Office of Electronic Communications | UKE

Report on the state of the postal market in 2016

Warsaw, May 2017

This report was drafted in accordance with Article 43 (6) of the Postal Law Act of 23 November 2012[1], hereinafter referred to as the “Act” or “Postal Law Act”, based on information obtained from postal operators under Article 43 (1) and (2) of this Act.

These provisions required postal operators to submit reports on postal activities in 2016 to the President of the Office of Electronic Communications, hereinafter referred to as “the President of UKE”, in accordance with the specimen reporting forms stipulated in 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[2].

In 2017, 151 operators submitted their reports on postal activities for 2016.

This report includes revised data for the year 2015, 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 2015 report.

The respective parts of the document present legal status, entities operating in the postal market and the picture of developments in this market in 2016 and in the period 2014 – 2016 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.

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[1] Consolidated text: Journal of Laws of 2016, item 1113 as amended.

[2] Journal of Laws of 2013, item 1489.

1. Introduction

Despite increasing competition on the part of modern means of electronic communications, postal services still constitute a significant and indispensable instrument of exchanging information and goods, and provide the society with social and economic benefits.

Over the recent years, the Polish postal market has experienced liberalising changes resulting from three subsequent directives of the European Parliament and of the Council. Guidelines included in the European Union directives were implemented into Polish law in the Postal Law Act.

Over several years, the Polish postal services market has undergone dynamic structural changes resulting from two concurrent business trends: slow, single-digit decrease in revenue and volumes of traditional letter services and dynamic, two-digit growth of the courier items.

The year 2016 was the first one, in which the segment of courier items achieved its largest share in the overall value of the postal services market.

The total value of the Polish postal services market amounted to PLN 7,649.98 million in 2016, which implies a slight, 0.18% increase in relation to the previous year. It has to be noted that this slight increase of the market value was achieved despite concurrent decline in the total volume of postal services equal to 5.32%. This demonstrates that the whole market migrated towards more advanced and expensive services.

In 2016, Poczta Polska S.A., hereinafter referred to as "Poczta Polska", provided in both domestic and cross-border traffic (non-addressed printed forms excluded) 1,546.66 million services (a 81.45% share in the total volume), which generated the revenue of PLN 4,294.21 million (a 56.13% share in the total revenue). Compared to 2015, the volume of services provided by the designated operator increased by 6.68% and the value of revenues decreased slightly, by 0.54%.

A systematic decrease in the volume of universal services was observed in the period 2014 – 2016. In 2016, the designated operator provided 572.14 million domestic and cross-border universal services, which generated the revenue of PLN 2,470.87 million. This indicates a decline in relation to 2015, by 11.63% and 7.24%, accordingly.

In 2016, alternative operators provided in both domestic and cross-border traffic (non-addressed printed forms excluded) 352.31 million services (a 18.55% share in the total volume), which generated the revenue of PLN 3,355.78 million (a 43.87% share in the total revenue). In relation to 2015, the volume of services provided by alternative operators decreased by 36.63% and the revenue increased slightly, by 1.20%.

In particular segments of the postal market, both the volume of provided services and the value of the revenue differ. The majority of services was provided in the segment of services falling within the scope of universal services (43.89% of the total number of services), whereas the largest revenue was generated by the courier items segment (46.81% of the total revenue).

The share of letter items in the total number of services has been gradually dropping. In 2016, operators provided 1,385.56 million letter items, which is 5.62% less than in 2015. The value of the revenue from the delivery of letter items amounted to PLN 2,992.78 million in 2016, that is 6.24% less than in 2015. It is the result of giving up traditional letter correspondence in favour of communication by means of modern technologies.

In 2016, the number of delivered postal parcels decreased to 25.25 million, that is by 5.71% in relation to 2015. The value of the revenue from the delivery of postal parcels amounted to PLN 431.30 million in 2016, that is 1.61% more than in 2015.

The number of active postal operators decreased in 2016. As of the end of 2016, 291 entities were registered as postal operators, but the majority of them did not launch postal activities or suspended them. Thus, 151 postal operators carried actual business activity in the field of provision of postal services. In 2015, there were 171 such entities.

The number of points in which postal services are provided stabilised after a period of dynamic growth in the previous years. In 2016, postal services were provided in 16,112 postal points of contact, including 7,497 points of the designated operator and 8,615 points of alternative operators. Automated equipment for postal services is increasingly used 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 2016, the following legal acts provided the legal basis for operation of the postal services market in Poland:

- The Postal Law Act[3] and implementing provisions to this Act,
- The Telecommunications Law Act of 16 July 2004[4], hereinafter referred to as the "Telecommunications Act".

The Postal Law Act introduced the division of the postal market by separation of its main segments: universal services, services falling within the scope of universal service, courier items and other postal services.

[3] The Postal Law Act implemented Directive 2008/6/EC of the European Parliament and of the Council of 20 February 2008 amending Directive 97/67/EC with regard to the full accomplishment of the internal market of Community postal services (OJ L 52, 27.2.2008, p.3, as amended) into Polish law and determined the principles for the postal market functioning after its full opening to competition.

[4] Consolidated text: Journal of Laws of 2016, item 1489, as amended.

2.1.2.
European regulations

In 2016, 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 of Community postal services (the so-called 3rd Postal Directive)[8].

2.1.3.
International regulations

Legal acts of the Universal Postal Union[9] also have a significant impact on the postal services market. The World Postal Convention[10] 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.

[5] The directives define the legal status and the scope of operation of independent regulatory authorities in the Member States, as well as contain mandatory provisions to be implemented by EU Member States in their legal systems. The main aim indicated by the provisions of the aforesaid directives is to reconcile the pursuit to conduct controlled liberalisation of the postal services market with a guarantee of high quality of postal services to customers, including the provision of universal postal services at affordable prices with continuing guarantee of offering that service.

[6] OJ L 15, 21.01.1998, p.14, as amended.

[7] OJ L 176, 05.07.2002, p.21.

[8] OJ L52, 27.02.2008, p. 3.

[9] Universal Postal Union – UPU.

[10] Journal of Laws of 2015 item 1522.

2.2.
Stakeholders in 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 competencies is defined by the provisions of the Telecommunications and Postal Law Acts.

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

The President of UKE cooperates with many organisations responsible for the postal market on the national, European and international level. The most important cooperation fora include: the European Commission (EC), the European Regulators Group for Postal Services (ERGP), the European Committee for Postal Regulation (CERP) and the Universal Postal Union (UPU).

2.2.2.
Postal operators

In 2016, there were 291 entities in the register of postal operators (as of 31 December 2016). Out of the registered operators, postal reports were submitted by Poczta Polska and 150 remaining operators. At the same time, 45 entities submitted statements that they did not conduct postal activities in 2016.

The operator designated to provide universal postal services

In line with the Decision[11] of the President of UKE, Poczta Polska is the operator designated to provide universal services in the period 2016 – 2025.

The designated operator is obligated 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 2016, postal activities of the designated operator 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 insured items) from bulk senders and others,
- courier items in domestic traffic: e.g. Pocztex, Consignment,
- courier items in cross-border traffic: e.g. EMS service,
- other postal services in domestic traffic: e.g. marketing mail, direct mail, non-addressed printed forms, telegrams, items above 10 kg, Consignment and others,
- other postal services in cross-border traffic: cross-border postal parcels.

[11] Decision of 30 June 2015.

Alternative postal operators

In line with the Postal Law Act, postal activities constitute regulated activities within the meaning of the Freedom of Business Act of 2 July 2004[12] and requires entry in the register of postal operators[13].

In 2016, the President of UKE received:

- 25 requests for registration in the register of postal operators (ROP),
- 19 requests for removal from ROP,
- 9 requests for suspension of postal activities,
- 18 requests for change of details in the scope of the request for registration in ROP.

8 entities were removed from the register of postal operators *ex officio* as a result of confirmed permanent cessation of postal activities (the entities were earlier deleted from the central register of business activity).

A growth in the number of alternative operators was noticed in the period 2006 – 2014. Over the last two years the number of registered entities has been similar.

[12] Consolidated text: Journal of Laws of 2016, item 1829 as amended.
[13] The Postal Law Act, Article 6.

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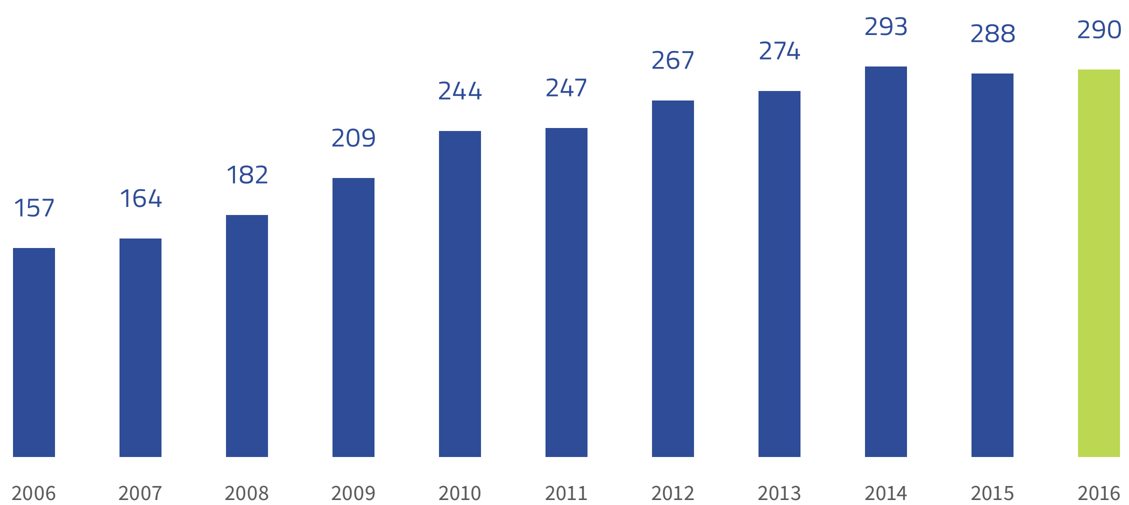
Number of alternative postal operators registered by the end of 2016

Chart 1.

Number of registered alternative postal operators in the period of 2006 – 2016 (as of 31 December each year)



Source: UKE based on ROP

Not every registered operator undertakes postal activities. The largest number of active entities was observed in Masovia (67) and Lesser Poland (15) provinces. The number of active operators in the remaining provinces did not exceed 10. The highest degree of use of register entries can be observed in Lubusz (71.4%) and Świętokrzyskie (66.7%) provinces.

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Number of operators active in Masovia

Table 1.

Number of alternative operators registered and active in each province in 2016

Province	Number of operators registered*	Number of operators active	Degree of use of entries
Lower Silesia	26	10	38.5%
Kuyavia-Pomerania	8	4	50.0%
Lublin	5	0	00.0%
Lubusz	7	5	71.4%
Łódź	17	6	35.3%
Lesser Poland	25	15	60.0%
Masovia	115	67	58.3%
Opole	3	1	33.3%
Supcarpathia	20	8	40.0%
Podlaskie	4	0	00.0%
Pomerania	17	6	35.3%
Silesia	29	8	27.6%
Świętokrzyskie	6	4	66.7%
Warmia-Masuria	2	1	50.0%
Greater Poland	21	10	47.6%
West Pomerania	8	5	62.5%
In total	**313**	**150**	**47.9%**

Source: UKE own study

*the number of operators includes also 23 operators that were removed from the register in 2016 (1 entity was removed in 2016 in line with the request from 2017)

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 2016, organisational and legal forms of 150 active postal operators were as follows:

67
operators
natural persons

63
operators
limited liability company

5
operators
joint stock company

15
operators
other (cooperative, limited partnership)

Alternative postal operators, unlike Poczta Polska which is obliged to offer its services in domestic and cross-border traffic, may provide their services domestically, only in cross-border traffic, both domestically and in cross-border traffic or only locally (within the territory of a province, a district, one settlement or even its part). The table below presents the areas of activity of alternative postal operators over the years 2014 – 2016.

Table 2.

Areas of alternative postal operators' activities over the years 2014 – 2016

	Number of alternative postal operators		
Area of activity	**2014**	**2015**	**2016**
Domestic	42	52	34
Domestic and cross-border	42	43	44
Cross-border	2	4	4
Local, including:	80	72	68
in province	31	28	28
in city, district or other area	49	44	40

Source: UKE own study

Scope of postal activities conducted by alternative operators

In 2016, alternative postal operators were active in three segments of the postal market, including services falling within the scope of universal services, courier items and other postal services.

The table below illustrates the number of alternative postal operators which were active in different segments of the postal market.

The analysis of activities of alternative postal operators indicates that in 2016, 124 of them provided services within a single segment (35 operators reported that their postal activities were carried out only in the segment of services falling within the scope of universal services, whereas 78 – only in the segment of courier items). 10 operators were active in all three segments of the postal market, but only three of them have a significant share in this market.

Table 3.

Segments of alternative operators' activities over the years 2014 – 2016

Postal services market segments			Number of alternative postal operators		
Services falling within the scope of universal services	Courier items	Other postal services	2014	2015	2016
■			48	47	35
	■		83	91	78
		■	10	12	11
■	■		7	6	7
■		■	12	8	7
	■	■	0	0	2
■	■	■	6	7	10

Source: UKE own study

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Alternative postal operators active in all three segments of the postal market

3. Analysis of the postal services market in Poland in 2016

3.1.
Value of the Polish postal services market in 2016

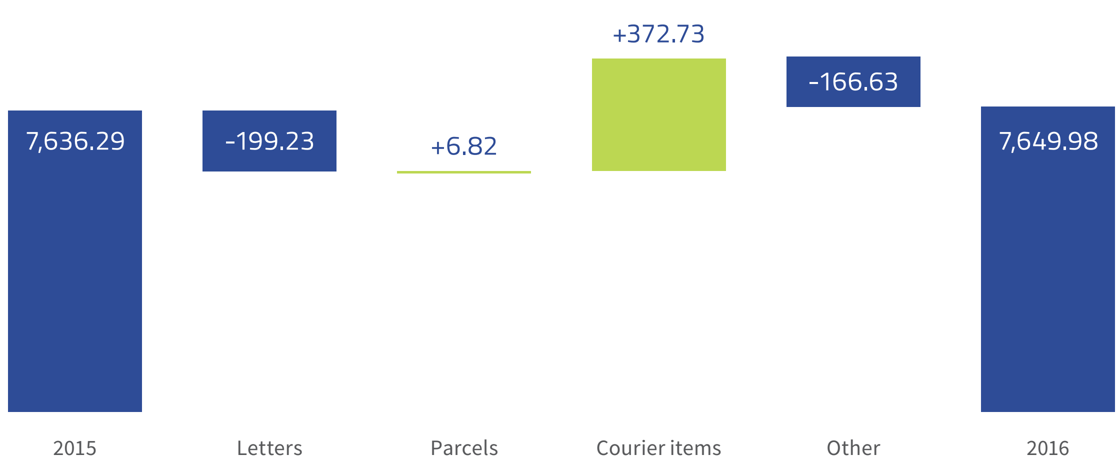
In 2016, the total value of the Polish postal service market was equal to PLN 7,649.98 million, which indicates a slight increase compared to the previous year (by 0.18%).

During 2016, a dynamic increase in the revenue from courier items and postal parcels balanced the decline in the revenue from letter items and other postal services.

The chart below presents the impact of increases and declines in the revenues from particular postal services on the change of the total market value in the period of 2015 and 2016.

Chart 2.

Key indicators of changes in the postal service market value in 2016 (PLN million)



Source: UKE own study

The table below presents the value, share and dynamics of revenues achieved by operators in the period of 2014 – 2016 split into major types of postal services.

Table 4.

Revenues from specific postal services in the period 2014 – 2016

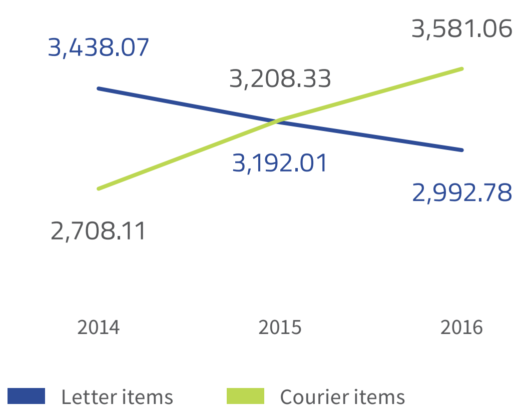
	Revenues (PLN million)						Change %	
	2014	%	**2015**	%	**2016**	%	**2015/14**	**2016/15**
Letter items	**3,438.07**	46.39%	**3,192.01**	41.80%	**2,992.78**	39.12%	**-7.16%**	**-6.24%**
Postal parcels	**443.06**	5.98%	**424.48**	5.56%	**431.30**	5.64%	**-4.19%**	**1.61%**
Courier items	**2,708.11**	36.54%	**3,208.33**	42.01%	**3,581.06**	46.81%	**18.47%**	**11.62%**
Other services	**822.28**	11.09%	**811.47**	10.63%	**644.84**	8.43%	**-1.31%**	**-20.53%**
In total	**7,411.52**	100.00%	**7,636.29**	100.00%	**7,649.98**	100.00%	**3.03%**	**0.18%**

Source: UKE own study

In 2016, we observed significant changes in the value of the Polish postal services market. After equalisation that took place in 2015, dynamically increasing revenues from courier items considerably overtook gradually declining revenues from letter items in the following year, 2016.

Chart 3.

Letter and courier items in 2016 by revenue (PLN million)



Source: UKE own study

This situation follows the trend of changes in the preferences of customers, who – even at the expense of a higher price – shift from traditional forms of delivery of postal services to courier items, which ensure shorter delivery periods and more convenient form of service provision.

In 2016, the revenue from courier items increased by 11.62% compared to 2015 and by as much as 32.23% in relation to 2014. During the same time span, the revenue from letter items declined by 6.24% and 12.95%, accordingly. It follows the trend that is going to continue in the future for both services, according to the projection of customers' increasing interest in e-commerce that generates the increase of the revenue from courier items.

Although most of the postal market value is derived from revenues generated by operators in domestic traffic, cross-border traffic constituted a significant part of this value in 2016 and a driver of increasing market value in the period 2014 – 2016, which resulted from gradual growth of e-commerce, also in cross-border traffic.

The table below presents the value, shares and dynamics of revenues generated by postal operators, by domestic and cross-border traffic in the period 2014 – 2016.

Table 5.

Total revenues from postal services, by domestic and cross-border traffic, in the period 2014 – 2016

	Revenues (PLN million)						Change %	
	2014	%	**2015**	%	**2016**	%	**2015/14**	**2016/15**
Domestic	**6,134.40**	82.77%	**6,181.11**	80.94%	**6,049.48**	79.08%	**0.76%**	**-2.13%**
Cross-border	**1,277.12**	17.23%	**1,455.18**	19.06%	**1,600.50**	20.92%	**13.94%**	**9.99%**
In total	**7,411.52**	100.00%	**7,636.29**	100.00%	**7,649.98**	100.00%	**3.03%**	**0.18%**

Source: UKE own study

The analysis of the value of the Polish postal services market from the perspective of the service segments defined by the Postal Law Act shows that in 2016 the share of the courier items segment became the largest in relative terms as far as the value is concerned. It has gradually grown at the expense of the universal services segment, whereas shares of the remaining segments, that is the segment of services falling within the scope of universal services and the segment of other postal services remained stable.

The table below presents the value, shares and dynamics of revenues generated by postal operators, by each segment of the postal market in the period 2014 – 2016.

Table 6.

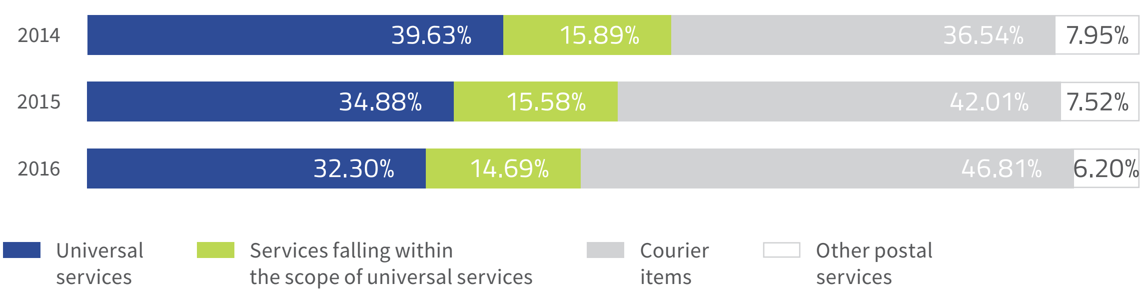
Revenues from postal services, by each market segment of the postal market in the period 2014 – 2016

	Revenues (PLN million)						Change %	
	2014	%	2015	%	2016	%	2015/14	2016/15
Universal services	**2,937.11**	39.63%	**2,663.87**	34.88%	**2,470.87**	32.30%	**-9.30%**	**-7.24%**
Services falling within the scope of universal services	**1,177.39**	15.89%	**1,189.65**	15.58%	**1,123.42**	14.69%	**1.04%**	**-5.57%**
Courier items	**2,708.12**	36.54%	**3,208.33**	42.01%	**3,581.06**	46.81%	**18.47%**	**11.62%**
Other postal services	**588.90**	7.95%	**574.43**	7.52%	**474.63**	6.20%	**-2.46%**	**-17.37%**
In total	**7,411.52**	100.00%	**7,636.29**	100.00%	**7,649.98**	100.00%	**3.03%**	**0.18%**

Source: UKE own study

Chart 4.

Value of the postal services market, by postal market segments in the period 2014 – 2016 in relative terms



Source: UKE own study

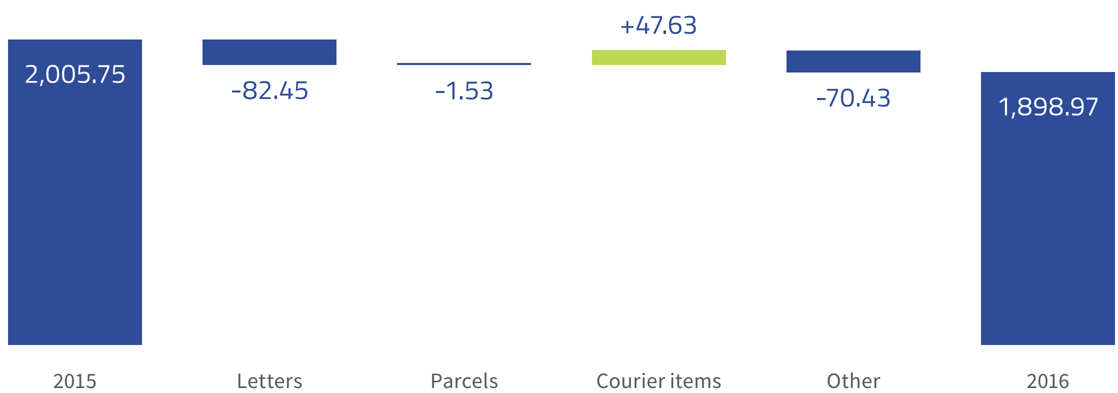
3.2. Volumes of postal services in 2016

In 2016, postal operators provided 1,898.97 million services in total, which in comparison to 2015 implies a decline equal to 106.78 million, that is by 5.32%.

The chart below presents the impact of increases and declines in the volumes of particular postal services on the change of the total service volume in the period 2015 – 2016.

Chart 5.

Key indicators of changes in the postal service market volume in 2016 (million)



Source: UKE own study

Table 7.

Volumes of specific postal services in the period 2014 – 2016

	Volume (million)						Change %	
	2014	%	2015	%	2016	%	2015/14	2016/15
Letter items	**1,484.16**	74.88%	**1,468.01**	73.19%	**1,385.56**	72.96%	**-1.09%**	**-5.62%**
Postal parcels	**27.92**	1.41%	**26.78**	1.34%	**25.25**	1.34%	**-4.08%**	**-5.71%**
Courier items	**194.46**	9.81%	**216.44**	10.79%	**264.07**	13.91%	**11.30%**	**22.01%**
Other services	**275.56**	13.90%	**294.52**	14.68%	**224.09**	11.80%	**6.88%**	**-23.91%**
In total	**1,982.10**	100.00%	**2,005.75**	100.00%	**1,898.97**	100.00%	**1.19%**	**-5.32%**

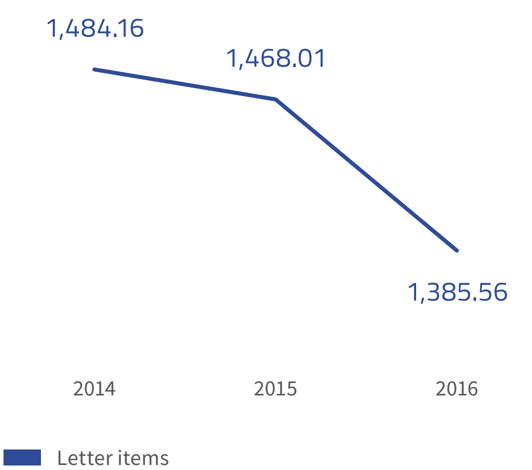
Source: UKE own study

The charts below illustrate the change of volume for the basic types of items: letter items, postal parcels and courier items.

In 2016, a downward trend in letter items continued, while it should be noted that the rate of decline is slightly lower than a few years ago. Business and institutional bulk mailers, who still generate significant volumes of letter items, constitute an important factor that slows the dynamics of volume decline for this service.

Chart 6.

Changes in the total volume of letter items in the period 2014 – 2016 (million)



Source: UKE own study

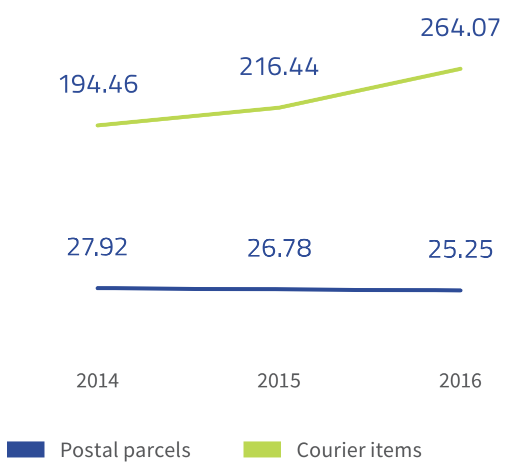
In 2016, dynamic growth in the volume of courier items continued and increased year to year by 22.01%. This increase continued the trend observed in the previous years, which involves ongoing strong development of e-commerce.

Only slight decline of volume of postal parcels in 2016 confirmed the previous year's symptoms of overcoming rapid decline which was observed before 2014. Then, declines equal even to 50% per year were recorded, which was caused by mass customer migration from traditional postal parcels to courier items. It seems that this service turned to follow a horizontal trend, which may be a result of winning back consumers' trust, especially small e-commerce clients, to a traditional postal parcel.

In 2016, a significant decline in volume of the remaining postal services was observed, which resulted in particular from the decrease in the volume of direct mail. Declining volume of direct mail was caused by the transition of customers to electronic forms of marketing communication, especially to social media.

Chart 7.

Changes in the total volume of courier items and postal parcels in the period 2014 – 2016 (million)



Source: UKE own study

With regard to the relative volume of postal services in the Polish market, i.e. the volume of postal parcels per one resident (postage rate), it should be noted that it was stable in 2016, in line with the trend that has been observed since 2012.

The postage rate in 2016 was equal to 49.32 postal services per 1 resident a year. This represents a slight decrease in comparison to 2015, when the rate was equal to 52.10. In the period 2014 – 2016, this rate was at a similar level of ca. 50 items per resident. This stabilisation results from balancing the decrease in the volume of letter items by the increase in the volume of courier items.

Table 8.

Number of postal services per 1 resident of Poland in the period 2014 – 2016

	Years		
	2014	2015	2016
Volume of postal services (million)	1,982.10	2,005.75	1,898.97
Number of postal services per 1 resident	51.48	52.10	49.32

Source: UKE own study (number of residents in the third quarter of each year according to the Central Statistical Office)

Complaints about postal items

In 2016, customers of postal services complained about 1,178,100 services, that is by 11.38% more than in 2015. The number of complaints was equal to 0.062% of the total number of provided services.

Out of the total number of complaints, 48.01% were rejected, 42.32% accepted, while 13.27% were pending as of the end of 2016. Among the complaints in question, the majority referred to delays in delivery of items (426,464 complaints), while complaints due to other reasons took the second place (365,416 complaints).

3.3. Universal services

In 2016, universal services[14] still comprised domestic and cross-border:

1) clearance, sorting, transport and delivery of:

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

- maximum – 900 mm as the sum of length, width and height, whereas the largest dimension cannot exceed 600 mm, and in the case of rolled letter items – 1,040 mm as the sum of their length and double diameter, whereas the largest dimension cannot exceed 900 mm,
- minimum – 170 mm in the case of rolled letter items as the sum of their length and double diameter, whereas the largest dimension cannot be smaller 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 the largest of which does not exceed 1,500 mm, and the sum of length and the largest perimeter measured in a direction other than length shall not exceed 3,000 mm;

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

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

[14] Article 45 of the Postal Law Act.

In the current legal environment, postal money orders, direct mail and services listed in Article 45 (1) of the Act provided for bulk senders do not comprise universal services.

Universal services, in line with Article 46 (2) of the Postal Law Act, should be provided: in uniform manner, under comparable circumstances, ensuring throughout the whole of the national territory: location of postal points of contact in accordance with the provisions of the Ordinance of the Minister of Administration and Digital Affairs on the conditions for performing universal services by the designated operator[15] 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 than during 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.

[15] Journal of Laws of 2013, item 545.

Volumes in 2016

In 2016, Poczta Polska provided 572.14 million universal services, which generated the revenue of PLN 2,470.87 million. 85.39% of the services were provided in domestic and 14.61% in cross-border traffic. Systematic decrease in volume of universal services was observed in the period 2014 – 2016. The service volume in domestic traffic decreased by 21.36%. A slight increase was noted in cross-border traffic. The share of universal services in postal services in total was equal to 30.13% of the volume and 32.30% of the revenue.

98.21%

Share of letter items in postal services

Table 9.

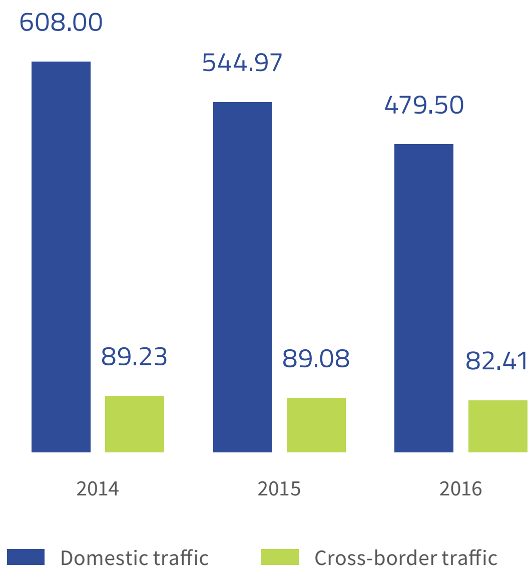
Universal services in domestic and cross-border traffic in the period 2014 – 2016 (by volume)

	Volume (million)						Change %	
	2014	%	**2015**	%	**2016**	%	**2015/14**	**2016/15**
Letter items	**697.22**	97.96%	**634.04**	97.93%	**561.91**	98.21%	**-9.06%**	**-11.38%**
Postal parcels	**14.52**	2.04%	**13.42**	2.07%	**10.23**	1.79%	**-7.53%**	**-23.77%**
In total	**711.74**	100.00%	**647.47**	100.00%	**572.14**	100.00%	**-9.03%**	**-11.63%**

Source: UKE own study

Chart 8.

Letter items in the universal services segment in domestic and cross-border traffic in the period 2014 – 2016 – by volume (million)

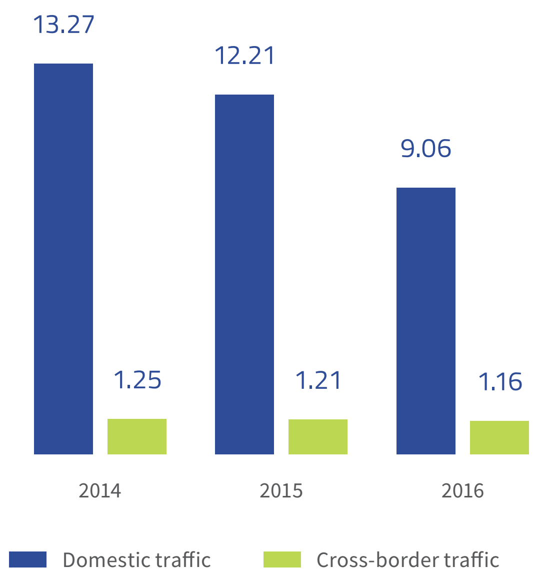


Source: UKE own study

The analysis of data regarding the volume of letter items in the universal services segment in the period 2014 – 2016 in domestic traffic indicates a gradual decrease in the volume in this service sector. It is a result of moving away from traditional letter correspondence towards other means of communication. The majority of European countries observe the shrinkage of the letter items market. The volume of letter items declines also in cross-border traffic.

Chart 9.

Postal parcels in the universal services segment in domestic and cross-border traffic in the period 2014 – 2016 – by volume (million)



Source: UKE own study

The analysis of data regarding the volume of postal parcels in the universal services segment in the period 2014 – 2016 in domestic traffic indicates a gradual decrease in the volume in this service sector. It is probably a result of migration of customers to other postal services segments, e.g. courier services. In cross-border traffic, the volume of postal parcels did not change considerably.

Complaints about universal services

In 2016, Poczta Polska accepted for consideration 165,066 complaints about universal services, which indicates a 21.31% increase in the number of complaints in comparison to the previous year. Out of the total number of complaints, 36.84% were rejected, 38.53% accepted, while 24.63% were pending. This means that the situation improved in comparison to 2015, when ca. 59.00% of complaints were rejected and ca. 30.23% accepted.

As far as the reasons for filing complaints about universal services in 2016 are concerned, these included:

- 108,402 complaints about the loss of postal items,
- 3,249 complaints about the loss of or damage to the contents of postal items,
- 53,415 complaints filed for other reasons.

The complaints about the loss of postal items most frequently concerned the loss of a registered item (100,262 complaints), and the least frequently the loss of an insured item (1,017 complaints).

Table 10.

Filed complaints and the manner of their handling – universal postal services in 2016

Manner of handling	Accepted	Rejected	Pending	Total	Share %
Loss	46,849	35,903	25,650	108,402	65.67%
Loss of content	336	393	170	899	0.55%
Damage	1,067	770	513	2,350	1.42%
Delay in delivery	2,449	1,361	1,266	5,076	3.08%
Incorrectly filled ZPO[16]	3,693	4,750	2,913	11,356	6.88%
Other[17]	9,208	17,630	10,145	36,983	22.40%
In total	**63,602**	**60,807**	**40,657**	**165,066**	**100.00%**

Source: UKE own study

[16] Acknowledgement of receipt of a registered item.

[17] Return of a recorded item exceeding the time limit, return of a recorded item due to incorrectly stated reason and others.

3.4. Services falling within the scope of universal services

The segment of services falling within the scope of universal services[18] includes letter items and postal parcels of weight and dimensions defined for universal services and items for the blind, not provided by the operator designated to provide universal services. Services falling within the scope of universal services do not include postal services of clearance, sorting, transport and delivery of courier items.

Bulk volumes contracts and competitive pressure on lowering the prices, which are characteristic of this segment, cause it to account for only 14.69% of the market value while generating 43.89% of the total volume of the postal services market.

In 2016, 60 operators, including Poczta Polska, conducted activities in the segment of services falling within the scope of universal services.

In 2016, the share of seven major operators providing services in the segment of services falling within the scope of universal services was equal to 99.40% of the revenue and 98.29% of the service volume of this segment.

The table below shows a list of major operators along with the scope of their activity in the segment.

[18] The Postal Law Act, Article 3 subparagraph 30.

Table 11.

Major postal operators in the segment of services falling within the scope of universal services in domestic and cross-border traffic, by volume and revenue in 2016

No.	Name of operator	Volume		
		Domestic traffic letter items	Domestic traffic postal parcels	Cross-border traffic
1	Poczta Polska S.A.			
2	InPost S.A.			
3	Polska Grupa Pocztowa S.A.			
4	Speedmail sp. z o.o.			
5	Traffica sp.j.			
6	Inpost Paczkomaty sp. z o.o.			
7	Ruch S.A.			

No.	Name of operator	Revenues		
		Domestic traffic letter items	Domestic traffic postal parcels	Cross-border traffic
1	Poczta Polska S.A.			
2	InPost S.A.			
3	Polska Grupa Pocztowa S.A.			
4	InPost Paczkomaty sp. z o.o.			
5	Speedmail sp. z o.o.			
6	Ruch S.A.			
7	X-Press Couriers sp. z o.o.			

Source: UKE own study

Volumes and revenues in 2016

In 2016, postal operators provided in total 833.50 million services falling within the scope of universal services in domestic and cross-border traffic, which generated the revenue of PLN 1,123.42 million. In comparison to 2015, the volume decreased by 1.08% whereas the revenue declined by 5.57%.

Table 12.

Services falling within the scope of universal services in the period 2014 – 2016 (by volume)

	Volume (million)						Change %	
	2014	%	2015	%	2016	%	2015/14	2016/15
Letter items	780.86	98.44%	830.05	98.51%	819.35	98.30%	6.29%	-1.29%
Postal parcels	12.37	1.56%	12.52	1.49%	14.15	1.70%	1.21%	13.02%
In total	793.23	100.00%	842.57	100.00%	833.50	100.00%	6.22%	-1.08%

Source: UKE own study

Table 13.

Services falling within the scope of universal services in the period 2014 – 2016 (by revenues)

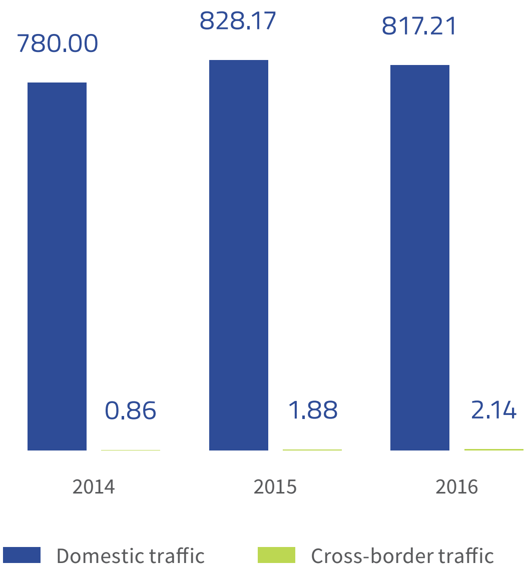
	Revenues (PLN million)						Change %	
	2014	%	2015	%	2016	%	2015/14	2016/15
Letter items	961.52	81.67%	949.76	79.83%	894.64	79.64%	-1.22%	-5.80%
Postal parcels	145.91	12.39%	133.32	11.21%	151.38	13.48%	-8.63%	20.25%
Other[19]	69.97	5.94%	106.58	8.96%	77.40	6.88%	52.32%	-27.38%
In total	1,177.39	100.00%	1,189.66	100.00%	1,123.42	100.00%	1.04%	-5.57%

Source: UKE own study

[19] Acknowledgement of receipt of a registered item.

Chart 10.

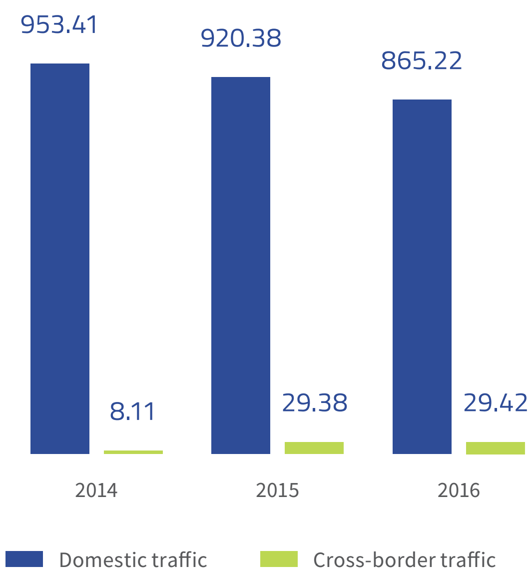
Letter items in the segment of services falling within the scope of universal services in domestic and cross-border traffic in the period 2014 – 2016 – by volume (million)



Source: UKE own study

Chart 11.

Letter items in the segment of services falling within the scope of universal services in domestic and cross-border traffic in the period 2014 – 2016 – by volume (PLN million)



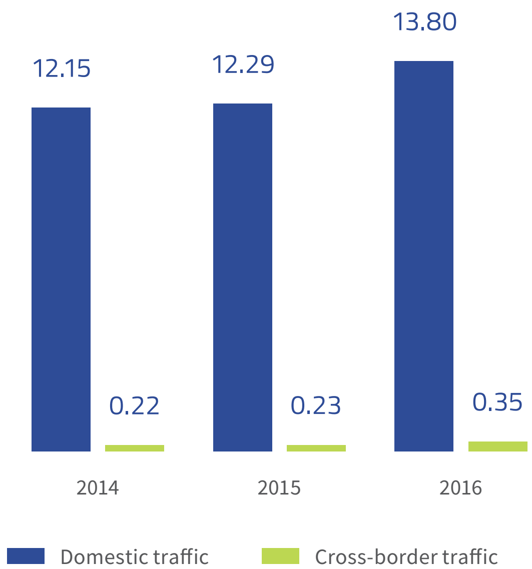
Source: UKE own study

In the period 2014 – 2016, the volume and the revenue generated by delivered letter items in domestic market remained on the similar level. In the segment of services falling within the scope of universal services, postal operators provide letter item services mainly to business and institutional customers. The volume of items delivered by particular operators was significantly influenced by the number of concluded contracts.

A tendency for growth was observed in cross-border traffic both in terms of the volume and the revenue.

Chart 12.

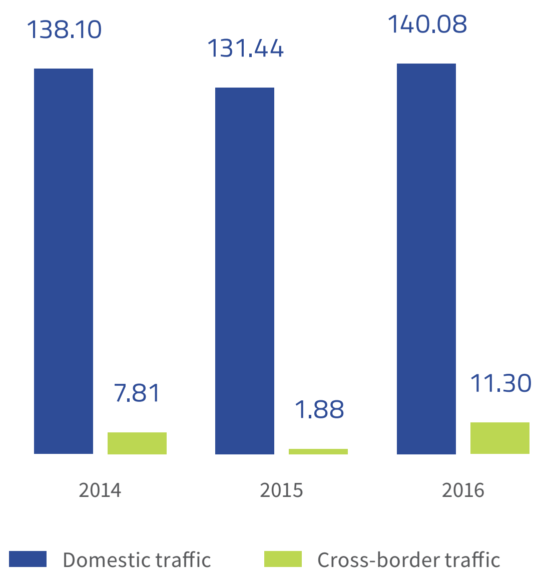
Postal parcels in the segment of services falling within the scope of universal services in domestic and cross-border traffic in the period 2014 – 2016 – by volume (million)



Source: UKE own study

Chart 13.

Postal parcels in the segment of services falling within the scope of universal services in domestic and cross-border traffic in the period 2014 – 2016 – by revenue (PLN million)



Source: UKE own study

In the discussed segment, the volume and the revenue in the domestic postal parcels market show increase. It follows the overall tendency of dynamic growth of the market of postal parcels (including significant increase in the market for courier items).

In cross-border traffic, a slight increase in the volume of postal parcels was observed along with the growth in the revenue generated from this sector.

Complaints about services falling within the scope of universal services

In 2016, postal operators accepted for consideration 360,149 complaints about services falling within the scope of universal services, of which 51.66% were rejected, 35.33% accepted, while 13.00% of complaints were pending. The number of complaints increased by 21.30% in comparison to 2015. However, a significant improvement in the number of accepted complaints was observed, as the operators accepted over 13.01% more complaints than in the previous year.

The analysis of complaints by the reasons of filing shows that complaints about the loss of a postal item (23.07%) and about other reasons (44.79%) comprised the largest share in complaints. Other complaints amounted to 32.14% of the total number of complaints.

13.01%

Increase in the number of accepted complaints

Table 14.

Filed complaints and the manner of their handling – services falling within the scope of universal services in 2016

Manner of handling	Accepted	Rejected	Pending	Total	Share %
Loss of item	25,073	49,886	8,113	83,072	23.07%
Loss of content	165	314	42	521	0.14%
Damage of item	19,691	1,785	784	22,260	6.18%
Delay of delivery exceeding the guaranteed delivery time limit	10,819	12,450	6,114	29,383	8.16%
Incorrectly filled ZPO[20]	28,508	12,194	8,453	49,155	13.65%
Return of a recorded item in breach of the time limit	3,696	857	1,818	6,371	1.77%
Return of a recorded item due to incorrectly stated reason	3,962	3,794	331	8,087	2.25%
Other	35,344	104,782	21,174	161,300	44.79%
In total	**127,258**	**186,062**	**46,829**	**360,149**	**100.00%**

Source: UKE own study

[20] Acknowledgement of receipt of a recorded item.

3.5. Courier items

Courier items[21] include letter items which are recorded items or postal parcels cleared, sorted, transported and delivered in a manner that collectively guarantees: direct receipt of a postal item from the sender, tracking a postal item from posting to delivery, delivery of a postal item within a guaranteed time limit specified in the rules and regulations for the provision of postal services or in contracts for the provision of postal services, delivery of a postal item directly to the addressee or to a person authorised to collect it and obtaining an acknowledgement of receipt of a postal item in a written or electronic form.

The segment of courier services has gradually increased its value by PLN several hundred million annually in recent years and in 2016 it became the segment of the largest value in the Polish postal market.

Despite relatively low volume of services (13.91%) and its premium service status in the market resulting in higher prices, courier items constitute 46.81% of the total market value.

[21] Article 3 subparagraph 19 of the Postal Law Act.

46.81%

Of the total market value is constituted by courier items

Table 15.

Major postal operators in the courier items segment in 2016

Volume				Revenues			
No.	Name of operator	Domestic traffic	Cross-border traffic	No.	Name of operator	Domestic traffic	Cross-border traffic
1	DPD Polska sp. z o.o.			1	DPD Polska sp. z o.o.		
2	Poczta Polska S.A.			2	UPS sp. zo.o.		
3	GLS Polska sp. z o.o.			3	GLS Polska sp. z o.o.		
4	InPost Paczkomaty 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	Federal Express Poland sp. z o.o.		
7	InPost Express sp. z o.o.			7	TNT Express Worldwide Poland sp. z o.o.		
8	K-EX sp. z o.o.			8	InPost Paczkomaty sp. z o.o.		
9	DHL Express (Poland) sp. z o.o.			9	InPost Express sp. z o.o.		
10	Patron Service sp. z o.o.			10	DHL Express (Poland)		

Source: UKE own study

In 2016, 98 postal operators, including Poczta Polska, were active in the courier items segment. It is the largest segment of the postal services market in terms of the number of active operators, and in consequence, the sector in which competition increased the most.

The analysis of data proves that in 2016, ten (10) major, in terms of both the volume and the revenue, operators providing services in the segment of courier items had a 94.12% share in the total volume and a 91.97% share in the total revenue in this segment of the postal market. The segment of courier items is dominated by entities with foreign capital share.

Volumes and revenues in 2016

In 2016, postal operators delivered 264.07 million courier items in domestic and cross-border traffic in total, which generated PLN 3,581.07 million in revenue. In comparison to 2015, the volume increased by 22.00% and the revenue by 11.62%.

The courier items segment is the one in which the share of revenues from cross-border traffic impacts most on the total value. In 2016, this share was equal to 25.54% of the revenue in total, although only 6.26% of the courier items volume concerned cross-border traffic. Most of the volume of courier items, that is 93.74% of the total volume, concerned domestic traffic, which resulted in 74.46% of the revenue being generated from this area of the market.

Table 16.

Courier items in domestic and cross-border traffic in the period 2014 – 2016 (by volume)

	Volume (million)						Change %	
	2014	%	2015	%	2016	%	2015/14	2016/15
Domestic	**183.55**	94.39%	**204.78**	94.61%	**247.54**	93.74%	**11.57%**	**20.88%**
Cross-border	**10.92**	5.61%	**11.66**	5.39%	**16.53**	6.26%	**6.87%**	**41.69%**
In total	**194.46**	100.00%	**216.44**	100.00%	**264.07**	100.00%	**10.30%**	**22.00%**

Source: UKE own study

Table 17.

Courier items in domestic and cross-border traffic in the period 2014 – 2016 (by revenue)

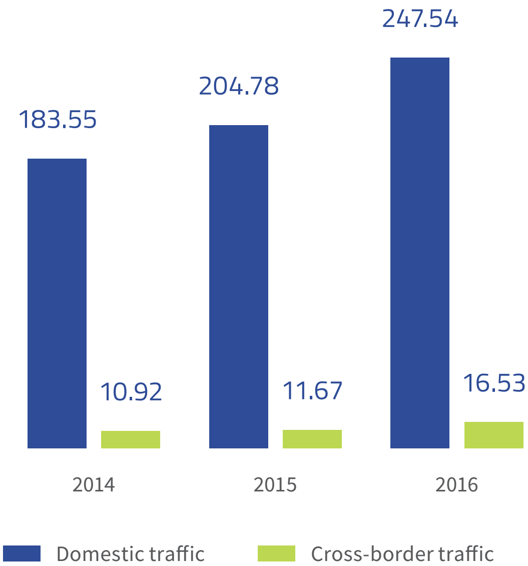
	Revenues (PLN million)						Change %	
	2014	%	2015	%	2016	%	2015/14	2016/15
Domestic	**2,013.88**	74.36%	**2,364.28**	73.69%	**2,666.43**	74.46%	**17.40%**	**12.78%**
Cross-border	**694.24**	25.64%	**844.05**	26.31%	**914.64**	25.54%	**21.58%**	**8.36%**
In total	**2,708.12**	100.00%	**3,208.33**	100.00%	**3,581.07**	100.00%	**18.47%**	**11.62%**

Source: UKE own study

In the period 2013 – 2016, the courier items market grew in domestic and cross-border traffic both in terms of the volume and the revenue.

Chart 14.

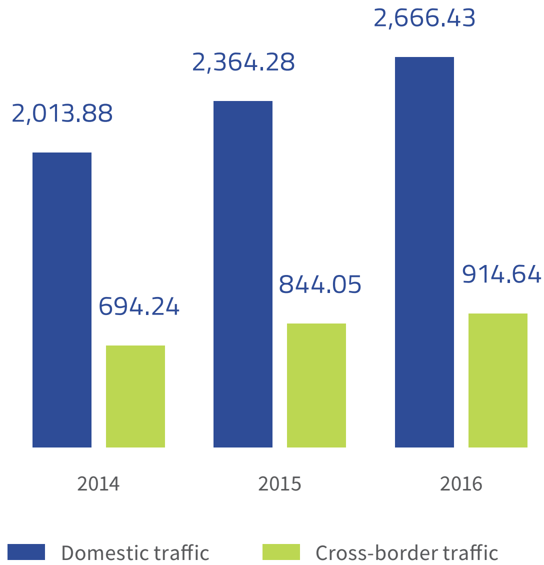
Courier items in domestic and cross-border traffic in the period 2014 – 2016 – by volume (million)



Source: UKE own study

Chart 15.

Courier items in domestic and cross-border traffic in the period 2014 – 2016 – by revenue (PLN million)



Source: UKE own study

Increase of both the volume and the revenue from courier items results from rapid growth of e-commerce in recent years. Migration of customers of other operators to this segment of services also contributed to the increase. At the same time, it has to be noted that the development of competition resulted in inclusion of high-quality services in operators' offers, including services with delivery within a guaranteed time limit.

Complaints about courier items

In 2016, postal operators accepted for consideration 644,524 complaints about courier items, of which 48.67% were rejected, 43.23% accepted, while 8.11% of complaints were pending. In comparison to 2015, the number of complaints increased by 41.59%. The analysis of accepted complaints in comparison to 2015 shows a slight improvement. In 2016, 9.71% more complaints were accepted than in 2015. At the same time, in 2016 the number of rejected complaints significantly increased in relation to 2015, by 67.30%.

The analysis of the reasons for filing shows that complaints about the delay of delivery (60.45%) and about damage of an item (15.37%) constituted the largest share of complaints. Other complaints amounted to 24.18% of the total number of complaints.

Table 18.

Filed complaints and the manner of their handling – courier items in 2016

Manner of handling	Accepted	Rejected	Pending	Total	Share %
Loss of item	19,348	31,090	3,663	54,101	8.39%
Loss of content	6,277	6,906	696	13,879	2.15%
Damage of item	42,986	49,814	6,255	99,055	15.37%
Delay of delivery exceeding the guaranteed delivery time limit	184,288	167,336	38,013	389,637	60.45%
Incorrectly filled ZPO[22]	140	91	0	231	0.04%
Return of an item in breach of time limit	125	160	0	285	0.04%
Return of an item due to incorrectly stated reason	862	1,809	1	2,672	0.41%
Other	24,580	56,433	3,651	84,664	13.14%
In total	**278,606**	**313,639**	**52,279**	**644,524**	**100.00%**

Source: UKE own study

[22] Acknowledgement of receipt of a recorded item.

3.6. Other postal services

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

The revenue of this segment in 2016 was equal to 6.20% of the total postal market value and 12.07% of the total market volume.

Distribution of non-addressed postal items comprises a specific service, for the provision of which no entry in the postal register is required. This service generates huge volumes (3.56 billion in 2016) with relatively low revenues (PLN 0.13 billion).

In order to avoid distortion of data, the volume of non-addressed postal items was excluded from the total volume of this segment and from the volume of all postal market in accordance with the assumptions of this document.

The subsequent analysis concerning the segment of other postal services was conducted excluding non-addressed printed forms.

In 2016, 31 postal operators, including Poczta Polska, conducted activities in the segment of other postal services.

This segment is highly concentrated. Three major operators in this segment account for 99.58% of the volume and 98.54% of the total revenue.

Volumes and revenues in 2016

In 2016, the volume of the segment of other postal services was equal to 229.26 million, which generated the revenue of PLN 474.62. In comparison to 2015, the decline in the volume in this market area was equal to 23.39% and the decrease in the revenue to 17.37%.

Table 19.

Major postal operators in the segment of other postal services in domestic and cross-border traffic, by volume and revenue in 2016

No.		Letter items	Postal parcels	Direct mail	Postal money orders
1	**Poczta Polska S.A.**				
2	**InPost S.A.**				
3	**Speedmail sp. z o.o.**				

Source: UKE own study

The tables below illustrate the value, shares of particular major services and dynamics of its revenues and volumes in the period 2014 – 2016.

In the period 2014 – 2016, a decrease in both the volume and the revenue was observed. The largest decrease was observed in direct mail.

Table 20.

Table 20 Other postal services in the period 2014 – 2016 (by volume)

	Volume (million)						Change %	
	2014	%	2015	%	2016	%	2015/2014	2016/2015
Letter items	**6.17**	2.18%	**4.04**	1.35%	**4.30**	1.88%	**-34.57%**	**6.44%**
Postal parcels	**1.04**	0.37%	**0.84**	0.28%	**0.87**	0.38%	**-19.23%**	**4.25%**
Direct mail	**228.21**	80.73%	**249.64**	83.42%	**181.51**	79.17%	**9.39%**	**-27.29%**
Postal money orders	**46.61**	16.49%	**44.74**	14.95%	**42.58**	18.57%	**-4.03%**	**-4.82%**
Other[23]	**0.64**	0.23%	**0.01**	0.003%	**0.01**	0.003%	**-98.48%**	**-39.83%**
In total	**282.67**	100.00%	**299.27**	100.00%	**229.26**	100.00%	**5.87%**	**-23.39%**

Source: UKE own study

Table 21.

Other postal services in the period 2014 – 2016 (by revenue)

	Revenues (PLN million)						Change %	
	2014	%	2015	%	2016	%	2015/2014	2016/2015
Letter items	**12.64**	2.15%	**14.59**	2.54%	**12.93**	2.72%	**15.42%**	**-11.40%**
Postal parcels	**40.16**	6.82%	**38.40**	6.69%	**36.71**	7.73%	**-4.36%**	**-4.42%**
Direct mail	**212.47**	36.10%	**211.86**	36.88%	**147.79**	31.14%	**-0.28%**	**-30.24%**
Postal money orders	**321.91**	54.70%	**308.58**	53.72%	**276.13**	58.18%	**-4.14%**	**-10.52%**
Other[24]	**1.29**	0.22%	**0.99**	0.17%	**1.07**	0.23%	**-56.46%**	**-44.50%**
In total	**588.47**	100.00%	**574.43**	100.00%	**474.63**	100.00%	**-2.39%**	**-17.37%**

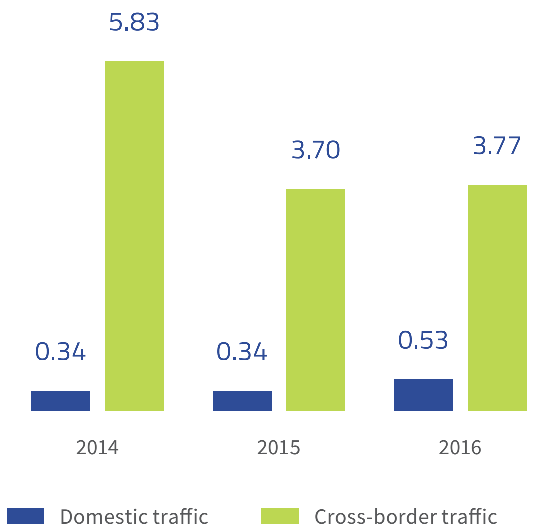
Source: UKE own study

[23] Postal items sent by means of electronic communications.

[24] Postal items sent by means of electronic communications, acknowledgement of receipt of a recorded item.

Chart 16.

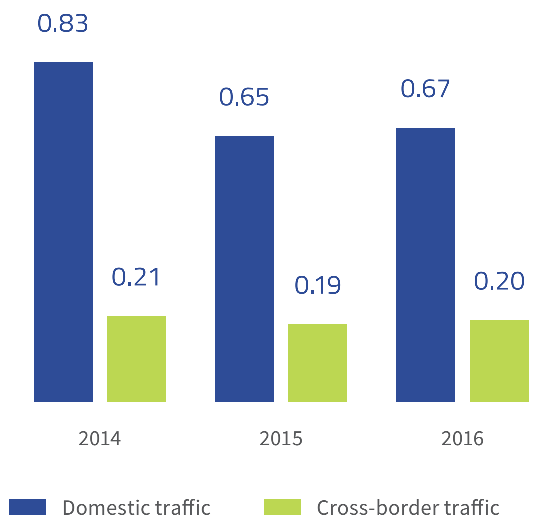
Letter items in the segment of other postal services in domestic and cross-border traffic in the period 2014 – 2016 – by volume (million)



Source: UKE own study

Chart 18.

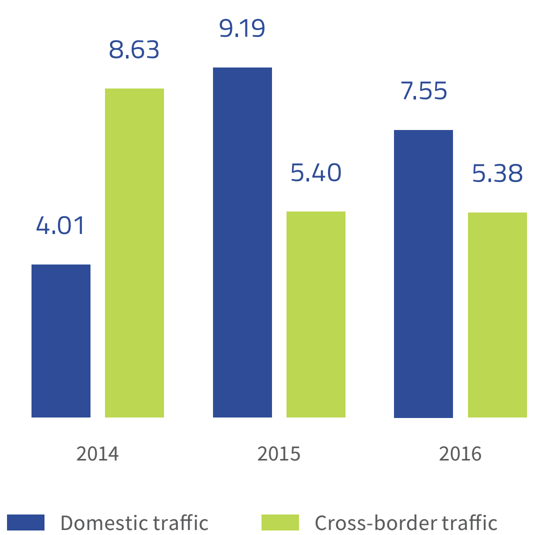
Postal parcels in the segment of other postal services in domestic and cross-border traffic in the period 2014 – 2016 – by volume (million)



Source: UKE own study

Chart 17.

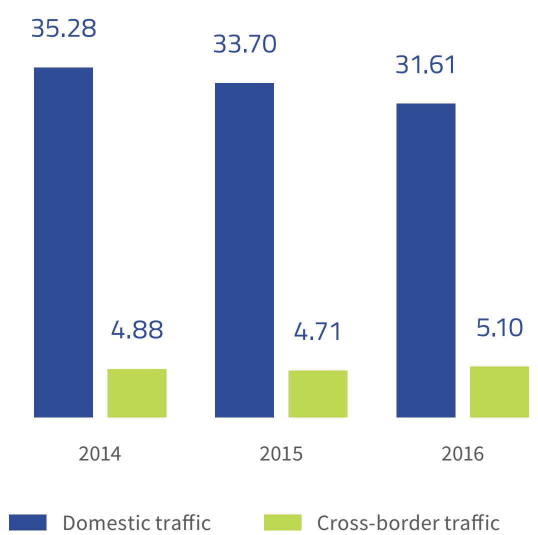
Letter items in the segment of other postal services in domestic and cross-border traffic in the period 2014 – 2016 – by revenue (PLN million)



Source: UKE own study

Chart 19.

Postal parcels in the segment of other postal services in domestic and cross-border traffic in the period 2014 – 2016 – by revenue (PLN million)



Source: UKE own study

The analysis of data with regard to letter items and postal parcels in the segment of other postal services in domestic and cross-border traffic indicates a slight increase in the volume and simultaneous decrease of the revenue from these services.

Complaints about other postal services

In 2016, postal operators accepted for consideration 8,361 complaints about courier items, of which 60.52% were rejected, 29.85% accepted, while 9.63% of complaints were pending.

Table 22.

Filed complaints and the manner of their handling – courier items in 2016

Manner of handling	Accepted	Rejected	Pending	Total	Share %
Loss of item	303	337	116	756	9.04%
Loss of content	16	28	4	48	0.57%
Damage of item	366	386	125	877	10.49%
Delay of delivery exceeding the guaranteed delivery time limit	585	264	236	1,085	12.98%
Non-delivery of the amount of money specified in a postal money order	504	3,717	180	4,401	52.64%
Other	722	328	144	1,194	14.28%
In total	**2,496**	**5,060**	**805**	**8,361**	**100.00%**

Source: UKE own study

The analysis of the reasons for filing complaints shows that most of the complaints about other postal services regarded non-delivery of the amount of money specified in a postal money order (52.64%) and delays in item delivery (13.00%). Other reasons for making complaints comprised 34.36% of the total number of complaints.

4. Resources and elements of postal infrastructure

Resources and elements of postal infrastructure of the designated operator

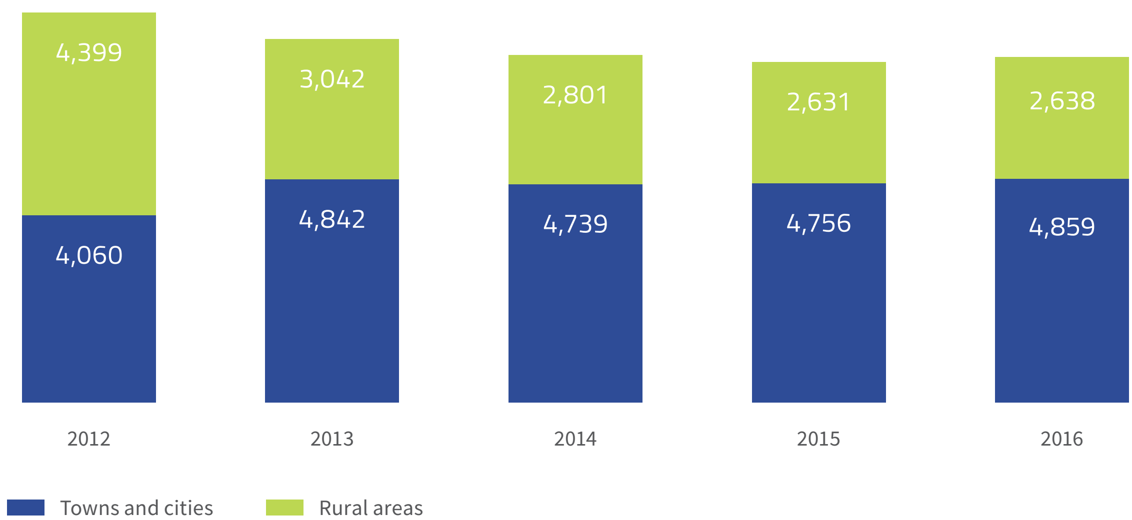
Postal points of contact

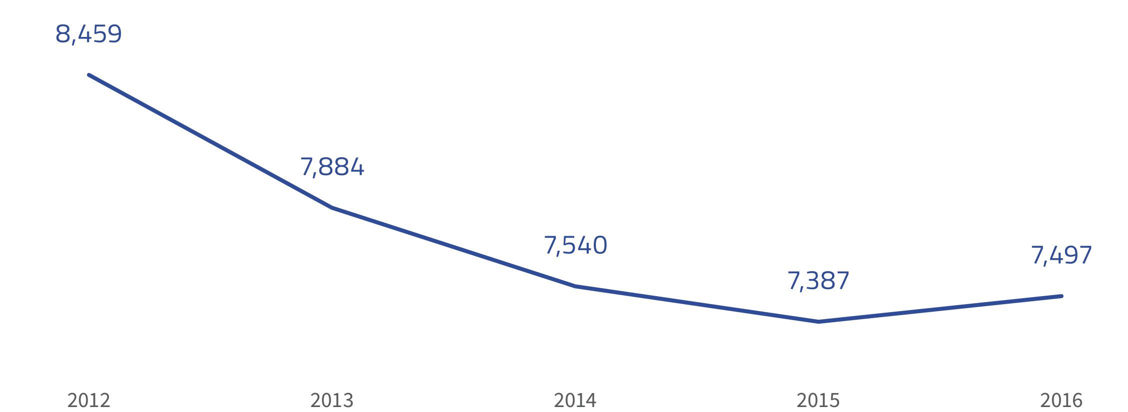
As of the end of 2016, Poczta Polska had 7,497 postal points of contact, 4,859 of which were located in cites (this category included points located in urban and urban-rural municipalities), while 2,638 points were located in rural areas (i.e. in rural municipalities). 2,815 postal points of contact were run by postal agents.

In 2016, the number of postal points of contact of the designated operator increased by 110. A decrease in the number of Poczta Polska's points of contact, which was observed in the period 2013 – 2015 due to the implementation of the provisions of the Postal Law Act, was stopped. In 2013, this Act abandoned the concept of setting a rigid number of postal points of contact and allowed the minister responsible for communications to set the manner of postal points of contact's distribution in an ordinance.

Chart 20.

Number of postal points of contact of Poczta Polska in the period 2012 – 2016





Source: UKE own study

As of 31 December 2016, Poczta Polska fulfilled the requirements in terms of location of postal points of contact and ensuring availability of the network of postal points of contact.

110

Increase of postal points of contact of the designated operator in 2016

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 Affairs	Level of fulfilment as of 31.12.2016
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 inhabitants in urban and in mixed urban and 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 5,881 residents per one operational permanent postal point of contact.
There is one 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 77.48 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

Mail boxes and automated equipment for provision of postal services

As of the end 2016, Poczta Polska had 18,488 active mail boxes, including:

8,744 in towns and cities, **9,744** in rural areas.

In comparison to 2015, the number of mail boxes decreased by 19%.

Apart from 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 2016, the designated operator had 120 pieces of automated equipment for provision of postal services.

Other elements of postal infrastructure

As of the end of 2016, Poczta Polska had 130,311 post office boxes and 116,169 own letter boxes. Moreover, the designated operator had a system of postal codes identifying the areas of delivery and the database with information on changes in the address for the purposes 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 who provide services falling within the scope of universal postal services within the scope specified in an agreement for access to the elements of postal infrastructure, whereas in the case of operators who do not provide services falling within the scope of universal postal services, it is obliged to provide only a system of postal codes identifying the areas for delivery and database with information on changes in the address for the purposes of re-addressing postal items[25]. In 2016, Poczta Polska concluded agreements for access to the elements of postal infrastructure concerning post office boxes (one agreement) and access to the system of postal codes identifying the areas for delivery (5 agreements).

Employment in Poczta Polska

In 2016, the level of average annual employment in Poczta Polska based on employment contracts was equal to 74,601 full-time positions, which in comparison to the previous year shows a decline by 0.6%. This was a subsequent year in which the level of employment of the designated operator decreased.

[25] Article 66 of the Postal Law Act.

Resources and elements of postal infrastructure of alternative operators

Postal points of contact

As of the end of 2016, alternative postal operators reported in total 8,615 postal points of contact, 8,203 of which were located in towns and cities and 412 in rural areas. This data proves that alternative postal operators concentrate their activity in towns and cities, where demand for postal services is much greater, and the costs of providing services are lower than in rural areas. A vast majority of postal points of contact of alternative operators, that is 8,188 points, was kept by postal agents.

Table 24.

Number of postal points of contact reported by alternative postal operators (as of 31 December 2016)

Number of postal points of contact	Number of operators in 2016
no points of contact	58
1 point of contact	61
2 to 10 points of contact	14
11 to 100 points of contact	12
101 to 1000 points of contact	1
over 1,000 points of contact	4
In total	**150**

Source: UKE own study

The table above indicates that the largest group (nearly 80%) are alternative operators who do not own any, or own one postal point of contact, which is usually the registered office of a natural person conducting business activities.

Elements of postal infrastructure

In the discussed period, none of the alternative postal operators had its own mail boxes. At the same time, reports on postal activities did not include the number of automated equipment for providing postal services to clients[26].

7

Postal operators employ over 500 persons

Employment at alternative postal operators

In 2016, the level of average annual employment at alternative postal operators was equal to 13,071 full-time positions, which means a decrease by 2.46% compared to 2015. As shown in the table below, the level of employment at postal operators varied considerably. There were 7 operators in the market which employed more that 500 people. A relatively large group is comprised by one-person operators (55).

[26] The network of parcel machines is owned by an entity which is not a postal operator.

Table 25.

Number of employees at alternative postal operators (as of 31 December 2016)

Level of employment	Number of operators in 2016
one-person operators	55
2 to 9 persons	46
10 to 49 persons	34
50 to 249 persons	5
250 to 500 persons	3
over 500 persons	7
In total	**150**

Source: UKE own study

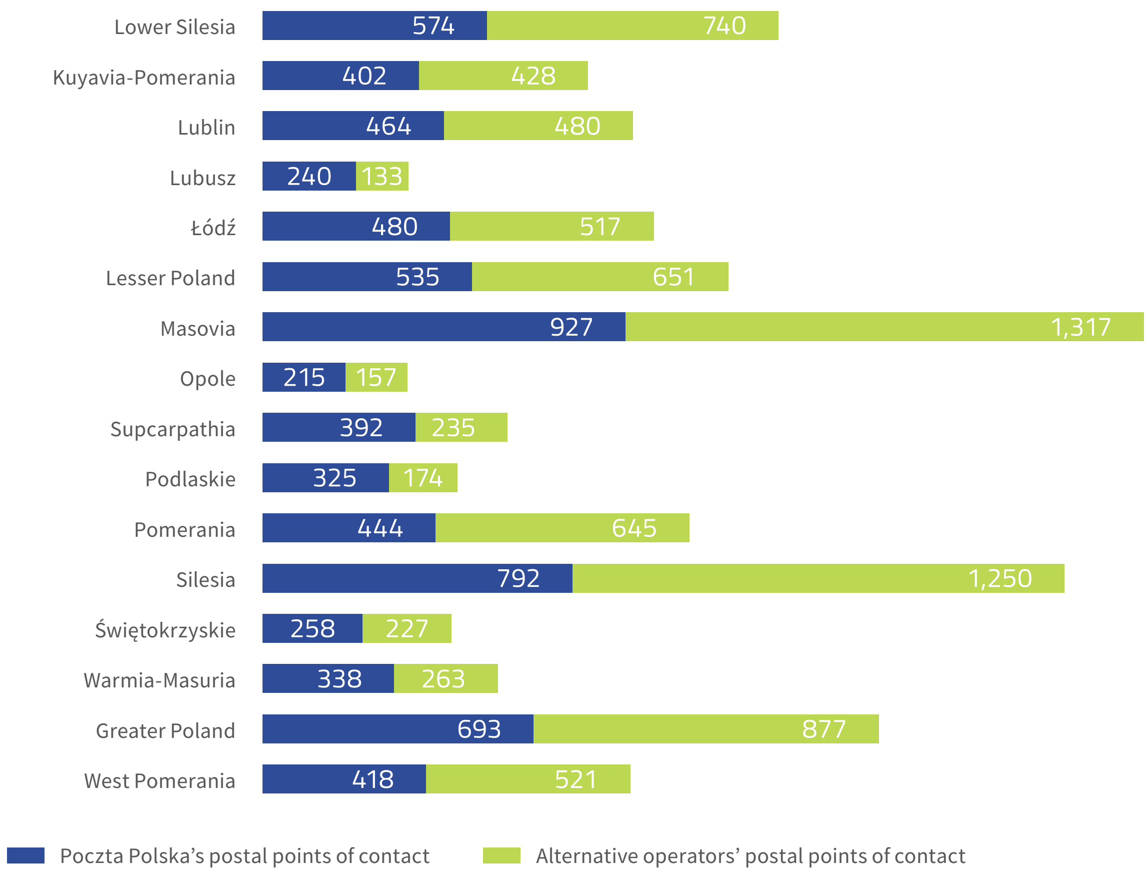
Postal operators' points of contact in 2016

In 2016, postal operators provided services in 16,112 postal points of contact in Poland. Postal operators' own points of contact constituted almost 32% (5,109) of this number. Other 68% postal points of contact were kept by postal agents. The points of contact of the designated operator constitute 91.64% of the number of own postal points of contact.

The largest number of points is located in highly urbanised provinces, such as Masovia, Silesia and Greater Poland.

Chart 21.

Number of postal points of contact in 2016, by province

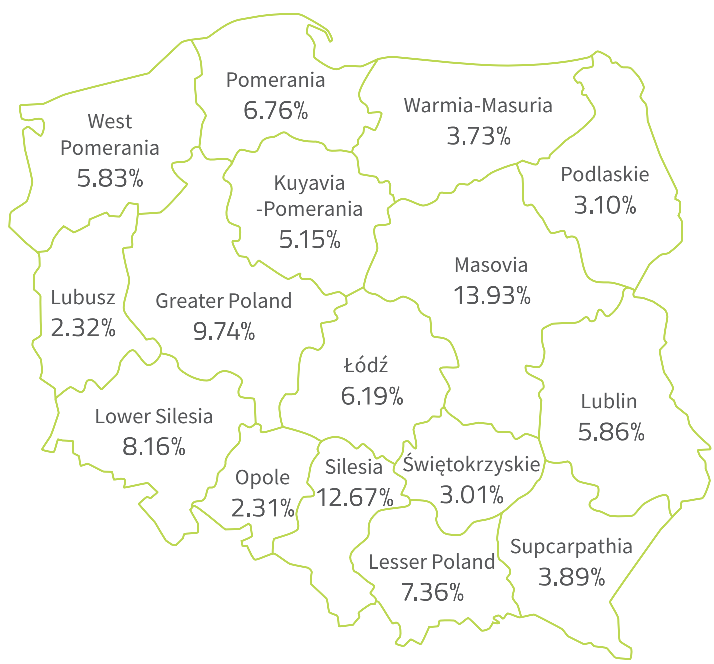


Source: UKE own study

Chart 22.

Distribution of postal points of contact of postal operators in 2016, by province

Source: UKE own study



5. Conclusions

In the period of 2014 – 2016, a dynamic structural change took place in the postal services market, as a result of which the segment of courier items became the most significant one in terms of market value for the first time as its share amounted to 47%, and the year 2016 was a subsequent year in which the value of this segment increased by another PLN 0.37 billion.

Despite a large increase, the overall value of the postal services market virtually did not change. This was the result of a simultaneous decline in the revenue from letter items and a considerable decrease of sales in the segment of other postal services.

In contrast to previous years, in 2016 the number of active postal operators decreased. At the same time, the number of registered entities increased, which indicates that interest in undertaking postal activities does not flag.

The aggregated data presented below illustrates the development of basic indicators of the postal market in Poland.

Table 26.

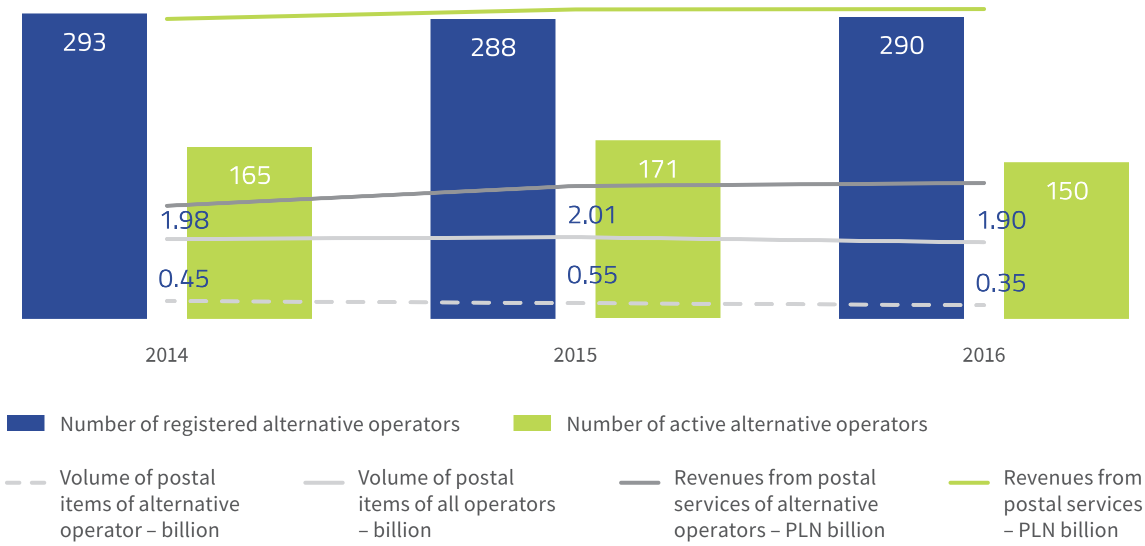
Selected values describing the postal market in Poland in the period 2014 – 2016 (excluding non-addressed printed forms)

	2014	2015	2016
Number of registered alternative operators	293	288	290
Number of active alternative operators	165	171	150
Volume of items of alternative operators – billion of items	0.45	0.55	0.35
Volume of items of all operators – billion of items	1.98	2.01	1.90
Revenues from postal services of alternative operators – PLN billion	2.81	3.29	3.36
Revenues from postal services – PLN billion	7.41	7.64	7.65

Source: UKE own study

Chart 23.

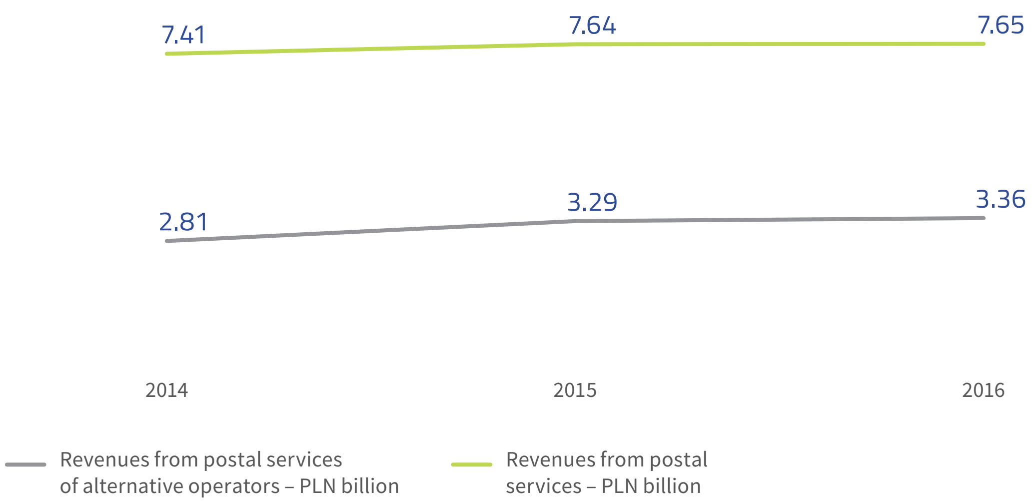
Selected values describing the postal market in Poland in the period 2014 – 2016 (excluding non-addressed printed forms)



Source: UKE own study

Chart 24.

Revenues from postal services in the period 2014 – 2016 (PLN billion)



Source: UKE own study

Table 27.

Postal services in particular market segments in the period 2014 – 2016 – structure (%), by volume and revenues (excluding non-addressed printed forms)

	2014		2015		2016	
Segment	**Volume**	**Revenues**	**Volume**	**Revenues**	**Volume**	**Revenues**
Universal services	35.91%	39.63%	32.28%	34.88%	30.13%	32.30%
Services falling within the scope of universal services	40.02%	15.89%	42.01%	15.58%	43.89%	14.69%
Courier items	9.81%	36.54%	10.79%	42.01%	13.91%	46.81%
Other postal services	14.26%	7.95%	14.92%	7.52%	12.07%	6.20%

Source: UKE own study

Anticipated Poland's economic growth, constant improvement of road, logistics and digital infrastructure, as well as increasing society's preference to shop on-line are the factors which ensure that despite a decline in the number of letter items it is a sector of the economy with strong prospects for growth.

Annex – results of inspections of postal activities

Inspections of the operator providing universal services

In 2016, the President of UKE carried out inspections at Poczta Polska as the designated operator in terms of:

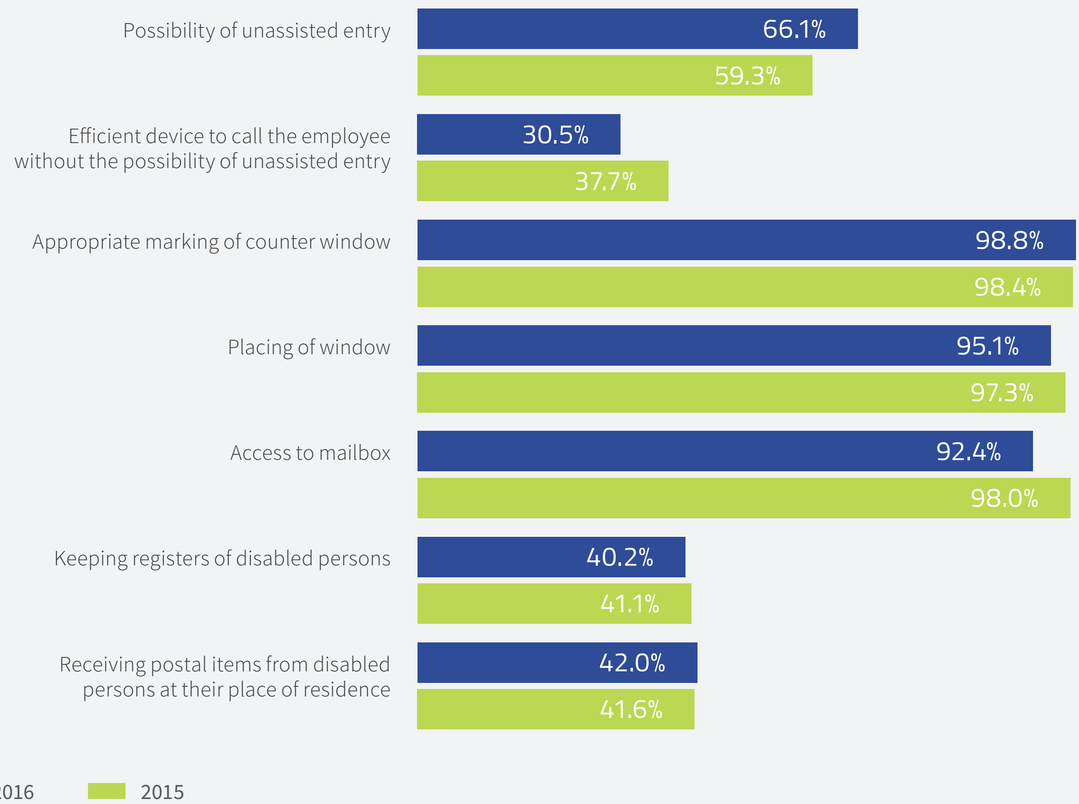
- ensuring access for disabled persons to provided universal services,
- handling complaints about universal services.

Inspection in terms of ensuring access for disabled persons to provided universal services

The inspection was carried out in November and December 2016 in 410 selected postal points of contact of the designated operator, which constituted ca. 5.55% of all Poczta Polska's points, which provide postal services in Poland (7,387 postal points of contact – data from the report on Poczta Polska's postal activities in 2015). In comparison to 2015, information collected through inspection confirm that adaptation of postal points of contact to serve disabled persons is at approximately the same level.

Chart 1.

Percentage of points of contact equipped with particular facilities in the period 2015 – 2016



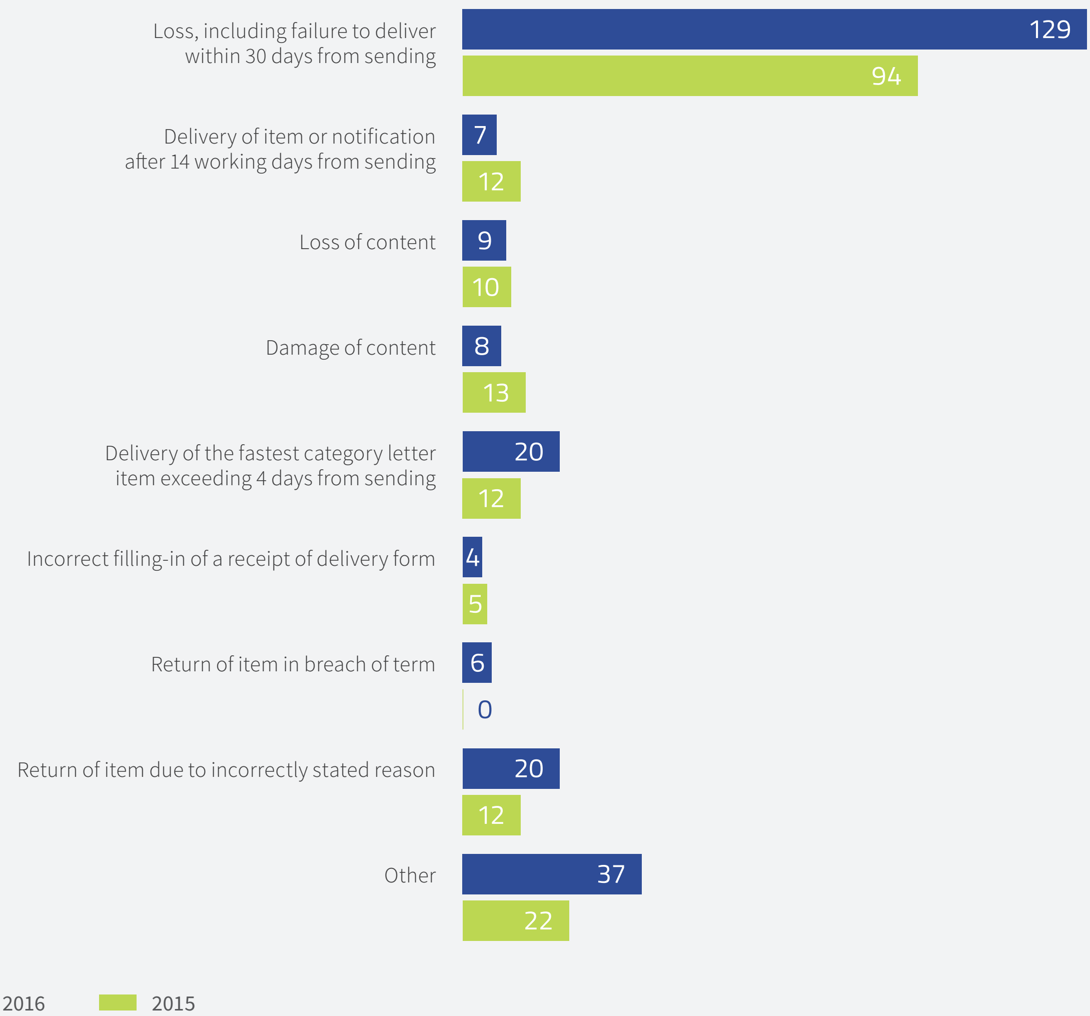
Source: UKE based on information collected through inspection

Inspection in terms of handling complaints about universal services

In November and December 2016, an inspection was carried out in Poczta Polska's organisational units which deal with handling complaints. The inspection involved the period from 1 January 2015 to 16 December 2016. In total, 420 complaints about registered items in domestic traffic were examined, including: 322 complaints about letter items, 4 complaints about insured letter items, 84 complaints about postal parcels and 10 complaints about insured postal parcels. The purpose of the inspection was to determine if Poczta Polska handles complaints about universal postal service in terms of registered items in accordance with applicable regulations and to acquire data on completeness of complaint replies and their timeliness.

Chart 2.

Reasons for filing complaints



Source: UKE based on information collected through inspection

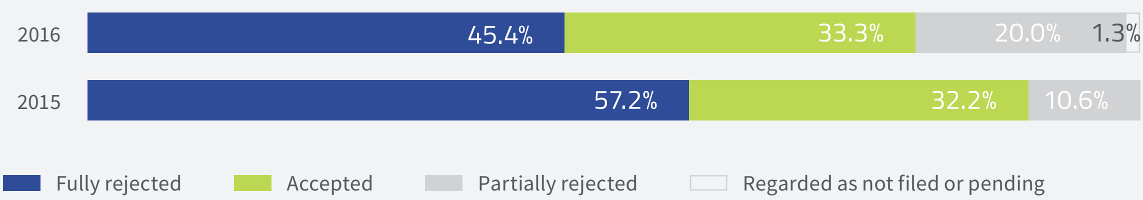
According to information collected during inspection, almost 33% of complaints lodged within the inspected period of time were accepted by Poczta Polska. In turn, the majority of complaints in the sample was fully rejected (212 complaints, which was equal to 50.5% of all inspected complaints). In comparison to 2015, the number of accepted complaints within the inspected period increased by over 1%, while the number of fully rejected complaints declined by almost 12%.

Inspection of operators authorised to carry out postal activities based on entry in the register of postal operators

In 2016, 19 postal operators were inspected. The reasons for inspections were the following: failure to submit a report on postal activities in the previous year to the President of UKE, obtaining entry in the register of postal operators and absence of an earlier inspection and indications suggesting that the operator can perform postal activities contrary to the provisions of law. Inspections were effective in respect of 13 postal operators. As of the date of inspection, 10 postal operators carried out postal activities, 3 of which dealt with domestic and cross-border traffic, whereas 7 of them conducted postal activities locally. In case of 1 postal operator, relevant UKE regional branch will launch a follow-up procedure due to found irregularities with regard to non-compliance of this operator’s terms and conditions for provision of postal services with the ordinance on complaints about postal services.

Chart 3.

Manner of handling complaints



Source: UKE based on information collected through inspection

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