



25th Voorburg Meeting
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Revisited Sector Paper on
Courier activities



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Voorburg Group History

- 1997 Copenhagen Pilot survey in the field of parcel , express, and courier services (L. Hacke Germany)
- 2003 Tokyo Post and courier services in Austria (J Auer) in Canada (F Barzik) in the UK (N Palmer)
- 2005 Helsinki SPPI in Australia (P Boling) in US (P Stark) in Sweden (M Tareke) in Canada (F Barzik)

Countries developing or having developed SPPIs for Courier activity 53.20

› 17 countries AUS, AUT, CAN, CZE, EST, FIN, FR, HUN, JAP, MEX, NL, POL, SLOV, SP, SWE, USA, UK

› Price collection	quarterly	8
›	monthly	5
› Pricing method	prices of repeated services	7
›	unit values	5
›	contract pricing	4
›	model pricing	1

Countries developing or having developed SPPIs for Courier activity 53.20

- › **Types of index:** **BtoB* 5**
- › **BtoAll 7**

Business customers are dominated, but the demand from households is also significant.

- › **BtoB indices: according to the EU's regulation*



Definition of the service being priced

› Courier activities

- ISIC 4.0 5320 courier activities
- NACE rev2 53.20 other postal and courier activities
- NAICS 2007 492110 couriers and express delivery services
- 492210 local messengers and local delivery
- ANZSIC 7112 Courier services



Definition of the service being priced (isic 4)

- › **This class includes courier activities not operating under a universal service obligation (USO)**
- › **This class includes**
 - pick up, sorting, transport and delivery of letter-box and (mail-type) parcels and packages by firms not operating under a USO . One or more modes of transport may be involved and the activity may be carried out with either self-owned (private) transport or via public transport)
 - Distribution and delivery of mail and parcels
 - Home delivery services
- › **This class excludes**
 - Transport of freight (see 4912, 4923, 5012, 5022, 5120)

Definition of the service being priced (isic 4)

- › What have changed between isic 3 and isic 4 about the border with Postal activity?
- › Isic3 : all postal activities carried out by the National Postal Administration are classified in class 6411 (National post Activity)
- › Isic4 : 5320 (courier activities...not operating under a Universal Service Obligation...



Industry classification

	ANZSIC	ISIC 4.0	NACE Rev2	NAICS 2007
general	711: Postal and Courier Services	Division: 53 - Postal and courier activities	53 Postal and courier activities	492 Couriers and Messengers
detail:	7111 Postal Services 7112 Courier Services	Class 5310 Postal activities Class: 5320 - Courier activities	53.10 Postal activities under universal service obligation 53.20 Other postal and courier activities	492110 Couriers and Express Delivery Services 492210 Local Messengers and Local Delivery

Product classification



	ANZSPC	CPC ver 2	CPA 2008	NAPCS ver 0.1
general		Division: 68 - Postal and courier services	53 Postal and courier services	
detail:	<p>6801 Postal services</p> <p>6802 courier services</p> <p>This item does not include: - messenger delivery services</p>	<ul style="list-style-type: none"> • 6811 - Postal services • 6812 - Courier services • 6813 - Local delivery services 	<p>53.10 Postal services under universal service obligation</p> <p>53.20.11 Multi-modal courier services</p> <p>53.20.12 Food home delivery services</p> <p>53.20.19 Other postal and courier services n.e.c.</p>	



Topic 1 : courier activity is not a freight transport activity

- › **The courier is not a good**
- › **The service is really a complex service described in the definition of the activity: collect, transport and deliver.**
- › **For the NA, the courier service is not a margin which affect the good which is transported. It is a service by its own.**



Topic 2 : difference with postal services

- › **The courier service is not provided under a universal service obligation**
 - The rules depend on each country
 - USO ⇒ monopoly on some services
 - Letter under 100g

 - USO ⇒ some obligations
 - Frequencies of delivery
 - Maximum distance to the nearest letter box
 - Affordable offers for mail or small parcels



Topic 3 : what are the courier services?

- › **Courier servicesexpress delivery services**
- ›
 - by air
 - by ground
 - mixed
- ›
 -urban messengers

- › **Food delivery services**



Topic 3 : what are the courier services?



Turnover Statistics



In the majority of countries is carried out

- › **annually survey:** typically within the frame of structure business statistics (SBS)
- › **quarterly or monthly survey:** within the frame of short term statistics (STS).

Typically an **integrated questionnaire** is used .

Turnover is defined as the total net sales value. Value added tax is not included, price supplements are accounted for.

Selection of companies

Usually under standard sampling routines taking into account industry structure – Business Register

Enterprises by

- › **50 and more persons employed** - a full scope survey
- › **5-49 persons employed** - by a sample survey
- › **less than 5 persons** - are estimated from the tax data of the previous two years.

Combination of survey data and administrative data is also used (Missing data are typically estimated by using administrative (mainly tax) data to reduce response burden).



Population structure

Turnover share

- › in the lowest employment category is approximately 10%;
- › in the employment band with 100 employees or more is usually higher than 50% (Netherlands 76%);

Number of units

- › more than 80-90% of enterprises have less than 10 employees;
- › the share of market leader units with more than 100 employees is less than 1-2%.



Data collection at the product level

The biggest part of turnover

CPA'2008:

- › **Multi –modal courier services** (53.20.11: Czech Republic, Hungary), provided by enterprises with 100+ employees.
- › **Next day delivery** (e.g. UK at approx 55%)
- › **Letter services** (e.g. Germany, Slovenia)
- › **Transport of parcels, until 2 kg** (Spain)

NAICS:

- › **Courier and messenger services, including parcel delivery** (US, Canada approx 80%)



Main types of activities

Three different types of activities

- › **"express delivery"** highly concentrated market dominated by companies operating on a global market with high barriers to entry, have multi modal transport capacity (air, road, rail).
- › **"urban messengers"** competitive market of small businesses , working in urban areas, with little capital – the delivery of letters and documents often by bicycles or on foot; the delivery of small parcels usually by motorcycles, small vehicles.
- › **„postal competitors"**, who may have the necessary permits granted by the Government or regulatory authority to operate next to the universal service provider.

Topic 4 : SPPI statistics

A few large companies - price leaders.

Sampling methods used:

- › **cut off sampling** (where a census of units is taken above a size threshold (or cut off line).
- › **probability proportional to size (PPS) sampling**
- › **stratified random sample** (mainly from the Business Register. Stratification variable is usually turnover or employment size).
- › **judgement sample** (the sample is selected on the basis of the knowledge and judgement of staff compiling the index).

Number of received price quotations vary between 20 (Czech Republic) and more than 2000 (Canada).



Price determining characteristics

- › **transaction partners;**
- › **geography** (i.e. origin and destination of service); time of the delivery (for s: overnight or next day and other/ (two days or more); **for local messengers:** one hour or less and three to four hours);
- › **type of the item(s) being delivered;**
- › **the size of the delivery** (in number, weight, and/or volume);
- › **type of service** (ground, air, etc.).
- › **additional criteria** (type of packaging; insurance or registered/special delivery).

Price = Base rate + surcharges (fuel+ other)



The most used pricing methods

VG2010 Aggregate Status Summary Table

Courier Activities
5320

Countries

Direct use of prices of repeated services (mainly list prices)

Japan, Czech Republic, Germany, Hungary, Slovenia, UK, France

Unit value method

Germany, Hungary, Spain, Sweden

Contract pricing

Germany, Sweden, US, France

Model pricing

Netherland



Recommendations

Best : **Contract prices with big and representative customers:** prices for a type of parcel or types of letters from A to B , within a period set (day +1, day +2)

› **Average prices** (per kg, per letter, per parcel in any weight given, 5-10kg) within a period set, from a point A to a part of the world B (East Europe, US, Asia, North Africa...)

› **Selected representative tariffs** with good estimation of discounts

› **Very precise and detailed model pricing** (but many ones, varying destinations, delays, weights)

Second best:

› **Tariffs without any discount**

› **Averages prices** per kg to different destinations



Other development options

- › **what is the primary use of the SPPI's: as price index to evaluate market conditions or as deflators;**
- › **what means international courier services and export (residency of the customer or the territorial principle);**
- › **issues on liberalization of the postal market;**
- › **Publication (confidentially reasons - the industry is dominated by limited number of enterprises)**

Thank you

