

# THE POSTAL SECTOR AT A TIME OF CRISIS CAUSED BY THE COVID-19 PANDEMIC

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**Abstract:** *The post office has already had to deal with crisis situations caused by „force majeure”. Today, it is a Covid-19 pandemic, and in the past, there have been large-scale floods, tsunami disasters, earthquakes and so on. It is in these critical situations that postal companies are very necessary for society. National postal operators are usually the only providers of the so-called universal service, without being able to refuse to provide any service falling within the scope of universal service. The aim of the paper is to analyse the recorded practices of selected postal operators and national regulatory authorities, which they adopted and implemented during the pandemic. The paper will use the method of excerpting and method of analysis (in obtaining and evaluating information about the current state of the problem) and methods of induction and deduction. The reader will get a picture of how postal companies have behaved in this critical situation. The added value of the paper is the definition of areas that need to be theoretically and practically professionally researched soon.*

**Keywords:** *Postal sector, Pandemic, Postal services, Crisis situation.*

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## 1. INTRODUCTION

Postal services face challenges at a time of disaster, and in 2020 the world had to face Covid-19. Therefore, various responses to the Covid-19 crisis have been reported worldwide in the postal sector by postal operators, courier and express companies, relocation and logistics companies, as well as companies involved in the development and implementation of the latest technological solutions in this area.

Postal companies have changed their activities to meet the new requirements of their customers, as soon as possible to comply with strict new regulations in the workplace, to be able to work with a large volume of items and often with fewer employees. The crisis has clearly and significantly affected not only postal businesses, but also e-commerce and customer behaviour, expectations and demand.

## 2. FRAMEWORK DEFINITION OF THE STATE OF THE POSTAL SECTOR AT THE TIME OF THE BEGINNING AND THE FIRST MONTHS OF THE GLOBAL PANDEMIC

Postal companies have responded to the challenges of the global pandemic. Hamande (2020) claims, that “the most common was the introduction of new services provided by postal companies, which was forced by this pandemic situation. They also had to deal with cross-border postal services and look for distribution channels that could operate at a time of limited air traffic capacity”. New partnerships were created with retailers, which consisted in the implementation

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of the so-called the first and last miles in the relocation process, i.e. stage of submission and delivery of consignments. Pertsovskiy (2020) states, that “the first and last miles moved to the main strategy centre of postal, express and logistics companies”. This is the first and last mile, including the return of shipments. Crouse (2020) speaks, that “in these phases of the relocation process, postal companies contact the customer directly. These are also the most difficult and sensitive parts of the relocation process, because it is decided here whether the customer is satisfied or not”. Roggendorf (2020) claims, that “in connection with the mentioned problem in the delivery of consignments, during the pandemic, great attention also had to be paid to achieving flexibility and adaptability in sorting processes. They created new distribution channel solutions for companies that operated in the off-line space during the transition to the online space”. In many countries, it was possible to identify new postal businesses that immediately focused on the most important needs of people during a pandemic and began to supply mainly food and medicine (several times increased due to regulations on staying at home), which were the most popular assortment at the time. Access to cash, financial and government services (e-gov and IDs) was also required. There have been demands for a digital platform for a wide range of electronic services. With this fact, the question arose very significantly whether this range, services and companies that were created during the pandemic will remain on the market longer, even after the end of the pandemic, and how the competitive environment will develop in the „post-Covid” time.

Buhler (2020) claims, that “postal companies in all countries, which have been established on the market for a long time, monitored very closely how newly established business entities dealt with the prescribed requirements for the quality of postal services. They have literally „copied” the system of traditional postal companies, but qualitative indicators in many countries have not been able to achieve these newly established companies. Traditional postal operators also provided social services, because through them they provided the governments of some states, e.g. sanitary and food packages and nationwide cash benefits (so-called helicopter money), ensuring the survival of the population in crisis areas. It is clear from developments around the world that the post office has played a crucial role in communicating with customers in sectors such as healthcare and government”.

It was confirmed that the way to these changes was to make a change in relocation processes and systems and to intensify the use of hybrid mail. Businesses in the postal services market have paid close attention to the new strategies of e-commerce companies. The change in strategies and business operations of e-shops was influenced by short-term and long-term changes in the behaviour of their customers. The pandemic has further increased the pace of e-commerce. The world says this period was an „365-day Christmas” for online sales. For example, the Swiss Post stated that with 17.3 million parcels delivered in April, the post office was busier than any Christmas they had experienced.

This also accelerated further evaluation and development in the already mentioned last mile - with more attention paid to robotics and robots, which could be a very suitable solution in such cases.

While the e-commerce market is prospering in times of pandemic and volumes are constantly increasing, many postal operators face a dilemma. The volume of their packages increases, but their market share often decreases. This is an interesting phenomenon as competition grows, prices may be under pressure and customer experience, as well as the range of products or ser-

vices required is declining. However, many changes are taking place in the conditions of postal companies, in order to provide the market and its customers with choice, quality and good experience from long-term operation in the postal services market.

### 3. GOAL AND METHODS

The goal of the paper is to approach the recorded procedures of selected postal operators, which received and implemented during the pandemic, with regard to meeting customer requirements, with regard to the protection and security of first contact employees, in providing universal postal service. Based on the methods of analysis, synthesis and critical thinking, areas of future research are offered, which will be focused on innovative solutions in the internal and external environment of postal companies. These innovations should aim to minimize the negative consequences of these types of crises - their timely, vigorous and effective implementation.

The paper used the method of excerpting and the method of analysis - in obtaining and evaluating information about the current state of the problem; method of synthesis and comparison - for systematic comparison and evaluation, including linking the obtained research results to the relevant conditions in which postal companies operate in crisis situations.

### 4. ANALYSIS OF THE PROCEDURES OF THE GOVERNMENT, REGULATORY AUTHORITIES AND POSTAL OPERATORS IN THE V4 STATES AT THE TIME OF THE OUTBREAK AND DURING THE COVID PANDEMIC – 19

In view of the COVID-19 outbreak, the ERGP is collecting information about measures adopted in the postal sector in view of the Covid-9 outbreak. ERGP is also collecting information regarding the operational and regulatory impact of the pandemic. Below you can find a summary of the information collected by V4 members (updated until 21 April 2020).

#### Slovakia

**The Government** has declared the state of emergency (from 12. 3. 2020) and has been adopting various measures. For the whole country all shops and restaurants are closed, but exemptions are made for certain areas including postal offices. There is also the necessity to cover one's face (nose and mouth) with face mask or adequate substitute when going outside. According to the Postal Act at the time of emergencies caused by a natural disaster or industrial accident and in reasonable cases of protection of public order, public security including the inquiry and prosecution of criminal offences, health care and human life, animals and plants protection as well as cultural heritage in the affected territory, the NRA may temporarily adjust the method and conditions of clearance (collection) and distribution of postal items in the affected areas by way of derogation from the provisions of the Postal Act, in particular, for the necessary time period, it may:

- exclude providing of postal services and decide that these services will only be provided by the authorised postal company;
- exclude some types of postal items from clearance and distribution;
- restrict or suspend provision of postal payment service; or
- ensure clearance and distribution of some postal items in a special way.

**National regulatory authority (NRA)** - at the request of the USP the NRA has taken according to the Postal Act some measures in the delivery to the address of postal items to ensure the minimum contact between delivery persons and addressees:

- registered items are delivered to the letter boxes without signature of the addressee;
- recorded delivery mail/official documents, mail with receipt of delivery and cash on delivery, and oversized items are kept at the post office and the addressee receives the information/delivery notification (to their letter box or e-mail address) to collect the item at the post office;
- the storage period for postal items at the post office has been extended from 18 to 32 days;
- parcels are delivered to the address, but outside/in front of the building of the addressee with necessary safety measures;
- the opening hours of postal offices are shortened (usually no longer than 17:00 per one day a week).

**Postal providers** - only certain number of customers is allowed in the premises of the postal office of the USP at the same time. All postal offices are closed on weekends. The USP has suspended collecting of postal items to some countries. Other postal providers have been taken measures to minimise and shortened the time of contact with addresses, some of them have recommended their customers to use bankcards instead of cash, made changes for items/parcels that require signature (courier sign for delivery rather than the addressee).

According to Hambálková (2020) “Regarding the situation with the national postal operator, postal services were provided by significantly fewer employees during the pandemic (1165 employees were missing, while the total number of employees at the end of April was 13,224). This is since employees were unable to work or received benefits in connection with the care of children who do not attend school at the time of the pandemic.” (p.5)

## Czech Republic

**The government** declared the State of emergency from 12<sup>th</sup> March with general restrictions (e.g. closure of educational facilities, free movement is limited with the exception of travel to and from work and necessary travels to ensure basic human needs, retail sales and the sales of services on the spot is forbidden with some necessary exceptions) – all restrictions are available on the web: <https://www.vlada.cz/en/media-centrum/aktualne/measures-adopted-by-the-czech-government-against-coronavirus-180545/>. There are no specific measures regarding postal services at this stage.

**NRA** - continuously monitors the situation how the universal service obligation is fulfilled in accordance with the postal law. The USP (universal postal services) can interrupt or limit the fulfilment of its obligations in case of emergency like the current epidemic. This limitation must be removed as the situation allows it. So far, the NRA has not been taken any measure regarding providing of postal or universal services yet.

**Postal providers** - According to the general recommendations, the Czech Post has asked the customers to visit postal outlets only when it is necessary and to use a surgical mask (or other comparable protection). The Czech Post delivers all postal items to addressees in general without substantial restrictions. One measure regarding the delivery was set by registered items without supplementary services like advice on delivery, necessity of this measures is now proved by the

NRA. In areas with quarantine (there are no such areas, now) and in case of addressees with ordered quarantine, the Czech Post stores postal items directly at post offices with extended time period to pick them up. Addressees receive only announcement in their home letter boxes or they can choose the delivery to other place or person which is not in quarantine (this change is free of charge). The NRA has no information regarding prospective measures of other postal operators or regarding any limitation of their services.

## Hungary

**The government** announced restriction of movement on the 28<sup>th</sup> of March and updates it weekly. According to this measure it is recommended to stay home and leave home only for work, shopping, dog walking, or doing individual sports. Restaurants, cinemas, theatres, schools are closed. Grocery shops and pharmacies, post offices are open other not essential shops are either closed or operating with restricted opening hours generally till 15 o'clock. Only costumers older than 65 can visit shops or pharmacies between 9-12 o'clock, others may visit earlier or later. A Governmental Decree has been issued on 03/04/2020 that allows postal service providers to deliver registered items, official documents and parcels without personal contact. Items requiring signature can be delivered now only by taking the name and the ID card number of the receiver. The delivery man takes 1,5 m distance from the receiver at the delivery, the receiver shows his/her ID card and tells his/her name and the ID card number. The number of customers entering a post office at the same time is also limited according to the number of available service desks, others have to wait outside of the building and keep reasonable distance among each-other. The postal service is part of the basic services that has to be provided even in situation like crisis or war according to the postal Act and we do not have any official information from our service provider about any measures taken concerning the limitation of the availability of postal services.

**The NRA** published and regularly updates a FAQ document with practical information and advices on its webpage to help customers and service providers - [http://nmhh.hu/cikk/210995/Postara\\_csak\\_akkor\\_menjunk\\_ha\\_muszaj\\_hasznos\\_tanacsok\\_a\\_hatosagtol](http://nmhh.hu/cikk/210995/Postara_csak_akkor_menjunk_ha_muszaj_hasznos_tanacsok_a_hatosagtol) (only in Hungarian).

**USP (Hungarian Post)** introduced the following measures:

- limited opening hours for the post offices, no post open after 18:00 on weekdays, only a few posts available on Saturdays, and posts are closed on Sundays;
- post offices in shopping malls and in government offices are closed permanently;
- it is recommended for customers older than 65 to visit post offices between 8-9 in the morning;
- no delivery of registered items, official documents or parcels for those who are in medical quarantine (in this case a red sign has to be put on the door of the person who is suspected to have caught the infection). Items are hold back at the post office till the end of the quarantine for later pick up or delivery. There is no change in the delivery of non-registered items or ordinary letters;
- took some practical measures also to protect its employees who are in daily and close contact with costumers and distributed masks and gloves for them;
- introduction of a simplified authorization form for elderly people to help the delivery of pension (many elderly people have no bank account and they receive their monthly pension by post).



## Poland

On 19 April 2020, the provisions of the Covid Act regarding the postal market entered into force. Changes in the postal law relate to:

- the possibility of delivering a letter-post item which is a registered item to a delivery mailbox;
- suspension of the obligation to obtain a receipt for courier items;
- establishing derogations from the universal service obligation.

In states of emergency or in the event of an epidemic or epidemic emergency, a letter item being a registered item may be delivered to its letter box (with effect of delivery), without the need to submit the special application.

This does not apply to postal items sent to or sent by:

- courts and tribunals;
- the prosecutor's office and other law enforcement agencies;
- court bailiff.

In extraordinary states or in the event of an epidemic or emergency situation, the postal operator's obligation to suspend receipt of a courier package is suspended.

**The NRA**, at the request of the designated operator, by way of a decision, establishes a derogation for the designated operator from the obligation to provide universal services in the event of the spread of infection or contagious disease, which may pose a threat to public health.

Changes were also introduced during the epidemic status regarding:

- the obligation not to return the parcel to the sender;
- the effectiveness of deliveries of uncollected letters after the epidemic;
- authorizes the designated operator to obtain data from the PESEL (Personal Identity Number) database for election purposes;
- the so-called „Short delivery” e-delivery services for scanned documents for citizens with a trusted profile.

The situation is dynamic, but so far, no additional measures have been undertaken to ensure distribution of mail and parcels.

**Courier companies deliver parcels** despite coronavirus. The operators declare they have developed precise contingency plans for all areas of their business. As a result, they have become operationally independent from external factors. The designated operator - **Poczta Polska** also declares having a crisis plan, assuming limited activities and limited resources. Respecting the government guidelines formulated in the special act on the prevention and control of coronavirus and related to the announcement of the epidemic, Poczta Polska suspended the receipt of dispatches to some countries. This is due to the suspension of air transport. The work organization of its facilities is also changing. The operator reduces the working time of branches on business days to six hours, with the branch being open on selected days from 14-20 or alternatively for three hours on Saturday. Due to difficulties on European roads and restrictions in the work of operational services of postal operators in Poland and abroad, delays in the delivery of parcels sent to certain countries are expected. Postal operators apply increased precautions in

all areas of their business. All preventive measures are aimed at protecting health and maximizing the risk associated with the current situation. The safety of customers and employees is an absolute priority.

Based on the information provided by the individual V4 states, it is clear that the procedure assigned to postal operators by the state, the national regulatory authority and their own strategic decisions are the same in some respects and slightly different in others.

## 5. PROPOSAL FOR FUTURE RESEARCH

As the Covid-19 pandemic has been accompanied worldwide by its unpreparedness to address all the problems that have accompanied it, the following areas in research in the postal sector are also very important:

- the solution of the so-called arvej and the last mile in the post-Covid world;
- the resilience of postal networks in crisis situations (crisis management without denying reality) ways to meet the challenges for the post-Covid postal and logistics world;
- changing consumer behaviour in times of force majeure and finding new, creative and at the same time „safe solutions” to customer contact;
- solving cognitive logistics of cross-border exchange through efficient processing and use of data flows and using knowledge in them (ability to manage and analyse data in multiple applications, directories and interfaces), use of imaging technologies, artificial intelligence and the like;
- creation of a logistics ecosystem - innovation of real-time delivery tracking technologies (e.g. active and passive RFID, RAIN RFID networks, 0G networks - the Internet of Things, etc.), to increase the satisfaction of postal customers.
- solving complex persistent structural problems in order to transform the mail business with an optimized cost base and more efficient mail operations 4.0 towards the integration of data from various information databases, towards increasing the performance of the postal company;
- solving the future of direct mail towards hyper-personalization;
- changing the role of digital communications and social media in the future of the postal sector and so on.

## 6. CONCLUSION

The survival of a company (individuals, companies and organizations in each country) whose postal companies provide their services depends on the degree of readiness of the post office, the quality of the crisis management team, the effectiveness of the crisis plan implementation and its diagnosis. At the time of the pandemic, the postal companies were clearly operating in significantly changed conditions. Regardless of the legal aspect of each situation, the perceptions created from the beginning to the end of the crisis can dramatically affect the reputation and financial position of postal companies. Therefore, it is necessary to pay attention to all aspects of managing this type of crisis, which would be caused by the so-called „Force majeure”. Based on the results of research in some areas identified in this paper, the preconditions would be created to cope with the negative consequences of the crisis and would contribute to the readiness of postal companies for pandemic situations that the whole world.

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