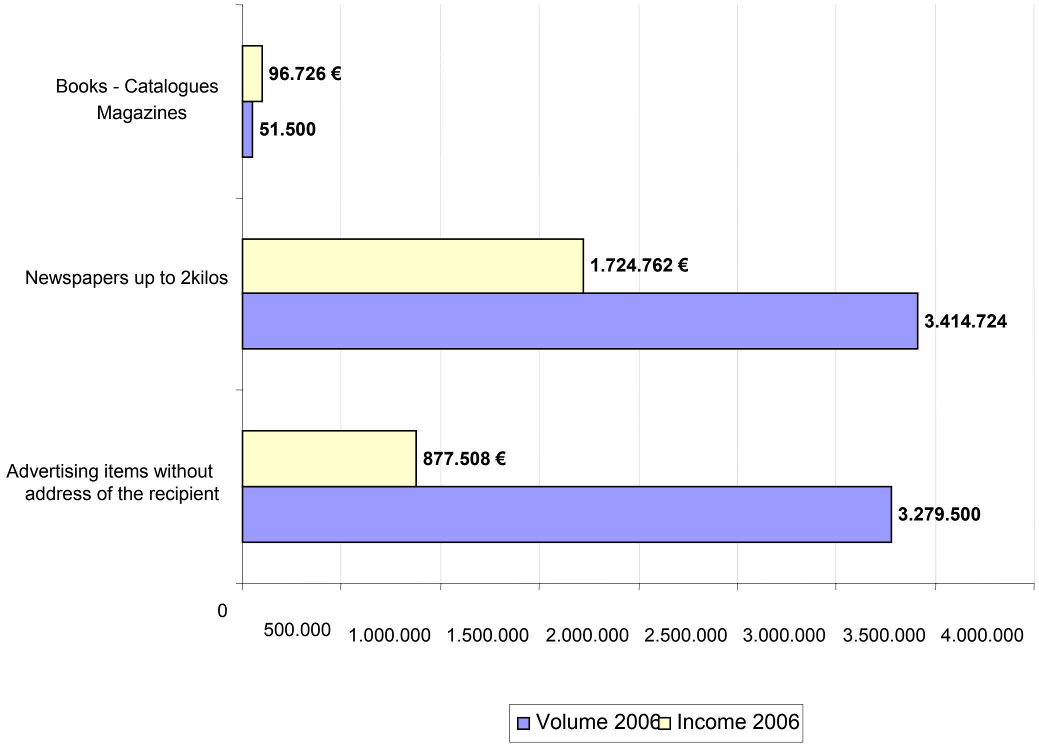
As it was mentioned before, five providers are registered at EETT's database possessing an Individual License, apart the Universal Service Provider. From them, only the four provide, in a regular base, postal services under Individual License. Aiming at a better statistical description of data concerning these operators, in the analysis that follows have been used the data of providers operating in the sector of Individual License, apart from the Universal Service Provider.

The table which follows describes the volume's and income's data for the postal services that the operators declared that they provide. We notice that the operators that are examined don't handle with distribution of mails until 2 kilos and parcels until 20 kilos.

Handling of postal items per provided service under Individual License

Postal Service	Volume	Income	Average income per postal item
Advertising items without address of recipient	3.279.500	877.508 €	0,268 €
Newspapers up to 2kg	3.414.724	1.724.762 €	0,505 €
Books – Catalogues – Magazines	51.500	96.726 €	1,878 €
Total	**6.745.724**	**2.698.996**	**0,400 €**

Volume and revenue of Postal Services under Individual License



Afterwards data regarding the employees, the building infrastructure and the transportation means of providers operating in the sector of postal services under Individual License, are shown.

Courier operators under Individual License employees 2006			
Full-time	68 32,5%	Couriers	184 88,0%
Part-time	141 67,5%	Rest personnel	25 12,0%
TOTAL	**209** **100%**	**TOTAL**	**209** **100%**

It is pointed out that according to the data provided by the operators registered at the Register of EETT, the average income per worker for the enterprises that function under Individual License for the year of 2006, is shaped around € 19 thousands, while the corresponding income for the enterprises operating under General Authorization amounts up to € 24,5 thousands. This fact is due to the different nature of services provided under Individual License.

As far for the building infrastructure, the enterprises under examination appear to need considerably bigger surface of installations for the accommodation of their activity, as it appears also from the following table. We remind that the average surface of infrastructures of postal operators under General Authorization amounts up to 55,1 m^2.

Courier services offices – Sorting centers – Warehouses

2006	Volume	Surface	Average surface
Sorting centers	8	785 m^2	98,13 m^2
Courier services offices	7	585 m^2.	83,57 m^2.
Courier services offices & Sorting centers	43	4.036 m^2	93,86 m^2
Warehouses	24	3.800 m^2	158,33 m^2
ΣΥΝΟΛΟ	**82**	**9.206 m^2**	**112,27 m^2**

In order to provide the best services to theirs customers, the operators providing postal services under Individual License dispose organised networks. As it appears from the table, the biggest part of building infrastructure and transportation means that are used, belong to the Network of courier providers that possesses Individual License.

Postal operator and network infrastructure

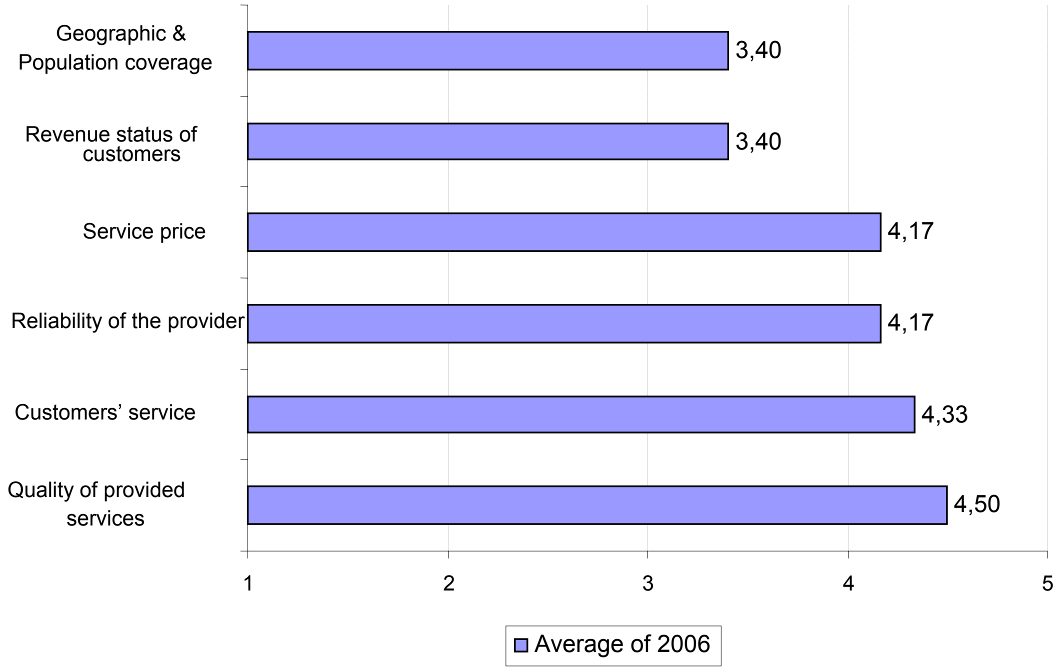
2006	Volume	Surface	Average surface
Postal provider	15	3.601 m^2	240,07 m^2
Network	67	5.605 m^2	83,66 m^2
TOTAL	**82**	**9.206 m^2**	**112,27 m^2**

Postal operators and network transportations means

<table>
<tr><th colspan="4">Postal providers and network operating under Individual License transportation means 2006</th></tr>
<tr><td>Vehicles</td><td>85
51,5%</td><td rowspan="2">Postal Provider</td><td rowspan="2">44
26,7%</td></tr>
<tr><td rowspan="2">Two-wheeled</td><td rowspan="2">70
42,4%</td></tr>
<tr><td rowspan="2">Network</td><td rowspan="2">121
73,3%</td></tr>
<tr><td>Rest vehicles</td><td>10
6,1%</td></tr>
<tr><td>TOTAL</td><td>165</td><td>TOTAL</td><td>165</td></tr>
</table>

Particular interest present the answers that were given by the agents of postal market, regarding the defining factors of demand. Their answers were evaluated in a scale from 1 to 5 (where 1 means “not important” and 5 “exceptionally important”), and the average of answers given for the year 2006 was used for the depiction of corresponding sizes.

Determinative factors of demand for postal services under Individual License



ANNEX I – TABLES AND DIAGRAMS