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## CHANGES AND CHALLENGES OF POSTAL INDUSTRY

*The paper deals with the new structure of postal industry after the deregulation processes and also the new elements in the value chain in postal industry as well as in postal operators. The changes are related with the innovation processes, the new types of technology, the new rules and also with the new requirements of customers. The government has also different interests and needs on the functioning of postal industry. These changes are discussed on the example of Slovak postal industry.*

## ZMENY A VÝZVY POŠTOVÉHO SEKTORU

*Príspevok pojednáva o novej štruktúre poštového sektora po deregulačných procesoch, ktoré v odvetví prebehli, a tiež o nových prvkoch v hodnotovom reťazci poštového sektora a jednotlivých poštových operátorov. Zmeny sú spojené s inovačnými procesmi, novými typmi technológií, novými pravidlami a tiež novými požiadavkami zákazníkov. Štát má tiež zmenené záujmy a potreby vzhľadom na činnosť poštového sektora. Tieto zmeny sú uvedené na základe príkladu poštového sektora Slovenskej republiky.*

### 1. INTRODUCTION

Postal services and industry in the world and also in The Slovak Republic have been changed and are under pressure from regulators, competitors, increasing costs, higher customer expectation, technology etc.

The pressure from all sides results to the changes of the postal strategy, the business processes, the information and communication technology systems development and implementation, the people and culture and the organization. In the time of these significant technological, political and market environment changes, it becomes obvious that more attention is given to the management of services, to the analysis industry value chain and supply chain. Any access to the identification of parts and elements that are included to

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chains can be a promise of success to its user, which, on the other hand, makes the choice of the adequate approach harder.

The monopoly in postal industry by Postal Directive of the European Community (2008/6/EC) will be abolished in 2011 with exceptions granted to some member countries in 2013.

## **2. VALUE CHAIN AND POSTAL INDUSTRY**

### **2.1 Concept of value chain**

In terms of general definitions, the concept of value chain was developed in 1985 by Michael Porter in „Competitive Advantage“ [1] even though the concept of Value Chain has existed for twenty years, it can be still found as an unclear concept.

Purpose of the value chain is to identify interfaces, which are likely to be of general commercial importance and effectiveness of services providing. In order to do these, a number of roles have to identify which describe a business activity and the value added to service. Each role can be thought of as adding value to the various inputs it buys from customers. These role can be individually described and the linked to from value chains of the postal operators and another subjects on the postal market and in the postal industry.

The value chains of roles represented the “industries” which produce the product for the end user. Value chain is “a tree” of roles or activities that are connected together to make a service. The role represents a business activity which fits in a value chain. The role in the primary value chain is called structural role and their set represents primary value chain. Infrastructural role is not in the primary value chain and their set represents upright value chain.

The total set of roles involved in producing a service and the way they pass intermediate services between the roles is called the complete value chain. The set of roles, which form the only principle activity of a generally recognized industry, which produces the postal services, are the primary value chain. All the other roles in the complete value chain will be providing support services for roles in the primary value chain. For the creating of postal services the value chain is illustrated in Fig. 1.

The roles are undertaking a wide variety of activities. The structural roles require infrastructural role to carry out their role. The relationship between the roles can be commercial (extern or intern customer or supplier) and so there is a customer side and supplier side to the relationship.

### **2.2 Horizontal and upright chain in the postal industry**

The size of postal operator value chain depends on postal operator involvement in a process of market changes at a postal market. There are postal operators that make things happen, postal operators, that watch things happen and postal operators, that wonder what happened.

Postal operators try to provide high-quality services and they should continue to provide a good basic service, even under changing conditions, so as to satisfy the public, government or administration and the economy. Leading provider of postal services in the

communication market position itself successfully as a financial services provider, well placed in the logistics market and a respected player in the postal and transport sector.

Structural roles include:

- customer and market definition
- marketing
- research and development
- output end product
- collection
- outward sorting
- transportation
- inward sorting
- delivery
- final settlement

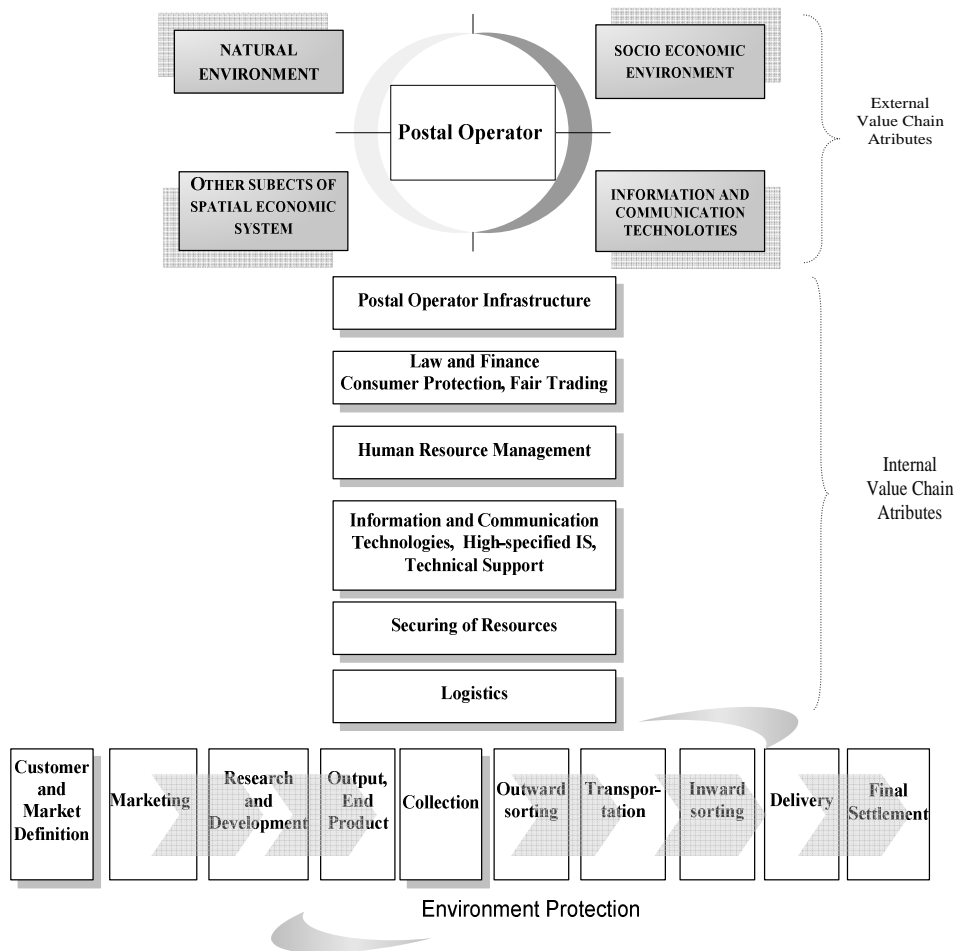


Fig. 1 Postal value chain concept

Infrastructural roles can be divided to 2 groups of attributes: internal and external.

Interface represents the boundary between entities within overall structure. In the context of information and telecommunications services, the entities can be the independent units. It is possible to identify three categories of interface:

- *Enterprise interfaces* derived from activities and roles and their logical links represent commercial agreements on the basis of the service delivered by one enterprise to another. It creates the basis for identifying the possible need for the administrative and technical interface. Enterprise interfaces do not always lead to the need for technical interfaces.
- *Administrative interfaces* support enterprise interfaces and represented the day-to-day operational interaction between administrative units supported by technical interfaces.
- *Technical interfaces* represent a key enabler to realise services.

### 3. CONCLUSION

The concept of value chain in the postal industry respects the main goals of postal operators in the future. Mainly, to provide friendly services and the applications for different large customers, to optimize the postal outlets, build new and modern sorting centres etc.

Postal operators in the face of decreasing shipment volumes try to cut operational costs and reduce non-operating expenses through forceful cuts of indirect costs. Current challenges can be seen as an opportunity to strengthen mail business:

- Making parcel business benefit from growth in e-commerce
- Support customers in the digitalization of their communications
- Continuously improve performance domestic core business and internationally
- Sustain direct marketing business

The conception of value chain also depends on regulatory policies, on the definition of universal service, its scale and the rules for its providing. The reaction of postal operators depends on their ability to adapt changes at the market.

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