AUTORITÀ PER LE GARANZIE NELLE COMUNICAZIONI
AGCOM

PRESS RELEASE

AMAZON HAS A DOMINANT POSITION IN THE MARKET OF E-COMMERCE DELIVERY SERVICES ACCORDING TO AGCOM

AGCOM, the Italian NRA, has just published an Interim Report on the analysis of parcel delivery services markets.

The Report shows that, only in four years, Amazon has become the first operator in terms of market shares in the national e-commerce market for deferred deliveries and the second operator in the market for express ones.

Amazon presence in the parcel delivery sector has significantly influenced the competitive dynamics of the B2C parcel national market. For these reasons, in the interim report published on July 1st 2020, Agcom concluded that Amazon holds significant market power in the B2C market for deferred deliveries with a 59% market share in revenues. The performance of the Seattle giant is undoubtedly attributable to the competitive advantage that the company derives, on the supply side, from its vertical integration in the delivery market and, on the demand side, from the purchasing power that it enjoys as a buyer of delivery services.

The Report just published is the first analysis of the parcel market conducted by the Italian NRA following the development of e-commerce. The analysis covers the period 2016-2019. The document highlights a substantial alignment of Italian market's trends with current trends in other European and world markets: in Italy, the development of e-commerce has stimulated market entry, the emergence of a receiver-oriented model as well as of new delivery methods (joint delivery of parcels and letters, flexible delivery, delivery in parcel lockers). These new models, on the one hand, allow higher efficiency in delivery to the benefit of the end users, on the other hand, they trigger the emergence of a competitive advantage based on the ability both to avoid current regulation (for example in the labour market) and to structurally modify competitive dynamics in downstream markets; the latter due to the dual role played by some platforms as purchasers and suppliers of delivery services.

E-commerce has boosted both volumes and revenues of parcel delivery services that, in the last four years, have increased at considerable rates: in 2019 postal operators in Italy delivered about 625 million parcels that generated a turnover of around 4.7 billion euros.

As documented in the Report, AGCOM identified the following relevant markets for parcel delivery services: services addressed to residential customers (so-called "C2X deliveries"); services addressed to business customers (so-called "B2X deliveries"); the latter were further distinguished in the traditional B2B parcel delivery market and the B2C e-commerce delivery market. All three markets (C2X, B2B, and B2C) are then divided in two distinct markets for express and deferred delivery and for national and cross-border delivery.

To sum up, the analysis shows that:

- The C2X delivery market represents a small portion (3% in volumes and 2% in revenues) of the total parcel delivery market. In this market Poste Italiane, being the historical operator and the universal service provider, maintains a predominant role with a 68% mkt share.

- the B2B delivery market (traditionally the core business of couriers) has grown at an average annual rate of 5% in volumes and 6% in revenues and continues to be characterized by the presence of several operators with quite balanced markets shares and a low level of concentration;

- the B2C e-commerce delivery market has undergone significant changes in recent years, showing some specific dynamics that differentiate it from other traditional markets: since 2016 it has grown at an average annual rate of 30% in volumes and 18% in revenues. New operators entered this market. The share of B2C parcels increased considerably: in 2016 the volumes of B2C parcels represented around 1/3 of the total market while in 2019 they reached half of the market (49%). In revenues, B2C deliveries represent up 40% of the total parcel market.

The analysis carried out represents an intermediate step; before concluding the proceeding Agcom will carry out further investigations to verify the persistence of dominant positions, the structural nature of changes in competitive dynamics as well as the social cost of competitive advantage, where achieved through means non-replicable by downstream competitors (for example contracts with suppliers and workers). Agcom will also assess the need to introduce specific remedies for operators with significant market power.

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