



Republic of Serbia
RATEL
Regulatory Agency for
Electronic Communications
and Postal Services

STUDY OF THE MODEL OF UNIVERSAL POSTAL SERVICE

LIST OF ABBREVIATIONS

- GDP – Gross domestic product
- EC – European Commission
- ERGP – European Regulators Group for Postal Services
- EU – European Union
- GCI – Global Competitiveness Index
- ICT – Information and communications technology
- ISO – International Standardization Organization
- PE – Public enterprise
- PPO – Public postal operator
- IMF – International Monetary Fund
- NRA – National regulatory authority
- VAT – Value added tax
- PESTEL – Political, Economic, Social, Technological, Ecological and Labour environment
- RATEL – Regulatory Agency for Electronic Communications and Postal Services
- UPU – Universal Postal Union
- SWOT analysis – Strengths, Weaknesses, Opportunities, Threats analysis
- UPS – Universal postal service
- USP – Universal service provider
- USO – Universal service obligation

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1. Introduction

Universal postal service (hereinafter: UPS) is becoming more and more the focus of interest of the postal stakeholders, especially in the European countries. Since the time of its definition, this principle of provision of services of general public interest, characteristic for postal and telecommunications services, has been the object of numerous discussions. Especially so, if this phenomenon is observed in the light of the development of information and telecommunications services, normally causing the decrease of the volume of classic postal services (especially letter-post items), and inevitably increasing the costs of service provision. On the other hand, the concept of UPS is predominantly a user-oriented category, which leads to a set of questions that need to be answered:

- Does an average user need the services from the UPS scope?
- Do certain corporations use UPS as their sales channel and is that in accordance with the UPS definition?
- Is the UPS provision a benefit or an imposed obligation, hampering the development of the provider itself?
- Does the UPS as part of the market with almost no competition figure as a competition simulation polygon managed by the state (mostly regulators), and thus, as one of the most important issues in the restructuring process of public operators?
- Would it be needed to get beyond postal limits when debating over this issue, bearing in mind that, depending on the state, the UPS can be the tools in many other domains, such as regional development and social inclusion?

The European countries are trying to answer these questions, as well as many others, through the establishment of the „National consensus on UPS“, whereas the coordination of overall process is performed by the postal regulators gathered around ERGP, working under the auspices of the EC. In this organization, RATEL has the status of observer, as a representative of a candidate-country for the EU membership. The elaboration of this material represents an initial part of the process of reaching the National consensus on UPS. The process should include all stakeholders from the postal sector (competent Ministry, regulator, public operator, expert and academic circles), as well as the non-postal sector (local communities, social institutions, consumers

associations). The results of this process could be included in so-called Model of the UPS in the Republic of Serbia.

The ambition of this project is to initialize the making of the UPS model in the Republic of Serbia, using analytical approach, through a set of different criteria adapted to local ambient conditions, including ways to take into account the interests of single users, of universal service providers and of the state. In addition, the legal aspect of the UPS phenomenon is also to be analyzed, as well as its aspect regarding the development of the society as a whole.

2. International regulations in the domain of universal postal service

On the international level, UPS is regulated by the Universal Postal Union Acts (hereinafter UPU) and EC Directives. Universal Postal Convention stipulates that, in the aim of strengthening the concept of the single postal territory, UPU Member States must make sure that all users benefit from the provision of universal postal service. This universal service comprises basic postal services of a prescribed quality, provided in continuity, on the whole national territory, at affordable prices.

On the European level, the systemic analysis of the postal sector performed by the EC, in the ever expanding and developing environment of communications and advertising markets, lead to the adoption of Green paper, in 1992. That document presented the need for the creation of an overall political and regulatory frame in the domain of postal services, emphasizing the need for the provision of UPS at the national level, at affordable prices. This also included the necessity to protect UPS (protecting at the same time users' needs for postal services) from possible problems induced by market liberalization. In that sense, this document can be understood as a milestone in the evolution of the European postal markets.

The launched process of transformation resulted in the adoption of Postal Directive 1997/67/EC. This document, amended twice in the following period (Directives 202/39/EC and 2008/6EC), serves as a frame for gradual reforms of the postal sector. The aim of the Directive is the creation of a regulatory frame for better conditions of postal services provision and of postal market development. At the same time, this Directive aims to improve all UPS elements, leaving it for the Member states to adapt universal service to their own needs and specificities.

Article 3 of the Directive stipulates that all Member states shall ensure that users have the right to be provided universal postal service, i.e. continuous provision of postal services of a defined quality, on the whole territory, at affordable prices for all users. [3]

A minimum UPS scope, guaranteed by Member states, was set, but at the same time it was determined which postal services can be reserved for the universal service provider (hereinafter: USP), in order to maintain the sustainability of UPS. This Directive also defines minimum requirements regarding the UPS scope, accessibility, frequency of collection and delivery, quality and price.

Based on the prescribed minimum requirements, Member states are allowed to adapt UPS in accordance with their national specificities. In addition, this Directive provides for the creation of national regulatory authorities in Member states, as independent bodies trusted with regulatory activities. In table 1 is given the description of universal service according to Directive 97/67/EC. [3]

Scope of services	-Letter-post items up to 2kg (written correspondence, direct mail, books, catalogues, newspapers, magazines), -Parcels up to 10 kg, (can be set up to 20kg by Member state), -Delivery of international inbound parcels up to 20 kg, -Registered and insured items.
Accessibility	Density of access points in accordance with users' needs.
Frequency	One collection and one delivery every working day, not less than 5 times a week.
Quality	D+3 85% D+5 97%
Prices	Accessible, cost-oriented, affordable for all users.

Table 1: Universal postal service based on Directive 97/67/EC

Second Postal Directive was adopted in 2002, representing a regulatory step ahead in the process of liberalization. However, this document did not examine UPS issues. Reduction of the reserved area and growing dynamic changes in the market of information and communications technologies have opened the topic about the necessity of the UPS redefinition. This especially includes the establishment of an adequate model of the UPS financing, in the environment of a liberalized market and setting of the minimum limits for the reserved area. The process of postal market liberalization was well resumed by the Third Postal Directive in 2008, when the monopoly on the postal market was abolished, i.e. when exclusive or reserved rights regarding the provision of certain postal services ceased to apply. The Directive sets the time frame for the opening of internal postal markets. At the same time, it determines common rules regarding the

calculation of net costs of the UPS provision, possible financing of UPS (compensation fund, budget, public procurement), as well as maintenance of the acquired quality levels regarding the provision of postal services, at affordable prices for all users.

Member states have the obligation to provide UPS on the whole territory and to that end they can designate one or more USPs on one part or the whole territory, for one part or all the elements of the UPS. The states are obliged to take all measures to ensure the provision of UPS, according to objective and non-discriminatory principles.

All three Directives contain regulatory frame for the provision of UPS in all of its elements, respecting specific features thereof. Despite the binding provisions under the Directives for the Member states, there is still a possibility of adapting the regulations to each of the state's specific circumstances. Accordingly, the methods of UPS financing are not necessarily defined in detail, and the states are given the possibility to choose the method of covering the loss (compensation fund, budget, public procurement). Having in mind the intensive ICT development and changes in communications models, there is a growing need, at the global level, for a revised regulatory frame defining the UPS in accordance with new market conditions. It can be expected, in the following period, that the EC will adopt amendments to the existing Directives.

EU Directives are legally binding for all Member States, without being directly applicable. These regulations are incorporated in national regulations following certain legal procedures and adoption of specific legal documents. For the non-EU countries, Directives serve as a recommendation. Their provisions are to be implemented in the national legislations gradually, taking into account all the specific features of the national markets. National regulations regarding postal services in the Republic of Serbia are harmonized with the Directive 1997/67/EC and Directive 2002/39/EC, and partially with Directive 2008/6/EC.

As an EU candidate state, the Republic of Serbia is in the phase of harmonization of its internal regulations with the above Directives, whereas the total harmonization is expected upon accession. In that sense, postal services are included in the negotiation chapters 3 and 8. Negotiation chapter 3 concerns the right of establishment and freedom to provide services. One of the goals indicated in this chapter is opening of the postal markets to the competition, in a gradual and controlled way, with simultaneous provision of the universal postal service.

Negotiation chapter No. 8 covers the policy of competition and the „acquis communautaire“ in this domain applies to anti-monopoly activities and control of the state aid.

3. Legal aspect of universal postal service

3.1 National regulations

On the national level in the Republic of Serbia, universal postal service is regulated by the Law on postal services and bylaws adopted by the competent Ministry and NRA. Universal postal service is defined in the Law on postal services as a service of general interest and represents a set of postal services provided in continuity on the territory of the Republic of Serbia, within the prescribed quality, at affordable prices and under equal conditions for all users, without discrimination.

Universal postal service, in domestic and international postal traffic, includes [32]:

1. collection, transmission and delivery of letter-post items, including recorded items, up to 2 kg, and letter-post items in electronic form,
2. collection, transmission and delivery of parcels up to 10 kg and delivery of parcels up to 20 kg, in international traffic,
3. collection, transmission and payment of money orders in classic and electronic form,
4. collection, transmission and delivery of cecogrammes up to 7 kg.

UPS is provided by the public postal operator, whereas other postal operators can provide UPS, except reserved services, based on a license. Reserved postal services are services guaranteed by the state to the USP as exclusive rights, within set limits per weight and per price.

Reserved postal services include [32]:

1. collection and/or transmission and/or delivery of letter-post items, up to the set limits per weight and price,
2. collection and/or transmission and/or payment of money orders in classic and electronic form.

Reserved postal services also include collection and/or transmission and/or delivery of letters in the court, administrative and legal offence procedure, regardless of the limits.

Non-reserved postal services include:

- postal services from the UPS domain, exceeding the set limits per weight and/or price for the reserved area, and
- all other postal services, including valued added services.

Main requirement for the provision of UPS is possession of the postal network, enabling postal operator to provide services on a daily basis, on the whole territory of the Republic of Serbia. Postal operator provides UPS based on the license, issued by RATEL. The license is issued on the basis of the proof of the fulfillment of the requirements for the commencement of business activities, provided by the competent Ministry. Since the foundation of the NRA, the license has been awarded only to PE „Pošta Srbije“, which is a public postal operator (hereinafter: PPO). By complying to the Ordinance on the way and conditions of the access to the postal network, PPO must ensure for other operators to be able to provide UPS. [19]

3.2 International experiences

Two aspects of the regulatory frames defining the UPS and its elements on the national level were analysed:

- documents regulating the UPS
- authors of these documents

In that sense, the following has been noted:

There are three main types of legal mechanisms regulating this domain, which are adopted by different national institutions:

- Laws, adopted by the National Assembly of the Republic of Serbia and Decisions made by the Government of RS, as documents of the strongest legal power, the provisions of which carry strategic importance. Adoption of such legal acts is often conditioned by political decisions, based on complicated processes, whereas amendment procedures are not flexible.
- Bylaws and Decisions adopted by the Ministry responsible for postal traffic. Procedures for the adoption of such documents can be politically conditioned, enactment processes are simpler and amendment procedures are more flexible.

- Bylaws and Decisions adopted by the NRA. These documents are prone to quicker changes, they follow developments on the market more efficiently and should be independent by their nature.

Having in mind that political, social, economic and technological development influence all elements of UPS, it is necessary for the latter to be periodically updated. For the same reason, harmonization of legal standards with the market changes is needed, as well as creation of a positive regulatory framework, enabling further progress and development of the sector. The importance of the regulatory harmonization with the actual market reality is a prerequisite for the functioning of the latter, as well as for the development of the competition, but also for the adequate use of postal infrastructure, from the aspects of the state, USP and user. Definition of the UPS elements through the prescribed legal model reflects actual market situation, including specified instructions given by the international organizations. Due to evidently present changes in the users' communications needs and patterns, the question on the adequacy of the present regulation is rightfully asked from time to time and the need for right solutions and mechanisms following the market changes emerges. Observing the types of national legal mechanisms regulating UPS and the authors thereof, it was noted that stronger the legal acts regulating certain aspects from the UPS domain and higher the level of the decision-making in the institutional sense, less the possibility for the market changes to be adequately legally treated in a short time span.

In table 2 is given an overview of the authors of certain documents (competencies) in some of the European countries.



Country	Scope of UPS	Frequency of UPS provision	Quality	Tariff categories	UPS financing	Licensing procedures
Austria	A	A	A	A	AB	A
Slovenia	A	A	AD	A	AD	AD
Portugal	A	A	A	A	AG	AG
Slovakia	AD	AD	AD	-	AD	A
Switzerland	A	B	B	AB	-	AD
Romania	A	AD	AD	AD	AD	AD
Danmark	A	C	C	-	A	A

Table 2: Overview of the regulatory frame and authors of the documents regulating the UPS segments

Legend:

A- UPS segments are regulated by the Law

B- Acts, Decisions, Ordinances adopted by the PM or the Council of Ministers

C- Acts, Decisions, Ordinances adopted by the Ministry responsible for the postal service sector

D- NRA Acts

In the above countries, an elaborated legal definition of UPS segments has been observed, as well as presence of corresponding documents adopted by the Government, PM and Ministry responsible for the domain of postal services. This ensures direct transposition of the UPU Convention and EU Directives provisions in the national legislation and determination of key rules for UPS regulation, in accordance with specificities of the political, economic and social environment.

In countries, such as Austria, Switzerland and Portugal, legal regulation of all UPS elements is of utmost importance. In Austria, for example, it is the law that defines the scope of UPS, minimum number of postal units and their density on the national territory, while the NRA is responsible for the price regulation.

In Slovakia and Romania, the NRA was given an important role to influence certain UPS elements through its acts and regulations. In Slovakia, the NRA is authorized to influence the UPS scope by means of its regulatory acts, which made it possible for the postal money orders to be included in the UPS scope. In Romania, the NRA mostly implements regulatory provisions contained in the primary legislation. In that sense, regulatory body can increase the limits for collection, sorting, transport and delivery of parcels of up to 10 kg to 20 kg, and can prescribe special conditions for the delivery of those parcels „from door to door“. In addition to that, minimum and maximum dimensions of postal items within the UPS scope are set by the NRA, in accordance with UPU Acts. On the other hand, in certain countries, such as Denmark, the biggest importance regarding the defining of UPS segments was bestowed upon the Ministry responsible for postal services. In Table 3 is given an overview of the UPS scope in different countries.

Country	UPS scope
Austria	Collection, sorting, transport and delivery of letter-post items up to 2 kg; collection, sorting and delivery of parcels up to 10 kg; registered items and insured items, newspapers and magazines.
Slovenia	Collection, sorting, transport and delivery of letter-post items up to 2 kg; collection, sorting and delivery of parcels up to 10 kg; registered items and insured items.
Portugal	Collection, sorting, transport and delivery of letter-post items up to 2 kg; collection, sorting and delivery of parcels up to 10 kg; registered items and insured items, excluding direct mail.
Slovakia	Collection, sorting, transport and delivery of letter-post items up to 2 kg; collection, sorting and delivery of parcels up to 10 kg; registered items and insured items, cecograms; sorting, transport and delivery of international inbound parcels up to 20 kg; business correspondence; postal money orders.
Croatia	Collection, sorting, transport and delivery of letter-post items up to 2 kg; collection, sorting and delivery of parcels up to 10 kg; registered items and insured items, collection, sorting, transport and delivery of cecograms up to 7 kg; sorting, transport and delivery of international inbound parcels up to 20 kg.
Serbia	Collection, transmission and delivery of letter-post items, including recorded items up to 2 kg; letter-post items in electronic form; collection, transmission and delivery of parcels up to 10 kg and delivery of international parcels up to 20 kg; collection, transmission and payment of money orders in classic and electronic form; collection, transmission and delivery of cecograms up to 7 kg.

Table 3: Overview of the UPS scope

It was noted that, in the majority of countries, the law sets out the scope of UPS. This is done in accordance with the EU Directives, respecting certain specificities: in Austria, newspapers and magazines fall into the UPS scope, in Slovakia this is the case with postal money orders, whereas in Portugal, the UPS scope excludes direct mail.

Frequency of the provision of UPS is predominantly regulated by law, while in certain countries, this UPS element is defined by bylaws adopted by the NRA. In Denmark, the frequency of UPS provision is determined by the acts adopted by the Ministry. In Slovakia, under the authorization of the NRA, the Slovak Post delivers postal items to certain rural areas, approximately 3 times a week, at 100 locations.

Quality is also predominantly regulated by law, along with an important role of the NRA in Romania, Slovakia and Slovenia. In Denmark, the quality is regulated by the acts of the Ministry.

Tariff categories are primarily referred to in laws, as, for example, in Romania, where the regulator has an important role. Financing of UPS, in the observed countries, is regulated by laws, but also by bylaws of the NRA, in most of the cases. Licensing procedures are usually provided for in the laws and acts of the NRA.

3.3 Balance between primary and secondary legislation

Establishment of corresponding balance between the primary and secondary legislation is important, since the dynamics of the market and services development is much faster than it used to be. As far as regulatory frame is concerned, there is some doubt regarding the adequate legal mechanism through which certain UPS elements are to be regulated, from the aspect of the state, USP and users.

From the aspect of users

The main objective of the UPS provision (in all of its elements) is to ensure to users an accessible, affordable universal postal service of good quality, on the whole national territory. Generally speaking, the defined UPS scope protects the users' interests, taking into account its mission to satisfy the needs of the wide population, including economic and social aspects.

The concept of a „single-universal user“ has developed from an initial perception of users as citizens, individuals with certain needs, to the change in the users' structure and a growing participation of legal persons therein. Another influencing feature is the change in the dynamics of users' needs. Equally, users' needs also differ compared to the stage of development of different geographic areas in different countries and regions.

Universal postal service, as an infrastructure platform of its kind, ensures private and business communication to its users, whether they be natural or legal persons, on the national and regional level. This is especially important to the users in rural areas. As for the regulation of UPS elements on national levels, different legal definitions through primary and secondary legislation were identified.

As for the user interest regarding adequate level of legal regulation of the UPS elements, i.e. types of services accessible to users, the latter would benefit most from the regulations that would guarantee a set of accessible postal services on a good quality level.

Simultaneously, taking into account intensive changes occurring in the users' needs, different regional development influenced by ICT development and digital economy, it is very important for the users' needs to be supported by adequate legislative actions, such as amendments to the existing regulations, which would be enacted by simple administrative procedures.

From the aspect of state

Each UPU Member state has the obligation to provide UPS, whereas for the EU Member states, parameters to be fulfilled are prescribed and set in the Directives. Member states are partially free in the realization of the UPS concept, so each country defines the entirety of UPS elements in its own national legislation, taking into account social, economic and political development.

Since the postal infrastructure enables the state to ensure an overall communication system on the whole national territory, with the possibility of development of economic and social activities, it is necessary for the definition of UPS to be the result of a wider social consensus, to follow the direction of economic development, including the possibility of broad social inclusion of different categories of population.

In that sense, adequate legal defining of the scope and other elements of UPS must be the result of a realistic evaluation of the society's needs on one hand, and the possibilities of the USP on the other. Inadequate definition of UPS, absence of reaction to the market changes and changes in the users' needs may have negative impact on the UPS provision and, instead of positive effects, it can create losses, which are finally, in the majority of the countries, left to be compensated from the state budget.

Based on the above mentioned importance of UPS, it is sound to expect that the state will regulate UPS in its most influencing legal acts. On the other hand, the dynamic activities on the market, social, economic and technological developments create progressively the need for a periodical analysis of the UPS definition, as well as for a corresponding reaction through legislative changes, to be implemented in simpler legal procedures.

Finally, the defining of UPS elements in such a legislative way, which will ensure the provision of services at the territorial level, on one hand, and periodical monitoring and legal definition of the changes on the market, on the other, represents an issue of strategic interest and a precondition for the provision of UPS itself.

From the aspect of universal service provider (USP)

Establishment of UPS concept has represented more of a legal obligation and citizen's right than a service in the market/economic sense, generating profit. In these circumstances, the state has guaranteed an exclusive right to the USP in the form of reserved postal service, to compensate for the provision of UPS on the territories where such activity is otherwise not profitable. The development of markets and ICTs, market liberalisation, along with gradual abolishment of the reserved area, have opened the question of sustainability of the public demand for UPS, as well as the issue of the cost-related aspect of the UPS provision.

Taking into the account the above mentioned, it is necessary to determine an adequate model for monitoring and management of costs during the provision of UPS and establish the operator's

costs during the provision of UPS, in a legally prescribed way, at determined prices, on the whole territory, without discrimination, according to the prescribed quality. Having in mind the undertaken obligations by the state, regarding the provision of UPS, including the obligation to provide UPS on the whole national territory, the regulation is of utmost importance. The interest of USP is that the state regulates the UPS and mechanisms for covering possible losses incurred by the provision of UPS, by its most important legal acts. Intense market changes and migration of business activities to the field of new technologies and services create an environment calling for a periodic legal revision of UPS, through the adoption of bylaws, in order for the USP to adapt its business operations and infrastructure to the newly generated changes.

4. Wider social aspect of universal postal service

In this part of the research, as mentioned before, the accent will be placed on the wider social aspect of UPS. We all witness the fact that the presence and quality of postal traffic are often very important for the local community and that, very often, that interest outsizes the actual need for postal services. The development of local communities, social and financial inclusion are usually very dependent on the postal presence in their region, especially if it is in the rural area. On the other hand, strong technological development influences the population needs, generating the ever growing postal and logistic service, which has existed as such for some time. taking into account the above, in this chapter of the study, an overall PESTEL analysis (acronym of the names of the areas it analyses) will be carried out:

P – (Political)

E - (Economical)

S – (Social)

T – (Technological)

E – (Environmental)

L – (Labour)

4.1 PESTEL analysis

PESTEL analysis is a powerful and widely used tools for the analysis of political, economic, social/demographic, technological, environmental and labour changes.

PESTEL analysis is used for the strategic analysis of the environment, i.e. of its external conditions, trends and changes on the market where UPS is provided. The factors of PESTEL analysis being almost always external, in a sense and most usually, it precedes the SWOT analysis, with which it forms an inseparable unit in the strategic planning. The following table overviews main factors influencing UPS provision, with brief analysis of each of the factors.

Political environment

The most relevant factor most frequently taken into account when considering the entry in a foreign market is political environment. Current political situation or existing regulations can prevent or hamper the entry of the new players on the market. This is especially the case in underdeveloped countries, such as the Republic of Serbia. The Republic of Serbia obtained its status of the candidate country for the EU membership on the 1st of March 2012. This, naturally, has reflected on the postal market, having in mind the creation of conditions for an accelerated implementation of reforms. In addition to that, as a candidate country, the Republic of Serbia has been granted access to EU pre-accession funds, which should have a positive impact on the postal sector as well (more investments, rise of the volume of services, growth of the number of employees etc.). It is equally necessary to examine different possibilities to use the financial resources from these funds. The defining of the political framework of the postal sector is based on the precise definition of the UPS scope, tariff policy and prices, and competition regulation. National policy for the postal market development must highlight the objectives set out for the postal sector by the Government of RS. Through the Strategy for the development of postal services for period 2013-2016 [28], the Government has set the general course of the postal services development in the Republic of Serbia.

Fulfillment of the EU pre-accession requirements includes liberalization of postal market, i.e. abolishment of the reserved area, diminishment and elimination of barriers to the entry of new market players (simple registration of operators instead of issuance of authorizations for the majority of postal services) etc. On the other hand, budget consolidation, being the national political priority, comprises the fulfillment of certain international creditors' (especially IMF's) conditions, where restructuring of public enterprises figures among the top priorities. This will influence greatly business operations, organisation and structure of the designated operator as a 100% state-owned company.

During 2014, there were no activities related to the postal market liberalization, which left PE „Post of Serbia“, along with its obligation to provide UPS, with the monopoly to perform UPS and reserved postal activities. Gradual liberalization of the market, planned according to the current Strategy for the development of postal services for period 2013-2016, is certainly a great challenge for all postal operators, and especially for PE „Post of Serbia“. First concrete tasks that the market will be facing will appear after the redefining of the UPS scope and during the definition of the conditions of the access to the postal network.

Economic environment

Healthy economy and country wealth influence considerably business operations' strategic planning. It is commonly known that income from the sale of goods or provision of services in a region depends on the consumers' purchasing power. Global Competitiveness Index (GCI) of the World Economic Forum has expressed business environment quality and competitiveness in 144 countries worldwide. GCI is calculated in the analysis of more than 110 indicators, based on the opinion research of leading managers in the surveyed countries, as well as from the reports of other international organizations such as World Bank and its „Doing Business Report“. In the latest Report of the World Economic Forum, Serbia is ranked on the 94th place of competitiveness, which is one place behind compared to 2013. Value of the regulatory standard for 2014 is 41,8 out of maximum 100 points, meaning that the quality of the regulatory environment in Serbia has reached 41,8% of the desired standard [20][22]. In Table 4 is given detailed overview of the Republic of Serbia's position according to the selected indicators.



NO	COMPONENT	INDICATOR	2013		2014	
			Rate	Total	Rate	Total
1	Quality and thoroughness of regulatory procedures	Analysis of the effects annexed to the regulations	63.6	43.0	51.4	39.6
		Quality of the analysis of regulatory effects	52.4		52.4	
		Quantification of regulatory effects	12.9		15.0	
2	Transparency of regulatory procedures	Presence of public discussions and consultations	36.3	30.5	72.3	49.4
		Availability of drafts	-		63.8	
		Presence of urgent procedures	19.2		27.2	
3	Predictability of regulatory environment	Fulfillment of the plan of legislative activities	-	-	21.9	41.7
		Frequency of changes and amendments	-		61.6	
//	Resolution of regulatory problems	Adopted recommendations of Grey paper	20.4	18.4	-	-
		Adopted recommendations of SRP	16.7			
4	Consistency in law application	Adoption of bylaws	18.2	10.3	22.0	12.6
		Bylaw delay	2.4		3.1	
5	Regulatory obligations and parafiscal charges	Administrative charges	33.3	25.4	40.0	29.7
		Share of parafiscal charges in total budget income	17.5		18.6	
6	Availability of informations	Quickness of response to the legal person's inquiry	11.1	62.6	55.5	77.7
		Availability of informations of public interest	76.7		77.7	
		Contents of web presentations	100.0		100.0	
REGULATORY INDEX OF SERBIA - RIS				31.7		41.8

Table 4: RIS –rating based on components and indicators [22]

Postal sector is one of the main and indispensable factors of the national economy and socio-economic growth of the Republic of Serbia. In the current economic crisis, PE „Post of Serbia“ and the whole postal sector experience the need for rationalisation and decrease of operations costs as dominant urge, in addition to the definition of new business operations models and development of services. Observed in a macroeconomic sense, postal market in the Republic of Serbia can be characterised by the following:

- economic production value of the postal market in the Republic of Serbia is approximately 0,25 billion EUR annually (which is less than 0,75% of GDP, while in some EU countries it ranges between 1,5% and 3%);
- annual volume of items is around 300 million (which is approximately 40 items per capita annually, or around 125 items per address annually);
- on the postal market of the Republic of Serbia, over 327 million services were realized in 2013 (over 94% from the UPS scope);
- PE „Post of Serbia“ realized over 314 million postal services (share of 96,2% in the total volume of services), whereas private postal operators realized over 12 million services (3,8% of the total volume);
- regarding the income of EP „Post of Serbia“, it is noticeable in 2013 that the share of the reserved service related income in the total income is 75,7% (letter-post items account for 69% and money orders for 6,7%), following the trend of mild reduction of the reserved area share in the total income. [14]

Taking into account the above, it can be concluded that the postal sector in the Republic of Serbia is capable of fulfilling basic demands for postal services. PE „Post of Serbia“, as a USP, obviously has the potential of the dominant national operator, with possibility of spreading regionally. Beside that, PE „Post of Serbia“ wishes to broaden its market interests, both by providing basic postal services and by introducing new services designed to fulfill end users' needs, especially in the domains of electronic services, hybrid mail, financial and logistic services.

The current trend of decrease of public spending and restrictive Government policy have impact on the postal market, too. All postal operators, with PE „Post of Serbia“ leading the line, are trying to rationalise and optimize their business operations. On the other hand, users of postal services are also trying to reduce their costs, mostly by using adequate economically profitable substitutes from the domain of electronic services, which can create negative economic spiral on the postal market. In that sense, certain business operations measures leading to modernization, expansion and adaptation of UPS to the users' needs have proven to be necessary, despite the general restrictive economic climate.

Social/demographic environment

Table 5 shows the structure of inhabitants from the Census of population and housing in 2011, in the Republic of Serbia.

Number of inhabitants	7 186 862
Men	3 499 176
Women	3 687 686
Average age	42.2
Number of households	2 487 886
Average number of household members	2.88
Number of families	2 125 772
Number of residences	3 231 931

Table 5: Population structure in the Republic of Serbia [23]

Through this part of monitoring, trends and factors of the population participating in the market are followed. This part of analysis also includes education level on the local area. Changes in the social factors, relevant demographic changes (migrations, ageing, urbanization, educational structure etc.) have direct, and under certain conditions, relatively strong influence on the volume and structure of postal services. Census results have revealed the following:

- during the last several years, in the Republic of Serbia, the population is decreasing, while its average age is increasing (results of the census from 2011 show that the population of RS is older by two years on average, compared to a decade ago);
- compared to 2002, there was a drop in the total number of inhabitants by 4,15%, primarily as a result of negative natural increase and emigration;
- average age of inhabitants in RS, in the period 1991 – 2011, increased by five years (average age in urban areas is 41,3 years, and in other settlements 43,6 years);
- average density of population per square kilometer is 93 inhabitants;
- approximately 1000 settlements in Serbia (i.e. every fifth settlement) have less than 100 inhabitants. The highest concentration of these settlements is in the south and east of the country (every third settlement there has less than 100 inhabitants);
- all indicators show that Serbia is in the advanced stage of population ageing;
- young people decide to start family much later, mostly because of the economic crisis;
- unemployment and low standard of living are usually the most decisive reasons for the young couples to postpone creation of the family. Data of the Statistical Office of the Republic of Serbia show that almost two thirds of the unemployed are not married, whereas around 50% of the unemployed must wait for the job during two to ten years;
- migrations of the inhabitants from villages to towns and cities contribute considerably to demographic changes (it is estimated that in 15 to 20 years, around 1200 out of the total of 4600 existing villages will disappear);
- each year, around 250.000 people change their address (most usually moving from a smaller place to a bigger one).[23]

These demographic changes result in the increase of express services and parcels in urban areas. The demand for modern services has increased and customers pay more attention to speed and quality of the rendered service. As for the education structure, the Statistical Office data show that in RS almost one third of the population did not finish elementary school, or has only elementary education, every fifth inhabitant, aged 31-35 has high education, whereas one third of young people aged between 18 and 24 discontinue their studies. [24][25]

Social inclusion can be defined as multi-dimensional process strengthening the connection between individuals and community. On the other hand, from the aspect of UPS, social exclusion is a more important issue to be analysed. The more excluding features for an individual, more vulnerable they get. Social exclusion can be operationalized into three elements: unemployment (marginalisation on the labour market), poverty and social isolation. General opinion is that all services included into the UPS scope affirm social inclusion of the majority of the population, especially in the segment of individual letters and parcels, and literature for the blind, predominantly in rural areas.

The analysis of the services from the UPS scope, having in mind the aspect of social inclusion, has shown the following:

- on the national postal market of RS, among services from the UPS scope, there are no services which are not necessary for social inclusion. Even though some of the services belonging to the UPS scope could be described as not indispensable for everyday life of citizens, those are still services of general economic interest;
- on the national postal market of RS there are services, not belonging to the UPS scope, which encourage social inclusion of the majority of population, such as e-government services (excerpts from registers of birth and other certificates).

Solving of the problem of UPS sustainability, especially in underdeveloped regions and rural areas, has a wider social importance. Ensuring social equality between users in urban and rural areas is a major challenge, which would not exist only in case where the operator's increased costs in rural areas could be compensated and charged from users. Normally, rural areas are thought to be underdeveloped. An approach without uniform prices for universal service would deepen regional gaps even further.

Financial inclusion is one of the dimensions of social inclusion. One of the possible definitions of financial inclusion is accessibility and timely provision of financial services and products to socially and economically endangered social groups, at affordable prices. General trend in most of the postal operators' business operations worldwide is investing in diversification of business portfolio, and reducing dependence on the traditional letter-post items, marked by the decreasing

trend in volumes over the past several years. On the other hand, designated postal operators in many countries have had a successful tradition in providing financial services. In addition to the financially excluded population, the process of financial inclusion has important positive effects for the USPs as well. Combined with the traditional postal services, postal financial services, and especially postal savings, guarantee the reduction of costs and increase in efficiency, through a more intensive use of postal infrastructure. Long term sustainability of the postal sector is undoubtedly based on the context of the fulfillment of social and economic aspects.

Technological environment

As for the technological factors, the reference here is not only to technology in the narrow sense, needed for a better business management, but also to infrastructure as a support feature. Development of new ICT additionally solidifies the substitution of postal services. Substitution of traditional postal services by e-commerce services in the broadest sense, has gone through an expansion lately. Postal operators resort to the development of new offers, based on the convergence of traditional and new technologies, i.e. combination of physical and electronic services. According to this scenario, what seemed to be the biggest threat to the development of postal sector, may easily turn into one of its strongest benefits. On the other hand, a whole set of hybrid (electronic, financial and postal) services have become a base for the diversification of services provided by modern postal operators, in order to keep their position on the market. In addition to that, the majority of postal operators have expanded their business activities on the provision of other services, such as electronic payments, electronic billing, or issuance of digital certificates. Taking into account the development of information society in the Republic of Serbia and current development level of modern electronic services in postal sector (above all, in PE „Post of Serbia“), further expansion of assortment and quality can be expected, as well as better usability of capacities and networks. Since users satisfy progressively their communications needs in other ways than traditional postal channels, such as electronic services, redefinition of the existing UPS scope becomes more than necessary. As this trend of UPS substitution by electronic services accelerates, the necessity of introduction of certain new services in the UPS scope, replacing some of the existing ones, will represent the condition of an adequate fulfillment of the citizens' needs, which is basically the reason of the state's commitment to that purpose.

Ecological environment

The sustainability of postal sector is defined by the UPU as a commitment to the sustainable development in the interest of our planet, territorial distribution of postal services, users, postal operators' management and their staff. The UPU has intensified its activities on this issue. This suggests that in the Republic of Serbia too, there should be future activities concerning raising

awareness on the sustainable development and socially responsible business behaviour. According to the Statistical Office's data from the he analysis of the trend of deforestation, during last 10 years, deforestation span was between 2 500 000 m³ and 2 800 000 m³, which is less than during the 70's and 80's of the last century. [23][25]

There are two ways of postal sector's influencing the environment in the most direct manner: by using traffic streams where toxic energy-generating products are used and by massive generation of paper documents, which can have negative impact on the forests and, subsequently, on the entire ecosystem homeostasis. Naturally, there are relevant applicable regulatory strategies enabling simultaneous growth of the postal sector activities along with the environmental protection. At the same time, in the beginning of 2014, implementation of the part of the Ordinance prescribing considerably sharper exhaust gas emission control was started. It provides for the vehicles registered for the first time in Serbia, to conform to the factory prescribed quantity of exhaust gases, within legally determined limits.

Reagrding the experiences of the EU countries, it can be assumed that the biggest energy consumer in the postal sector is the traffic segment. Since the railway transport has the smallest share in the energy consumption, it is advisable to assess impact and consequences of the new railroads on future environmental and architectural structure. The effects of business strategies need to be harmonized with the sustainable technologies and ecological products fulfilling the quality standards.

On December 31, 2014, car fleet of PE „Post of Serbia“ had 1460 vehicles. The change in the vehicle fleet structure made it possible for the company to continue the expansion of all types of services, among the rest, post express services, all kinds of collection, transport and delivery of postal items, as well as new services from the domain of transport and logistics. [9]

Labour environment

During 2014, total number of employees in PE „Post of Serbia“ was reduced by 0,9% compared to the previous year. This reduction rate was the result of the Law on changes and amendments to the law on budget system. The rate of increased permanent employment of 105,8% was the result from hiring new employees due to the completion of additional tasks, tight deadlines, replacement of temporary absent workers and similar, depending on the needs of the work process, development of the existing and introduction of new services, opening of the new post offices and expansion of capacities. [9]

On December, 31, 2014, without entering in permanent employment contract, 329 persons were hired for the purpose of solving the problem of temporary increased work volume in the field of technology. This has contributed to the rationalisation of HR potential and costs of the

employees. In PE of „Post of Serbia“, on December 31, 2014 there were 14361 employees with permanent contract, out of which 5981 women and 8380 men. The analysis of the age structure of the employees in PE „Post of Serbia“ shows that 9,7% of the employees are up to 30 years of age, 29% between 31 and 40 years, 32,6% between 41 and 50 years of age, 25,7% between 51 and 60 years and 3,1% over 60 years of age. PE „Post of Serbia“ plans to rejuvenate its HR structure, primarily in business operations at counters and in delivery. [9][21]

	<i>Number of employees in postal sector</i>	<i>Number of employees in telecommunications</i>
2009	15311	14577
2010	14981	11376
2011	14939	13606
2012	15068	13403
2013	15155	13689

Table 6: Number of employees in the postal sector and telecommunications [24]

Annual national survey on the employer’s needs was carried out for the fourth time in 2014, by the National employment service, with the support of international projects. Practical objective of the survey is to identify discrepancies between work offers and demands, regarding knowledge, special skills and abilities, so that educational measures aimed at eliminating qualification/vocational gap could be put in practice. The elimination of this gap should contribute to the reduction of the so-called „structural unemployment“. The results of this survey have shown, for example, that job of „courier/delivery agent“ is one of the rare professions with positive trend of formal employment, which is in permanent demand, especially on the territory of Belgrade. [10] [11][27]

Adequate definition of the UPS scope also proves to be the condition of rational use of business, technical and HR resources of PE „Post of Serbia“. Therefore, beside the provision of services that have ceased to be of irreplaceable interest to citizens, possible disbalance is also created from the irrational use of resources and excess of employees. These discrepancies could be easily neutralized by an adequate definition of UPS scope, which would lead to a more efficient use of resources and to a full employment of the existing workforce of PE „Post of Serbia“.

The following table shows the list of main important factors of the UPS provision.

POLITICAL ENVIRONMENT	ECONOMIC ENVIRONMENT
<ul style="list-style-type: none"> • EU integrations • possibility to use EU pre-accession funds • influence on market liberalization • influence on the PPO restructuring 	<ul style="list-style-type: none"> • Government’s restrictive economic policies • economic structural reforms • downsizing of public sector • reduction of public spending
SOCIAL ENVIRONMENT	TECHNOLOGICAL ENVIRONMENT
<ul style="list-style-type: none"> • reduction in population size • demographic ageing • unemployment and low standard of living • migrations to urban areas • increase in number of sparsely populated areas 	<ul style="list-style-type: none"> • expansion of electronic substitutes • expansion of hybrid services • growth of distant sales
LABOUR ENVIRONMENT	ECOLOGICAL ENVIRONMENT
<ul style="list-style-type: none"> • courier – one of the rare professions with a positive trend of formal employment status • still high level of non-formal employment and breach of work and legal regulations • lack of special training, i.e. special knowledge and skills in the newly employed 	<ul style="list-style-type: none"> • global imperative (UPU) • transport of postal items as a possible detrimental factor to the environment • stability of the forest ecosystem quality in the Republic of Serbia

Table 7: Summary results of PESTEL analysis

5. UPS model on the territory of the Republic of Serbia

5.1 UPS and postal market in 2014 [14]

At the end of 2014, on the territory of RS, there were 32 postal operators, out of which only PE „Post of Serbia“ is USP, while others provide exclusively express services, which belong to the commercial domain. On the postal market of the Republic of Serbia, in 2014, approximately 322 million services were realized, which is by 2% less compared to the previous year, representing the continuation of the decreasing trend in the volume of services. Out of 322 million of services, almost 94% (around 301 million) include services for the UPS scope. UPS has marked a drop by 2% for the second consecutive year now.

Type of service	VOLUME in thousands of units					Difference in volume							
	2010.	2011.	2012.	2013.	2014.	2011-2010		2012-2011		2013-2012		2014-2013	
						Psc.	%	Psc.	%	Psc.	%	Psc.	%
UPS	293.580	304.537	314.865	308.923	301.542	10.956	4	10.328	3	-5.942	-2	7.380	-2
Commerc. services	10.528	12.632	15.613	18.104	20.350	2.104	20	2.981	24	2.490	16	2.246	12
TOTAL	304.108	317.169	330.478	327.026	321.891	13.060	4	13.309	4	-3.452	-1	5.134	-2

Table 8: Volume of postal services 2010 – 2014

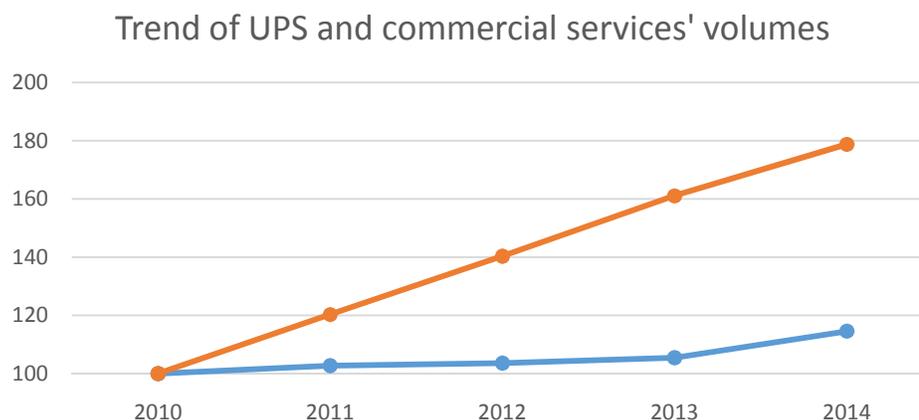


Chart 1: Trend of the UPS and commercial services' volumes

In the total PPO's postal service volume, universal service accounts for a little over 98%, with an extremely high share of the reserved services of over 97%. Other particularities of UPS are:

- the share of letter-post service in UPS is over 98%.
- the most numerous are the letters up to 20 grams (participating in the total letter-post structure with 91%)
- extremely low participation of parcels (less than 0,1%)
- constant drop in the volume of parcels (by 9% in 2014 compared to 2013)
- postal money orders participate with almost 1,4%, marking a growth by over 9% compared to 2013.

Despite the recorded decrease in the volume of services, generated income of over 15 billion dinars in 2014 is by 10% higher compared to the previous years. Equally, the UPS income marks an increase by 9%, despite the drop in the volume of services by 2%. This disproportion is the result of the price changes, in effect as of the second quarter of 2014. Prices of the reserved postal services (those with the biggest share in the UPS) have increased in average by 5,5%.

Table 9: Structure of the UPS and commercial services' incomes 2010 – 2014													
Services	INCOME in million dinars					Difference in income							
						din	%	din	%	din	%	din	%
	2010.	2011.	2012.	2013.	2014.	2011-2010	2012-2011	2013-2012	2014-2013				
UPS	6.868	7.057	7.119	7.245	7.871	189	3	616	1	126	2	626	9
Commerc. services	3.971	4.777	5.573	6.396	7.099	806	20	795	17	823	15	703	11
TOTAL	10.839	11.834	12.692	13.641	14.970	995	9	857	7	949	7	1.329	10

Table 9: Structure of the UPS and commercial services' incomes 2010 – 2014

Trend of UPS and commercial services' incomes

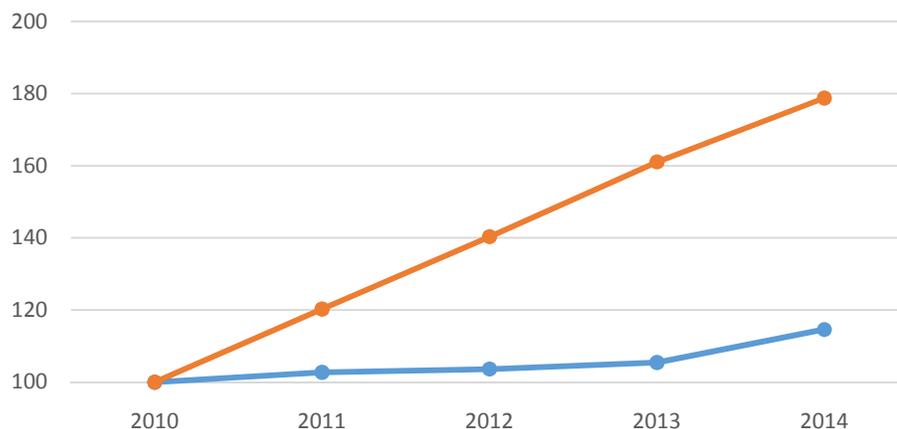


Chart 2: Trend of the UPS and commercial services' incomes

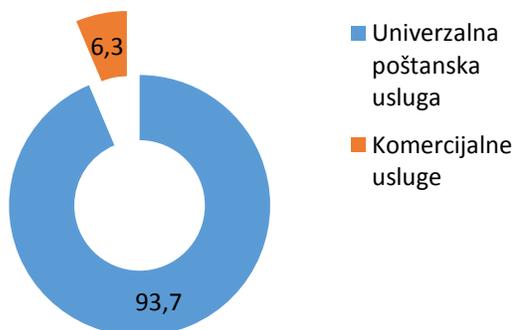
Since 2010, after the regulator's analysis of the postal service market was put in place, the shares of the UPS volume and income in the totality of postal services have marked a steady decline (approximately 3% in volume and 11% in income, during the observed period).

In the same period, commercial services generated nearly half of the total income, even though their participation in the total volumes is slightly over 6% of all the postal services on the market of the Republic of Serbia.

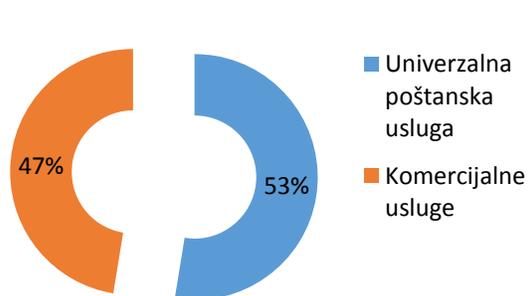
Table 10: Postal services market in 2014				
TYPE OF SERVICE	VOLUME	INCOME	VOLUME	INCOME
	in thous.	in thous. din.	%	%
	2014	2014	%	%
Universal postal service	301.542	7.870.747	93,7	52,6
Commercial services	20.350	7.099.378	6,3	47,4
TOTAL	321.892	14.970.125	100,0	100,0

Table 10: Postal services market in 2014

VOLUME 2014



INCOME 2014



- Universal postal service
- Commercial services

Chart 3: Share in the volumes and incomes of the UPS and commercial services in 2014

In the PPO's income pertaining to postal services, the income from the reserved area accounts for around 75,7% (letter-post services 68,9% and money orders 6,8%). A decreasing trend of participation of the reserved services in the total income has continued.

In the structure of postal services provided by PPO, the most dominant is UPS, the share of which has decreased by only 0,8% over the last five years, whereas the participation in the income has dropped by over 6%, despite the price augmentation in the beginning of the second quarter of 2014. Due to these disproportions, non-profitability that resulted from the fulfillment of all the conditions required from the USP, caused 94% of the volume of services to generate only 50% of the income.

In 2014, in this industry area 17.630 workes were employed, which is approximately 1% of the total number of employees in the Republic of Serbia.

Table 11: Employees in the postal sector					
	2010.	2011.	2012.	2013.	2014.
PPO	14.981	14.939	15.068	15.115	15.015
Postal operators	1.747	2.048	2.618	2.464	2.615
TOTAL	16.728	16.987	17.686	17.579	17.630

Table 11: Employees in the postal sector

During the last five years, there were no considerable changes in the number of employees. At the PPO, the number of employees is almost constant, whereas the recorded number of employees at the private operators' has increased. The analysis of the share of the number of employees performing UPS in the total number of employees has not been carried out, due to the fact that PPO has not been delivering these data for the last five years.

On the postal service market in 2014, the decrease in volume of UPS was recorded. The share of UPS in the total volume of services remained extremely high (94%). Having in mind the above mentioned, as well as the forthcoming activities regarding the elaboration of the new law, harmonized with EU regulations, the issue of redefining the UPS scope becomes inevitable.

5.2 International activities of European regulators regarding the redefinition of UPS

During the ERGP Plenary session in Bucharest, in November 2014, a workshop on the UPS implementation in postal sector and analysis of the effects of market development, as well as other influences on the scope and long-term sustainability of UPS was organized. The final text of the document is expected by the end of 2015. The conclusions of the workshop regarding the redefinition of UPS and its long-term sustainability model, adapted to the conditions in every separate Member state are very important for the purpose of this study. This model should ensure flexibility on the national level, along with preservation of the common international traffic.

The discussed topics were: influence of the decrease in the volume of items on the USO and possibility of reduction in frequency of delivery in rural areas, delivery to collective mailboxes, non-delivery of parcels except in distant areas, protection of the blind, partially sighted and elderly, consideration of the rural population's needs for postal services.

At the workshop, it was concluded that the volume of postal services had dropped in almost every European country and that in the period 2008 – 2012, this decrease went from 4% to 40%. The drop in the volume of letter-post items is not specific only for European postal market, but was recorded in the majority of postal markets worldwide, as well.

In the developed countries, regulators, state organs and USPs have undertaken steps towards the reforming of UPS, primarily regarding its scope, in order to address the challenge of the drop in the volume of services. In that sense, EU regulations are expected to have a more general character (respecting the principles of accessibility, affordability and quality of services), leaving the space for each Member state to elaborate specificities in their national laws and regulations. Based on the research, the ERGP report should consider possible solutions for further adjustments of UPS features, including possible changes of the existing EC Directive or adoption of a new one, with the aim of providing the lawmakers/regulators with enough of flexibility for the definition of a sustainable UPS scope. The report should highlight postal services that have remained necessary for the users in the electronic environment, in the times of constant decrease of letter-post volumes. At the same time, potential risks of the imposed UPS scope as a generator of barriers to the entry of new operators on the market, restrictions imposed to the existing postal operators in their provision of services, as well as their consequential influence on the costs will be discussed.

5.3 Changes of the UPS scope

Certain countries have already changed their UPS scope, by excluding bulk mail and direct addressed mail from their USO, by redefining the coverage of the UPS scope and by excluding certain weight categories from the UPS (such as heavier items and parcels).

Based on the information gathered from the regulators, the latest changes of the UPS scope, as well as the plans for its revision in the future, are shown in the table below.

Country	Changes of UPS during last 10 years	Expected changes
Austria	Reduced limit for parcels to 10 kg, together with newspapers and magazines	None
Belgium	None	None
Bulgaria	Excluded postal money orders and direct mail	Planned revision
Croatia	Changed the scope of existing services and weight categories	None
Czech R.	Reduced weight of parcels and insured items to 10 kg	None
Finland	Redefined the coverage of the UPS scope	None
France	After removing outbound second class letters in the international traffic, excluded single items D+2	None
Germany	None	None
Greece	None	None
Hungary	None	None

Ireland	Defined the minimum set of UPS fulfilling the users' needs, along with a minimum regulatory burden for the USP	None
Italy	Reduced frequency of delivery from 6 to 5 days a week and excluded direct mail	None
Latvia	Reduced weight of domestic parcels to 10 kg	None
Lithuania	Excluded bulk mail and direct mail	None
Malta	None	Planned revision
Norway	Changes made, no details provided	Planned revision
Poland	Excluded bulk mail	None
Portugal	Reduced weight of parcels to 10 kg and excluded direct mail	None
Romania	Excluded direct mail; included literature for the blind; prescribed new provisions regarding the quality of parcels	None
Serbia	None	None
Slovenia	Reduced weight of UPS parcels to 10 kg	None
Sweden	None	None
Holland	Reduced frequency of delivery from 6 to 5 days a week (except for the death notifications and medical correspondence)	Planned revision
Great Britain	Excluded bulk mail	None

Table 12: Changes of the UPS scope and plans for revision [40]

Based on the available data, it can be concluded that liberalization initiated changes in 11 out of 14 countries (Austria, Bulgaria, Croatia, Czech Republic, Latvia, Lithuania, Italy, Poland, Portugal, Romania and Slovenia).

Eight countries indicated that the changes in the users' needs or wishes were the main reason for initiation of the UPS revision (France, Ireland, Italy, Latvia, Lithuania, Romania, Slovenia and Holland). France, Croatia and Latvia indicate the protection of end-users' needs as the reason for the UPS scope redefinition, whereas Italy, Croatia and Holland indicate the necessity of the reduction of potential UPS net costs.

ERGP indicates the reasons which could possibly influence the changes to the UPS scope:

- changes in the users' patterns of behaviour and needs;
- decrease in the volume of letter-post items;

- sustainability of net costs of the UPS provision;
- prevention of social exclusion through USO;
- barriers to the entry of new operators on the market.

Accordingly, based on the described results of a number of countries, taking into account the ever-changing communication patterns, increase of e-commerce services, decrease of the volume of letter-post services, it is necessary to consider some of the following questions, related to the possible revision of the UPS scope:

- does the actual UPS scope create excessive costs?
- could the price regulation (for example, affordable prices and VAT exemption) lead to the distortion of competition on the postal market?
- what would a common European minimum UPS scope look like?
- which basic UPS features should be guaranteed and regulated?
- how necessary is to ensure a single basic UPS level, enabling implementation of specific solutions for every separate country?
- which user categories should be included in UPS (natural persons, natural persons in rural areas, handicapped persons, small enterprises and/or small family companies, or/and legal persons)?
- could there be a way to protect the competition via UPS?
- would the changes in the UPS scope influence the possibility of financing of the UPS losses?

5.4 Model of UPS in the Republic of Serbia as a case of multi-criteria ranking

RATEL's Department of Postal Services has launched the research in the field of UPS model definition, aimed to contribute to the formation of national consensus on this important issue, representing one of the postal NRA's obligations. As it can be seen from the above text, the problem is multi-criteria oriented in the sense of optimization of a large number of requests (scope, service provider, costs, quality etc.), whereas the evaluation of the success of the model depends on the fact whether the focus is on the single user or service provider. This leads to a conclusion of being faced with a matrix problem of multi-criteria ranking, where parameters of single criterions have more-less different values, depending on the point of observation. On the other hand, difficulty levels of certain criteria are virtually hard to evaluate, especially in the light of previously presented opinions. Taking into account the above mentioned, RATEL's Department of Postal Services has prepared the matrix-oriented Questionnaires, comprising all these aspects. The Questionnaires will be distributed to the competent experts in this field, academic circles and wider public. The analysis of the gathered data is expected to provide a good base for the implementation of the appropriate procedure of multi-criteria ranking, which

represents a highly sophisticated support method in the process of decision-making, especially in case of complex problems, such as the establishment of UPS model in the Republic of Serbia. This procedure being very complex, the success of its implementation strongly depends on the involvement of the entire professional, and especially academic circles.

In the aim of an overall perception of the UPS features on the postal market of the Republic of Serbia, UPS has been analysed from the following aspects:

- scope,
- continuity of provision,
- quality,
- affordable price and non-discriminatory conditions.

The analysis points out to the following:

- That the current UPS scope, recommended by UPU and EU Directives and prescribed by the national legislation, is oversized and burdensome in the modern conditions of postal operators' business operations in Serbia.
- Operators are faced with new challenges in the era of electronic communications, which causes the set of services to change, in accordance with new trends.
- That the users' needs also fairly depend on economic, social, educational and geographic conditions, and the needs for UPS differ from one country to another.
- That PPO expresses total loss in the provision of UPS in its regulatory reports.
- Having in mind that, according to the national legislation, calculation of net costs is not obligatory, there is no data on whether the PPO accumulates losses in its net costs.
- In the national legislation, there is Ordinance on the requirements for the commencement of postal business activities, which does not contribute to the liberalisation process.
- That the state is protecting interests of users, but also interests of the PPO, being its founder. The state is also the creator of the legal framework, according to which postal operators perform their business activities, along with the provision of UPS.

All these reasons make it necessary to redefine UPS in the Republic of Serbia, so the elaboration of the model through which the existing UPS scope and its characteristics could be examined

was launched. For the purpose of the model, the questionnaires were created, containing all relevant questions pertaining to UPS. The questionnaires are intended for a wider circle of respondents, such as state organs, users, operators and experts dealing with this issue (educational institutions).

The objective is, after the analysis of the completed questionnaires, to create a model of a multi-criteria nature, which would enable a number of possible scenarios for the UPS redefinition. An optimal solution must depend on the quality determination of weight coefficients, which should conciliate users' needs, operators' tendencies and non-postal aspects of UPS (social aspect, Internet coverage, levels of infrastructure development etc.).

5.5 Questionnaires

For the purpose of this research, a set of five questionnaires was created (ANNEX I), where the following was taken into account:

Redefining of the UPS scope

UPS scope is observed from the perspective of users, and not only from the perspective of the type of item. In that sense, the importance of item categories from the aspect of users was laid down:

- C2C natural person sends items to natural person,
- B2B legal person sends items to legal person,
- B2C legal person sends items to natural person,
- C2B natural person sends items to legal person,
- I2C state institutions send items to natural persons (items described in this paper as institutional letters).

In the first questionnaire, the result should specify the benefits by the categories of users, depending on the types of items.

In the second questionnaire, the importance of different types of items from the aspect of state, operator and user is analysed.

Sustainability of the UPS system and concept imposes the obligation of paying special attention to the categories of items with high shares in the UPS scope. Should, for example, services such as V2H (all items sent by legal persons) be excluded from the UPS scope, costs of the UPS

provision would increase considerably, taking into account the economy of scale and economy of scope.

Importance of UPS from the aspect of declared costs

Based on the PPO's reports, in this questionnaire the initial point is the assumption that PPO creates loss as a result of the UPS provision. According to the available information, only three European countries (Germany, Sweden and Great Britain) have declared profits as a result of the UPS provision.

The questionnaire searches for the answer to the question which is the best way to compensate the declared loss during the provision of UPS on the postal market of the Republic of Serbia. Possible answer includes: establishment of compensation fund, price increase, VAT exemption, abolishment of the reserved area, total liberalisation, or total elimination of UPS, if the latter is not needed any more.

This model should examine the connection between the reduction of the UPS scope and costs, declared losses and calculated net costs.

Influence of the changes to the scope on the quality of provision of UPS

Provision of UPS guarantees to users the prescribed quality, in accordance with EU standards. PPO measures the quality levels in accordance with internal standards, which are only partially harmonized with EU standards. Even though the EU Directive prescribes the five-day delivery with exceptions, on the territory of the Republic of Serbia, UPS is performed five days, three days and once a week.

The objective is to determine the importance of quality standards of the UPS provision. The questionnaire examines the possibility of exemption from the everyday (five-day) delivery, exemption of 5%, 10% or more compared to the total volume of items, number of inhabitants or households. Exemption by the volume of items implies that the delivery is organised in accordance with the real needs (delivery performed only when there are items to be delivered).

Reduction of the scope is expected to bring about the decrease in the volume of items in real flows and increase of the quality parameters: delivery times, security and safety issues, reliability, faster inquiry procedures, easier and cheaper planning, organization of quality measurements and control processes.

Pricing policy and equal conditions for all users, without discrimination

EU Directive defines single, non-discriminatory price for all users. The first questionnaire, by this criterion, studies different models of price formation (pricing policy) which characterises the UPS: whether the price is formed according to the calculated costs, whether it is formed by the market, or is imposed, i.e. socially based. It is further examined whether it is affordable to form the price according to the category of user, transmission speed (priority and non-priority prices), or according to the areas, i.e. distance between the collection and delivery points.

By redefining the UPS scope, and excluding certain categories from UPS, operator could adopt a different pricing policy, such as to separate distance-related price dependency, i.e. to establish territorial areas.

The second questionnaire studies a non-discriminatory UPS price, observed from the aspect of discount (possible discrimination of the users who do not benefit from commercial discounts, or discrimination of consolidators and key accounts).

The questionnaire studies different applications of price discounts, as well as application of discounts based on different user categories.

According to the current price list, the PPO gives a discount based on the quantity of items up to 20%. This discount is not derived from the cost estimation model. Despite presorting being a condition for discount, the discount is not calculated based on the avoided costs.

European Commission, in many of its reports, has highlighted the discussion on the issue of commercial discounts as a form of discrimination. The issue of predatory and anti-competition prices occupies an important place in the ERGP WGs' research, in the light of current events in the field of competition protection. In the dispute between the Belgian Post and Belgian regulator on the latter's decision on the discriminatory prices, the competition complained about commercial discounts on the quantity the designated operator granted to its key accounts, i.e. consolidators. European court reached a decision that consolidators would not be granted discounts based on the total quantity, but on the quantity of each operator separately. Belgian NRA, however, considered this practice as discriminatory.

Evaluation of parameters

In order to create the model of multicriteria analysis, it is necessary to evaluate the expressed characteristics of UPS. For the purpose of the research, the last questionnaire should investigate the importance of the selected criteria in the process of redefinition of the UPS model.

6. Further steps

Elaboration of the study represents the beginning of an important process which should result in reaching a national consensus on this issue. In the meantime, a set of activities has been foreseen, encompassing all relevant factors on the national level, which participate in the use, regulation, provision, analysis and modeling of UPS.

Systematization of further activities would be as follows:

- Organization of a round table with the aim to initialize activities in this field, where this study would represent basic material;
- Filling in of questionnaires by relevant experts;
- Elaboration of the mathematical model;
- Reaching of national consensus on the most important aspects;
- Implementation of the results into laws and bylaws regulating this domain.

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Literature for ANEX I and ANEX II

Research on the level of satisfaction of UPS users' needs
(for natural and legal persons) 2010.

<http://www.rapus.rs/o-nama/projekti>

Research on the level of satisfaction of UPS users' needs
(for natural and legal persons) 2011.

<http://www.rapus.rs/o-nama/projekti>

Research on the level of satisfaction of UPS users' needs
(for natural and legal persons) 2013.

<http://www.rapus.rs/o-nama/projekti>

ANNEX I

Table 1.a: UPS scope, redefinition based on users' needs

User	Non-recorded			Direct addressed mail			Recorded		
	State	Operator	User	State	Operator	User	State	Operator	User
C2C									
C2B									
B2C									
B2B									
I2C									

GRADES:

- 1 Not important
- 2 Relatively important
- 3 Important
- 4 Very important
- 5 Extremely important

Table 1.b: UPS scope, redefinition based on users' needs

User	Institutional letters			Insured items			Printed matter		
	State	Operator	User	State	Operator	User	State	Operator	User
C2C									
C2B									
B2C									
B2B									
I2C									

Table 1.c: UPS scope, redefinition based on users' needs

User	Parcels up to 10 kg			Parcels over 10 kg			Money orders		
	State	Operator	User	State	Operator	User	State	Operator	User
C2C									
C2B									
B2C									
B2B									
I2C									

Table 2: Importance of selected item categories from the aspect of UPS

Items	State	Operator	User
Non-recorded			
Direct addressed mail			
Recorded items			
Institutional letters			
Insured items			
Printed matter			
Cecograms			
Parcels up to 10 kg			
Parcels over 10 kg			
Money orders			

GRADES:

- 1 Not important
- 2 Relatively important
- 3 Important
- 4 Very important
- 5 Extremely important

Table 3: Importance of UPS from the aspect of declared costs

UPS generated loss	State	Operator	User
Compensation fund			
Compensation by the founder			
Price increase			
Preservation of the reserved area			
VAT exemption of all postal services			
VAT exemption of UPS			
Total liberalization			
Elimination of UPS			

GRADES

- 1 Not important
- 2 Relatively important
- 3 Important
- 4 Very important
- 5 Extremely important

Table 4a: UPS quality and accessibility

Quality	State	Operator	User
Division of items by priority			
Division of items by contents			
Importance of application of EN standards for delivery times			
Importance of application of EN standards for complaints			
Partial application – « internal » quality standards			
No quality standard application			

Table 4b: Collection requirements	State	Operator	User
Collection on the entire territory during at least 2 hrs a day			
Collection depending on the volume of items			
Collection depending on the number of inhabitants			
Collection depending on the number of households			

Table 4c: Criterion – delivery	State	Operator	User
5-day delivery (any 5 days of the week)			
Exemption of up to 5% compared to the volume of items			
Exemption of up to 5% compared to the number of inhabitants			
Exemption of up to 5% compared to the number of households			
Exemption of 5% to 10% compared to the volume of items			
Exemption of 5% to 10 % compared to the number of inhabitants			
Exemption of 5% to 10 % compared to the number of households			
Exemption of over 10% compared to the volume of items			
Exemption of over 10 % compared to the number of inhabitants			
Exemption of over 10 % compared to the number of households			

GRADES:

- 1 Not important
- 2 Relatively important
- 3 Important
- 4 Very important
- 5 Extremely important

Table 5a: Pricing policy and discriminatory prices

Accessible price of UPS	State	Operator	User
Cost-oriented price			
Market price			
Social price – imposed			
Price based on the type of user (natural persons, legal persons)			
Price based on the transmission speed			
Area-based tariffs			

Table 5b: (non)discriminatory price of UPS	State	Operator	User
Single rate – no discount			
Area-based rate (urban, suburban, rural area)			
Commercial discounts			
Quantity-based discounts			
Discounts based on avoided costs			
Discounts based on both requirements (quantity and avoided costs)			

GRADES:

- 1 Not important
- 2 Relatively important
- 3 Important
- 4 Very important
- 5 Extremely important

Table 6: Evaluation of the observed UPS parameters

Questionnaire Number	UPS description	Grade
Table 1	UPS scope defined according to the users' needs	
Table 2	UPS scope defined according to the type of items	
Table 3	UPS – costs relation	
Table 4	Importance of quality and accessibility	
Table 5	Importance of pricing policy – non-discrimination	

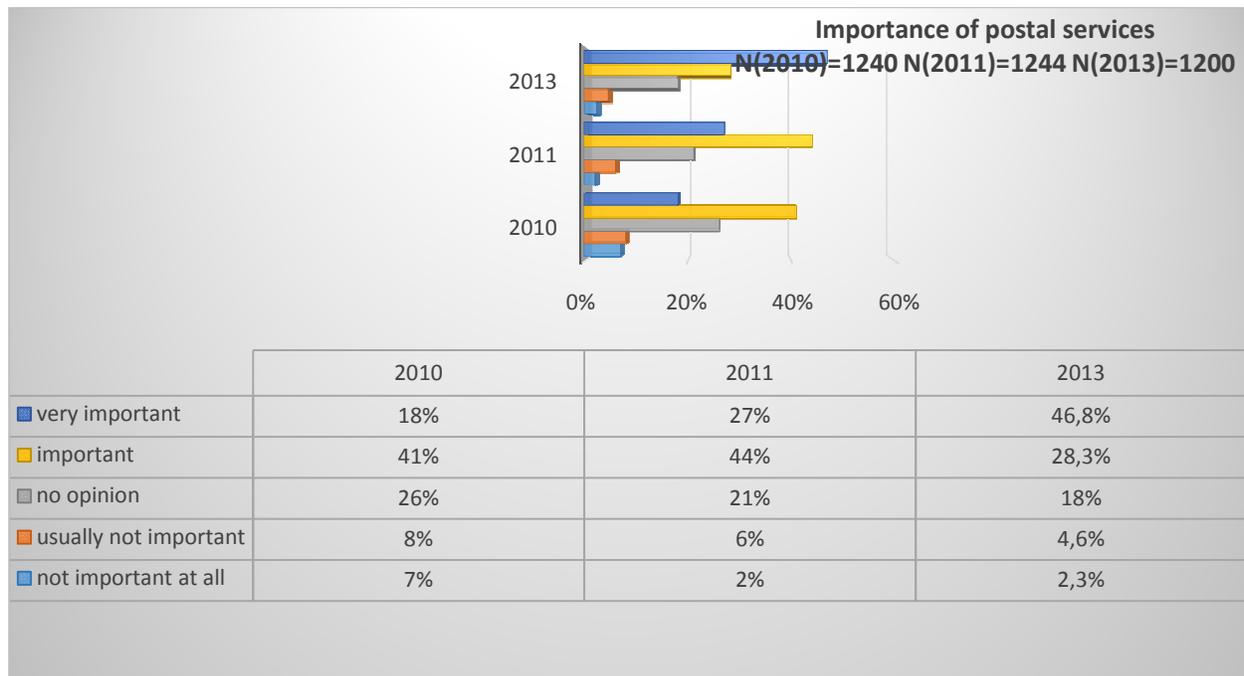
GRADES:

- 1 Not important
- 2 Relatively important
- 3 Important
- 4 Very important
- 5 Extremely important

ANEX II

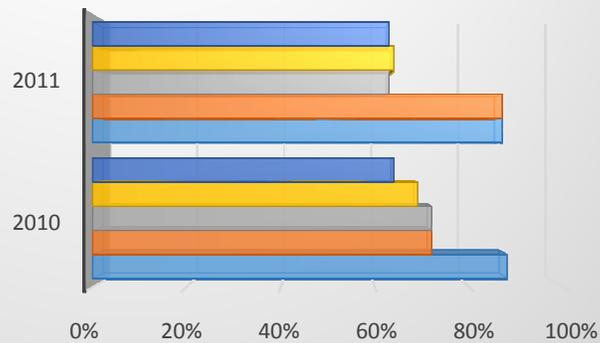
„ Research on the level of satisfaction of UPS users’ needs ” – Comparative review – natural persons

Latest study entitled „Research on the level of satisfaction of UPS users’ needs“ was carried out at the end of 2013 and beginning of 2014. Like the two previous researches, beside the basic topic, this study also comprised other numerous aspects important for the functioning of the postal market and its main participants, above all, users of services. At the same time, the most important and interesting results of the previous researches were discussed and examined. The surveyed citizens of the Republic of Serbia have highly valued the importance of postal services in their everyday life. On the other hand, a more thorough examination of the generated results highlights the fact that the citizens conceive, for example, different financial services (in addition to those from the UPS scope) as postal services. A conclusion can be drawn that the citizens find the Post more important as an institution providing them with different types of services, than an entity providing uniquely postal services.





**Natural persons' perception of postal services
 (multiple answers)
 N(2010)=1240 N(2011)=1244**

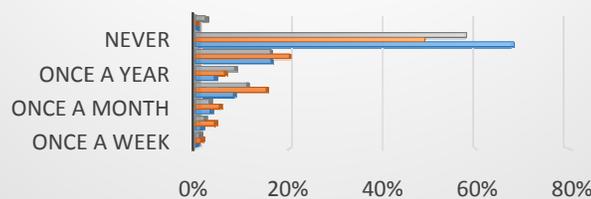


	2010	2011
■ payment of salaries and pensions	64%	63%
■ reception and sending of parcels	69%	64%
■ reception of utility bills	72%	63%
■ reception of greeting cards and picture postcards	72%	87%
■ reception and sending of letters	88%	87%

Two thirds of the surveyed natural persons in 2013 (75,1%) declared that the services of reception and sending of postal items were very important or usually important to them, 18% of the respondents gave a neutral answer and as little as 6,9% of the respondents said that the services of reception and sending of postal items were not important to them. The similar situation happened in the research conducted in 2011 (71% declared that the services of reception and sending of postal items were very important or usually important to them, 21% of the respondents gave a neutral answer, whereas 8% of the respondents said that the services of reception and sending of postal items were not important to them). These results differ broadly from those in 2010, when the respective percentages were: 59% - important or usually important, 26% - no opinion, 15% - not important. Beside that, the citizens consider, in the highest percentage, that the reception and sending of postal items are postal services, followed by the payment of salaries and pensions.



How often do you send domestic parcels up to 10 kg?
 N(2010)=1240 N(2011)=1244 N(2013)=1200



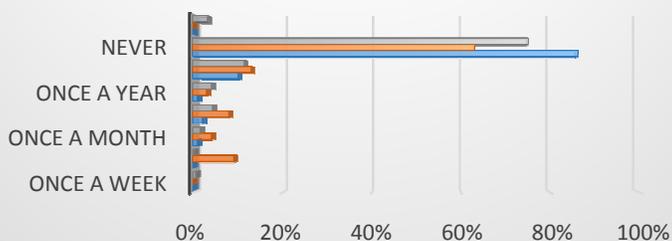
	once a week	several times a month	once a month	several times a year	once a year	less than once a year	never	I do not know/ no answer
2013	0,6%	1,8%	2,8%	10,8%	8,3%	15,9%	57,8%	2%
2011	1%	4%	5%	15%	6%	20%	49%	0%
2010	0%	1%	3%	8%	4%	16%	68%	0%

As for the frequency of use of postal services by natural persons, it can be noticed that the frequency of posting is low – services of posting of items are used on a yearly basis, some of them even less than once a year, whereas a small percentage of respondents only sends items on a monthly or weekly basis. However, even though the respondents use many of the mentioned services rarely or almost never, they still perceive them as important. The percentage of respondents who send letters regularly is very low. Only 5% of the respondents in 2013 said that they sent ordinary letters once a month, whereas as much as 26,6% (in 2013), 31% (in 2011) and 34% (in 2010) of the respondents declared that they did not send ordinary letters at all.



How often do you send international parcels up to 20 kg?

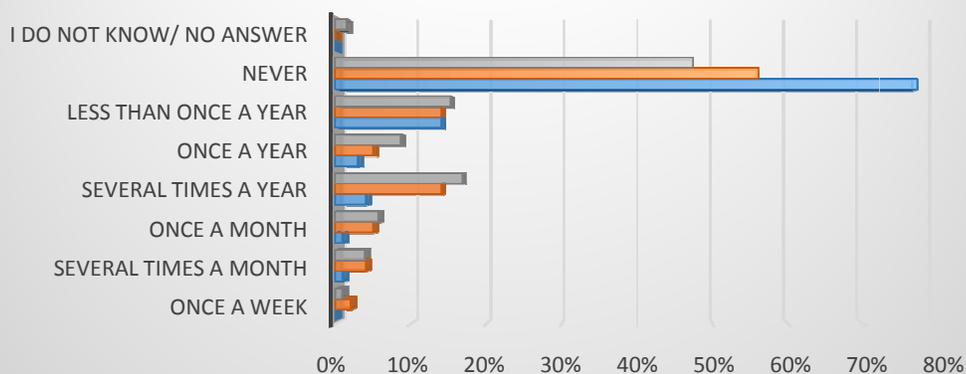
N(2010)=1240 N(2011)=1244 N(2013)=1200



	once a week	several times a month	once a month	several times a year	once a year	less than once a year	never	I do not know/ no answer
2013	0,6%	0,2%	1,6%	4,3%	4%	11,3%	74,8%	3,2%
2011	0%	9%	4%	8%	3%	13%	63%	0%
2010	0%	0%	1%	2%	1%	10%	86%	0%

How often do you send express items?

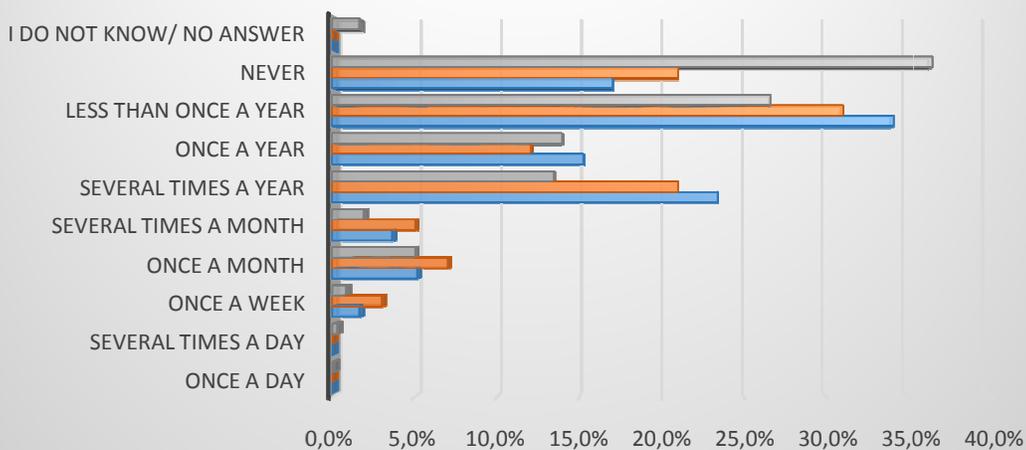
N(2010)=1240 N(2011)=1244 N(2013)=1200



	once a week	several times a month	once a month	several times a year	once a year	less than once a year	never	I do not know/ no answer
2013	0,9%	3,9%	5,7%	16,8%	8,7%	15,2%	47,3%	1,5%
2011	2%	4%	5%	14%	5%	14%	56%	0%
2010	0%	1%	1%	4%	3%	14%	77%	0%



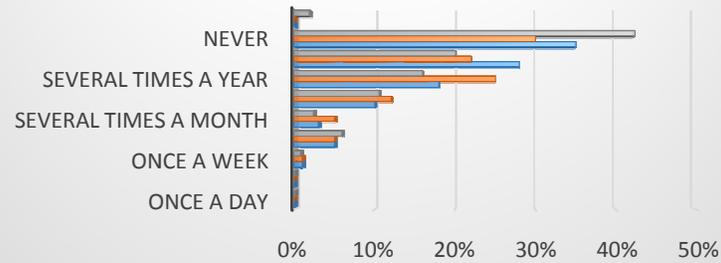
How often do you send ordinary letters?
 N(2010)=1240 N(2011)=1244 N(2013)=1200



	once a day	several times a day	once a week	once a month	several times a month	several times a year	once a year	less than once a year	never	I do not know/ no answer
■ 2013	0,1%	0,3%	0,8%	5,0%	1,9%	13,4%	13,9%	26,6%	36,4%	1,6%
■ 2011	0,0%	0,0%	3,0%	7,0%	5,0%	21,0%	12,0%	31,0%	21,0%	0,0%
■ 2010	0,0%	0,0%	1,6%	5,1%	3,6%	23,4%	15,2%	34,1%	17,0%	0,0%



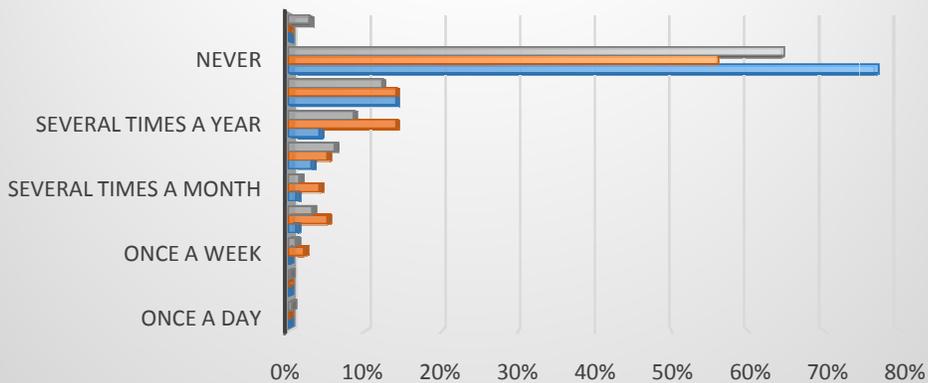
How often do you send registered items?
 N(2010)=1240 N(2011)=1244 N(2013)= 1200



	once a day	several times a day	once a week	once a month	several times a month	once a year	several times a year	less than once a year	never	I do not know/ no answer
2013	0,1%	0,1%	0,8%	5,9%	2,4%	10,6%	15,9%	20,0%	42,3%	1,9%
2011	0%	0%	1%	5%	5%	12%	25%	22%	30%	0%
2010	0%	0%	1%	5%	3%	10%	18%	28%	35%	0%



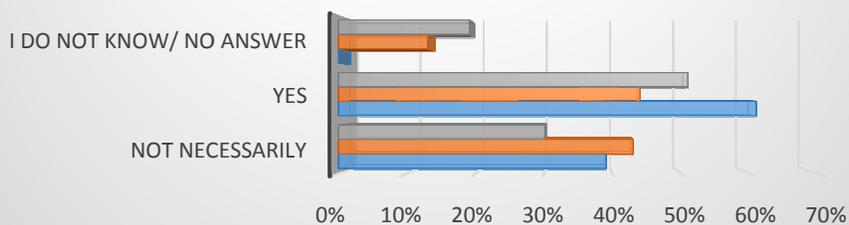
How often do you send insured items?
 N(2010)=1240 N(2011)=1244 N(2013)=1200



	once a day	several times a day	once a week	once a month	several times a month	once a year	several times a year	less than once a year	never	I do not know/ no answer
■ 2013	0,4%	0,2%	0,9%	3,1%	1,4%	6,0%	8,5%	12,2%	64,6%	2,7%
■ 2011	0%	0%	2%	5%	4%	5%	14%	14%	56%	0%
■ 2010	0%	0%	0%	1%	1%	3%	4%	14%	77%	0%

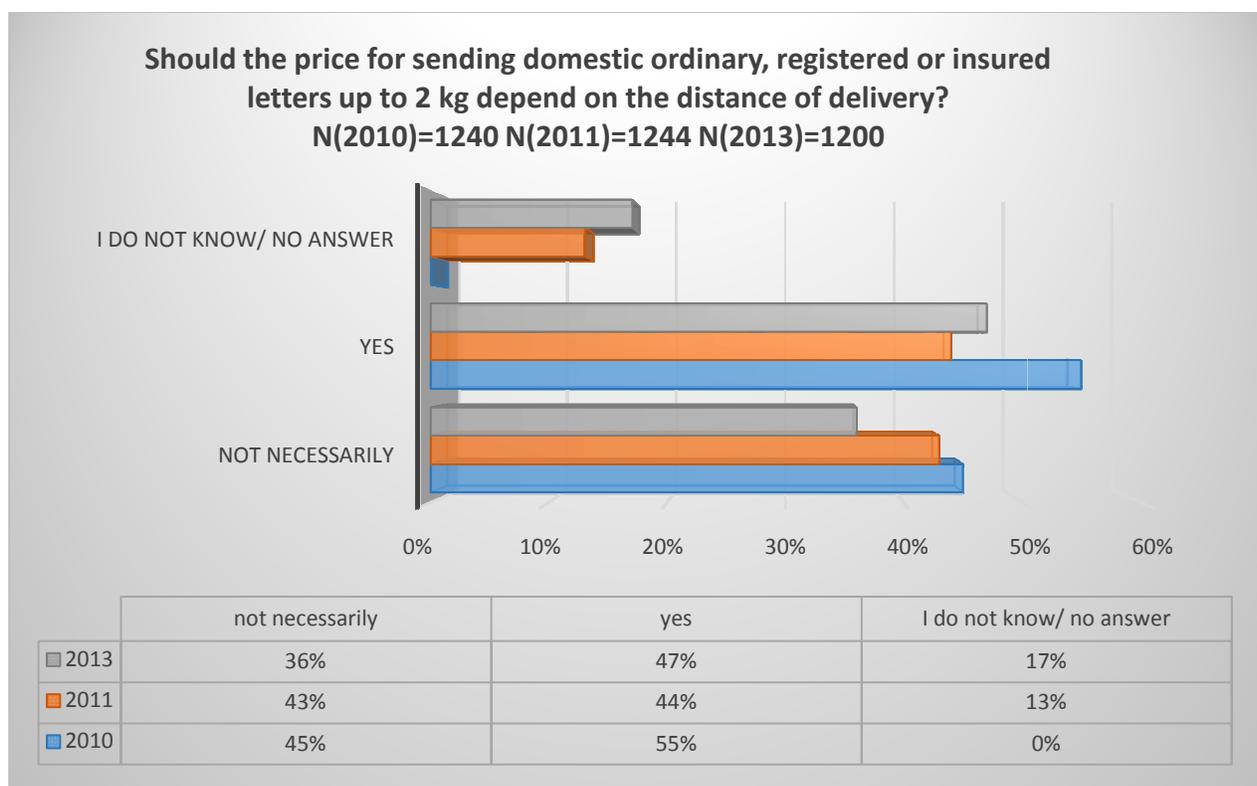
Should the price for sending domestic parcels up to 10 kg depend on the distance of delivery?

N(2010)=1240 N(2011)=1244 N(2013)=1200



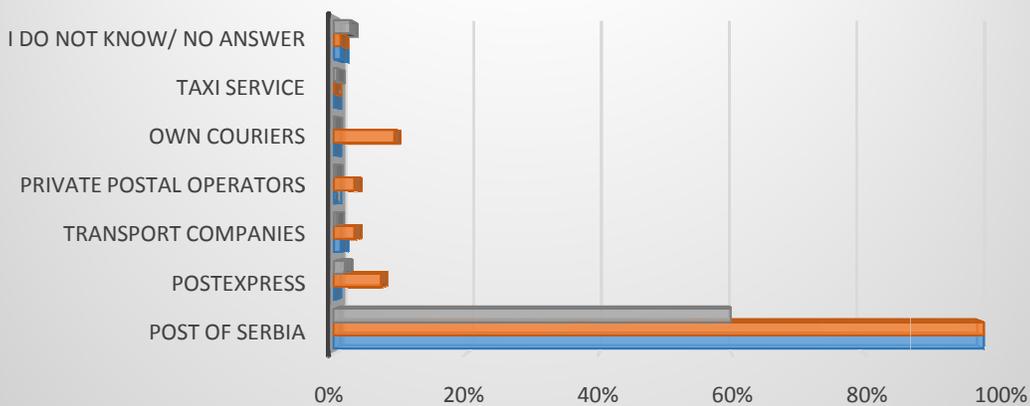
	not necessarily	yes	I do not know/ no answer
■ 2013	30%	51%	19%
■ 2011	43%	44%	13%
■ 2010	39%	61%	0%

It is a striking fact that more than half of the surveyed citizens do not understand basic postulates of UPS – they do not think that the price is not dependent on the distance the item is dispatched to. Approximately half of the surveyed natural persons thinks that the price of posting for an ordinary, registered or insured item must depend on the distance to which the item is to be delivered. Only slightly over one third of the respondents think that the price of posting should not depend on the distance the item is dispatched to. As for the sending of domestic parcels up to 10 kg, 51% of the surveyed natural persons in 2013 think that the price should depend on the distance, whereas 30% of the respondents think the opposite.





How do you send ordinary letters?
 N(2010)=1029 N(2011)=985 N(2013)=780

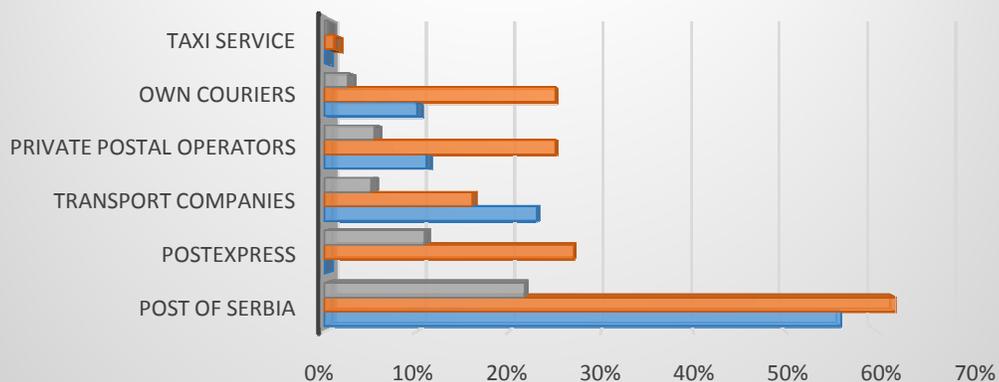


	Post of Serbia	Postexpress	transport companies	private postal operators	own couriers	taxi service	I do not know/ no answer
■ 2013	59,9%	1,6%	0,4%	0,2%	0,1%	0,5%	2,4%
■ 2011	98%	7%	3%	3%	9%	0%	1%
■ 2010	98%	0%	1%	0%	0%	0%	1%



How do you send domestic parcels up to 10 kg?

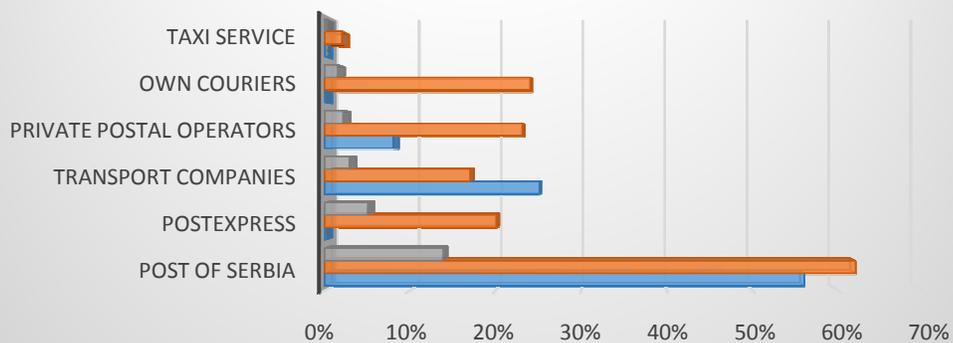
N(2010)=389 N(2011)=639 N(2013)=552



	Post of Serbia	Postexpress	transport companies	private postal operators	own couriers	taxi service
■ 2013	21,7%	10,8%	5,0%	5,3%	2,5%	0,3%
■ 2011	62%	27%	16%	25%	25%	1%
■ 2010	56%	0%	23%	11%	10%	0%



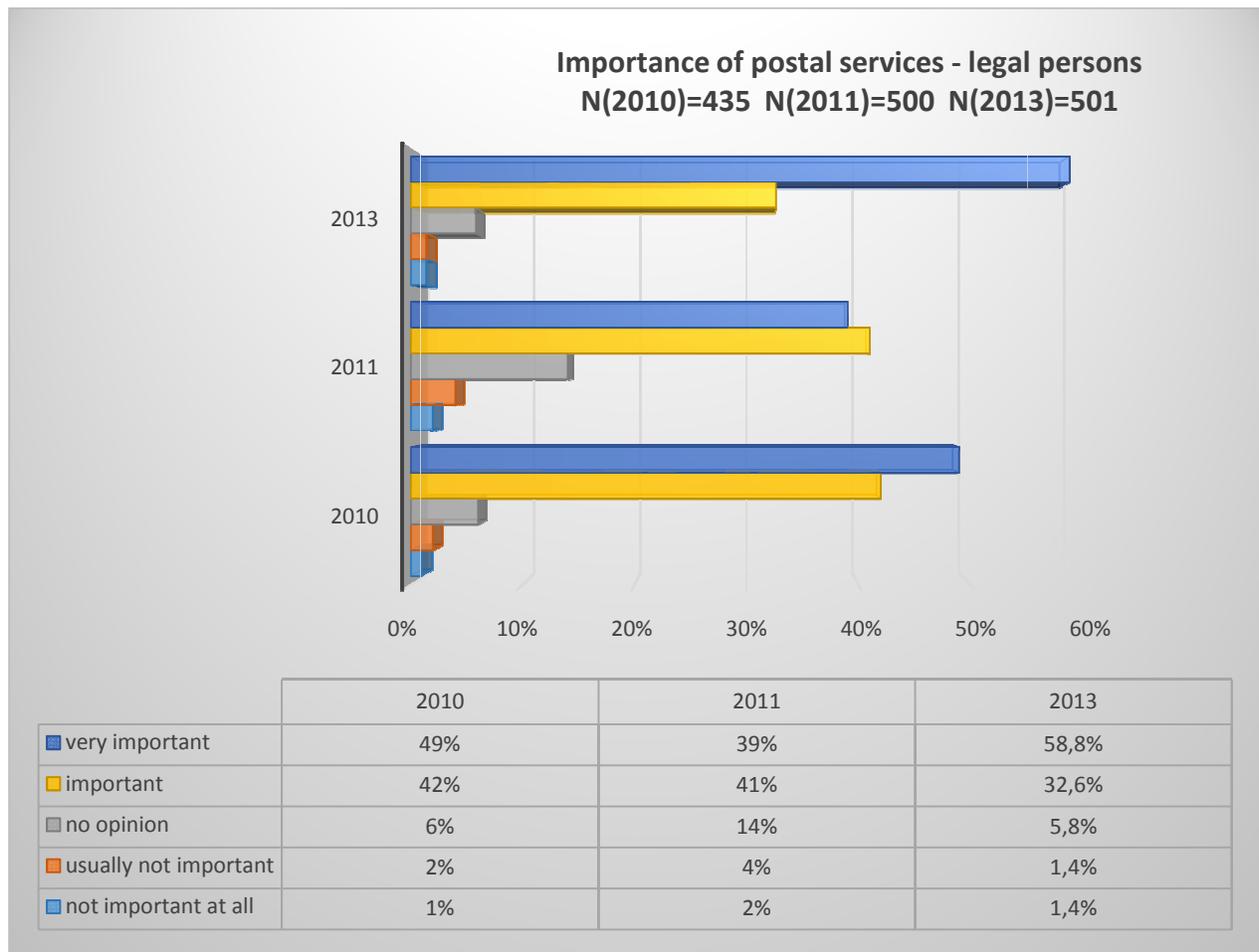
How do you send international parcels up to 20 kg?
N(2010)=166 N(2011)=422 N(2013)=828



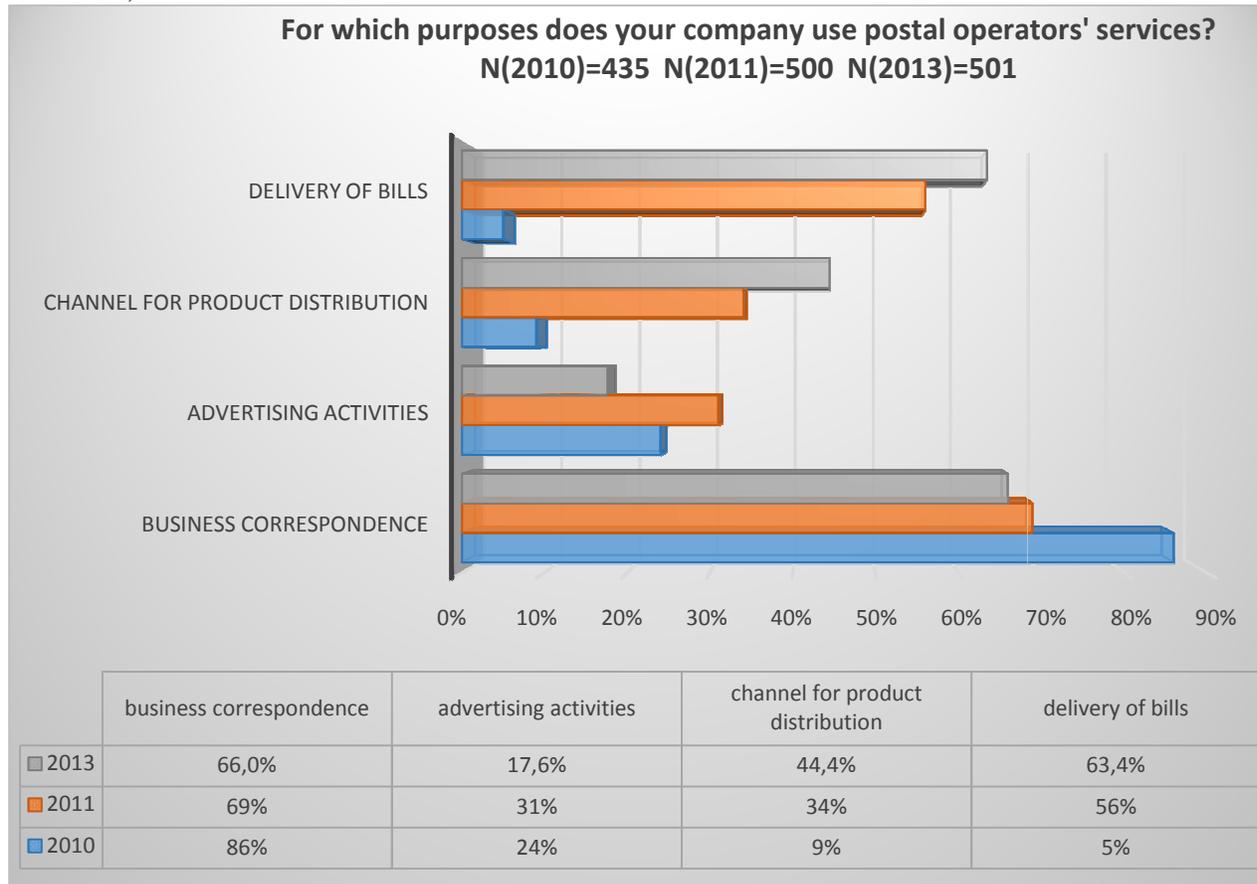
	Post of Serbia	Postexpress	transport companies	private postal operators	own couriers	taxi service
■ 2013	13,8%	5,0%	2,9%	2,1%	1,5%	0,2%
■ 2011	62%	20%	17%	23%	24%	2%
■ 2010	56%	0%	25%	8%	0%	0%

Research on the level of satisfaction of UPS users' needs ” – Comparative review – legal persons

All three studies, entitled „Research on the level of satisfaction of UPS users' needs“, conducted in 2010, 2011 and 2013, were based on the representative sample of legal persons, regarding the size, regional representation, income, etc. Taking into account the purpose of the study, in 2013, special focus was put on legal persons using postal services in a wider extent, as part of their business processes and operations (over 100 such legal persons were surveyed). The data obtained during the research of 2013, thus have more relevance than the data from the two previous studies, so a greater importance should be attributed to the former.



As for the legal persons, it is noticeable that 80% of the respondents in 2011 marked postal services as important, or very important, compared to 91% in 2010. This percentage is in the rise again, and totaled 91,4% in 2013.

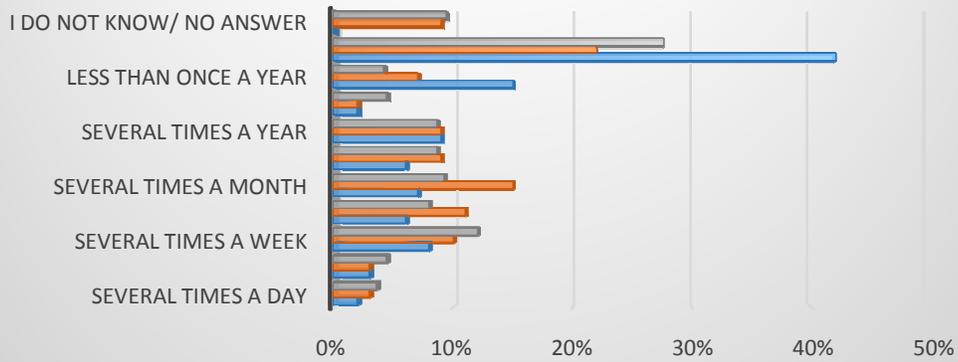


Results of the research on the purpose of postal services (regarding legal persons), show that postal services are predominantly used for business correspondence and invoice delivery. The number of legal persons using postal operators' services for invoice delivery to their clients increased considerably (from 5% in 2010 to as much as 63,4 in 2013). On the other hand, it is fairly obvious that legal persons change the way of fulfilling the need for business communication – there was a drop from 86% in 2010 to 66% in 2013 of those who use traditional postal items to communicate in th business evnironment. This trend is not surprising, having in mind that traditional postal services are under the greatest impact of electronic and telecommunications supstitutes. In order for the postal market and especially letter-post services not to shrink excessively, it is necessary to implement and incorporate new technology solutions into these services.



How often does your company send parcels up to 10 kg in domestic traffic?

N(2010)=435 N(2011)=500 N(2013)=501

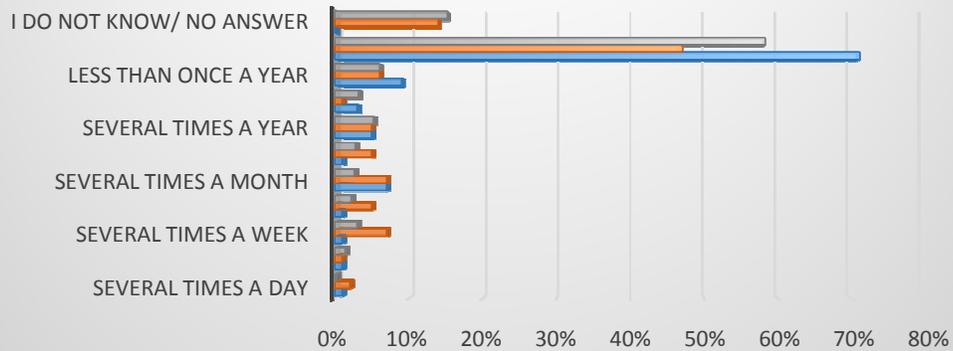


	several times a day	once a day	several times a week	once a week	several times a month	at least once a month	several times a year	once a year	less than once a year	never	I do not know/ no answer
■ 2013	3,6%	4,4%	12,0%	8,0%	9,2%	8,6%	8,6%	4,4%	4,2%	27,6%	9,4%
■ 2011	3%	3%	10%	11%	15%	9%	9%	2%	7%	22%	9%
■ 2010	2%	3%	8%	6%	7%	6%	9%	2%	15%	42%	0%



How often does your company send parcels up to 20 kg in international traffic?

N(2010)=435 N(2011)=500 N(2013)=501

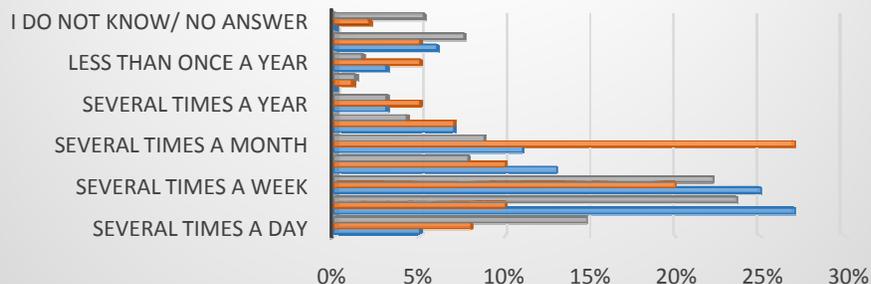


	several times a day	once a day	several times a week	once a week	several times a month	at least once a month	several times a year	once a year	less than once a year	never	I do not know/ no answer
■ 2013	0,2%	1,4%	3,0%	2,2%	2,6%	2,8%	5,2%	3,2%	6,0%	58,2%	15,2%
■ 2011	2%	1%	7%	5%	7%	5%	5%	1%	6%	47%	14%
■ 2010	1%	1%	1%	1%	7%	1%	5%	3%	9%	71%	0%



How often does your company send ordinary letters?

N(2010)=435 N(2011)=500 N(2013)=501

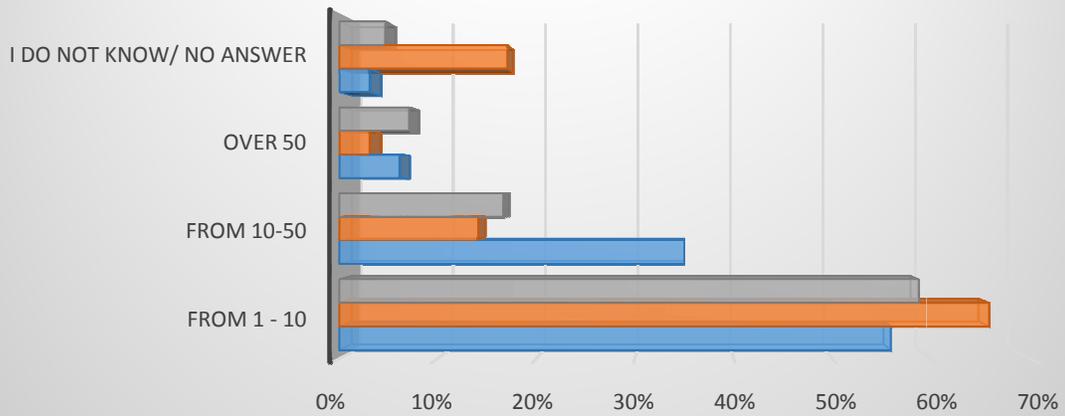


	several times a day	once a day	several times a week	once a week	several times a month	at least once a month	several times a year	once a year	less than once a year	never	I do not know/ no answer
■ 2013	14,8%	23,6%	22,2%	7,8%	8,8%	4,2%	3,0%	1,2%	1,6%	7,6%	5,2%
■ 2011	8%	10%	20%	10%	27%	7%	5%	1%	5%	5%	2%
■ 2010	5%	27%	25%	13%	11%	7%	3%	0%	3%	6%	0%

Regarding the frequency of use of ordinary letters, a higher daily frequency was noted (from 5% in 2010 to 14,8% in 2013). On the other hand, the percentage of legal persons that have never used this service has slightly increased.



Volume of items during a single dispatch
 N(2010)=435 N(2011)=500 N(2013)=501

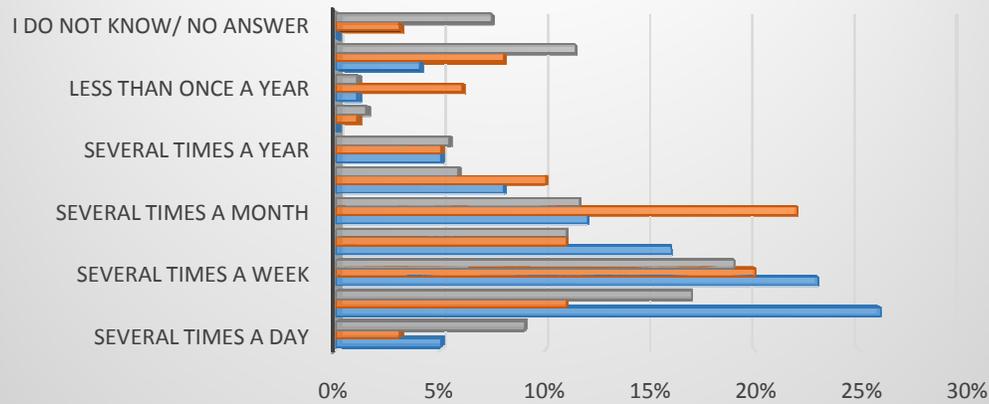


	from 1 - 10	from 10-50	over 50	I do not know/ no answer
2013	58,8%	16,6%	7,0%	4,6%
2011	66%	14%	3%	17%
2010	56%	35%	6%	3%



How often does your company send registered items?

N(2010)=435 N(2011)=500 N(2013)=501



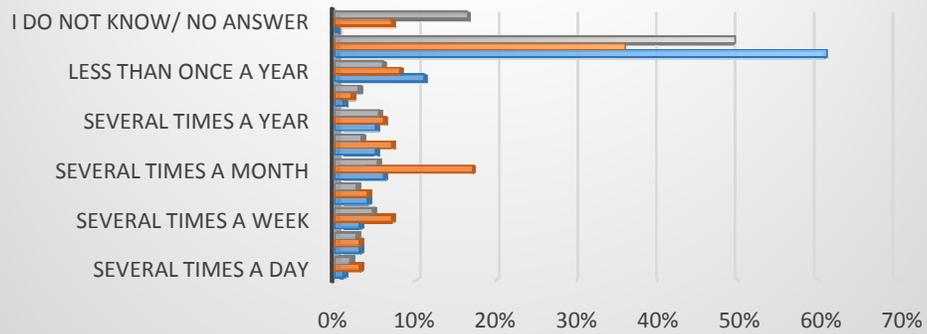
	several times a day	once a day	several times a week	once a week	several times a month	at least once a month	several times a year	once a year	less than once a year	never	I do not know/ no answer
■ 2013	9,0%	17,0%	19,0%	11,0%	11,6%	5,8%	5,4%	1,4%	1,0%	11,4%	7,4%
■ 2011	3%	11%	20%	11%	22%	10%	5%	1%	6%	8%	3%
■ 2010	5%	26%	23%	16%	12%	8%	5%	0%	1%	4%	0%

As for the frequency of use of registered letters, there was an increase in daily frequency (from 5% to 9%). On the other hand, the percentage of legal persons that have never used this service has grown considerably (from 4% in 2010 to 8% in 2011, and then to 11,4% in 2013).



How often does your company send insured items?

N(2010)=435 N(2011)=500 N(2013)=501

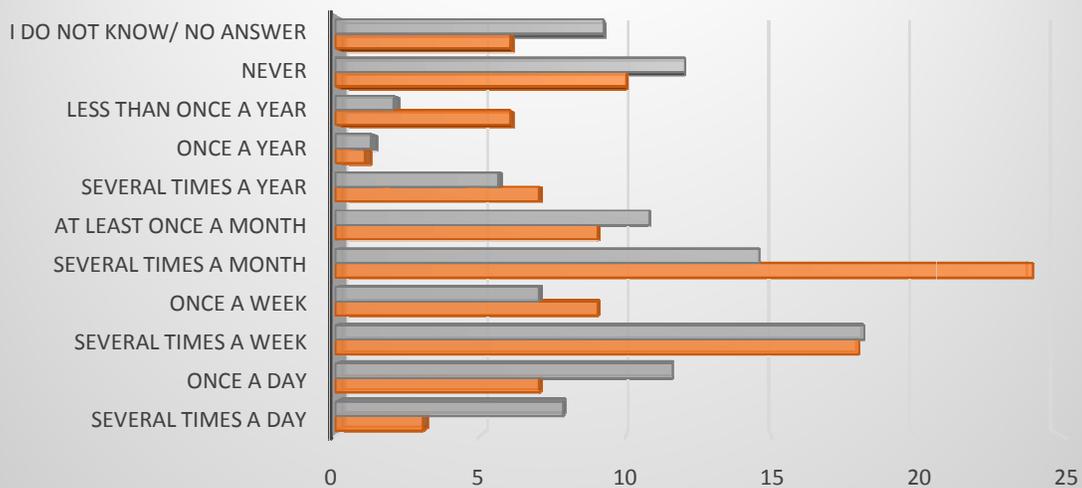


	several times a day	once a day	several times a week	once a week	several times a month	at least once a month	several times a year	once a year	less than once a year	never	I do not know/ no answer
■ 2013	1,8%	2,6%	4,6%	2,6%	5,2%	3,2%	5,4%	2,8%	5,8%	49,6%	16,4%
■ 2011	3%	3%	7%	4%	17%	7%	6%	2%	8%	36%	7%
■ 2010	1%	3%	3%	4%	6%	5%	5%	1%	11%	61%	0%



How often does your company send express items?

N(2011)=500 N(2013)=501

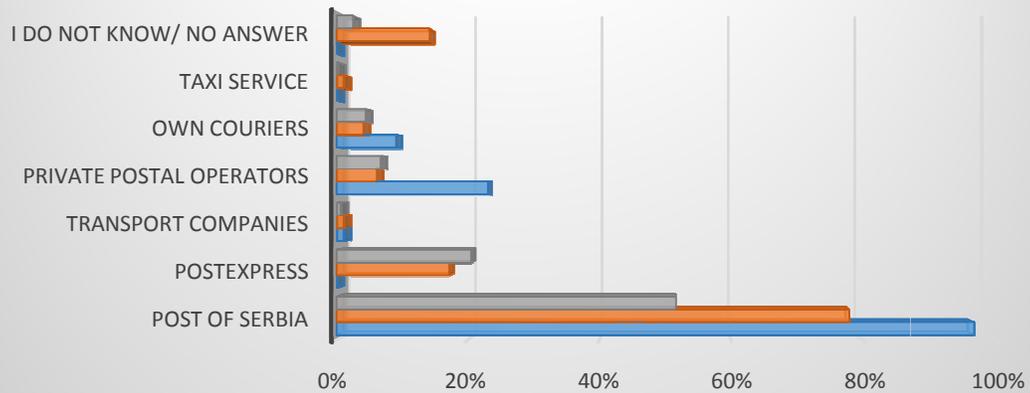


	several times a day	once a day	several times a week	once a week	several times a month	at least once a month	several times a year	once a year	less than once a year	never	I do not know/ no answer
2013	7,8	11,6	18,2	7	14,6	10,8	5,6	1,2	2	12	9,2
2011	3	7	18	9	24	9	7	1	6	10	6



How does your company send registered items?

N(2010)=418 N(2011)=500 N(2013)=407

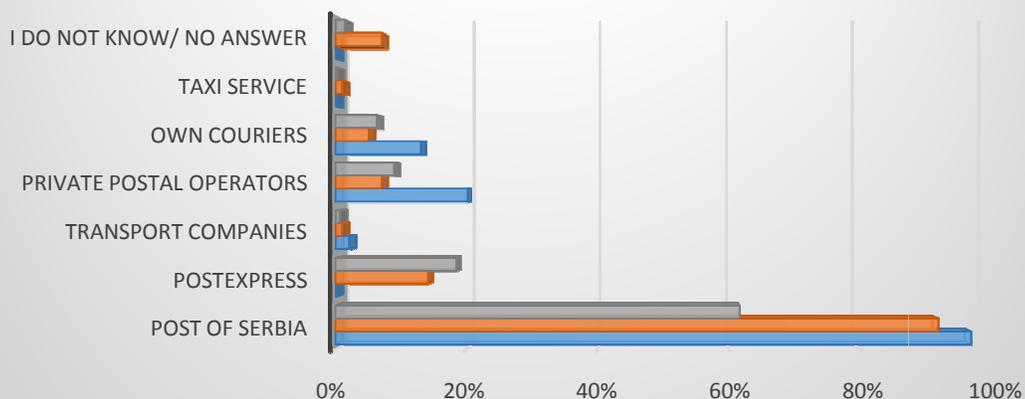


	Post of Serbia	Postexpress	transport companies	private postal operators	own couriers	taxi service	I do not know/ no answer
■ 2013	51,6%	20,4%	0,6%	6,6%	4,4%	0,2%	2,4%
■ 2011	78%	17%	1%	6%	4%	1%	14%
■ 2010	97%	0%	1%	23%	9%	0%	0%



How does your company send ordinary letters?

N(2010)=435 N(2011)=445 N(2013)=436

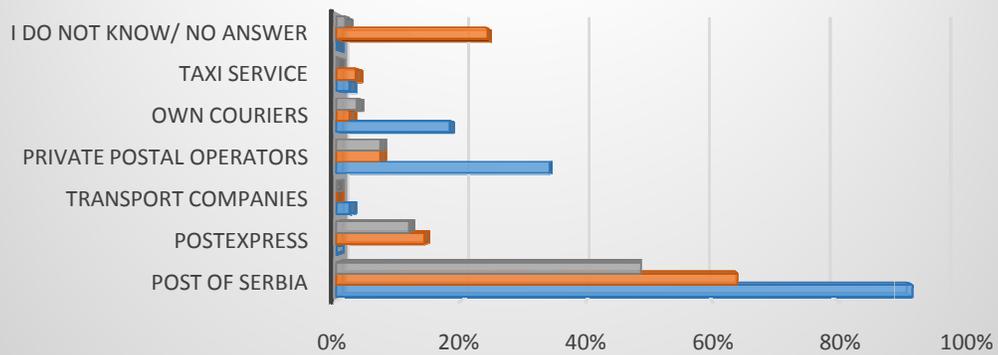


	Post of Serbia	Postexpress	transport companies	private postal operators	own couriers	taxi service	I do not know/ no answer
■ 2013	61,6%	18,4%	0,6%	8,8%	6,2%	0,2%	1,4%
■ 2011	92%	14%	1%	7%	5%	1%	7%
■ 2010	97%	0%	2%	20%	13%	0%	0%



How does your company send bills to its customers?

N(2010)=409 N(2011)=500 N(2013)=417

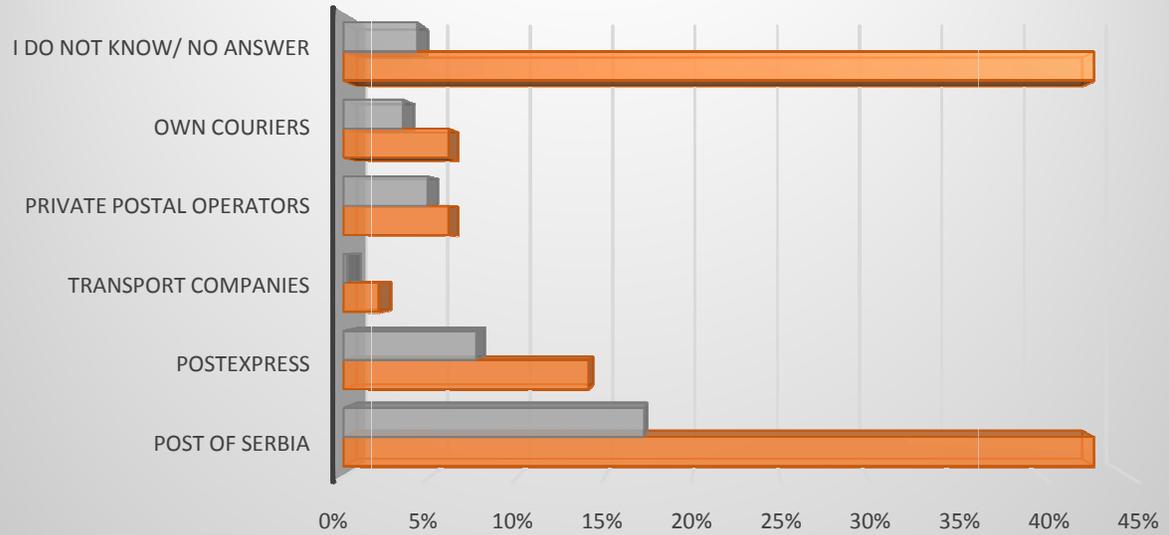


	Post of Serbia	Postexpress	transport companies	private postal operators	own couriers	taxi service	I do not know/ no answer
■ 2013	48,6%	11,6%	0,0%	7,0%	3,2%	0,2%	1,4%
■ 2011	64%	14%	0%	7%	2%	3%	24%
■ 2010	92%	0%	2%	34%	18%	2%	0%

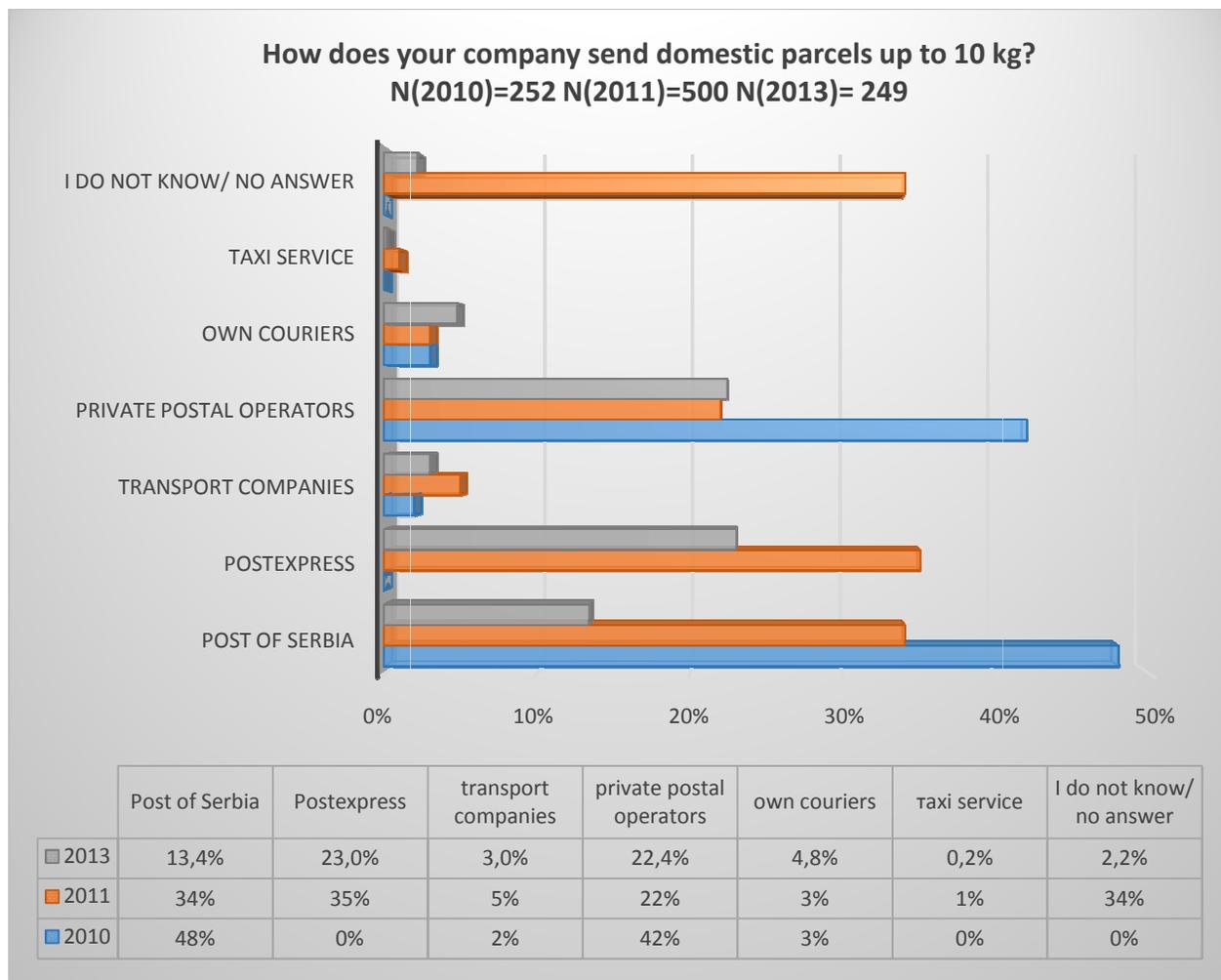


How does your company send advertising material?

N(2011)=500 N(2013)=249



	Post of Serbia	Postexpress	transport companies	private postal operators	own couriers	I do not know/ no answer
■ 2013	17,2%	7,6%	0,2%	4,8%	3,4%	4,2%
■ 2011	43%	14%	2%	6%	6%	43%

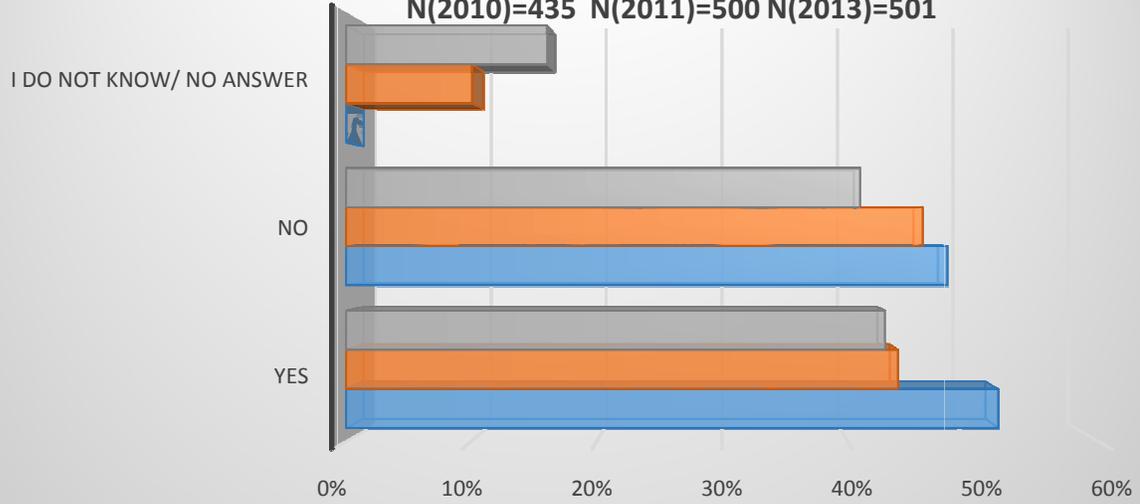


As for the domestic parcels up to 10 kg (similarly to international parcels up to 20 kg) the research has shown that these services, as part of universal service provided by PPO, are used by barely over half of the population, whereas the percentage regarding the legal persons was 48% in 2010 and 13,4% in 2013.



Should the price of ordinary, registered and insured letters up to 2 kg depend on the distance of delivery?

N(2010)=435 N(2011)=500 N(2013)=501

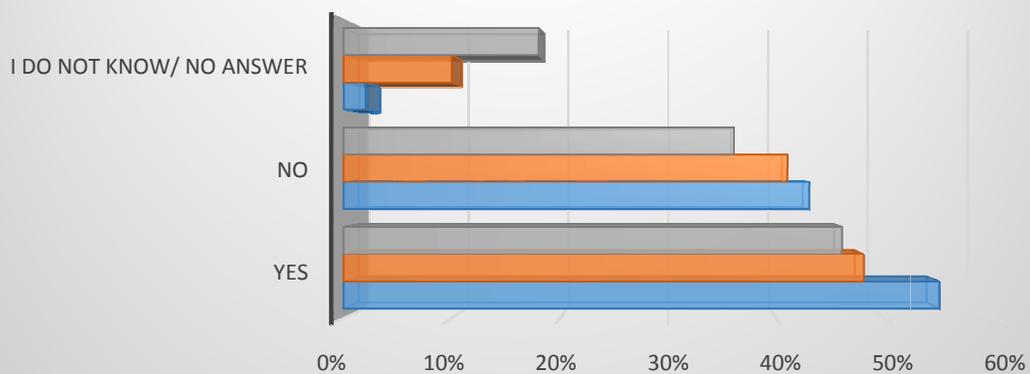


	yes	no	I do not know/ no answer
2013	43%	41%	16%
2011	44%	46%	10%
2010	52%	48%	0%



Should the price of domestic parcels up to 10 kg depend on the distance of delivery?

N(2010)=435 N(2011)=500 N(2013)=501



	yes	no	I do not know/ no answer
■ 2013	46%	36%	18%
■ 2011	48%	41%	10%
■ 2010	55%	43%	2%