

European Consumer & Small Business Parcels Services Market Insight Report 2015

Apex Insight Ltd

Threshold & Union House,
65-69 Shepherds Bush Green,
London W12 8TX

+44 20 7100 7239
www.apex-insight.com
sales@apex-insight.com

October 2015

About this report

What does the report contain?

- This report focuses on an important segment of the parcels industry: those services designed to carry parcels on behalf of consumers and small businesses, such as eBay or Amazon Marketplace sellers.
- We quantify the market segment size, historical growth rates, segmentation patterns and levels of market profitability while reviewing key factors behind these figures.
- We also carry out an in-depth analysis of the relevant drivers of industry growth. This includes trends in home shopping, the growth of eBay and its peers and the development of new services targeted at this segment.
- A broad range of companies who serve the consumer / small business segment across Europe are profiled, their strategies and positioning are reviewed and their performance and prospects are analysed.
- The report sets out historical trends in a data-rich document with over 80 charts and tables.
- It contains our forecast scenario for consumer / small business segment growth which is based on analysis of historical trends and our understanding of growth drivers.

What are the objectives of this report?

- The European parcels industry has continued to grow, however the traditional business-to-business (B2B) segment is increasingly mature.
- To find growth, many carriers looked first to consumer deliveries (B2C) as home shopping became increasingly important. Now, as marketplaces such as eBay and Amazon have grown strongly, and increased home shopping has led to ever more returns, the importance of parcels consigned by consumers and small businesses such as eBay sellers (C2X parcels) is increasing.

- The report is intended for parcels carriers and logistics groups, home-shopping retailers, operators of consumer / small business parcels service providers, potential entrants to the segment, investors, banks, analysts, consultants and other parties with interests in the area.

What are the sources and methodology?

- This report is based on
 - Interviews with senior-level contacts in the parcels and home shopping industries
 - In-depth analysis of the macroeconomic environment and relevant parcels market drivers
 - Financial analysis of the accounts of companies in the industry
 - Extensive research using published and online sources
 - Our own experience of advising both companies and investors in the parcels and home shopping industry
- Information from these sources has been synthesised and presented clearly and concisely with extensive use of charts and tables to illuminate points and support conclusions.

Summary

Consumer / Small Business Parcels Market Background

- Consumers and small businesses wishing to send occasional parcels have traditionally been served by national postal services with customers taking their parcel to their local post office and queuing up to send it.
- Historically, most parcels carriers did not target smaller customers. This type of traffic was challenging for their business models, which rely on consolidation of pick-ups to obtain superior economics and the fixed costs of setting up an account made small customers unprofitable
- However, volume growth has meant that consumers, and small businesses such as eBay sellers, have represented an increasingly important segment which has consequently attracted both traditional carriers and new entrants to the market.

Market Trends: Home Shopping and Royal Mail Strategy

- Two established trends drive the growth in opportunity for those in the sector:
 - Market volume growth
 - Loss of share by postal incumbents.
- Market growth has come from two main sources:
 - The rise of home shopping, which has led to significant increases in the volumes of items being returned by consumers.
 - Marketplaces, such as eBay and Amazon, which have become increasingly important shopping destinations with many small sellers who need a way to dispatch items they sell but, like consumers, may not have the scale to operate accounts with established parcels carriers.

Business Models: Networks & Brokers

- New models which target this segment have emerged with many having achieved impressive growth rates. These include:
 - Networks, with collection and delivery points: lockers or manned locations such as convenience stores. Examples include Hermes' Parcel Shops, UPS's Access Point network, DPD Pickup as well as independent networks such as InPost, Mondial Relay and Collect+
 - Brokers, operating consumer-facing websites which offer services from a range of carriers, typically at rates which would not be accessible to the consumer. Examples include Parcel2Go, Packlink and Sendabox.
- Many established carriers, as well as selling via brokers, have now introduced specific services for one-off or small volumes of consignments which they sell directly to consumers and small businesses via their websites and call centres.

Outlook

- Prospects for further segment growth are healthy – certainly few doubt that home shopping will continue to grow in all countries, and European law increasingly protects the right of consumers to return items. However, eBay's growth is less rapid than in the past in its more mature markets and an increasing proportion of sales on its marketplace are from larger retailers.
- Amongst the new players, it is not yet clear which business models and which companies will emerge as the winners. The market presents opportunities and threats for the various different models but volume growth has meant that any eventual shakeout has been delayed.

About Apex Insight

Company background

- Apex Insight is an independent provider of research, analysis and advice
 - Founded in 2012 by a team with experience of working in strategy consulting and the transaction advisory team of a Big 4 firm (Ernst & Young)
 - Focus on a range of services markets including TV production
 - Publish market reports and carry out consulting work to address specific requirements

Consulting services

Custom market analysis

- Research and evaluation of your required market to your desired scope.
- Market quantification, competitor insight and intelligence, analysis of drivers and forecasts

Commercial / operational due diligence

- Experience of leading c.150 transactions.
- Work includes assessment of market attractiveness, competitive position, customer relationships, information systems and operational performance.

Primary research

- We have deep experience in conducting face-to-face interviews with senior-level decision-makers and managing large-scale surveys, plus even more experience in analysing findings to provide insights and actionable results

Growth strategy

- Outward looking and fact-based: market entry strategies, search and screening programmes for new partners, customers or acquisition targets, benchmarking.

Related research

- UK Consumer & Small Business Parcels Services (September 2015)
- UK Business to Business Parcels Market Insight Report (August 2015) <http://www.apex-insight.com/product/b2b-parcels-2015/>
- European Parcel Shops and Locker Networks (July 2015) <http://www.apex-insight.com/product/european-parcel-shop-and-locker-networks-market-insight-report-2015-2/>
- UK e-fulfilment: Market Insight Report (June 2015) <http://www.apex-insight.com/product/uk-e-fulfilment-market-insight-report-2015-2/>
- European Parcels: Market Insight Report (June 2015) <http://www.apex-insight.com/product/european-parcels-market-insight-report-2015-2/>
- Parcels in Belgium Market Insight Report (June 2015)
- Parcels in France Market Insight Report (June 2015)
- Parcels in Germany Market Insight Report (June 2015)
- Parcels in Netherlands Market Insight Report (June 2015)
- Parcels in Italy Market Insight Report (June 2015)
- Parcels in Poland Market Insight Report (June 2015)
- Parcels in Spain Market Insight Report (June 2015)
- UK Parcels Carrier Profiles (February 2015) <http://www.apex-insight.com/product/uk-express-parcels-carrier-profiles-2015/>
- European Parcel Shops: Insights from Interview Research (November 2014) <http://www.apex-insight.com/product/parcel-shops-interviews-2014/>
- UK Parcels: Market Insight Report (September 2014) <http://www.apex-insight.com/product/uk-parcels-market-report-2014/>

Research subscriptions

- For clients who require access to multiple reports.
- Can be tailor-made to meet individual requirements cost-effectively

Contents

Introduction

- About this report
- Summary
- About Apex Insight
- Contents
- List of charts and tables

1

The Consumer and Small Business Consigned Parcels Market

10

- Market definition
- History
- New business models
- Response of national post offices
- Response of established B2B / B2C carriers
- Market size and growth

Segment drivers

16

- Historical GDP
- Internet retail
- Internet retail – international comparisons
- Returns
 - *Basket size*
 - *Returns rate*
 - *Trends in returns*
 - *Free returns*
- eBay / Amazon marketplace sales
 - *Sales by category*
 - *Sales by country*

Competitive landscape

30

- Business Models
 - Networks
 - Brokers
 - Dedicated services from mainstream carriers
- Profiles
 - *DHL Service Points / Paketshops*
 - *La Poste (incl. DPD Pickup)*
 - *Hermes*
 - *MondialRelay*
 - *UPS Access Point*
 - *GLS*
 - *FedEx*
 - *TNT*
 - *InPost*
 - *Collect+*
 - *Doddle*
 - *MBE*
 - *Ipostparcels*
 - *Parcel2Go*
 - *Interparcel*
 - *Parcel Monkey*
 - *Packlink*
 - *Send Easy*
 - *Hofert Transporte*
 - *Cargo International*
 - *iloxx eService*
 - *Boxtale SAS*

Contents

- *Envoi2Colis*
- *MGP Upela*
- *Colis Voitureage SARL*
- *Sendabox.it*
- *Cheap Cargo Holding BV*
- *Boekuwzending*
- *ParcelParcel Group BV*
- *P-O-S-T.nl*
- *Parcel.nl BV / (Shippingcenter.nl)*
- *uShip Europe BV*
- *KurJerzy.pl*
- *AlleKurier sp. z o.o.*
- *Eurokurier Sp. z o.o. / (WysylajNajtaniej.pl)*
- *R2G Polska Sp. z o.o / (Apaczka.pl)*
- *BPS / (TwoiKurierzy.pl)*
- *SBCI Sp. z o.o. / (Sender24.pl)*
- *Faktabilligt.se*
- *Fraktjakt.se*
- *Bussgods.se*
- *Budguiden.se*
- *SwipBox*

Country Markets

- UK – Market size and growth
- UK – Market drivers
 - *UK historical GDP*
 - *Retail sales*
 - *Home shopping*
 - *Internet shopping and parcels volumes*

- *Mail order*
- *Marketplace sales*
- *Population*
- UK – Competitive landscape
 - *Royal Mail*
 - *Other providers*
 - *Service price comparison*
 - *Carrier satisfaction*
 - *Carrier volumes*
 - *Network size*
 - *Revenue and Growth*
 - *Revenue per parcel*
 - *Profitability*
 - *Website rankings*
- UK – Forecasts
 - *Market forecast*
 - *Market share trend Implications*
- Germany
 - *Market size and growth*
 - *Forecasts*
 - *Internet retail*
 - *Marketplace sales*
 - *Population*
 - *Competitive Landscape*
- France
 - *Market size and growth*
 - *Forecasts*
 - *Internet retail*

53

Contents

- *Marketplace sales*
- *Population*
- *Competitive Landscape*
- Italy
 - *Market size and growth*
 - *Forecasts*
 - *Internet retail*
 - *Marketplace sales*
 - *Population*
 - *Competitive Landscape*
- Spain
 - *Market size and growth*
 - *Forecasts*
 - *Internet retail*
 - *Marketplace sales*
 - *Population*
 - *Competitive Landscape*
- Netherlands
 - *Market size and growth*
 - *Forecasts*
 - *Internet retail*
 - *Marketplace sales*
 - *Population*
 - *Competitive Landscape*
- Belgium
 - *Market size and growth*
 - *Forecasts*
 - *Internet retail*

- *Marketplace sales*
- *Population*
- *Competitive Landscape*
- Poland
 - *Market size and growth*
 - *Forecasts*
 - *Internet retail*
 - *Marketplace sales*
 - *Population*
 - *Competitive Landscape*

Forecasts

112

- GDP
- Home shopping sales
- Marketplace sales
- Market forecast
- Risks to the forecast & implications for key participants
 - *National postal services*
 - *Networks*
 - *Brokers*

Appendix

119

- Glossary of terms

List of charts and tables

1. Number of post offices by country / 000
2. Average number of inhabitants served by each post office in 2013 / '000
3. Number of parcel shop and locker bank locations by country
4. European market volume by country / millions of parcels
5. Segment volume and growth by sub-segment / millions
6. European GDP growth: 2009-14 / annual % change
7. European GDP growth by country: 2009-14 / CAGR %
8. Internet retail sales by country / €bn
9. Internet retail as % of GDP
10. Internet shopping returns rate by category of item / %
11. % of leading retailers offering free returns by country
12. % of leading UK internet retailers offering free returns
13. When you can charge returns costs to customers, do you intend to do so?
14. eBay UK Revenue / \$bn
15. eBay Global Marketplaces revenue / \$bn
16. eBay Gross Merchandise Volume (GMV) / \$bn
17. Average selling price of merchandise on eBay UK and volume / £, millions
18. eBay sales by category / % of total sales
19. eBay marketplace sales index by country
20. UK consumers' parcel sending frequency
21. 2009-15 population growth by country / average annual % change
22. Collections as a percentage of total parcel shop volume by country
23. List of company profiles
24. UK Segment volume and growth by sub-segment / millions
25. UK real GDP / % annual changes
26. UK retail sales growth / % annual change
27. UK Mail order and internet retail / £bn
28. eBay sales index / highest = 100
29. Population growth in the UK 2010-15 / annual % change
30. C2X parcels volumes: Royal Mail vs. others / millions of parcels
31. Number of UK Post Offices by year
32. Service price comparison / £
33. Customer satisfaction distribution
34. Types of problems
35. Past Switching Behaviour / % of customers who switched
36. Customer switching behaviour / previous carrier used
37. Satisfaction level by carrier
38. Volumes / millions
39. Number of locations
40. Revenue per location / £'000
41. Last three years' revenue / £m
42. Annual revenue growth rate over the latest three years / CAGR %
43. Revenue per parcel / £
44. Gross and Operating margin / %
45. Alexa internet traffic ranking – UK ranking
46. UK GDP real GDP / % annual changes - Historical and forecast
47. Consumer and small business parcels volume forecast, by segment / millions
48. Royal Mail and others' segment share trends / millions of parcels

List of charts and tables

49. Consumer and small business parcels volume by segment / millions
50. Internet retail, 2009-14 / €bn
51. Internet retail as percentage of GDP vs European average
52. eBay sales index / highest = 100
53. Population growth in Germany 2010-15 / annual % change
54. Consumer and small business parcels volume by segment / millions
55. Internet retail, 2009-14 / €bn
56. Internet retail as percentage of GDP vs European average
57. eBay sales index / highest = 100
58. Population growth in France 2010-15 / annual % change
59. Consumer and small business parcels volume by segment / millions
60. Internet retail, 2009-14 / €bn
61. Internet retail as percentage of GDP vs European average
62. eBay sales index / highest = 100
63. Population in Italy 2010-15 / annual % change
64. Consumer and small business parcels volume by segment / millions
65. Internet retail, 2009-14 / €bn
66. Internet retail as percentage of GDP vs European average
67. eBay sales index / highest = 100
68. Population growth in Spain 2010-15 / annual % change
69. Consumer and small business parcels volume by segment / millions
70. Internet retail, 2009-14 / €bn
71. Internet retail as percentage of GDP vs European average
72. eBay sales index / highest = 100
73. Population growth in the Netherlands 2010-15 / annual % change
74. Consumer and small business parcels volume by segment / millions
75. Internet retail, 2009-14 / €bn
76. Internet retail as percentage of GDP vs European average
77. eBay sales index / highest = 100
78. Population growth in Belgium 2010-15 / annual % change
79. Consumer and small business parcels volume by segment / millions
80. Internet retail, 2009-14 / €bn
81. Internet retail as percentage of GDP vs European average
82. eBay sales index / highest = 100
83. Population growth in Poland 2010-15 / annual % change
84. European GDP growth: 2009-19 / annual % change
85. European GDP growth by country: 2009-14, 2014-19 / CAGR %
86. European internet retail by country 2009 to 2019 / €bn
87. Consumer and small business parcels volume forecast, by country / millions
88. Consumer and small business parcels volume forecast, by segment / millions