Last Mile Experts

Partners:

LAST MILE EXPERTS POLISH CEP REPORT 2022

September 2022
Complimentary Version

CONTENTS

***To receive the full (paid) version of the report, please contact us by writing to: info@lmexpert.com**

The full version of the report is more detailed and includes market shares by volume and revenue, with a split for the 8 major CEP operators in Poland followed by historical and forecasted market shares of each distribution channels B2B, B2C, C2X, as well as domestic, international, and economy, express from 2019-2023. The full report also contains descriptions of upcoming changes in postal regulations and in addition a breakdown of the 10 European countries with the most OOH points.

BACKGROUND TO THE REPORT

What are the sources and methodology?

The main sources for the report are:

- Extensive desk research on the parcels market and its operators covering company accounts, websites and other sources
- Published information on key market drivers such as economic data and estimates of home shopping levels and practices
- Interviews with senior-level contacts in the market
- LME's own, in depth, expert knowledge

The key input to our market size estimates is a bottom-up analysis of the revenues of the parcel companies operating in Poland.

Adjustments have been made to compensate for company activities in areas other than CEP.

Where actual or published data is not available, we have made estimations based upon our market knowledge.

Our model allows us to prepare historical and future market estimates which are based on trends in company performance as well as future drivers such as general economic performance, specific carrier strategies, development of e-commerce and the effects of major one-off impacts, such as the COVID19 pandemic or the invasion of Ukraine.

Who will benefit from our report?

The report is intended for:

- Owners and operators of parcel networks
- E-commerce or retailers requiring omnichannel fulfillment
- Investors in these businesses
- Market regulators and policymakers
- Journalists and editors of newspapers and magazines
- Analysts, consultants and other stakeholders

To receive the full (paid) version of the report, please contact us by writing to: info@lmexpert.com

The full version of the report is more detailed and includes market shares by volume and revenue, with a split for the 8 major CEP operators in Poland followed by historical and forecasted market shares of each distribution channels B2B, B2C, C2X, as well as domestic, international, and economy, express from 2019-2023. The full report also contains descriptions of upcoming changes in postal regulations and in addition a breakdown of the 10 European countries with the most OOH points.

MARKET OVERVIEW

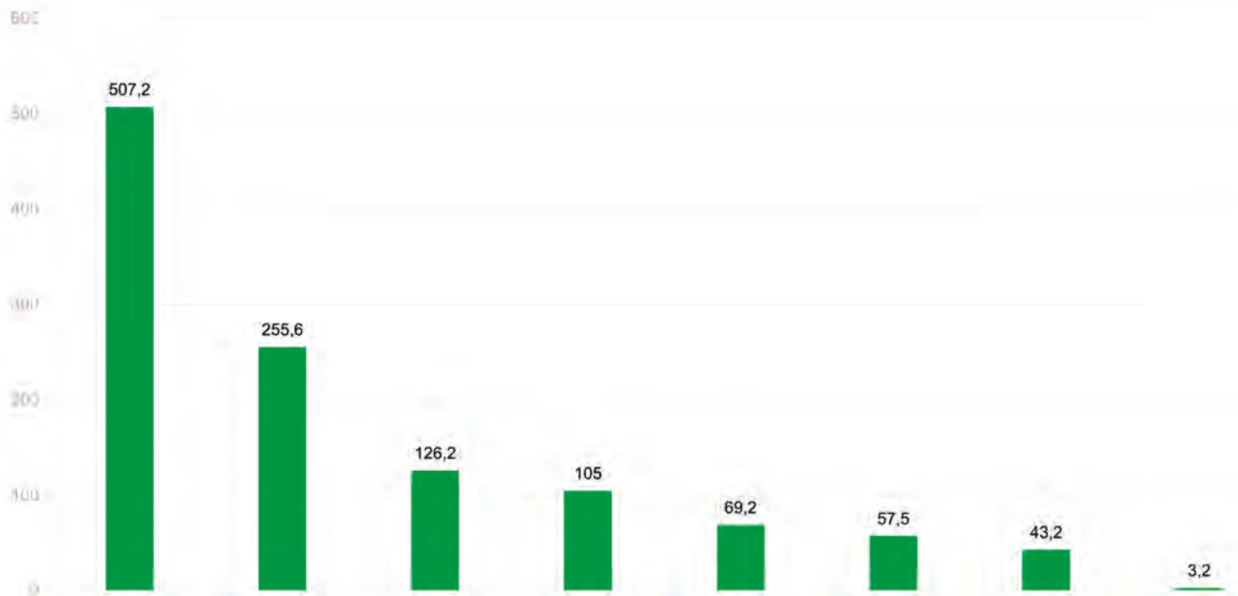
- Parcel weight definitions vary, between operators, but most describe parcels as being up to 31.5 kg*.
- All service levels are included (time definite and deferred).
- We consider the following services as out of scope: mail, pallet distribution, groupage, freight forwarding, same day/on demand delivery fulfilment and contract logistics.
- While we will discuss CEP volume developments in Poland in detail, later, it is worth taking a quick look at the latest picture. As can be seen in the above chart, InPost is now a dominant leader and almost double the size of DPD or four times the size of Poczta Polska. The US integrator's (UPS and FedEx) are now of limited importance in the domestic market and UPS, in particular, has fallen from a once strong position (following the acquisition of a major local player, MS Stolica several years ago).

The report offers historical and forecast market sizes covering the period from 2015-2023:

- Market sizes are presented in value and volume terms.
- Market values are presented on a constant currency basis and in Polish Złotys.
- The market is segmented by:
  - recipient type (B2B, B2C and C2X),
  - delivery channel (OOH, D2D),
  - destination (domestic, international)
  - service type (premium, economy).

** This is due to EU restrictions on what one person can carry which are set at 31.5KG*

Polish CEP market volume by carrier in 2022E (in million pcs)



Source: LME, company accounts, press reports, interviews

EXPERT OPINION

The Polish CEP industry is more and more driven by the dynamic development of e-commerce which is one of the fastest growing sectors in recent years, both nationally and globally.

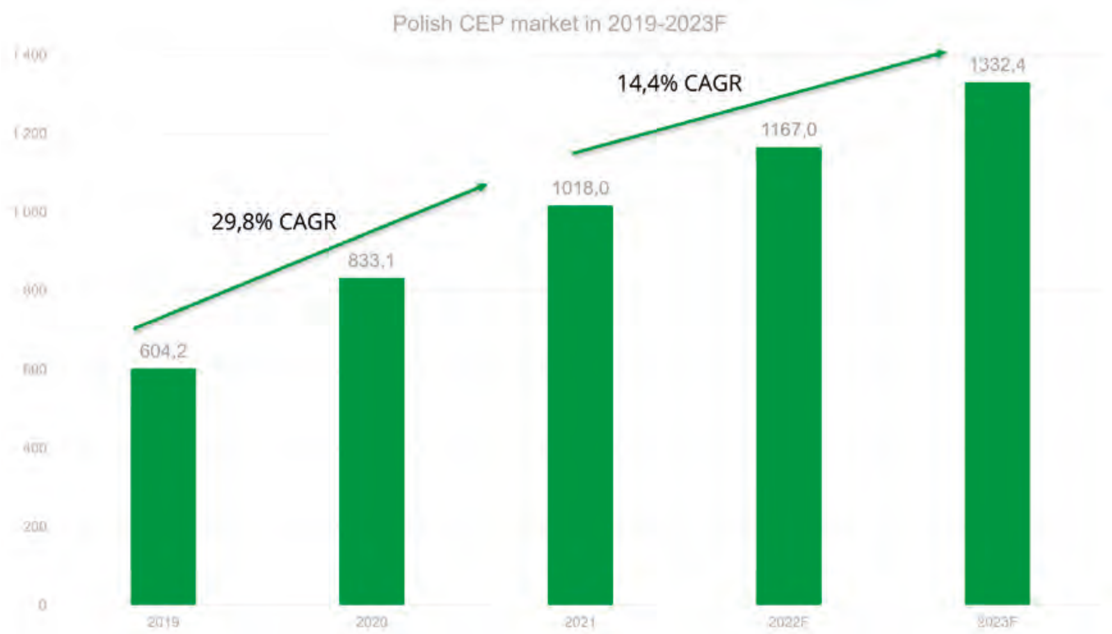
The pandemic and the resulting restrictions at brick & mortar stores have contributed to its dynamic development. On the one hand, e-commerce has enabled many people to access products and function relatively normally during this difficult period. On the other, internet became a place where it is easy and quick to buy something without a lot of thought – almost as with impulse products (e.g. chewing gum) at the checkout in a shop. The e-commerce growth achieved during the pandemic is likely to be a lasting achievement and will be the basis for its further development. However, the dynamics of this development have recently been somewhat limited by the high level of inflation, which reduces the purchasing power of consumers.

Due to the lack of geographical restrictions in e-commerce, goods are sometimes shipped from very far away to the customer. Regardless of that, e-commerce is the most effective choice for delivery, even for long distances, because it allows to avoid using private transport to shopping malls and enables better consolidation and routes optimization. However, one of the biggest challenges of e-commerce is the last stage in the process of delivering the shipment to the recipient (last mile delivery) that CEP companies deal with.

prof. Arkadiusz Kawa
Director of Łukasiewicz
– Poznan Institute of Technology

Volume in million parcels

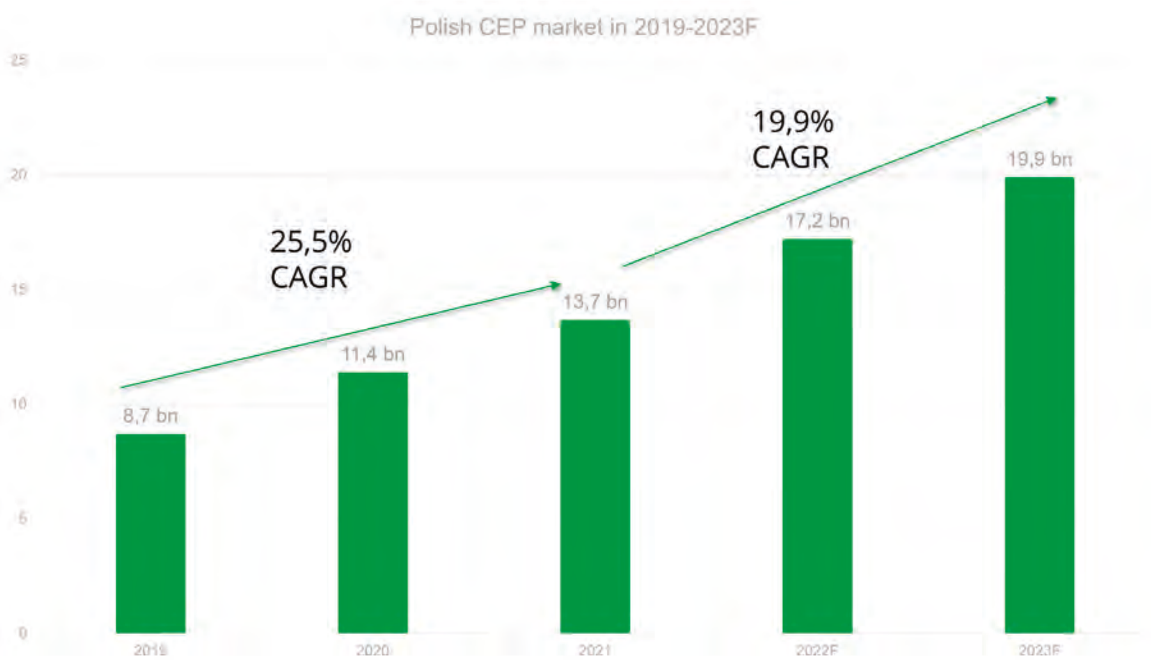
Despite slower CAGR than in the period up to 2019, we still anticipate rapid compounded annual growth rates of over 14% in the period until 2023.



Source: Market data and LME estimations'

Value in bn PLN

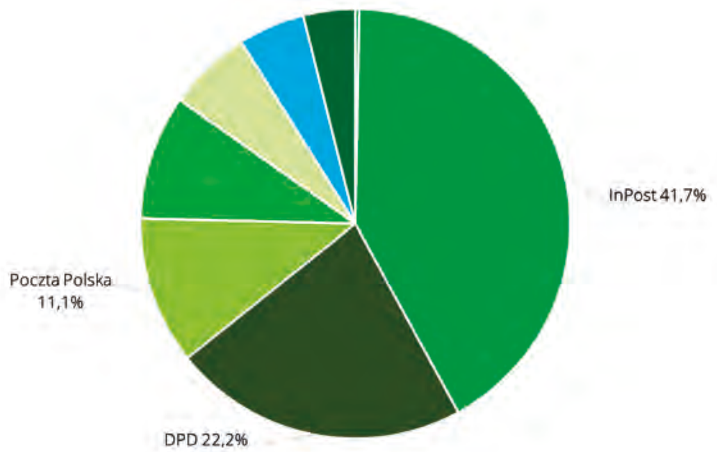
We still anticipate rapid compounded annual growth rates of almost 20% (value based) in the period to 2023. This could be partly due to inflationary pressure.



Source: Market data and LME estimations'

Market share by volume in 2021

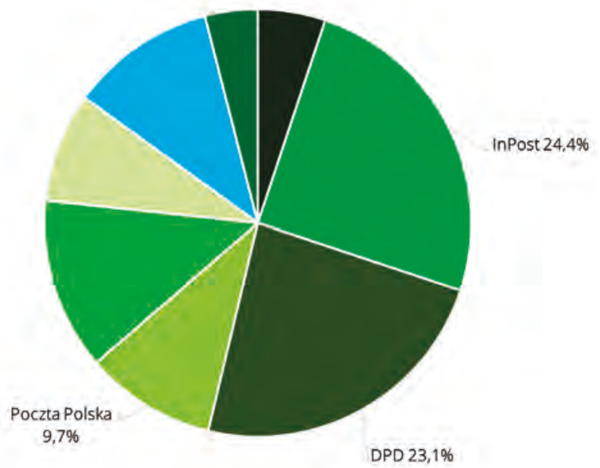
InPost is the undisputed leader in volume terms and is now almost double the size of DPD, the former market leader. Together, these players make up some 2/3 of the market and have distanced all other players.
There can be no doubt that InPost's rapid and consequent adoption of OOH and longstanding partnership with Allegro have been the foundation of its success.



Source: Market data and LME estimations'

Market share by value in 2021

While InPost's lead appears less dramatic in value terms, the fact that they have significantly lower value and small, but high margin OOH parcels, artificially depreciates the strength of their position.
Significant APM investment plans from DHL and DPD may change the picture in 2024+, although this will be dependent upon the success of their strategy and its execution.



Source: Market data and LME estimations'

NOTES TO THE REPORT

- It is not possible to state exact revenues for all companies' CEP activity. Some of the companies involved in CEP also have other logistics activities and do not clearly delineate data.
- Wherever required, LME has estimated parcel revenues or volumes.
- Data has been obtained from publicly and commercially available sources. The data published represents the latest information available from these sources at the time we carried out our research.
- Market size estimates are based on a methodology which uses a number of data inputs and assumptions. The first, and most important, is that company revenues are the best indicator of market size. LME has reviewed company accounts results (revenues and profit where available). Moreover, we have conducted over 20 interviews (CEOs, senior-level CEP and e-commerce executives, experts, retailers) to develop our core, base data. We have used LME own market "know-how" and expectations for future developments.
- This has been supplemented by government-collected statistics and UKE (regulatory) data as well as expert interviews and our own "in-house expert team".
- For the purpose of preparing the presented forecasts, we have analysed historical data (2015-2021), forecasts prepared by CEP operators, consulting companies and macroeconomic indicators (GDP, inflation, exports, labour costs), trends, announced changes and industry forecasts (e.g. for e-commerce). LME then reviewed and discussed the effects of the above changes so as to come to the most realistic forecast for 2022-2023.
- We can produce bespoke, more detailed reports if needed. If this is of interest, please contact info@lmexpert.com to get more information.
- **To receive the full (paid) version of the report, please contact us by writing to: info@lmexpert.com**

The full version of the report is more detailed and includes market shares by volume and revenue, with a split for the 8 major CEP operators in Poland followed by historical and forecasted market shares of each distribution channels B2B, B2C, C2X, as well as domestic, international, and economy, express from 2019-2023. The full report also contains descriptions of upcoming changes in postal regulations and in addition a breakdown of the 10 European countries with the most OOH points.

CONTACT

Last Mile Experts

Last Mile Experts Sp. z o.o.
Ul. Kiedacza 8a
Warszawa, Polska

www.lastmileexperts.com

info@lmexpert.com

Marek Różycki

Mirek Gral