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STRUCTURAL CHANGES OF LITHUANIAN POSTAL SERVICES: POSSIBILITIES OF PENETRATION

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Abstract. *The authors analyse the Lithuanian postal service market which has become open for competition since 2013, after the Law Amending the Postal Law coming into force. The main objective of the article is to identify characteristics of the Lithuanian postal service market and to formulate market penetration proposals for new entrants. The main methods employed in the article are a comparative analysis of statistical data and a sociological survey. The article starts with the literature review on the topic, the identification of major postal service providers in Lithuania, and the analysis of their key performance indicators. This section is followed by a sociological survey and an analysis of customer comments found in the online Public Register of Legal Entities aimed at identifying the shortages of the Lithuanian postal service market and fomulating proposals how to improve the quality of postal services in Lithuania. Findings of the survey suggest that the concentration of efforts on service provision to legal entities, flexibility of service prices and service quality higher than that of competitors constitute the key factors for market penetration and gaining competitive advantages.*

Key words: *postal service, market, the quality of postal and courier services, key factors for market penetration*

Introduction

The constantly changing and growing customer needs put higher and higher requirements on postal services. The main purpose of postal service providers is to ensure expeditious and reliable delivery of correspondence and parcels, as well as to organise the delivery process in a flexible and convenient manner. In order to stay competitive on the postal service market, service providers have to search for new solutions to meet the growing customer needs.

The Law Amending the Postal Law of the Republic of Lithuania (LRS, 2012) was adopted on 8 November 2012 (hereinafter referred to as the Postal Law), whereby the Lithuanian postal market was fully opened for competition. The adoption of the new version of the Postal Law was followed by coming into force of some major amendments in 2013, including changes in certain definitions. For example, service providers are no longer divided into providers of postal and courier services; all undertakings providing

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postal services in the market are considered postal service providers. However, in order to maintain the integrity of data on the public sector overviews published in 2012, the postal sector in this article is reviewed with service providers divided into postal and courier service providers.

The article aims at identifying characteristics of the Lithuanian postal service market opened up to competition and formulating market penetration proposals to new entrants. A survey was conducted for this purpose by applying the methods that greatly differed in their content: statistical data analysis, sociological non-representative customer survey, analysis of publicly available information on Lithuanian postal and courier services. The application of different methods in the survey enabled to produce better justified market penetration proposals, such as a clear identification of the market segment and application of the corresponding measures, concentration of efforts on service provision to legal entities, the flexibility of service prices or provision of higher quality services compared to competitors. In addition, the article offers innovative solutions enabling new market entrants to gain competitive advantages.

1. Theoretical aspects of moving into a mature market

There are a number of strategies serving to move into a mature market. These strategies are differentiated by markets, penetration speed, and product novelty degree. Mature market penetration should be "deeper if more aggressive marketing tools are used" (Obrazcovas, 2006). It is recommended to increase purchase frequency and sales output, as well as to apply intensive measures for attracting customers from rivals (Obrazcovas, 2006). In addition, sales opportunities for existing products could be searched in new markets, or it is possible to choose a customer segment which does not yet have the desired service provider. Many literature sources identify the following market penetration strategies: (1) slow penetration – high price, low promotion cost; (2) rapid penetration – low price, high promotion cost.

The aforementioned strategies can be used by any new service market entrant willing to move into a mature market. However, there arise natural questions of what to start from, how to put these techniques into practice, and which of them suit a particular service market best. The analysis of recommendations provided in the literature for service business beginners to enter a mature market suggests the following logical consistency of necessary procedures: (1) analysis of the existing situation; (2) customer needs survey; (3) preparation of the promotion programme.

Actions under this first procedure should be primarily directed towards identification of the existing market players in order to assess the possibilities of satisfying the needs of existing customers. This requires carrying out a survey whose results would enable identification of the market leader and serve as a basis for further performance adjustments, because orientation towards the market leader will crystallise certain aspects of service quality, explicate the leader's position, and enable to achieve a better quality of services.

The next stage involves the specification of quality indicators of services provided in the market in the context of customer satisfaction, in order to identify the weaknesses of competitors' activities in relation to meeting the needs of customers for service quality and to forecast the likely trends of the development of customer needs so that to ensure satisfaction of customer needs better than competitors in the near future (Ginevičius, Krivka, 2008). Kotler and Armstrong (2012) specify the proposed actions in more detail, arguing that it is reasonable to look at the market leader and seek to provide higher quality services than those of the market leader in order to gain at least a tiny market share at the beginning and then to increase it gradually on account of service diversification and quality improvement. Rungie et al. (2013) also identify introduction of new services and offering higher-quality services as a market penetration opportunity. They also emphasise the need for market segmentation subject to the situation. It is obvious that the implementation of new services would increase the competitive abilities of the undertaking, whereas a better satisfaction of customer needs would create preconditions for moving into the existing market (Drejeris, 2009). Incidentally, it is not necessary to implement completely new services for new entrants to penetrate a mature market; minor modifications of the available services, changing some of service parameters could also delineate a certain segment of customers whose needs would be better satisfied by modified services or their parameters. Customer satisfaction surveys may reveal the reasonability to target other customers, for example, by extending the group of customers, by providing services to the customers not using the services provided by the market leader or by using promotional measures to entice customers using services provided by other undertakings (not the market leader). Therefore, Kotler and Armstrong (2012) emphasise the need to conduct customer satisfaction surveys.

One more strategy proposed for new entrants to move into a market is to offer lower prices (Kotler, Armstrong 2012). The proposal to reduce prices charged for services in order to enhance sales of the services (i.e. to sell at least some services for a price cheaper than that of the market leader) is worth noting – market entrants should analyse the possibility of applying this strategy to encourage customers' interest in the product offered by the challenger service provider. Fixing relatively low prices for new services would accelerate the process of market penetration (Drejeris et al., 2013).

Another traditional promotion strategy is a proper advertising of a product. Advertising need for new products is also confirmed by the findings of a research conducted by Sood et al. (2009). Kotler and Armstrong (2012) specify this opinion in more detail stating that other promotion tools (e.g., personal selling, developing public relations) could also enhance the volumes of sales. In any case, in order to move faster into a market with a modified or new product, it is reasonable to employ more intensive advertising.

To sum it up, in order to analyse the possibilities for a new entrant to penetrate the mature postal service market, the required actions should be performed in the following sequence: (1) identification of market players, (2) identification of the service quality aspects that customers are dissatisfied about, (3) identification of customers' views on price differentiation, (4) identification of the optimal promotion tool to be applied.

Research findings should enable new service providers to see the ways of moving into a market which is sufficiently supplied, and to create preconditions for developing the optimal activity strategy based on the existing conditions and competitive situation.

2. Postal and courier market analysis

In order to identify the characteristics of the Lithuanian postal service market and to generate proposals for improving the quality of postal and courier services, the current situation in the postal and courier service market was analysed first of all, i. e. the principal providers of postal services in Lithuania were identified and their key performance indicators were analysed.

Speaking about the postal and courier market in the context of the number of market players, it should be noted that after a considerable decrease in the number of market participants in 2010, the situation in this market has remained quite stable. According to data of the Communications Regulatory Authority of the Republic of Lithuania (CRA), the total number of market participants dropped down by approximately 8 per cent from 2008 to 2012, and at the end of 2012 there were 73 economic entities authorised to provide postal and / or courier services in the country, of which 17 undertakings were providers of postal and courier services and 56 undertakings – of courier services only. It is important to note that the real number of the providers of postal and courier services was considerably lower throughout the whole period 2008–2012 because some of the entities registered as postal and courier service providers did not receive any revenues from the aforementioned activities (Fig. 1). For instance, in 2012, only five postal service providers out of 17 (29%) received revenues from this activity. Providers of courier services appeared to be more active in the market, i.e. the share of undertakings registered and providing these services fluctuated around 74 per cent in 2010–2012.

It is important to note that the liberalisation of the postal market effective in Lithuania from 1 January 2013 did not have a significant impact on the development of the postal service market. Although the number of economic entities registered in the list of postal service providers grew almost by one third (by 30.8%) in 2012, in fact the real number of providers of postal services increased only by one undertaking.

The analysis of the postal and courier service market by the total number of *items of postal correspondence* (including direct mail items) shows a continuous decrease in the number of items of postal correspondence in Lithuania from the beginning of 2009 until 2011 (by 13.9% per year on average during the said period) (Fig. 2).

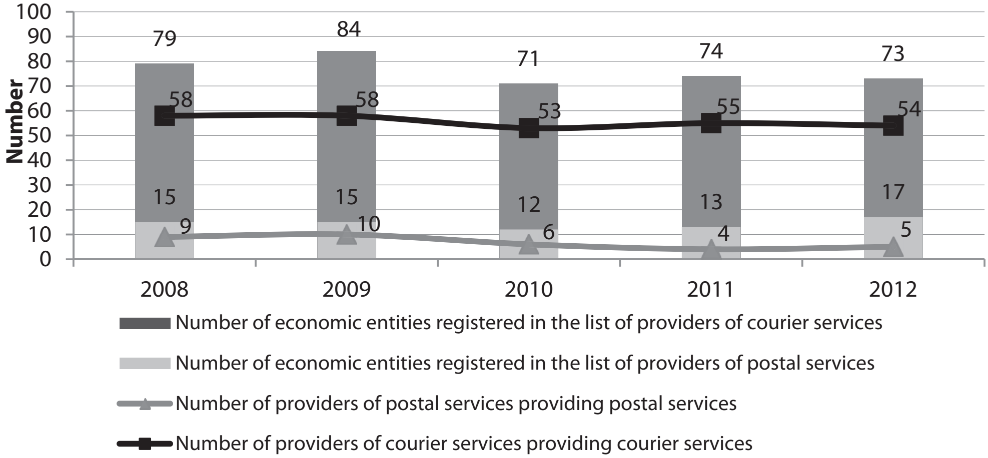

FIG 1. **Providers of postal and courier services in Lithuania in 2008–2012**

Source: Review of the postal and courier sector, 2012, Communications Regulatory Authority of the Republic of Lithuania.

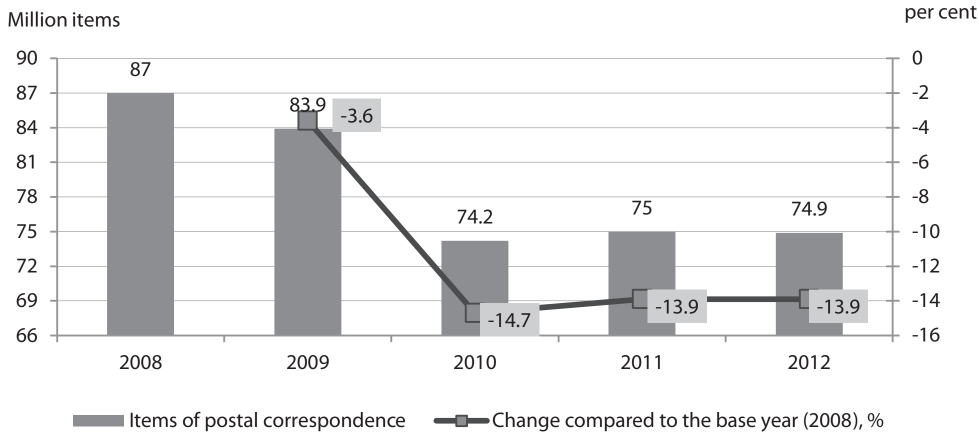

FIG. 2. **Dynamics and change in the number of items of postal correspondence of postal and courier service providers (including direct mail items) in 2008–2012, million**

Source: Review of the postal and courier sector, 2012, Communications Regulatory Authority of the Republic of Lithuania.

Unlike items of postal correspondence, the total number of postal parcels kept growing in 2008–2012 and reached 7.5 million items in 2012. The number of postal parcels almost doubled (increased by 93.8%) over the period at issue (Fig. 3). The growth of the parcel market in the country was probably most influenced by e-commerce which was getting more and more popular, the rapid emigration of the Lithuanian population, and the emergence of self-service parcel terminals in Lithuania.

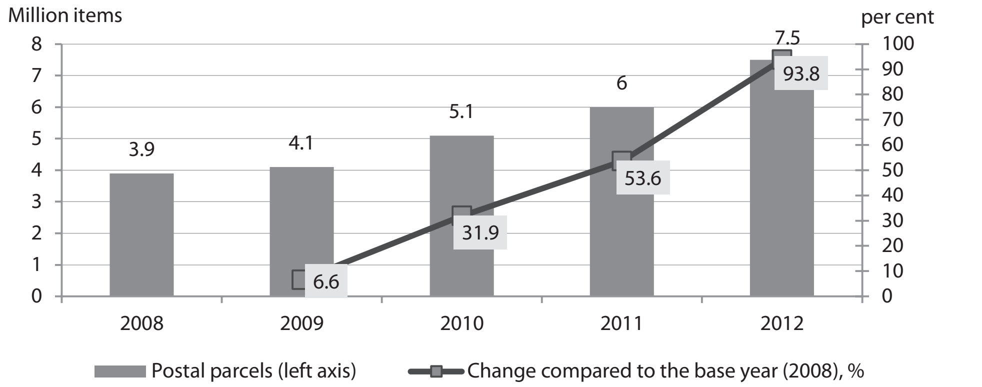

FIG. 3. **Dynamics and change in the number of postal parcels of postal and courier service providers in 2008–2012, million**

Source: Review of the postal and courier sector, 2012, Communications Regulatory Authority of the Republic of Lithuania

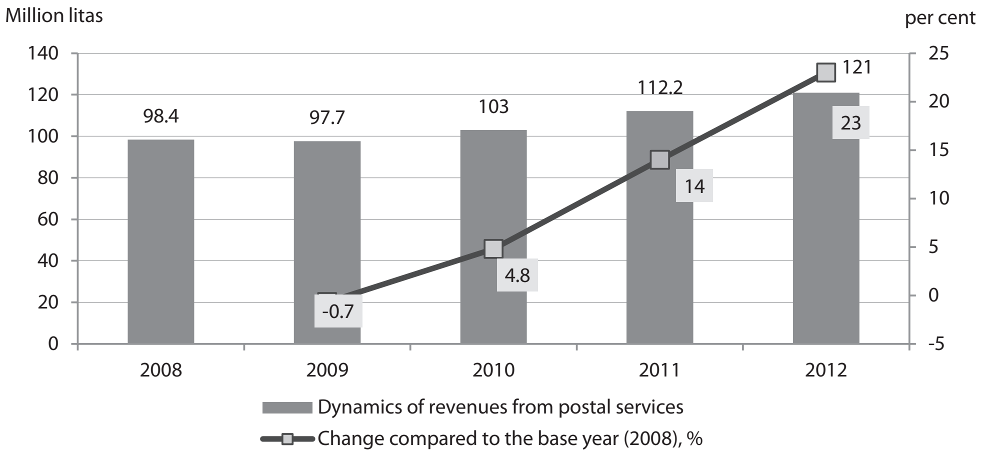

FIG 4. **Dynamics and change of revenues from postal services in 2008–2012, million litas (basis – 2008)**

Source: Review of the postal and courier sector, 2012, Communications Regulatory Authority of the Republic of Lithuania.

Revenues from postal services generated by postal service providers during the mentioned period kept increasing every year (except for 2009). A slight decrease observed in 2009 is associated with the economic downturn gathering momentum in Lithuania. In general, revenues from postal services increased by 23 per cent during the mentioned period (Fig. 4).

Although revenues from items of postal correspondence were growing in 2008–2012, their share kept shrinking in the structure of the overall postal services. In 2008, this share accounted for 91.1% of the total revenues, whereas in 2012 it was only 79.4%.

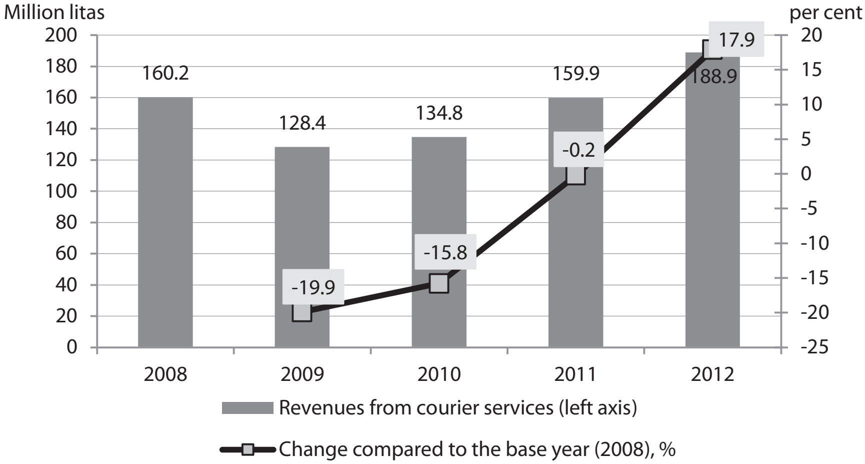

FIG. 5. **Dynamics and change of revenues from courier services in 2008–2012, million litas**

Source: Review of the postal and courier sector, 2012, Communications Regulatory Authority of the Republic of Lithuania.

However, such changes were determined by changes in calculation methods (i. e. attribution of unaddressed direct mail to other postal and related services) rather than by the real growth in the share of revenues generated from other postal services.

The analysis of *revenues from courier services* provided by all courier service providers demonstrates a rather significant decrease in revenues in 2009. This was mainly determined by the unfavourable economic situation in the country and the global economic crisis. From 2010 onwards, corporate revenues from provided courier services started increasing again and in 2012 exceeded the level of 2008 revenues almost by one fifth (Fig. 5). Revenues from postal parcels account for the biggest share in the structure of revenues from courier services: in 2012, revenues from postal parcels accounted for three fourths of total revenues of courier service providers.

According to the data provided by CRA, the biggest market shares in the overall postal and courier service market by revenues generated in the first quarter of 2013 were held by AB Lietuvos Paštas (42.8%), UAB DPD Lietuva (17.2%), UAB DHL Lietuva (7.35%), and UAB Venipak LT (7.15%). The revenues of these four economic entities received for postal services accounted for 74.5 per cent of total revenues from postal services received by all service providers. It can be concluded that the Lithuanian postal service market meets the characteristics of a classical oligopolistic market.

3. Findings of a customer survey for the postal service market

A survey of customers was carried out in order to identify the possibilities of moving into the mature market[1]. The survey was aimed at identifying the quality level of postal and courier services available in Lithuania, the bottlenecks of the providers of these services, and customer opinion about a likely improvement of the quality of postal and courier services in Lithuania. The survey was carried out in July–August 2013. Questionnaire forms were sent to customers via e-mail. Customers were selected using the snowball sampling method. A total of 100 users of postal services in Lithuania were questioned during the survey. The survey started with the identification of potential competitors, their market shares and the market leader, as well as identification of the customer segment. Then, opportunities for improving the quality of services and customer satisfaction from the point of view of prices were analysed. At the final stage, justification of the nature of advertising of new services and the need thereof were analysed. Innovative solutions for alternative postal service provision were produced as well.

3.1. Identification of potential competitors

Findings of the survey of corporate and individual users of postal services evidence that most of the respondents use services provided by AB Lietuvos Paštas (Fig. 6). It can be therefore concluded that the aforementioned service provider is the obvious market leader holding the largest postal service market share (this has been also confirmed by the analysis of the Lithuanian postal market).

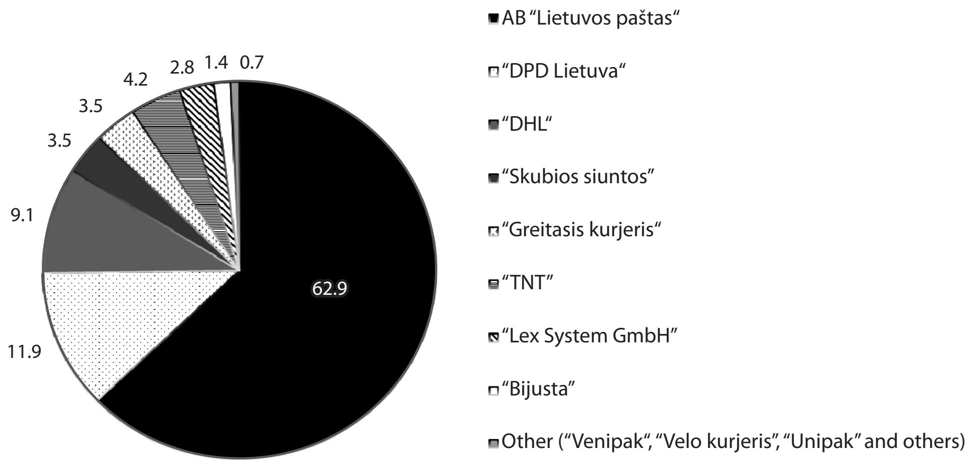

FIG. 6. **Market shares of postal service providers, %**

[1] The survey carried out implementing the research under the project "Inočekiai LT" (No VP2-1.3-ŪM-05-K).

In comparison with the identified market leader, other service providers enjoy a significantly lower popularity. Hence, in order to move into the market, new entrants should focus in their further research studies and surveys on the aspects of service quality of Lietuvos Paštas with a view to enticing some potential customers from the market leader (and from other companies, too).

3.2. Identification of the most attractive market segment for market entrants

At this stage the survey was intended to identify the levels of customer satisfaction in different customer segments, to spot potential business development trends that would be the most expedient and acceptable to new entrants, and to identify the possibilities for satisfying customer needs in one or another specific customer segment better than the existing market players.

The survey revealed that the majority of customers (even 52.6 per cent) use only the service of dispatching correspondence items and 8.3 per cent of the respondents also use other similar services. Sending of documents is more popular among legal entities which account for approximately 20 per cent of the respondents. Such results lead to the conclusion that quite many respondent legal entities do not use postal services, although practice shows the need for such services. Legal entities' activities are based on the transmission of information not only by electronic media. The need for traditional postal services is obvious considering that some economic operations are regulated by normative documents whose dispatch often bears an obligatory character. It means that the focus on satisfying the needs of legal entities only can be a good opportunity for business development and a niche for new market entrants.

The analysis of survey findings on the quality of services provided by the current market participants leads to the conclusion that there are insufficient guarantees that addressees will be reached at the right time. This service characteristic is, *inter alia*, very important for legal entities, i. e. it is very important for legal entities that signed contracts, letters of authorisation, invoices, etc. are delivered at the right time. In addition, 44.6% of the respondents said that the increasing reliability that addressees would be reached at the right time would strongly encourage them to change the service provider (Table 1). Thus, it is possible to offer a higher service quality to satisfy the needs of corporate customers. This aspect can be seen as a niche for the development of both traditional postal services (i.e. currently available range of services) and new modifications.

It can be concluded that provision of services to legal entities represents a business niche space that has not been completely saturated yet. It would be reasonable for market entrants to look for the opportunities to activate this business niche by ensuring a better quality of the mentioned dimension of postal services (i.e. increasing confidence that the addressee is reached at the right time), as well as developing it in other directions.

Moreover, it is worth noting that as many as 62.9 per cent of the respondents reported using services of AB Lietuvos Paštas, and the only obvious gap identified in the activities of this undertaking seems to be inadequate services to legal entities. New entrants should make use of it, as customers less satisfied with the services provided by their service provider are more inclined to look for alternatives (Skačkauskienė, Toropovaitė 2011).

3.3. Analysis of postal service quality improvement opportunities

Quality improvement represents an important potential direction of moving into the mature market. Therefore, the analysis was focused on the identification of service quality aspects that do not fully satisfy the existing customers. Users of postal services were asked about service quality indicators that are likely to encourage changing a postal service provider (Table 1).

Enhancing service expeditiousness and improving reliability that addressees are reached at the right time are the key factors likely to encourage customers to change the current service provider (Table 1). It is important to note that improving clearance of and access to information about postal services are also the factors likely to help new entrants move into the market. In addition, postal service market entrants should consider the opportunities of enhancing service quality by improving customer service culture, staff's competence, and setting more flexible working hours. The survey has revealed that the latter service quality indicators are also subject to improvement.

TABLE 1. **Service quality indicators influencing customer decision to change postal service provider (%)**

Scoring	1 – not at all encouraging	2 – not encouraging	3 – neutral	4 – encouraging	5 – highly encouraging
Enhancing expeditiousness	2.2	1.1	28.6	50.5	17.6
Reducing service prices	1.1	3.2	20.9	39.6	35.2
Increasing reliability that addressees are reached at the right time	1.1	1.0	18.5	34.8	44.6
Improving customer service culture	1.1	1.0	39.6	36.3	22.0
Improving employee competence	2.2	3.2	42.4	32.6	19.6
Improving flexibility of working time	2.2	4.3	27.5	33.0	33.0
Improving provision of information to customers about available services	1.1	9.8	40.2	32.6	16.3
Improving access to information about services provided by postal operators	1.1	9.8	42.9	30.8	15.4

The respondents were asked to express, in a free form, their opinion about service quality in undertakings providing postal services and to make proposals concerning quality improvement. Some of the respondents complained of impolite service at the offices of AB Lietuvos Paštas. Polite service and responsible treatment of customers could help undertakings to penetrate a new market, because private companies usually have more reserves to improve the quality of services (due to more competitive remuneration for work and a better motivation of employees). Setting a flexible working time is one more potential area for improving postal service quality. Not very convenient working hours of the current postal offices result in heavy customer flows, especially on pension pay days, concurrently deterring some of potential customers. Collection and delivery of parcels on weekends or, even, at night time could be a new service not provided by the market leader and other undertakings in this industry. According to the respondents, extremely long lines in post offices before big holidays cause numerous inconveniences for senders of correspondence items. As most of the respondents preferred more flexible working time, according to the results of our research, market entrants could therefore gain certain competitive advantages by letting potential customers know about flexible working hours.

3.4. Analysis of price acceptability by postal service customers

While assessing the popularity of specific postal services from the point of view of the range of services, it is important to pay attention to the survey results about postal service options preferred by customers most of all: 65 per cent of the respondents prefer receiving parcels and other items of correspondence directly from a courier; 17 per cent of the respondents would rather pick it up personally from a post office, and 10 per cent of the respondents – from other places preferred by service users. As the latter services are cheaper, this suggests that price is an important factor for customers. Therefore, this aspect should be taken into account while developing the range of services and fixing service prices. In addition, it is reasonable to include new services not provided by the dominant undertaking.

Answers of postal service customers to the question whether price reductions would encourage more active use of postal services are presented in Fig. 7.

It can be concluded that price reductions would enhance sales of postal services. Findings of the survey suggest that the majority of the respondents (74.8%) are ready to change their postal service provider for lower prices (Table 1). Price reductions in the postal service sector could be also implemented through various smart campaigns (for instance, two for the price of one, buy one / two get one free, part of the service for free, discounts to loyal customers, discounts for youth as potential users of postal services,

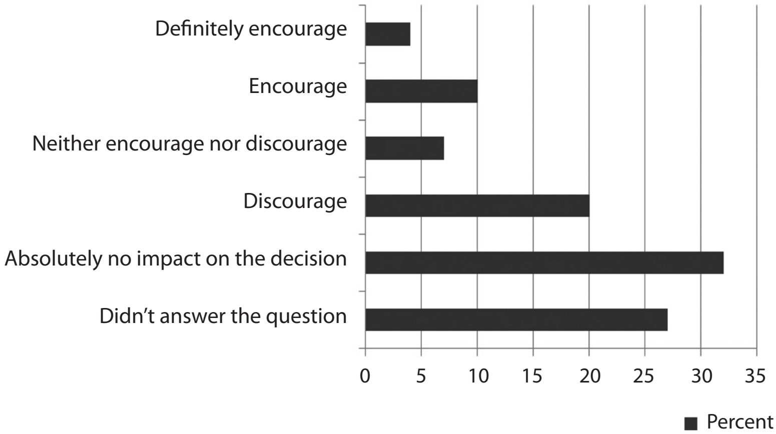

FIG. 7. **Opinion of postal service customers about the likely use of services at lower prices (%)**

etc.). Thus, postal service market entrants should inevitably look for the opportunities to provide services at lower prices.

The survey findings also suggest that reduced prices for postal services would provide the opportunity to move into the existing market. As it was mentioned above, new entrants can penetrate the market only if they offer services at lower prices (Kotler, Armstrong, 2012; Indounas, Avlonitis, 2011; Drejeris et al., 2013).

3.5. Justification of advertising profile for new services and the need for advertising

Appropriate product advertising is a traditional promotion tool, whilst the intensiveness of advertising a new product is a factor determining the speed of market penetration. Market entrants must let customers know about them. In this context, it should be noted that even 32 per cent of the respondents chose the answer "Yes" or "Definitely yes" to the question whether smart and delicate advertising would encourage changing the service provider. Accordingly, the survey findings only corroborate the fact that appropriate advertising represents the factor likely to contribute to market penetration.

In addition, the respondents have said that advertising on the Internet or TV is "Important"/"Very important" (51.6% and 35.1%, respectively). According to the respondents, the forms of advertising would be most efficient (Table 2). Data on professionals' recommendations and information on exhibitions are excluded from the Table as insignificant.

TABLE 2. **Analysis of the appropriateness of advertising profile (%)**

Scoring	5 – very important	4 – important	3 – neutral	2 – unimportant	1 – absolutely unimportant
TV advertising	16.5	18.6	36.1	12.4	16.5
Internet advertising	19.6	32.0	25.8	8.2	14.4
Internet articles	12.8	25.5	36.2	9.6	16.0
Radio advertising	5.3	18.1	43.6	13.8	19.1
Advertising in magazines	3.2	15.1	37.6	21.5	22.6

4. Other possible solutions for the provision of postal services (based on survey findings)

As mentioned above, most of the respondents are aware of only one player in the postal service market – AB Lietuvos Paštas (whose services they use). Accordingly, customers' opinion about the quality of services and the organisation of service provision is based on practices of the above-mentioned undertaking. In addition to the aforementioned solutions, findings of the survey revealed some other negative aspects in the activities of this service provider. Consequently, elimination of such negative aspects would enhance the satisfaction of customer needs.

For instance, customers are not happy about the procedure of parcel delivery. The findings revealed that delivery of parcels to customers' homes could be a certain niche to get ahead of the market leader by offering the new service which is currently not provided by AB Lietuvos Paštas. In addition, respondents mentioned the opportunity to have packages (parcels) and other items of correspondence dispatched from the requested place. Most of the respondents preferred sending postal items from their homes, but this service is also not available from AB Lietuvos Paštas. New market entrants should explore the possibility to provide the aforementioned services and prospects thereof. Likewise, a number of the respondents said they would like to receive an SMS message notifying of the completion of delivery. A proposal to design a postage stamp is original and also deserving attentionion.

Among the proposals for improving postal services, the following should be singled out: (1) to place more interesting postcards on the market, (2) to provide combined services including financial services, i.e. the range of currently available financial services could be extended, for example, by offering the service of taking payments from customers not only at post offices, but also in customers' homes according to their orders placed online. Postal workers often visit individual and corporate customers to deliver them correspondence items. Postal workers might as well check the readings on electricity, water, heating metres. For this purpose, a postal undertaking should sign a contract with relevant energy providers and would generate additional revenues for the provision of the aforementioned services.

A good corporate identity is also an important aspect for success, especially for market entrants – a positive image can be built only by providing high-quality services that satisfy customer needs in the selected market segment.

5. Identification of operational weaknesses of the current postal and courier service providers

In order to better identify operational weaknesses and challenges of undertakings providing postal and courier services, the analysis encompassed customer comments about the quality of services provided by the undertakings placed at the online Public Register of Legal Entities (www.rekvizitai.vz.lt) and Internet portal http://skundai.balsas.lt as well as statistical data of CRA concerning complaints filed against postal and courier service providers.

Considering that, according to the customer survey, almost two thirds of the respondents use services provided by AB Lietuvos Paštas, identification of weaknesses and key deficiencies should be focused in particular on the analysis of services provided by AB Lietuvos Paštas. The analysis covered more than 100 customer comments on services provided by AB Lietuvos Paštas, placed in 2012–2013. The analysis revealed the following main weaknesses of services provided by AB Lietuvos Paštas:

1) late delivery of documents, parcels, and periodicals;
2) opened letters, missing parcels;
3) non-delivery or late delivery of registered letter notifications;
4) working hours inconvenient to customers;
5) long service time, unsatisfactory service quality;
6) failures in computer systems resulting in late delivery of parcels;
7) damaged parcels.

Complaints regarding other private undertakings providing postal and courier services (mainly mail and courier services) were also analysed. The latter analysis covered more than 60 customer comments submitted in 2012–2013 concerning undertakings providing postal and courier services in Lithuania, such as DPD Lietuva, DHL, Vilpostus, Greitasis Kurjeris, Bijusta, Venipak, LP Express, etc. The analysis revealed the following main weaknesses of services provided by the above-mentioned courier service providers:

1) late delivery of postal items;
2) insufficient information on delivery progress;
3) insufficient information on service tariffs;
4) substandard customer service quality.

However, the analysis of complaints concerning AB Lietuvos Paštas and other undertakings providing postal and courier services obviously demonstrates a considerably higher customer satisfaction level about services provided by private undertakings.

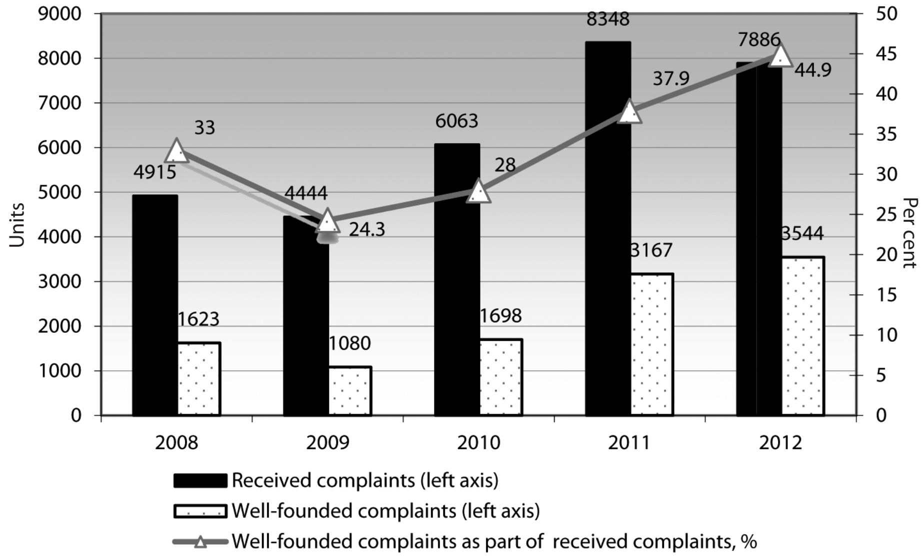

FIG. 8. **Dynamics in the number of received well-founded complaints in 2008–2012**

Source: Review of the postal and courier sector, 2012, Communications Regulatory Authority of the Republic of Lithuania.

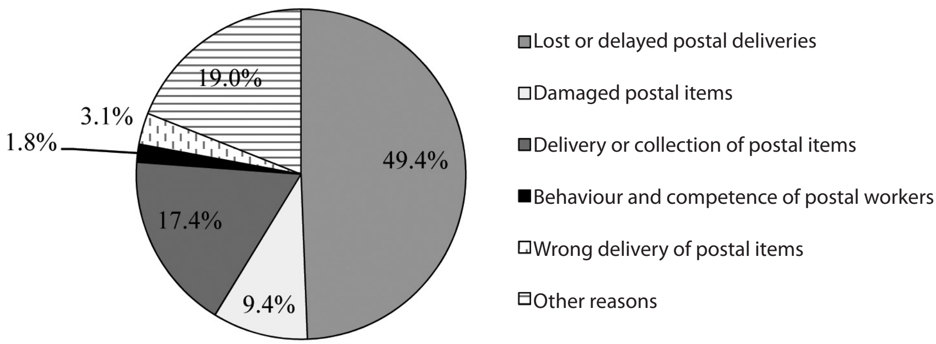

FIG. 9. **Structure of reasons for complaints in 2012, %**

The analysis of statistical complaint data submitted to CRA by postal and courier service providers shows that the number of complaints lodged by service users was growing in 2010 and 2011 (by 36.4% and 37.7% respectively), whereas 2012 demonstrated a 5.5% reduction. The number of well-founded complaints also increased. This upward trend is related to changes in the number of received complaints: the bigger is the number of complaints received by postal and courier service providers, the bigger is the number of well-founded complaints. However, the number of well-grounded complaints was growing at a faster pace compared to the total number of complaints: a 33.5% reduction in 2009, 57.2% increase in 2010, 86.5% increase (1.9 times) in 2011, and a 11.9% increase in 2012 (Fig. 8).

The analysis of the content of complaints revealed that users of postal and courier services most often complained of lost or delayed postal deliveries (1.313 complaints), damaged postal items (249 complaints), delivery or collection of postal items (463 complaints), behaviour and competence of postal workers (47 complaints), and wrong delivery of postal items (82 complaints) (Fig. 9).

The analysis of complaints in the public space supported the results of the earlier survey – users of the aforementioned services especially care about reliability on deliveries of correspondence items and parcels, staff culture, qualifications, and the working time of service providers. In order to better satisfy customers' needs and move into the postal service market, as well as taking into account the content (and structure) of complaints, the following possibilities for improving the quality of postal services can be crystallised: reliability, deliveries at the right time, staff qualification, and service culture.

Conclusions

1. The growth of the parcel market in the country is strongly influenced by e-commerce which is getting more and more popular every year, emigration, and the emergence of self-service parcel terminals in Lithuania.
2. Although competition in the postal service market is quite high, the survey has revealed that there is still scope for the further improvement of currently provided services. There are obvious opportunities for new entrants to move into the market by offering more expeditious and flexible services of higher quality than those offered by other service providers. Identification of the market segment(s) to be focused on is a prerequisite for market entry. Activity strategies of and, in particular, introduction of new services by new entrants should be geared namely to the crystallised segment.
3. It is reasonable for market entrants to focus their activity efforts exactly on providing services to legal entities. The survey findings have revealed a potential for market penetration in this sector.
4. The main niches for improving the quality of postal services include enhancing the expeditiousness of service provision, improving customer service culture, postal worker competence development, and flexible working hours. These areas have been identified as weaknesses of the current market players and, consequently, should be fundamentally improved by new market challengers.
5. Users of postal services are not satisfied with current charges for services. The survey findings have revealed that reduced prices for services would undoubtedly intensify service sales in this sector. Entry price is always low, and new entrants should

therefore find ways to offer postal services at the initial lower price than that of the market leader.

6. Business advertising is a prerequisite for business success. Advertising should be targeted at promoting provided services, especially high-quality services. Then the purpose of advertising would be achieved and possibly contribute to sales activation.
7. It is very important for market penetration to create high quality standards of customer service and to improve the notification of delivered or returned postal/correspondence items, because customers attach a great value to regularly receiving updated information on delivery progress. The service provider could inform the sender or recipient on the delivery of a postal / correspondence item by mobile phones (e.g., by sending an SMS message). The survey findings suggest that customers need new services that are currently provided neither by the market leader nor by other market operators. This, first of all, refers to home delivery (or deliveries to other requested locations) of postal / correspondence items and picking them up from the requested location. In addition, market operators are quite negligent in notifying recipients on the received postal / correspondence items. Introduction of new services should provide a competitive advantage over other market participants, intensify sales of services, and improve the corporate image.
8. In view of customers' dissatisfaction with the working time of undertakings providing postal and courier services (there are long lines in post offices during lunch break hours, after 5 p.m., and at the end of the period for payment of utility bills), it is reasonable to offer customers longer / more flexible working hours.

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