CLOSING REMARKS

8TH ANNUAL COPENHAGEN ECONOMICS POSTAL & DELIVERY CONFERENCE

COPENHAGEN | 11 MAY 2022 | 09.30 – 16.30

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KEY TAKEAWAYS

SESSION 1: Changes in the competitive landscape: new business models, new players in the last mile, co-opetition across the delivery value chain

- E-commerce needs to **match characteristics of brick-and-mortar stores** to stay competitive – especially trust
- Webshops' future competitive concerns are mostly: **free delivery**, sustainable packaging, and offering different delivery options
- **E-merchants start from consumer needs, invent for consumers** and require delivery partners to provide what is demanded
- Covid-19 has raised customer expectations drastically
- There are advantages in stocking products closer to the consumers
- We observe **co-opetition, mergers, and new players** to match the rising expectations of consumers – this provides various potential benefits but also risks and challenges
- Parcel lockers don't do the job alone – whole process matters
- Customers just want to know when things arrive – reliability is key
- Emergence of **exotic new players** with innovative commercial offers pose challenges to **authorisation processes, classification as postal operators**, etc.
- Consumers will not stay in the e-commerce environment unless we can meet the characteristics (speed, selection, availability & trust) that brick-and-mortar can offer
- Coopetition and entry of new, innovative players provides potential benefits but also challenges and risks

KEY TAKEAWAYS

SESSION 2: The future of the USO and the role of the State in postal and delivery markets

- Changes in the postal landscape require **more flexible postal regulation** implying e.g. fewer delivery days for the Universal Services, a clear path to State Aid
- **Countries' readiness** for **changes in the USO** varies significantly. Reducing delivery frequency requirements too early will accelerate letter decline
- Do changes to the USO need to be **coordinated within the EU** to minimise uncertainty?
- **Collaboration of operators with regulators** is key to ensure that the future USO regulation meets **contemporary consumer needs**, while allowing for **national/regional flexibility**
- The **Evaluation report of PSD** does not address the **sustainability of USO** in any specific way
- How should **rules for USO address differences in member states** – Can a one-size-fits-all USO and regulatory design work?
- A **forward looking perspective is key**: the Universal Service needs to correspond to contemporary needs of users, for letters & parcels
- The Universal Service focus is shifting from **communications needs to safeguarding economic inclusion** across communities nationwide

KEY TAKEAWAYS

Executive viewpoints: Challenges and opportunities of transformation in the postal and delivery sector

- **Fast action with visionary approach required of policy makers** in the transformation of the postal sector
- Large common ground in transformation strategies at postal incumbents across countries
- Key assets managed by postal operators include parcel box, home delivery, service points
- Transformation of postal companies also implies **changes to the employee structure**
- Policy makers have a key role in evening the playing field, ensure tax payment
- Utilising postal operator’s networks for differentiating own services and **diversification e**.g., into banking services – What does the future customer need?
- Competition is coming from all sides // businesses circling the e-commerce space come from all kinds of business areas
- Sustainability to be seen not only from a “green” perspective, but also “social” sustainability
- Strategic drive pursuing customer, government and opportunity
- Key to change the government viewpoint from “payer of salaries” to “payment for services”
- Strategic levers & assets unique to postal operators: Nationwide coverage, retail outlets / cooperation, trust with citizens & government
- Competition is no longer just domestic but can come from across the border very quickly
- Policymakers can help promote efficiency, keep up competitive landscape and stimulate sustainability

KEY TAKEAWAYS

SESSION 3: Progressing e-commerce delivery value-chain sustainability via horizontal and vertical agreements

- Consumers are requesting speed, convenience and **increasingly sustainability** but **willingness to pay is not** growing at the same rate
- Regulation must drive innovation while keeping legal uncertainty low
- **Market situation as hurdle to cooperation** – strong market leaders hesitant to cooperate and share → need for cooperation, data and openness
- Agreements to raise awareness, promote innovation, comply with standards – even between competitors – have an impact but do **not fall within the scope of antitrust rules**
- Agreements limiting competition slightly might however pass on **significant benefits to consumers and the whole society** → What to prioritise?
- Bridging the gap between **stated and actual willingness to pay** for sustainability – of consumers and companies
- **First mover disadvantage** as a main reason to cooperate
- Are there risks in using competition regulation as **excuse** for progressing the sustainability agenda?

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THANK YOU!

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