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Sector Paper on:

Postal Activities under Universal Service Obligation (USO)

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The views expressed in this paper are those of the author alone and do not necessarily represent the position of HCSO or any other organization with whom the author may be affiliated.

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1. Introduction

The postal industry is one of the core infrastructure areas of the economy. Due to the liberalization of this sector, a special attention must be paid to handle new regulations, to ensure appropriate macroeconomic data for users.

The overall objective of this paper is to contribute to the conceptual development of statistical indicators in the division Postal and courier activities with adequate reflexing of real economic developments. It also summarizes international progress concerning classification issues, as well as turnover and price statistics.

In fact, price index measurement was first considered with a series of mini-presentations in the 18th meeting of the Voorburg Group (VG in Tokyo 2003, followed by others on the same subject, 2 years later in Helsinki 2005. The revised sector paper on this subject was presented in Vienna 2010. However, for the moment, no sector paper was written on Postal activities Under Universal Service Obligation (USO).

The main sources of information used in this paper are those different papers written for the previous Voorburg meetings, especially mini presentations and discussions from the 28th conference in Tokyo 2013 and supplemented by results of the VG survey on the country progress.

Consideration on best practices, as point of reference for countries to develop or revise their own programs, will however be influenced by resources and within the National Statistical Institute (NSI).

One of the main challenges in this industry seems to be the valuation of the turnover structure, in particular issues on how to identify domestic and non-domestic market.

Industry description

The service activities provided by the postal and courier industry are the collection and delivery of documents, letters and parcels (in general, light freight). The time between collection and delivery is one of the most important differences in quality among the variety of services.

Nearly 80% of the total turnover of this division is generated by national post activity, with the remainder generated by other postal and courier activities. In a number of countries, such as Australia and the US, courier services have a larger share of turnover although the provision of postal services dominates the industry.

The core definition of postal services and courier services are the same, except that postal services are rendered under a “universal service obligation” (USO)1. Postal operators are traditionally state-owned and regulated. Many countries impose requirements on the incumbent postal operator to provide prescribed services at a certain level of quality, for example requirements to provide a given frequency of deliveries or collections, to limit the maximum distance to the nearest post office, and to propose affordable offers for mail, or small parcels.

Officially, the European Commission defines the “universal service obligation” (USOs) as the obligation for holders of postal monopolies to ensure every citizen has access at least one delivery and collection of mail five days a week, at affordable prices throughout the territory. Regulatory bodies ensure that these obligations are performed (not only in the EU, but also in countries such as the US, Norway and New Zealand).

1. http://www.oecd.org/regreform/sectors/34343050.pdf

The postal market is, for historic reasons, usually dominated by a single producer. If there is any competition, it often exists only in certain parts of the market such as mass mail or international mail. Despite legislation to allow competition and liberalise the market, it is unlikely that full competition on all postal services will be achieved, in all countries, due to the nature of the service activities. These monopolistic situations give rise to confidentiality issues.

However, some countries have completely liberalised their postal sector (Germany, Sweden, Finland, New Zealand), while some others have retained only a small reserved area. In the European postal market approximately 95% of letter mail was fully opened to competition in 2011 following the guidelines of the Third Postal Directive. In 2013 a significant number of countries also liberalized their respective postal markets since a later deadline for the postal market opening was granted to these countries[2].

In direct contrast to the market for postal services, the market for courier services is highly competitive. The provision of postal and courier activities is currently undergoing change, as service providers increasingly offer diverse products, such as logistics, storage and freight transport services to their customers. In addition, establishments classified to the freight transport by road division often compete directly with couriers, by offering similar services.

The structure of the population of couriers within European countries is quite similar. Most have few employees (small and medium size sized), but the largest dominate the turnover of this activity. In other words, this sector is controlled mainly by large enterprises. However, the structure of the population of postal enterprises is even more extreme: one enterprise dominates the market typically accounting for at least half, but possibly much more, of the total revenue of the industry.

Both households and businesses purchase services from national post operators although businesses (including government) are by far the largest clients (in the EU their proportion is more than three-quarters of the total turnover). Courier and local messenger service producers also focus their activity on businesses. There are also some differences between the services they offer. Normally, national post services are more routine and have very specific characteristics that cannot be changed. On the other hand, courier service producers can offer ‘tailor-made’ services, often fixing prices with reference to the volume of documents and parcels for delivery.

Globalisation is also affecting this industry. Service producers are establishing alliances with equivalent providers abroad, in order to improve the international delivery of parcels.

2. Classification

Postal activities under universal service obligation incorporate the activities of postal services operating under an „universal service obligation” (USO) by one or more designated universal service providers. The activities include use of the universal service infrastructure, including retail locations, sorting and processing facilities, and carrier routes to pick up and deliver the mail. Also included are other activities necessary to support the universal service obligation. Services are provided for business clients as well as for households.

Four common industry classifications re considered here: the UN International Standard Industrial Classification (ISIC, Rev. 4.0), the Statistical Classification of

[2] A later deadline for the postal market opening was granted to the Czech Republic, Cyprus, Greece, Latvia, Lithuania, Luxembourg, Hungary, Malta, Poland, and Romania. Source: IPC Regulatory Database

Economic Activities in the European Community (NACE Rev. 2), the North American Industrial Classification System (NAICS 2007) and Australian and New zealand industrial Classification (ANZSIC).

As a result of an international harmonisation process, the various international industry classifications are quite similar. As shown in Table 1, the industry descriptions and parameters are broadly equivalent.

According to the European classifications (NACE Rev.2, CPA 2008), activities related to the Postal services (USO) are concentrated in section "H" Transportation and storage services"[3] under division "53", which includes two classes.

Industry Classification

53 Postal and courier activities

53.10 Postal activities under universal service obligation;

53.20 Other postal and courier

Table 1

Comparison of Industry Classifications

	ANZSIC	**ISIC 4.0**	**NACE Rev2**	**NAICS 2007**
general	**711**: Postal and Courier services	Division: **53** Postal and Courier activities	Division **53**: Postal and Courier activities	**492** Couriers and Messengers
detail:	**711**1 Postal services 7112 Courier services	Class: **5310** Postal activities Class: **5320** Courier activities	Class: **53.10** Postal activities under universal service obligation Class: **53.20** Other postal and courier activities	**492110** Couriers and Express Delivery Services **492210** Local Messengers and Local Delivery

Concerning the structure of the population of postal enterprises (USO), in Hungary one company dominates the market. However, this company also dominates the total output of postal and courier services.

[3] H TRANSPORTATION AND STORAGE, NACE Rev.2

49 Land transport and transport via pipelines

50 Water transport

51 Air transport

52 Warehousing and support activities for transportation

53 Postal and courier activities

However, in several cases it is difficult to exactly classify business enterprises. Some units may have a very significant secondary activity, perhaps completely different from their main activity, and a small change in the relative importance of activities can lead to a reclassification of business.

There is an important classification issue in respect of the differentiation between courier firms and freight transport by road enterprises. Both can offer similar services although the weight of the goods transported is usually used to differentiate between ‘courier services’ and ‘freight services’. However, there is no universal rule applied and the definition of these services varies between countries. Generally, transportation of items weighing up to 30 kg is considered as a postal and courier service and transportation of heavier items is classified as freight transport. An important requirement of couriers, which can distinguish them from service providers in similar industries is that they must be able to provide end-to-end transportation, from origin to destination including local pick-up and delivery in a time sensitive to quality. In Germany, the size of the transport vehicles in use is used to distinguish between “courier services” and “freight transport by road.” Additionally, a courier service has to provide both collection and delivery. In summary, the liberalisation of the postal market increasingly blurs the distinction between postal and courier or freight-related services (see under section 6.1.3).

The provision of “express delivery” services appears to lie between the postal and courier two activities. The core business of the express industry is the provision of door-to-door transport and delivery of next day or time-definite shipments, including documents, parcels and merchandise goods. In Germany, door-to-door transportation is the characteristic feature of courier services. Express services are mainly defined by delivery time. However, the differences in delivery time of postal and parcel services compared with express services are diminishing. A few (perhaps 4 or 5) enterprises dominate this industry internationally (namely, DHL, FedEX, TNT and UPS). These enterprises are referred to as “integrators”, as they maintain control over all aspects of the distribution process with each item being tracked at every stage of its journey. Express transportation is achieved by using a variety of different transport modes; lorries, vans, trains, passenger aircrafts, and freight aircraft as well as on-foot.

The courier and messenger sector defined by categories 4921 and 4922 of the NAICS consists of establishments primarily engaged in providing air, surface or combined courier delivery services. Local messengers comprise of establishments primarily engaged in providing messenger and delivery services of small parcels within a single urban area. Establishments engaged in the delivery of letters and documents, such as legal documents, often by bicycle or on foot; the delivery of small parcels such as take-out restaurant meals, alcoholic beverages and groceries, on a fee basis, usually by small truck or van, are included.

Product Classification

The Central Product Classification CPC (Rev. 2) is the main product classification system applicable to this industry

The corresponding products for ISIC 53 - Courier and postal activities are classified in classes 6811 - Postal services, 6812 – Courier services and 6813 - Local delivery services of the CPC.

The international product classifications are however not well aligned and harmonised, and this may imply classification and comparability problems. CPA offers further details with additional subcategories for postal services under universal service obligation related to newspapers and periodicals (53.10.11 CPA) and three for the postal and courier services. In contrast, the other international product classifications (NAPCS and ANZSPC) provide less detail. None of the international product classifications provide sufficient detail to distinguish differing drivers of price change.

The CPA 2008 (Statistical Classification of Products by Activity in the European Economic Community) includes 5 subcategories with a direct link to the NACE industry classification (the coding rules for the first four digit are the same as those for the NACE Rev. 2).

53.10.11 Postal services under universal service obligation related to newspapers and periodicals
53.10.12 Postal services under universal service obligation related to letters
53.10.13 Postal services under universal service obligation related to parcels
53.10.14 Post office counter services
53.10.19 Other postal services under universal service obligation

Table 2

Comparison of Product Classifications

	ANZSPC	CPC ver 2	CPA 2008
general		Division: **68** Postal and courier services	Division: **53** Postal and courier services
detail:	**6801** Postal services	6811 Postal services	**53.10** Postal services under universal service obligation 53.10.11-53.10.14, 53.10.19
	6802 Courier services	6812 Courier services	**53.20.** Other postal and courier activities
	This item does not include: - messenger delivery services	6813 Local delivery services	

Due to the liberalization of this industry and improvement of technologies used, the structure and content of services provided may rapidly change accommodating to the partners needs. Beside primary activity secondary activities are common, or bundled services are also provided for clients. For this reason it may be difficult to divide specific activities into classes to determine the primary activity. On the other hand companies classified to the other industries offer postal services, focusing on cost-efficient courier services especially on services called “express delivery industry” (more information see in the revised sector paper, Gac and Holocsy, 2010).

3. Turnover statistics – Recommended Development Options

The main purpose of the producing turnover statistics is to provide indicators of the economic cycle, from which several indicators are derived. Annual data is the basically requirement for economic benchmarks. Short term data generally refers to flows during the quarter, as well as to beginning and end of quarter for stocks.

3.1 Data availability

Some of countries haven't collected turnover data (e.g. Canada, Slovenia) due to the budget constraints or to reduce respondent burden by the use of administrative data. In most of countries data collection is based on a statistical survey. In principle the supply of data is compulsory. Combination of survey data and administrative (mainly tax) data is also common. (e. g. Germany, Netherlands, France, Hungary) to reduce response burden.

Turnover data are collected every five years, annually, quarterly or on a monthly basis. In US every five years, coverage for couriers is included in the Economic Census. In the majority of countries annually survey is carried out typically within the frame of structure business statistics (SBS), quarterly or monthly within the frame of short term statistics (STS). The majority of countries who produce short term statistics also collect turnover data on an annually or 5-yearly basis to satisfy relevant rules and needs of National Accounts.

Data collection media is usually questionnaire by mail and electronic data collection. Typically an integrated questionnaire is used to collect turnover (and other necessary data for economy: number of employees, number of companies, hours worked, gross wages and salaries, investments etc.)

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

3.1 Selection of companies

Turnover survey is sampled usually under standard sampling routines, namely countries collect data according to the standards, taking into account the industry structure – information available mainly in national business register – additionally burden of data collectors and of respondent.

Reporting/ observation units are legal units considered as enterprises or kind of units (KAU).

In majority of countries the following variables are used as the measure of size in the register:

- number of persons employed (single value);
- size-classes;
- turnover (single value);
- turnover size classes.

In several countries, to reduce burden, only enterprises with 5 and more persons employed are surveyed. Data for enterprises with less than 5 persons employed are estimated from administrative sources (majority of EU countries).

Surveys are costly however, appropriate detailed turnover data couldn't be obtained from administrative sources. For example in Hungary enterprises having 50 and more persons employed, and those having 5 and more persons employed, are observed by an exhaustive survey. Enterprises having 50 and more persons employed are observed by a full scope survey, while enterprises with 5-49 persons employed are observed by a sample survey. The selection of the sample from the sample frame occurs through random stratified sampling. The data for enterprises having less than 5 persons employed are estimated from the tax data of the previous two years.

The major service lines, regarding the biggest part of turnover are in Canada and US couriers and messengers industry including parcel delivery. In European countries, multi-modal courier services are common, especially in Germany, after the full de-monopolization of the sector in 2006, the biggest share of the industry output result providing letter services.

3.2 Special conditions and restrictions

Scope of the Survey

Regarding turnover data, Postal and courier services in most of countries are fully covered. As mentioned above, turnover is defined as the total net sales value. Value added tax is not included, price supplements are accounted for.

Turnover structure

Beside the total turnover the turnover structure according to the various indicators is also important and for special purposes may be necessary.

The structure of the total yearly turnover (B-All[4], business to all) could be describe as follows (statistics with limited coverage and quality):

- **Main activity + secondary activities;**
- **Domestic + non-domestic/export** (by residency;
- **B2B** (business to business: total industrial turnover except households**) + B2C** (business to consumer);
- **data from survey + administrative data** (e.g. for enterprises with less than 5 employees) **+ imputation of data** (concerning missing data).

Table 3 shows the recommended options for developing Turnover statistics.

Table 3

Options for developing Turnover statistics

Postal activities Under Universal service obligation (USO)

Category	**Data Sopurce**	**Level of detail collected**	**Frequency**	**Cost**
Best	Survey/Census	Industry turnover and product turnover detail	Sub-annual collection (monthly or quarterly)	- Most expensive - Largest response burden
Good	Survey/Census	Industry detail only	Sub-annual	- Expensive - High response burden
Minimum	Administrative (tax data, industry association data, etc,)	Industry detail only	Annual	- Least expensive - Little or no respondent burden

4. SPPI Recommended Development Options

Ideally, the survey would track constant quality price change for the full range of output to all and users.

[4] B2All: business to All, B2B : (business to business), B2C (business to consumer)

The postal and courier services should be fully covered as it is for many European countries. As previously mentioned, some exceptions may however exist according to the country context like in Germany, where since the full de-monopolisation of the sector in 2006, only courier activities are covered.

4.1 Scope of the survey

For postal services, one of the main challenges for compilers and data suppliers is the identification of domestic and non-domestic markets since the international agreements between national post offices and other postal and courier operators. Thus in most countries, the portion of the total turnover generated by exported services is not covered by price indices. On the other hand, postal services in several countries are limited to letters and parcels, and some services such as those related to delivery of newspapers and periodicals, counter services or food home delivery service are not included.

Industry based or product-based turnover (output) data

A primary use of SPPIs is in the deflation of the service industry output to produce relevant statistical indicators at constant (real) prices. For the calculation of an industry-based volume index an industry based SPPI is sufficient. However, for national accounts purposes a product based SPPI is more appropriate.

Many establishments classified to the CPA division 53 - Postal and courier services have relevant turnover share generated from secondary activities. For example, as well as providing postal activities under universal service obligation (53.10 CPA) the Hungarian post office provides courier, logistic, telecommunication and other monetary intermediation services as secondary activities. On the other hand, enterprises classified to the freight transport or warehousing and support industries for transportation, may also have a relevant share of turnover generated from secondary courier activity.

In Hungary, the SPPI for the industry is compiled at both industry and product level (at NACE 4-digit level and CPA 4-digit level respectively). The sample of establishments classified to the division 53 is expanded to include establishments with relevant secondary activity in “other postal and courier activities”. Respondents are asked to provide prices for both primary and secondary activities.

Business services vs. household consumption

According to the available statistics, business and government end users consume the majority of the service output. The household share of postal services is fairly small and in most of countries it is not representative of the overall activity (Gac and Holocsy, 2010). As a result, an index covering only the provision of services to business and government end users may closely approximate an index including services to households.

Additional data collected for the CPI could be used in the calculation of a BtoC, which in turn could be used in the compilation of a BtoAll.[5] Generally postal activities are covered by the CPI, so there should be no extra collection work involved. Among

5. As to the appropriateness of using CPIs to deflate the output of this industry, the Handbook on price and volume measures in national accounts (European Communities, 2001, p. 89) recommends: “The use of detailed CPIs to deflate output other than that consumed by households can be a B method if price developments can be shown to be similar for households and business. However, CPIs are unlikely to be suitable for the full range of postal services, because of the availability of discounts and the different range of products consumed by businesses. Using detailed CPIs for business purchases where it is known that businesses receive discounts or purchase a different range of products than households would be a C method.”

others, for producing of BtoAll SPPIs, it is important to estimate the turnover split according to the business services vs. household consumption.

4.2. Record keeping practice

In most of countries data collection is based on a statistical survey. In principle the supply of data is compulsory. Price data are collected monthly or quarterly, within the frame of short term statistics (STS). The data collection media is questionnaire by electronic data collection. The main source of information is national Business Register. Reporting units are legal units considered as enterprises or kind of units (KAU).

Prices should be collected for a set of well specified service transactions using the appropriate unit of measure, such as one mail (letter, package, other).

The price of each service activity depends on various factors including; transaction partners, geography (i.e. origin and destination of service); timing of delivery (e.g. overnight or next day and other); type of the item(s) being delivered; the size of the delivery (in number, weight, and/or volume); type of service (ground, air, etc.). In some countries, consideration is given to additional criteria, such as type of packaging; insurance or registered/special delivery.

For courier services, the most important price determining characteristic is the time it takes for a package to be delivered. The customer is not concerned by the modes of transportation used, only that the package is delivered within the allocated time. Express delivery services by air are faster (and higher priced) while standard courier services are slower (and lower priced). Courier services by air often include a domestic component and international component (see under section 9).

The price of a service activity can typically be expressed as follows:

Price = Base rate + fuel surcharge + other applicable surcharges

It should however be noted that a large number of transactions take place in this industry, while the item allocation is comparatively small. Major service providers account for the bulk of transactions due to high concentration levels within the industry. The term "bulk mail" refers to larger quantities of mail prepared for mailing at reduced postage.

The prices of postal and courier services are often quite stable. Therefore quarterly collection of data may be sufficient to study the evolution of producer prices. If the index of postal services shows significant change at annual intervals only (e.g. in the first month or quarter of the year), this may have implications for the frequency of price collection.

The most commonly employed methods of collecting price data on an on-going basis are by survey or from the list prices displayed on the websites of service providers (although often only the larger service providers list their prices in detail on their websites). However, it must be remembered that list prices and may not include discounts, unless for example, the company provides a discount calculator relating to volume purchases. Regulatory authorities may also be able to provide some data.

4.2. Main pricing methods

When selecting the pricing method to be employed for the measurement of price change in the industry, it is important to consider the pricing mechanisms used by service providers. The most common pricing methods employed in the compilation of SPPIs for post and courier service activities are discussed below.

Direct use of prices of repeated services

List prices for common service activities are often available, and these can be used to proxy for direct use of prices of repeated services. In some countries, large service providers may include a calculator service on their website to shows the discounts that will apply to list prices based on the volume of services purchased. In such cases the observed prices may be closer to actual real transaction prices. List prices should only be used if they are representative of real transaction prices.

In many countries certain postal and courier activities are covered by the CPI. It may therefore be possible to reuse data collected for the CPI in the compilation of SPPIs. However, these data may require certain transformations, to account for differences in survey periodicity and the treatment of taxes and subsidies. It should also be noted that prices collected for CPI compilation are unlikely to include volume discounts that may be important in the context of the provision of services to other businesses and to government.

Unit value method (average prices)

Under the unit value pricing method, the unit price index is determined as the quotient of the value (sales revenue) and quantity of services sold over a large number of transactions. The method is applicable in cases when service types in a group of services are relatively homogeneous. The units have to be defined clearly for each product or service: e.g. letters classified by size, parcels classified by narrow weight and/or dimension categories. To ensure the homogeneity of the units, detailed specifications including the speed of delivery and destination must also be included (e.g. average price per kg, per letter, per parcel in any weight given, 5-10 kg within a period set, from a point A to a part of the world B (East Europe, US, Asia, North Africa…)). If the services are homogeneous and can be quality adjusted if any changes occur, then the unit value method is an optimum choice. A drawback of this method is that information about the quantity of products sold is often not available at a sufficiently detailed level that ensures the homogeneity of the underlying services

Contract pricing

For services provided by a dominant postal service provider to large clients, contract pricing can be employed. The service provider selects representative services that are repeatedly to specific clients under long-term contracts (e.g. prices for a type of parcel or types of letters from A to B, within a period set (day +1, day +2)); . Contract pricing is an ideal method as it measures the real transaction prices of services. However, it is difficult to apply to the full range of services provided by the industry, in particular when unique services are provided. Furthermore, the method should be used with caution because individual contract prices agreed in a previous period for future periods may not be representative of current price development in the industry.

Model pricing

Under this method, bundles of service activities are described in detail and respondents provide prices for them in each survey period. The selected services have to be representative of common transactions within each relevant sub-sector of activity, and should be replaced if they become less representative over time. Usually, these models are defined on the basis of weight/size of parcels, speed of delivery and destination. Nevertheless, more characteristics could be taken into account if they influence price, for example, time of delivery, inclusion of insurance etc. It is important to ensure that the model remains representative and that respondents include all applicable discounts when re-pricing the model service activities each period.

Table 4 shows the recommended options of SPPI priocing methods for Postal activities.

Table 4

Options for developing Turnover statistics

Postal activities Under Universal service obligation (USO)

Category	**Pricing method**	**Data type in the survey**	**Quality and Accuracy**	**Cost**
Best	- *Contract prices* with big and representative customers	Data is based on real transaction prices	Due to discounts no need for quality adjustment during the duration of the contract. Detailed service specifications allow time-consistent comparisons	Most expensive, with highest response burden. As many contract details need to be given, confidentiality is a crucial successes factor.
Best	*Model pricing* very precise and detailed	Data is based on expert estimations combined with real transaction prices	Appropriate coverage of services, varying destinations, delays, weights	Most expensive, with response burden
Good	*Unit value /average prices*	Price per kg, per letter, per parcel	If unit value refers to a group of contracts, transactions in a group must be homogeneous. Quality adjustment needed when contracts change.	Less expensive (expect when quality adjustment is needed) and less response burden (only few contract details needed).
Good	*Direct use of prices of repeated services*	Data is based on actual prices for services offered	*Selected representative tariffs* with good estimation of discounts	Less expensive (expect when quality adjustment is needed) with no response burden.
Minimum	*Direct use of prices of repeated services*	Data is based on actual prices for services offered	*Selected representative tariffs* without any discounts	Least expensive method with no response burden.

4.3 Quality issues

In the past, services provided by the postal and courier industry were mainly defined by stable characteristics and consequently quality changes were relatively easy to measure. However, due to market liberalisation and the free movement of services, quality aspects have become increasingly important. In particular the increasing number of service providers offering both postal and courier services creates challenges in respect of the classification of services and service providers and strengthens the argument for product based indices.

The most commonly observed quality adjustment method for the industry is overlapping. This method can be applied relatively successfully because new and old services are generally sold simultaneously. Where this is not the case, respondents can often provide previous period prices for new service activities. Comparable adjustment and quantity adjustment methods are also used.

In order to maintain the on-going quality of the index, significant price changes and changes to existing services should be queried with respondents and treated appropriately. In addition consistency between turnover data and SPPIs Should be ensured.

4.4. Specific aspects

The SPPI for postal should primarily focus on the dominant (or monopoly) service activity provider, as this business enterprise largely determines the total index. Confidentiality guidelines typically prohibit publishing the index for postal services meaning that only the overall index for postal and courier services or only the courier services index can be published. In European countries, the postal SPPI is generally available only to national accountants and to Eurostat for inclusion in EU-aggregates. However some countries, such as the US, have mechanisms for waiving confidentiality guidelines with the respondent’s assent.

As mentioned above, because of international agreements between national post offices and other postal and courier operators it is important to distinguish between resident consumption of international courier services and service exports (Holocsy, 2013).

5. Summary

As other areas of the economy, postal and courier industry is also affected by globalization. To produce comparable macro-economic indicators at word level, the development of techniques in order to handle the increasing role of multinational companies and effects of globalization is essential. It is necessary to establish close cooperation between statisticians and data suppliers, as well as good contacts between experts to exchange practices.

The main characteristics of the postal and courier industry could be summarised as follows: *h*igh level of concentration, dominance of the National Post, industry is highly regulated in the European postal market approximately 95% of letter mail was fully opened to competition in 2011however, later deadline for the postal market opening was granted to several countries including Hungary.

Finally, it is necessary to ensure the consistency between related statistical indicators – essentially between turnover data and SPPIs as deflators.

Appendix

Methodology:

- Methodology of short-term business statistics interpretation and guidelines, European Communities, 2006
- Handbook on price and volume measures in national accounts, European Communities, 2001
- Methodological Guide for Developing Producer Price Indices For Services, OECD-Eurostat, 2005

Voorburg papers

- Revised Sector Paper on Courier activities Ildikó Holocsy and Denis Gac, Vienna, 2010;
- http://www.voorburggroup.org/Documents/2010%20Vienna/Papers/2010%20-%2017.pdf
- Turnover and Output for Postal Activities in Sweden, Gustafsson, E-M., 2013, 28th Voorburg Group meeting, Tokyo
- http://www.voorburggroup.org/Documents/2013%20Tokyo/Papers/4024-paper50.pdf
- Turnover for Postal Activities under Universal Service Obligation in Hungary, Holocsy, I., 2013, 28th Voorburg Group meeting, Tokyo
- http://www.voorburggroup.org/Documents/2013%20Tokyo/Papers/4026-paper51.pdf
- SPPI for Postal Services in Austria, Puchter, CH., 2013, 28th Voorburg Group meeting, Tokyo
- http://www.voorburggroup.org/Documents/2013%20Tokyo/Papers/4032-paper54.pdf
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- European Commission, the Organization for Economic Cooperation and Development, and EuroStat (EOE), 2005. *Methodological Guide for Developing Producer Price Indices for Services*. Luxembourg. Office for Official Publications of the European Communities;
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International studies

- Ulrich Eidman, 2010. A comparison of methods used to compile PEEIs in short-term business statistics, Statistics in Focus 52/2010, Eurostat;
- Isabelle Rémond-Tiedrez, 2008. Service producer price indices (SPPIs): a new European economic Indicator, Statistics in Focus 103/2008, Eurostat;

NACE (Rev. 2) European classification system of economic activities

53	**Post and courier activities**	
	53.10	Postal activities under universal service obligation
		This class includes: - Pickup, sorting, transport and delivery (domestic or international) of letter-post and (mail-type) parcels and packages by postal services operating under a universal service obligation. 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, - Collection of letter-mail and parcels from public letter-boxes or from post office. This class excludes: - Postal giro, postal savings activities and money order activities, see 64.19.
	53.20	Other postal and courier activities
		This class includes: - Pickup, sorting, transport and delivery (domestic or international) of letter-post and (mail-type) parcels and packages by firms operating outside the scope of a universal service obligation. 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. This class also includes: - Home delivery services.

ISIC Rev. 4 class 5320

- Hierarchy

  - Section: H - Transportation and storage
  - Division: 53 - Postal and courier activities
  - Group: 532 - Courier activities
  - **Class: 5320 - Courier activities**

- Explanatory note

  - This class includes courier activities not operating under a universal service obligation;
  - *This class includes*:
    - pickup, sorting, transport and delivery (domestic or international) of letter-post and (mail-type) parcels and packages by firms not operating under a universal service obligation. 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
  - *This class also includes*:
    - home delivery services
  - *This class excludes:*
    - Transport of freight, see (according to mode of transport) 4912, 4923, 5012, 5022, 5120

It can already be noticed that the new ISIC rev4 introduced a significant change in the perimeter of the activity in the sense that the definition refers no longer to the fact that the activity is consistent with National Postal services, but now the fact that postal operations are conducted as part of the Universal Service, which was not previously the case.

NAICS 2007

491 Postal Service

This subsector comprises establishments primarily engaged in operating the postal service. Establishments of the Post Office, other than those primarily engaged in providing courier services, are classified in this industry, as well as establishments that carry on one or more functions of the postal service on a contract basis, except the delivery of mail in bulk.

4911 Postal Service

This industry group comprises establishments primarily engaged in operating the postal service. Establishments of the Post Office, other than those primarily engaged in providing courier services, are classified in this industry, as well as establishments that carry on one or more functions of the postal service on a contract basis, except the delivery of mail in bulk.

49111 Postal Service

This industry comprises establishments primarily engaged in operating the postal service. Establishments of the Post Office, other than those primarily engaged in providing courier services, are classified in this industry, as well as establishments that carry on one or more functions of the postal service on a contract basis, except the delivery of mail in bulk.

Exclusion(s): Establishments primarily engaged in:

- the delivery of mail in bulk, on contract to the Post Office (481, Air Transportation, or 482, Rail Transportation, or 484, Truck Transportation,)
- providing courier services, including separate courier establishments of the Post Office (49211, Couriers)
- delivering advertising material, door-to-door (54187, Advertising Material Distribution Services)
- providing mail box services along with other business services (56143, Business Service Centres)

492 Couriers and Messengers

Industries in the Couriers and Messengers subsector provide intercity and/or local delivery of parcels and documents (including express delivery services) without operating under a universal service obligation. These articles can be described as those that may be handled by one person without using special equipment. This allows the collection, pick-up, and delivery operations to be done with limited labor costs and minimal equipment. Sorting and transportation activities, where necessary, are generally mechanized. The restriction to small parcels partly distinguishes these establishments from those in the transportation industries. The complete network of courier services establishments also distinguishes these transportation services from local messenger and delivery establishments in this subsector. This includes the establishments that perform intercity transportation as well as establishments that, under contract to them, perform local pick-up and delivery. Messengers, which usually deliver within a metropolitan or single urban area, may use bicycle, foot, small truck, or van.

492110 Couriers and Express Delivery Services

This industry comprises establishments primarily engaged in providing air, surface, or combined mode courier and express delivery services of parcels, but not operating under a universal service obligation. These parcels can include goods and documents, but the express delivery services are not part of the normal mail service. These services are generally between metropolitan areas or urban centers, but the establishments of this industry form a network that includes local pick-up and delivery to serve their customers needs

492210 Local Messengers and Local Delivery

This industry comprises establishments primarily engaged in providing local messenger and delivery services of small items within a single metropolitan area or within an urban center. These establishments generally provide point-to-point pickup and delivery and do not operate as part of an intercity courier network.

ANZSIC

- 7112 Courier Services

This class consists of units mainly engaged in the express door-to-door pick up, transport, and delivery of letters and mail-type articles, usually packages and small parcels. The activity may involve the use of one or more modes of transport which may be privately or publicly owned.

– Units mainly engaged in

a. *Other ordinary private sector parcel delivery services are included in the appropriate classes in Division I Transport and Storage; and*

b. *Ordinary (non-express) post office parcel delivery services are included in Class 7111 Postal Services*

– Primary activities: Customised express pickup and delivery service; Messenger

CPA 2008

53.20.11	Multi-modal courier services	This subcategory includes: - Collection, transport and delivery services, whether for domestic or foreign destinations, for letters, parcels and packages, as rendered by courier and using one or more modes of transport, other than those rendered under a universal service obligation. These services can be provided using either self-owned or public transport media. Included are the messenger services of bicycle couriers.	This subcategory excludes: - Messenger delivery services other than those by bicycle couriers, see 53.20.19
53.20.12	Food home delivery services		
53.20.19	Other postal and courier services n.e.c.	This subcategory includes: - Local delivery services of purchases, except food - Local delivery services	This subcategory excludes: - Courier services including messenger services of bicycle

		by freight taxis	couriers, see 53.20.11

CPC Ver.2

- Section: 6 - Distributive trade services; accommodation, food and beverage serving services; transport services; and electricity, gas and water distribution services
- Division: 68 - Postal and courier services
- Group: 681 - Postal and courier services

Class: 6811 - Postal services

Breakdown: This Class is divided into the following Subclasses:

- 68111 - Postal services related to letters
- 68112 - Postal services related to parcels
- 68113 - Post office counter services
- 68119 - Other postal services

Class: 6812 – Courier services

- 68120 – Courier services

Class: 6813 – Local delivery services

- 68130 –Local delivery services