

# **Post Office Networks – Running to stand still**

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# Running to stand still

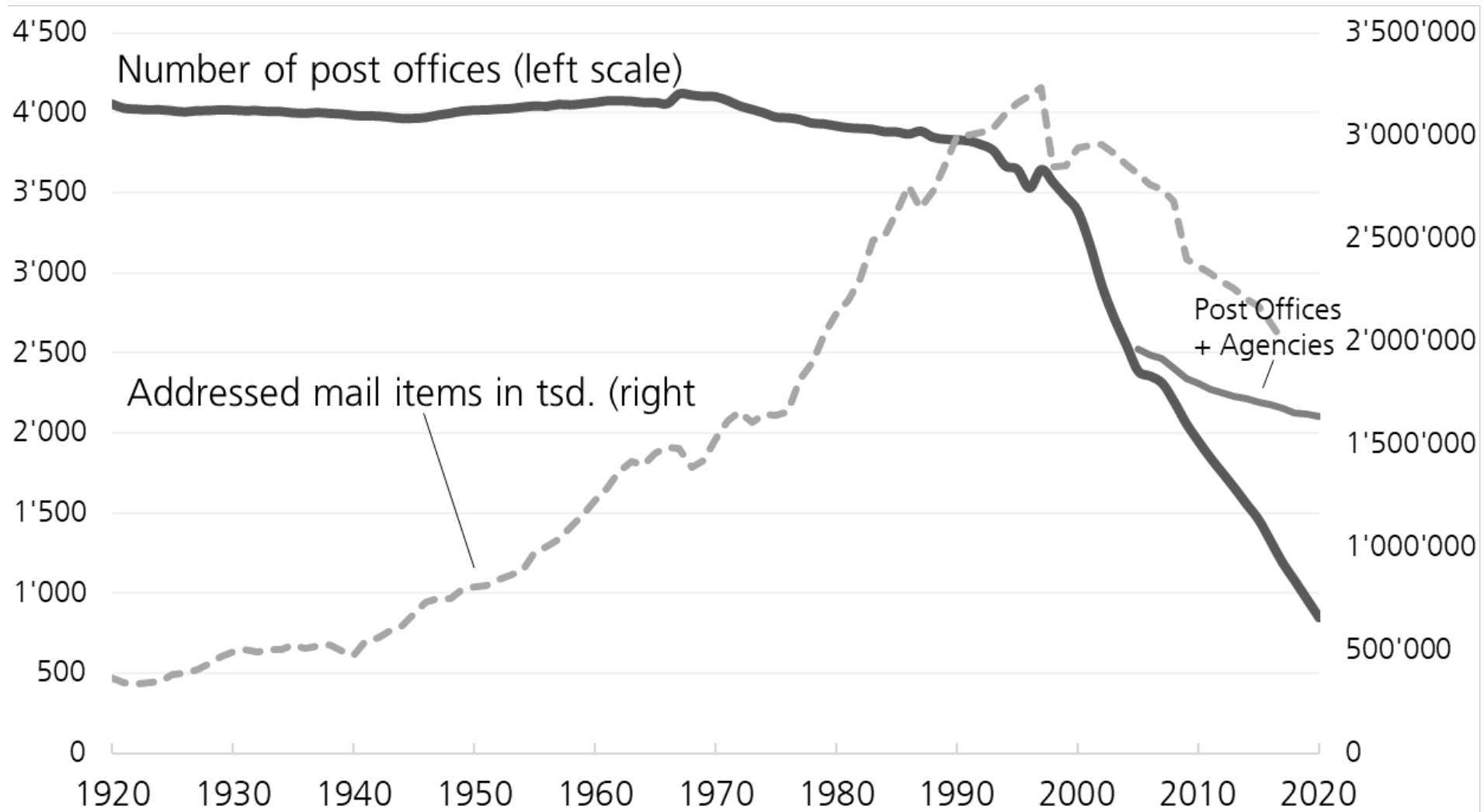


Alice and the red queen -  
Commonwealth stamp, ca. 1998.

*«Now, here, you see, it takes all the running you can do, to keep  
in the same place. If you want to get somewhere else, you must  
run at least twice as fast as that!»*

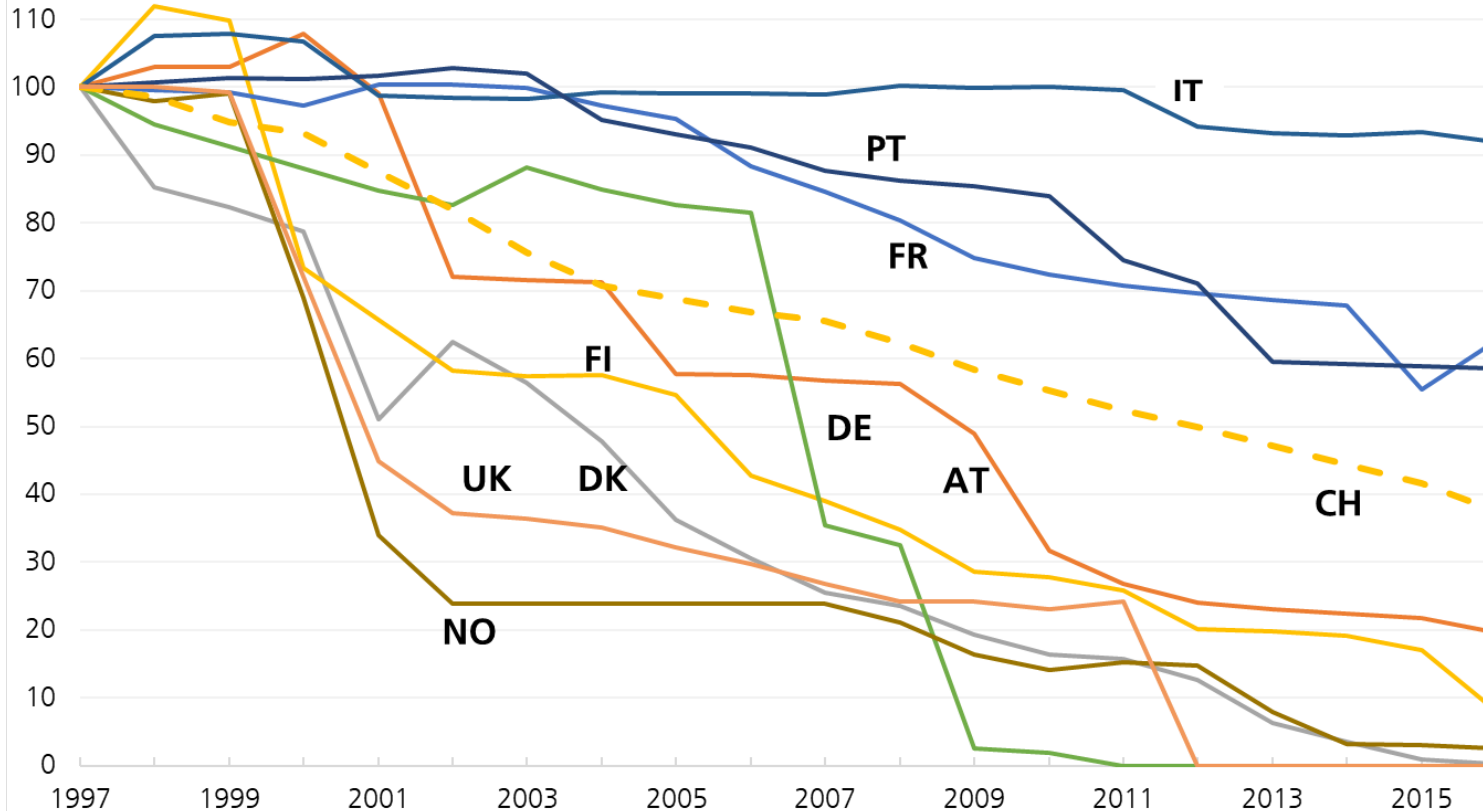
# 100 years of stability, 20 years of change

Historical development of the post office network in Switzerland

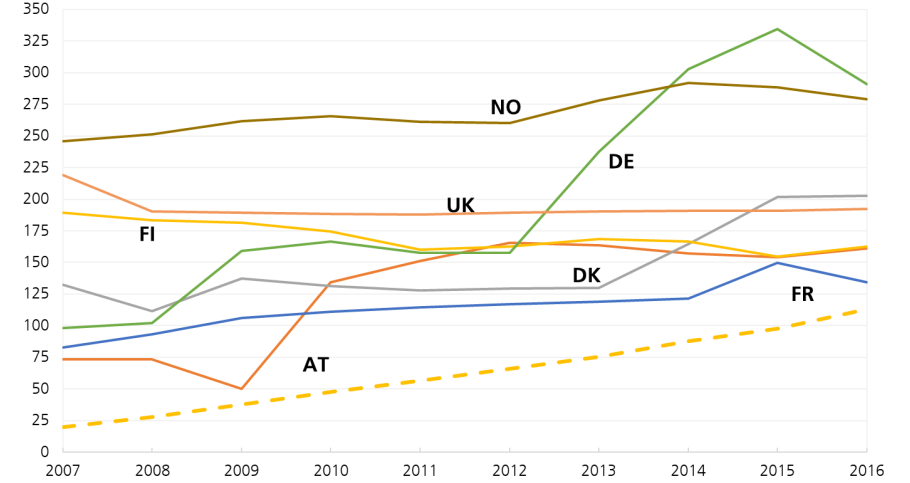


# An international phenomenon

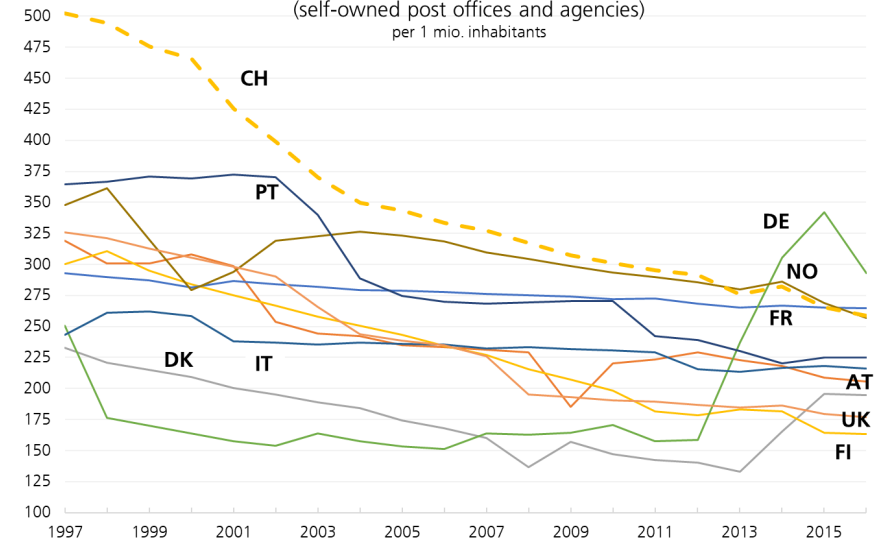
**Self-owned retail outlets (post offices) of USPs**  
**1997-2016**  
 index, 1997=100



**Development of agencies**  
**2007-2016**  
 per 1 mio. inhabitants



**Retail outlets 1997-2016**  
 (self-owned post offices and agencies)  
 per 1 mio. inhabitants



# What has changed?

The post office in the postal value chain

**1960**

*No bypassing the post office*



# What has changed?

## The post office in the postal value chain

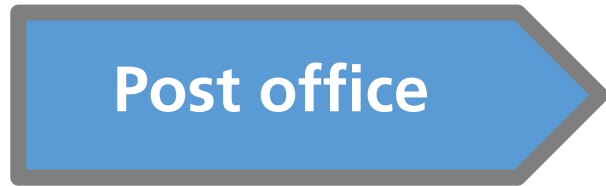
### Collection

### Processing

### Delivery

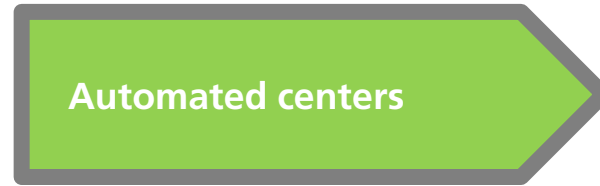
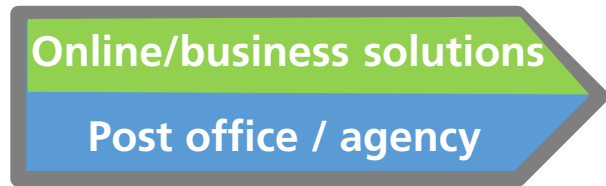
**1960**

*No bypassing the post office*



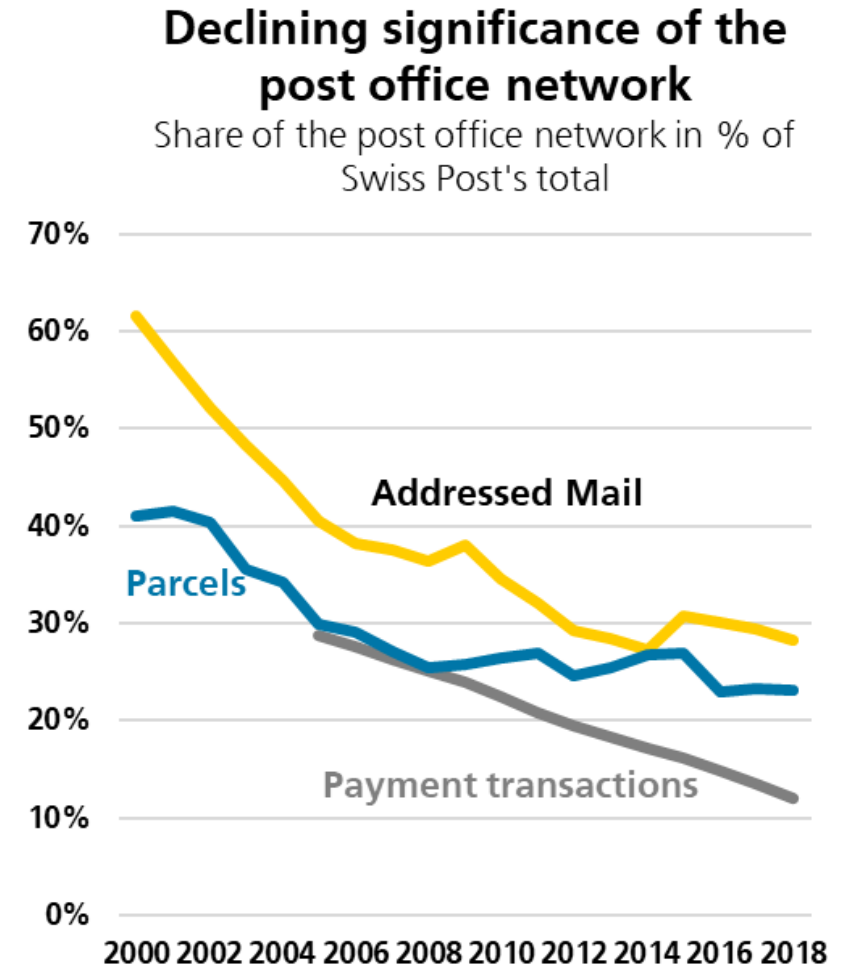
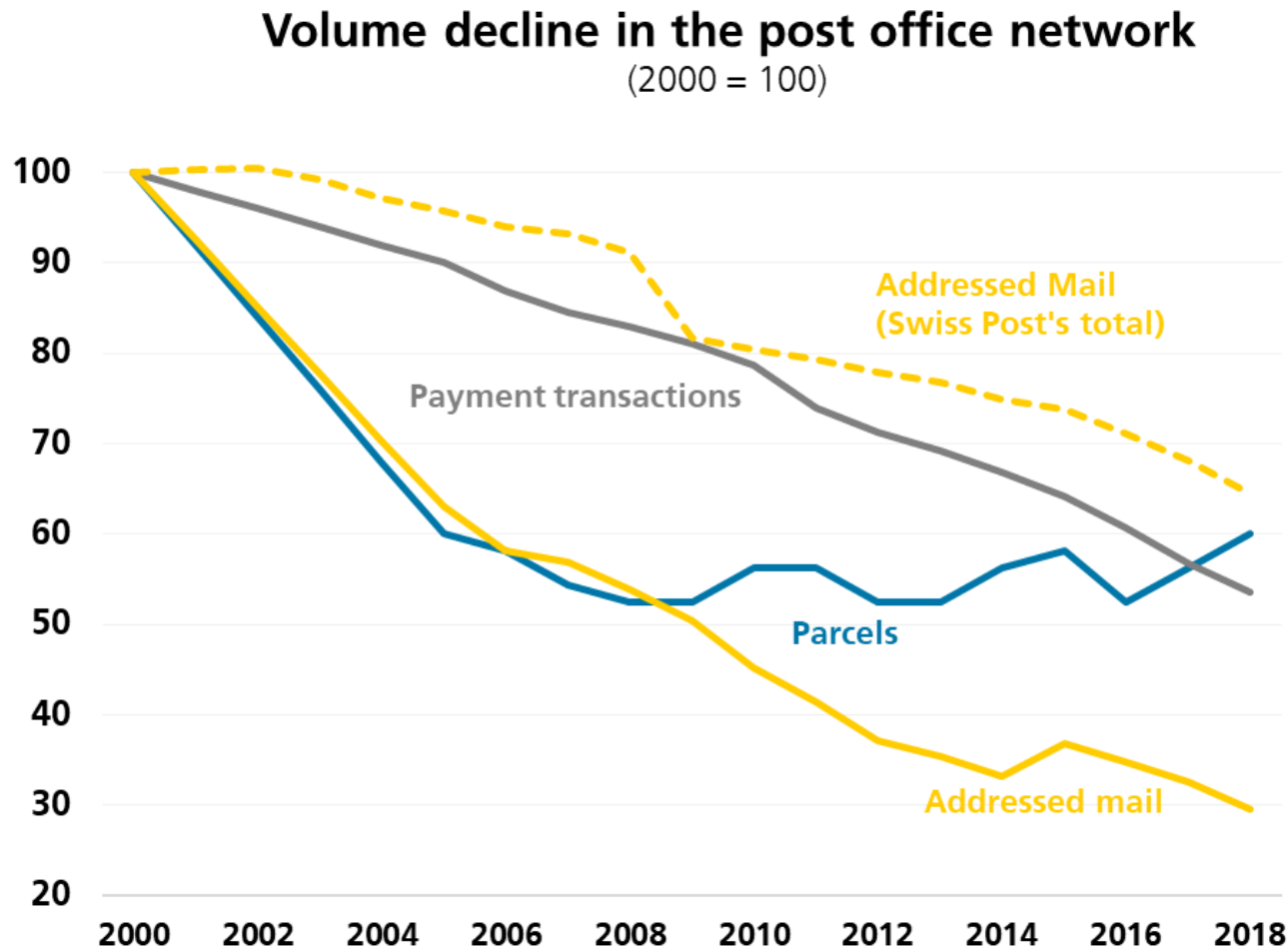
**2019**

*Often no need for the post office*



# What has changed?

Post office network lost absolute and relative importance



# 3 economic dimensions of the post office network

1. Pure retail business dimension
2. Indirect business value  
(positive internal externalities)
3. General-economic value  
(positive societal externalities)



# 3 economic dimensions of the post office network

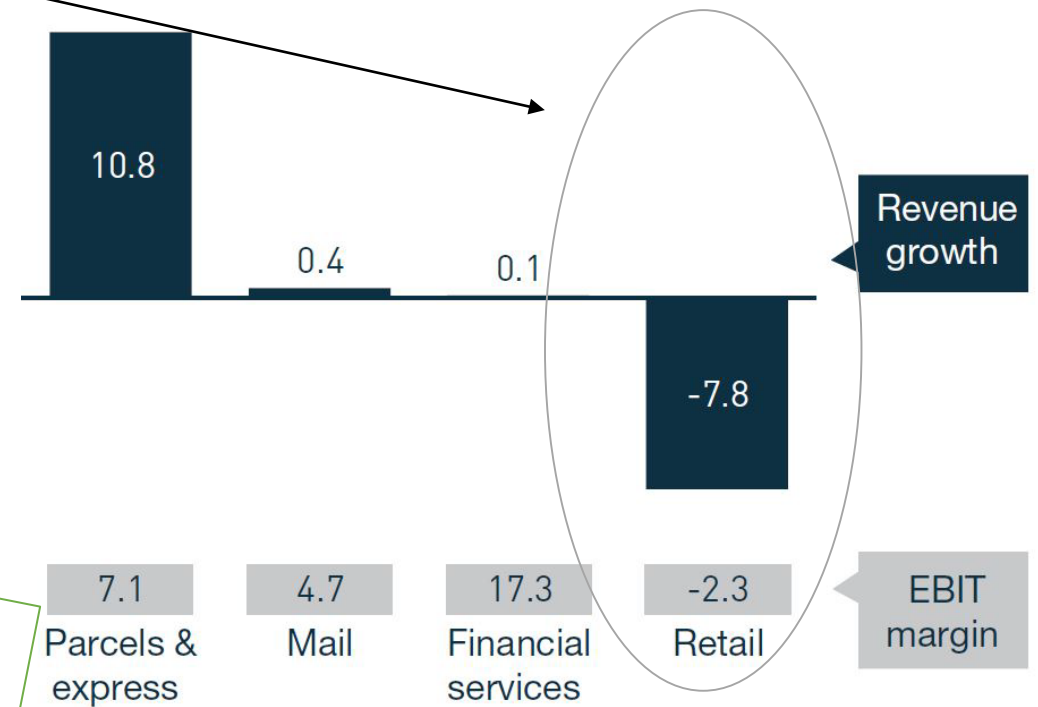
## 1. Pure retail business dimension

2. Indirect business value  
(positive internal externalities)

3. General-economic value  
(positive societal externalities)

*"we have not yet found a postal operator with a true, successful retail business, in the sense of selling products to consumers" (UPU/BCG, 2012)*

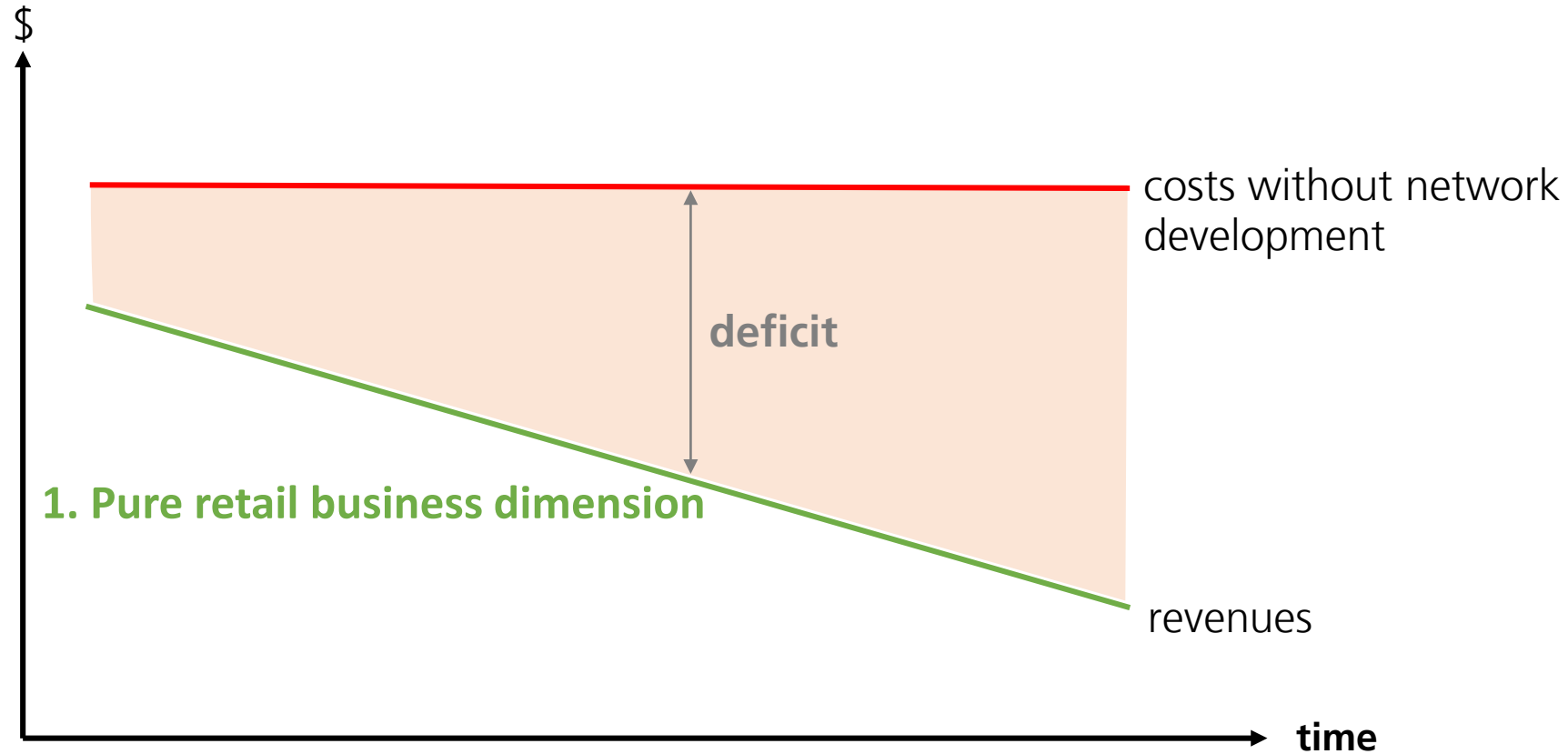
2017: postal retail units only business segment with negative revenue growth



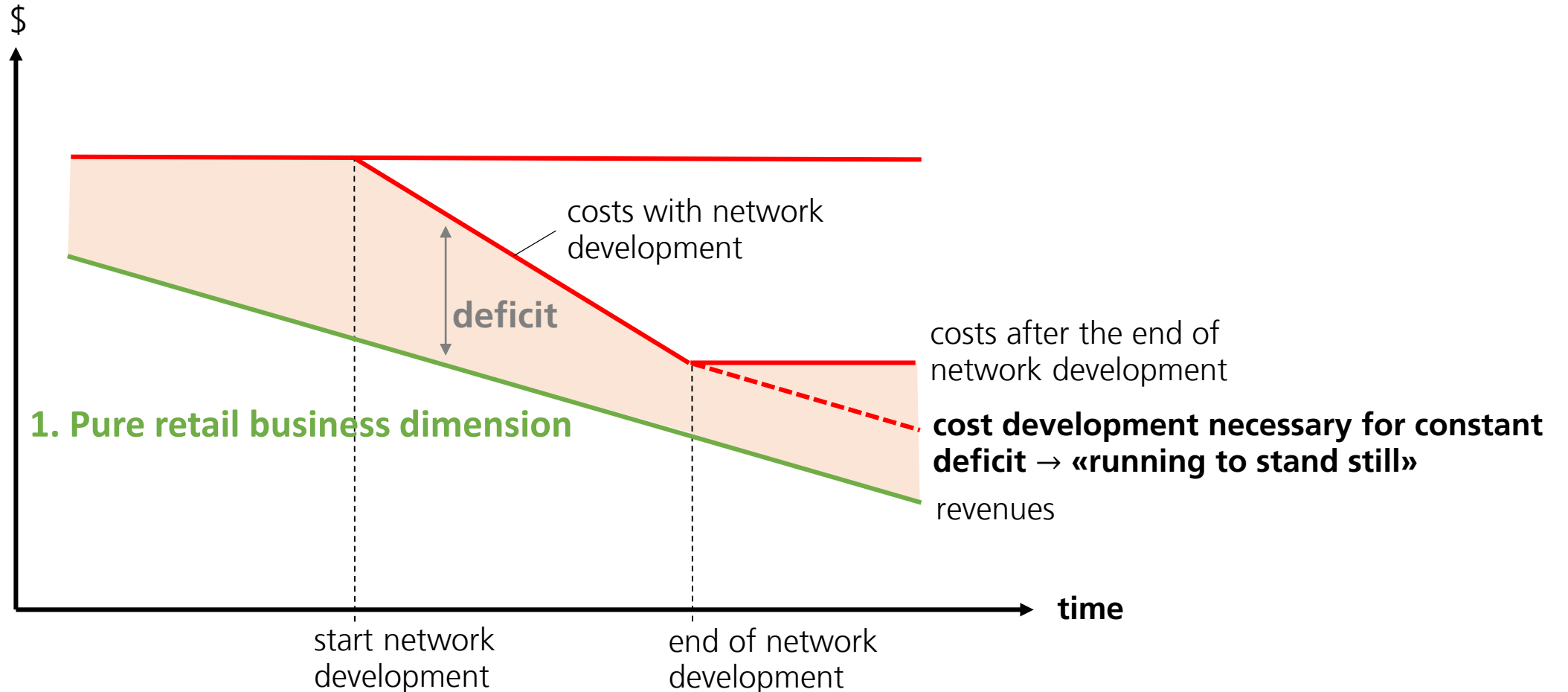
Data: IPC

# 3 economic dimensions of the post office network

## 1. Pure retail business dimension



# 3 economic dimensions of the post office network

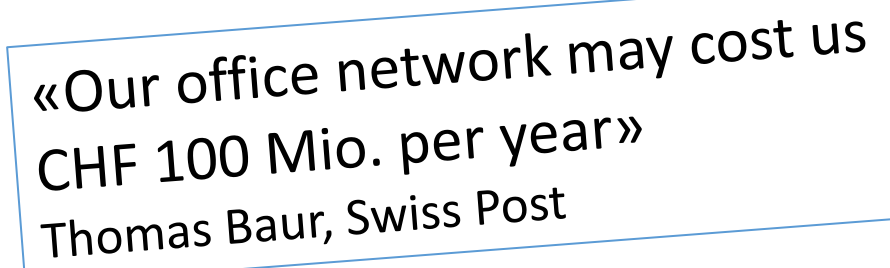


# 3 economic dimensions of the post office network

1. Pure retail business dimension

2. **Indirect business value**  
(positive internal externalities)

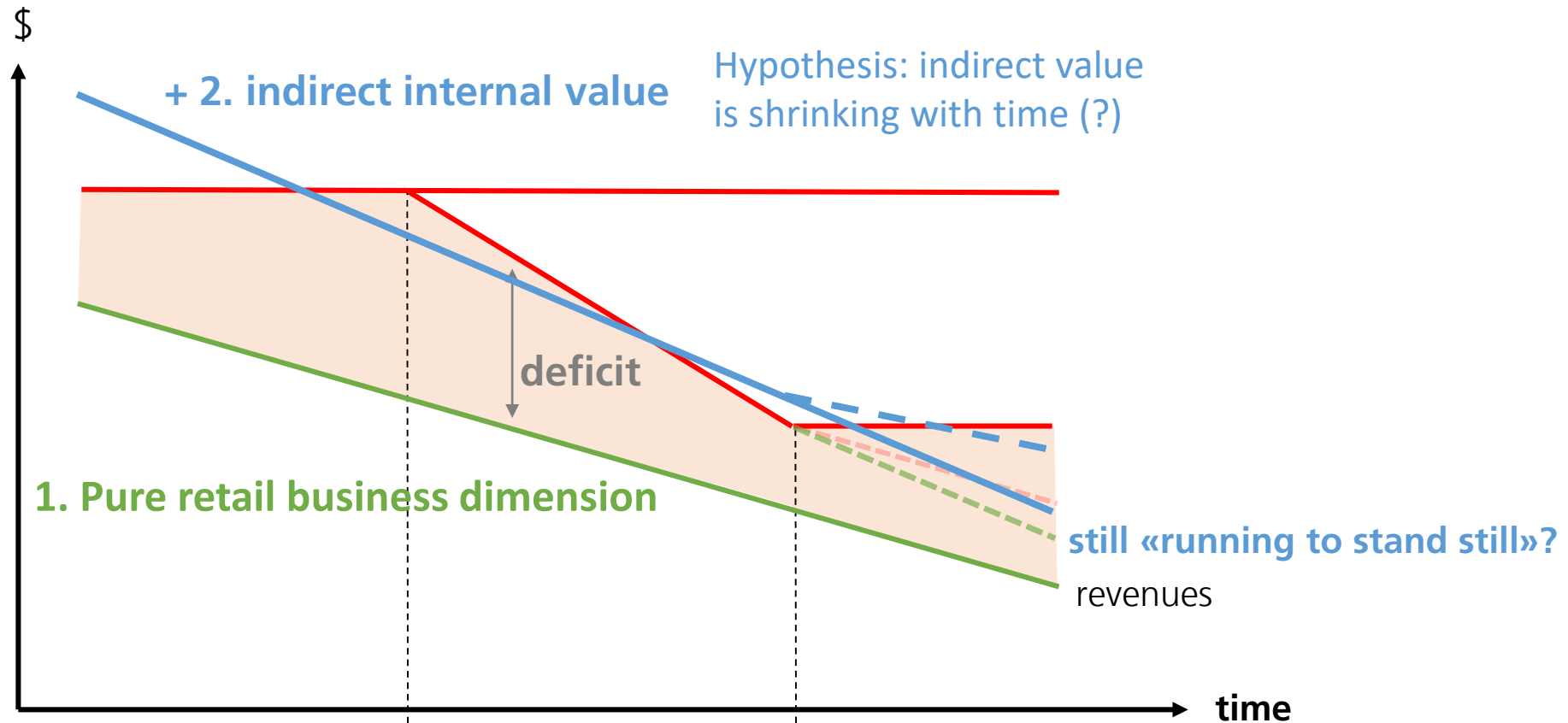
3. General-economic value  
(positive societal externalities)



«Our office network may cost us  
CHF 100 Mio. per year»  
Thomas Baur, Swiss Post

- Image effects, consumer advising
- Problem: indirect value is hard to measure!

# 3 economic dimensions of the post office network



# 3 economic dimensions of the post office network

1. Pure retail business dimension

2. Indirect business value  
(positive internal externalities)

**3. General-economic value**  
**(positive societal externalities)**



1. Internalization of **network effects**

2. **Redistribution** between regions

3. **Social value** («public good», like a park)

4. Protect **vulnerable consumers**

} «**universality**»

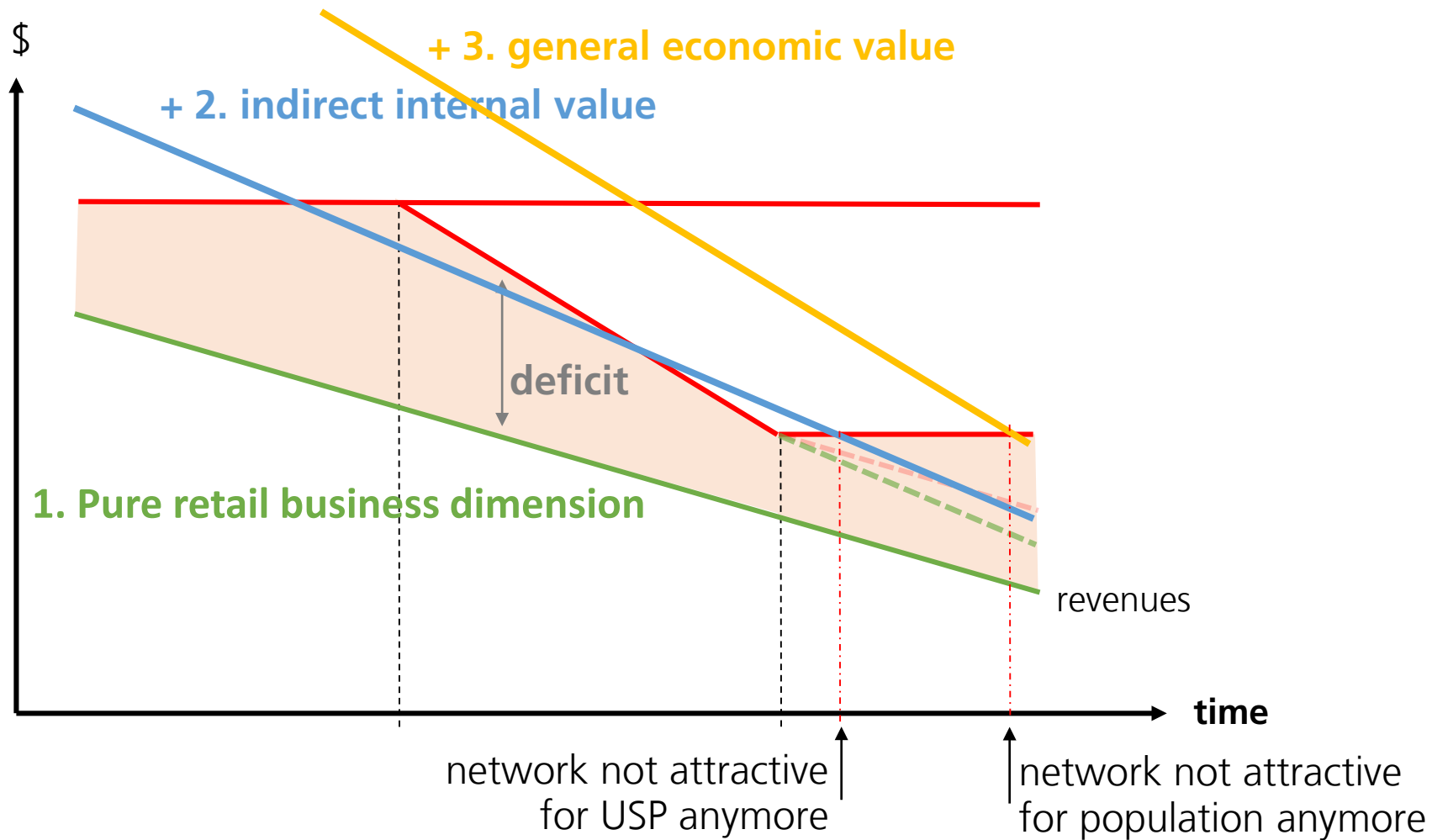
Market failure

Redistribution

Market failure

Redistribution

# 3 economic dimensions of the post office network



# Conclusion

- Traditionally, developments of post office networks were not associated with business developments
- Post office networks have evolved and lost absolute and relative significance; they are now often developed parallel to business developments
- Yet still today, post office networks can be viewed as incorporating three economic dimensions
- But measurement problems occur w.r.t. indirect business value and the general economic value
- Conflicts between USP and society inevitable as long as financing of the general economic value is not clear



# Thank you.

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