

The Postal Market – a New Economic Challenge in the Context of Globalization

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Abstract:

Postal services emerged to satisfy the communication needs of man in both particular and social relationships. Satisfying this need was based on a network-shaped organization that provides transportation or sending messages, remotely. The solution consisted of creating international and national bodies to coordinate the work of postal networks. The creation of the Universal Postal Union as a specialized world body has allowed the organization and coordination of postal services worldwide, to reach globalization among the first ones. The functioning of national postal networks was in the attention of the state leaderships that have also created specific legislative framework to enable their commercialization in order to self-finance them. Improving, diversifying and expanding postal services enabled their commercialization and making profit. The economic amendments at a national and global level, as well as the globalization tendencies have produced strategic changes and at level of the postal services, culminating with their liberalization. Postal services were initially provided in a specific framework between domestic providers; currently they operate within the postal markets. The factors that have led to the realization of postal markets are external and internal. The external factors which allowed the development of the postal network are: the development and improving of the means of communication, of the means of transportation, the development of communication routes by land, sea, air and the liberalization of postal services. The internal factors are the increase and diversification of traditional postal services by the increase of the volume of commercial correspondence, of postal packages and increased bank transfers. Other internal factors are the development of postal services such as the new economy type: electronic mail, online money transfers and trade by mail. The new approaches to postal services are dominated by the economic aspect because of the postal market. Postal strategies are permanently considering satisfying the need for communication and the benefits of commercialization of these services.

Keywords: postal services, postal market, providers of postal services, competition, trade by post

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Introduction

Postal services were provided mainly by state institutions as part of the state's strategic units. Postal services emerges due to people's communication need, a need that expanded and diversified constantly. Thus, these services have always been in the attention of state leadership, benefiting from proper legislation and good organization. Cirrus, the King of Persia "founded the first permanent post in the world for military-administrative reasons" (Eminet, 1957: 22). Postal services are an important means of communication. Telecommunications have developed on their own infrastructure while postal services used the infrastructure of communication means, i.e. road and rail services as well as water and air services. The development of communication and telecommunication means brought about the development and diversification of postal services.

Postal market is a relatively new market that emerged due to the liberalisation of postal services. It has become attractive since its beginnings as confirmed by the rapid development. The postal market is well structured and can be easily identified in the general context of markets. It is top ranked in the economy of services.

New policies and trade exchanges are supervised by the World Trade Organization (WTO), which regulates interstate trade exchanges and administers international agreements on goods and services trade, especially the GATT Agreement. This agreement was signed at the Reunion of Ministers in Doha in 2001 at referred to initiating negotiations for the liberalisation of all services in international trade, including postal services. An important role is played by the rural postal network. *(6) The rural postal network, especially in the mountains and on islands plays an important role in the integration of companies in the national and international economy as well as in maintaining social cohesion and employment in these areas. Moreover, post offices in rural areas in the mountains or on islands can provide infrastructure to access new technologies in communication* (Directiva Parlamentului European și al Consiliului nr. 97/67/15.dec.1997). Manufacturers wanted and still want to access the rural area and this thing would be impossible as commercial centres are located in cities. The rural population want to have access to the goods of large companies and such thing is possible only in commercial centres located in cities. The solution to this problem both in favour of manufacturers and the population is the mail and parcel service.

A feature of postal services is their universal character given by the shipment of post and parcels both inland and outside the country's borders. The National Company Poșta Română S.A. has connections

with other post administration within the Universal Post Union. Private providers deliver post both inland and in other countries through their own network or via national networks of other private couriers they have agreements with. Post delivery services include: letters, letters with value, parcels and money transfer. This feature ensures all conditions for the development of postal services and postal trade. Economically, traditional postal services were insured by the state through the universal service provider. The emergence of private providers and the increase in the number of private postal deliveries and especially the number of trade deliveries led to the development of national and international postal market. There are two categories of service providers that activate on the postal market:

- The universal service providers that must ensure access to communication for the entire population through a package of post services, generically called universal services. Besides this package, they can provide other postal services.

- Private providers that are specialized in mail and parcel post.

The universal character of postal services configured an international postal market that functions according to the legislation of national markets of Universal Post Union member states.

Romanian Postal Market

Romanian postal market is relatively new and it was created along with the liberalization of postal services. In Romania at the end of 2015, there were 386 authorized postal services providers out of which only 236 were still active. The postal market is regulated and supervised by ANCOM (National Authority for Management and Regulation in Communication). According to workload and the position on the market, Romanian postal market is divided between 10 providers with the highest postal traffic and the rest of the providers.

The 10 most important providers of postal services that operate on Romanian territory are:

AK Postal Service Holding S.A.; National Company Poșta Română S.A.; Dynamic Parcel Distribution S.A., Fan Courier S.R.L.; GLS General Logistics Systems România S.R.L.; Nemo Prod Com Impex S.R.L.; Postmaster S.R.L.; Romfour Tur S.R.L., Total Post Mail Service S.R.L; Urgent Cargus S.A. (table 1, Figure 1)

The Evolution of Postal Service Providers on Romanian Territory

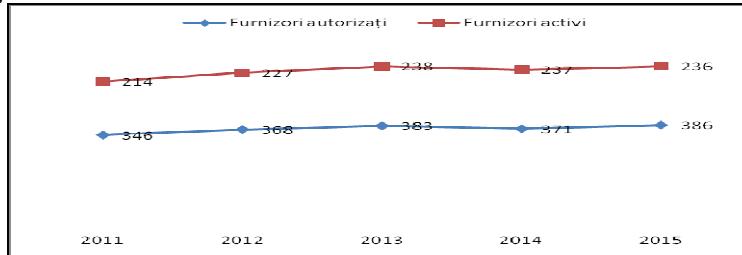
Tabel.1

	2011	2012	2013	2014	2015
Authorised providers	346	368	383	371	386
Active providers	214	227	238	237	236

Source: ANCOM – Annual Report 2011, 2012, 2013, 2014, 2015

The Evolution of Postal Service Providers on Romanian Territory

Figure 1



Source: ANCOM – Annual Report 2011, 2012, 2013, 2014, 2015

The emergence of new postal service providers brought about competition on the market and the increase in their number led to new approaches of this field. Private couriers implemented new postal policies and the universal service provider, namely the traditional post was forced to reassess and reconsider its old postal policies.

Changes in the structure of postal services were determined by:

- a) globalization
- b) technological evolution
- c) competition
- d) regulations
- e) new policies and trade exchanges
- f) development of trade blocs (regionalization of exchanges: UE, ALENA, MERCOSUR, ASEAN)

The analysis of postal traffic for all services between 2011 and 2015 shows that it registered a growth by 80,23%. The indicator for domestic traffic registered a growth by 82,59% and 54,96% for external traffic. (**Table 2 figure 2**)

The Evolution of postal traffic between 2011 and 2014

Table 2

	2011	2012	2013	2014	2015	% 2015/ 2011

Domestic traffic	496366748	493436207	530106710	592921878	600979933	82.59
External traffic	30909646	29850092	34152710	30283195	56243438	54.96
Total Postal traffic	527276394	523286299	564259420	623205073	657223371	80.23

Source: ANCOM – Annual Report 2011, 2012, 2013, 2014, 2015

Evolution of postal traffic between 2011 and 2014



Source: ANCOM – Annual Report 2011, 2012, 2013, 2014, 2015

Figure 2

For the indicator of letters, growth was registered only for domestic traffic while external traffic and the total amount dropped between 2011 and 2015 (**table 3, figure 3**)

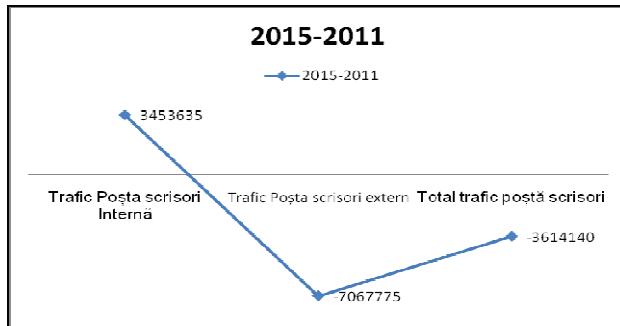
The Evolution of mail traffic

Table. 3

Indicator Mail post	2011	2012	2013	2014	2015	2015-2011
Domestic mail traffic	463106135	464717706	492863288	518726191	466559770	3453635
External mail traffic	27152655	25148212	30064299	21467666	20084880	7067775
Total mail traffic	490258790	489865918	522927587	540193857	486644650	3614140

Source: ANCOM – Annual Report 2011, 2012, 2013, 2014, 2015

The Evolution of mail traffic



Source: ANCOM- Annual Report 2011, 2012, 2013, 2014, 2015

Figure 3

The parcel post traffic increased by 18,3% between 2011 and 2015, i.e. domestic parcel post traffic experienced a growth of 22,1% while external parcel post traffic only 7,4%. The growth of parcel post traffic is a proof that post trade has increased too. (**table 4, figure 4**)

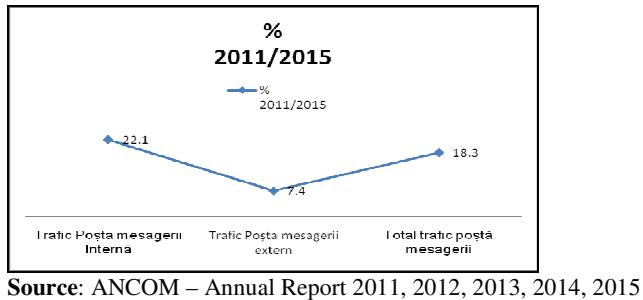
Evolution of parcel post traffic

Table 4

	2011	2012	2013	2014	2015	% 2011/2015
Domestic parcel post traffic	20884799	20515339	24450149	55469759	94558422	22.1
External parcel post traffic	2403654	3427959	2418080	6544784	32420926	7.4
Total parcel post traffic	23288453	23943298	26868229	62014543	126979348	18.3

Source: ANCOM – Annual Report 2011, 2012, 2013, 2014, 2015

The Evolution of parcel post traffic



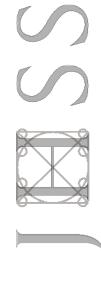
Source: ANCOM – Annual Report 2011, 2012, 2013, 2014, 2015

The providers with the highest traffic for the segment of Express services are in alphabetical order, the following: COMANIA NAȚIONALĂ POȘTA ROMÂNĂ S.A., DELIVERY SOLUTIONS S.A., DHL INTERNATIONAL ROMANIA S.R.L., DYNAMIC PARCEL DISTRIBUTION S.A., ECONT FOR YOU S.R.L., NEMO PROD COM IMPEX S.R.L., POȘTA ATLASSIB CURIER RAPID S.R.L., TNT ROMANIA S.R.L., UPS ROMANIA S.R.L., WORLD MEDIATRANS S.R.

The structure of postal sector is determined by the launch on the postal market of three distinctive groups.

- The first group that became global consists of:
 -Deutsche Post World Net
 -TPG-Group
 -La Post Francaise and Consignia
 -attached companies UPS and FedEx
 -alliances.
- The second group consists of national providers and is formed of:
 - national service providers. These providers use state capital and can be distinguished based on their dimension, results, strategies as well as progress made after reformation.
- The third group is represented by private companies:
 - parcel post companies
 - courier companies
 - providers of postal services.

Theoretically, on national level, post can be organized under different forms. Practice, however, has shown that postal services are efficient only when regional subsidiaries are organized based on the diagram of state administrative structures. Local administration has social and economic interests, and access to communication at reasonable prices is among the social ones. Only the national universal services provider can grant such access. In economic terms, a post office



is an economic entity that can be supported by the local administration with a headquarters, with placement of mail boxes, development of access roads to human establishments or any other facilities. National coverage facilitates trade development via mail or electronic trade.

The liberalisation brought about lower costs and fees for goods and services. Therefore, the resources have been effectively redistributed, generating economic growth and improvement of quality standards. The competition between postal service providers is a way of getting benefits but it had also negative impact upon the providers' profit. The liberalisation of postal services can limit the users' access to postal services if proper measures aren't been taken.

The reformation of postal services is a necessity for developed countries as in many of them, postal services are provided by a company which has monopsony. By Directive 97/96/CE it was decided that postal monopsony of EU Member States should be gradually reduced. The experience of states that have already begun liberalisation of postal market suggests the necessity of a careful approach of this process.

Supply of postal services is governed by special laws that regulate the manner service providers have to satisfy the users' needs. The population's access to postal services is ensured by the universal service provider and private couriers. The difference between them is that the universal service provider is obliged to have a national coverage while private providers aren't.

The cost accessibility for postal services outside the area of universal services raise two problems: determining the fee above which the services ceases to be accessible and determining the category of users that will quit using the services after a fee-rise. Accessibility can be defined according to the following factors: specific national conditions (GDP/ capita), average earning per capita, share of expenditures with postal services in the monthly expenses of an individual, the approximate cost of postal services included in the universal service compared to other services and products, the users' ability of monitoring and controlling expenses. These factors will have to be correlated with fees from other countries with similar economic characteristics and with the fees from EU member states. The average income and the purchasing power will have to be taken into account.

Conclusions

Postal market experiences constant development to meet the social needs and the service providers try to revalue this opportunity by supplying postal services.

Postal service providers have to direct their strategies in the domestic area: by training the employees that have direct contact with the customers, by organizing production, transport and distribution but they should focus on external area too and advertise their services.

Mail and parcel services have a three dimensional economic side especially after the growth of parcel traffic and post trade. The beneficial effects of post trade are:

- increased economic efficiency of the postal service provider,
- increased customer satisfaction that become consumers,
- increased efficiency and satisfaction of good manufactures that can trade their goods in urban and rural areas.

The traditional provider through its own network delivers services in rural and urban areas. Private providers have initially targeted only the urban area. Currently, they supply their services to rural areas too especially in the suburbs with expanding tendencies.

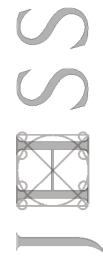
Up to the emergence of economic crisis, the strategies of big postal operators targeted mostly economic agents; however, after the crisis, their strategies cover both economic agents and the population.

The general postal traffic is maintained and parcel traffic experiences growth. This fact underlines the idea that the strategies are designed both for economic agents and for the population.

The development of communication and telecommunication means, namely the internet offers great opportunities for the development of traditional postal services, especially to post trade.

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