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ComReg reports on the growing €700 million+ parcel delivery sector in Ireland as consumers shift to online buying

The Commission for Communications Regulation (ComReg) today published a report¹ on the parcel delivery sector in Ireland prepared by the economic consulting firm, Frontier Economics, in association with its research partner, Behaviour & Attitudes (B&A). The study builds on a previous study by Frontier Economics, published in 2015².

The key findings of the study are:

Online buying has increased over the past 3 years:

- The consumer survey found that almost two in three consumers have bought more online over the past three years than before.
- Consumers main reasons for increasing their online purchases over the past 3 years are:
 - better prices being available online (61% of respondents)
 - convenience of delivery (57% of respondents)
 - better range available online (55% of respondents).

Further increased online buying over the past year due to the COVID-19 pandemic:

- The COVID-19 pandemic has led to a surge in online buying and e commerce activity.
- The consumer survey found that the incidence of consumers buying goods online weekly (or more frequently) has doubled since the onset of the COVID-19 pandemic.
- The consumer survey suggests that the shift toward buying online is not likely to fade out in the near future. Half of the consumers interviewed stated that they expect their online buying to stay at the same levels as in 2020, while almost 1 in 5 are expecting their online buying to increase further in the next 12 months.

¹ <https://www.comreg.ie/publication/e-commerce-parcel-delivery-in-ireland-report>. This report uses research conducted in early 2021 with 2019 parcel data as latest available.

² Frontier Economics, The packets and parcels sector in Ireland, May 2015 (<https://www.comreg.ie/csv/downloads/ComReg1547.pdf>). The 2015 report used 2013 parcel data as latest available.

- E-commerce sellers also expect online sales to remain high over the next 12 months and predict further growth in the medium term.
- For SMEs currently selling online, seven in ten of these expect an increase in demand for online buying in the next three years.
- While parcel delivery operators and e-commerce sellers were initially unprepared to deal with the significant increase in volumes resulting from the COVID-19 pandemic, particularly the B2C increases, they have been quick to adapt and assuming increased demand remains are considering network expansions (and optimisation), however, this is not without its challenges.

The parcel delivery sector in Ireland has grown and changed:

- The total size of the sector is estimated to be between €662 million and €722 million in 2019³. This suggests an average annual growth rate of between 4% and 9% between 2013 and 2019.
- Growth has been driven by e-commerce, including cross-border e-commerce.
- Business to Consumer “B2C” segment now represents almost two-thirds of volume.
- The Irish parcel delivery sector is made up of seven main parcel delivery operators, with a long tail of smaller and specialised operators. In 2019, the seven main operators in Ireland had an annual turnover of €585 million and processed 105 million parcels.



- In recent years, there has been entry of new parcel delivery operators, including Amazon using small-scale 'Amazon delivery partners' to deliver certain Amazon products.

³ 2019 is the most recent data available, the 2021 market size will be higher given the unprecedented growth the sector has experienced since COVID-19 in 2020.

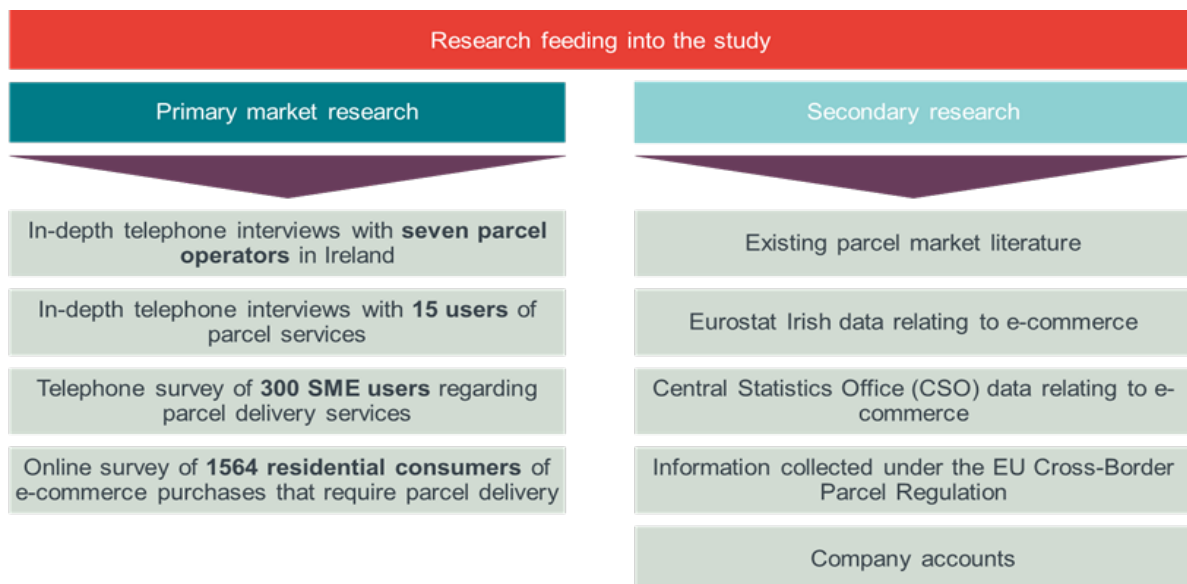
- Price competition between parcel delivery operators appears to have intensified. Delivery prices are largely based on negotiated discounts on standard price lists. Almost 1 in 2 of the SMEs surveyed stated that they negotiated the price directly with parcel delivery operators.

Price and reliability of parcel delivery remain key for senders and consumers:

- Price and reliability remain the most important senders' requirements for parcel delivery services. Other needs are emerging (tracking/technology).
- Delivery cost is also the primary consideration for consumers when they are selecting parcel delivery options for online purchases.
- Lower parcel delivery costs top the list of desired future changes for SMEs surveyed.

Background on the research feeding into the study:

- This latest study is based on both primary market research and secondary research as follows:



The full report (ComReg Document No. 21/59) can be found on ComReg's website at

<https://www.comreg.ie/publication/e-commerce-parcel-delivery-in-ireland-report>

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