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An Assessment of Customer Behaviours Regarding the Romanian Postal Services

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ABSTRACT

During the time the long distance communication has been one of the most important needs of the humanity. In the absence of telecommunication the postal services have been the main way of sending messages between people and other entities. Taking into account the importance of this market we assessed the nowadays coordinates of the Romanian postal market by conducting a research meant to identify the trends of postal services, the stage of competition and the customers' behaviours regarding these services. The results show that the market is in developing process, with an increasing number of competitors but with a low number of significant competitors able to provide services on a large scale. In this context, the National Company Posta Romana remains the main market player but its positions are strongly threatened by private competitors especially on those market segments with high profitability. In order to defend its positions the national company has to put in practice proper marketing strategies focused mainly on the development of partnerships both with the senders and recipients of different postal deliveries, especially those ones with a higher attractiveness for the competitors.

1. Introduction

The postal market has benefitted during the time by a special attention from the population but also from the national governments. Being one of the most important means of communication and sending goods and values from an entity to another, the postal services are indispensable for the population and companies. Taking into consideration the regulation system for the postal services and the competition developed on the Romanian market together with the liberalisation of these services, our research tries to analyse the trends of the national market and the consumer attitudes and behaviours regarding the services provided by the postal operators. The main problem addressed by our research is regarding the balance that should be assured between serving better the beneficiary of these services and obtaining profitability for the postal operators in the context of fully market liberalisation and ceasing of the monopoly owned by the national company. The main hypotheses of our research were: a large part of population still uses the postal services; the express parcels delivery has been strongly developed by the private operators; the National Company Posta Romana (CNPR) has a weak position in the competition on express parcels delivery segment. In order to validate these hypotheses a documentary research and a survey have been put in practice.

2. Literature review

Service sector covers a large panel of activities, being hard to give a direct definition to services. In literature often is provided a definition through exclusion, the services being considered these activities that are not agriculture, mining or manufacturing. Thus, the heterogeneity and the relative intangibility of services are always underlined (Riddle and Sours, 1984). Due to their immaterial character services require a direct interaction between the service providers and their customers so that the service providers have to be located where their customers are (Davis et al., 2011).

Postal services are included in the large family of services designed to meet the consumers' needs to communicate at distance otherwise than using telecommunication means and needs of sending goods between people and/or companies. Thus, postal services include general delivery services, provided by specific public and private operators, consisting in letter post and parcel & express deliveries. In this respect, the main categories of postal services are: letter post (private or business letters, direct mail for promotion purposes and publication delivery), ordinary parcel post and express deliveries. All these deliveries could be domestic or cross-border deliveries (Dieke et al., 2013). Due to this complexity, postal services have benefitted by a high attention from the policy makers and regulatory systems. Thus, postal services are

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considered a service of general economic interest, being a key industry for the EU economy (European Commission, 2008).

As these services have been mainly public services in the majority of countries around the world, one of the biggest challenges in many countries was the liberalisation of postal services market, which has faced with a high domestic resistance (Eckert, 2009). The liberalisation of postal services raises an important issue for the regulatory authorities both at national and international level: Is the free market capable to assure the same level of services for all the citizens, with a reasonable quality-price ratio? For this reason, the so called Universal Service Obligations (USOs) was introduced in the specific postal law. USOs aim to guarantee that all consumers have access to a basic package of services at affordable uniform prices and that the services have a minimum level of quality (Calzada, 2009). USOs are defined in the 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. According to this Directive, Member States must ensure that the density of the points of contact and of the access points takes account of the needs of users, and that the universal service is guaranteed at least five working days a week, at least one clearance and one delivery to home or business premises. USOs have to assure affordable tariffs for user, uniform prices for universal service and provision of certain free services for blind and partially-sighted persons (European Commission, 2008).

Putting in practice the USOs is not so easy taken into consideration the competition between the companies that deal on the postal market. These companies try to increase their profits by focusing on those products and geographical areas with higher profitability. In the same time they tend to reduce their territorial coverage and the service quality on less profitable segments with a negative impact on the final users. In order to avoid such behaviours the regulatory system has to impose a minimum coverage and quality requirements on the postal service providers (Calzada, 2009).

Looking from the postal service users' perspective, these ones have many opportunities to change information using the e-mail, social media and generally electronic means. In this respect, the majority of people use postal services mainly to receive parcels. Thus, in their efforts to obtain a high level of customer satisfaction, the postal services providers have to focus their attention on two categories of users: senders and recipients. Even if traditionally postal service operators considered mail senders as primary customers because they pay for the services, it is very important to serve better the recipients because these ones can influence substantially the senders' behaviours (Thresher et al., 2015). Thus the postal service operators have to take into account the needs of both categories of users in order to gain a competitive advantage on the market.

Taking into account the above mentioned issues, our research tries to identify some behaviours of the users regarding the Romanian postal services and their satisfaction level in the relationship with different local operators.

3. An overview of the Romanian postal market

The postal services market is a monitored market in every country, the regulatory system aiming to protect the consumer rights to benefit from the services included in USOs. In our country the market is monitored by the National Authority for Management and Regulation in Communications (ANCOM), which has the scope to protect the interests of the communications users in Romania, by promoting competition in the communications market, ensuring the management of scarce resources and encouraging innovation and efficient investments in infrastructure (ANCOM, 2015). Under the authority of ANCOM, the Romanian postal market has been fully liberalised from 2013, according to the Directive 2008/6/EC and the national strategy. At that moment the exclusive right to provide postal services from the USOs category owned by the National Company Posta Romana (CNPR) ceased.

On the Romanian postal market in 2015 there are 373 service providers authorised by ANCOM according to the list published on this authority website (ANCOM, 2015). This number has recorded various fluctuations during the time, not all the authorised providers being active on the market. The statistics regarding the postal market are poor but the evolution of the number of authorised providers has fluctuated during the time (see fig. 1). We can see that this number decreased significantly after the economic crisis, the increasing during the last years being quite small.

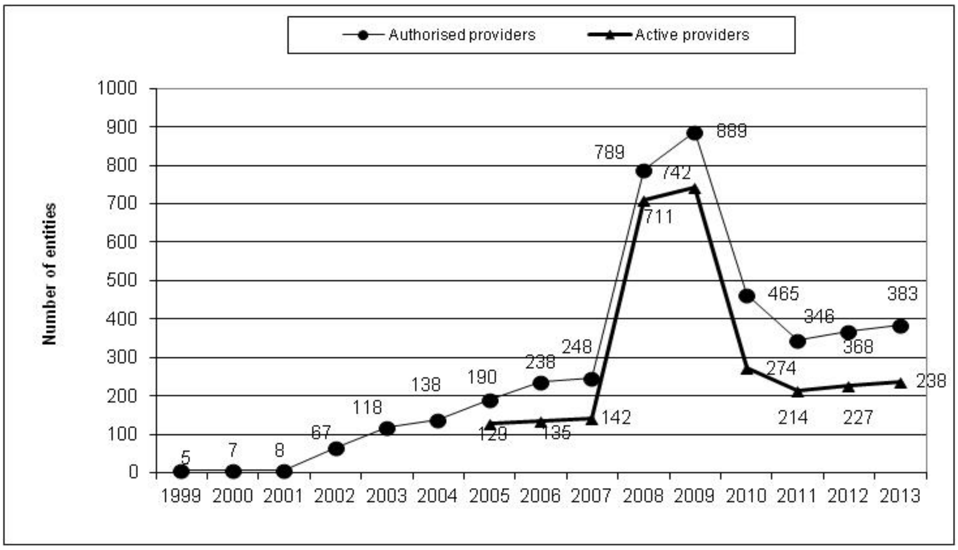

Fig. 1. The evolution of the number of authorised providers on Romanian postal market in the period 1999-2013

Source: ANCOM, 2015 - https://statistica.ancom.org.ro/

In spite of this large number of service providers the National Company Posta Romana (CNPR) is the biggest operator in the field but its market share has decreased in the last years. It has been confronted with big losses till 2013 in spite of its exclusive right to provide postal services included in USOs. But maybe just these services were inefficient for the company, having big costs both material and human. After the company's restructuring in 2013, when a number of 5400 employees, representing 16% of the total number of employees, were fired the company has started to obtain profits (Posta Romana, 2014). Thus in the first 4 months of 2015 the company reported a profit of EUR 4.16 million following a profit of EUR 5 million in 2014 (Posta Romana, 2015).

All the competitors on the postal market fight to satisfy the customers' needs to send and receive various post deliveries. Thus the service providers have to take into consideration the expectations of two categories of customers: senders and recipients. Both categories have to obtain a high level of satisfaction in order to assure a long term relationship and a thriving of service providers. In this respect, the postal service operators have to find the needs of senders and recipients and to do the best to obtain a high level of their satisfaction. The evolution of the number of posted deliveries in the period 2004-2013 is presented in Fig. 2.

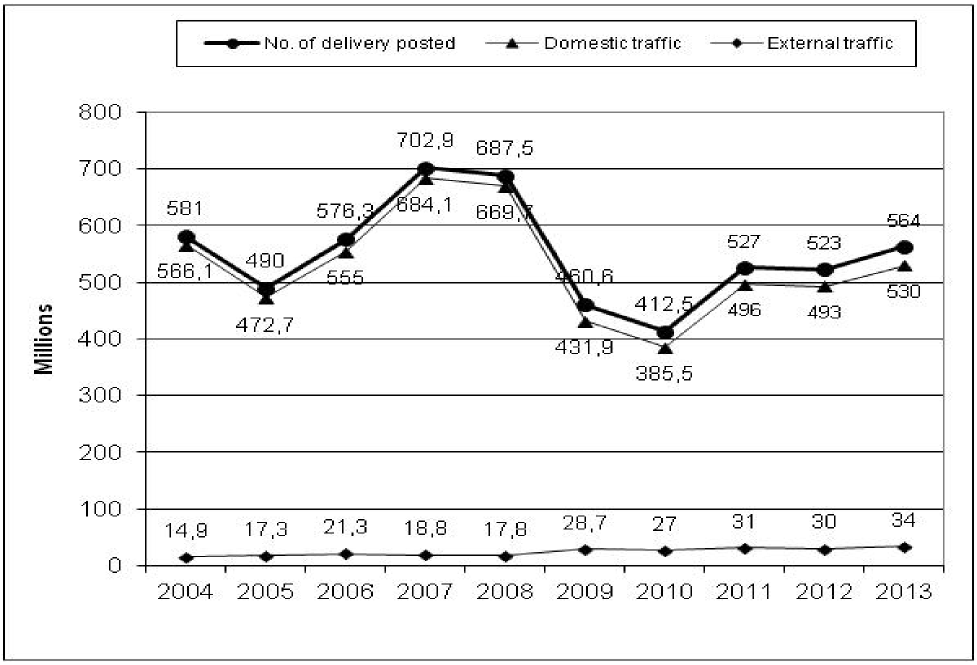

Fig. 2. The evolution of the number of deliveries posted on Romanian postal market in the period 2004-2013

Source: ANCOM, 2015 - https://statistica.ancom.org.ro/

The number of total deliveries posted has increased in the last period after a crush in the crisis period. In spite of the letter number decreasing as results of the new e-post era the number of total deliveries, especially domestic ones, has increased due to the increasing number of parcels challenged by the e-commerce development.

The prices on the market are free established by the competitors in accordance with the senders' needs and expectations, being often negotiated by the high volume senders (e.g. e-commerce companies). Sometimes these senders offers the transport costs at free of charge, but in other cases the charges are supported by recipients. These charges still raise big issues in the market as far as sometimes the recipient cannot choose the service provider. As regard to the USOs, after the market liberalisation the National Company Posta Romana (CNPR) has been still involved in providing these services along with other local service providers. In this respect ANCOM will determine the net cost for the provision of services within the scope of universal postal service aiming to assure these services for the population at an affordable price (ANCOM, 2015).

3. Research objectives and methodology

The scope of our research was to identify the behaviours and attitudes of population regarding the using of postal services in their dual status: senders and recipients. For this reason a survey was conducted among the city of Brasov's population. The main objectives of this research were to: identify the ratio of people that used the postal services in the last 6 months and the services they used (O1); identify the ratio of people that use express parcel deliveries (O2); identify the main postal operators used for express parcel deliveries (O3); measure the people's attitudes regarding the price and quality of the services provided by the main postal operators (O4).

The survey used an electronic questionnaire containing variables measured with different types of scales (mainly nominal and interval) in accordance with the research objectives. The survey addressed only private persons and not companies or other institutions. The questionnaire was promoted through social media and e-mail in the second half of year 2014 with the aim to obtain a large number of respondents. The final sample counted 322 respondents with different demographic characteristics.

4. Results and discussions

The first objective of our research (O1) was to identify the ratio of postal service users irrespective their behaviour: senders or recipients. The results show that in the last 6 months 74% of respondents benefited from postal services, the most used services being: simple letters and acknowledgment of receipt letters, regular and express parcels. The modal value for the frequency of using postal services was 2-3 times per year. Even if, according to the statistics and the general trend to use electronic communications, the postal letters have a decreasing trend, the parcels' sending has gained a large market share, the population being interested to send different goods to friends, relatives and other persons at a low transportation cost. Another significant trend is given by the development of e-commerce that needs a strong cooperation with postal operators empowered to deliver the acquired goods to the buyers. The using of express parcels on a large scale explains the focus of the main competitors on providing such services, CNPR being confronted with a huge competition on this market segment.

Trying to find the ratio of consumers that use the express parcel delivery services in the last six months (O2), we obtained the following results (see Fig. 3): the ratio of recipients in total respondents was 69.6% while the ratio of senders of 65.2%.

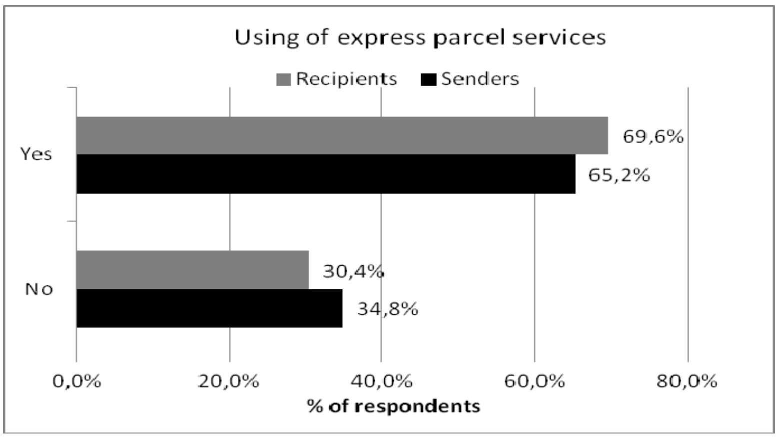

Fig. 3. The ratios of express parcel delivery services users on the main categories

Thus we can notice that the respondents benefited from such kind of postal services mainly in their quality of recipients, which can be explained by the increasing occurrence of the e-commerce, the acquired products being delivered by the commercial companies to the population using express parcel services. The increasing amount of goods that have to be delivered from a place to another, covering a large part of the national and international territory, has become very attractive for the postal operators that developed logistic systems meant to satisfy the needs of both services' beneficiary: senders and recipients. If for the major urban area providing these services is profitable, an important issue becomes the profitability to deliver such goods in rural areas and the availability of postal operators to cover high geographical areas. In this respect, CNPR in its quality of universal service provider, in charge with assuring the USOs, could gain a real competitive advantage by improving its door-to-door services, especially for wide areas. This advantage could be a strong point of negotiation with the e-commerce operators.

Another objective of our research (O3) has been to identify the main postal operators used by the respondents for sending or receiving express parcels (see Fig. 4). We can notice that as senders the majority of respondents prefer to use the services offered by CNPR while as recipients they receive the parcels through private companies, the most nominated company being Fan Courier. In the respondents' opinions this company seems to be the most important competitor of CNPR on the segment of express parcels delivery, all the other couriers having a small percent of answers in the total. The difference between CNPR and its competitors could be again explained by the behaviours of e-commerce companies that prefer to send the parcels using door-to-door couriers. These ones pick-up the parcels from the companies' warehouses, which involve a reduce need of workforce and manipulation services and deliver the goods directly to the recipients home.

Looking at the researched population as senders, we can appreciate that the price and previous experience could be considered the main reasons for which the population prefer to send parcels by CNPR. The price asked by this company is lower than the private couriers' ones but CNPR do not practice anytime the door-to-door services.

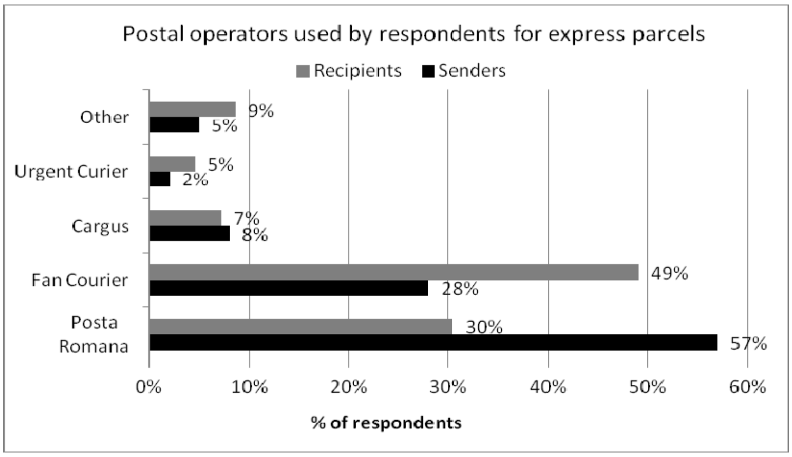

Fig. 4. The ratios of express parcel delivery services users on the main operators

Trying to find the position of the main postal operators in the customers' mind (O4) we designed a positioning map taking into account two coordinate of the postal services: price and quality (see Fig. 5). The two variables contain the respondents' opinions regarding the price and the quality of the express parcel delivery services provided by the main operators that activate on the Romanian market measured with a numerical scale from 1 to 5 (5=high quality/high price). The points inside the chart represent the mean scores of the mentioned variables.

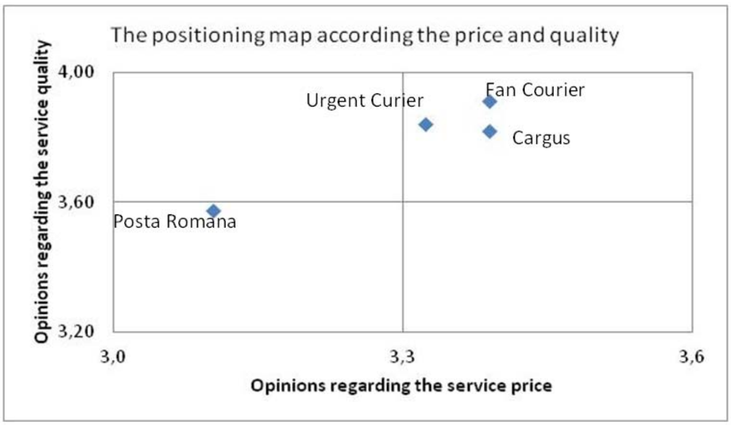

Fig. 5. The positioning of the main operators in the customers' mind according to the service price and quality

As we can see CNPR is perceived very different in comparison with its main competitors, having low prices but also a low quality of services. As regards the other operators, Fan Courier is perceived as having about the same price with Cargus but with a better quality, while Urgent Curier as having a lower price than the previous two companies, and a comparable quality level with these ones. Taking into account the above mentioned issues CNPR should increase the quality of its services even if it will increase the prices in reasonable limits. In this efforts a proper communication strategy should be involved and a strong relationship with the customers in order to raise the trust of these ones in the provided services.

5. Conclusions

The importance of studying the postal services market is given by their impact on a large category of actors: population, companies, service providers, employees, authorities etc. For this reason, at the level of EU a series of legislative initiatives have been put in practice in order to increase the competition on one hand and to protect the consumers on another hand. In this respect the Universal Service Obligations (USOs) have been introduced in the EU's Postal Directive that states the obligations of the postal operators to cover the entire territory of a country and to have at least one clearance and one delivery to home on every working day. In literature is underlined that due to these obligations to assure the services at an affordable and uniform price some operators tend to decrease the services' quality and to concentrate their efforts on those segments with high profitability.

Starting from the above mentioned issues we conducted a research with the aim to make an overview of the Romanian postal market and to identify some behaviours and attitudes of the population regarding the postal services provided by the local operators. In spite of the poor statistics (data are available only until year 2013) we have found that the number of the authorised operators has increased in the last years after a huge decreasing during the crisis period. The total number of deliveries has also increased in spite of a large scale replacing of the traditional mail with e-mail and other electronic means of communication. The USOs on the Romanian market have been in the charge of the National Company Posta Romana (CNPR), which had a reserved right to deliver small letters and parcels until the end of year 2012. After the market liberalisation in 2013 the USOs have been still in the CNPR's charge, but other companies may also to deliver small letters and parcels. In these conditions, the cost of USOs becomes an important issue and the national authority works to a compensation plan for these costs.

On such a market with a strict regulatory system and with a high competition for the most profitable services it is very important to know the customers' opinions, attitudes and behaviours in order to find the best marketing policies and strategies both for the postal operators and the regulatory system. Our survey revealed that a large part of the researched population uses postal services both as senders and recipients. As regards the express parcels, which are the most profitable services on the market, the respondents prefer to send the parcels through CNPR but they receive such parcels mainly trough other private companies. The services of the CNPR are perceived as having a low price but with a lower quality than its competitors. In this respect, CNPR have to improve the service quality even if it would increase the prices. Such a strategy could be put in practice through relationship marketing actions meant to improve the communication with market segments and the company's image in the customers' mind. Another strategic direction of the CNPR has to be the partnership development with different e-commerce operators taking into consideration the increasing trend of this field of activity.

In conclusion the research objectives have been attained and the hypotheses have been confirmed. The results of our research could be useful both for academic community and the business environment. Based on the resulted information the competitors that activate on the postal market could put in practice better marketing strategies and the academic community could understand better such a complex market. The research has also some limits, especially regarding the sample representativeness due to an auto-selection process of respondents. In the same time the sample includes only private persons (not companies) from a single urban area. For these reasons further researches have to extend the investigation to a sample representative at national level and also to the level of companies.

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