

How much competitive advantage for the postal delivery network vs competing networks – and where?

Copenhagen Economics helps postal operators optimise their pricing systems, by combining skills in postal networks' modelling, cost allocation, competition economics and postal regulation

1 Estimate delivery costs (vs competition) in different geographical areas

Postal operators can face different regulatory and competition constraints e.g. on pricing and service level. In turn, postal and parcel competitors can design service and network in a way that creates "cream-skimming". How can postal operators set prices to be both competitive (overall and regionally) and compliant with sector and competition regulation?

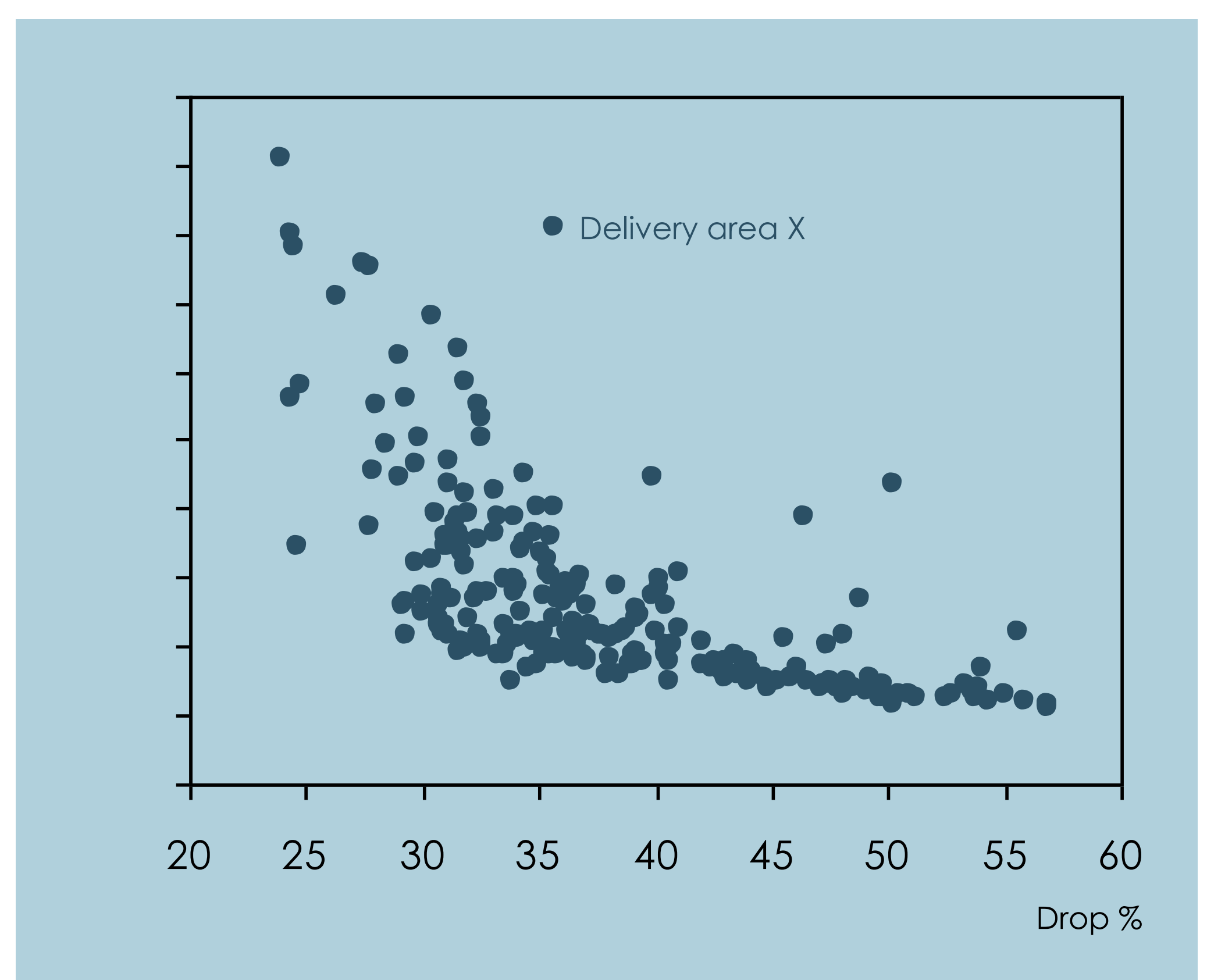
2 Assess the competitive advantage of the postal network to deliver parcels

How geographic differences and economies of scope between letters and parcels affect prices and postal network design? To what extent should the postal network be designed with parcel delivery as a key feature?

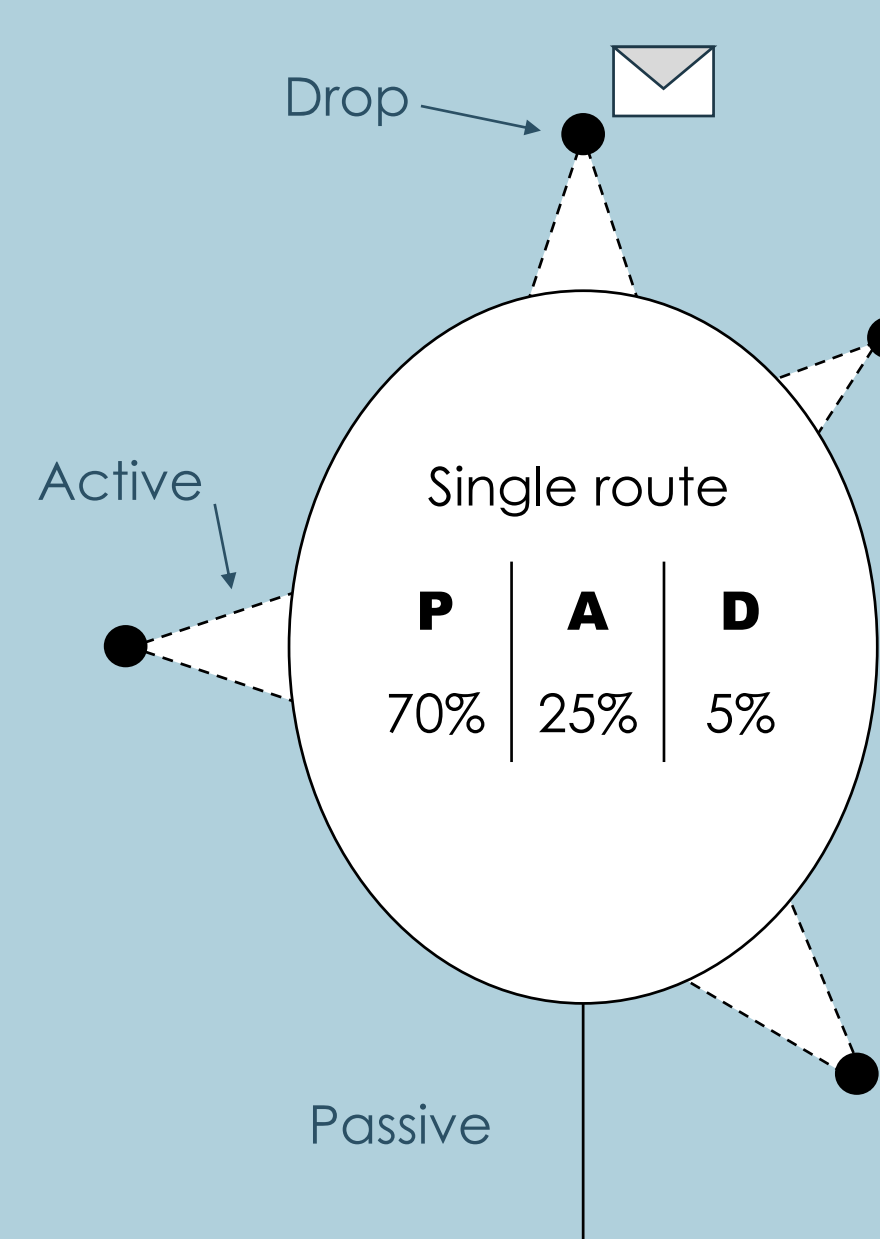
We help you manage this complexity and forecast what happens with changes in traffic mix and overall letter and parcel volumes.

3 Ensure compliance with competition regulation: Assess your AAC

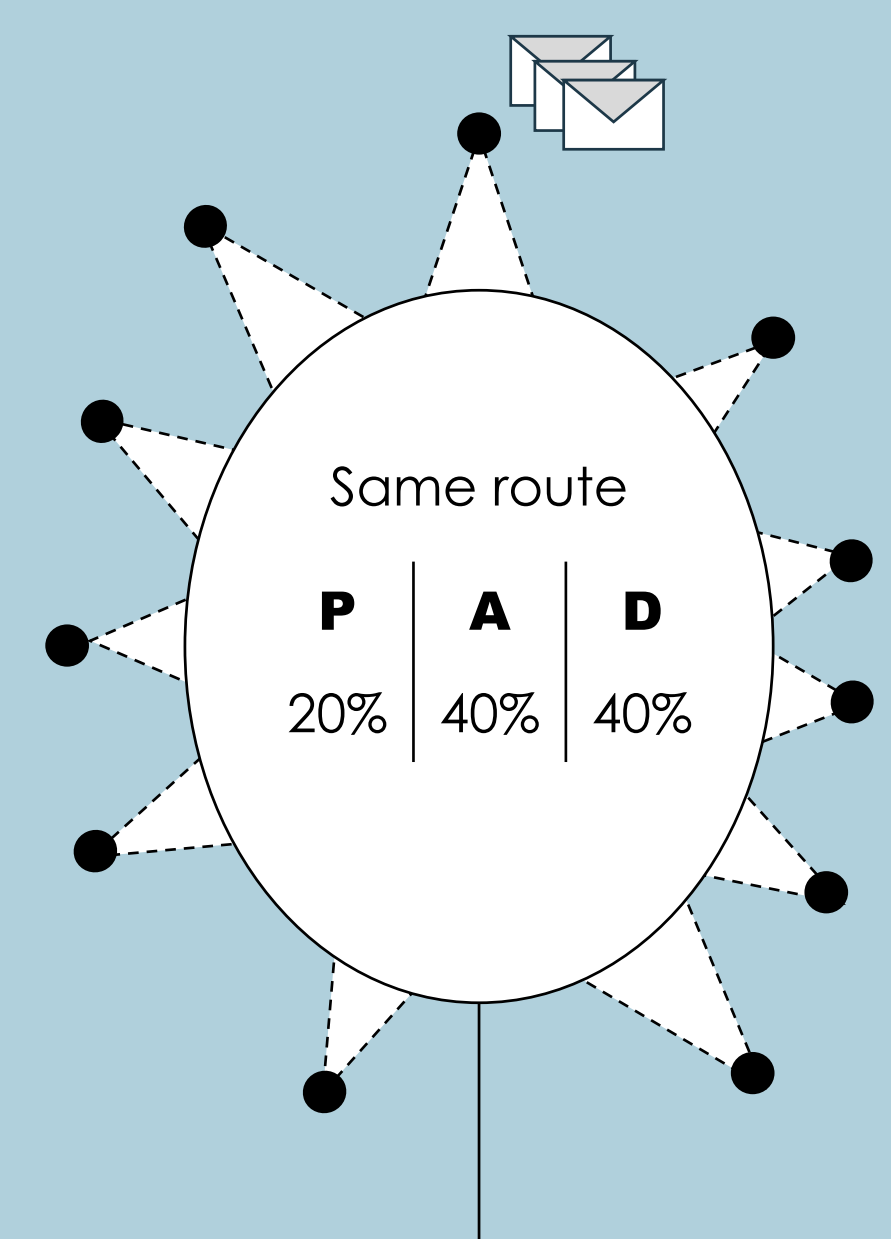
Under EU law, dominant firms are not allowed to price below their Average Avoidable Costs (cf. Incremental Costs). Postal and parcel competitors have raised the concern of cross-subsidy, which is a price-cost consideration. We help you assess avoidable costs in the postal network overall and by area.



Low density areas (e.g. rural)



High density areas (e.g. urban)



Illustrative