

MEASURING THE QUALITY OF THE UNIVERSAL SERVICE PROVISION

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Content: *Quality of the postal services provision and ensuring the prescribed delivery terms for postal items are important elements of customer satisfaction. The European Commission has set joint quality standards and unified methods for measuring certain quality performances. This paper demonstrates the legal framework regarding the standards and measuring of quality of transit time for postal items, the role of the regulatory body in the measuring procedure with a special emphasis on the measuring of quality in the Republic of Croatia.*

Key words: *quality of universal service, quality measurement, standard, regulatory body*

1. Introduction

Global trends like the development of e-commerce, increase in the electronic communications services, increasing competition and users' requests have changed the postal industry, what has resulted in a decreased volume of items of correspondence and an increased volume of parcels. In such an environment, the quality of service provision has become the only tool to be used by the postal services providers in order to successfully face the market challenges, giving the quality of service provision a growing importance.

The importance of the quality of the postal services provision on the European Union (EU) single market, and especially in the segment of the universal (postal) service, was recognized by the European Commission (EC) that, under the Postal Services Directive¹, among other things provides, for the EU Member States, mandatory quality standards as well as the manner and methodology of measuring the quality performances. The quality standards for the universal service provision are primarily focused on the transit time of postal items and procedures for resolution of complaints related to the postal services provision. The Directive clearly lays down the quality standard in the cross-border traffic between the EU Member States, and concerning the standards for the national traffic it lays down that each Member State defines such standards on its own.

¹Directive (97/67/EC) on common rules for the development of the internal market of Community postal services and the improvement of quality of service and Directive on its amendments

The quality measurement is based on the standards regarding the postal sector that have been defined by the European Committee for Standardization (CEN)².

In the EU accession process the Republic of Croatia (RoC) harmonized its legislation with the European *acquis Communautaire* and it fully accepted the statutory quality standards for the universal service provision. Pursuant to the provisions of the applicable Postal Services Act³ a universal service provider in the RoC is obliged to conduct annual quality measurement in accordance with the Croatian standards. Regarding the part of the process related to the measuring, the national regulator for the postal services – Croatian Regulatory Authority for Network Industries (HAKOM) also has its role, primarily in the procedure for delivering opinions about the approved manner of measuring and supervision and verification of the measuring results.

2. Quality Standards

The users of postal services today have every right to expect high-quality services on the EU single postal market. Therefore, the EC, under the Postal Services Directive, has also, among other things, laid down the quality requirements that need to be met by the Member States in relation to the universal service provision. The Member States should undertake steps to establish and publish the quality standards for the provision of the universal service thus ensuring appropriate quality of postal services.

The quality standards in the cross-border postal items traffic between the EU states are clearly laid down, and so the goals have been defined for the postal items of the fastest category according to which 85% of such postal items have to be delivered within the period of three working days (D+3)⁴ or 97% within the period of five working days (D+5). The quality standards must be achieved not only in the overall traffic within the EU, but also in all bilateral flows between the Member States.

According to the Postal Services Directive it is laid down that the quality standards for national traffic are to be defined by each state but those standards must be compatible with those defined for the cross-border services within the EU. The RoC adopted into its legislation the laid down quality standards related to the international postal traffic, while regarding the national traffic it prescribed that it is necessary to deliver 85% of the postal items of the fastest category within the period of one working day (D+1), or 95% within the period of two working days (D+2), and all other postal items in the national traffic 95% within the period of three working days (D+3), where the delivery terms in the national traffic are extended for the postal items addressed to recipients on the islands or items cleared on the islands. Therefore, the quality standards have been imposed as a statutory obligation, and the universal service provider must ensure them. In the RoC HP-Hrvatska pošta d.d. (HP) is defined as a nominated universal service provider.

Table 1. shows the targets for the delivery of individual priority postal items in 2018 in the national postal traffic for individual Member States, and it is evident that there is a wide range of targets reflecting the national specificities. The largest number of states has defined the targets for D+1 ranging from 80% (BG, DE, IT and RS) up to 97%

²Comite Europeen de Normalisation

³Official Gazette no. 144/12, 153/13 and 78/15

⁴D is the day of depositing of the postal item

in Switzerland having that target as the only one. The targets of the RoC for D+1 fall within an average value of all the states. Denmark and Finland, out of the EU Member States have not defined the target values for the delivery of individual priority postal items, and five states (AT, MT, PL, RS and SI) have laid down three different quality standard targets.

The only two states that have laid down quality standards for the delivery of 100% priority postal items are Austria and Slovenia, where the delivery term in Austria is D+4, and in Slovenia the delivery term is D+3.

Table 1. Targets for the delivery of single-piece priority mail in 2018

	D+1	D+2	D+3	D+4
	Target	Target	Target	Target
AT	95,0%	98,0%		100,00%
BE	93,0%	97,0%		
BG	80,0%	95,0%		
CH	97,0%			
CY	90,0%		97,0%	
CZ	92,0%			
DE	80,0%	95,0%		
EE	90,0%			
EL	87,0%		98,0%	
FR	85,0%			99,00%
HR	85,0%	95,0%		
HU	85,0%		97,0%	
IE	94,0%		99,5%	
IT	80,0%			98,00%
LT	85,0%		97,0%	
LU		85,0%	99,0%	
LV	90,0%			
MT	95,0%	98,0%	99,0%	
NL	95,0%			
NO		85,0%		97,00%
PL	82,0%	90,0%	94,0%	
PT	94,5%	87,0%		
RO		85,0%		97,00%
RS	80,0%	85,0%	90,0%	
SE		95,0%		
SI	95,0%	99,5%	100,0%	
SK	94,0%	99,0%		
UK	93,0%			
Total	24	15	10	5

Although according to the Postal Services Directive in the delivery of non-priority items of correspondence there is no imposed obligation to determine the quality standard, individual EU Member States have laid down the standards for them too, and among those states is the RoC that has defined the delivery target of 95% items within the period of D+3. A large number of Member States laid down the D+3 delivery term, while the targeted range of delivery terms is from 85% to 99%, and few states have the delivery D+4 and D+5. Moreover, it should be noted that certain states have defined quality standards also for registered items and parcels.

3. Standards for measuring the quality of the universal service provision

Every measuring, which includes measuring of the quality of the universal service provision, requires certain methods and rules to be applied. For that purpose, CEN has created several standards for measuring the quality performances which were accepted by the EC too.

The use of the norms was initially envisaged as voluntary, but in time two standards have become obligatory for the EU Member States. One is related to the regulation of the mutual accountability for the quality in the cross-border traffic and the other to the consumer protection area. The standards and their applicability have become an obligation for the EU Member States and also on the national level, so the RoC laid down the applicability of the following standards:

1. HRN EN 13850: measurement of the transit time of end-to-end services for single piece priority mail and first-class mail
2. HRN EN 14508: measurement of the transit time of end-to-end services for single piece non-priority mail and second-class mail
3. HR EN 14012: measurement of complaints handling principles

Individual states measure quality standards for different types of services (postal items), and the overview of the methodology, meaning the standards applied are shown in Table 2. The EN 13850 standard is mostly used for measuring quality.

Table 2. Methodology for measuring the quality of the services by the USP in 2018

Services	Standards	Count	Country
Single-piece priority mail	EN 13850	28	AT, BE, BG, CH, CY, CZ, DE, DK, EL, FI, FR, HR, HU, IE, IS, IT, LT, LV, MT, NL, NO, PL, PT, RO, RS, SK, SI, UK
	Other	3	LU, EE, ES
Single-piece non-priority mail	EN 13850	4	FR, IS, LT, NO
	EN 14508	10	BE, BG, CH, HR, HU, IT, PL, PT, SK, UK
Bulk mail	EN 14534	3	FR, HU, MT
Parcels	EN 13850	7	AT, BG, DK, ES, NO, PT, UK
	TR 15472	4	BE, MT, PL, SI
	EN 14508	2	SK, UK
	Other	6	CH, FR, HU, PL, RO, RS
Registered mail	EN 13850	2	LT, PT
	TR 15472	1	BE
	EN 14508	1	SK
	EN 14137	1	MT
	Other	2	FR, HU
Cross border mail	Methodology based on EN 13850	11	AT, BG, CY, FR, HR, IS, IT, LU, MT, RO, SI
	Other	2	PT, RS

4. Measuring the quality of the universal service provision in the RoC

Pursuant to the Postal Services Directive in relation to the quality of the services, the RoC laid down under its legislation that in compliance with the Croatian standards the universal service provider is obliged to conduct annual measuring of the quality of the universal service provision. Within the scope of measuring the quality the universal service provider is obliged to conduct the measurement of quality of transit of postal items through an independent body for the purpose of determining the percentage of the delivered postal items. Furthermore, the provider is also obliged to deliver the annual report on the quality of the universal service provision (Quality Report) to HAKOM by 1 April at the latest for the previous year.

HP started with the measuring pursuant to the laid down standards on 1 January 2011, and the measuring has been continually conducted until today in the national and international traffic.

4.1. Measuring the quality in the national postal traffic

In accordance with the stipulated obligations in the national traffic, HP conducts independent measurements of the quality of the universal service relating to the quality of transit and delivery priority letter and non-priority letter. The standard HR EN 13850 is used for measuring the transit time of priority letters, while the standard HR EN 14508 is used for non-priority letters, and the HR EN 13850 standard is largely referenced in its provisions. In addition to measuring the quality of transit time of postal items, the number of complaints and redress procedures is also measured, according to the HR EN 14012 standard. The measurement of transit time of postal items is conducted by an independent measurer, and the measurement results and shown in Image 1.

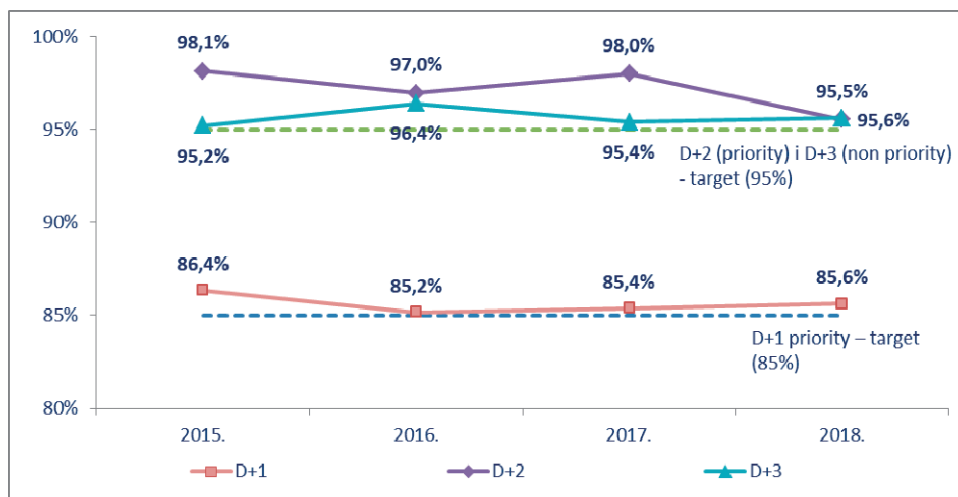


Image 1. Transit time of postal items in the national traffic

It is evident that HP reached the stipulated transit quality targets during the entire measurement period, however, it can also be seen that there has been a certain decline in quality. In 2018, the average transit time for priority items of correspondence was 1.21 days, and the average transit time for non-priority items of correspondence was 2.16 days.

4.2. Measuring the quality in the international postal traffic

In international postal traffic HP conducts the measurement of priority items of correspondence between the EU Member States. The performance quality is measured using the IPC UNEX system for item tracking, with the EN 13850 standard applied, and the measurement results are shown in Image 2. The transit of outbound items from Croatia averaged at 2.9 days, while the transit of inbound items to Croatia averaged at 3.3 days.

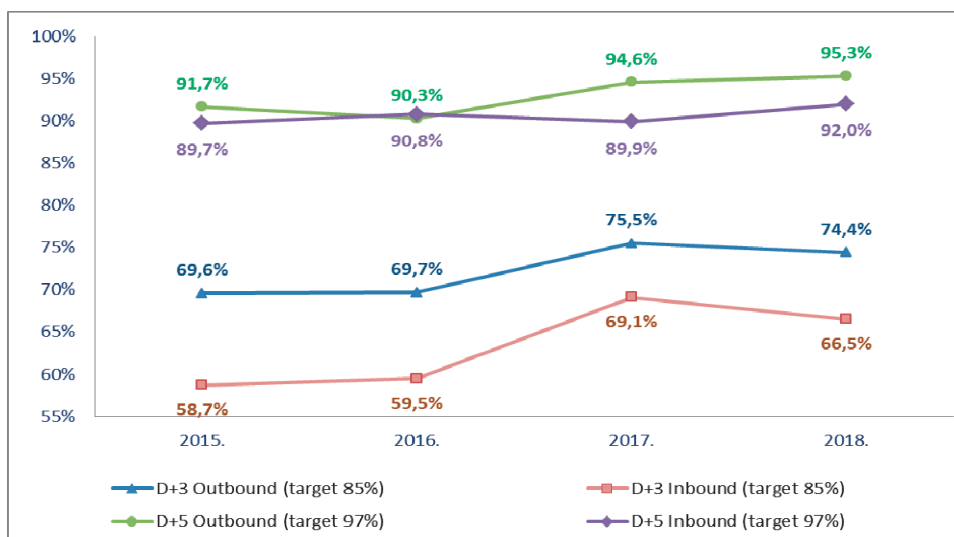


Image 2. Transit time of postal items in the international traffic

It is evident that HP did not reach the stipulated transit targets in international traffic, both in departure and arrival of the items, which is no different from other EU Member States. According to the IPC results, it is evident that the average transit time for D+3 in 2016 fell under the 85% target and that the decline continued in the following years. HP had better transit results in departure both for D+3 and D+5.

5. The role of the regulator in measuring the delivery quality

HAKOM as the regulator in the postal market has the main responsibility of ensuring the transit quality of priority and non-priority items by:

- requiring the monitoring of the service quality and

- ensuring that HP measurement systems have been implemented in accordance with the standards for measuring transit quality.

Under the RoC legislative framework, HP launches and publishes a tender for measuring the quality of the universal service provision by an independent body, and it must request HAKOM's opinion eight days before the tender is published on whether the selected measurement method complies with the stipulated standards. Since the HR EN 13850 standard is open for certain interpretations in design and the measurement itself with respect to national specificities, in the opinion procedure HAKOM has always agreed upon certain issues with HP, in particular those relating to the exclusion of certain measurement periods in the case of force majeure events, selection of discriminatory characteristics, the number and selection of postal areas for stratification, the audit cycle, etc.

Furthermore, in order to verify the measurement results from the Quality Report, HAKOM may, through an independent body, audit the performed measurement and the results, what it has done so far. Thus, on the basis of the obtained Quality Reports, HAKOM conducted an independent audit for the purpose of verification, but also for the purpose of improving measurements in the coming period. The results of the audits carried out have so far shown that there were certain inconsistencies with the prescribed standards, which to a greater or lesser extent affected the measurement results.

Moreover, in the event that HAKOM determines that the Quality Report was not prepared in accordance with the regulations or the audit finds that the measurement results were not obtained in the prescribed manner, HAKOM may request HP to submit an updated Quality Report. In quality monitoring, HAKOM has the legal possibility to penalize the universal service provider if it does not ensure the quality of the universal service provision, fails to perform the quality measurement, and fails to submit the Quality Report or produces it improperly, and this possibility has not been used by HAKOM so far.

6. Conclusion

Since the early stage of formation of the EU single market, special emphasis has been placed on maintaining the quality of postal services on the whole EU territory. The Member States must guarantee the prescribed quality standards and to this end conduct quality measurements in accordance with the standards. HAKOM's task is to monitor the quality of the universal service provision, and HP is continuously conducting the measurements. The measurement results in the last few years show that the prescribed quality has been met in the RoC national traffic, while in the international traffic, despite the recorded growth, the prescribed quality standards have not yet been achieved.

In future quality will continue to play a significant role in the universal service provision which primarily means that the high level of quality will be one of the providers' answers to the users' growing demands and needs, and the challenges brought by competition.

Literature:

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Sadržaj: *Kvaliteta obavljanja poštanskih usluga i osiguranje propisanih rokova prijensa pošiljaka bitni su elementi zadovoljstva korisnika. Europska komisija je postavila zajedničke standarde kvalitete i unificirala metode mjerenja određenih performansi kvalitete. U radu je prikazan pravni okvir vezan uz standarde i mjerenje kvalitete prijensa poštanskih pošiljaka, uloga regulatornog tijela u postupku mjerenja s posebnim osvrtom na mjerenje kvalitete u Republici Hrvatskoj.*

Ključne riječi: *kvaliteta univerzalne usluge, mjerenje kvalitete, norma, regulatorno tijelo*

MJERENJE KVALITETE OBAVLJANJA UNIVERZALNE USLUGE

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