Office of Electronic Communications

Report on the state of the postal market in 2017

Warsaw, May 2018

The report was prepared pursuant to Article 43 (6) of the Postal Law Act of 23 November 2012[1], hereinafter referred to as the "Act" or "Postal Law", based on the information received from postal operators in accordance with Article 43 (1) and (2) of the Act.

These provisions required postal operators to submit to the President of the Office of Electronic Communications, hereinafter referred to as the "President of the Office of Electronic Communications", reports on postal activities carried out in 2017 in accordance with specimen reporting forms, the scope of which was specified in the Ordinance of the Minister of Administration and Digital Affairs[2].

In 2018, 143 postal operators submitted reports on postal activities for 2017.

This report includes revised data for the year 2016, resulting from changes in the reports on postal activities submitted by postal operators. For this reason, some data concerning the number of active postal operators, the volume of services, revenues and percentage shares were modified in relation to the previous Report of the President of UKE. These changes do not have a significant impact on the picture of the postal market presented in the 2016 report.

The respective parts of the document present legal status, entities operating on the postal market and the picture of developments on this market in 2017 and in the period 2015 – 2017 by way of comparison.

Unless otherwise specified, the figures presented in the report were expressed in million items or PLN million. Possible variations in sums and shares result from rounding.

[1] Consolidated text: Journal of Laws of 2017, item 1481, as amended
[2] The Ordinance of the Minister of Administration and Digital Affairs on specimen forms to report on postal activities to the President of the Office of Electronic Communications (Journal of Laws of 2013, item 1489)

1. Introduction

The digitalization that has been going on for a quarter of a century has fundamentally and irreversibly changed the way of life of societies. Millions of devices connected with intelligent networks have generated the possibility for their users to use new ways of communicating and concluding transactions.

The phenomenon, called e-substitution, has caused dynamic structural changes in the postal industry – the number of letter items with correspondence has decreased while the number of items containing electronically ordered goods (e-commerce) has greatly increased.

The Polish postal services market has also become a place of structural changes ruled by those trends: the slow decline in the volumes of traditional services was compensated by the increasingly dynamic growth of the courier items market.

The liberalization resulting from three subsequent EU Directives opening postal markets to competition has been another important structural factor affecting the markets in Europe.

These phenomena forced operators to adapt their operating strategies to the market conditions taking into account e-substitution, search for growth and the diversification of revenues in new product and geographic areas, strict control and the optimization of costs and innovation in order to meet the evolution of customer needs.

After the period of stagnation observed in 2016, when the growth of the value of the Polish postal market was small, in 2017 there was a very clear increase by more than PLN 764 million – up to PLN 8.4 billion, which translates into a 10% of the annual growth rate, more than doubling the GDP growth rate of the entire Polish economy.

As in the preceding year, the increase in the market value was achieved with a simultaneous decrease in the total volume of postal services. This proves the continuation of the migration trend of the entire market towards more advanced services with a higher level of prices observed for several years. In 2017, the total volume of postal services decreased from the level of 1.90 billion to 1.87 billion, which means a decrease by 1.6% year on year.

In 2017, the primacy of the courier segment was also strengthened, as it was the segment contributing most to the overall value of the revenues of operators in the postal services market.

The most important role on the market in 2017 continued to be played by Poczta Polska SA (hereinafter “Poczta Polska”) as the designated operator. In 2017, it provided 1,564.8 million items of services (83.8% share in the total volume) in domestic and cross-border traffic streams, which translated into PLN 4,810.3 million of revenue (57.1% share in total revenues). In relation to the preceding year, the volume of services provided by the designated operator increased by 1.2%, and the value of revenues increased by 12.0%.

In 2017, alternative operators executed the total of 303.3 million services in domestic and cross-border traffic, respectively (a 16.2% share in the total volume), which translated into PLN 3,608.3 million in revenue (a 42.9% share in total revenues). In relation to the preceding year, the volume of services provided by alternative operators decreased by 14.0%, and the value of revenues increased by 7.4%. Such a significant reduction in the volume was conditioned primarily by the significant drop in the volume of letter items within the scope of the universal services observed in 2017.

For the most important types of services provided in the postal market, the dynamics of changes, both in terms of the number of services and the revenues generated, corresponds to the trends for postal markets around the world.

Letters are still the most frequently provided service, with 1,353.0 million items delivered, which means a decrease by 2.4% compared to 2016, and which translated into PLN 3,334.9 million in revenue (increase by 11.4%). On the other hand, in 2017, a total of 334.1 million of courier items and traditional postal parcels were delivered (increase by 15.4%), which generated PLN 4,089.7 million in revenue (increase by 9.9%). Last year was another year in which those services recorded a significant increase, despite the existence of price pressure which characterizes this market segment as a result of strong competition.

In 2017, the number of postal operators decreased. As of the end of the year, there were 280 entities in the register of postal operators (in 2016 – 291), of which 143 were active in the provision of postal services (in 2016 – 156).

According to the reports of operators, in total, 91,245 employees found employment in the postal sector in 2017, which means an increase compared to the preceding year by 3,552 FTEs.

In 2017, postal services were provided in 21,892 postal points of contact, including 7,564 of the designated operator and 14,328 of alternative operators. For the provision of postal services, automated machines for postal services, including parcel lockers, were used to a significant extent for customer service.

2.
Characteristics of the postal services market

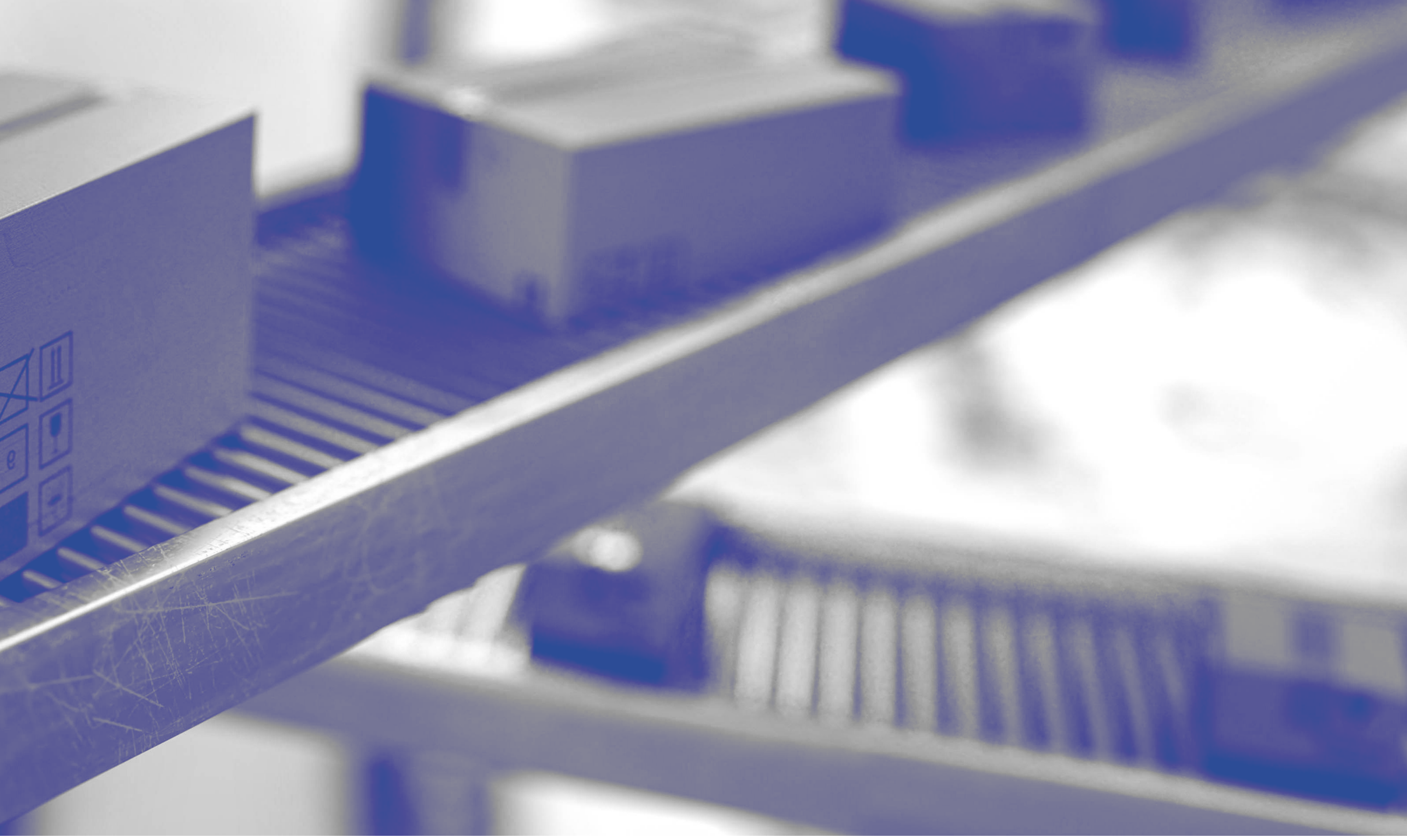
2.1.
Legal basis for regulation of the postal services market

2.1.1.
Domestic regulations

In 2017, the following legal acts provided the legal basis for the operation of the postal services market in Poland:

- the Postal Law Act[3] and implementing acts to this Act,
- The Telecommunications Act of 16 July 2004, hereinafter the Telecommunications Act [4],

[3] The Postal Law implemented Directive 2008/6/EC of the European Parliament and of the Council of 20 February 2008 amending Directive 97/67/EC into the Polish legal order with regard to the full accomplishment of the market internal Community postal services (Journal of Laws UE L 52 of 27/02/2008, p. 3, as amended) and defined the rules of the postal market after its opening to competition
[4] Uniform text: Journal of Laws of 2017, item 1907, as amended



The postal law introduced a division of the postal services market by separation of its main segments: courier items, universal services, services within the scope of universal services and other postal services.

2.1.2. European regulations

In 2017, the postal market in the European Union was regulated by three directives of the European Parliament and of the Council[5]:

- Directive 97/67/EC of 15 December 1997 on common rules for the development of the internal market of Community postal services and the improvement of quality of service (the so-called 1st Postal Directive)[6],
- Directive 2002/39/EC of 10 June 2002 amending Directive 97/67/EC with regard to the further opening to competition of Community postal services (the so-called 2nd Postal Directive)[7],
- Directive 2008/6/EC of 20 February 2008 amending Directive 97/67/EC with regard to the full accomplishment of the internal market for Community postal services (the so-called 3rd Postal Directive)[8].

As part of the strategy for Digital Single Market assuming an increase in the share of e-commerce in the total GDP of the Union, the European Commission had been working since 2016 on a regulation aimed at increasing

[5] Dyrektywy określają status prawny i zakres funkcjonowania niezależnych organów regulacyjnych w państwach członkowskich, jak również zawierają obligatoryjne postanowienia, które kraje członkowskie UE powinny implementować do swojego porządku prawnego. Głównym celem określonym przepisami ww. dyrektyw jest pogodzenie dążenia do przeprowadzenia kontrolowanej liberalizacji rynku usług pocztowych z zagwarantowaniem konsumentom wysokiej jakości usług pocztowych, w tym z zapewnieniem świadczenia usługi powszechnej po przystępnych cenach, z trwałą gwarancją jej świadczenia
[6] Dz. Urz. UE L 15 z 21.01.1998 r., s. 14, z późn. zm.
[7] Dz. Urz. UE L 176 z 05.07.2002 r., s. 21
[8] Dz. Urz. UE L 52 z 27.02.2008 r., s. 3

price transparency and strengthening the regulatory oversight over cross-border parcel delivery services in a way that enables consumers and retailers to benefit from lower delivery prices and convenient return options. High prices and the inconvenience of cross-border parcel delivery have been identified as one of the greatest obstacles to e-commerce trade development throughout the European Union. The provisions of the regulation introduce, among others:

1. definitions of cross-border items and increased reporting requirements for operators participating in the process of the delivery, enabling national regulatory authorities to monitor the market for such items more effectively in order to better identify potential difficulties in its functioning,

2. increasing price transparency by publishing price lists for a set of defined basic domestic and cross-border services offered by universal service providers,

3. the procedure and criteria for the assessment by national regulatory authorities of the affordability of prices for the services included in the published price lists.

The Regulation of the European Parliament and Council (EU) 2018/644 of 18 April 2018 on cross-border parcel delivery services after the full legislative process was published on 2 May 2018 in the Official Journal of the European Union[9].

2.1.3. International regulations

Legal acts of the Universal Postal Union also have a significant impact on the postal services market[10]. The World Postal Convention[11] is the basic document establishing common rules applicable to international postal service.

The tasks within the scope of postal activities, assigned to postal management authorities or postal administrations under international postal regulations, are performed by the designated operator. This is important in particular for the obligation to provide universal postal services because the provisions of the World Postal Convention in Article 3 (1) and (2) as well as in Article 12 identify a broader scope of basic (universal) services than defined in Article 45 (1) of the Postal Law Act.

2.2. Stakeholders of the postal services market

2.2.1. Regulatory authority

The President of UKE is a central-level authority of government administration. The scope of its competence is defined by the provisions of the Telecommunications and the Postal Law Acts.

The issues that fall within the competence of the President of UKE include regulation, control, mediation and inspiration in the field of postal and telecommunications markets.

The President of UKE cooperates with many organizations responsible for the postal market at national, European and international level. The most important international cooperation fora include: the European Commission (EC), European Regulators Group for Postal Services

[9] OJ L 112 of 02.05.2018, pages 19-28
[10] Universal Postal Union – UPU
[11] Journal of Laws of 2015, item 1522

(ERGP), the European Committee for Postal Regulation (CERP) and the Universal Postal Union (UPU).

2.2.2. Postal operators

In 2017, there were 280 entities in the register of postal operators (as of 31 December 2017). Out of the registered postal operators, the reports were submitted by: Poczta Polska and 142 other postal operators. At the same time, 46 entities submitted statements that they did not conduct postal activities in 2017.

The operator designated to provide universal postal services

Pursuant to the decision[12] of the President of UKE, Poczta Polska is the operator designated to provide universal services in 2016-2025.

The designated operator is obliged to provide universal services in a uniform manner in the area of the whole country under comparable circumstances.

The scope of postal activities carried out by the designated operator

In 2017, the subject of the postal operator's activity included in particular:

- universal postal services in domestic and cross-border traffic: unrecorded letter items, recorded letter items (including registered letter items, insured items), items for the blind, postal parcels up to 20 kg (including insured ones) and M-bags,
- services falling within the scope of universal services in domestic and cross-border traffic: letter items (including unrecorded, registered and insured ones) from bulk senders and others,
- courier items in domestic traffic, i.a. Pocztex, Consignment,
- courier items in cross-border traffic, i.a. the EMS service,
- other postal services in domestic traffic, i.a: marketing mail, direct mail, non-addressed printed forms, postal orders, postal telegrams, items above 10 kg, and others,
- other postal services in cross-border traffic: cross-border postal orders and others.

Alternative postal operators

Pursuant to the Postal Law Act, postal activities constitute regulated activities within the meaning of the Act of 6 March 2018 – Business Law[13] and requires entry in the register of postal operators..

[12] Decision of 30 June 2015.
[13] Journal of Laws of 2018, item 646

In 2017, the President of UKE received:

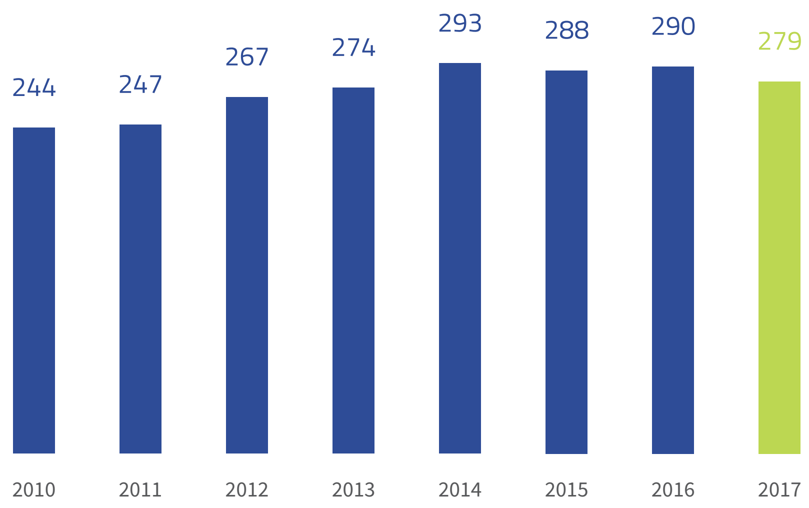
- 26 requests for entry in the register of postal operators (ROP),
- 17 requests for removal from the ROP,
- 7 requests for suspension of postal activities,
- 38 requests for change of details within the scope of the request for entry in the ROP.

17 entities were removed from the ROP as a result of permanent cessation of postal activities (the entities had been previously removed from the Central Registration and Information on Business or the National Court Register).

In 2010-2014, there was an increase in the number of alternative operators. In the past three years, the number of registered entities has been at a similar level.

Chart 1

Number of registered alternative postal operators in 2010 – 2017 (as of 31 December)



Source: UKE based on the ROP

Not all of the registered operators undertake postal activities. The largest number of operating entities was recorded in Masovia (59) and Lesser Poland (14) regions. In other regions, the number of operating entities did not exceed 11.

Table 1

Number of registered and operating alternative postal operators in individual regions in 2017

Region	Number of registered operators*	Number of operating entities	Degree of use of entries
Lower Silesia	27	11	40.7%
Kuyavia-Pomerania	8	2	25.0%
Lublin	6	2	33.3%
Lubusz	6	3	50.0%
Łódź	20	9	45.0%
Lesser Poland	25	14	56.0%
Masovia	117	59	50.4%
Opole	3	2	66.6%
Subcarpathia	17	6	35.3%
Podlaskie	4	1	25.0%
Pomerania	21	5	23.8%
Silesia	27	10	37.0%
Świętokrzyskie	5	2	40.0%
Varmia-Masuria	1	1	100.0%
Greater Poland	17	10	58.8%
West Pomerania	8	5	62.5%
TOTAL	**312**	**142**	**45.5%**

Source: UKE

* the number of registered operators also included 33 operators who were removed from the register in 2017 (1 entity was removed in 2017 in accordance with a request dated 2018)

Alternative postal operators conduct business activities in the postal sector in various organisational and legal forms with a significant share of activities undertaken by natural persons. In 2017, the organizational and legal forms of 142 active alternative postal operators were as follows:

- business activities of a natural person – 68 operators,
- limited liability company – 54 operators,
- joint-stock company – 6 operators,
- other (cooperative, civil partnership, foundation) – 14 operators.

In contrast to Poczta Polska which has the obligation to offer its services in domestic and cross-border traffic, alternative postal operators can provide their services domestically, in cross-border traffic or both domestically and in cross-border traffic, or only locally (within a region, district, one locality or even part of it). The table below presents the areas of activity of alternative postal operators in 2015 – 2017.

The scope of postal activities conducted by alternative operators

In 2017, alternative postal operators were active in three segments of the postal services market, including in the area of services falling within the scope of universal services, courier items and other postal services.

The number of alternative postal operators active in different segments of the postal market is presented in Table 3.

Table 2

Areas of alternative postal operators' activities in 2015 – 2017

	Number of alternative postal operators		
Area of activities	**2015**	**2016**	**2017**
Domestic	52	37	33
Domestic and cross-border	43	45	39
Only cross-border	4	6	2
Local, including:	72	68	68
in the region	28	28	30
in the city, district or other area	44	40	38

Source: UKE

Table 3

Segments of alternative operators' activities in 2015 – 2017

Segments of the postal services market (2017)			Number of alternative postal operators		
Services within the scope of universal services	Courier items	Other postal services	2015	2016	2017
			47	37	37
			91	82	74
			12	11	12
			6	7	5
			8	7	5
			0	2	3
			7	10	6
53	**88**	**26**	**171**	**156**	**142**

Source: UKE

The analysis of alternative postal operators in terms of their performance indicates that 123 of them provided services only in one segment in 2017 (37 postal operators reported that their postal activities were carried out only in the segment of services within the scope of universal services, 74 – only in the segment of courier items). 6 operators were active in all three segments of the postal market, but only 2 of them were operators with a significant share in the postal market.

3.

Analysis of the postal services market in Poland in 2017

3.1.
Value of the Polish postal services market in 2017

At the end of 2017, the total value of the Polish postal services market amounted to PLN 8,418.6 million. This means that, in relation to the preceding year, the total amount of revenues from postal services of the operators active on the Polish market increased by PLN 764.4 million, which translates into a 10% annual growth rate, more than double the GDP growth rate of the entire Polish economy in 2017. Over the course of 2017, operators recorded an increase in all major product categories. The greatest impact on this phenomenal increase in market value was due to the increase in revenues from courier and letter items. The dynamic growth in revenues from courier services was driven by another year of the still-growing volumes of items containing goods purchased by consumers in e-commerce trade transactions. In the case of letters, the growing revenues were due to a rise in the prices of letter services, which allowed an increase in revenues even during a successive decline in the share of such items in the total volume of postal services.

Chart 2

Key indicators of changes in the postal service market value in 2017 (PLN million)

Source: UKE

Chart 2 shows the impact of increases and decreases in revenues from individual postal services on the change of the total market value between 2016 and 2017.

Table 4 shows the value, share and the dynamics of revenues generated by operators in 2015-2017, broken down by the main types of postal services.

10% annual growth rate

Table 4

Revenues from specific postal services in 2015 – 2017

	Revenues (PLN m)						Change %	
	2015	**%**	**2016**	**%**	**2017**	**%**	**2016/15**	**2017/16**
Letter items	3,192.3	41.8%	2,992.9	39.1%	3,334.9	39.6%	-6.2%	11.4%
Postal parcels	424.5	5.6%	431.3	5.6%	441.8	5.2%	1.6%	2.4%
Courier items	3,208.3	42.0%	3,585.2	46.8%	3,972.3	47.2%	11.7%	10.8%
Other services	811.1	10.6%	644.8	8.4%	669.6	8.0%	-20.5%	3.8%
In total	**7,636.3**	**100.0%**	**7,654.2**	**100.0%**	**8,418.6**	**100.0%**	**0.2%**	**10.0%**

Source: UKE

In 2017, the primacy of courier items continued as the strongest service contributing to the overall value of the Polish postal market. This situation results directly from changes in the preferences of consumers of postal services, who, despite higher prices, tend to choose courier items characterized by a more convenient form of posting and delivery, the possibility of tracking the delivery route and usually shorter delivery times than in the case of traditional postal services.

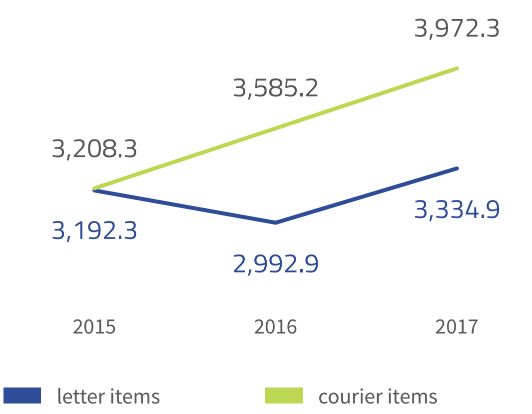
After equalizing the scale of revenues from letter and courier items as observed in 2015, and a definitely higher dynamics of revenue from courier items in 2016, last year their growth rate maintained a double-digit value. At the same time, in 2017, there was a rebound in the revenue from letter services: after introducing the new service price list of Poczta Polska this segment recorded an increase after several years of decline.

The vast majority of the value of the Polish postal market results from the revenues generated by operators on the domestic market, however, for several years the share of cross-border traffic had consistently stayed at the level of approx. 20%, constituting a significant component of the market value, which results from the still-growing volumes of cross-border e-commerce items.

Table 5 shows the value, shares and dynamics of revenues generated by postal operators, broken down by domestic and cross-border traffic in 2015-2017.

Chart 3

Letter and courier items in 2015 – 2017 by revenue



Source: UKE

Table 5

Total revenues from postal services by domestic and cross-border traffic in 2015 – 2017

	Revenues (PLN m)						Change %	
	2015	%	2016	%	2017	%	2016/15	2017/16
Domestic	6,181.1	80.9%	6,049.6	79.0%	6,710.1	79.7%	-2.1%	10.9%
Cross-border	1,455.2	19.1%	1,604.6	21.0%	1,708.5	20.3%	10.3%	6.5%
In total	**7,636.3**	**100.0%**	**7,654.2**	**100.0%**	**8,418.6**	**100.0%**	**0.2%**	**10.0%**

Source: UKE

Analysing the value of the Polish postal services market from the point of view of service segments defined by the provisions of the Postal Law Act in 2017, it should be noted that the share of courier items retained primacy in relative terms, despite the fact that due to the growth of revenues from universal services, the share of such services in the market increased for the first time in several years.

Table 6 shows the value, share and dynamics of revenues generated by postal operators, broken down by individual segments of the postal market in 2015-2017.

Table 6

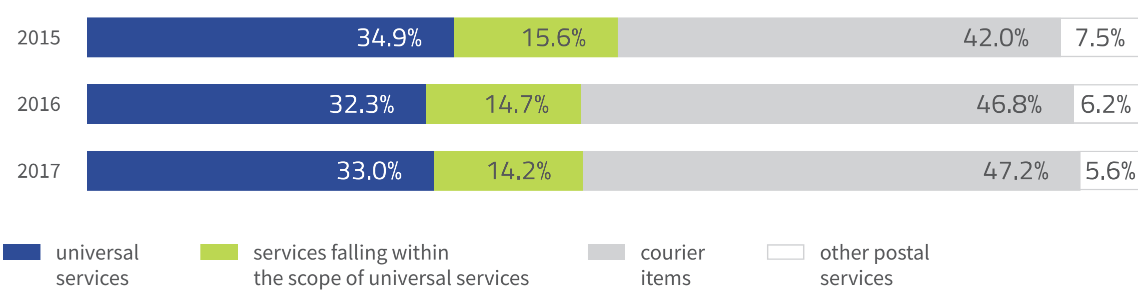
Revenues from postal services, by each market segment of the postal market in 2015 – 2017

	Revenues (PLN m)						Change %	
	2015	%	2016	%	2017	%	2016/15	2017/16
Universal services	2,663.9	34.9%	2,470.9	32.3%	2,778.7	33.0%	-7.2%	12.5%
Services falling within the scope of universal universal services	1,189.7	15.6%	1,123.5	14.7%	1,195.9	14.2%	-5.6%	6.4%
Courier items	3,208.3	42.0%	3,585.2	46.8%	3,972.3	47.2%	11.6%	10.8%
Other postal services	574.4	7.5%	474.6	6.2%	471.8	5.6%	-17.4%	-0.6%
In total	**7,636.3**	**100.0%**	**7,654.2**	**100.0%**	**8,418.6**	**100.0%**	**0.2%**	**10.0%**

Source: UKE

Chart 4

Value of the postal services market, by postal market segments in 2015 – 2017 in relative terms



Source: UKE

3.2. Volumes of postal services in 2017

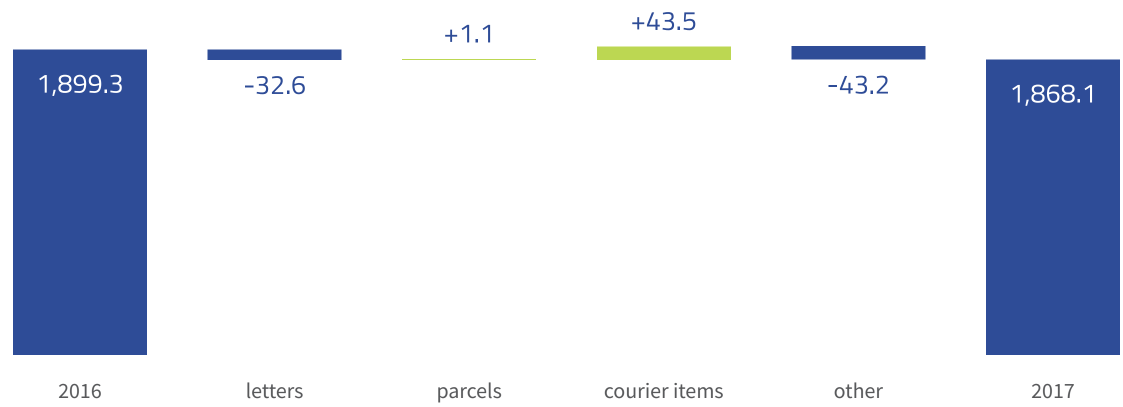
In 2017, postal operators provided a total of 1,868.1 million services, which, compared to 2016, means a decrease of 31.2 million services, i.e. by 1.6%.

Chart 5 shows the impact of increases and decreases in the volume of individual postal services on the change of the total volume of services between 2016 and 2017.

Table 7 shows the value, shares and dynamics of the service volumes generated by postal operators in 2015-2017.

Chart 5

Key indicators of changes in the postal service market volume in 2017 (million)



Source: UKE

Table 7

Volumes of specific postal services in 2015 – 2017

	Volume (million)						Change %	
	2015	%	2016	%	2017	%	2016/15	2017/16
Letter items	1,468.1	73.2%	1,385.6	73.0%	1,353.0	72.4%	-5.6%	-2.4%
Parcels	26.8	1.3%	25.3	1.3%	26.4	1.4%	-5.7%	4.4%
Courier items	216.4	10.8%	264.3	13.9%	307.8	16.5%	22.0%	16.4%
Other services	294.4	14.7%	224.1	11.8%	181.0	9.7%	-23.9%	-19.3%
In total	**2,005.7**	**100.0%**	**1,899.3**	**100.0%**	**1,868.1**	**100.0%**	**-5.3%**	**-1.6%**

Source: UKE

The charts below illustrate changes in the volumes of basic types of items: letter items, postal parcels and courier items.

In 2017, a downward trend in the volume of letter items continued, with the rate of decline in 2017 significantly lower than it was in 2016. Business and institutional bulk mailers, who continue to generate significant amounts of letter items, constitute an important factor that slows the dynamics of volume decline for this service.

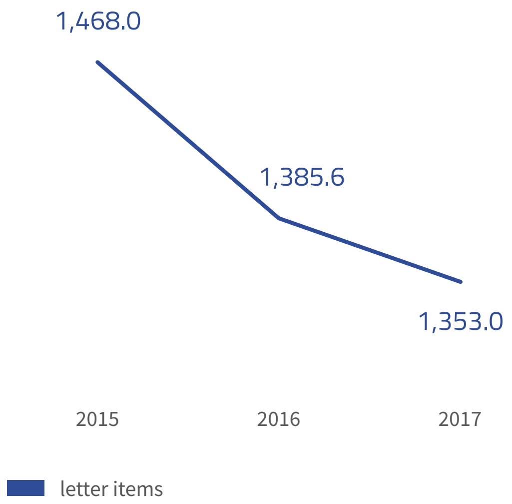
In 2017, the volume of courier parcels increased year-on-year by 16.4%. This increase continued the positive trend of preceding years, despite the fact that the dynamics was slightly lower than in the preceding year.

16.4%

year-on-year increase
in the volume of courier parcels

Chart 6

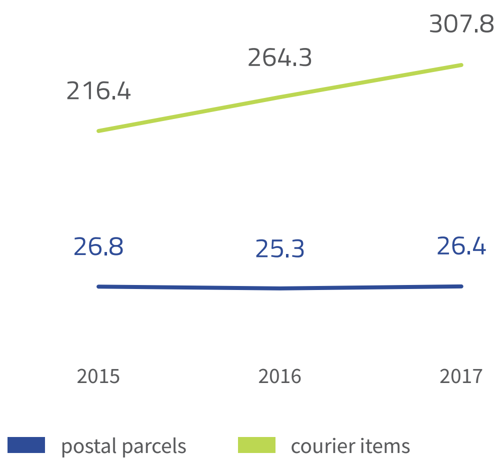
Changes in the total volume of letter items in 2015 – 2017 (million)



Source: UKE

Chart 7

Changes in the total volume of courier items and postal parcels in 2015 – 2017 (million)



Source: UKE

Another year in a row there was a stabilization of the volume of traditional postal parcels, which is consistent with the symptoms of some small e-commerce customers regaining trust in traditional postal parcels.

In 2017, there was a significant decrease in the number of other postal services, which in particular, resulted from the decrease in the number of advertising items. The decrease in the volume of advertising mail was caused by customers switching to electronic forms of marketing communication, and especially to social media.

Considering the relative size of the volume of postal services on the Polish market, i.e. the volume of postal services per one resident (the so-called postage rate), it should be noted that they were stable in 2017, in line with the trend observed since 2012.

In 2017, the postage rate amounted to 48.6 services per 1 inhabitant per year. In 2015-2017, this rate was at a similar level and amounted to approx. 50 services per capita. The stabilization of this trend is influenced by the fact of compensating the drop in the volume of letter items by an increase in the volume of courier parcels.

Table 8

Number of postal services per 1 resident of Poland in 2015 – 2017

	Years		
	2015	2016	2017
Volume of postal services (million)	2,005.8	1,899.3	1,868.1
Number of postal services per 1 resident	52.2	49.4	48.6

Source: UKE (population at the end of each year according to Statistics Poland)

3.3. Courier items

For the past few years, the courier parcel segment had been gradually increasing its value at a rate of several hundred million PLN annually, reaching the status of the segment with the highest value on the Polish postal services market already in 2016.

Courier items constituting 16.5% of the total volume of postal services on the market constitute as much as 47.2% of its value. This is mainly due to the fact that, as a premium service, it is characterized by a higher price level.

47.2%

share of courier items in the value of the postal market

This dynamic growth of the courier service sector results directly from the spectacular development of e-commerce trading taking place under the conditions of Poland's economic growth and the dynamically increasing volume of items in the wake of the mass scale of transactions.

The number of Poles buying on-line in line with the global trend had been systematically growing for several years, and according to the "E-commerce in Poland 2017. Gemius for e-Commerce Poland" report already more than half[14] of Polish Internet users regularly buy on-line.

In 2017, the value of the e-commerce market in Poland was estimated at a minimum of PLN 40 billion. It is widely believed that the potential for further growth of the Polish e-commerce market is much greater. One should take into account the relatively low share of Poles participating, for example, in cross-border on-line trade, as well as the general level of expenditure of Polish consumers on e-commerce, which is much lower than in highly-developed European countries, even considering the differences in the general level of affluence between Poland and such countries.

The e-commerce channel is also particularly favoured by entrepreneurs, especially new ones, entering the retail market and those appreciating the effectiveness of this sales channel. Organizing sales on-line is much less expensive than investing and managing a traditional physical network of points of sale.

The logistics of delivering items to recipients is both the essence of the perception of the entire transaction and the very essence of the e-commerce offer itself, allowing the seller to distinguish itself among competitors, or to build a competitive advantage.

According to the available research, the preferred method of delivery to on-line buyers is delivery by a courier directly to their homes or places of work. This form of delivery was indicated by as many as 82%[15] of people who declare buying on-line.

Delivery of goods is a key area in e-commerce. The cost, time, form and reliability of delivery determine the level of customer satisfaction and trust, which translates into a tendency to make further purchases. The most important delivery features expected by both recipients and customers of postal operators, are:

- low shipping costs,
- short delivery time,
- a variety of delivery options and
- an effective return procedure.

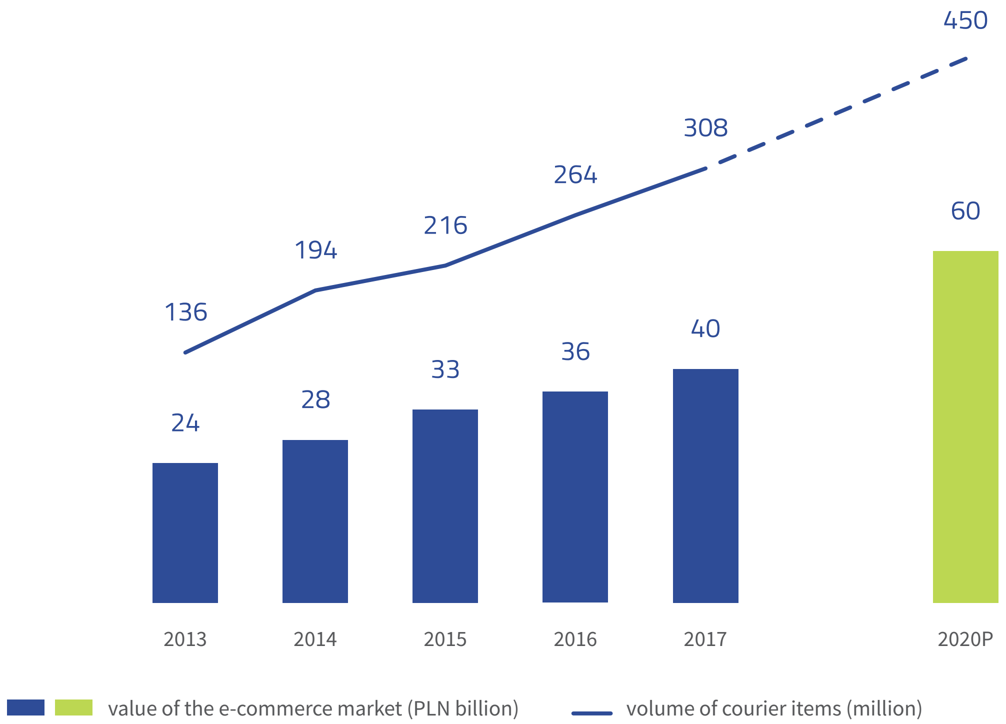
Chart 8 shows the relationship between the total volume of courier parcels and the background of an increase in the estimated e-commerce market value in Poland. This relationship proves to be almost unambiguously linear, which shows the growth potential of this segment.

If the forecast concerning the growth of the value of the Polish e-commerce market is confirmed (estimated by some analysts at even PLN 60 billion by 2020) the volume of courier items in the next few years can increase nearly twofold, reaching the level of approx. 450 million items.

[14] Report "E-commerce in Poland 2017. Gemius for e-Commerce Poland", 2017 p. 8
[15] Report "E-commerce in Poland 2017". Gemius for e-Commerce Poland", 2017 p. 9

Chart 8

Volume of courier items and the value of the e-commerce market in Poland



Source: UKE

From the perspective of the entire e-commerce market, a courier item or other postal service, or more specifically a service provided by postal operators, is clearly not the only delivery channel as some of the deliveries on the e-commerce market are accomplished by transport and logistics companies or seller's own resources (e.g. deliveries from hypermarkets).

In 2017, 89 postal operators, including Poczta Polska, operated in the courier business segment. In terms of the number of operators operating in this area, it is the largest segment of the postal services market, and consequently the area within which the greatest development of competition took place.

An analysis of the data shows that ten (10) largest, both in terms of volume and revenues, operators providing services in the courier item segment had a 94.7% share in the total volume and a 92.8% share in the total revenues in this segment of the postal market. The courier parcel segment is still dominated by entities with foreign capital.

Table 9

Major postal operators in the segment of courier items in 2017

Volume				Revenues			
No.	Name of an operator	Domestic traffic	Cross-border trafic	No.	Name of an operator	Domestic traffic	Cross-border trafic
1	DPD Polska sp. z o.o.			1	DPD Polska sp. z o.o.		
2	Poczta Polska S.A.			2	UPS Polska sp. z o.o.		
3	InPost Paczkomaty sp. z o.o.			3	GLS Poland sp. z o.o.		
4	GLS Poland sp. z o.o.			4	Poczta Polska S.A.		
5	UPS Polska sp. z o.o.			5	FedEx Express Polska sp. z o.o.		
6	FedEx Express Polska sp. z o.o.			6	InPost Paczkomaty sp. z o.o.		
7	InPost Express sp. z o.o.			7	Federal Express Poland sp. z o.o.		
8	Geis Parcel PL sp. z o.o.			8	TNT Express Worldwide (Poland) sp. z o.o.		
9	TNT Express Worldwide (Poland) sp. z o.o.			9	InPost Express sp. z o.o.		
10	DHL Express (Poland) sp. z o.o.			10	DHL Express (Poland) sp. z o.o.		

Source: UKE

Volumes and revenues in 2017

In 2017, postal operators carried out 307.8 million courier items on the domestic and cross-border markets, which translated into 3,972.3 million PLN of revenue. As compared to 2016, the volume increased by 16.4% while the revenues by 10.8%.

The courier item segment is a segment with the largest impact of the share of revenues from cross-border traffic on the total value of the segment. In 2017, the share was 24.6% of total revenues, although only 6.5% of the volume of courier items was executed in cross-border traffic.

In 2015-2017, revenues and volumes of both streams of cross-border courier items were growing; however, throughout this period the dominance of the volume of the outgoing stream over the incoming stream was shaped. In 2017, the outgoing stream volume increased by 13.0% as compared to 2016, but its growth dynamics decreased significantly; the incoming stream, on the other hand, increased by 29%, almost doubling the dynamics recorded in 2016.

Shaping cross-border courier items is of particular importance given the efforts of the European Union to free the potential of e-commerce as part of the strategy and regulations prepared within its framework and concerning cross-border parcel services, to come into force in 2018.

29%
increase in the volume of the incoming stream of cross-border courier items

Table 10

Courier items in domestic and cross-border traffic in 2015 – 2017 (by volume)

	Volume (million)						Change %	
	2015	**%**	**2016**	**%**	**2017**	**%**	**2016/15**	**2017/16**
Country	204.8	94.6%	247.5	93.7%	287.8	93.5%	20.9%	16.3%
Cross-border	11.7	5.4%	16.8	6.3%	19.9	6.5%	43.7%	18.9%
outgoing	6.4	3.0%	10.6	4.0%	12.0	3.9%	66.0%	13.0%
incoming	5.3	2.4%	6.2	2.3%	7.9	2.6%	16.8%	29.0%
In total	**216.4**	**100.0%**	**264.3**	**100.0%**	**307.8**	**100.0%**	**22.1%**	**16.4%**

Source: UKE

Table 11

Courier items in domestic and cross-border traffic in 2015 – 2017 (by revenue)

	Revenues (PLN m)						Change %	
	2015	**%**	**2016**	**%**	**2017**	**%**	**2016/15**	**2017/16**
Country	2,364.3	73.7%	2,666.5	74.4%	2,993.5	75.4%	12.8%	12.3%
Cross-border	844.1	26.3%	918.7	25.6%	978.8	24.6%	8.8%	6.5%
outgoing	547.6	17.1%	610.3	17.0%	661.7	16.6%	11.5%	8.4%
incoming	296.5	9.2%	308.4	8.6%	317.1	8.0%	4.0%	2.8%
In total	**3,208.3**	**100.0%**	**3,585.2**	**100.0%**	**3,972.3**	**100.0%**	**11.8%**	**10.8%**

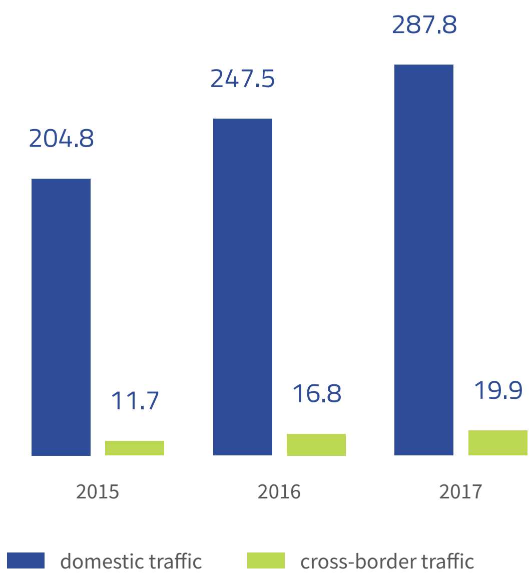
Source: UKE

In 2015-2017, the market of courier items grew in domestic and cross-border traffic, both in terms of volume and revenues.

The increase in both the volume and revenues from courier items results, as already indicated, from the rapid development of e-commerce services in recent years. The migration of customers of some postal operators to this segment of services also contributed significantly to this tendency.

Chart 9

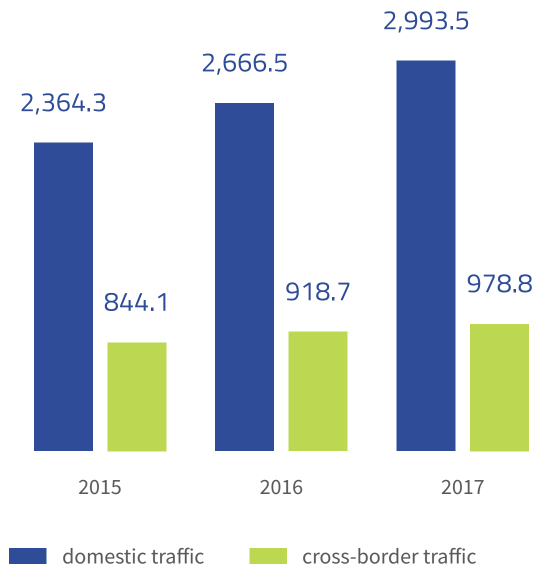
Courier items in domestic and cross-border traffic in 2015 – 2017 – by volume (million items)



Source: UKE

Chart 10

Courier items in domestic and cross-border traffic in 2015 – 2017 – by revenues (PLN million)



Source: UKE

Complaints about courier items

In 2017, users of courier items filed complaints about the total of 864,949 services, which, in relation to the total volume of the performed services, means that less than 29 per each 10,000 services were subjects of complaints (in 2016 – less than 25). Delay of delivery exceeding the guaranteed delivery time limit was the most common reason for complaints. The percentage of complaints accepted by operators as justified amounted to 55.4% (in 2016 – 43.2%).

Table 12

Filed complaints and the manner of their handling – courier items in 2017

Reason for filing	Manner of dealing:	Accepted	Rejected	Pending	Total	Share %
	Loss of item	31,702	36,076	1,809	69,587	8.1%
	Loss of content	4,106	5,114	429	9,649	1.1%
	Damage to item	46,429	60,594	6,314	113,337	13.1%
	Delay of delivery exceeding the guaranteed delivery time limit	351,533	191,904	9,061	552,498	63.9%
	Incorrectly filled ZPO[16]	221	330	0	551	0.1%
	Return of an item in breach of time limit	408	927	0	1,335	0.2%
	Return of an item due to incorrectly stated reason	1,632	2,033	0	3,665	0.4%
	Other	42,832	70,219	1,276	114,327	13.2%
	In total	**478,863**	**367,197**	**18,889**	**864,949**	**100.0%**

Source: UKE

3.4. Universal services

In 2017, universal services[17] were provided in domestic and cross-border traffic:

1. Clearance, sorting, transport and delivery of:

a) letter items, including registered and insured items up to 2,000 g and the following dimensions measured with a tolerance of 2 mm:

- maximum – 900 mm as the sum of length, width and height, with the largest dimension not exceeding 600 mm, and in the case of rolled letter items – 1,040 mm as the sum of their length and the double diameter, with the largest dimension not exceeding 900 mm,

[16] A document confirming the receipt of a recorded item
[17] Art. 45 of the Postal Law Act

- minimalnych – 170 mm in the case of rolled letter items, as the sum of their length and double diameter, with the largest dimension not less than 100 mm,
- minimum for an address side – 90 x 140 mm,

b) items for the blind,

c) postal parcels, including insured ones, up to 10,000 g and with dimensions of which the largest does not exceed 1,500 mm, and the sum of the length and the largest perimeter measured in a direction other than the length should not exceed 3,000 mm;

2. sorting, transport and delivery of postal parcels sent from abroad weighing up to 20,000 g and with dimensions referred to in point 1 (c).

Under the provisions of the Universal Postal Convention, universal services also include postal parcels up to 20 kg sent abroad and M-bags.

In the current legal environment, the universal services catalogue does not include postal money orders, direct mail and services listed in Art. 45 (1) of the statute for bulk senders.

Universal services, in accordance with Article 46 (2) of the Postal Law Act, should be provided: in a uniform manner, under comparable conditions, ensuring throughout the national territory: location of postal points of contact and mail boxes matching demand in a given area, in compliance with the routing time indicators for postal items, at affordable prices, with frequency ensuring at least one emptying of mail boxes and delivery of postal items at least on every working day and not less often than 5 days a week, excluding public holidays,
in a manner allowing the sender to obtain a document confirming the receipt of a recorded item.

Universal services are provided by Poczta Polska.

Volumes in 2017

In 2017, Poczta Polska provided 564.7 million universal services, which translated into PLN 2,778.7 million of revenue. 82.2% of services were provided on the domestic market, and 17.8% in cross-border traffic. In 2015-2017, there was a systematic decrease in the volume of universal services. In 2017, as compared to the preceding year, the volume of services on the domestic market decreased by 5.0%, while there was an increase by 20.3% in cross-border traffic. The share of universal services in postal services totalled 30.2% of the volume and 33.0% of revenues, respectively.

Table 13

Universal services in domestic and cross-border traffic in 2015 – 2017 (by volume)

	Volume (million)						Change %	
	2015	%	2016	%	2017	%	2016/15	2017/16
Letter items	634.1	97.9%	561.9	98.2%	555.7	98.4%	-11.4%	-1.1%
Postal parcels	13.4	2.1%	10.2	1.8%	8.9	1.6%	-23.8%	-12.7%
In total	**647.5**	**100.0%**	**572.1**	**100.0%**	**564.7**	**100.0%**	**-11.6%**	**-1.3%**

Source: UKE

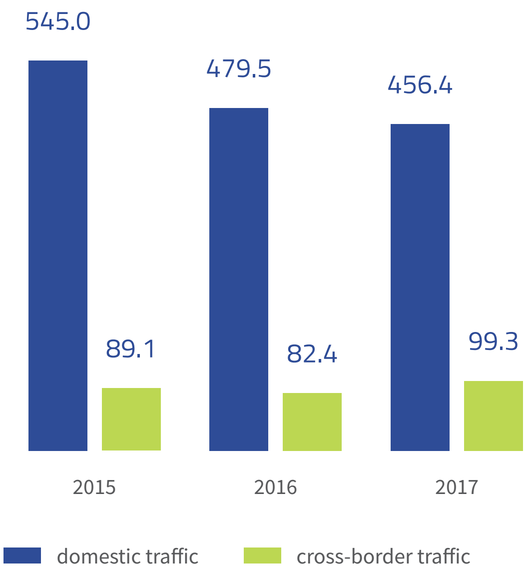
In 2017, as in preceding years, the largest part in the segment of universal services constituted letter items with a share of 98.4% of the total volume. 1.6% related to the volume of postal parcels.

Data analysis for the volume of letter items in the universal services segment in 2015-2017 in domestic traffic indicates a systematic decrease in the volume in this service group. However, the decrease in 2017, as compared to the preceding year, was significantly weaker and amounted to -4.8% (in 2016: -12.0%). In cross-border traffic, the volume of letter items in 2017 showed a strong upward trend.

Data analysis for the volume of postal parcels in the segment of universal services in 2015-2017 in domestic traffic indicates a systematic decrease in volume in this group of services. In cross-border traffic, the volume of postal parcels in recent years was stable.

Chart 11

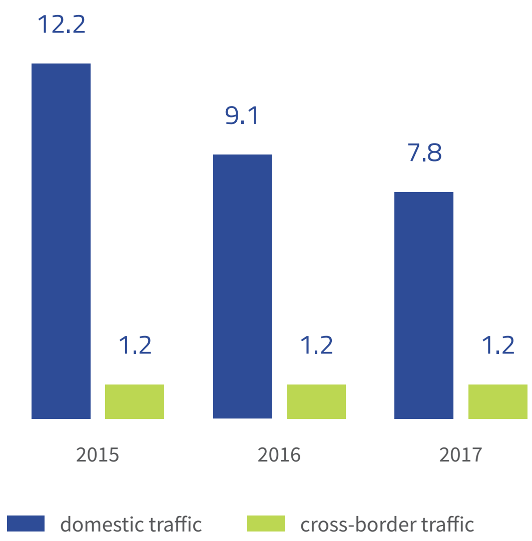
Letter items in the universal services segment in domestic and cross-border traffic in 2015 – 2017 – by volume (million)



Source: UKE

Chart 12

Postal parcels in the universal services segment in domestic and cross-border traffic in 2015 – 2017 – by volume (million)



Source: UKE

Complaints about universal services

In 2017, users of universal services filed complaints concerning the total of 201,433 services, which – as compared to the total volume of services provided – means that less than 4 services were subject to complaints for every 10,000 services provided (2016 – less than 3). The most common reason for complaints was loss of the item.
The percentage of complaints accepted as justified by the operator amounted to 39.7% (2016 – 38.5%).

Table 14

Complaints and the manner of their handling – universal services in 2017

	Manner of handling:	Accepted	Rejected	Pending	Total	Share %
Reason for filing	**Loss of item**	38,327	57,990	5,179	101,496	50.4%
	Loss of content	216	469	25	710	0.4%
	Damage to item	727	1,587	60	2,374	1.2%
	Delayed shipment	8,389	3,234	930	12,553	6.2%
	Incorrectly filled ZPO[18]	1,827	4,030	74	5,931	2.9%
	Other[19]	30,493	45,321	2,555	78,369	38.9%
	In total	**79,979**	**112,631**	**8,823**	**201,433**	**100.0%**

Source: UKE

[18] A document confirming the receipt of a recorded item
[19] Return of a recorded item after the time limit, return of a recorded item due to incorrectly stated reason and other cases

3.5. Services falling within the scope of universal services

The segment of the services falling within the scope of universal services[20] includes letter items and postal parcels of the weight and dimensions specified for universal services and items for the blind, not provided by the operator designated to offer universal services. Services falling within the scope of universal services do not include postal services consisting in clearance, sorting, tranport and delivery of courier items.

A characteristic feature of this segment is bulk volume contracts for which postal operators compete. As a result, there is pressure to lower prices, which means that this segment, generating as much as 43.2% of the total volume of the postal services market, provides only 14.2% of the market value.

In the segment of services falling within the scope of universal services, 54 postal operators operated in 2017, including Poczta Polska.

[20] Article 3 point 30 of the Postal Law Act

Table 15

Major postal operators in the segment of services falling within the scope of universal services in domestic and cross-border traffic, by volume and revenues in 2017

Volume

No.	Name of operator	Domestic traffic of letter items	Domestic traffic of parcels	Cross-border traffic
1	Poczta Polska S.A.			
2	Speedmail sp. z o.o.			
3	Ruch S.A.			
4	Traffica sp.j.			

Revenues

No.	Name of operator	Domestic traffic of letter items	Domestic traffic of parcels	Cross-border traffic
1	Poczta Polska S.A.			
2	Ruch S.A.			
3	Speedmail sp. z o.o.			
4	X-Press Couriers sp. z o.o.			

Source: UKE

The segment of services falling within the scope of universal services is very concentrated. In 2017, the share of the four largest operators providing services in the segment of services falling within the scope of universal services amounted to 98.6% in revenues and 99.4% in the volume of services in this segment.

Table 15 presents a list of the major operators along with the scope of their service activities in the segment.

Volumes and revenues in 2017

In 2017, postal operators carried out, on the domestic and cross-border market, 806.8 million services included in the scope of universal services, which translated into PLN 1,195.9 million revenue. As compared to 2016, the volume decreased by 3.2%, while the revenues increased by 6.4%.

Similarly to universal services, letter items constituted the largest service in this segment, the share of which amounted to 97.9% of the total volume. For services falling within the scope of universal services, cross-border traffic is of relatively minor importance.

Table 16

Services falling within the scope of universal services in 2015 – 2017 (by volume)

	Volume (million)						Change %	
	2015	%	2016	%	2017	%	2016/15	2017/16
Letter items	830.1	98.5%	819.4	98.3%	790.2	97.9%	-1.3%	-3.6%
Postal parcels	12.5	1.5%	14.2	1.7%	16.6	2.1%	13.0%	17.2%
In total	**842.6**	**100.0%**	**833.5**	**100.0%**	**806.8**	**100.0%**	**-1.1%**	**-3.2%**

Source: UKE

Table 17

Services falling within the scope of universal services in 2015 – 2017 (by revenues)

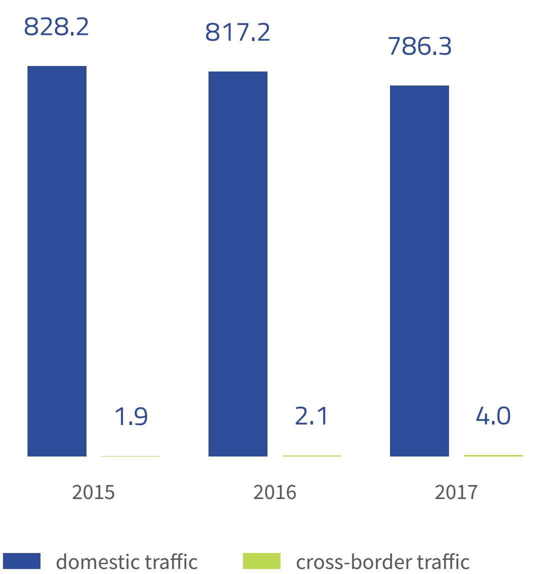
	Revenues (PLN million)						Change %	
	2015	%	2016	%	2017	%	2016/15	2017/16
Letter items	949.8	79.8%	894.7	79.6%	963.3	80.6%	-5.8%	7.7%
Postal parcels	133.3	11.2%	151.4	13.5%	167.4	14.0%	20.3%	10.6%
Other [21]	106.6	9.0%	77.4	6.9%	65.1	5.4%	-27.4%	-15.9%
In total	**1,189.7**	**100.0%**	**1,123.5**	**100.0%**	**1,195.9**	**100.0%**	**-5.6%**	**6.4%**

Source: UKE

[21] Confirmation of receipt of a recorded item

Chart 13

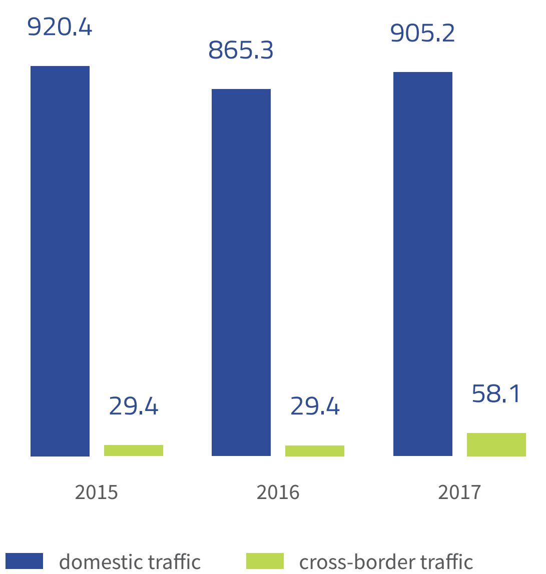
Letter items in the segment of services falling within the scope of universal services in domestic and cross-border traffic in 2015 – 2017 – by volume (million)



Source: UKE

Chart 14

Letter items in the segment of services falling within the scope of universal services in domestic and cross-border traffic in 2015 – 2017– by revenues (PLN million)

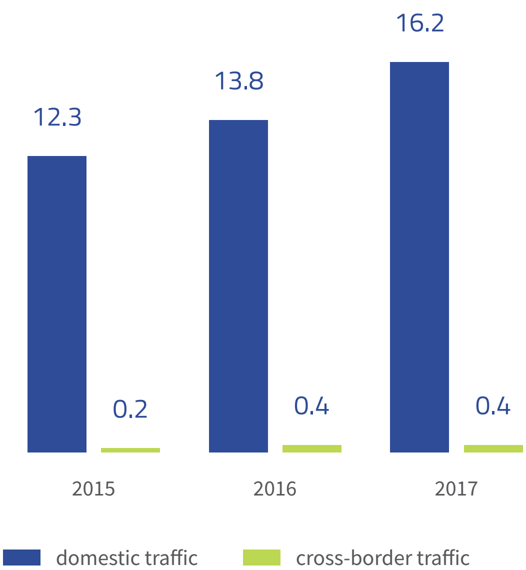


Source: UKE

In 2015-2017, the volume and revenues in the scope of letter items delivered on the domestic market remained at a similar level. In the segment of services falling within the scope of universal services, postal operators provide letter services mainly to business and institutional customers. In cross-border traffic, an increase is observed both in terms of volumes and revenues.

Chart 15

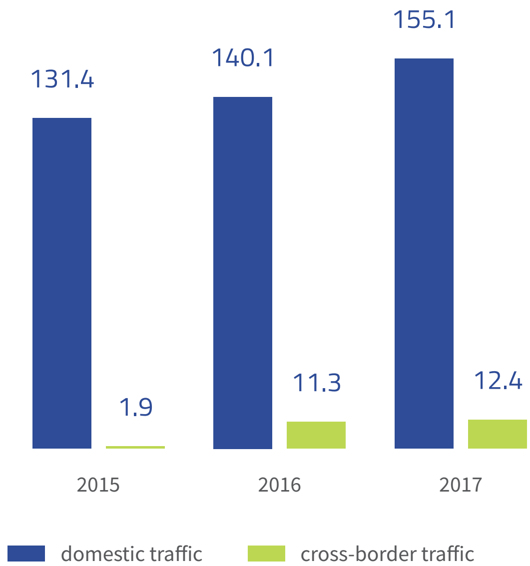
Postal parcels in the segment of services falling within the scope of universal services on the domestic and cross-border market in 2015 – 2017 by volume (million)



Source: UKE

Chart 16

Postal parcels in the segment of services falling within the scope of universal services on the domestic and cross-border market in 2015 – 2017 by revenues (PLN million)



Source: UKE

The volume and revenues on the domestic market of postal parcels in the discussed market segment shows increases. This is part of the general trend of the dynamic growth on the parcel market as a whole.

In cross-border traffic, a slight increase in the volume of postal parcels is maintained, with a simultaneous increase in revenues obtained in this area.

Complaints about services falling within the scope of universal services

In 2017, users of services falling within the scope of universal services filed complaints concerning the total of 303,867 services, which, with respect to the total volume of the services provided, means that less than 4 items were subject to complaints per every 10,000 services provided (in 2016 – less than 5). Delays in deliveries were the most common reasons for complaints. The percentage of complaints accepted by operators as justified amounted to 60.4% (in 2016 – 35.3%).

3.6. Other postal services

The segment of other postal services includes letters and postal parcels that do not correspond to the definitions of the universal services segment and the segment of services falling within the scope of universal services. Other postal services include postal money orders, direct mail, non-addressed printed forms and postal items sent using electronic means of communication (the so-called hybrid mail) which at the stage of clearance, transport or delivery took the physical form of a letter item.

Table 18

Complaints and the manner of their handling – services falling within the scope of universal services in 2017

	Manner of handling:	Accepted	Rejected	Pending	Total	Share %
Reason for filing	**Loss**	25,600	28,318	1,520	55,438	18.2%
	Loss of content	266	149	19	434	0.1%
	Damage to item	7,217	1,956	68	9,241	3.1%
	Delay of delivery exceeding the guaranteed delivery time limit	49,638	33,241	1,905	84,784	27.9%
	Incorrecty filled ZPO[22]	62,651	13,123	824	76,598	25.2%
	Return of a recorded item in breach of the time limit	2,379	651	233	3,263	1.1%
	Return of a recorded item due to incorrectly stated reason	361	238	32	631	0.2%
	Other	35,377	35,984	2,117	73,478	24.2%
	In total	**183,489**	**113,660**	**6,718**	**303,867**	**100.0%**

Source: UKE

[22] Acknowledgement of receipt of a recorded item

In 2017, the revenues of this segment accounted for 5.6% of the total postal market value, while the volume accounted for 10.1% of the total market volume.

Distribution of unaddressed printed forms is a specific service belonging to this segment, which may be provided without an entry into the register of postal operators. This service is characterised by huge volumes (in 2017 – 3.4 billion items) and relatively small revenues (PLN 0.1 billion).

In order to avoid data distortion in the report, the volume of unaddressed printed forms was excluded from the measure of the volume of this segment, as well as from the entire volume of the postal market, in accordance with the guiding principles of this report.

Further analysis in the segment of other postal services was carried out without taking into account non-addressed printed forms.

In 2017, 27 postal operators were active in the segment of other postal services, including Poczta Polska.

This segment is highly concentrated. The two major operators in the segment carry out 99.4% of the volume and generate 97.1% of the total revenues.

Table 19

Major postal operators in the segment of other postal services in domestic and cross-border traffic, by volume and revenue in 2017

No.	Name of an operator	Letter items	Postal parcels	Direct mail	Postal money orders
1	Poczta Polska S.A.				
2	Speedmail sp. z o.o.				

Source: UKE

Volumes and revenues in 2017

In 2017, in the segment of other postal services, the volume amounted to 188.9 million items, which translated into a PLN 471.8 million revenue. As compared to 2016, the volume decrease in this market segment was 17.6%, while the revenue decrease was 0.6%.

The tables below present the value, the shares of the individual main services, and the dynamics of revenues and volumes of the services in 2015-2017.

In 2017, a decrease in the volume level as well as revenues in the area of direct mail was observed. In relation to other services, the revenues increased.

Table 20

Other postal services in 2015 – 2017 (by volume)

	Volume (million of items)						Change %	
	2015	%	2016	%	2017	%	2016/15	2017/16
Direct mail	249.6	83.4%	181.5	79.2%	138.5	73.3%	-27.3%	-23.7%
Postal orders	44.7	15.0%	42.6	18.6%	42.5	22.5%	-4.8%	-0.3%
Other[23]	4.9	1.6%	5.2	2.3%	7.9	4.2%	6.0%	-53.2%
In total	**299.3**	**100.0%**	**229.3**	**100.0%**	**188.9**	**100.0%**	**-23.4%**	**-17.6%**

Source: UKE

[23] Letter items, postal parcels, postal items sent by means of electronic communication

Table 21

Other postal services in 2015 – 2017 (by revenue)

	Revenues (PLN m)						Change %	
	2015	%	2016	%	2017	%	2016/15	2017/16
Direct mail	211.7	36.9%	147.8	31.1%	129.1	27.4%	-30.2%	-12.7%
Postal orders	308.6	53.7%	276.1	58.2%	285.0	60.4%	-10.5%	3.2%
Other[24]	53.9	9.4%	50.7	10.7%	57.7	12.2%	-6.1%	13.8%
In total	**574.4**	**100.0%**	**474.6**	**100.0%**	**471.8**	**100.0%**	**-17.4%**	**-0.6%**

Source: UKE

[24] Letter items, postal parcels, postal items sent by means of electronic communication; acknowledgement of receipt of a recorded item

Complaints about other postal services

In 2017, users of other postal services filed complaints concerning a total of 18,948 services, which means that in relation to the total volume of services provided, 1 service per 10,000 was subject to a complaint (in 2016 – less than 1). The most common reason for filing a complaint was loss of the item. The percentage of complaints accepted by operators as justified amounted to 40.5% (in 2016 – 29.9%).

Table 22

Complaints and the manner of their handling – other postal services in 2017

Reason for filing	Manner of handling:	Accepted	Rejected	Pending	Total	Share %
	Loss of item	1,289	4,397	213	5,899	31.1%
	Loss of content	47	19	3	69	0.4%
	Damage to item	464	846	37	1,347	7.1%
	Delay of delivery exceeding the guaranteed delivery time limit	4,165	316	583	5,064	26.7%
	Non-delivery by the designated operator of the amount of money specified in a postal order	447	3,760	145	4,352	23.0%
	Other	1,271	804	142	2,217	11.7%
	In total	**7,683**	**10,142**	**1,123**	**18,948**	**100.0%**

Source: UKE

4.
Resources and elements of postal infrastructure

Resources and elements of the postal infrastructure of the designated operator

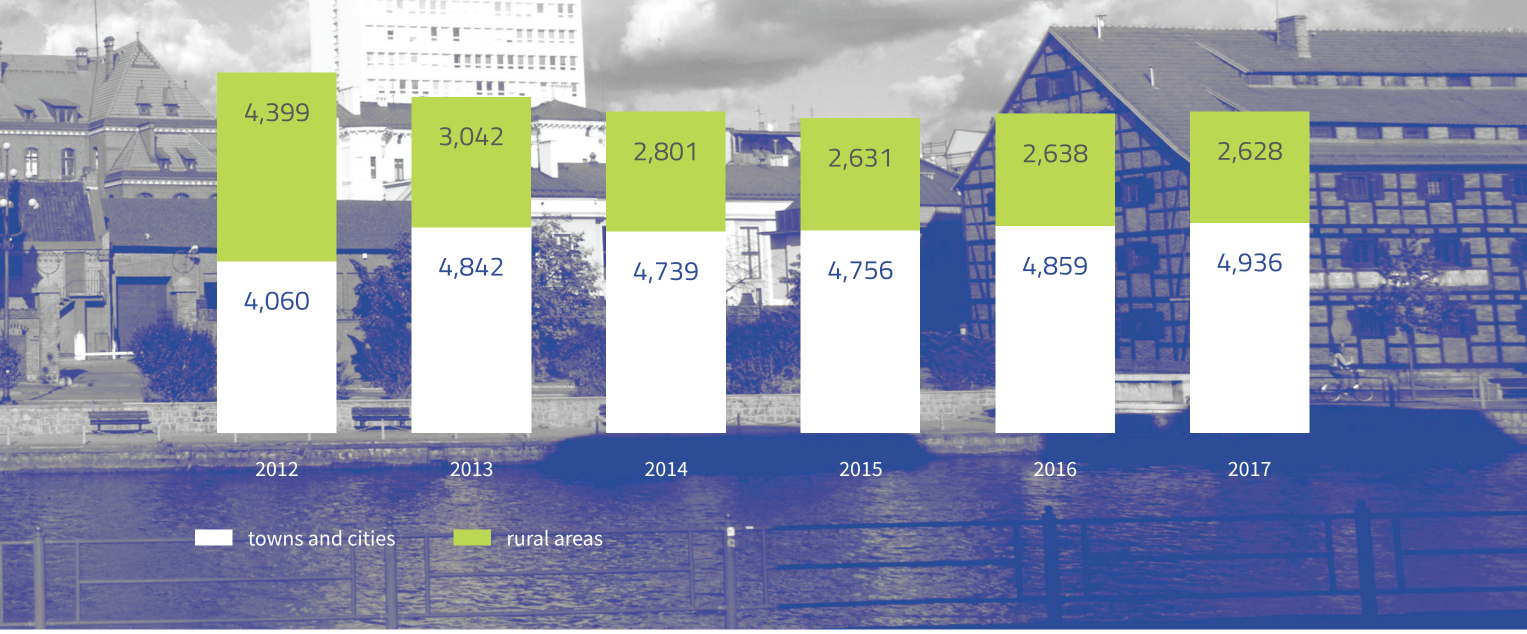
Postal points of contact

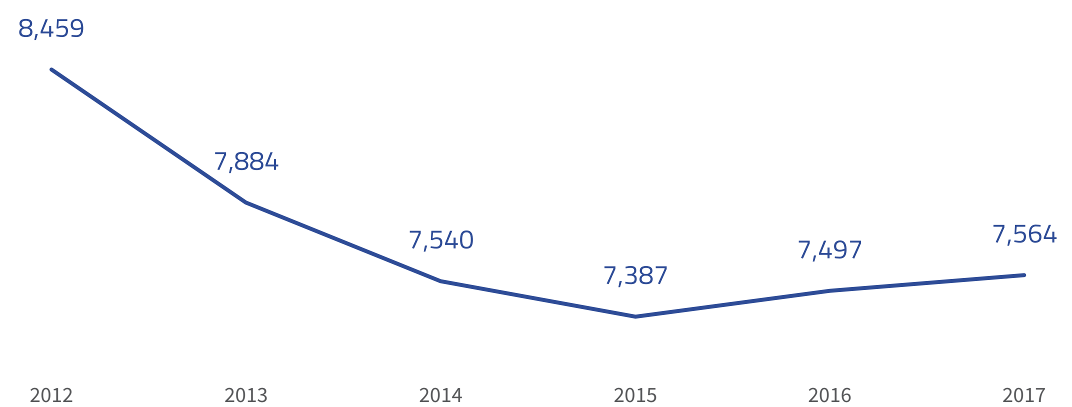
As at December 31, 2017, Poczta Polska had 7,564 points of contact, of which 4,936 were located in cities (this category included points of contact located in urban municipalities and urban-rural communes), and 2,628 points of contact in rural areas (i.e. in rural municipalities). 2,863 points of contact were run by postal agents.

In 2017, the number of the points of contact of the designated operator grew by 67. It was another year in which the number of the points of contact of Poczta Polska increased.

Chart 17

Number of postal points of contact of Poczta Polska in 2012 – 2017





Source: UKE

As at 31 December 2017, Poczta Polska met the requirements in terms of location of postal points of contact and ensuring availability of the network of postal points of contact.

Table 23

Fulfilment of requirements for availability of universal services by Poczta Polska

Requirement for availability according to the Ordinance of the Minister of Administration and Digital Afairs[25]	Degree of fulfilment as of 31.12.2017
In each municipality there should be at least one permanent point of contact of the designated operator.	**Requirement fulfilled** In each of the 2,478 municipalities there was at least one permanent postal point of contact.
There is one permanent point of contact of the designated operator, when counting a mean for the country, per 6,000 residents in urban and in urban-rural municipalities.	**Requirement fulfilled** The availability rate of the network of postal points of contact, when counting a mean for the country, for urban and urban-rural municipalities was 5,869 residents per 1 operational permanent postal point of contact.
There is one postal point of contact of the designated operator, when counting a mean for the country, per an area of 85 km^2 in rural municipalities.	**Requirement fulfilled** The availability rate of the network of postal points of contact, when counting a mean for the country, for rural municipalities was 78.44 km^2 per 1 operational permanent postal point of contact.
Postal points of contact of the designated operator should be open on all working days, excluding Saturdays, at least 5 days a week, and if in a given week there is a public holiday, the number can be lowered accordingly.	**Requirement fulfilled** Points of contact are open on all working days. On public holidays, customer service is provided by postal points of contact on duty.

Source: Information provided by Poczta Polska

[25] Ordinance of the Minister of Administration and Digital Affairs on the conditions for providing universal services by the designated operator (Journal of Laws of 2013, item 545)

Mail boxes and automated equipment for provision of postal services

As at the end of 2017, Poczta Polska had 17,102 active mail boxes, including:

- 8,363 in towns and cities,
- 8,739 in rural areas.

As compared to 2016, the number of mailboxes decreased by 7.5%.

In addition to postal points of contact, customers were also able to send and receive postal items in a place and time suitable for them by means of automated equipment for provision of postal services. At the end of 2017, the designated operator had 118 pieces of automated equipment for provision of postal services.

Other elements of postal infrastructure

At the end of 2017, Poczta Polska owned 128,201 post office boxes and 116,753 own letter boxes. In addition, the designated operator had a system of postal codes identifying the areas of delivery and a database with information on changes in addresses for the purpose of re-addressing postal items. The designated operator, owning the above-mentioned elements of postal infrastructure, has the obligation to provide access to those elements to postal operators providing services falling within the scope of universal services to the extent specified in a contract for access to the elements of postal infrastructure, whereas in the case of operators that do not provide services falling within the scope of universal services it is obliged to provide only the system of postal codes identifying the areas of delivery and the database with information on changes in addresses for the purposes of re-addressing postal items[26]. In 2017, Poczta Polska did not sign any contract for access to the elements of postal infrastructure.

Employment at Poczta Polska

In 2017, the level of average annual employment in Poczta Polska based on employment contracts, in full-time equivalents, was 76,318 full-time positions. In comparison to the data from the preceding year, this is an increase by 2.3%. The fall in the number of people employed by the designated operator recorded in 2015-2016 was halted.

Resources and elements of postal infrastructure of alternative operators

Postal points of contact

As of the end of 2017, alternative postal operators reported a total of 14,328 postal points of contact, of which 13,006 were located in towns and cities and 1,322 in rural areas. The data indicates that alternative postal operators focus their activities on cities where there is a much greater demand for postal services and the costs of providing services are lower than in rural areas. Out of the total number of the postal points of contact of alternative operators, the vast majority, i.e. 12,179, was managed by postal agents.

Table 24

Number of postal points of contact reported by alternative postal operators (as at 31 December 2017)

Number of postal points of contact	Number of operators in 2017
no points of contact	59
1 point of contact	58
2 to 10 points of contact	11
11 to 100 points of contact	9
101 to 1000 points of contact	0
over 1,000 points of contact	5
In total	**142**

Source: UKE

The above data shows that the majority of alternative postal operators (over 82%) do not have points of contact or have a single point of contact, which usually is at the same time the registered office of a sole trader.

[26] Art. 66 of the Postal Law Act

Elements of postal infrastructure

In the reported period none of the alternative postal operators had their own postal mail boxes. At the same time, the number of automated postal services machines was not indicated in the reports on postal activity[27]. Information obtained by UKE suggests that, as at 31 December 2017, there were approx. 2,600 automated postal services machines in Poland.

Employment with alternative postal operators

In 2017, the level of average annual employment with alternative postal operators amounted to 14,927 full-time positions, which is an increase by 14.0% as compared to 2016. As Table 25 suggests, the employment status for individual postal operators was very diverse. There were 8 operators on the market employing more than 500 employees. A relatively large group of operators are one-person operators (51).

[27] The owner of the network of automated postal services machines is an entity that is not a postal operator

Table 25

Number of employees employed with alternative postal operators (as at 31 December 2017)

Level of employment	Number of operators in 2017
one-person operators	51
2 to 9 people	47
10 to 49 people	31
50 to 249 people	3
250 to 500 people	2
over 500 people	8
In total	**142**

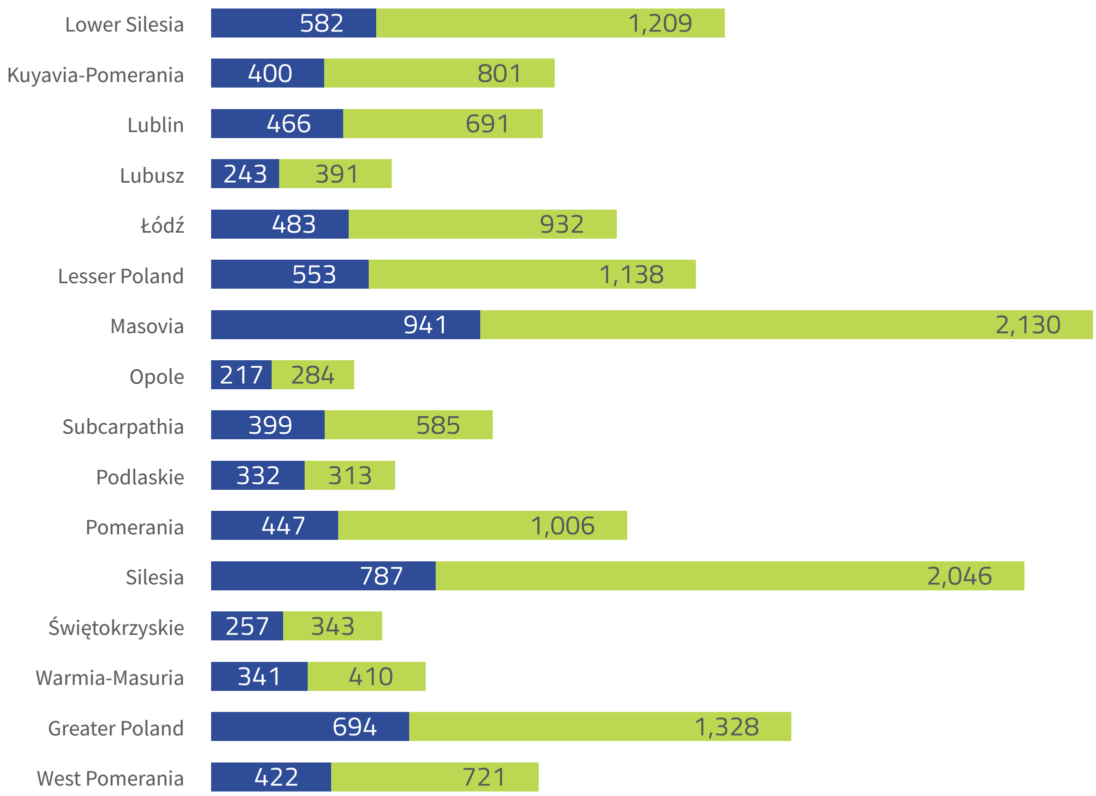
Source: UKE

Postal operators' points of contact in 2017

In 2017, postal operators provided services in 21,892 points of contact across the country. Out of these, over 31% (6,850) were the operators' own points of contact. The remaining 69% of the points of contact were run by postal agents. In the number of operators' own postal offices, 68.6% are the designated operator's facilities. The largest number of points of contact are located in highly urbanized regions, such as Masovia, Silesia and Greater Poland.

Chart 18

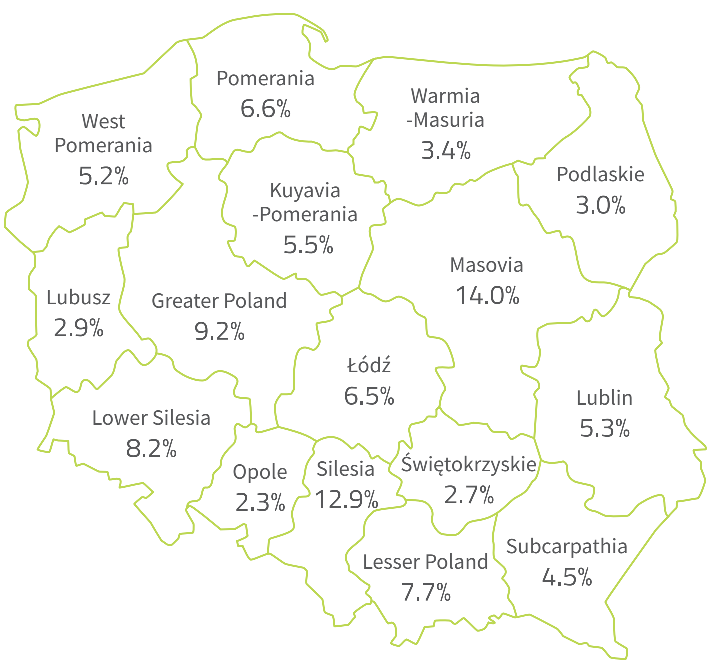
Number of postal points of contact in 2017, by region



Source: UKE

Chart 19

Distribution of postal operators' points of contact in 2017 by region



Source: UKE

over **300 million**
delivered courier items

over **90 thousand**
people employed
in the postal sector

5. Conclusions

Generating significant revenues, employing directly over 90,000 people, ensuring exchange of information and goods on the internal market, making all this available to Polish consumers and enabling entrepreneurs to compete in the country and abroad – the postal market has a significant contribution to Polish economy.

2017 was a year of unprecedented, rapid increase in the value of the market. A 10% growth of operators' revenue from postal services exceeded the growth rate of the domestic product of Polish economy in 2017 estimated at 4.6%.

Courier items were the main factor of growth, the value increasing by nearly PLN 400 million as compared to 2016. This was achieved in the conditions of fierce competition characterising this fully-liberalized market sector. This is a reflection of the global trend: the impact of the unusually strong development of e-commerce trade, of which the direct beneficiary is the postal sector. This was another year when the volume of courier items grew, with double-digit dynamics, exceeding in 2017 the number of 300 million items delivered.

In 2017, the second key factor driving market growth was the revenue from universal services, which contributed to the market growth for the amount of over PLN 300 million. Demand for such services turned out to be slightly flexible, because despite the increase in prices, in 2017 there was a significant weakening, almost by a half, of the rate of decrease in the volume of services observed for years, which ultimately translated into higher revenues than in the preceding year. The aggregate data presented below illustrates the development of key indicators on the postal services market in Poland.

Table 26

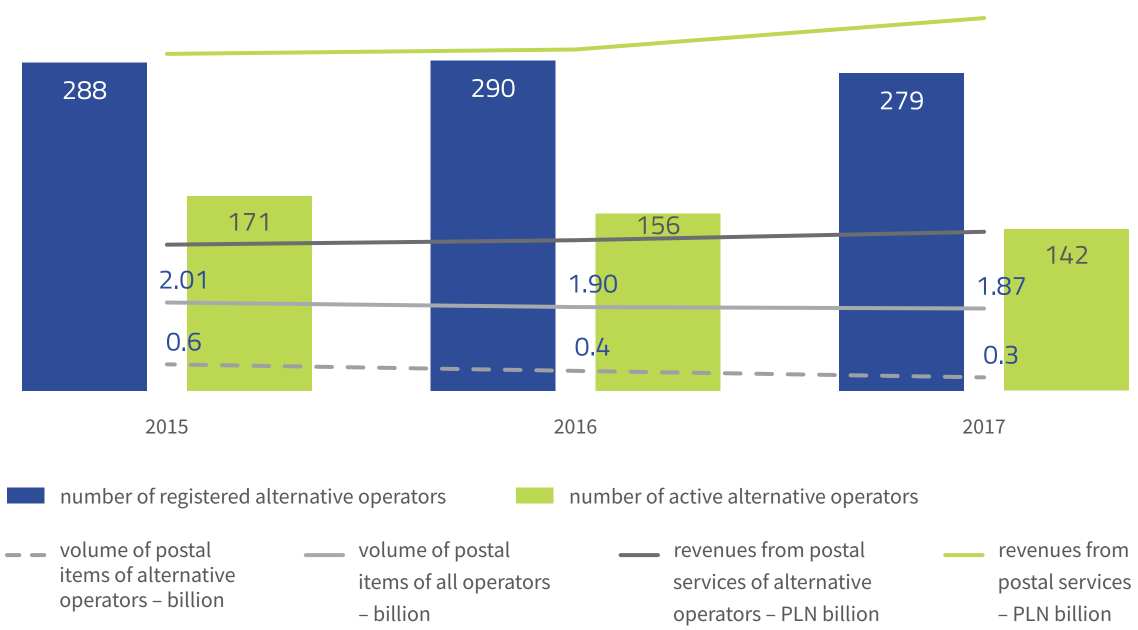
Selected values describing the postal market in Poland in 2015 – 2017 (excluding unon-addressed printed forms)

	2015	2016	2017
Number of registered alternative operators	288	290	279
Number of active alternative operators	171	156	142
Volume of the items of alternative operators – billion items	0.6	0.4	0.3
Volume of the items of all operators – billion items	2.01	1.90	1.87
Revenues from postal services of alternative operators – PLN billion	3.3	3.4	3.6
Revenues from postal services – PLN billion	7.6	7.7	8.4

Source: UKE

Chart 20

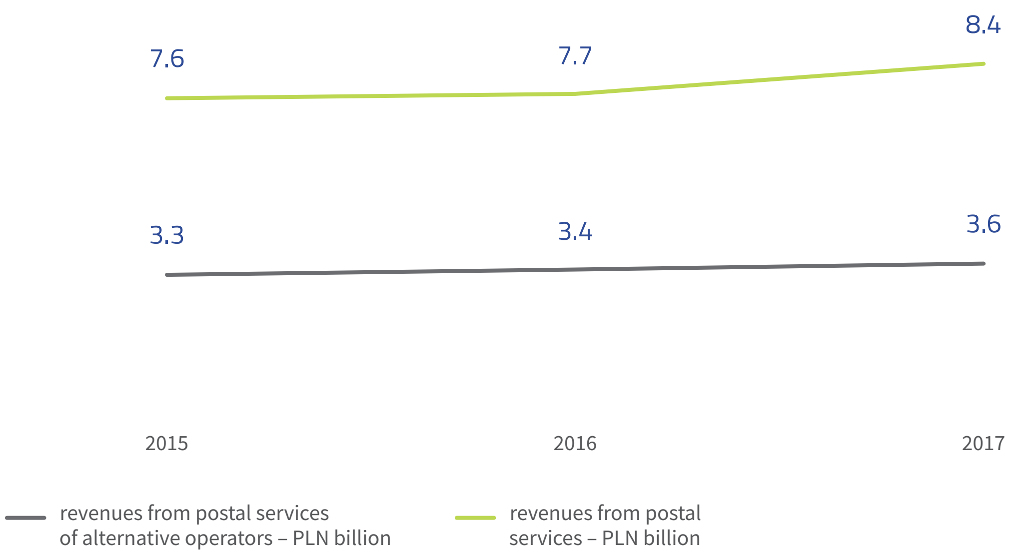
Selected values describing the postal market in Poland in 2015 – 2017 (excluding non-addressed printed forms)



Source: UKE

Chart 21

Revenues from postal services in 2015 – 2017 (PLN billion)



Source: UKE

Table 27

Postal services in particular market segments in 2015 – 2017 – structure (%) by volume and revenues (excluding non-addressed printed forms)

	2015		2016		2017	
Segment	**Volume**	**Revenues**	**Volume**	**Revenues**	**Volume**	**Revenues**
Universal services	32.3%	34.9%	30.1%	32.3%	30.2%	33.0%
Services falling with in the scope of universal services	42.0%	15.6%	43.9%	14.7%	43.2%	14.2%
Courier items	10.8%	42.0%	13.9%	46.8%	16.5%	47.2%
Other postal services	14.9%	7.5%	12.1%	6.2%	10.1%	5.6%

Source: UKE

The forecasted further economic growth of Poland, the constantly modernized transport and digital infrastructure as well as the continuously strong growth in the number and value of e-commerce transactions are factors that contribute to strong growth prospects of the Polish postal market in upcoming years.

Annex – results of inspections of postal activities

Inspections of the operator providing universal services

In 2017, the President of the Office of Electronic Communications carried out inspections at Poczta Polska as the designated operator within the following scope:

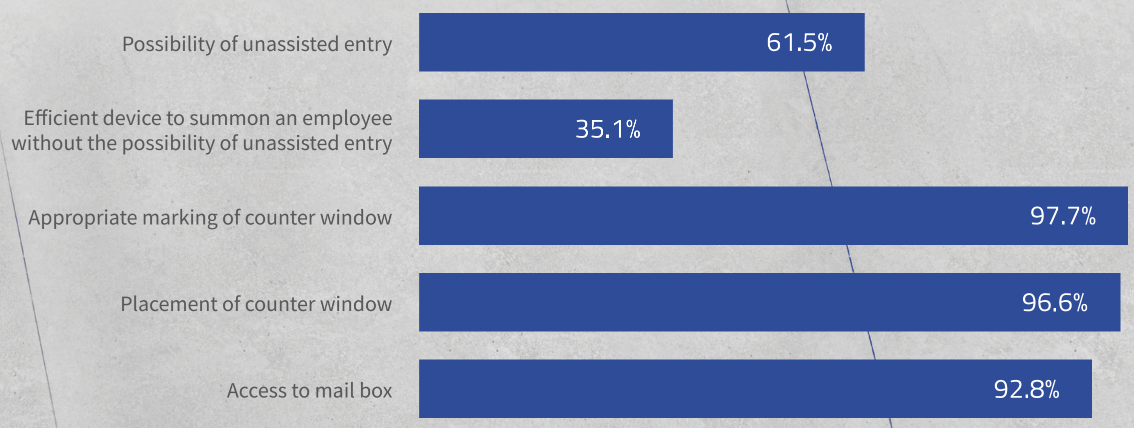
- ensuring accessibility of the universal services for people with disabilities,
- handling complaints concerning universal services.

Inspections concerning universal services accessibility for people with disabilities

In September and October 2017, the President of the Office of Electronic Communications carried out inspections at 470 postal points of contact (284 urban points of contact and 186 points of contact), which accounted for 6.3% of the total number of points of contact run by Poczta Polska providing postal services throughout the country. Out of the inspected points of contact, the possibility of unassisted access to the building was provided in 289

Chart 22

Postal points of contact with facilities for the disabled



Source: UKE

facilities, while in 165 postal points of contact without unassisted access a device was provided for summoning the staff. This means that in the case of the 454 inspected postal points of contact of Poczta Polska (96.6%), thanks to the availability of unassisted entry or device for summoning the staff disabled people moving on a wheelchair were provided with the possibility of using the services offered by the facilities.

Out of the 153 inspected postal points of contact which had a delivery service, records of disabled persons were kept in 151 points of contact (98.7%), while parcel pick-up at the home of the disabled was guaranteed by all points of contact with delivery services (100%).

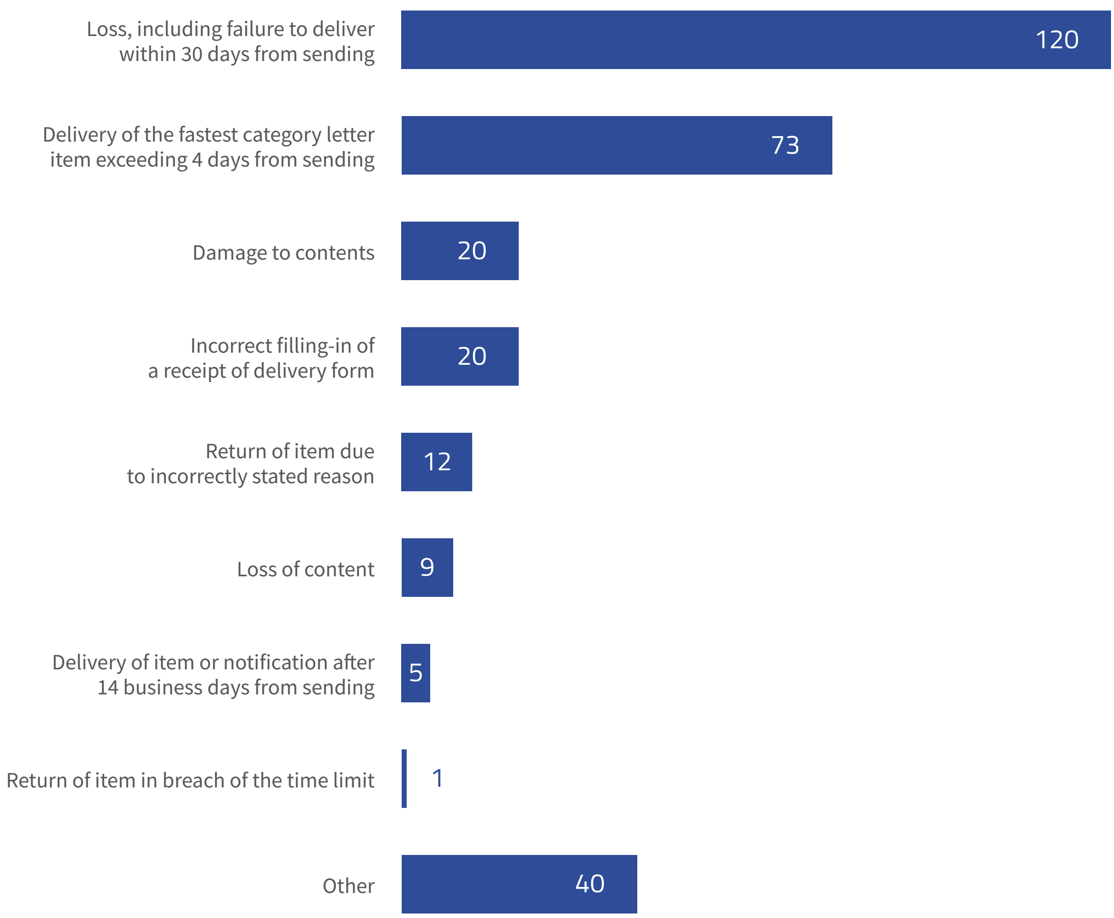
The inspection confirmed that the majority of the inspected postal offices meet the requirements set out in the Postal Law Act. What is more, the information suggests that the designated operator, as part of the ongoing process of the new visualization of postal points of contact, adapts them to the needs of people with disabilities by renovating or developing such facilities.

Inspections concerning universal services complaint handling

In October 2017, the Office of Electronic Communications carried out inspections in the organizational units of Poczta Polska dealing with complaints. The inspections covered the period from 1 January to 20 October 2017. During the inspections, a total of 300 complaints regarding recorded items in domestic traffic were examined, including: 232 complaints concerning letter items, 2 complaints concerning insured items, 64 complaints regarding postal parcels and 2 complaints concerning insured postal parcels. The purpose of the inspection was to determine whether Poczta Polska handles complaints concerning the universal postal service regarding recorded items in accordance with legal regulations, as well as to obtain data on the completeness of the responses to complaints and timeliness of providing them.

Chart 23

Reasons for filing complaints – inspections data

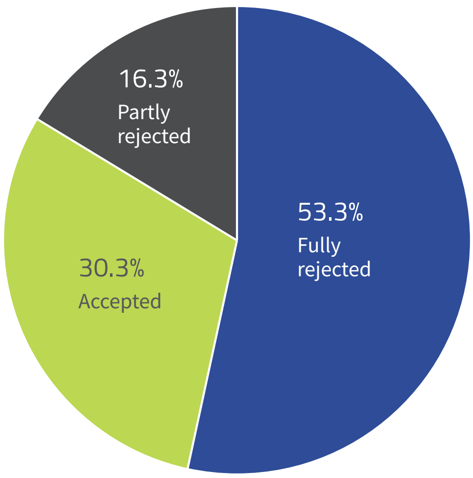


Source: UKE

In the light of the inspections findings, over 30% of complaints filed during the period under examination were accepted as justified by Poczta Polska. However, the majority of the complaints covered by the analysis fell into the category of fully rejected (160 complaints, which accounted for 53.3% of all of the inspected complaints).

Chart 24

Manner of handling complaints



Source: UKE

Inspections concerning operators authorised to carry out postal activities based on an entry in the register of postal operators

In 2017, the Office of Electronic Communications carried out inspections at 17 postal operators. The basis was: a failure to submit to the President of Office of Electronic Communications a report on postal activities in the preceding year, verification of the data contained in the report, obtaining an entry in the register of postal operators and no previous verifications. Inspections were performed for 12 postal operators. With respect to 1 postal operator UKE issued post-inspection recommendations related to irregularities consisting in the lack of regulations on the provision of postal services and the postal services price list; the recommendations were executed by the postal operator. In other cases, no significant irregularities were detected.

Inspections aimed at detecting postal activities carried out without the required permissions

In this respect, the President of UKE intended to inspect 7 undertakings that were suspected of conducting postal activities without a required entry into the register; however, 5 entrepreneurs were effectively inspected.

It was established that among the undertakings covered by the inspection, 2 entities performed postal activities on behalf of and for the benefit of postal operators under cooperation agreements concluded with such postal operators. During the inspections, it was found that 1 entity did not perform postal activities. As a result of the inspections, 1 of the inspected undertakings applied to the President of UKE for entry into ROP, and as a result a relevant entry was made. In addition, in relation to 1 undertaking, proceedings were initiated regarding the provision of postal services without a required entry into ROP.

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