E-commerce market research and strategy recommendations
Case study: Russian Post North-West macro-region business unit in Saint-Petersburg

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The following thesis was commissioned by Russian Post and focuses on assessment of the state of play of Russian Post business unit on e-commerce market and reporting strategic suggestions and opportunities for improvement.

The research was conducted as a 5 month project starting in April 2016. The author was working in the case organization and was a member of project team and project administrator. The team consisted of representatives of postal business, parcel business, financial business, IT and logistics departments.

To find solutions for the improvement, a qualitative research was conducted. Strategic tools were utilised when applying theoretical frameworks to form strategy recommendations. The purpose of this thesis is to offer suggestions for the improvement in order to reach market share growth targets.

The research is based on the case study methodology. Russian Post North-West macro region business unit in Saint-Petersburg is case study organisation of this thesis. The data was analysed by both qualitative and quantitate methods. The empirical data was collected through project team discussions, observations, survey and relevant documents.

The results of this research indicate that CEP segment shows potential for development due to fast growth of e-commerce. However, Russian Post doesn't meet the world service and delivery time standard due to weak technology, poor customer service and slow development processes.

Managerial implications contain recommendations that should be considered when setting the direction for future strategy. Managerial implications include the focus on the development of technologies, last-mile delivery solutions, fulfilment, efficient product management, possible cooperation with integrators and cross-functional cooperation between departments within organization.

Key words
Market research, strategy, e-commerce, online trade, post, national postal operator, logistic and delivery operators, Courier, Express and Parcel market (CEP), competitor analysis.

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Confidentiality

The bachelor thesis is written with the cooperation with Russian Post and has a confidential character. Therefore, this work could be only partly published in the Theseus system. Internal information provided by case company and e-retailers is a subject of secrecy. The access is available to those who are directly involved in the thesis process (company, supervisor, student). All parties agree to treat the information carefully.
The published version of the bachelor thesis excludes market share findings part.

Terms and abbreviations

Terms used throughout the study

Consolidator	A firm providing preparation of mail / parcels, which are injected into the delivery operator's mail / parcel pipeline
Integrators	Multi-national delivery operator with world-wide presence, providing time-defined delivery through own integrated network or through local business partners
Express carrier	Delivery operator providing value added, door-to-door transport and next day or time-definite shipments
E-commerce	Defined in this study as: B2C sale of goods requiring physical delivery to the buyer, conducted via the internet, excluding orders via manually typed e-mails
E-retailer	A firm selling online
E-shopper	A consumer purchasing online
Relay point	A shop with whom a delivery operator has an agreement to serve as a parcel outlet, allowing recipients to collect their parcels
Courier, Express and Parcel market (CEP)	The Parcels delivered by the CEP service providers are non-palletized items (max weight about 31.5kg). Parcel shipments rarely travel by air while Express generally has some part of the movement happening by Air; Express is a time-bound delivery, where the shipment is delivered within a day or two. The term Courier originated from a person or a company who delivers messages, packages, and mail. (Includes B2B, B2C, C2C)
Oblast	Type of administrative division of Russia. The term is analogous to "state" or "province"
Autonomous okrug	Occasionally also referred to as "autonomous district", is a type of federal subject of Russia and simultaneously an administrative division type of some federal subjects.
Automated parcel terminal/locker (packstation)	The service which provides automated booths for self-service collection of parcels and oversize letters as well as self-service dispatch of parcels 24 hours a day, seven days a week.

Price calculator	An online tool that provides quick and accurate information on the cost of mailing letters, flats, and packages.
Macroregion	Refers to a geopolitical subdivision that encompasses several traditionally or politically defined regions

Abbreviations

B2B	Business-to-business
B2C	Business-to-consumer
CEP	Courier, Express and Parcel
UPU	Universal Postal Union
NPOs	National Postal Operators
MR	Macroregion
FSUE	Federal State Unitary Enterprise
ASC	Automated sorting centre
PO	Postal office

1. Introduction

The general idea of this thesis is market research and strategy recommendations development in North-West macro-region business unit of Russian Post. The results of the study should help to provide an outlook of the company's position in a market and set the direction of future strategy.

This chapter introduces the definition of e-commerce, global trends, discuss the motivation and background of the thesis research. The research objectives and three research questions are covered in this chapter.

1.1 E-commerce definition

E-commerce is a broad definition. It includes online transactions business-to-business (B2B), business-to-consumer (B2C), consumer-to-business (C2B), and consumer-to-consumer (C2C), involving both virtual and physical goods. (Okholm et al. 2013, 34.) The definition of e-commerce used by Eurostat (2016) is: "the sale or purchase of goods or services, whether between businesses, households, individuals or private organizations, through electronic transactions conducted via the internet or other computer-mediated (online communication) networks". Vladimir Zwass, editor-in-chief of international journal of electronic commerce states that "e-commerce is sharing business information, maintaining business relationships and conducting business transactions by means of telecommunications network" (Tassabehji, R. 2003).

Three types of online trade are excluded from the definition of B2C e-commerce and from the study in general. The first one is online purchases where no physical delivery is required, e.g. accommodation, cinema tickets, e-books and etc. The second and the third are pure B2B e-commerce and pure C2C e-commerce. The reason for excluding this type of trade from the analysis is the focus on the B2C e-commerce in this study. Depending on the delivery operator's strategy, B2C parcel delivery companies may jointly operate cross-border and domestic streams. This particular work intended to study domestic e-commerce market.

The study focuses on North-West macro-region e-commerce market and local e-retailers deliveries. Online purchases from web shops outside of North-West macro region, as well as B2B and C2C delivery data are excluded from the research.

1.2 E-commerce market development

According to The Universal Postal Union (UPU) report on general strategy for an e-shopping through posts (2007,3), the number of internet users is an important factor in implementing e-commerce services in B2C e-commerce. The number of internet users constantly grows all over the world (Table 1). Based on the world information and communications technology (ICT) and e-commerce statistics, the internet access and e-commerce sales worldwide are also expected to grow in the future.

Table 1. World Internet usage and population statistics, 2016. (Internet World Stats 2017).

World Internet usage and population statistics June 30, 2016						
World regions	Population (2016 Est.)	Population % of the world	Internet users 2016	Penetration rate (% Pop.)	Growth 2000-2016	Internet users, % of users
Asia	4,052,652,889	55,2 %	1,846,212,654	45,6 %	1515,2 %	50,2 %
Europe	**832,073,224**	**11,3 %**	**614,979,903**	**73,9 %**	**485,2 %**	**16,7 %**
Latin America	626,119,788	8,5 %	384,751,302	61,5 %	2029,4 %	10,5 %
Africa	1,185,529,578	16,2 %	340,783,342	28,7 %	7448,8 %	9,3 %
North America	359,492,293	4,9 %	320,067,193	89,0 %	196,1 %	8,7 %
Middle East	246,700,900	3,4 %	141,489,765	57,4 %	4207,4 %	3,8 %
Oceania/Austra	37,590,820	0,5 %	27,540,654	73,3 %	261,4 %	0,8 %
World Total	**7,340,159,492**	**100,0 %**	**3,675,824,813**	**50,1 %**	**918,3 %**	**100,0 %**

In fact, global B2C e-commerce sales have increased steadily since 2010. In addition, the growth rate has been quite consistent over the last few years, as shown in the graph below (Figure 1.1). However the trend did not continue in 2016, 17,5% growth rate decrease demonstrates the global B2C e-commerce market becoming more mature. (E-commerce foundation, 2016, 14.)

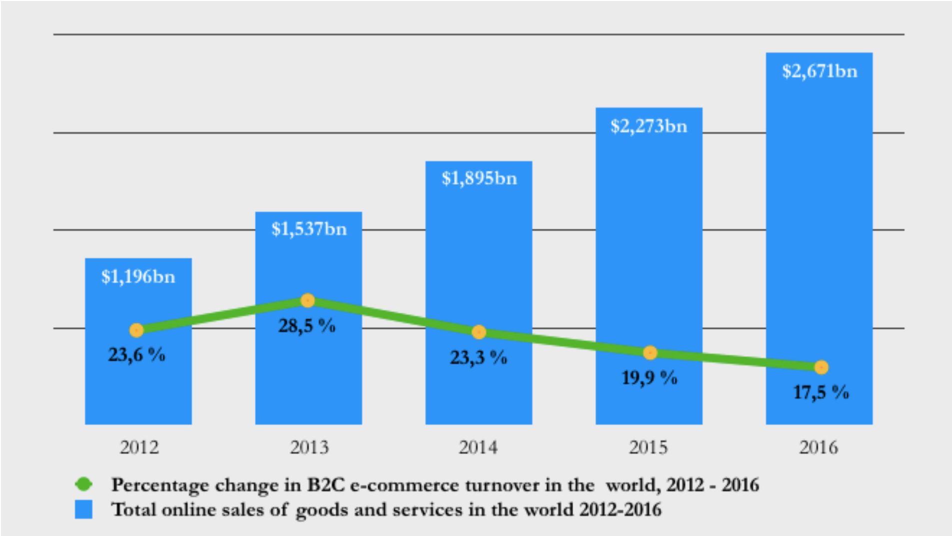

Figure 1.1 Global B2C e-commerce sales (E-commerce foundation, 2016).

1.2.1 Russian e-commerce market

In 2016, the population of Russia amounted to around 146.3 million people, of which 70% are internet users, making Russia Europe's number one in terms of internet users. According to The Association of Internet Trade Companies (AITC), Russia had a 900 billion rubles (11,8 billion euros[1]) e-commerce market in 2016, up 15,5 percent from 2015 (Figure 1.2). This represented a mere 4% of the total retail market. For example, in Great Britain e-commerce market share is about 12 % which means that Russia has a great potential for e-commerce growth. In total, 360 million shipments (both domestic and cross border) resulted an average spending per e-shopper of 2500 rub (39 euros). (AITC 2016.)

[1] The official exchange rate of euro against the ruble to the date 30.01.2017 set by the Central Bank of the Russian Federation equals to 64,4333 rub (www.cbr.ru)

Figure 1.2 The e-commerce market in Russia

1.2.2 Introduction to the company

Russian Post is a unitary enterprise which is a NPO (national postal operator) of Russia. Postal operations involve the execution of domestic and international postal services and include the receipt, transportation and delivery of authorized classes of mail, specialized mailing services, the operation of postal facilities and the sale of postage, philatelic materials and mailing supplies. (Universal Postal Union, 2009.) The strategic goal is to make Russian Post a profitable, client-oriented, efficient and technological company, providing reliable postal, logistics and financial services for the whole country. Russian Post employs approximately 350,000 people and has over 40,000 post offices, with its headquarters in Moscow. For this reason, in 2015, Russian Post announced creation of 11 postal macro-regional centres. Macro-regional centres accumulates accounting, management, communication areas of work. This enables to greatly simplify the work of specialists in the field, so that they have time and opportunity to work more closely with regional markets, improve efficiency of the work and improve quality of services provided to clients. Figure 1.3 below illustrates geopolitical subdivision of Russian Post by macro-regions.

Figure 1.3 Macro-regional subdivision of Russian Post

Each of the units has their own political and economic specifics and the development strategies. The thesis is focused on the research of North-West macro region business unit. To analyse the unit thoroughly, it is important to understand the direct operational environment as well as the wider economic and political environment.

1.3 Motivation and background

CEP (Courier, Express, Parcel) segment is growing fast due to the development of e-commerce. In this regard, NPOs are in a favourable position due to the unmatched geographical coverage and brand name as well as worldwide logistics competencies. (Universal Postal Union 2007, 3-4.) A recent e-commerce study commissioned by DG Internal Market

(Okholm et al. 2013, 20) observed that e-commerce related shipment volumes are fairly evenly distributed between European national postal operators, multinational integrators and local or regional carriers. Based on volume data obtained from delivery operators, they estimate an average NPO market share for delivery of B2C parcels and packets of 35 %. Multinational integrators such us UPS, DHL, FedEx and TNT handle the largest share of e-commerce deliveries (42 % of all e-commerce shipments and 50 % of all cross-border). Whereas NPOs are present in all countries and with full geographical coverage in their country, integrators and courier companies focus on urban areas and high volume regions.

Due to strategic planning failure, Russian Post was unable to keep up with rapid e-commerce growth and consequently lost its market share in CEP segment. Russian NPO doesn't meet the world service and delivery time standard. Therefore, e-commerce providers invest in building of their own logistic systems across the regions. At the same time, some of the international companies like Hermes and DPD recognized a high demand on a qualitative delivery service and entered the Russian market. (Sikorska, O. 2013.)

Development strategy of the Federal State Unitary Enterprise (FSUE) "Post of Russia" for the period till 2018 (2014, 7-8), states that in 2013 Russian Post total CEP market share amounted to 37%, where B2B channel was estimated of 9%, B2C - 39%, C2C - 80%. In cities with a million-plus population, total CEP share amounted to 9%, and in Moscow and St. Petersburg - only 4% (Figure 1.4).

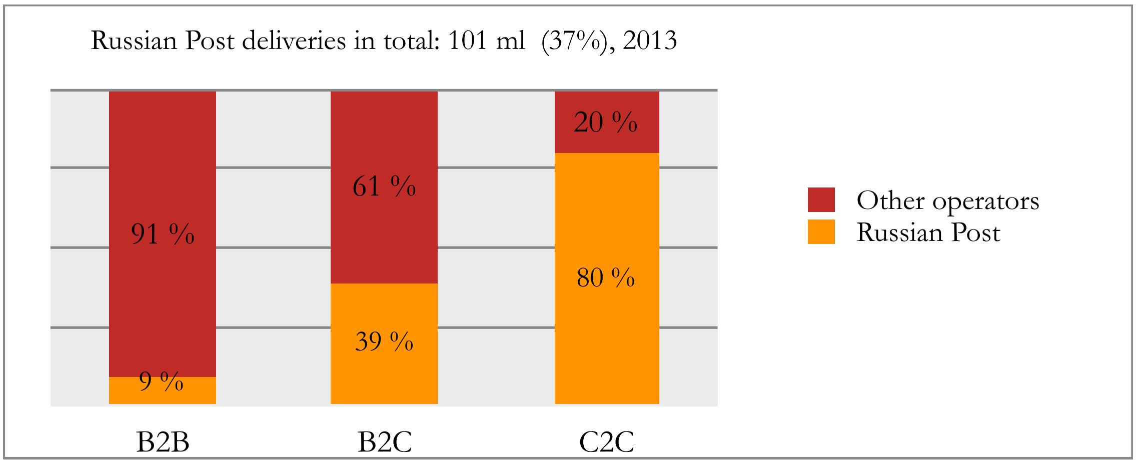

Figure 1.4 Russian Post total CEP market share by channels

Current strategy aims to reform Russian Post by creating a client-oriented, socially-responsible, highly efficient, self-supporting national postal operator (Russian post 2014).

North-West business unit is strategically important for improving the link between 10 accumulated subjects of Russian Federation. At the beginning of 2015, the development of the unit started, including the work for strategy formation. The responsibility for developing the strategy recommendations for Russian Post North-West business unit in Saint-Petersburg was assigned to the author of this thesis.

1.4 Research objectives and research questions

The objective of this thesis study is to research current situation and market share of North-West MR business unit in e-commerce market and to develop recommendations for reaching the targets the general strategy sets out. Therefore, the first research question is as follows:

1) **What is the current state of the e-commerce market in North-West macro region and the position of case company in the market?**

The objective of this research question is to outline company's current market position and to identify the direction for future strategy. External and internal strategic market analysis is conducted to provide output for the next research question.

2) What are the ways to reach growth in the market?

The second question identifies actions required from the company to achieve target growth in the market. The thesis research aims to provide practical recommendations and knowledge, including tools for strategy process management.

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2. Theoretical framework

Theory is a framework which describes the basis for the research and support the understanding of theoretical concepts. The description of research structure for both theoretical and practical parts of the study illustrated in a Table 2 below:

Table 2. Research stages and approaches

Research stage	
Introduction to strategy	1. Strategy definition
Analysing strategic environment	1. Market share analysis 2. Macro-environmental analysis 3. Customer analysis 4. Competitor analysis 5. Internal analysis - SWOT
Developing the strategy	1. Strategy formulation 2. Implementation

2.1 Introduction to strategy

One of the definition of strategy is "It is the scope and direction of the organization over the long term which achieves advantage for the organization through its configuration of resources within a changing environment to meet the needs of markets and to fulfil l stakeholder expectations" (Johnson & Scholes, 2002). Commonly, the strategy formation tends to be an analytical process for setting visions, missions, goals and action plans, separate from implementation. (Johnson et al. 2011, 3).

In the the 1960's strategic management was viewed by executives as the best way to ensure productivity and profits and has been an important area of study in business theory and practice. In fact, strategy requires a number of definitions. Mintzberg, Ahlstrand and Lampel (1998, 9) argue that "a strategy is one of those words that we inevitably defined in one way yet often also use in another". Three core areas of strategic management are strategic analysis, strategic development and strategic implementation. There are different views among researchers about the way these core areas are linked together. This dispute gives rise to two different approaches in strategic management: prescriptive approach and emergent approach (Lynch, R. 2009).

2.1.1 Approaches to strategy

Understanding the relevant strategy concept helps managers to find appropriate tools to avoid unnecessary risks and overcome obstacles. One method of studying strategic management is to categorize it into schools of thought. Three main views are introduced in this thesis research:

1) The prescriptive approach means that the three key areas of strategic management are linked in a consecutive way. This means that strategy development analysis is followed further by its implementation. The strategy is prescripted in advance (Lynch, R. 2009). Ansoff (1975) descried this approach as a step-by-step process. These steps normally include description of mission statement, setting of goals and objectives after the firm has scanned its environment and defined those opportunities which best match its capabilities (Fahey, L. 1981).

2) The emergent approach states that the three core areas are connected and the analysis is in advance of the other two. This assumes series of experimental approaches instead of final and agreed strategy. Strategy emerges as a result of testing process. (Lynch, R. 2009.)

Emergent approach is often considered as a most effective by some strategists and researches, while other still focus on the prescriptive approach. There are advantages and disadvantages related to both of the models. The prescriptive strategic approach is considered as the basis of the strategic management. The prescriptive strategic model has been chosen for the research by author of the thesis.

3) While in some ways prescriptive and emergent approaches are opposing, they both have a common assumption that firm needs to compete. This assumption is known as the red ocean approach (Siegemund, C. 2008, 25). In a different dimension exists the third view, the blue ocean strategy. Instead of focusing on competition, the focus is on the value innovation. Creation of uncontested market that is difficult to imitate makes competition irrelevant. The demand is created by breaking the standard value-cost trade off. The main difference is in the thought that one does not need to either differentiate or lower costs, but can do both. The whole organization is aligned to a new approach and new opportunities. The success is defined by the strategic moves explained by managerial actions and decisions. (Kim & Maubourgne, 2004, 81.)

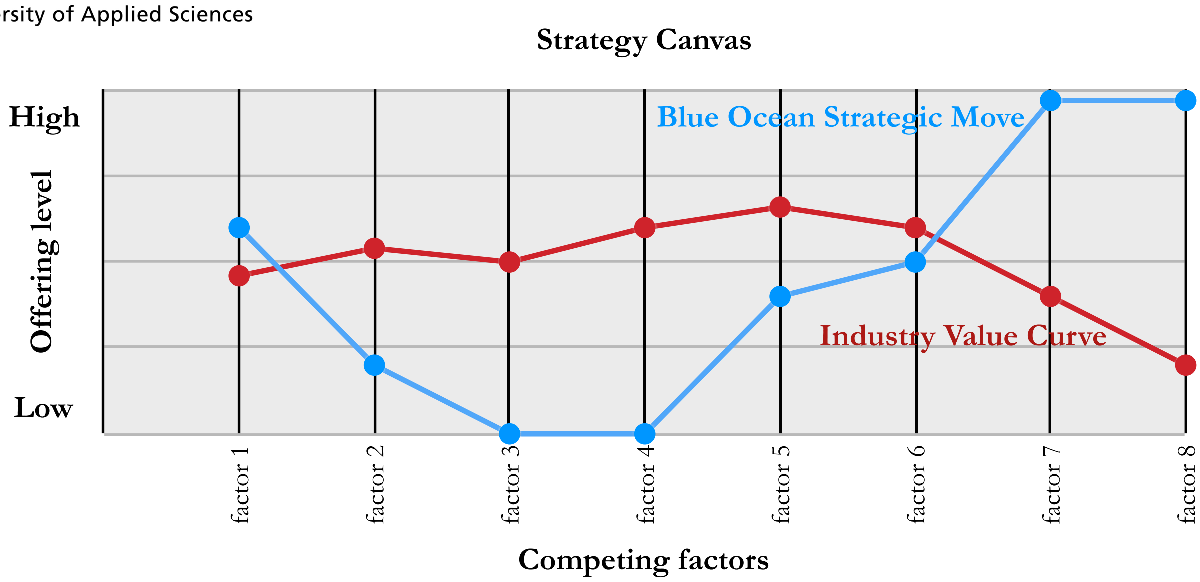

Figure 2.1 Strategy canvas (Kim&Mauborgne, 2005)

The match of the strategic view to the operational environment, the age and the size of the organization, power and culture in the organization is what should define the approach to the strategy. Once the strategic view is determined the relevant body of knowledge can be consulted and the appropriate methods of strategy development selected.

2.2 Analysing strategic environment

Marketing policy of any organisation operates within a complex and rapidly changing environment. A variety of environmental forces influence a company's marketing system. Some of them are controllable while others are not.

According to Kotler and Armstrong (2012, 66), marketing environment consists of actors and forces which affect marketing management's capability to operate successfully in providing product and services to key clients. Researchers divide marketing environment on micro and macro environment. Blythe (2005, 23) similarly classifies environmental factors into two areas: the external environment and the internal environment meaning factors happening outside the organisation and within it.

Kotler and Armstrong (2012, 66) define macro environment as broad forces affecting microenvironment. These forces are demographic, economic, natural, technological, political and cultural. This has been backed up number of researchers such as Baker (2014, 173), Genter & Duncan (1990).

Microenvironmental analysis investigates aspects which have direct impact on a company's business strategy and its profitability (Blythe 2005, 27). A company itself plays a significant role in its micro environment. Kotler and Armstrong (2012, 66) state that micro environment consists of factors close to business that influence its capability to serve customers—the company, suppliers, marketing intermediaries, customer markets, competitors, and publics.

Aaker & McLoughlin (2007, 18) developed following framework for the analysis of strategic environment (Figure 2.2):

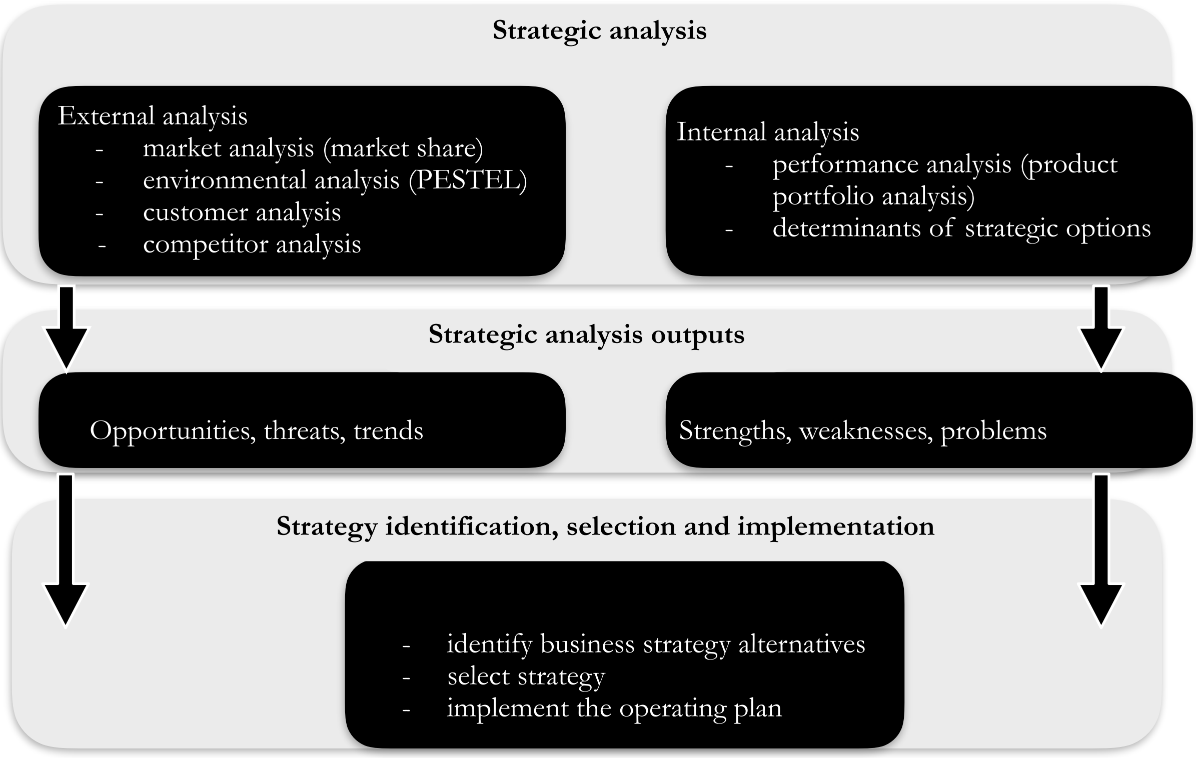

Figure 2.2 Overview of strategic market management (Aaker & McLoughlin 2007, 18)

Figure shows an overview of external and internal analysis necessary for strategy development and the set of strategic decisions providing strategic analysis outputs (Aaker & McLoughlin 2007, 18).

2.2.1 External analysis

Market share analysis is covered in this chapter. The macro-environment elements are analyzed by PESTEL analysis method, customer and competitor analysis methods are also discussed in this part.

2.2.1.1 Market share analysis

In order to begin the environmental analysis, it is useful to start with the analysis of market size, its growth and to define company's market share (Lynch, R. 2009, 79).
The importance of market share is also acknowledged in the Boston Consulting Group Matrix as a key indicator of industry growth (Lynch, R. 2000,175). However, other writers claim that while market share is an important and desirable strategic goal, it does not necessarily indicate high performance (Mische 2001, 13). Kay (1993) argued against the statement that market share results to increased profitability. Instead, he argues that profitability and success are a result of market share and not caused by it. In fact, most firms have a primary goal of increasing profitability in the short term and market share enlargement in the medium to long term. (O'Regan N., 2002, 287-293).
The data for market share analysis may be obtained from many sources. Audit data is a traditional model (Cooper & Nakanishi 2010,13). Consumer surveys also can be used for market share estimation. For many firms the only way to get own market share figures is to divide the firm's own sales volume by estimation of the industry sales volume for the same period and area. The main challenge in market share analysis is to gather competitors' activity information. Firm's own activities data can be obtained from any internal information system, but the information on competitors' activities is not. The information obtained in the analysis stage is used for the formulation of marketing strategies. (Cooper & Nakanishi 2010, 1-16.)

2.2.1.2 Macro environment

Two techniques can be used to explore macro environment: PESTEL checklist or scenarios. (Lynch, R. 2009, 83). PESTEL is a model constituting industry analysis which stands for political, economic, socio-cultural, technological, environmental and legal analysis. PESTEL provides a comprehensive list of influences on the possible success or failure of particular strategies, helping managers to analyse how these factors are changing (Johnson et al. 2011, 51). To the prescriptive strategists, PESTEL rely on past actions, however may be used to forecast the future. It is important to choose factors from a list and explore them in depth, instead of long list analysis (Lynch, R. 2009, 85).

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The Figure 2.3 below describes content of a PESTEL:

Political	Economical
Legislation (current and pending) Laws relating to the industry Tax laws Stability of the political system	Disposable income of buyers Credit accessibility Unemployment rates Interest rates Inflation
Socio-Cultural	**Technological**
Population and demographics Distribution of income Mobility	New innovations and discoveries Pace of technological innovations and advances Pace of technological obsolescence New technological platforms
Environmental	**Legal**
Environmental protection laws Waste disposal laws Energy consumption regulation Popular attitude towards the environment	Employment regulations Competitive regulations Health and safety regulations Product regulations

Figure 2.3 Typical content of a PESTEL

2.2.1.3 Customer analysis

Customer analysis is critical in strategic management since customers deliver income to an organisation. Customer needs analysis can be an excellent method for creating a systematic means of focusing the organization on its important issues. Berwick, Godfrey, and Roessner (1990) state that customers who depend on the organization's products and services provide the best improving ideas. The reason is that quality is defined as meeting the needs of customers. (Young, J. 1996, 115-124). A comprehensive understanding of customer needs can be achieved by:

- Interviews
- «On the job» observations
- Surveys
- Focus groups

For this particular study we have decided to conduct online survey. The survey is aimed to assess the preferences and attitudes of customers and to measure their opinions about items presented on a scale.

2.2.1.4 Competitor analysis

Building strong brand requires understanding of competitors. Michael Porter's five forces model identifies basic forces that act on organisation. The objective of this analysis is to form a strategy, avoiding threats and minimising competition, while developing opportunities (Linch 2009, 97). One of the common tools used for competitor analysis is a competitive strength grid, that scales organization and competitors on assets and competences. Information about competitor's position in regard to relevant assets and competence is core in strategy development. (Aaker & McLoughlin 2009, 71). This can be displayed on a two dimensional matrix – competitors along the top and key success factors down the side. (Sudhanshu, K. 2009, 280.)

2.2.2 Internal analysis

The goal of internal analysis is a deeper understanding of business environment. Figure 2.4 below identifies important forces of the internal environment that can significantly influence on the well-being and success of organization. They are: organisational culture, human resources, organisational structure, physical assets, profit and cash flow, top management.

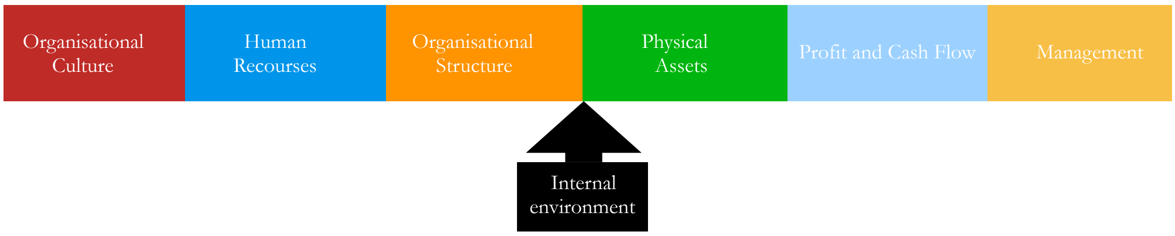

Figure 2.4 Internal environment factors

Generally company analysis aims to discover own capabilities to meet business opportunities and to avoid risks. The value chain, developed by Michael E. Porter is a tool used for defining strengths and weaknesses of an organisation. According to Porter, each company is a collection of activities with the objective of designing, producing, selling, delivering and supporting a good or service. (Porter 2014, 65.) SWOT is used in internal analysis to assists the company to determine its strengths and weaknesses and to position and differentiate itself in a market.

2.3 SWOT analysis

SWOT analysis standing for Strengths, Weaknesses, Opportunities and Threats, is a tool widely used for the evaluation of company's current situation. It makes it possible for the company to understand their internal strengths and weakness, as well as their external opportunities and threats (Griffin, R. 2007, 88) (Figure 2.5). An encyclopedia of strategic management (Channon, D. 1997, 263) calls it a simple but powerful tool for evaluating the strategic position of a firm.

	Strengths	**Weaknesses**
Internal	Internal capabilities which may help the company to reach its objectives	Internal limitations that may interfere wth the company's ability to achieve its objectives
	Opportunities	**Threats**
External	External factors that the company may exploit to its advantages	Current and emerging external factors that may challenge the company's performance
	Positive	Negative

Figure 2.5 SWOT analysis structure (Kotler & Armstrong 2012, 53-54)

SWOT analysis have been criticised as a conventional tool in strategic planning. "SWOTs are essentially descriptions of conditions while strategies define actions". (Kotler 2009.) Moreover, findings can be presented uncritically, so that weak opportunities may balance strong threats. Thus, SWOT should be used with caution and as a basic tool. (Kotler 2009, 104.).

2.4 Developing the strategy

Once the micro environmental is completed, marketing strategies and tactics can be formed. Following discussion will cover two strategies: Porter's Generic Strategies and Ansoff's growth matrix.

2.4.1 Analytical frameworks for strategic marketing planning

Use of strategy tools is recommended, they can help to allocate the current position, to see possibilities, identify threats and help with making better choices. Marketing technology offers different frameworks an tools to help organize such data (Brownlie, D. 1995, 250-291). In this chapter some tools for strategic marketing planning are discussed.

2.4.1.1 Porter's Generic Strategies

M. Porter has claimed that organization's strengths can be described by one of two factors: cost advantage or differentiation (Figure 2.6). A company also can choose to split the strategy by one of two types of scope, either focus (special market segment) or industry-wide, offering its product across many market segments. By employing these competitive advantages across chosen market scope, the result is three generic strategies: lower cost, differentiated, or focus. The generic strategy demonstrates the choices made according to the type of strength and the scope. (Siegemund, C. 2008, 15.)

Market segmentation		Good cost position	Uniqueness in service offer
	Total market	Overall cost leadership	Differentiation
	Special market segment (Niche strategy)	Cost based focus	Differentiation based focus

Figure 2.6 Porter's (1980) Model of generic strategies

2.4.1.2 Ansoff's growth matrix

One of the most highlighted parts of the strategic analysis is normally Ansoff's growth matrix (Figure 2.7), a tool that is commonly considered as one of the most efficient ones when planning growth. According to Ansoff (1987) two related types of strategy – portfolio analysis and competitive strategy form the basis of strategic thinking. In the matrix, growth options depend on markets and products. Below the figure illustrates what it means briefly.

		Products/Services	
		Existing	New
Markets	Existing	A Market penetration	B New products and services
	New	C Market development	D Conglomerate diversification

Figure 2.7 Ansoff's growth matrix

2.4.2 Implementation

Implementation of the strategy requires special attention in the organisation. Both strategy planning and implementation are equally important as stated by Singh (1998, 146), and Kaplan and Norton (2001, 1). Good plans does not guarantee a success, neither implementation without a good plan. Thus, a good plan has to be followed by careful execution, evaluation and changes applied when required.

Implementation plans consist of four basic elements (Lynch, R. 2009, 491):

1) identification of general strategic objectives
2) formulation of specific plans
3) resource allocation and budgeting
4) monitoring and control procedures.

Barriers and success are important factors to analyse when implementing strategy. Kaplan and Norton (2008, 1-8) made estimation that 70% of failures in strategy execution derives from bad execution, not the bad strategy itself.

2.5 Summary

The marketing environment can be broadly classified into external and internal environment. Managers can use different analytical tools to understand the firm's own capabilities, customers, and business environment. Afterwards, based on achieved results, strategy recommendations could be developed. After the framework has been developed, concepts and models have been clearly described, the researcher moves on to research methodology.

3. Research Methodology

This chapter introduces the methodology used in this thesis research. It covers the aspects of the qualitative and quantitive research as well as the limitations. The data collection methods and sources are presented.

3.1 Research methodology

The study for this thesis was conducted as action research combining theory and practice. The researcher was working in the case organization. A goal of this thesis was to identify companies' position in a market and to develop possible strategy recommendations.

The research was conducted as a 5 month project beginning in April 2016; firstly team members were chosen, secondly the research was scheduled and detailed research project plan was developed. The author of the thesis was assigned to act as a project administrator who's responsibilities included planning the project, organizing team members meetings, coordinating with team members frequently for updates regarding the work in progress, monitoring the progress of the project and acknowledging team suggestions, preparing and reporting presentations.

Project team with the top management and business departments representatives had 5 sessions where they were concentrating on understanding the overall position of the unit in a market and discussing its strategy. Actual desk research in the case organization was conducted during the whole project.

Research team's approach was to carry out a case study based on participant observation and desk research and complement this with collection of statistical data from online surveys. This enabled to combine quantitative and qualitative methods. Team used quantitative methods to describe market, while creating a case study to understand the market dynamics and develop theories.

According to Yin (2003, 7-8), the case study is relevant when the research is supposed to answer "how" and "why" questions. Selecting a research model depends on the three important conditions: research question, control over activities and the extent of focus on existing procedures (Yin, R. 2003, 8-18). A case study relies on multiple sources of evidence. Methods for data collection include interviews, participant observation and, in addition, the it can involve financial reports, market and competition reports and archives. (Ghauri & Grønhaug 2005, 114-115.)

3.2 Data collection and analysis

Yin (2003) states that in order to create a reliable case study database and to support the evidence, data collection should involve multiple sources of data. Accordingly, to ensure the validity of the research, multiple sources of evidence have been used. The data was collected from documents, participant observations, and collective discussions to give better opportunities for study. The documents included archival records, reports, presentations, journals and e-mails. Documents described the operational environment, the organisation as well as the unit. Collective discussions have been carried out during project team meetings. Cross functional collaboration within project team was initiated by director of the unit in order to rise interest and to reach effective communication amongst divisions, share knowledge and ideas, and to reveal best practices. Internet based data was used including webpages of the organisations, and document downloads. In addition, cooperation with AITC (The Association of Internet Trade Companies) helped us to gather necessary information.

The data collection allowed us, together with a review of existing literature, to provide a snapshot of which gaps affect the e-commerce market share of Russian Post. Moreover, we assessed general trends in e-commerce and in delivery markets and developed strategic recommendations for market share growth of Russian Post business unit such as effective product management and the search of new opportunities in terms of Internet penetration growth and the development of e-commerce.
Results arising from the survey questionnaire were used to quantify customer preferences. They were later analysed using quantitative methods. The team conducted a survey among 20 e-retailers in Saint-Petersburg for this purpose of of study. Author used the survey to examine the importance of delivery services from three angles: time and speed of delivery, value added features, and return options. The review of e-retailers' parcel distribution among delivery operators was carried out through individual questionnaire.

3.2.1 Limitations

Collection of data was ambitious task because of the specific focus and the newly embedded engagement within project team. The project overall was an effective method for conducting the research. The challenge during the teamwork discussion was that important information may be lost if not recorded. The problem was solved by face-to-face discussions with team members.

A major source of unreliability is data provided by the internal systems of Russian Post. It was challenging to calculate actual amount of deliveries by product due to imperfect statistical systems and reports. Another source of unreliability is an amount of respondents surveyed. Unfortunately, we were unable to sufficiently investigate customer delivery preferences due to the fact that number of key customers is limited. Many e-retailers have chosen not to provide data due to aversion to sharing information that is highly commercially sensitive to them.

3.2.2 The project team

The project team at Russian Post consisted of:

deputy director of parcel business and express delivery devision and project manager, Pavel Sychev,

head of e-commerce sales department B2C and author's supervisor, Evgeny Konev,

head of sales department B2B, Andrey Guriev,

senior specialist at e-commerce sales department B2C, Alisa Timofeeva,

senior specialist at the department of postal network and packstations, Vyacheslav Stafiev,

head of product division of postal business department, Alexey Sakharov,

head of financial business department, Alla Bukashova,

head of IT department, Denis Rastegaev,

deputy director of logistics department, Grigory Palitsyn,

head of dispatching division of logistics department Anton Kuligin.

The author of the thesis is grateful for the support and interest that have been received from AITC (The Association of Internet Trade Companies), different e-retailers and for constructive discussion with the project team at Russian Post.

4. Market analysis

Market analysis has proved its usefulness in many businesses and represents a high importance in marketing methodology. Market analysis unifies and integrates marketing activity of the companies. (Whitehead, J. 1998, 18-20.) The following chapter discusses market analysis of the case organization.

4.1 Case company analysis

The organization studied in this thesis research is the business unit of national postal operator 'Post of Russia'. The unit is located in North-Western part of Russia with its headquarters in Saint-Petersburg. North-West macro-region accumulates 10 subjects of Russian federation: Sankt- Petersburg and Leningradskaya Oblast, Arkhangelsk Oblast, Nenets Autonomous Okrug, Vologda Oblast, Kaliningrad Oblast, Murmansk Oblast, Novgorod Oblast, Pskov Oblast, Republic of Karelia and Komi Republic. Figure 4.1 below illustrates geopolitical subdivision of North-West macro-region:

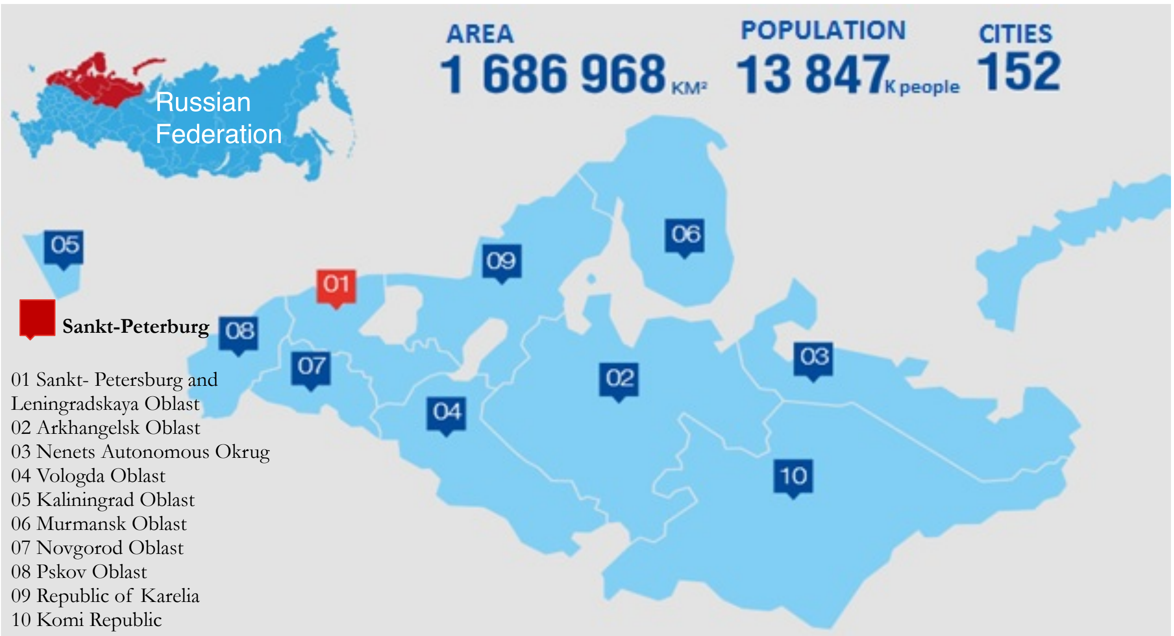

Figure 4.1 North-West macro-regional center on a map (Russian Post, 2015)

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University of Applied Sciences

4.1.1 Organizational structure

The unit is governed by a complex management structure. Organisational structure of North-West macro-region business unit consists of 12 departments (Figure 4.2). Only 3 departments generate main income (Russian Post, 2016):

- parcels (20%) - Department of parcel business and express delivery
- letter post (47%) - Department of postal business
- financial services (32%) - Department of financial business

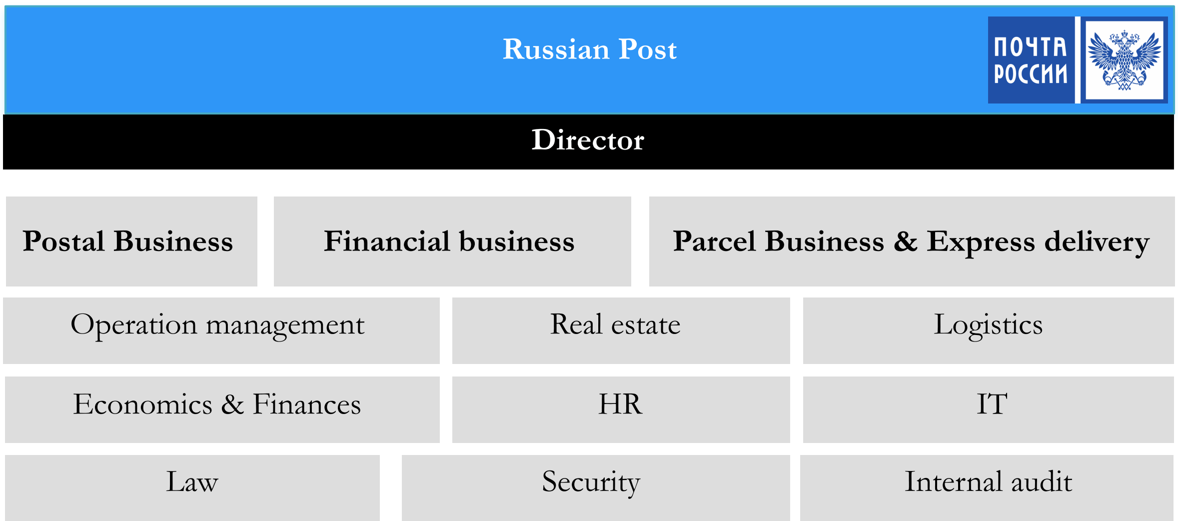


Figure 4.2 How Russian Post North-West macro region business unit is organized

Generally department of Parcel business and Express delivery is divided according to customer segments (Figure 4.3):

- B-2-B sales devision
- B-2-C sales devision
- C-2-C
- International

Network administration provides functional support of post offices, pickup and drop off offices and automated parcel terminals network. Courier delivery administration is responsible for the development of courier delivery points.

Figure 4.3 How Parcel Business & Express delivery department is organized

4.1.2 B2C product analysis

Department of Parcel Business in North-West macro-region business unit of Russian Post offers 4 products: 'non-standard parcel', EMS (Express Mail Service), 'parcel online' and 'courier online'. Furthermore there is '1st class packet' which is also designed for e-commerce but offered by Postal department. 'Non-standard parcel', 1st class packet and EMS are universal products available for all customer segments. 'Parcel online' and 'Courier online' are two services designed for business customers (B2C segment). Table below briefly describes main characteristics of each product in a line:

Table 3. B2C e-commerce product line of North-West macro-region unit

Product	Segment	Parcel handover (First mile)		Collecting parcel (Last mile)		Shipping method	Max. weight
		Coverage area	Method	Coverage area	Method		
'Non-standard parcel'	B2B/ B2C/C2C	Whole Russia	Post office, sorting centre	Whole Russia	Post office, sorting centre	Standard	50
EMS			Post office, courrier		Courrier	Express	31,5
1st class packet			Post office, sorting centre		Post office, courrier	Express	2,5
Parcel online	B2C	Moscow, St-Petersburg, Ekaterininburg, Novosibirsk	Sorting centre	71 cities	Post office	Standard	5
Courier online	B2C			27 cities	Courier		

'Parcel online' and 'Courier online' products offer discounted rate, which is not depended of weight of parcel, the maximum allowed weight of a parcel can not exceed 5 kg. The products do not offer the choice of first mile service - parcels have to be picked-up directly at sorting centre. Limitation of coverage area may affect on low incomes. Only 20% of all shipments of the largest e-commerce customers of the case company are delivered within set coverage area. '1st class packet' is also popular among distance selling customers. One of the advantages of the product is that the rates depend only on weight and point of dispatching, place of destination does not affect the rate. In addition, delivery to the home address is assumed, however, it is unavailable together with cash on delivery service due to technology limitations. The relation of rate and distance of deliveries by different products is illustrated in Figure 4.4. It has been found out that for the parcels weighing less than 100 g, it becomes cheaper for the customers to send parcels with 1st class packet to longer distances 2000 km and more (3rd tariff zone). But then there is a question of product margins - if the price remains the same regardless the distance, does company earn when the 1st class packet is shipped to 3rd tariff zone or farther? This question remains important for further investigation.

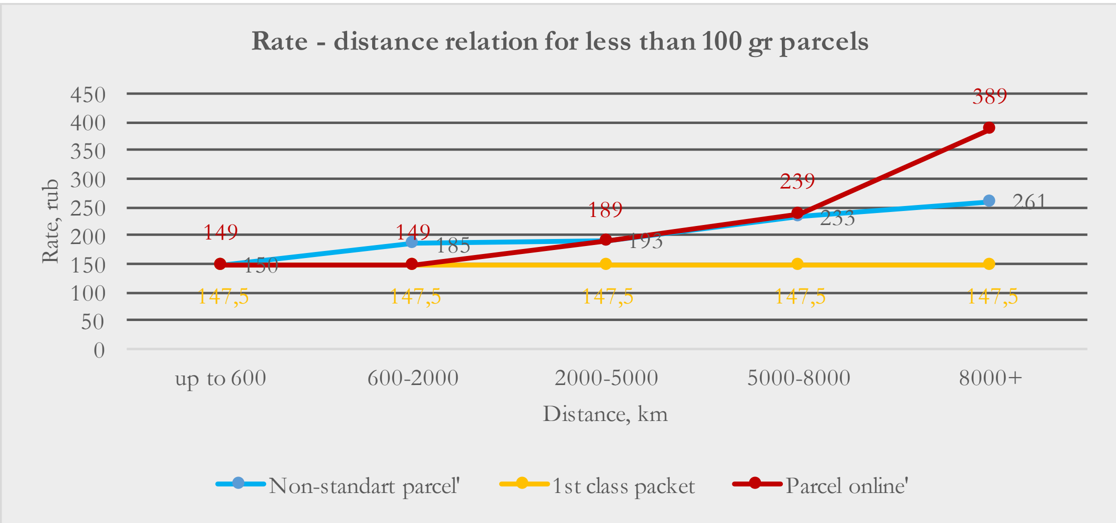


Figure 4.4 Price analysis in relation do distance and 100 gr. weight.

It has also been detected that average weight of a parcel is between 1600-1700 gr. According to the price analysis in relation do distance and weight, illustrated in a Figure 4.5, 1st class packet becomes terribly costly for the customer wherever distance it shipped.

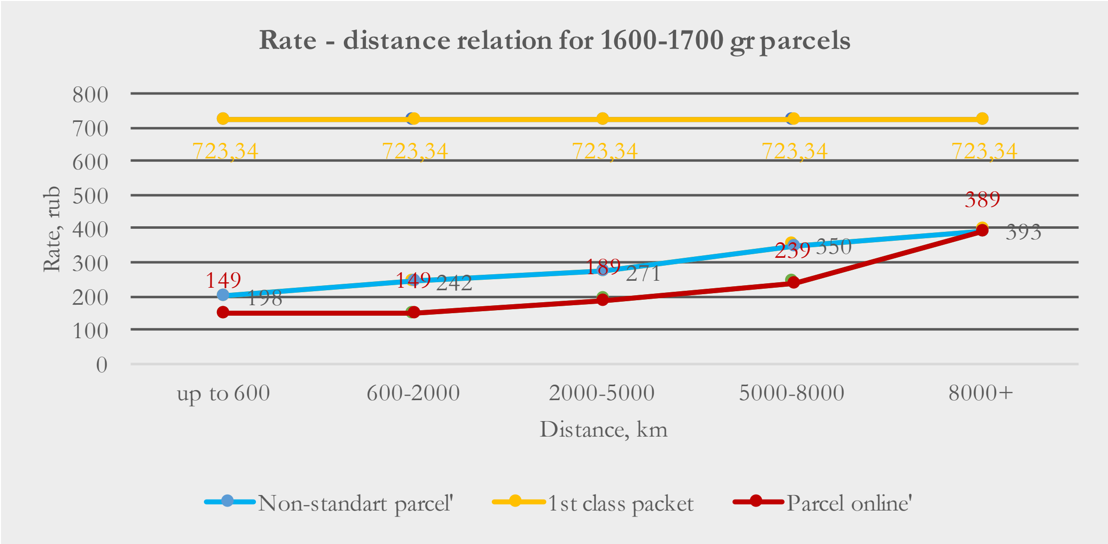


Figure 4.5 Price analysis in relation do distance and 1600-1700 gr. weight.

As a matter of fact, billing by weight for the 1st class packet makes it preferable product among clients, because calculation of rates for the delivery is complex due to the imperfect work of the tariff calculator service provided by Russian Post.

The team compared 3 similar products offered by unit's sales departments - «non standard parcel», «1st class packet» and new product «Parcel online». It can be concluded that product portfolio meets the requirements of B2C segment customers. «Parcel online» guarantee the best price however certain barriers must be overcome, such as limited coverage area and the minimum weight of a parcel should be extended.

4.2 Russian Post market share in B2C segment in North-West region

[The content is left out due to the confidentiality issue].

5. E-retailers' delivery demands

In a market, e-retailer's delivery demands are influenced by e- shoppers' preferences. However, e-retailers cannot provide each customer with a tailor-made delivery solution as it comes at a cost. Instead, they decide on a set of delivery options that would fit both his own and the e-shoppers' delivery needs, at a reasonable cost. (Okholm et al. 2013, 79.)

5.1 Survey analysis

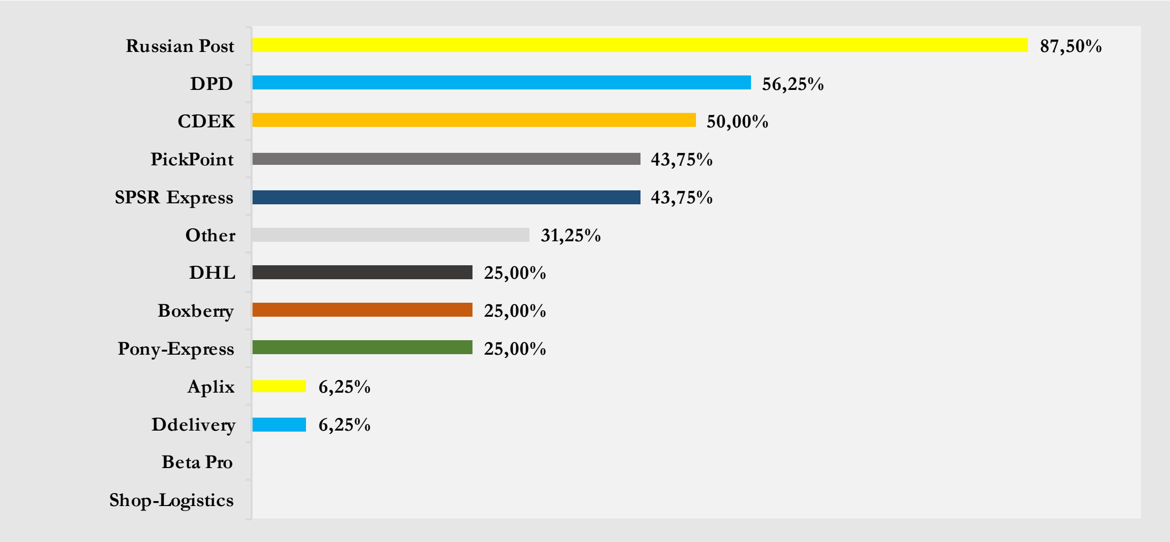
The findings in this chapter are based on survey among local e-retailers. The survey was conducted as an online survey between July and August 2016, including 16 respondents, largest e-retailers based in Saint-Petersburg. These respondents are of different size and sell different e-commerce products. A major source of unreliability is an amount of respondents surveyed. Unfortunately, we were unable to sufficiently investigate customer delivery preferences due to the fact that number of key customers is limited. Only those customers who have more than 1000 deliveries per month has been included in a survey.

In the following, we analyse e-retailers delivery needs. The delivery aspects are (Okholm et al. 2013, 79):

- Time and speed of delivery
- Point of delivery
- Value added features
- Delivery price
- Return options

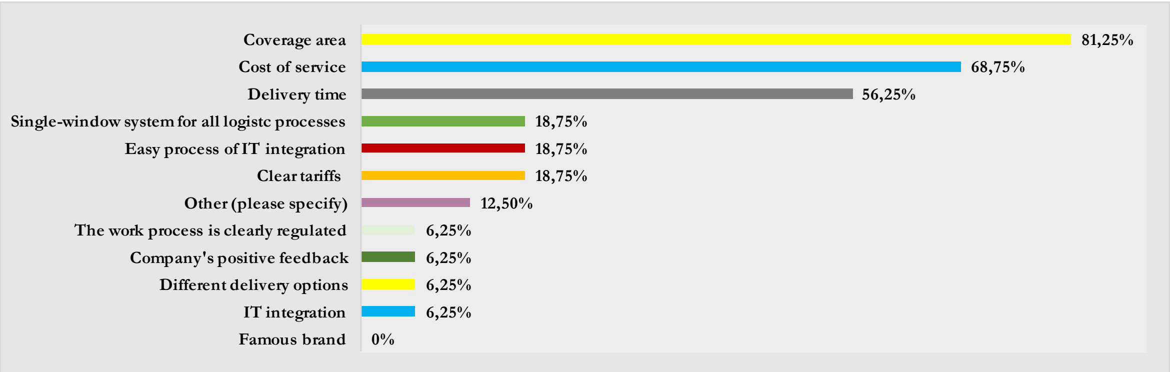
The detailed overview of our survey results presented below.

5.1.1 The choice of logistic operator



87,5% of surveyed e-retailers are Russian Post clients. 100% of e-retailers cooperate with more than 1 delivery operator. 56% and 50% of these e-shops use DPD and CDEK for the delivery service.

5.1.2 Important features



81,5 % of e-shops find out that coverage area is the most important factor when choosing delivery operator. Cost and time of delivery are two other important features (accounted to 68,8 % and 56,3 % relatively). The forth most important factor is technology development of a delivery operator which assumes easy process of IT integration, clear tariffs and single-window system for all logistic processes.

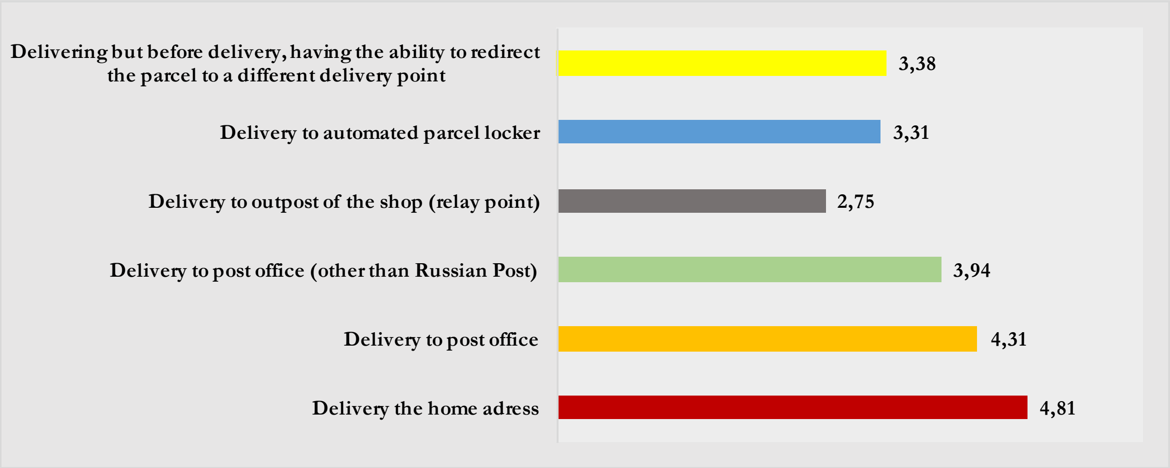
5.1.3 Time and speed of delivery

Next day delivery is essential for the most e-retailers. Standard delivery (cheaper and slower) as well as weekend delivery are also considered as important.

Note: Respondents were asked to choose on a scale of 1 to 5 the importance of the delivery feature, where 5 - the most important, 1 - the least important. Obtained figures are a weighted average.

5.1.4 Point of delivery options

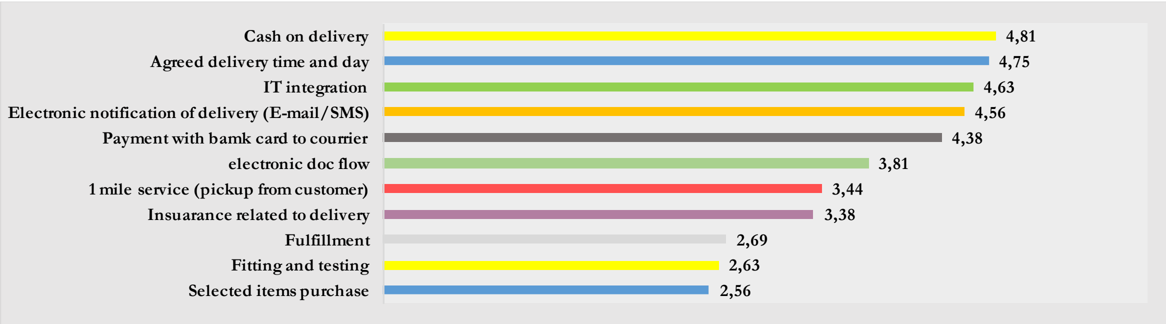
Delivery to the home address is the most critical option when choosing delivery partner. Delivery to the post office or outlet are also relevant.



Note: Respondents were asked to choose on a scale of 1 to 5 the importance of the delivery feature, where 5 - the most important, 1 - the least important. Obtained figures are a weighted average.

5.1.5 Important value added features

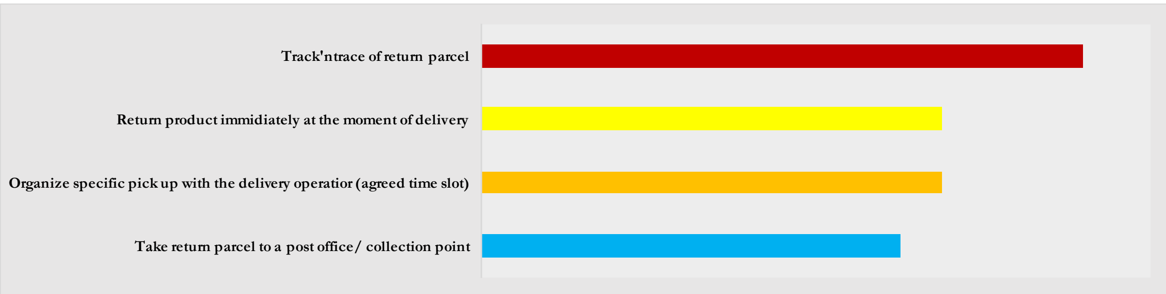
COD (Cash On Delivery) service is the most popular service among values added feature of logistic operators when deliver to the end customer. Preliminary approval of the time and date of delivery with the recipient - another significant factors for e-retailer.



Note: Respondents were asked to choose on a scale of 1 to 5 the importance of the delivery feature, where 5 - the most important, 1 - the least important. Obtained figures are a weighted average.

5.1.6 Return options

Track and trace of return parcel is important. Opportunity to return parcel at the moment of delivery is a convenient service for both recipient and the sender.



Note: Respondents were asked to choose on a scale of 1 to 5 the importance of the delivery feature, where 5 - the most important, 1 - the least important. Obtained figures are a weighted average.

5.2 Overview of e-retailers delivery needs

Our research of the customer needs reveals that the most important aspects of delivery are: coverage area, low delivery prices, delivery to the home address, COD (Cash on Delivery) service and convenient IT-solutions. Features, which are considered less important include, Saturday or evening delivery and delivery to a post office or collection point.

We have found that data obtained from an online survey among 16 e-retailers operating in North-West macro region is barely distinguishable from e-commerce and delivery study of the state of play of EU parcel markets, conducted by Copenhagen Economics.

There are some country-specific differences in the results. For example, e-retailers in North-West region of Russia seem to have a strong preference for cash on delivery, while in Europe, the study highlights a strong preference among e-shoppers for receiving real time information about their delivery instead of cash on delivery service.

6. Competitor analysis

The chosen direct competitors have similar products and services, they operate in the same market. All of the direct competitors form a serious threat and have a potential for market growth. The chosen main competitors are therefore: SPSR Express, Dynamic Parcel Distribution (DPD), Pony Express, CDEK, IM- Logistics (IML).

6.1 The competitive profile matrix - 5 Critical Success Factors (CSFs)

In order to understand better the external environment and the competition, the author decided to use competitive profile matrix strategy tool. The tool relies on the Critical Success Factors (CSFs) which are important for the studied industry. Five factors are considered in the analysis: the scope of services provided to the customer, product portfolio, service level, promotion methods and quality of the network.

6.1.1 Services provided to the customers

The availability of following services has been analysed to determine the scope of services provided by logistics operators in the e-commerce market (Appendix 1):

- delivery to another country;
- delivery from another country;
- domestic delivery
- delivery to a specific time/ to a day/ to the same day
- delivery in the evening time, holidays and weekends;
- customs consultations and handling of EMS;
- delivery insurance;
- eco-friendly delivery;
- cash on delivery;
- parcel storage;
- cargo transportation and handling;
- transportation of dangerous goods;
- armed escort;
- temperature regime;
- hand-to-hand delivery;
- 1 mile (courier services);
- tracking of cargo location;
- receipt of cargo in the service department;
- payment by bank card to the courier;
- sms- informing;
- collection upon delivery
- fitting and validation;
- IT integration;
- return of the sender's documents;
- receiving and processing of parcels using the barcode of the online store;

Analysis showed that Russian Post offers only 42% of all possible services provided by logistic operators (Figure 6.1). However, lack of IT-integration and 1st mile delivery on a continuous basis makes significant barriers for the clients. Instead of IT integration service, Russian Post offers its clients to install an application called «Partionnaya Pochta», which is highly inconvenient to use. 1st mile service is not a standard option and provided only by an agreement.

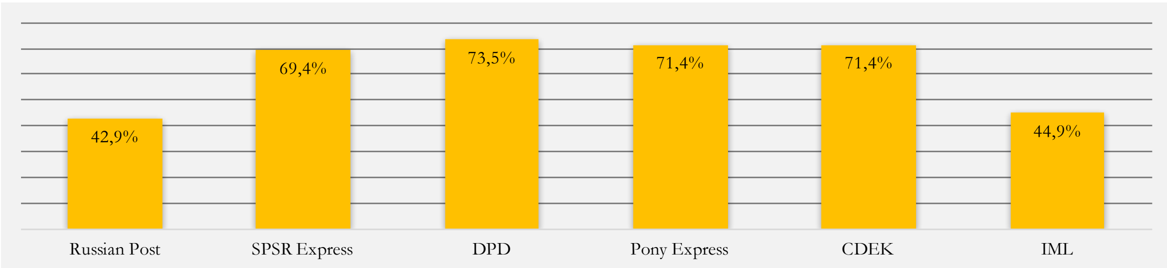


Figure 6.1 The scope of services provided by competitors

6.1.2 Comparative analysis of the product portfolio

Russian Post, SPSR Express, DPD, Pony Express IML and CDEK product portfolio is presented in a Table 5:

Table 5. Product portfolio of Russian Post and the competitors

Delivery operator	Product portfolio	Delivery operator	Product portfolio
Russian Post	EMS	Pony Express	Express mail (terminal)
	Parcel Online		Express mail (door)
	Courier Online	IM logistic	« » (to terminal)
	1st class packet		« » (to door)
	Non-standard parcel	CDEK	Posylka (to terminal)
DPD	E-packet		Posylka (to door)
	E-parcel	SPSR	Zebra-Online
	Consumer		Pelikan-Online
	Classic Parcel		Gepard-Online

Factors attributed in the analysis are listed below:

- cost of financial services (declared value, insurance, cash on delivery);
- condition of the delivery (to terminal/ to door);
- other factors (price, coverage area, delivery time, the possibility of integration, 1st mile service).

Firstly, the researcher has analysed financial services rates of different companies by giving each service a weighting: declared value rate - 40%, insurance rate - 10%, COD rate - 50% (Table 6). Multiplying financial rates figures of each product by given weighting, author received a score, which was further transformed into a rating. Based on obtained score figures, the products were rated from 1 to 3, where 3 is the best price for financial services offered and 1 is the most expensive.

Table 6. Financial services analysis of product portfolio

Delivery operator	Product	Financial Services				
		Declared value rate, %	Insurance rate, %	COD rate, %	Score	Rating
		Weighting				
		40 %	10 %	50 %	100 %	
Russian post	EMS	1,00 %	0,60 %	2,00 %	1,46 %	3
	Parcel Online	2,00 %	0,00 %	2,00 %	1,80 %	3
	Courier Online	2,00 %	0,00 %	2,00 %	1,80 %	3
	1st class packet	3,54 %	0,00 %	5,00 %	3,92 %	1
	Non-standard parcel	4,00 %	0,00 %	5,00 %	4,10 %	1
SPSR	Zebra Online	0,30 %	0,30 %	1,80 %	1,05 %	3
	Pelican Online	0,30 %	0,30 %	1,80 %	1,05 %	3
	Gepard Online	0,30 %	0,30 %	1,80 %	1,05 %	3
DPD	E-packet	0,50 %		2,40 %	1,40 %	3
	E-parcel	0,50 %	0,00 %	2,40 %	1,40 %	3
	DPD Consumer	0,47 %	0,00 %	2,50 %	1,44 %	3
	DPD Classic Parcel	0,47 %	0,00 %	2,50 %	1,44 %	3
Pony Express	Express mail (terminal)	1,18 %	0,00 %	1,50 %	1,22 %	3
	Express mail (door)	1,18 %	0,00 %	1,50 %	1,22 %	3
IML	(terminal)	0,50 %	0,00 %	1,90 %	1,15 %	3
	(door)	0,50 %	0,00 %	1,90 %	1,15 %	3
CDEK	Posylka (terminal)	0,30 %	0,00 %	2,50 %	1,50 %	3
	Posylka (door)	0,30 %	0,00 %	2,50 %	1,37 %	3

According to the results of analysis, financial services of Russian Post are too expensive. 'Non-standard parcel' services such as declared value and insurance are amounted to 4% and COD is to 5%. For the products, designed by Russian Post for e-commerce (Parcel Online and Courier online), the rates amounted to 2% and 2% respectively. In contrast, Pony express offers the lowest financial services rates (1,18% and 1,5%). DPD and CDEK rates are quite similar 0,5% and 0,3% for declared value and insurance, while 2,4% and 2,5% for Cash on delivery.

Table 7 shows analysis of value added services, where 1 is availability of service and 0 is absence. Similarly, the author has obtained score figures, which helped to rate products from 1 to 3, 3 being the best product portfolio offered and 1 being insufficient.

Table 7. Value added services analysis of product portfolio

Delivery operator	Product	Method of shipment				Value added services								Rating
		door door	term. term.	door term.	term. door	high speed of delivery	low cost of service	specific parcels delivery	Integration	large coverage area	personal manager	1st mile	**Score**	
		Weighting												
		2 %	8 %	2 %	8 %	10 %	30 %	5 %	10 %	15 %	5 %	5 %	**100 %**	
Russian post	EMS	1	1	1	1	1	0	0	1	1	1	1	**0,54**	**2**
	Parcel Online	0	1	0	0	0	1	0	0	0	1	0		
	Courier Online	0	1	0	1	0	1	0	0	0	1	1		
	1st class packet	0	1	0	1	1	0	0	0	1	0	1		
	Non-standard parcel	0	1	0	0	0	1	0	0	1	1	0		
SPSR	Zebra Online	0	1	0	0	0	1	0	1	1	1	1	**0,63**	**2**
	Pelican Online	0	1	0	0	1	0	1	1	1	1	1		
	Gepard Online	0	1	0	0	1	0	1	1	1	1	1		
DPD	E-packet	0	1	0	0	0	1	0	1	1	1	1	**0,72**	**3**
	E-parcel	0	1	0	0	0	1	0	1	1	1	1		
	Consumer	1	1	1	1	1	0	0	1	1	1	1		
	Classic Parcel	0	1	0	0	0	1	1	1	1	1	1		
Pony Express	(terminal)	0	1	0	0	1	0	0	1	0	1	1	**0,42**	**1**
	(door)	0	1	0	1	1	0	0	1	0	1	1		
IML	(terminal)	0	1	0	0	1	0	0	1	0	1	1	**0,42**	**1**
	(door)	0	1	0	1	1	0	0	1	0	1	1		
CDEK	Posylka (terminal)	0	1	0	0	*0*	1	1	1	1	1	1	**0,82**	**3**
	Posylka (door)	0	1	0	1	***0***	1	1	1	1	1	1		

Generally, DPD, CDEK and Russian Post have a simple and comprehensible set of products designed for e-commerce, including express (by air) and standard (ground) delivery, as well as the possibility of first and last mile services. Russian Post's product portfolio is competitive in a market, however there are certain barriers: financial rates are overpriced, integration difficulties, «Parcel online» and «Courier online» coverage area is very limited.

6.1.3 Service level comparative analysis

For the comparative analysis of the level of services, a qualitative assessment of the following factors has been performed (Table 8):

- stability of the services provided (the existence period of company in the market);
- availability of services provided (how quick and convenient is the process of concluding an agreement with the delivery operator);
- the scope of services provided (percent of services provided by operator in the market).

Furthermore, the availability of following services has been considered:

- delivery by certain time;
- the possibility of ordering the service on the company's website (online).

The obtained figures are based on previous research of senior specialist at the department of postal network and packstations, Vyacheslav Stafiev.

Table 8. Service level comparative analysis

Service	Delivery Operator					
	Russian Post	SPSR	DPD	Pony Express	CDEK	IML
Stability of the services provided	3	2	2	2	2	1
Delivery by a certain time	-	-	3	3	-	-
Possibility to order on company's website	3	3	-	3	3	-
Availability of services provided	1	2	2	1	3	2
The scope of services provided	1	1	2	1	2	1
Rating*	**2**	**3**	**3**	**3**	**3**	**2**

***The range 1–3, where 1 is lowest perceived quality, and 3 is the highest perceived quality.**

Together with a project team, we have found that Russian Post has an average level of service, stably providing services in the market (a well-known brand), but having a number of barriers:

- there are no clear contact details on the website (sales department contacts are missing on the company's website, as well as other information on services for distance-selling companies);
- low motivation of the employees;
- products are divided by employees and units;

* the process of concluding an agreement isn't centralized in one place (it could be sorting centre, EMS office, Russian Post unit);
* there is no primary support for the IT integration (the client faces technical difficulties).

A qualitative assessment of the following aspects has been carried out for the comparative analysis of the network quality (Table 9):

* convenience for the customers consumers in the offices;
* amount of offices in the urban and rural areas;
* personnel qualifications;

The obtained figures are based on previous research of senior specialist at the department of postal network and packstations, Vyacheslav Stafiev.

Table 9. Comparative analysis of the quality of network

Service	Delivery Operator					
	Russian Post	SPSR	DPD	Pony Express	CDEK	IML
convenience for the customer	1	1	1	2	1	2
Network (amount of offices)						
- urban areas	3	1	2	1	1	1
- rural areas	3	1	1	1	1	1
Personnel qualification	1	1	1	1	1	1
Rating*	**2**	**1**	**1**	**1**	**1**	**1**

***The range 1–3, where 1 is lowest perceived quality, and 3 is the highest perceived quality.**

We have acquired comprehensive results demonstrating the average level of quality of the network of Russian Post. Network quality of the competitors however is worse. The analysis has been made on the basis of customer reviews and feedbacks gathered from the Internet. The bigger the company, the more complaints and feedbacks it receives both negative and positive. The coverage area of the Russian Post is the largest in the North-West and whole Russia, which is its primary competitive advantage.

6.1.5 Assessment of the promotion methods

Following channels used by delivery operators have been analysed to access the quality of the promotion measures (Table 10):

* social media marketing

- television
- internet
- professional events (fares, expos)
- customer feedback

The obtained figures are based on previous research of senior specialist at the department of postal network and packstations, Vyacheslav Stafiev and senior specialist at e-commerce sales department, Alisa Timofeeva.

Table 10. Assessment of the promotion methods

Service	Delivery Operator					
	Russian Post	SPSR	DPD	Pony Express	CDEK	IML
SMM	3	1	2	1	2	1
Television	1	1	1	1	1	1
Internet	1	2	1	2	3	1
Public events	3	3	3	3	3	3
Feedback form	2	2	2	2	3	2
Rating*	**2**	**1**	**1**	**1**	**1**	**1**

***The range 1–3, where 1 is lowest perceived quality, and 3 is the highest perceived quality.**

The overall level of the promotion methods of the case company is average. Russian Post faces the difficulties in attracting customers. It is necessary to provide communication with customers through forums, social networks and other channels at the local level. According to the available information, all promotion activities are conducted through the marketing department in Moscow. Regions are not empowered to manage marketing activities.

One of the possible channels for promoting the products and services is the use and development of information screens network located in postal offices. The company already own the equipment however does not use it for this purpose.

6.1.6 Competitive analysis of the technological level

To assess the technological level of companies, analysis of following services provided on the websites (online services) has been carried out (Table 11):

- tracking
- price and delivery time calculator
- possibility to place an order

- possibility for printing parcel markings
- possibility to form accounting documentation and generate reports
- billing
- the recipient's ability to manage the "last mile»
- request for the call back
- possibility to find office location on a map integrated to a website
- mobile application

The obtained figures are based on previous research of head of IT depatment, Denis Rastegaev.

Table 11. Technological level comparative analysis

Service	Delivery Operator					
	Russian Post	SPSR	DPD	Pony Express	CDEK	IML
- Online services of the operators						
Tracking	3	4	5	5	3	4
Price calculator (+delivery time)	3	5	5	5	5	4
Possibility to place an order	0		5		5	
Possibility for printing parcel marks			5			
Possibility to form accounting documentation			5		5	
Billing	0	5	5	5	5	0
Possibility to form a report			5			
Possibility to manage 'last mile' service for the end customer (recepient)						
Request for the call back	0	5	0	0	5	5
Possibility to find office location on a map integrated to a website	0	5	5	5	5	5
Mobile application	5	0	0	0	0	0
Rating*	**1**	**3**	**3**	**2**	**3**	**2**

***The range 1–3, where 1 is lowest perceived quality, and 3 is the highest perceived quality.**

The results presented in Table 11 indicates low technological level of the company. In order to be competitive in a market, Russian Post needs to improve personal area for the clients as well as price and delivery calculator service.

6.1.7 The overview of 5 critical CSFs analysis

The researcher has identified 5 key factors and ranked competitors by giving each factor a weighting:

- Product portfolio - 40%
- Service level - 30%
- Network quality - 10%
- Evaluation of promotion methods - 10%
- Technological level - 10%

Multiplying obtained ratings, where 1 is lowest perceived quality, and 3 is the highest perceived quality, by certain weighting, the results have been obtained and expresses in a table 12. Delivery operators CDEK and DPD received the highest grade. The competitors have strong level of service, technological level and adequate product portfolio. Technological and service level of Russian Post are those critical factors that caused the lower grade in the rating.

Table 12. The Competitive Profile Matrix - 5 critical CSFs

Delivery operator	Product portfolio	Service level	Quality of the network	Assessment of promotion methods	Technological level	Average
Weighting	**40 %**	**30 %**	**10 %**	**10 %**	**10 %**	**100 %**
Russian Post	3	2	2	2	1	**2,3**
SPSR	1	3	1	2	3	**1,9**
DPD	3	3	1	1	3	**2,6**
PONY Express	2	3	1	1	2	**2,1**
CDEK	3	3	1	2	3	**2,7**
IML	1	2	1	1	2	**1,4**

6.2 Price and delivery time analysis

According to the results of customer survey, conducted during the period June-August 2016, the most important factors when choosing logistic company were: price, time, coverage area, and IT services. The researcher has analysed each factor separately and brought the results together in a competitor array. The analysis is complemented with coverage area and technological level factors.

6.2.1 Competitive price analysis

Delivery rates to 27 cities of Russia has been compared to the prices of major competitors in North-West region e-commerce market. Only the products with similar services have been chosen for the competitive prices analysis (Table 13). Minimum number of deliveries per month is important distinctive in the comparative analysis. Express courier delivery products were not considered. According to the previous researches, the average weight of parcels is 1.8 kg, respectively, competitive price analysis has been carried out for the parcels weighting 1-2 kg. Furthermore, the researcher has compared prices for the delivery «to terminal «and «to door delivery».

Table 13. E-commerce product characteristics of various logistic operators

Product	Product characteristics		
	Method	Min number of deliveries per month	Coverage area
«Parcel Online»/ «Courier Online» - Russian Post	To terminal/ Door	From 200	38/27 cities + Moscow Oblast'
Zebra Online - SPSR	To terminal/ Door	> 500	77 cities
E-parcel - DPD	To terminal/ Door	No restrictions	> 14000 localities
«Posylka» - CDEK	To terminal/ Door	No restrictions	188
«Expres mail» - Pony express	To terminal/ Door	No restrictions	184
IML	To terminal/ Door	251-500	82

A chart below (Figure 6.2) illustrates the prices of 6 logistic operators for the delivery in 27 cities and 5 tariff zones of Russia. First of all, the researcher has analysed delivery rates to the terminal (Appendix 2). Findings indicate that CDEK delivery rates to the terminal have averaged 18% above the rates of Russian Post. DPD rates have averaged 11% above. However, DPD delivery rates to some cities of 3,4,5 tariff zones below the Russian Post prices to the same destinations (Tumen, Novosibirsk, Krasnoyarsk, Irkutsk, Vladivostok, Khabarovsk). Also it is necessary to take into account that CDEK and DPD companies often provide up to 12% discounts to their key clients. In other words, despite the fact that the public tariffs of the case company are below the competitors, DPD and CDEK rates can be highly competitive in terms of flexible approach to the customer.

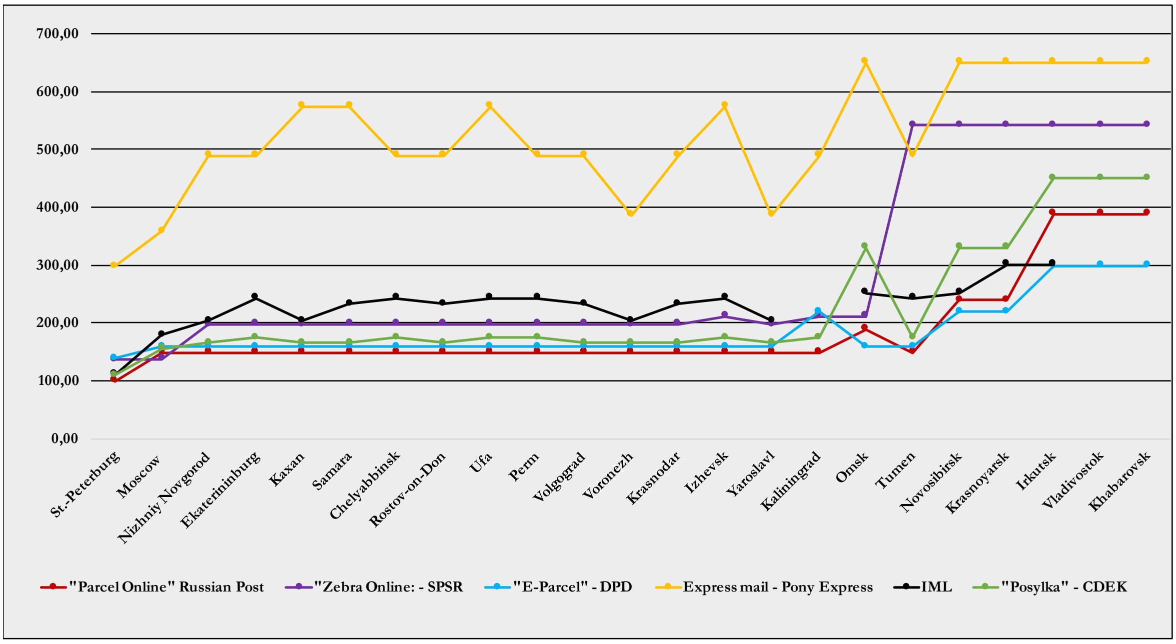


Figure 6.2 Delivery rates from St.- Petersburg to 27 cities (to terminal)

Secondly, the researcher has analysed delivery rates to the door (Appendix 3). The findings are illustrated in a Figure 6.3. The chart above demonstrates that «E-parcel» of DPD and «Courier Online» of Russian Post offer the lowest prices for «to the door» delivery.

CDEK have averaged 42% above the rates of Russian Post, when DPD rates depending on the destination are below or above case company tariffs.

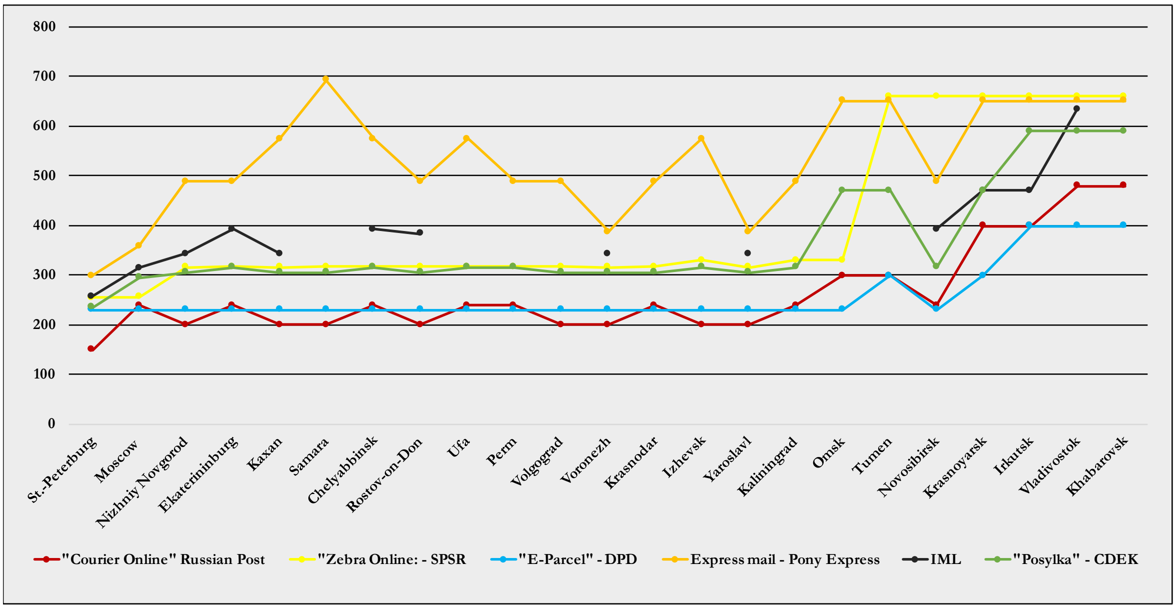


Figure 6.3 Delivery rates from St.- Petersburg to 27 cities (to door delivery)

6.2.2 Delivery time comparative analysis

Delivery times from St. Petersburg to 35 cities of Russia (Appendix 4) offered by Russian Post, DPD, CDEK, SPSR- express, Pony Express, IML has been analysed to provide an assessment of one of the most important delivery factors. The chart below shows delivery times of operators to 17 major cities of Russia:

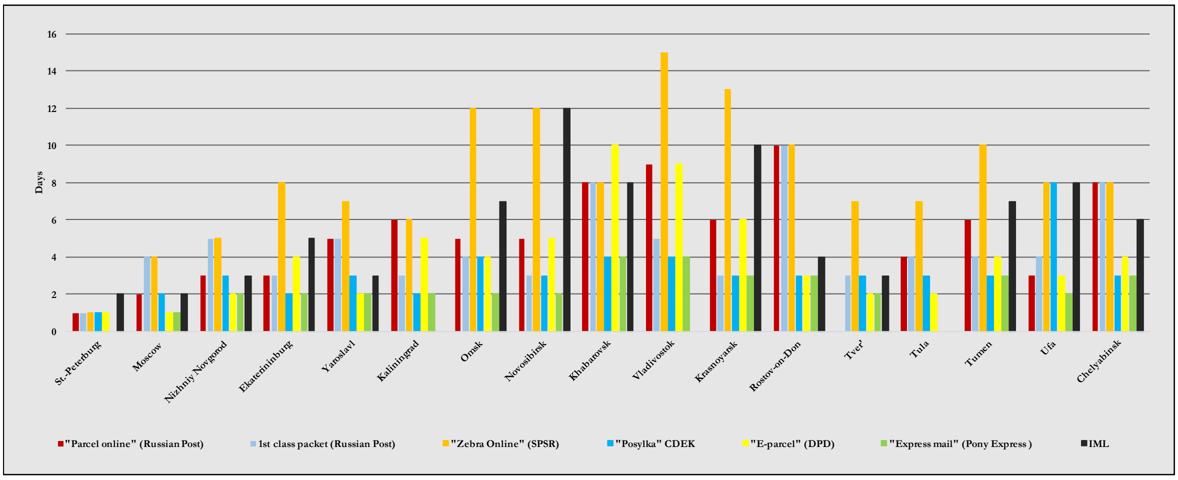


Figure 6.4 Delivery time comparative analysis

The findings show that Pony Express offers quick terms of delivery, however at the highest price. CDEK offers on average 2 days faster delivery than Russian Post. DPD terms of delivery are slower on average by 1 day. It can be concluded that newly published delivery times offered by the case company are adequate and competitive.

6.2.3 Competitive profile matrix based on price and delivery time analysis

Based on the findings studied, the researcher has developed four factors competitive profile matrix, giving each factor a weighting:

- Price - 40%
- Delivery time -10%
- Coverage area - 30%
- IT - 20%

Since the price analysis has been done separately for the «delivery to terminal» and «to door delivery», two matrix are formed and analysed. The results presented in a tables below, where 1 is the highest rating, and 5 is the lowest rating:

Table 14. Four factors competitor array analysis (Price (to terminal)- Time- IT- Covarage area)

Product	Factors				
	Price	Delivery terms	IT	Coverage area	Score
	Weighting				
	40 %	10 %	20 %	30 %	100 %
«Parcel Online» - Russian Post	1	4	4	4	2,8
Zebra Online - SPSR	4	6	1	3	3,3
E-parcel - DPD	2	2	1	1	1,5
«Expres mail» - Pony express	6	1	1	2	3,3
IML	5	5	2	3	3,8
«Posylka» - CDEK	3	3	1	2	2,3

Table 15. Four factors competitor array analysis (Price (to door- Time- IT- Covarage area)

Product	Factors				
	Price	Delivery terms	IT	Coverage area	Score
	Weighting				
	40 %	10 %	20 %	30 %	100 %
«Courier Online» - Russian Post	1	4	4	4	2,8
Zebra Online - SPSR	3	6	1	3	2,9
E-parcel - DPD	1	2	1	1	1,1
«Expres mail» - Pony express	5	1	1	2	2,9
IML	4	5	2	3	3,4
«Posylka» - CDEK	2	3	1	2	1,9

The results obtained are quite similar, demonstrating that Russian Post's major competitors in e-commerce market are DPD and CDEK. Despite the fact that the case company offers the best price amongst competitors with "Parcel online" product, it losses due to IT and coverage area factors. Moreover, this experiment confirms previous results on competitor analysis.

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7. Case company SWOT analysis

Strengths	Weaknesses
• Coverage area- 99% of whole Russia; • National postal operator; • Automated sorting centre in St-Petersburg (there are only 4 in the country); • Large postal network and the development of this network; • Famous brand; • Administrative resource; • Low shipping cost; • Low rates; • Competitive rates and delivery times for shipping to small cities and remote regions; • COD service; • Hybrid technology;	• Product line - customized solution; • Competition between parcel and postal departments selling similar products; • The absence of 1 mile delivery service; • Weak IT systems; • Poor technical equipment and outdated equipment; • Slow new products development processes; • Low qualification of the staff of front offices; • Complex document flow; • Weak brand reputation; • Low customer-centricity focus; • Restrictions provided by law; • Imperfect work of the tariff calculator; • Weight limitation for 'Parcel online' and 'Courier online' products (not more than 5kg); • No tool for reading 2-d barcode; • COD form bar-code generation is unavailable; • Advance Payments to Suppliers; • COD can't be paid with debit/credit card; • No access for tracking COD payment for the shipper; • Returned parcels consolidation; • Limited capacity of ASC and post offices; • No weekend delivery;
Opportunities	**Threats**
• E-retailers looking for cheaper delivery; • E-commerce market development; • The growth of express delivery service points; • Product line optimization (1st class packet to be product offered by parcel business department) • Development of information systems; • Development of parcel lockers network; • Logistic optimization, reduction of delivery time; • Focus on matters of personnel policy; • New products development; • Direct interaction with e-retailers; • Cross-functional interaction between departments; • Market share growth; • New sorting technologies introduction due to parcel volume growth; • E-retailers' attention to growth of consumers in big and small cities • Using existing areas (logistic centres) for organizing warehouses and delivery points;	• Competitors expand their coverage area (delivery to less than 100k population cities); • Growth of competition in the segment (price wars); • Development of packstations network (customers switch to packstation delivery operators); • M&A of companies in a market; • Economic downturn; • Government enforcement (through restrictions); • High level of costs and proper pricing; • Rise of accounts receivable; • Development of e-payment systems (e-wallets); • The growth of competition due to drop of market growth rates; • Significant market share reduction in large cities (caused by the poor last mile and first mile delivery services in the context of mergers and acquisitions)

Based on the data obtained from the team discussions, it was possible to analyze the current situation of the case company. Cross functional cooperation between departments helped to study the subject from different angles. Representatives of postal, parcel, financial businesses, logistics and IT-departments contributed to the results achieved. The table above presents internal strengths and weaknesses of Russian Post business unit in e-commerce market of North-West region. In addition, it shows the external opportunities and threats for operating in a market.

Based on the results of discussions it has been found out that technology, customer service and product solutions are currently in testing stage. This is explained by the fact that Russian Post hasn't been focused on the e-commerce customers (B2C segment) before 2014-2015. Weak points also include insufficient resources for the development, slow processes and unattractive company image.

The strengths such us coverage area, low prices and famous brand give Russian Post a competitive edge.

Development and growth of e-commerce can possibly help combat the threats posed by economic changes. On the other hand, the unattractive image of company and weak technology solutions could make it very challenging to attract e-retailers and beat competition.

Furthermore, reforming of production process of company in general is the necessary requirement for successful functioning in a market. This assumes the change in management structure, reduction of costs, changes on logistics schemes, automation and development of new technologies.

8. Discussion

In this chapter the main points of the strategy recommendations for Russian Post are presented. The discussion utilizes the empirical information derived from Russian Post's databases, intranet and other available information. Several key factors for strategy process can be identified through the literature review and the case study of this thesis research.

Our purpose is to develop operations strategy recommendations aimed to perform operational management activities better than competitors. In the formulation stage, strategists define strategic options available to them, evaluate and choose one (Wit & Meyer 2010, 6). Specific options act as catalysts for the strategy formation practices. (Adamides, E. 2015, 267-287.) Four initiates developed by project team are considered and aimed to answer the research question 2.

8.1 Diversification as marketing strategy

The competitiveness of the company's delivery services is based on an extensive coverage area as well as a low delivery process. The project team has analysed the distribution of total amount of deliveries by destination and cost of delivery to the cities. It has been found out that 49% of all outbound parcels from St.-Petersburg are delivered to 2 tariff zone (600-2000 km), 31 % of parcels are delivered to 1 zone, and only 20% of parcels are delivered to 3, 4 and 5 tariff zones. (Figure 8.1)

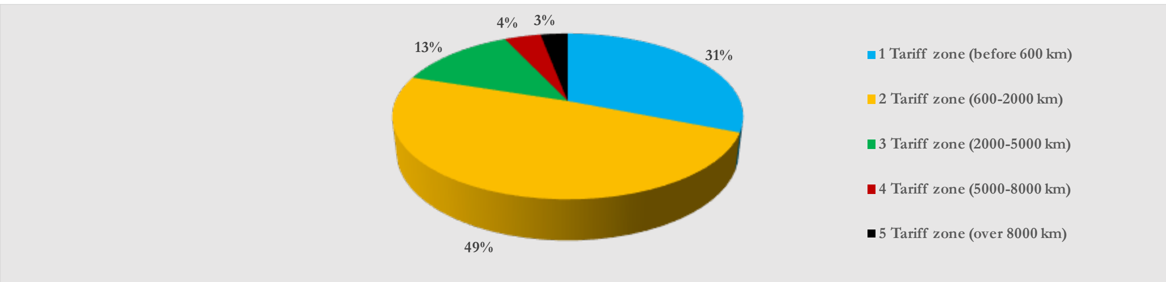

Figure 8.1 Distribution of total amount of deliveries by destination

The research showed that logistic operators offer delivery to limited number of destinations. In contrast, Russian Post has a presence in 99% of the country due to large network of postal offices. Blue points on a chart below illustrate the number of cities in different tariffs zones, relation of cost of delivery and distance in kilometres. Grey circles draws tariffs zones and the percent of total amount of parcels delivered to each of zones. It is also evident that cost of delivery increases according to the longer distance, however not proportionally.

It can be concluded that 'Parcel's online' and 'Courier's online' coverage area requires extension. By offering online shops delivery to remote regions (3,4 and 5 tariff zones) and applying pricing strategy (exponential growth of tariffs), the unit can reach the target growth.

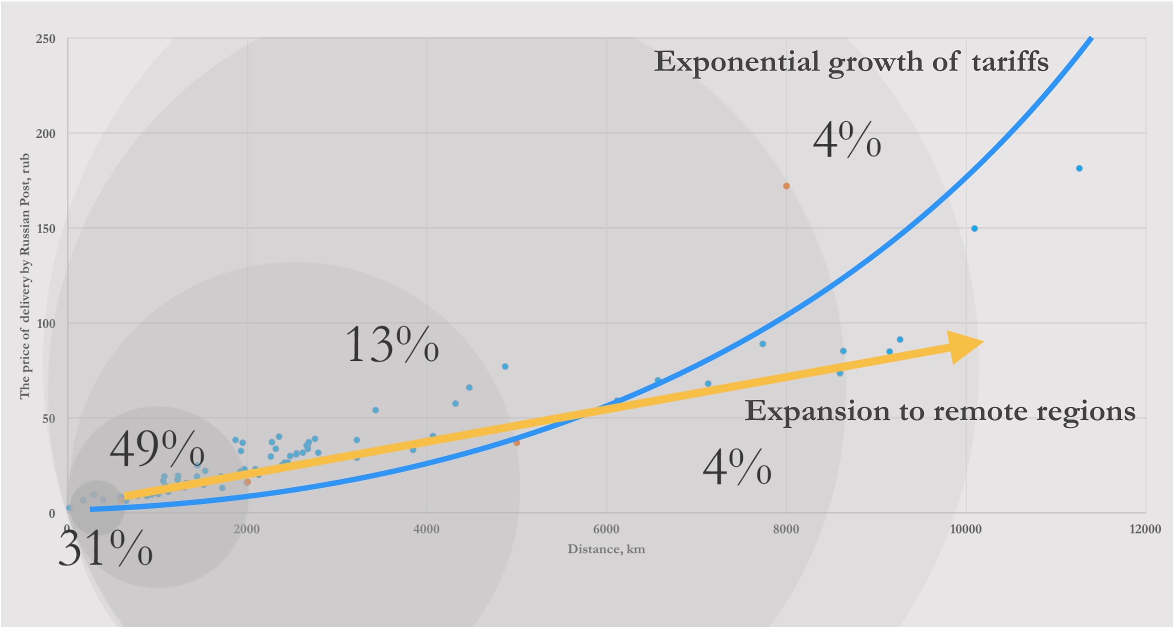

Figure 8.2 Relation of cost of delivery, distance and volume of deliveries

8.2 Customized product solution

As part of a successful product development strategy it is required to understand customer demands as well as to acquire knowledge in research and development area in order to assess the use of new processes that would be needed to pursue the strategy.

According to customer survey, flexibility and convenience of delivery processes are important factors when choosing delivery operator. As a solution for product development it is suggested to divide delivery destinations into tariff zones (tariffs are calculated for each zone) as shown in Table 16.

Table 16. Tariff matrix

Sender/ Receiver	Zone A	Zone B	Zone C
Zone A			
Zone B			
Zone C			

Moreover, it is essential to offer a range of services and delivery options that consumers and SMEs select based on their unique needs or circumstances. In this regard, consumer is able to choose preferred method of delivery either main road or adding extra services. Recognising that different customers have different needs, prices should be always tailored to the services provided. This means that a customer selecting a basic delivery option will be charged at a lower rate than a customer requesting to door delivery (Figure 8.3).

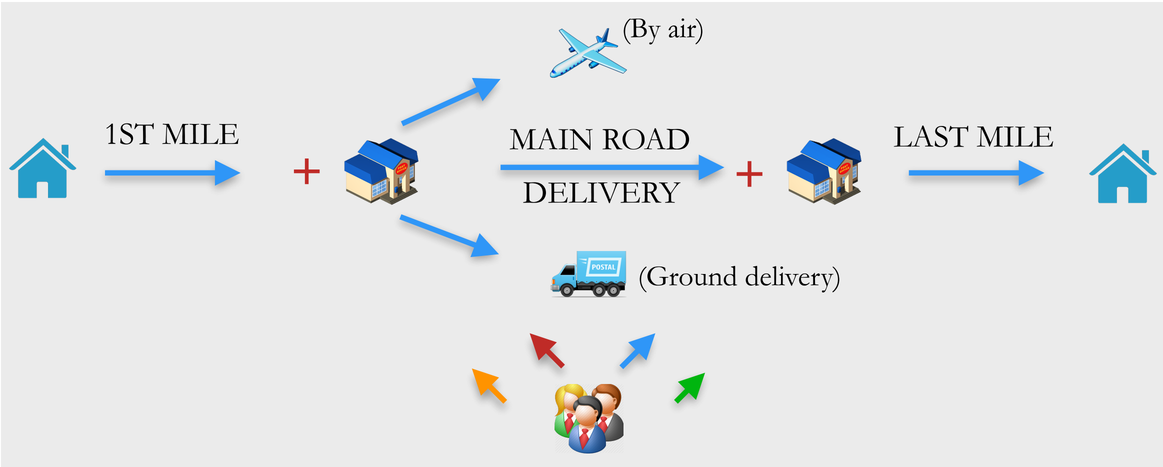

Figure 8.3 Product solution

8.3 Market penetration

More and more people all over the world are beginning to use the internet. The statistic (Figure 8.4) provides information on the number of internet users in Russia from 2015 to 2019 (Statista 2017). In 2015, Russia had 87.3 million internet users. This figure is projected to grow to 98.8 million online users in 2019, resulting 12% increase of internet penetration rate. The increase in internet penetration will affect the growth of e-commerce trade and consequently influence on natural growth of Russian post market share.

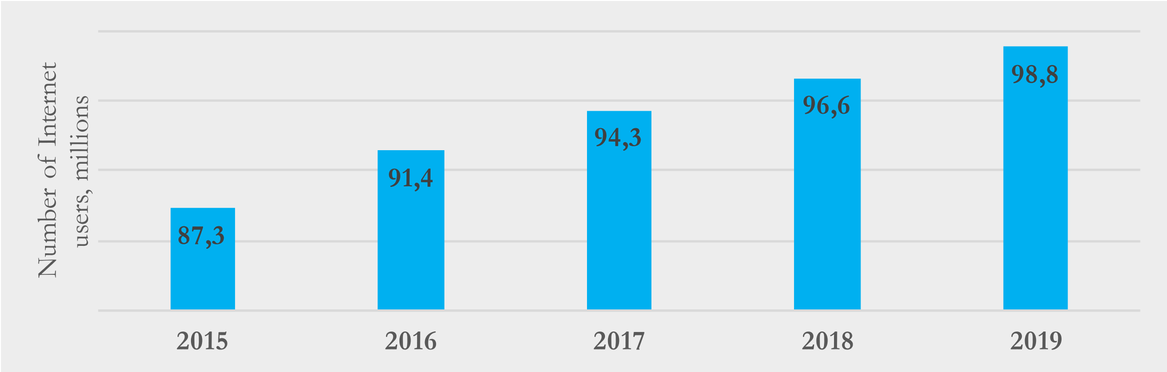

Figure 8.4 Number of internet users in Russia from 2015 to 2019 (in millions)

8.4 Cooperation with consolidators

Initially, with a number of barriers when dealing with the Russian Post (the complexity of concluding a contract, unclear packaging requirements, software requiring special skills and additional settings, first mile, advance payment system), a number of companies have emerged providing customers with easy access to Russian Post delivery service , so called consolidators. They offer:

- Simple contract for one day
- Sorting, pickup, and manifesting
- 1st mile and returning of goods
- Packaging according to the requirements of Russian Post
- Forming address labels and accompanying documents
- Discounted rates for COD

Advantages and disadvantages of cooperation with consolidators described in Table 17:

Table 17. Advantages and disadvantages of cooperation

Cooperation Advantages	Cooperation Disadvantages
Possibility to launch new products faster on the market.	Lack of control of a client in regard to the volume growth
Attract those customers who do not have the opportunity to overcome barriers to work with Russian Post (due to insufficient volumes of deliveries)	Uncontrolled growth of tariffs to the customer (e-retailer)

Cooperation Advantages	Cooperation Disadvantages
	Possible flow of deliveries to other companies (competitors)

To avoid possible risks of cooperation it has been suggested to introduce another form of agreement with consolidators. SLA (Service Level Agreement) would include:

- Collection of parcels from the customer within 24 hours;
- Departure from the automated sorting centre within 24 hours;
- Minimum amount of deliveries per month - 1000;
- Fixed cost of pre-shipment preparing - 19 rubles, cost of packing + pre-shipment preparing - 49 rubles.

9. Conclusions

This thesis concentrates on assessment of the state of play of Russian Post business unit on e-commerce market and reporting strategic suggestions and opportunities for improvement.

The guiding idea was to understand in depth the unit's market position, strategy, the needs, current practices and improvement possibilities. The ultimate goal is the successful implementation and execution of the strategy. The results of the thesis research project include current practices in the case organization. External and internal analysis lay down the foundation for understanding the company position in the market.

The study for this thesis was conducted as action research combining theory and practice. The researcher was working in the case organization. This thesis was aimed to identify companies position in a market and to develop possible strategy recommendations.

The research was conducted as a 5 month project started in April 2016; firstly team members were defined and agreed, afterwards scheduled and detailed research project plan was developed. Project team with the top management and business departments representatives had 5 sessions where they were concentrating on understanding the overall unit's position in a market and discussing its strategy. Actual desk research in the case organization was conducted during the whole project.

LIMITATIONS

For any scientific study, it is important to consider the reliability and validity of the research. Reliability deals with the repeatability and consistency of the research results and measurement. (Kananen, 2011, 66) Validity, in turn, is concerned with the extent to which the findings of a study reflect or assess what the researcher is attempting to research (Eriksson & Kovalainen 2008, 310).

The study relies on project team discussions, survey, internal documents, external secondary information and researcher's personal observations. The researcher has been working 7 month in case organization. It ensures that the researcher has an understanding of organizational behavior and processes.

In this study, validity was ensured by taking the following steps. Firstly, data collection instrument was based on multiple sources of evidence, company's internal documents, internal databases, discussions with project team, mentor and other employees, and finally researcher's personal observations. The researcher found that cross-functional cooperation in project team is very constructive. The project overall was an effective method for conducting the research. The challenge during the teamwork discussion was that important information may be lost if not recorded. The problem was solved by face-to-face discussions with team members.

A major source of unreliability is data provided by the internal systems of Russian Post. It was challenging to calculate actual amount of deliveries by product due to imperfect statistical systems and reports. Another source of unreliability is an amount of respondents surveyed. Unfortunately, we were unable to sufficiently investigate customer delivery preferences due to the fact that number of key customers is limited. Many e-retailers have chosen not to provide data due to aversion to sharing information that is highly commercially sensitive to them.

KEY FINDINGS

The main research question of the thesis is «What is the current state of play of North-West business Unit of Post of Russia?» The project team has found that e-commerce market share of Russian Post unit in North-West region is much lower than average NPO market share for delivery of B2C parcels and packets. SWOT analysis in chapter 5 was used to analyze the current state of Russian Post parcel business in North-West region. CEP segment shows potential for development due to fast growth of e-commerce. However, Russian Post doesn't meet the world service and delivery time standard due to weak technology, poor customer service and slow development processes. It can be concluded that strategies for achieving growth should be recommended to the case company.

Competitor analysis reveals 5 major competitors who are currently operating in Saint-Petersburg and North-West region. All of the competitors have similar products, customers, value added services and quite similar price range which creates a huge threat. Due to that reasons such companies as DHL and USPS were excluded from the research. Analysis found that CDEK and DPD offer more adequate product portfolio, tailored solutions and possess high level of IT-technology. Price and terms of delivery of Russian Post are highly competitive however coverage area for e-commerce products ('Parcel' and 'Courier online') is very limited, what makes significant barriers for the customers.

According to the data obtained, Russian post offers only 40% of the services to the customers. As an example, the scope of services provided by DHL stands at 80% and at 73,5% by DPD.

Overall, weak IT technology, lack of 1st mile delivery service and undeveloped last mile service, as well as absence of tailored solutions for the customers create serious threats for the company on fast-growing e-commerce market. A special attention must be paid to the need of IT development, unified information space and packstations network development.

RECOMMENDATION FOR THE FUTURE RESEARCH

The results of this thesis are applicable to the practice and the implementation is ongoing, however the development should not be stopped to these improvement initiatives.

Further study ideas would be to gain even deeper understanding of the company's position in e-commerce market, for example in cross border segment. Cross border e-commerce is one of the fastest growth opportunities in retail. The aim is to look in detail at the markets and products that offer the highest growth potential, the motivations and preferences of customers making international online purchases and the success factors for online retailers that wish to expand overseas. The recently conducted DHL report (2017) predicted that cross-border retail volumes will increase at an annual average rate of 25% between 2015 and 2020 (US$300bn to US$900bn) – twice the pace of domestic e-commerce growth. Online retailers are also boosting sales by 10-15% on average simply by extending their offering to international customers. The main challenges highlighted by consumers to cross-border purchases relate to logistics, trust, price and customer experience. Competing with global logistics partners which provide fast, reliable and flexible delivery options, it is essential to study Russian Post's position on cross border e-commerce market as well as to analyse and develop its strategy. Additional study suggestions are in depth research on last mile delivery solutions, e-commerce innovations, supply chain management.

MANAGERIAL IMPLICATIONS

This section is targeted to the managers of the case company, based on the findings of this study. The Managerial Implications (MI) include recommendations that should be considered when striving to achieve the company's growth targets.

MI - 1

According to the results of analysis, one of the major factors affecting firm's competitiveness is the technological level of the company. Robots, electric delivery vehicles – which will soon be autonomous – drones and last-mile delivery solutions, including smart locker boxes and supply chain partners are technologies that drives the industry. Advanced information systems and the utilization of technology are an integral part of efficient solutions. This means, for example, that the management of the entire logistics chain can be integrated with the customer's own information systems.

Russian Post's low market share is resulted by weak technological solutions provided to e-retailers. Competitors build competitive advantage through innovative, technology-based services. It is essential for the company to upgrade quality of service by developing technology systems that bring transparency to the processing system and delivery chain. The company must meet the challenge of creating an electronic interface through which it can reach consumers reliably and extensively.

MI-2

Effective product management. The findings of this study indicate that in order to be successful, an organization needs to continuously change and adapt to their customer's ever-changing needs and wants offering flexible customized solution. Requirements from posts include: tailor service portfolio for e- commerce and prices tailored to the services provided, adaptation of services to changing consumer behaviour, streamline processes, facilitating ease-of-use, integration in multi- channel shopping experience.

MI-3

There is a need for diversification of a marketing strategy. Based on the findings of this research, the competition in bigger cities is high, resulting low market share figures of the unit, at the same time remote regions of the country are not operated or partly operated by the competitors. In this regard, NPO is in a favourable position due to the unmatched geographical coverage. Offering e-commerce companies delivery to the 3,4,5 tariff zones and applying pricing strategy (exponential growth of tariffs), the unit can reach the target growth.

MI-4

Cooperation with consolidators would be recommended to the company. Small- to medium-level shippers can use consolidated shipping to get shipping discounts that they wouldn't otherwise qualify for. Shipping consolidators offer sorting, pickup, and manifesting — an efficient way to calculate, document, and pay for postage. Cooperation with consolidators under the terms of SLA will contribute to easier customer acquisition and target growth.

MI-5

An emerging trend is fulfilment outsourcing to third party logistics providers. These providers are highly specialized and efficient, and can optimize fulfilment costs based on economies of scale, thus saving money for companies. Posts could explore the opportunities for totally or partially managing clients' fulfilment process. (Universal Postal Union 2015). This innovation solution has been discussed and approved by representatives of logistics department of the unit.

MI-6

Cross-functional cooperation. E-commerce market research project was newly embedded practice at Russian Post business unit. Cross-functional teams included members from different areas of the business, which created a group of members with diverse educational backgrounds, skill sets and talents. The diversity of a cross-functional team gives it an advantage when evaluating a problem from all angles. The team managed to achieve success in the project. Working in teams provides opportunities for the organizational learning. Anyhow, substantial part of the learning process is the evaluation of the teamwork, according to Sessa and London (2006). Based on observations, the evaluation of the teamwork in the unit is not implemented. The teamwork practices should be studied and exploited further, paying specific attention to the feedback frequency and effectiveness.

The presented managerial implications were validated by the researcher's mentor. The mentor was working as a head of B2C sales department at Russian Post business unit, having over 10 years of managerial experience and over 3 years of project management. The managerial implications received critique in the way they were presented. Overall, the content of the proposals received good feedback and was generally approved.

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Appendices

Appendix 1. Availability of e-commerce services provided by operators

Services/Operator	Russian Post	SPSR	DPD	Pony Express	CDEK	IML
delivery to another country	+	+	+	+	+	
delivery from another country	+		+	+	+	
domestic delivery	+	+	+	+	+	+
delivery to a specific time		+	+	+	+	
delivery to a specific day						
delivery in the same day			+		+	
delivery during holidays and weekends		+	+	+	+	+
customs consultations and handling of EMS	+	+	+	+	+	+
delivery insurance	+	+	+	+	+	
eco-friendly delivery						
COD	+	+	+	+	+	+
parcel storage	+	+	+	+	+	+
cargo transportation and handling		+	+	+	+	
fragile parcels transportation	+	+	+	+	+	+
transportation of dangerous goods		+		+	+	
armed escort		+		+		
temperature regime		+	+	+	+	
hand-to-hand delivery	+	+	+	+	+	+
courier request	+	+	+	+	+	+
tracking by WAP	+	+	+	+	+	
advanced agreement of time of delivery		+	+		+	
receipt of parcel in the service department	+	+	+	+	+	+
payment by bank card to the courier		+		+		+
sms-informing	+	+	+	+	+	+
collection upon delivery			+	+		
fitting and validation		+	+	+	+	+
IT integration		+	+	+	+	+
Docflow	+	+	+	+	+	+
1 mile (on a continuous basis)		+	+	+	+	+
return of sender's documents	+	+	+	+	+	+
personal manager		+	+	+	+	+
free second delivery	+		+	+		+
receiving and processing using the barcode of online store		+	+	+	+	+
% of available services	**40 %**	**68 %**	**68 %**	**68 %**	**70 %**	**44 %**

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Appendix 2. Comparative price analysis

Terminal - Terminal

City	Product					
	«Parcel online» - Russian Post	«Zebra- online» - SPSR	«E-parcel» - DPD	«Express mail» - Pony Express	IML	«Posylka» - CDEK
	Price (rubles)					
St. Peterburg	99	136	139	298	111	110
Moscow	149	137	159	358	179	155
Nizhny Novgorod	149	197	159	489	204	165
Ekateriniburg	149	198	159	489	243	175
Kazan’	149	197	159	574	204	165
Samara	149	198	159	574	233	165
Chelyabinsk	149	198	159	489	243	175
Rostov-on-Don	149	198	159	489	233	165
Ufa	149	198	159	574	243	175
Perm’	149	198	159	489	243	175
Volgograd	149	198	159	489	233	165
Voronezh	149	197	159	387	204	165
Krasnodar	149	198	159	489	233	165
Tumen’	149	211	159	574	243	175
Izhevsk	149	197	159	387	204	165
Yaroslavl’	149	211	219	489		175
Kaliningrad	149	211	159	650	252	330
Omsk	189	542	159	489	243	175
Novosibirsk	389	542	219	650	252	330
Krasnoyarsk	239	542	219	650	301	330
Irkutsk	389	542	299	650	301	450
Vladivostok	389	542	299	650		450
Khabarovsk	389	542	299	650		450

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Appendix 3. Comparative price analysis

Terminal - Door

City	Product					
	«Courier online» - Russian Post	«Zebra-online» SPSR	«E-parcel» - DPD	«Express mail» - Pony Express	IML	«Posylka» - CDEK
	Price (rubles)					
St. Peterburg	149	254	229	298	257	235
Moscow	239	255	229	358	314	295
Nizhny Novgorod	199	315	229	489	343	305
Ekateriniburg	239	316	229	489	392	315
Kazan’	199	315	229	574	343	305
Samara	199	316	229	692		305
Chelyabinsk	239	316	229	574	392	315
Rostov-on-Don	199	316	229	489	383	305
Ufa	239	316	229	574		315
Perm’	239	316	229	489		315
Volgograd	199	316	229	489		305
Voronezh	199	315	229	387	343	305
Krasnodar	239	316	229	489		305
Tumen’	199	329	229	574		315
Izhevsk	199	315	229	387	343	305
Yaroslavl’	239	329	229	489		315
Kaliningrad	299	329	229	650		470
Omsk	299	660	299	650		470
Novosibirsk	239	660	229	489	392	315
Krasnoyarsk	399	660	299	650	470	470
Irkutsk	399	660	399	650	470	590
Vladivostok	479	660	399	650	634	590
Khabarovsk	479	660	399	650		590

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Appendix 4. Delivery time comparative analysis

City	Product						
	«Courier online» and «Parcel online» - Russian Post	1 st class packet - Russian Post	«Zebra-online» SPSR	«Posylka» - CDEK	«E-parcel» - DPD	«Express mail» - Pony Express	IML
	Delivery time (days)						
St. Peterburg	1	1	1	1	1	0	2
Moscow	2	4	4	2	1	1	2
Nizhny Novgorod	3	5	5	3	2	2	3
Ekateriniburg	3	3	8	2	4	2	5
Yaroslavl’	5	5	7	3	2	2	3
Kaliningrad	6	3	6	2	5	2	
Omsk	5	4	12	4	4	2	7
Novosibirsk	5	3	12	3	5	2	12
Khabarovsk	8	8	8	4	10	4	8
Vladivostok	9	5	15	4	9	4	
Krasnoyarsk	6	3	13	3	6	3	10
Rostov-on-Don	10	10	10	3	3	3	4
Tver'		3	7	3	2	2	3
Tula	4	4	7	3	2		
Tumen	6	4	10	3	4	3	7
Ufa	3	4	8	8	3	2	8
Chelyabinsk	8	8	8	3	4	3	6
Arkhangelsk	5	3	12	3	3	2	5
Astrahan	5	4	11	3	3		6
Barnaul	9	4	14	3	6	3	8
Belgorod		5	8	3	3		4
Volgograd	5	4	11	3	3	3	5
Voronezh	4	5	7	3	2	2	3
Izhevsk	5	4	8	4	3	3	5
Irkutsk							
Kazan'	3	4	8	3	3	2	4
Kemerovo	6	4	13	4	6	2	
Kirov	5	5	7	4	3		6
Krasnodar	5	3	10	3	3	2	5
Lipetsk	5	5	7	3	2	2	3
Makhachkala	6	5	9	5	4		
Perm'	4	4	10	10	3	3	10
Samara							
Tomsk	7	4	14	3	6	3	
Yakutsk		5		9	15		