Apex
Insight

European Consumer & Small Business Parcels Services

Market Insight Report 2015

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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/

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