

DEVELOPMENT OF COURIER COMPANIES AS FOR THE E-COMMERCE MARKET SERVICE

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Abstract: Increased manufacturing activity and rising demand for manufactured products reported by consumers require proper handling sale and purchase transactions and a flexible offer from companies offering transport services. Courier is a specialized company engaged in the handling of the contract starting from the receipt of the consignment from the sender to delivery to the person ordering, organizing with the smooth flow of information on the status of the consignment. The aim of the article is to present the relationship between the rapidly growing market of e-commerce and the development of the industry courier services. Courier services market is a rapidly growing industry dedicated services, the development of which is determined by the souped increasingly important e-commerce and the ability to handle the buying and selling of goods. The article presents the characteristics of the Polish market for courier services and discusses the service e-commerce market in Poland and in the European Union. Approximated and analysis the impact of the development of e-commerce and transaction services related to purchases via the Internet on the development of courier services.

Keywords: *courier company, courier services, e-commerce*

1. INTRODUCTION

Contemporary courier companies are the answer to the growing demand of corporations, small businesses and individual clients as they provide a wide range of professional transport services and associated activities [1]. The increasing number of courier companies makes them competitive, and gives customers the possibility of comparing prices, standards and additional services in order to select the most convenient offer [2]. Highly competitive market conditions have led to the introduction of many changes in the way a transaction is executed. That is why the importance of courier companies has increased. Nowadays the customer has a large choice and not enough time to consider all offers on the market. In this context, the choice of the appropriate courier company which performs transport service professionally is very important. The aim of the article is to present the relationship between the rapidly growing market of e-commerce and the development of the industry courier services, whose direction is determined by the growing demands coming from the trade carried out through web sites.

2. COURIER COMPANY ACTIVITY

A courier company can be described as a company providing express transport of documents and goods based on declared time limits for deliveries. Courier service is characterised by the fact that you do not need to adapt customer needs to the amount of space in airplanes or

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trucks, which would result in setting delivery times for individual orders. The factors that distinguish courier companies from shipping companies make courier services desired [3]. Therefore, the leading courier companies recognise the potential of both large and small businesses, and prepare dedicated products, thus becoming a business partner. A perfect solution of shipment is cash on delivery, until recently practiced by the Polish Post only. The participants of B2C and C2C markets positively assess flexible home delivery times and the possibility of tracking the item. In order to enrich the range of services courier companies offer added value, namely the accompanying services apart from the shipment from point A to point B.

The time of delivery and the cost are still the most important criteria for selecting a suitable courier offer [4]. Also, the quality of offered services is becoming essential [5]. Courier companies offer “door to door” service⁴ that relies on comprehensive service of package from the sender to the recipient, which other carriers do not offer. The requirements of customers are continuing to grow. That is why companies are increasingly enriching their offer with the latest IT solutions, such as constant monitoring of temperature or humidity of shipments. Today, many courier companies specialise in transporting goods for specific industries. Experience in specific sectors means, that companies from the SME [6] sector are more willing to turn to qualified carriers [7]. That involves not only the reputation but also the tools available to the contractors and the infrastructure on which they operate.

3. SERVICE OF THE E-COMMERCE MARKET BY COURIER COMPANIES IN POLAND

Domestic markets decide on the size of the global market of courier services. Most consignments are transported within continents rather than between them. The largest market of courier freight is the North American market, whose share in the world market in 2005 amounted to 39%. It is dominated by two companies: UPS and FedEx. The market in South America is rapidly growing. Its value in 2009 was 3 billion euros. In the same period, the value of the Asia – Pacific market (excluding Japan) amounted to 9 billion euros [8], while the European market was 56 billion euros [9]. The most dynamically growing markets are those of South America, Asia-Pacific and Eastern Europe. The European market is the second most valuable market in the world after the United States. On the European market there are many competing courier companies. Some of them provide complementary services. For example, on the Polish market of courier services there are both world leaders and smaller companies with a national coverage [10]. The main criterion for the selection of a company is its share in the market of courier services in Poland, presented in *Figure 1*.

The primary role played by world leaders in the courier industry is perfectly illustrated by *Figure 1*. It is worth noting that there used to be much more domestic providers of courier services but they closed down due to the increased competition or were absorbed by companies with foreign capital, as shown in *Table 1*.

Courier companies which took over the Polish companies are the European leaders. The absorbed companies served as the infrastructure base for further action and development, both on the Polish and EU markets. The domestic market of courier services is characterised by valuable diversity – there are small businesses of Polish origin as well as huge worldwide companies. This means that in the time of fierce competition the industry offers its customers

⁴ Service that enables forwarding and collecting consignments without leaving home.

very diverse services. The offer is really wide and gives the client a large choice. The market of foreign courier services in Poland is dominated by global courier companies.

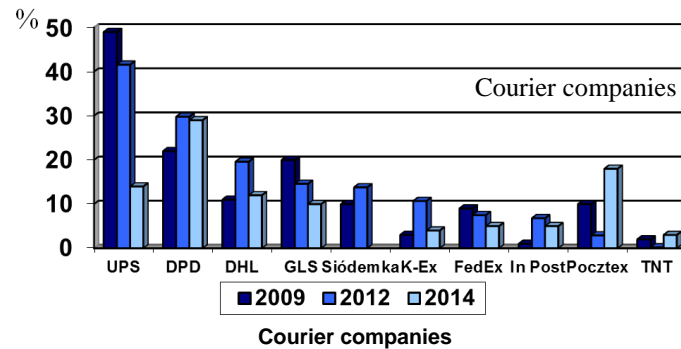


Figure 1. Share of courier companies in the e-commerce market in Poland in 2009, 2012, 2014 (Compiled on the basis of [22] and [23])

Table 1
Polish courier companies taken over by foreign logistics operators

Year	Polish company taken over	Foreign buyer
1992	Evimar	TNT
2001	Szybka paczka	GLS
2003	Servisco	DHL
2004	Masterlink	DPD
2005	Stolica	UPS
2012	OPEK	FedEx
2014	Siódemka	DPD
2014	Poltraft	UPS

(Compiled on the basis of [23])

On the other hand, on the domestic market there are a lot more service providers. The reason for this division of the market is as follows: in order to provide international courier services, massive investments are required (including the creation of a dense structure of branches worldwide, the maintenance of the aircraft fleet and the necessary know-how supported by costly systems). It is extremely difficult for operators with the domestic capital to meet these requirements, not only in Poland but all over the world. On the Polish courier market, there are smaller and larger players. The bigger players are the world giants in the courier transport (DHL, DPD, UPS, FedEx, GLS). They not only possess extensive network of cable transport (air, sea and road), but they also have the storage infrastructure, the so-called Hubs (sorting). Smaller players are mostly family companies. These include Pocztex (the Polish Postal Operator), Siódemka, OPEK etc. The experience of courier companies translates into the

knowledge of the market and customer needs, and as a result it effects the creation of optimal services that meet even the most complicated order requirements.

4. SERVICE OF THE E-COMMERCE MARKET BY COURIER COMPANIES IN THE EUROPEAN UNION

Courier companies which took over the Polish courier companies have dominated courier transport in the EU. DHL has the largest share in this market (about 19%). The detailed shares in the EU market divided into B2B and B2C are presented in *Table 2*.

Table 2
The shares of companies in the EU market for courier services

Operator	B2B market	B2C market	Entire market
DHL	17%	23%	19%
Hermes Group	0%	19%	5%
TNT Express	14%	5%	12%
UPS	10%	2%	8%
GLS	7%	7%	7%
FedEx	3%	1%	2%
DPD	12%	18%	14%
Domestic Postal Operators	2%	10%	4%
Others	35%	15%	30%
Entire market	100%	100%	100%
Entire market (in bln euro)	27,6	9,8	37,4
Cross border market (in bln euro)	2,8	1,0	3,7

(Compiled on the basis of [24])

The market share of individual companies shows that, as in the case of the Polish market for courier services, the global leaders have the largest shares in the European market, which is clearly shown in *Table 2*. For several years, the growth factor for the courier industry in the European Union has been the e-commerce market. The B2C segment now represents 43% of the European market. Germany, Great Britain, Poland and Russia are the countries with the largest increase in the courier service market. On the other hand, the largest courier market in Europe is Germany. 90% of the courier market customers are enterprises and it is them that generate most profits for carriers. However, the B2C segment is constantly increasing. As a result, carriers must adapt to the requirements of individual customers. Although only 10% of all shipments in the world are sent to private households, the B2C market is growing by 12% per year [9].

5. THE IMPACT OF E-COMMERCE ON THE DEVELOPMENT OF COURIER SERVICES

With the development of Internet commerce the market value of courier services is growing rapidly [11]. E-commerce is the future of commerce [12]. Nowadays people buy online almost everything – from books, clothes, electronics and medicines to tickets and food. In 2014, the global value of online shopping exceeded 1.5 trillion dollars to reach nearly 2.4 trillion in 2015. Against this background, central and mid-Europe region is still marginal (58 and 73 billion dollars respectively; while Poland 30 and 37 billion respectively). However, locally it is a lot of money [13]. This region of Europe is becoming a more attractive place not only for small local projects but also for large global players. This does not mean, though, that the domestic e-commerce market involves only the improved performance and great potential. In practice, it is a difficult, highly competitive market with strong price pressure. The use of systems for simulating the flow of materials helps develop the right strategy [14]. Therefore, it is essential to effectively use marketing tools that allow standing out and entering the market.

The importance of logistics services of the sales channel is growing due to the significant and steady development of e-commerce in recent years [15]. The market offer for the ways of supporting e-commerce is wide-ranging. From the customer's point of view, the primary advantage of shopping online is the convenience and speed of placing an order. A number of factors depending directly on the quality of logistics decide on the level of customer service. Among these factors are [16]:

- item availability,
- variety of delivery options,
- low shipping cost,
- punctuality,
- consistency with the order,
- no damage of goods.

The first of the above factors is determined by the correct purchase and storage policy of the company [17]; all the others are connected with the proper organisation of delivery service provided by the courier company. Courier industry is becoming more closely associated with e-commerce, and the main purpose of e-commerce companies is and will be the increase in sales value [18]. We can already see that in Poland the basic parameter of competition – price is being replaced with another one – the distribution of goods. This trend has been observed for a long time in the West. In the future courier companies will focus on measures such as cost minimisation, fast delivery of items and a choice of package collection options [19].

6. SUMMARY

The dynamic development of the courier companies is mainly caused by the implemented technological solutions which increase the effectiveness and efficiency of the activities of courier companies. The use of technological advancements is an important factor in the development of the courier service industry. Providing services of high technological quality is and will be essential for competitive activities and creating modern business solutions [20]. More frequent and wider use of RFID technology [21] proves the effectiveness of companies offering modern services and the increasing demand for their services. Also, the use of ERP systems in the courier company management is a standard. This provides a number of

advantages: the improvement of the timeliness of delivery, increased profitability, inventory reduction, shortening of lead times and increased labour productivity. The system is designed to adapt to the company as it consists of integrated modules which are flexible, can be developed and ensure the development of the company.

The dynamics of turnover growth and development prospects of companies offering courier services could suggest that courier services are beginning to play an increasingly important role in the functioning of the global economy. At a time when competition on the markets is very strong, the environment is constantly evolving, and expectations towards service providers are changing, in the era of globalisation and dependence on knowledge, operators offering courier services must meet the growing demands of customers. An important tool to achieve the objectives of increasing the pace, improving safety, providing information on shipping, tracking packages and lowering costs is the systems supporting courier activity.

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