

PPI Principal paper session: Courier Services

- Papers of
- United States (principal paper),
 - Australia,
 - Canada,
 - The Netherlands,
 - Sweden,
 - United Kingdom

Output Definition:

Primary output of the courier industry is the 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.

Characteristics of courier services

Courier services:

- comprise air transportation, ground transportation or a combination of the two,
- provide end-to-end transportation, from origin to destination including local pickup and delivery,
- include international, intercity and/or local delivery.

The service may be carried out with self-owned (private) transport media or via public transport.

Types of services

1. Courier services by geographical coverage:
 - Local
 - Interstate
 - International

2. Courier services by time (time pressure):
 - Standard
 - expedited

(simplified Scheme)

Factors that determine price:

- Destination,
- Origin,
- Weight of package,
- Dimensions of package,
- Level of priority and time of day delivered,
- Special handling.

Industry Structure of Courier Services

United States: dominated by a few large companies

Australia: Courier services: highly competitive

Canada: 1% of total businesses account for 71% of industry turnover

The Netherlands: Top four companies account for 55% of industry turnover

Sweden: Top four companies account for 57% of industry turnover

United Kingdom: Top 20 account for 60% of industry turnover

Country	SPPI since
United States	1988 (air couriers) 1993 (other couriers)
Australia	June 2004
Canada	2003
The Netherlands	Third quarter 2004
Sweden	Fourth quarter 2003
United Kingdom	Third quarter 1995

Coverage of Producer Price Index:

United States: - C.S. between metropolitan areas
 - Local messengers and local delivery

Australia: - Postal and courier services
(local, interstate and international)

Canada: - C.S. between metropolitan areas
 - Local messengers and local delivery

The Netherlands: - Courier services („Courier“, Express, Parcels)

Sweden: - Multi-modal courier services
 - Other C.S.; newspaper delivery

United Kingdom: - Courier services

Publication of results

United States:	Air Courier Services (Domestic/International) / Other Courier services (Local; Hub and Spoke)
Australia:	Total of „Postal and Courier Services“ is published (confidentiality)
Canada:	Courier and messengers; Couriers, local messengers
The Netherlands:	Total; national, international
Sweden:	No publication (confidentiality); use for National Accounts
United Kingdom:	Courier Services (total)

Survey methods used (simplified):

- Establishing the weighting structure,
- Stratified sample (according to turnover, employment or activity),
- Initial interviews with companies,
- Definition of typical services for the company,
- Selection of typical services for survey: Model prices, transaction prices, list prices (with standard discount), in addition revenue reports (quarterly, annually),
- Questionnaire, internet research (e.g. price calculators: US, Canada) with validation, telephone (small companies)

Pricing Method:

- United States: -transaction prices (including bundled service)
Base Price + fuel surcharge + other surcharges
- Australia: -transaction prices for selected services
(typical service of company) or model prices
- Canada: - model prices for a set of specifications:
Base Price + fuel surcharge
- The Netherlands: -Model prices; If not available:
- List prices for small companies
- Sweden: - Model prices or transaction prices
after consultation with company
- United Kingdom: - transaction prices; if not available
-list price (including standard discount) or
- model price

Methodological problems for price survey:

1. Market structure:

- Dominance of few large competitors,
- Confidentiality,
- How to deal with subcontracting,
- Include newspaper delivery?
- Borderline to freight transport, logistic companies, trading companies: These companies offer a wide bundle of services including door-to-door services.

Methodological problems for price survey:

2. Survey problems:

- Selection of price items,
- Price changes arise from charging practices (fees, discounts, surcharges and administrative fees)
- Discounts of prices are often negotiated,
- Discounts vary from client to client,
- Bundles of services are offered and negotiated.

Methodological problems for price survey:

3. Quality issues:

- Representativity of price quotations,
- Need to capture back prices when volume shifts occur (Canada),
- Improvements in mode of delivery (e.g. motorcycle versus bicycle).

Thanks for your attention:

Peter Roemer
Federal Statistical Office of Germany
Head of Section „Service prices“
Telephone: ++49-611-75-2332
E-mail: Peter.Roemer@destatis.de