Summary

The Danes' use of parcel services, June 2015

Contents

Wilke

Background

As part of the Ministry of Transport's postal analysis, the minister asked Wilke to prepare a survey about the Danes' use of parcel services. In this context, "Danes" is used in its widest sense because this includes members of the public, private companies and public institutions.

The survey was conducted to shed light on the following topics:

- How frequently are parcels sent/received?
- How are parcels sent/received (to the door, collection, parcel post machine, post office, supermarket, etc.)?
- In what situations are parcels sent/received? Or what do individuals and companies respectively send in their parcels?
- What is the choice of distributors like for sending/receiving parcels?
- What matters most in selecting a distributor?
- Who do businesses/individuals select when selecting a distributor?
- What is the crucial factor in deciding how parcels will be sent/received (price, accessibility, service, etc.)?

Hypotheses about the Danes' use of parcel services

With these topics as the starting point, the Ministry of Transport asked Wilke to conduct the survey for the purpose of confirming or rejecting the following seven key hypotheses about the Danes' use of and need for parcel services:

1. Individuals and small businesses in country areas are still dependent on the universal service obligation (Post Danmark) in order to be able to send/receive parcels
2. Businesses in urban areas find there is increasing competition among parcel distributors
3. Individuals in urban areas find they have more choice when it comes to the type of delivery/parcel distributor
4. Individuals and businesses in rural districts are not offered these choices
5. The crucial factors when individuals and businesses are choosing a parcel distributor/the type of delivery are price and flexibility (convenience)
6. The greatest competition is in the B2B segment; there is much less (but growing) competition in the B2C/C2B segments, and the least is in the C2C segment
7. Individuals/businesses consider it important for parcels to be collected and delivered daily (Monday to Friday)

This summary explains briefly the conclusions of the survey and the testing of the hypotheses.

For a more detailed review of results and the basis for testing the hypotheses, please refer to the separate report, "Rapport om danskernes brug af pakketjenester, juni 2015" [report on the Danes' use of parcel services, June 2015], available on the Ministry of Transport website at: www.trm.dk

The appendix to this summary includes a brief description of the survey method and its implementation. A full explanation of this can be found in the special report, available on the Ministry of Transport website: www.trm.dk

Hypothesis: Individuals and small businesses in country areas are still dependent on the universal service obligation (Post Danmark) in order to be able to send/receive parcels

This hypothesis **cannot be confirmed** among individual consumers, businesses or public institutions. There are no significant differences between rural and urban areas in any of the three segments – consumers, private businesses and public institutions – with regard to the perceived difficulty of receiving or sending parcels, the number of operators in one's own area or preferences for particular distributors.

Consumers:

- They do not regard receiving and sending parcels in rural districts as any more difficult compared to the rest of Denmark.
- In rural districts, just as much as in the Greater Copenhagen area, people hand in parcels for mailing directly to a post office or other drop-off point; in other words, people do not have to use parcel post machines.
- Preference for any particular parcel distributor is low – 44% of rural residents are indifferent when it comes to who delivers their parcels, and 26% are indifferent when it comes to who they use to send parcels. Generally speaking, however, the majority prefer to send parcels via Post Danmark, but the difference in this preference between the capital and the countryside is not significant.

Private companies:

- They do not regard receiving parcels in small provincial towns and rural districts as any more difficult compared to large towns/cities and Copenhagen.
- They do not regard sending parcels from rural districts and small provincial towns as any more difficult compared to large towns/cities and Copenhagen.
- In rural districts, just like in urban areas, people mainly use Post Danmark for sending parcels, but this appears to be more a matter of habit than dictated by necessity.
- The preference for a particular parcel distributor is low – 25% of businesses are indifferent with regard to who they use to send their parcels, and only 32% prefer Post Danmark. There are no significant differences between rural and urban areas.

Public institutions:

- They do not regard receiving parcels in small provincial towns and rural districts as any more difficult compared to large towns/cities and Copenhagen.
- They do not regard sending parcels from rural districts and small provincial towns as any more difficult compared to large towns/cities and Copenhagen.
- In rural districts, just like in urban areas, people mainly use Post Danmark for sending parcels, but this appears to be more a matter of habit than dictated by necessity.
- The preference for a particular parcel distributor is very low – 41% of institutions are indifferent with regard to who they use to send their parcels, and only 50% prefer Post Danmark. There are no significant differences between rural and urban areas.

Hypothesis: Businesses in urban areas find there is increasing competition among parcel distributors

This hypothesis can be **confirmed**; businesses in urban areas experience increasing competition between parcel distributors, while businesses in rural areas have not seen as much of an increase (see also page 8)

Private companies:

- Approximately one-half of Danish businesses (54%) find there is now more or much more competition between parcel distributors. Just under one business in five (19%) perceives the competitive situation as unchanged, and only 5% believe there is now less competition between distributors.
- Businesses in rural districts and small provincial towns also see increasing competition, but not to the same extent as in the towns/cities.

Public institutions:

- Approximately one-half of Danish institutions (53%) find there is now more or much more competition between parcel distributors. 15% believe the competitive situation is unchanged. One out of every three institutions – 31% – is undecided, however.
- The difference in perception between town and country here is not significant. Institutions in rural districts and small provincial towns have the same perception of competition as in the large towns/cities.

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Hypothesis: Individuals in urban areas find they have more choice when it comes to the type of delivery/parcel distributor

This hypothesis **cannot be confirmed**; individuals in urban areas and individuals in country areas do not see any noteworthy differences in the choices they have in terms of the form of delivery or the distributor.

Receiving parcels:

- People in rural districts take the view that they are able to receive parcels just as easily as people in urban areas.
- People in rural districts tend more to have their parcels delivered to their home address than people in towns
- People in rural districts also collect their parcels from post offices, delivery points or machines, but to a lesser extent than in Greater Copenhagen, for example, simply because they more often have their parcels delivered to their home address
- People in rural districts find, on average, that there are 1.4 carriers in addition to Post Danmark who are able to deliver parcels in the area they live in. By way of comparison, the corresponding figure is 1.6 in Greater Copenhagen
- 44% of people in rural districts are indifferent as regards who delivers parcels to them. By way of comparison, the same figure in Greater Copenhagen is 46%

Sending parcels:

- Generally speaking, 18% of Danes think sending parcels is troublesome. People in rural districts find it more difficult to send parcels than people in urban areas do, and this difference is significant.
- Country dwellers have the same level of access to drop-off points as townspeople for sending parcels
- People in rural districts find, on average, that there are 0.8 carriers in addition to Post Danmark who they can use to send parcels in the area they live in. By way of comparison, the corresponding figure is also 0.8 carriers in Greater Copenhagen
- 26% of people in rural districts are indifferent as regards who they use to send their parcels. By way of comparison, the same figure in Greater Copenhagen is 27%

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Hypothesis: Individuals and businesses in rural districts are not offered these choices

The hypothesis is rejected with regard to individuals; cf. page 7 about the hypothesis. The same applies to public institutions – the hypothesis **cannot be confirmed**. As regards businesses, the hypothesis can be **confirmed** (see also page 6)

Private companies:

- Approximately one-half of Danish businesses (54%) find there is now more or much more competition between parcel distributors. Just under one business in five (19%) perceives the competitive situation as unchanged, and only 5% believe there is now less competition between distributors.
- Businesses in rural districts and small provincial towns also see increasing competition, but not to the same extent as in the towns/cities.

Public institutions:

- Approximately one-half of Danish institutions (53%) find there is now more or much more competition between parcel distributors. 15% believe the competitive situation is unchanged. One out of every three institutions – 31% – is undecided, however.
- The difference in perception between town and country here is not significant. Institutions in rural districts and small provincial towns have the same perception of competition as in the large towns/cities.

Hypothesis: The crucial factors when individuals and businesses are choosing a parcel distributor/the type of delivery are price and flexibility (convenience)

As regards individuals, the hypothesis can **only be partly confirmed:** convenience is among the most important factors; price is not.

As regards businesses and public institutions, the hypothesis **cannot be confirmed** – neither price nor convenience are among the key deciding factors.

Consumers:

The most important factor is "security of supply" – the certainty that the parcel will arrive – followed by convenience in the form of "convenient collection of the parcel" and "quality of delivery" – the parcel reaches its destination undamaged – in second and third place.
The postage cost only takes fourth place.

Private companies:

- Most businesses consider it important for the parcel to arrive (security of supply) and, next, for there to be daily deliveries, and for receiving the parcel to be convenient. After that comes quality of delivery (the parcel reaches its destination undamaged), with price only in fifth place. The spread from 1 to 5 is significant.

Public institutions:

- When choosing companies capable of sending parcels for the institution, security of supply matters most
- After security of supply come overnight delivery and quality of delivery. Price is only in fifth place on the list of important factors.

Hypothesis: The greatest competition is in the B2B segment; there is much less (but growing) competition in the B2C/C2B segments, and the least is in the C2C segment

This hypothesis can be **confirmed**. All indicators regarding competition for sending parcels in these segments confirm that competition is greatest in the B2B segment and lower in the C2B and C2C segments.

Seen from a user's perspective, we chose to use the following indicators as the basis for comparison and assessment of competition across markets:

- Is it easy or difficult to receive parcels? (The easier it is, the greater the competition)
- Is it easy or difficult to send parcels? (The easier it is, the greater the competition)
- How many suppliers are you aware of operating in your area? (The more people are aware of, the greater the competition)

Summary of competitive indicators

	Consumers	Businesses	Institutions
Receiving parcels	75% answer easy	87% answer easy	93% answer easy
Sending parcels	48% answer easy	75% answer easy	64% answer easy
Number of distributors in your own area	2.5 distributors	5.1 distributors	3.8 distributors
Overall assessment of competition	Lowest	Highest	Medium

Hypothesis: Individuals/businesses consider it important for parcels to be collected and delivered daily (Monday to Friday)

For individuals, this hypothesis **cannot be confirmed**. The selection criterion is not among the four most important choice criteria as far as individuals are concerned.

For businesses and public institutions, this hypothesis can be **confirmed**. The choice criterion is among the most important choice criteria for public institutions.

Consumers:

- Delivery/collection on all weekdays only comes in 12th or 13th place in individuals' prioritisation of important factors. For example, individuals regard security of supply as four times more important than overnight delivery

Private companies:

- For parcel recipients, delivery of parcels on all weekdays is the next-most important selection criterion. Only security of supply (that the parcel reaches its destination) matters more. For parcel senders, overnight delivery (and thus overnight collection) is the fifth most important selection criterion.

Public institutions:

- As regards both receiving and sending parcels, the institutions regard overnight delivery (and thus overnight collection) on all weekdays as the next-most important factor in their choice of carrier.

Appendices:
Method and completion

Project method and implementation

Target group	Consumers, businesses and public institutions
Planned sample	2,300 consumers, 500 private businesses and 200 public institutions
Achived sample	2,323 consumers, 506 private businesses and 212 public institutions
Data collection period	28 April – 19 May 2015
Respondent selection method	Quota selection
Data collection method	CAWI and CATI

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