MARKET MONITORING

Parcels Market Report

Market data and competitive conditions in the postal sector as at 2024

Bundesnetzagentur

Parcels Market Report 2024

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Bundesnetzagentur für Elektrizität, Gas,
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Contents

1 Introduction

An essential component of the Bundesnetzagentur's market monitoring in the postal sector is the annual market survey. Companies active in postal services are asked to provide information about their economic situation, in particular their revenue and parcel volume figures. The companies' obligation to furnish information is set out in section 90 of the Postal Act (PostG) and Article 4 of Regulation (EU) 2018/644 of 18 April 2018 on cross-border parcel delivery services (EU Parcel Regulation).

The results of the annual survey are included in the activity reports and other regular Bundesnetzagentur publications on the letters and parcels markets.

This Parcels Market Report covers the parcels market figures from the survey years 2023 and 2024 and it shows and analyses the economic development based on time series. It also contains information on the structure and competition in the parcels market.

Further, detailed postal market data is available on the Bundesnetzagentur's website at www.bundesnetzagentur.de/Post-Marktdaten.

2 Definition of parcel services

The conveyance of goods by a parcel service, usually in an addressed packaging, is referred to as parcel shipment. Parcel services are characterised by a very high degree of standardisation and automation. For market monitoring purposes, the Bundesnetzagentur uses a maximum weight of 31.5 kilograms per parcel even though maximum weights vary among the parcel service providers and can be up to 70 kg per parcel in individual cases. Setting a weight limit of 31.5 kg takes international regulations into account and provides for a clearer distinction between the postal market and the freight and logistics markets. Parcel transit times are normally between 24 and 72 hours but are not guaranteed.

For the purposes of market monitoring and, in particular, to fully account for the effects of e-commerce, in this report the provision of parcel services also includes the conveyance of small, low-value goods (referred to as goods consignments/"Warenpost"), usually conveyed by letter service providers via the letter network. Nevertheless, the focus of these items is on the goods as contents, which is why goods consignments are defined as parcels under the EU Parcel Regulation. However, it should be noted that generally there is a significant difference between a goods consignment and a parcel shipment as such in terms of transit time and traceability.

3 Market trends

Economic developments in the parcels market (including goods consignments, as explained above) are largely driven by e-commerce and the resulting increase in parcel volumes. Despite the challenging economic situation and continuing geopolitical uncertainty, companies conveying parcels achieved small year-on-year increases in volume and revenue in 2023. Another stabilisation is forecast for 2024.

The absolute figures shown below have been rounded. The percentages have been calculated using non-rounded revenue and volume figures for reasons of accuracy. The figures in the text, charts and tables may therefore differ slightly. The revenue and volume figures for 2024 are based on estimates that were derived from the 2024 forecast figures that the companies reported.

3.1 Overall revenue and volume

Total revenue in the parcel sector (domestic and cross-border) rose 4.24% in 2023 to €19.19bn (2022: €18.41bn). At the same time, the volume of parcels rose to 4.36bn in 2023 (2022: 4.25bn), which was an increase of about 2.54%.

Based on the companies' forecasts, total revenue is expected to grow in 2024 by 7.14% to €20.56bn. The volume of parcels is expected to grow by 3.8% to 4.52bn items.

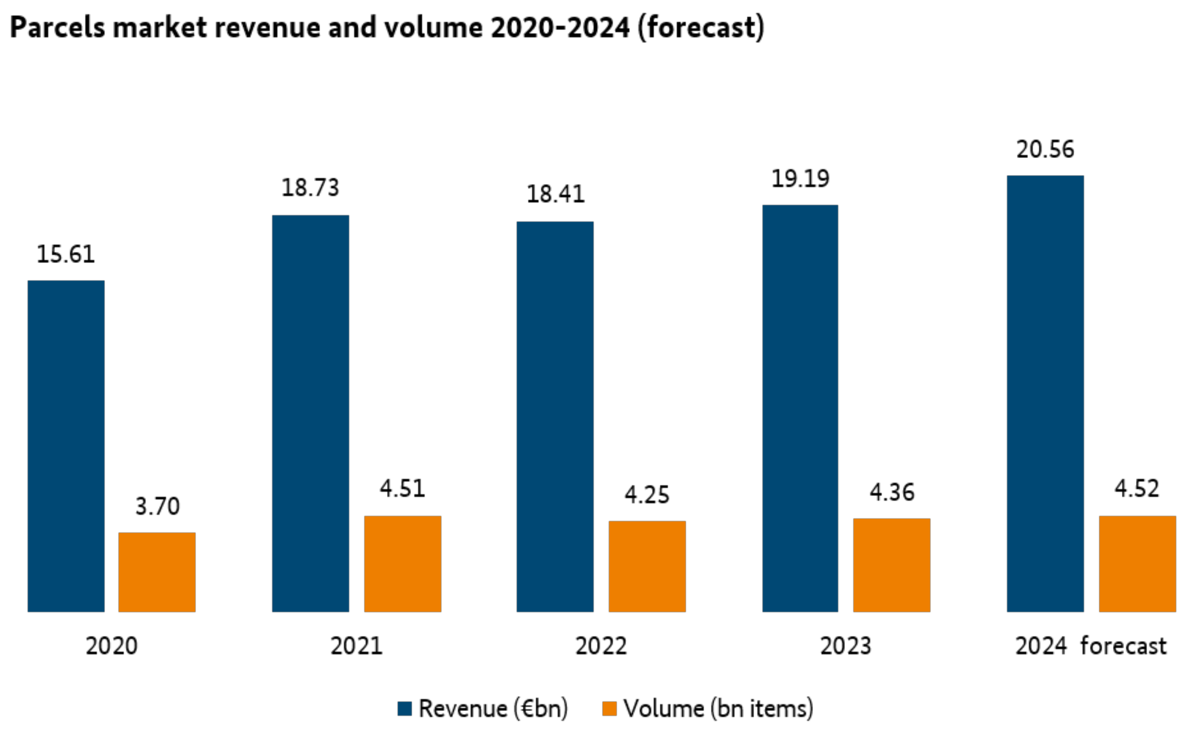

Figure 1: Parcels market revenue and volume 2020-2024 (forecast)

3.2 Domestic and cross-border parcels

The Bundesnetzagentur asks market participants to provide parcels market data broken down by volume of and revenue from both domestic and cross-border parcels. A further distinction is made between incoming and outgoing cross-border parcels.

Cross-border parcels made up 20% of total parcel revenue in 2023 (share of international parcels in 2022: 19%). Domestic parcels accounted for the remaining 80% of parcel revenue in 2023 (share of domestic parcels in 2022: 81%).

Outgoing cross-border parcels contributed 17% of revenue in the period under review. Most of this revenue was from parcels to European Economic Area (EEA) countries. Incoming cross-border parcels made up 3% of revenue and, again, most of these parcels came from EEA countries.

Domestic parcel revenue was up 3% year-on-year to €15.36bn in 2023 from €14.91bn the year before. For 2024, companies expect total revenue to grow by 7.27% to €16.47bn.

Cross-border parcel revenue increased by 9.52% year-on-year from €3.5bn in 2022 to €3.83bn in 2023. For 2024, a rise in revenue of 6.61% to €4.09bn is expected. Again, forecasts could differ from the actual 2024 market data (survey conducted in 2025) (see above).

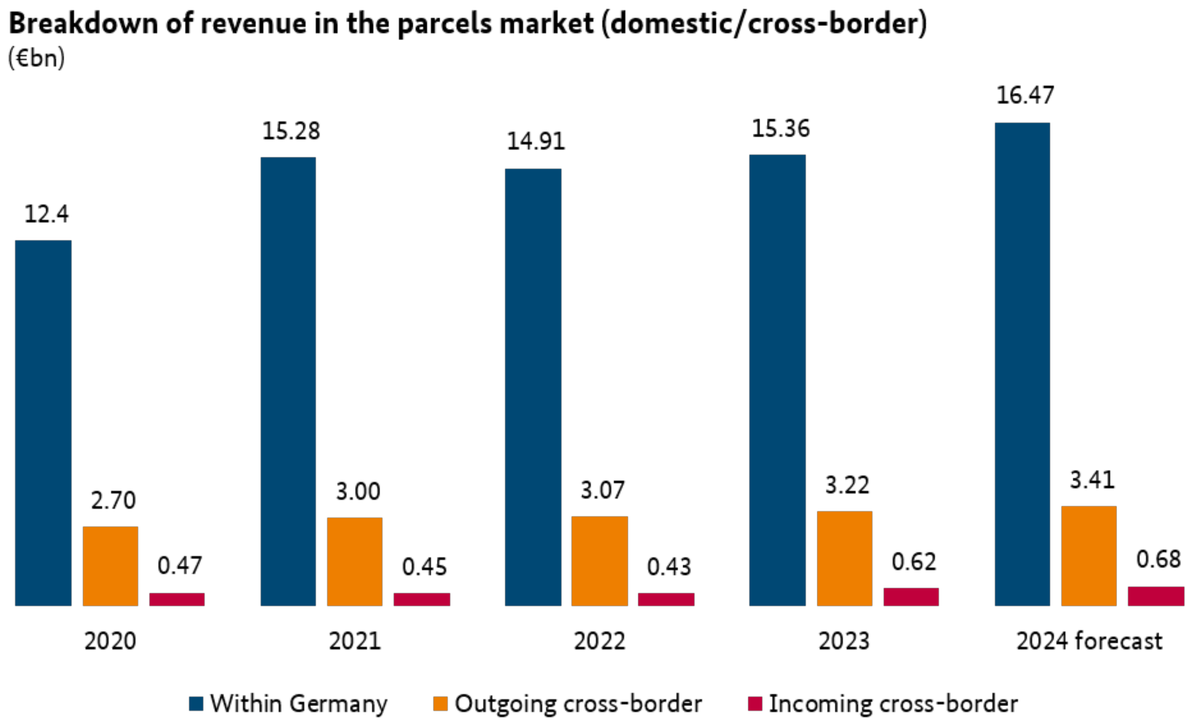

Figure 2: Breakdown of revenue in the parcels market (domestic/cross-border)

Parcel volumes in 2023 were very similar (see figure 3).

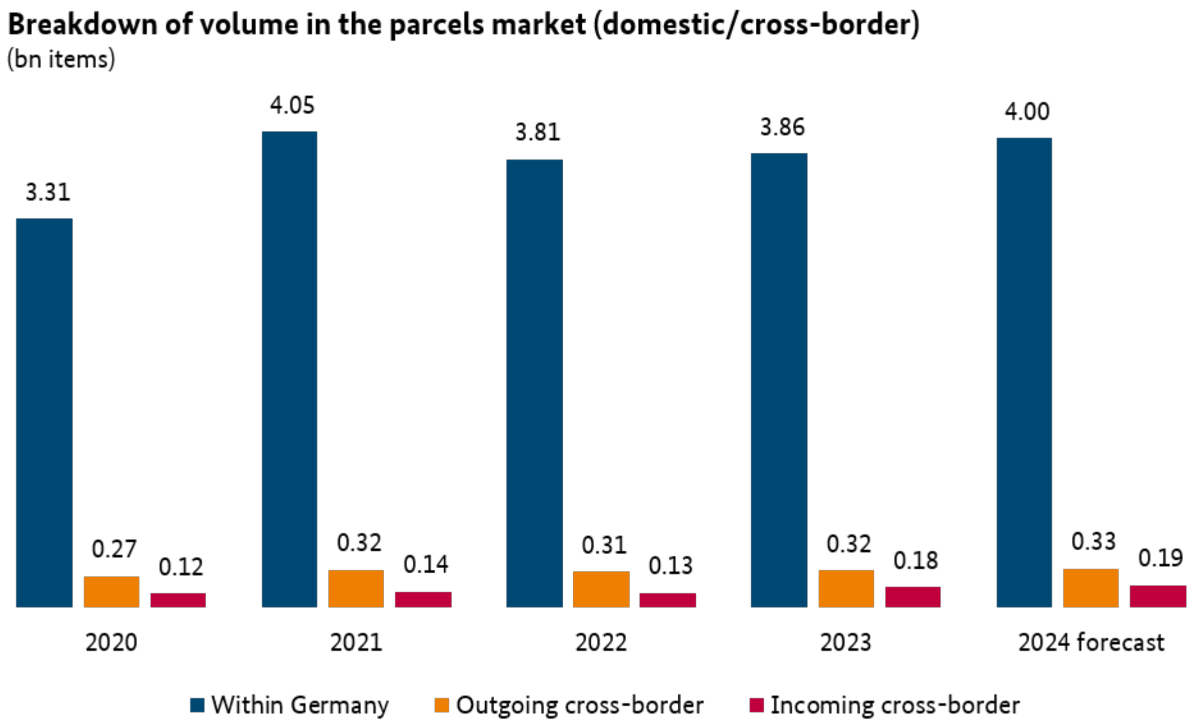

Figure 3: Breakdown of volume in the parcels market (domestic/cross-border)

While in 2023 around 89% of all parcels were sent and delivered within Germany, the share of parcels sent to destinations outside Germany made up 7%, and 4% of all parcels were sent to Germany from abroad. The majority of these parcels were sent to and from EEA countries.

Cross-border parcels make up a significantly higher proportion of revenue (20%) than they do of volume (11%) due to the high unit revenue associated with cross-border parcel delivery. By contrast, unit revenues for national parcel delivery are much lower.

The number of domestic parcels increased by around 1.23% from 3.81bn to 3.86bn, while in 2024 this figure is expected to rise by around 3.52% to 4bn.

The volume of cross-border parcels saw a year-on-year increase of around 14.01% from 0.44bn items in 2022 to 0.5bn items in 2023. For 2024, the volume is forecast to rise by around 6.02% to 0.53bn items.

3.3 Parcel volumes broken down by parcel flows

E-commerce has a strong effect on developments in the parcels market (in particular in the business customer segment), which is why it is worth taking a closer look at domestic parcel volumes and revenue broken down by parcel flows. In this context, a distinction is made between parcels sent from business customers to private or business customers (B2X - business-to-consumer/business) and parcels delivered from private customers to private or business customers (C2X - consumer-to-consumer/business).

In general, the vast majority of parcels fall into the B2X segment. In 2023, the parcel volume share in the B2X segment was 95%, while the C2X segment accounted for 5%. The relevant revenue shares were 94% in the B2X segment and 6% in the C2X segment.

> The differences between the shares of volume and revenue result from the price differences between B2X and C2X parcels.
>
> The revenue per parcel in the C2X segment (individual prices) is far higher than the revenue per item in the B2X segment (specially negotiated terms).

In the B2X segment, parcel service providers generated a total of €14.35bn in revenue in 2023,[1] which is an increase of 3.22% compared to the previous year (revenue in the B2X segment in 2022: €13.91bn). In the same period, the relevant volume of parcels rose by 1.59%, from 3.6bn items in 2022 to 3.66bn items in 2023.
For 2024, revenue is expected to increase by a significant 7.5% to €15.43bn, while the volume of parcels is expected to rise by 3.54% to 3.79bn (forecast 2024).

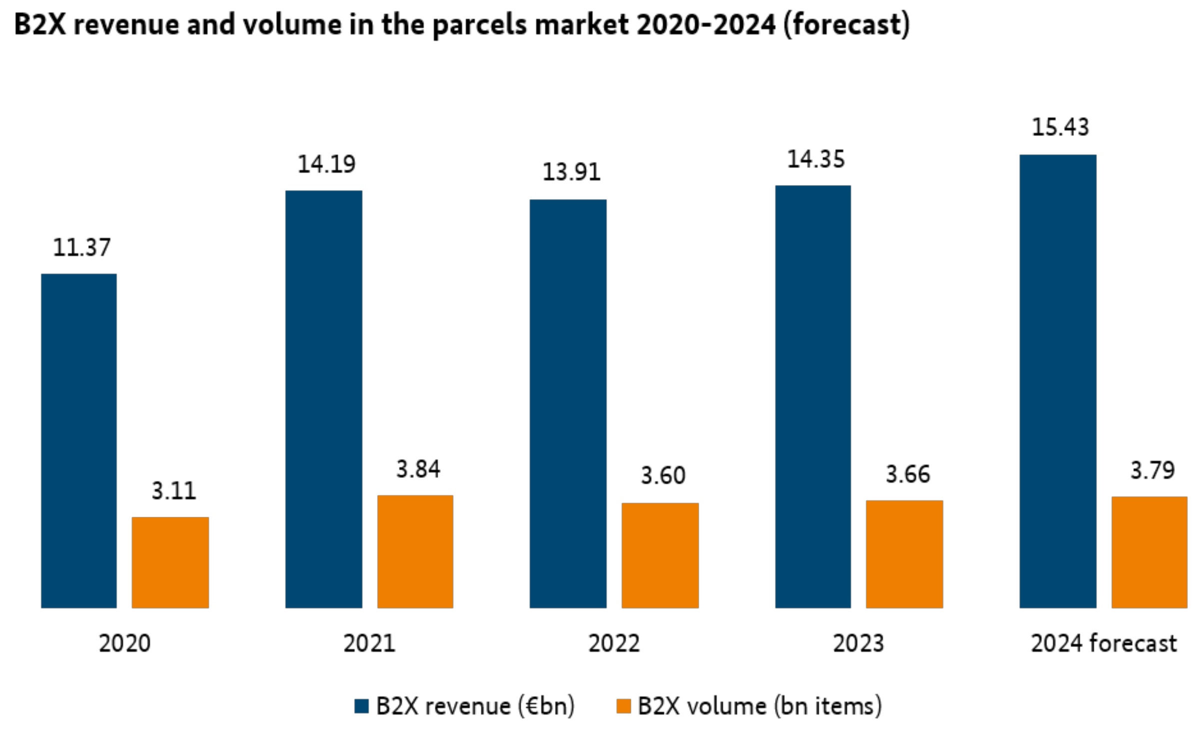

Figure 4: B2X revenue and volume in the parcels market 2020-2024 (forecast)

[1] Since not all of the companies participating in the survey reported their domestic revenues and parcel volumes broken down by B2X and C2X segments, the total of the B2X and C2X data does not add up exactly to the data shown in section 3.2.

Revenue in the C2X parcel sector was about €0.99bn, almost the same as in 2022, when it was also €0.99bn (-0.25%). For 2024, revenue is expected to increase by 3.85% to €1.02bn (forecast 2024).

A year-on-year decline of 5.55% was registered for parcel volumes in 2023, from 0.20bn items in 2022 to 0.19bn items in 2023. The companies expect a 2.39% growth in volume in the C2X segment for 2024 to 0.19bn items (2023: 0.188bn items; forecast 2024: 0.193bn).

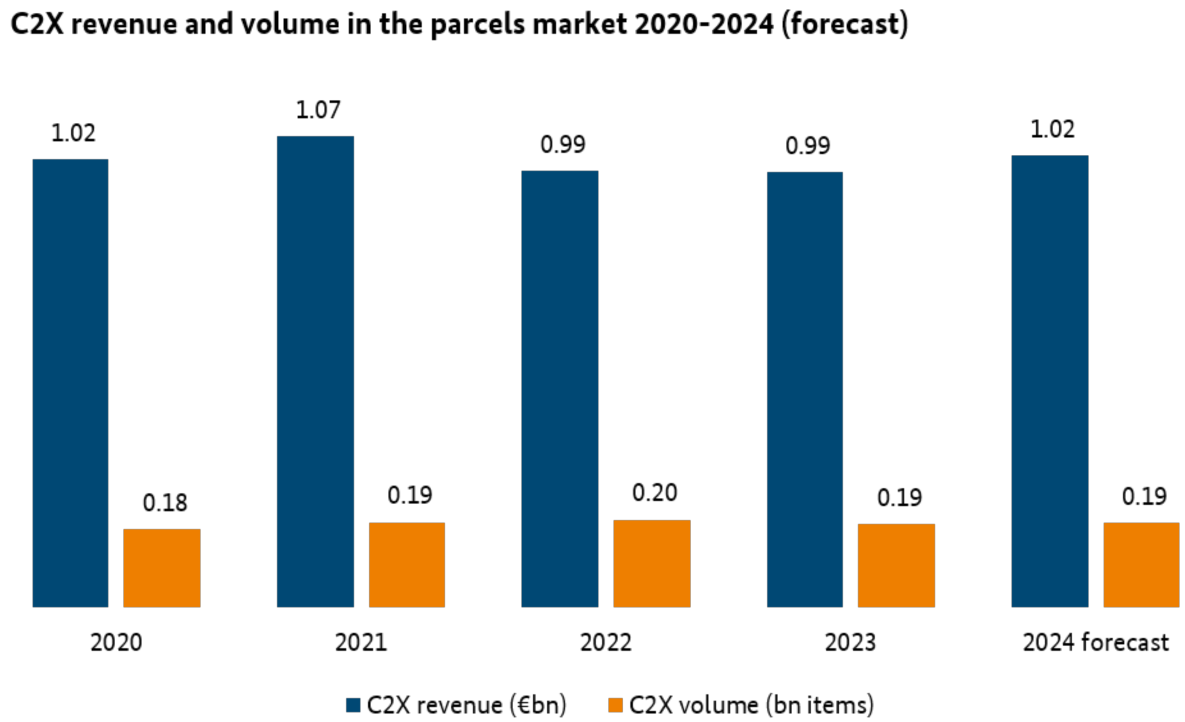

Figure 5: C2X revenue and volume in the parcels market 2020-2024 (forecast)

4 Access and delivery points

Parcel service providers in Germany have a wide network of access and delivery points, which include postal retail outlets, parcel shops and parcel lockers. The leading providers of nationwide networks are DHL, DPD, GLS, Hermes and UPS. In total, there are more than 60,000 facilities in Germany where people can drop off and pick up parcels.

The number of parcel lockers, in particular, has risen sharply in recent years to keep up with the growing demands of e-commerce. There are now around 17,000 parcel lockers across the country, provided by various operators. These lockers provide a total of more than 1.2mn compartments for the flexible, contactless sending and receiving of parcels. The lockers are becoming increasingly accessible to customers as their number increases at different sites in both urban and rural areas.

The continual expansion of infrastructure is evidence that companies are responding to growing demand for flexibility, accessibility and environmental responsibility in the field of modern parcel logistics. Their commitment highlights the importance of sustainable and customer-focused provision in the age of e-commerce.

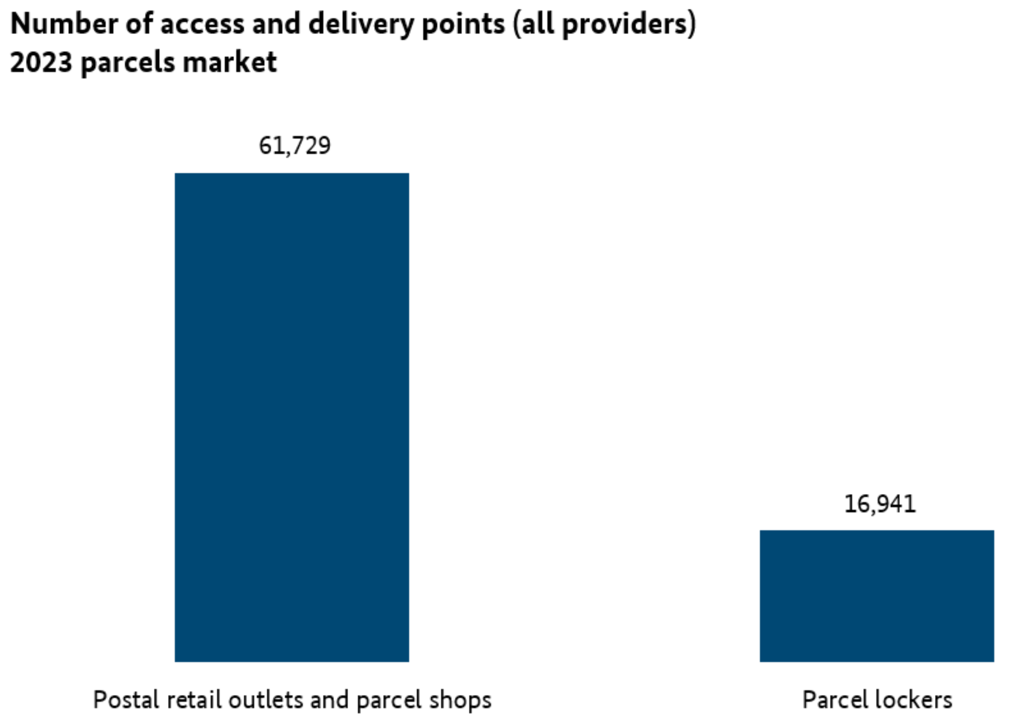

Figure 6: Number of access and delivery points in the 2023 parcels market (all providers)

5 Competitive conditions

5.1 Market shares

The German parcel market is dominated by six main providers (in alphabetical order): Amazon, DPD, Deutsche Post DHL (DP DHL), GLS, Hermes and UPS. These companies together handle about 98% of domestic and cross-border parcels. In particular, Deutsche Post DHL (DP DHL) is in the lead with over 40% of parcel volumes, considerably more than its rivals. Amazon is in second place in terms of volume, carrying 15-20% of all parcels with its own delivery service. DPD, GLS, Hermes and UPS each have a market share of 5-15%.

Amazon, which has been active in the parcels market since 2017 with its own logistics structures, has shown especially strong growth in recent years, not only establishing itself as a key player but also continually growing its share of parcel volumes. It has a special position in the market since it not only offers but also makes use of parcel services. It is thus able to react quickly to changes in the wider economy and make best use of its own network. Amazon also utilises vertical integration to become more independent of external services.

The current competitive situation shows that the market is highly concentrated. It is hard to predict the direction in which the market will develop. .

As the importance of e-commerce continues to grow, there could be further shifts in the market shares of the parcel conveyance companies, but it is unlikely that DP DHL will lose its leading position. DP DHL also has considerable competitive advantages thanks to the potential of combined delivery with letter-post items. Nevertheless, Amazon's flexible business model, along with the changed habits of consumers including the boom in e-commerce, could shift the balance of power in the market in the long-term.

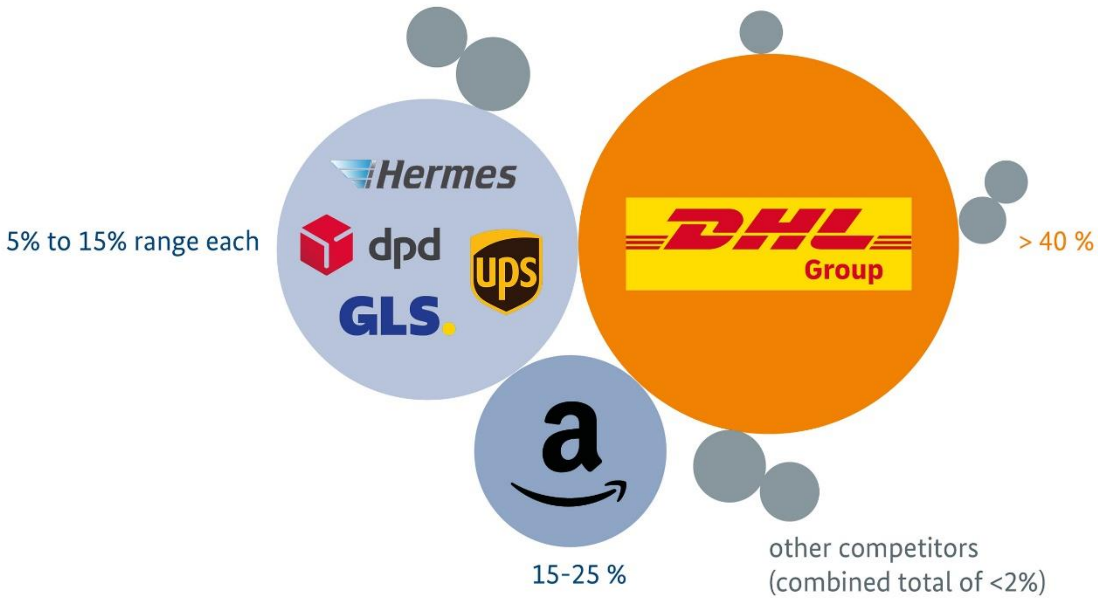

Figure 7: Parcel service providers' shares by volume in 2023 (domestic and cross-border)

The competitive conditions of the whole market are heavily dependent on the B2X sector as it makes up a large proportion of parcel volumes and is characterised by relatively intense competition. For C2X, meanwhile, the structure is different as the market concentation is extremely high and DP DHL almost holds a monopoly, as shown in more detail below.

5.1.1 Market concentration

Examining market concentration is an effective means of analysing a market's competitive conditions without explicitly specifying the shares of the individual companies. Various indicators are available to assess market concentration, including the concentration ratio (eg CR6), the Herfindahl-Hirschman Index (HHI) to measure absolute concentation and the Gini coefficient to assess relative concentration. These indices allow an objective assessment of the market structure and are regularly included in the Bundesnetzagentur's analyses of competitive structures.

Based on the guidelines of the European Commission on the assessment of horizontal mergers, the following ranges are used for interpreting the HHI: an HHI value below 1,000 indicates low concentration, between 1,000 and 2,000 moderate concentration and above 2,000 high concentration. The current figures for the parcel market show that it may be classed as highly concentrated.

The Gini coefficient shows relative concentration as a scale from 0 to 1, with 0 indicating equal market shares without a dominant undertaking and 1 indicating maximum concentration with one single market leader. The lower the value, the stronger the competition, while higher values points to unequal distribution and possible market power. With six major providers (out of a total of 100-200 companies) holding a combined 98% of market share, the Gini coefficient is almost 1.

The tables below show the concentration indices for the whole market (domestic and cross-border), the domestic parcel market as a whole and the domestic market broken down into B2X (business customer parcels) and C2X (private customer parcels). The tables show the development of the concentration ratio (CR6), the HHI and the Gini coefficient from 2017 to 2024.

Concentration indices in the parcels market (domestic and cross-border) 2017-2024 (forecast)

Year	CR6 revenue	CR6 volume	HHI revenue	HHI volume	Gini coefficient revenue	Gini coefficient volume
2017	96	98	2.905	3.217	0,97	0,98
2018	94	97	2.731	3.181	0,97	0,97
2019	96	97	2.867	3.152	0,96	0,96
2020	96	98	2.651	2.970	0,96	0,96
2021	97	98	2.731	3.127	0,97	0,97
2022	97	98	2.615	3.057	0,94	0,95
2023	97	98	2.675	3.097	0,96	0,97
2024p	97	98	2.739	3.077	0,96	0,96

Table 1: Domestic (B2X and C2X) and cross-border concentration indices 2017-2024 (forecast)

Concentration indices in the domestic parcels market 2017-2024 (forecast)

Year	CR6 revenue	CR6 volume	HHI revenue	HHI volume	Gini coefficient revenue	Gini coefficient volume
2017	98	98	3,059	3,384	0.97	0.98
2018	95	94	3,001	3,330	0.97	0.97
2019	95	98	3,125	3,295	0.96	0.96
2020	96	98	2,841	3,096	0.96	0.96
2021	97	98	2,919	3,278	0.97	0.98
2022	97	99	2,818	3,216	0.95	0.95
2023	97	99	2,927	3,320	0.97	0.97
2024p	97	99	2,999	3,318	0.96	0.97

Table 2: Concentration indices in the domestic parcels market (B2X and C2X) 2017-2024 (forecast)

However, there is a significant difference in competitive intensity between the B2X and C2X segments. Competition is fiercer in the B2X segment, where six companies hold relevant market shares, than in the C2X segment. Amazon has gained ground in the B2X segment in recent years and has caused some market movement, but the market concentration is still high.

Concentration indices in the B2X parcels market 2017-2024 (forecast)

Year	CR6 revenue	CR6 volume	HHI revenue	HHI volume	Gini coefficient revenue	Gini coefficient volume
2017	98	98	2,952	3,466	0.96	0.97
2018	96	95	2,860	3,302	0.88	0.87
2019	96	98	2,940	3,246	0.85	0.85
2020	97	98	2,658	3,016	0.88	0.89
2021	97	99	2,736	3,184	0.89	0.91
2022	97	99	2,659	3,106	0.81	0.83
2023	97	99	2,804	3,238	0.86	0.87
2024p	97	99	2,883	3,253	0.85	0.86

Table 3: Concentration indices in the B2X parcels market 2017-2024 (forecast)

The C2X segment, by contrast, is even more concentrated in a structurally similar way to the letters market, as only a few companies have relevant market shares. Although competitors like Hermes and DPD play a role, they have a different market presence and focus.

Competition in this segment is thus less dynamic, leading to a market structure with a clearly monopolistic character.

Concentration indices in the C2X parcels market 2017-2024 (forecast)

Year	CR6 revenue	CR6 volume	HHI revenue	HHI volume	Gini coefficient revenue	Gini coefficient volume
2017	99,9	99,9	7,223	5,906	0.96	0.95
2018	99,6	99,4	6,954	6,495	0.96	0.96
2019	99,9	99,9	6,661	6,251	0.96	0.95
2020	99,7	99,7	6,800	6,338	0.96	0.95
2021	99,9	99,9	7,446	7,209	0.96	0.96
2022	99,4	99,5	7,257	7,262	0.96	0.96
2023	99,0	99,1	6,603	7,000	0.97	0.97
2024p	99,1	99,2	6,527	6,671	0.97	0.97

Table 4: Concentration indices in the C2X parcels market 2017-2024 (forecast)

Comparison and differences

Concentration: in the B2X segment, concentration is high, but this is at least partially mitigated by the presence of several competitors with relevant market shares.

Competitive intensity: the B2X segment has greater competitive intensity because it has several active providers with relevant market shares and overlapping networks. Competitive intensity in the C2X segment is much lower due to the dominance of DP DHL.

6 Summary

Developments in the German parcel market are largely determined by e-commerce, which saw very strong growth in 2020 and 2021 due to the coronavirus pandemic. Brick-and-mortar retailers had to close for a time and there was an increasing reliance on digital sales channels, leading to a jump in the volume of parcels that clearly exceeded original forecasts. Parcel volumes are still well above pre-pandemic levels despite falling in 2022. Companies saw small gains in 2023 again and predict a generally stable situation for 2024.

The competitive conditions in the market are highly concentrated. Six major providers – Amazon, DPD, Deutsche Post DHL (DP DHL), GLS, Hermes and UPS – together handle 98% of all parcels. DP DHL is the clear market leader with a share of over 40%, but Amazon has established itself as an important competitor with market shares between 15% and 25%. DPD, GLS, Hermes and UPS are generally stable with a market share of between 5% and 15% each.

The competitive conditions in the German parcel market have a noticeably heterogeneous structure, as shown in particular by the differences between the B2X and C2X segments. The B2X segment has various relevant players, ensuring a more competitive structure than the C2X segment despite the generally high level of market concentration. In the C2X segment, meanwhile, there is a nearly monopolistic concentration in favour of DP DHL, which is comparable with the structure of the letters market.

Amazon benefits from its unique position both as a provider and as a customer of parcel services and has been able to continually expand its market position. It remains to be seen if the competitive landscape will change much in the years to come. Developments are driven by customers' growing demand for speed and flexibility, the sustained boom in e-commerce and growing demand for sustainable solutions.

Innovative technology, such as autonomous vehicles or drones, could revolutionise logistics processes in future, giving a competitive advantage to those companies that invest early. The higher level of international commerce and demand for cross-border logistics could also influence the strategic priorities of the market leaders.

In sum, it may be seen that the German parcel market, despite its high level of concentration, displays more competitive structures in the B2X segment than in the C2X segment. Although DP DHL maintains the leading market position, the strong growth of Amazon presents a particular challenge. Competition could shift further in the coming years, especially in light of Amazon's flexibility and innovation, which puts it in a strong position compared to the traditional providers.

In addition to this publication, information on the postal sector as a whole is also available at: www.bundesnetzagentur.de/Post-Marktdaten.

7 List of figures

8 List of tables

9 List of abbreviations

B2C	business-to-consumer
B2B	business-to-business
B2X	business-to-business/consumer
bn	billion
C2X	consumer-to-business/consumer
DPD	Deutscher Paket Dienst
DP DHL	Deutsche Post DHL
EEA	European Economic Area
EU Parcel Regulation	Regulation (EU) 2018/644 of 18 April 2018 on cross-border parcel delivery services
eg	for example
GLS	General Logistics Systems
HHI	Herfindahl Hirschman Index
UPS	United Parcel Service

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