

THE ROLE OF POSTAL OPERATORS IN DEVELOPMENT OF E- COMMERCE

Ivo Asčić, Marijan Binički, Goran Tomljenović

ivo.ascic@posta.hr; marijan.binicki@posta.hr; likacestegp@net.hr

*B.Sc., M.Sc., M.Sc., Croatian Post Inc. Jurišićeva 13, 10000 Zagreb, Smiljanska 41, 53000 Gospić
CROATIA*

Abstract: *Due to the fast development of electronic technology at the end of the last century certain number of postal operators decreased during the large reduction of messages exchanged via traditional postal channels (letters, postcards, etc.) which were replaced by new forms of textual communication via telecommunication network (fax, e-mail, sms, etc.)*

By further growth of the computer network i.e. internet and the emergence of e-commerce, postal operators have experienced unexpected opportunities not only in delivering the goods purchased through catalog sales and sales of goods purchased via internet, but also providing full logistical support in the process of selling goods (ordering, arrangement, delivery) or opening your own internet shop but also improving the standard of postal services.

Postal infrastructural network is one of the most important e-commerce links and represents a must have necessity. Confidence in national designated operators or postal global brands (DHL, UPS, TNT, etc.) of third persons in an e-commerce chain is particularly important issue since sellers and potential buyers do not know each other in comparison to designate operators engaged in performing services of delivery of goods and being a regular „visitor“ to addressee's home and to company's premises (shops).

The postal sector is most suitable for small and medium enterprises (SMEs) whose sales infrastructure is not very developed. Sale/purchase of products via e-commerce become available even to those to whom it would be inaccessible because of poorness or isolation.

The satisfaction of ever more demanding customers in the transport sector is crucial at a time when the use of electronic payment for services and products, as well as the use of various substitutes in the transfer of information and goods, also as increasing competition not only in transport services realm but also other activities that such companies provide (goods and services sales). The increase of loyalty and the number of customers, as well as the expansion of the market on the basis of better services, particularly when it comes to traditional state-run companies, are a direct consequence of the introduction of new services.

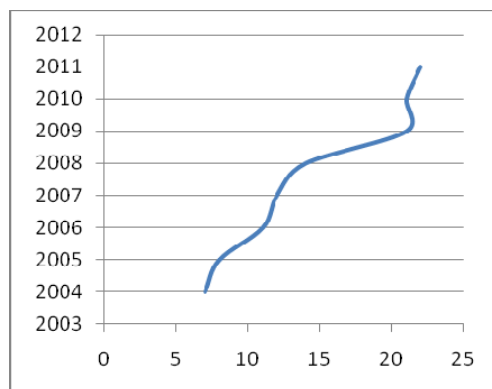
Key words: *e-commerce, postal sector, shipments, internet, payments, sale, transport*

1. INTRODUCTION

Modern organized service (service publicity, regularity, reliability and security) which was created in the first half of the 16th century has made a great contribution in the exchange of messages and goods among people, business subjects and nations, transport and transfer. In particular, its progress is

visible from the mid 19th century during the introduction of postage stamps as a means to pay postage in advance.

The emergence of faster and simpler communication media such as phone, SMS, fax and especially internet in the second half of the 20th century has directly influenced the postal business and it is for this reason that certain number of postal services have been declined. With development of internet, e-commerce simultaneously appeared and therefore it has been of a great importance for sale of goods via the internet, without any physical contact between the seller and the buyer, through postal sector - the largest distribution network in the world.



Diag.1 The increase the number of postal providers in the Republic of Croatia since 2004 until 2011
Source: Authors

On the constant requirements of customers via e-commerce, there are few postal operators in the state ownership that immediately offered a solution, which was the motif of the arrival of major competition in the provision of postal and courier services, mostly owned by private or large postal corporations.

The main disadvantage of postal operators as a logistic operators, i.e. company partners that are engaged in such a way of selling goods, are delays in delivery, high costs of postage, goods damage during the transport because of improper shipments handling or poor quality of items packing, insufficient operator's care for customer, etc.

Postal operators who introduced various services in its business and therefore provided combination of physical, digital and financial services for their customers, have benefited the most.

A good example of the growth of e-commerce is Republic of Croatia with its 4.3 million inhabitants, where in the last couple of years, due to the increased online purchases, the number of postal operators almost doubled. However, under the influence of the global crisis average Compound Annual Growth Rate (CAGR) of postal operators for the period since 2004 until 2011 was only 0.07%. Internet penetration in Croatia is the highest in the Balkans region, and is more in line with those found in the Eastern European EU countries.

An 4% increase of e-commerce for year 2010 compared to 2009 was recorded in Croatia. This increase is directly connected with the increased use of computers and the internet, but also with modernization of postal services.

2. E-COMMERCE MARKET

E-commerce involves the utilization of internet and other digital communication to facilitate the process of selling or buying goods regards the transaction whether between business to business (B2B) or business to consumer (B2C). Purchased or sold goods are being delivered via postal operators.

E-commerce appeared in the mid nineties in the United States. The first product being sold was a book and afterwards started selling toys, furniture, food, etc. We can say that there is no product that

can't be sold or bought online these days. Books, clothing, household items and electronic devices excel in sales.



Fig.1 *The Amazone warehouse*
Source: www.dailymail.co.uk

In most developed countries, about 60% of total trade is conducted online. Slightly more than 30% of the world population uses the internet and around 150 million people in the European Union uses the internet for some kind of purchase. According to some data there are more than 13 million online stores today. The best known e- stores are Amazon and eBay with millions of registered buyers from random countries around the globe. Given the number of internet users, it's evident that top buyers are South Koreans, Germans, English, Japanese and Americans.

In support of increasing online sales says the fact that the vast number of citizens owns credit cards which increases awareness of the cashless trading. Even 60% of buyers pay for their goods with credit cards. Prepaid cards are certainly one of the fastest growing categories of card operations primarily due to the reduction of risk and greater safeness on the occasion of buying goods via internet.

This comparative advantage in the use of cards in e- commerce was used by numerous postal operators. Italian Post (Posteitaliane) went most further and developed the most successful prepaid program in Europe which had 7 million card users with a tendency of further growth. Also, different cash payment methods (e.g. ordinary money orders) which are offered by postal operators are imperative of frequent purchase, especially among the elderly population that has no confidence in credit card payment.

3. THE ROLE OF UNIVERSAL POSTAL UNION

The Universal Postal Union (UPU), created in 1874, based in Berne (Switzerland), is an intergovernmental organization and the primary forum for cooperation between governments, Posts (191 member countries) and other stakeholders of the worldwide postal sector.

Postal services connect people and improve their life quality for several millenniums. Unfortunately, even in modern digital age, millions of inhabitants of planet Earth are compelled to use postal network as a sole and exclusive option for communicating and obtaining information.

UPU, the United Nations specialized agency for postal services together with the holders of e-commerce World Trade Organization, UN Conference on Trade and Development, International Communication, International Labour Organization, International Air Transport Association and International Trade Center, a key factor that strongly affects lifestyle change and various spheres of society, thanks to modern information and communication technology.

The world's biggest physical distribution network enables people, even those who due to the poorness or geographic distance were prevented from doing so, to purchase or sell goods over the internet. With this new way of trade, UPU and its members participate directly in the realization of one of the UN millennium goals, specifically the reduction of poverty.

According to research conducted by UPU in cooperation with its members, which employ more than 5.5 million workers in more than 660 thousands postal establishments, it is predicted that mail items for domestic and international traffic will increase if they are widespread through the regions of the whole world.

Among the basis factors that are being predicted as the key factors is the economic growth and increase in online sales which is closely associated with the development of e-commerce.

In response to the attractive services („Door to door“), major postal operators such as UPS, DHL, TNT and others, UPU has developed the fastest postal service for delivery within the international postal traffic: Express Mail Service (EMS).

Country	Bosnia and Herzegovina	
Postal item	Small Packet	
Dispatch	Air	
Weight	101-250	Gramm
Delivery cost	14.70	GEL

Delivery cost includes VAT

Fig.2 Calculation of postal items value on the internet
Source: Georgian Post

The service can deliver both documents and parcels, with a weight range from 0,5 to 30 kg. Figures for the second quarter of 2010 showed that international express mail revenues was up 27% compared to the same quarter in 2009, while domestic figures were up 8% for the same period. EMS service is now accepted by 168 member countries. Only in 2009, these kind of mail items reached 51 million within the international traffic.

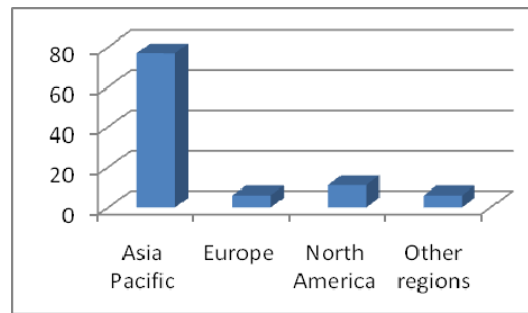
The traffic's lion share is generated in the Asia-Pacific market, accounting for 78% of all items. This is followed by North America at 11 % and Europe at 6%.

Despite the global crisis further growth of the EMS items, which will include goods purchased via the internet, is expected. Except the speed and the quality of transport these services enable internet tracking of the shipment's status (Track and Trace), which is very important factor in the reliability of online purchasing.

4 E-COMMERCE WITHOUT BORDERS

Postal sector can help small and medium-sized enterprises (an enterprise with less than 250 employees) take advantage of the globalization of trade. For example, in rural areas and in small cities, post office is often the only facility enabling people to gain access to national and global trade.

UPU in cooperation with the World Customs Organization (WCO) has resulted in simplification for customs charge for postal sector with the aim of time shortening and costs reduction for goods sent abroad or received from international traffic.



Diag.2 EMS traffic by region, 2009/Source: UPU

Following the purchasing habits of its customers abroad via e-commerce, many postal operators, in order to maximize customer's satisfaction, began to import goods as consignment (group items) to reduce customs charges, but also reduce the cost of postage. Also, a significant number of postal administrations organized a custom services within their business units which have had a great impact on the speed growth of dispatch/ receipt of goods by post from (or to) foreign countries.

E-commerce and the postal sector provide for the small and medium-sized enterprises (SMEs) to be more effective when it comes to their global operations, to collaborate more closely with their suppliers and to respond better to customers' needs and expectations.

There are some advantages in reducing transaction costs and delivery time. Goods are sent directly from the producer or tradesman to the last customer bypassing the traditional wholesale points, bonded warehouses and retail outlets. In France, for example, La Poste reported having delivered 22% more parcels linked to online sales in the first half of 2009 compared to the same period in 2008.

Except the various modes of delivery and payment of goods which could be purchased via e-commerce, postal and courier services are offering the insurance of goods during transit shipments in order to increase customer satisfaction via internet and that further affects the purchase of goods.

The amount and means of insurance are being prescribed in inner postal traffic by various national laws and in international traffic the postal service provider fits within the limits determined by the regulation of the UPU and international contracts. For example, the amount of marked value on the shipment, e.g. insurance of the shipment (goods) for packages and courier shipments within Croatian postal operator can be up to 200 000 kunas (approximately 27 000 Euros).

5. CONCLUSION

Enhanced services of postal operators (cash, credit and prepaid cards, postal money orders, etc), hastened terms in shipment transfer (received today - delivered tomorrow, 'door to door' delivery, monitoring the status of shipments, etc.), insured shipment, the market coverage (delivery also to the rural areas and to the low inhabited islands) are the main advantages of e-commerce in the relation to the classical way of purchasing goods at retail or wholesale markets.

The postal sector as a very important segment of the economy (economists estimate that postal services generally contribute 1% of a country's gross domestic product – GDP) provides an opportunity to help that part of the world population that doesn't have the access to shopping malls, but also to compensate the loss of earnings caused by declined interest in the traditional postal services. The sector plays a role key in revitalizing trade infrastructure and provides direct access to buyers/sellers and especially to SMEs in underdeveloped and developed countries, it provides access to international markets without retail and wholesale trade mediators.

The postal sector is a major industry, employing more than 5 million people and operating thousands of buildings and vehicles around the world. It's vital to e-commerce, with its unmatched geographical coverage, trusted brand name, and communication, payments and logistics capabilities available globally.

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РОЛЯТА НА ПОЩЕНСКИТЕ ОПЕРАТОРИ ЗА РАЗВИТИЕТО НА ЕЛЕКТРОННАТА ТЪРГОВИЯ

Ivo Aščić, Marijan Binički, Goran Tomljenović

Croatian Post Inc. Jurišićeva 13, 10000 Zagreb, Lika ceste d.o.o., Smiljanska 41, 53000 Gospić
ХЪРВАТИЯ

Ключови думи: *електронна търговия, пощенския сектор, пратки, интернет, плащания, продажба, транспорт*

Резюме: *Поради бързото развитие на електронните технологии в края на миналия век някои от пощенските оператори намаляват поради голямото намаляване на съобщенията, разменяни чрез традиционните пощенски канали (писма, пощенски картички и т.н.), които бяха заменени от нови форми на текстови комуникация чрез далекосъобщителната мрежа (факс, електронна поща, SMS и др.)*

Задоволяване на все по-взискателните клиенти в транспортния сектор е от решаващо значение в момент, когато се увеличава използването на електронни платежни услуги и продукти, както и използването на различни заместители в трансфера на информация и стоки. Нараства и конкуренцията не само в сферата на транспортните услуги, но също така и в други дейности, които такива компании предоставят (продажби на стоки и услуги). Увеличението на лоялността и броя на клиентите, както и разширяването на пазара на основата на по-добри услуги, особено когато става дума за традиционните държавни дружества, са в пряка зависимост от въвеждането на нови услуги.