Mergers in the Parcel Delivery Industry

Comparative Study of the Mergers between Medium-sized Nordic Parcel Couriers

Key Words: Mergers, Parcel Delivery Services, Integration, Synergies

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Abstract

This bachelor thesis provides a comprehensive analysis of mergers in the Nordic parcel delivery industry, focusing on the cases of Posten AB and Post Danmark A/S, and Instabox and Budbee. The study aims to compare the theoretical frameworks underpinning merger strategies with the empirical outcomes observed in the industry, evaluating whether the theoretical benefits, such as operational synergies and enhanced market reach, align with the real-world results post-merger.

Using qualitative research methods, including interviews with industry experts and analysis of company reports, the thesis investigates the successes and challenges experienced by merging companies in achieving their strategic objectives. The study addresses critical aspects of mergers, such as cultural and operational integration, impact on market structure, and the perceptions of various stakeholders involved in or affected by the mergers.

The findings reveal that while some theoretical benefits of mergers are realized, significant discrepancies often exist between expected and actual outcomes. Cultural clashes and integration complexities emerge as significant hurdles, often diluting the anticipated synergies and efficiencies. Additionally, the strategic outcomes of these mergers indicate mixed success in improving competitive positioning and market reach.

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Glossary

Branded House	a brand strategy in which all sub-brands are marketed under the unified name of the parent company.
Brick-and-Mortar	traditional physical stores and businesses where customers can visit and make transactions in person.
Courier	a company or employee of a company that transports commercial packages and documents.
Herfindahl-Hirschman Index	a measure of market concentration which is used to compare market competitiveness.
Last Mile Logistics	the final distance of the logistics chain between the distribution terminal and recipient.
Merger	the act of combining two companies into one single entity, where shareholders are allocated their negotiated share of the new entity.
Merchant	a business entity that engages in the sale of goods or services.
Parcel	an item with or without commercial value that has a minimum thickness of 20mm and weighs less than 31,5kg.
Parcel Delivery Service	the flow of small packages, or parcels, between people and organizations.
Parcel Courier	a company in charge of the distribution of parcels in smaller shipments.
Supply Chain	the catch-all term for the holistic distribution of goods between supply chain actors to end consumers. A complex inter-linked logistics network.
Third-Party Logistics	a provider that offers outsourced logistics services, which encompass anything that involves management of one or more facets of procurement and fulfillment activities.
4-firm Concentration Ratio	the combined market share of the four largest competitors in the industry.

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1. Introduction and Background

This chapter offers a background description and formulates the problem of the chosen subject for this study. It will also clarify the specific context selected, and conclude with the objectives, research questions, and delimitations.

1.1 Trends in the Parcel Delivery Industry

In 2020, the COVID-19 pandemic (WHO, n.d.) prompted a rapid increase in e-commerce sales (Statista, 2024) which saw online shopping become crucial in a world of closed brick-and-mortar stores. In an era characterized by globalization and heightened expectations from customers, parcel couriers had to adapt in order to survive the market dynamics. With a higher demand on parcel couriers, where customers prefer fast and convenient services (PwC, 2016), mergers are one option to withstand highly volatile and fast-changing industries (Hillier, 2020).

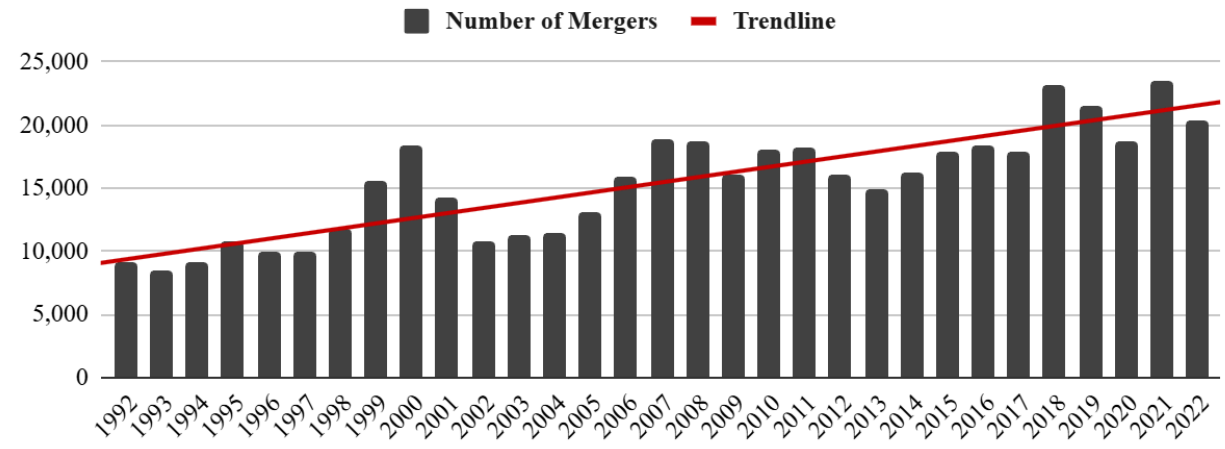

Figure 1.1.1. Trends in the number of mergers across all industries in Europe between 1992 and 2022 (Adopted from Data gathered by IMAA and redistributed by Statista, 2024)

Furthermore, as Figure 1.1.1 shows, mergers have become a frequent occurrence across all industries. In the logistics industry, this growth is driven by the attractive proposition of market expansion, cost savings, and innovation (PwC, 2016). Over the last decade, parcel couriers such as PostNord and Instabee have emerged from mergers. These strategic alliances, involving the joining of forces with competitors and partners, combine expertise, resources, and economies of scale (Hillier, 2020). This approach provides a compelling solution to the evolving market landscape, helping address industry challenges such as increasing competition, shifting consumer

trends, and last-mile delivery issues (PTS, 2024; PostNord & HUI research; Brown et al, 2014). In theory, mergers can optimize cost structures and aggregate knowledge, creating synergies and enhancing organizational performance and competitiveness.

However, the reality is more complex. The decision to pursue a merger is fraught with challenges such as cultural integration, operational synergies, and shareholder valuation. The merger of Instabox and Budbee in 2022, valued at 18.6bn SEK, starkly illustrates these challenges. Despite initial high expectations, the valuation dropped to 11.6bn SEK within two quarters, and further declined to 6.4bn SEK by the end of 2023 (Creades, 2024). Additionally, the market share for the newly formed Instabee did not see the anticipated increase (PTS, 2024), highlighting the intricate realities facing mergers in the courier industry. Angwin (2020) suggests that this overvaluation may stem from the overconfidence of leadership, possibly influenced by the prevailing positive market sentiment, leading to an unrealistic initial valuation that complicates the merger's success when the expected synergies and market advantages fail to materialize.

1.2 Problem Discussion

Mergers within the parcel delivery industry hold the promise of significant financial and operational benefits. One of the primary objectives of mergers in this sector is to enhance efficiency, streamline operations, and capitalize on synergies to improve overall performance (Hillier, 2020). By combining resources, companies can potentially reduce costs, increase market share, and expand their geographic reach. However, merging companies in the courier industry may face several difficulties. Derived from the historically complex logistical challenges involved in integrating different systems, networks, and operations. In general, merging companies may operate on different technology platforms, employ different processes, and have distinct organizational cultures, all of which can create friction and hinder smooth integration (Angwin, 2020).

Secondly, Angwin (2020) emphasizes that "cultural clashes," referring to conflicts arising from differences in organizational culture between merging entities, can significantly impede progress, underlining that each company has its unique ways of operation and values. The author notes that these differences, when not managed effectively, can lead to resistance, communication

breakdowns, and loss of productivity, echoing examples like AOL-Time Warner[1] and Daimler-Chrysler[2]. Furthermore, Angwin (2020) highlights the importance of actively managing these cultural differences for the success of the merger, pointing out strategies such as conducting cultural assessments, developing a cultural integration plan, ensuring broad organizational acceptance, and embracing a trial-and-error approach[3]. Concluding that by overlooking these aspects can lead to a failed integration, adversely affecting the combined entity's overall performance.

Building on Angwin's insights, this thesis primarily focuses on medium-sized parcel couriers in the Nordics because these couriers represent a unique and significant segment of the logistics market (PTS, 2024). Defined by their operations across multiple countries without reaching a global scale, medium-sized parcel couriers have a substantial regional presence, handling a significant volume of parcels while lacking the extensive global network of larger competitors like DHL or DB Schenker. The Nordic region—Sweden, Denmark, Norway, and Finland—is particularly suitable for this study due to its advanced technological infrastructure, characterized by sophisticated digital connectivity and a pervasive culture of innovation and technology adoption, which facilitates efficient delivery processes. During the period from 2017 until 2022, these countries consistently ranked as the most digitalised in the European Union, scoring highly across all categories measured in the EU's Digital Economy and Society Index (DESI)—including human capital, connectivity, integration of digital technology, and digital public services (European Commission, 2023). This highlights the region's robust digital environment, further supporting its status as a technological pioneer.

Furthermore, the modernized consumer behavior in the Nordics increasingly demands sophisticated delivery options (PostNord & HUI research, 2024). The similar cultures and consumer behaviors across these neighboring countries allow for a cohesive market environment, making it logical to include all four Nordic countries in this study. The Nordics emphasis on egalitarianism and conformity, as well as the shared value of symmetry and wholeness in

[1] The merger between the small and agile AOL was ultimately incompatible with Time Warner's large and slow-going management, leading to deacquisition sale well under the original purchasing price (Angwin, 2020).
[2] The merger of Daimler-Chrysler faltered due to cultural clashes between the German and American divisions, resulting in conflicts and subpar performance that ultimately led to a deacquisition sale (Angwin, 2020).
[3] An organizational strategy built on adaptability and flexibility in order to account for the unique and long process of integrating different corporate cultures in one merged entity.

consumption patterns, further solidifies this cohesion (Askegaard and Östberg, 2019). Additionally, the relatively low number of competitors in the region presents a fertile ground for market consolidation and expansion (PTS, 2024), offering a strategic advantage for medium-sized couriers. Companies like PostNord and Instabee exemplify these medium-sized couriers, operating across the Nordics and demonstrating the potential for growth and integration within this promising market.

Moreover, the threat of competition from large state-owned entities such as PostNord looms large over smaller private competitors such as Instabee. State-owned parcel couriers often have significant resources, established infrastructure, and regulatory advantages that can make it challenging for private entities to compete on a level playing field (OECD, 2016). Private parcel couriers like Instabee do not have such safety nets and must distinguish themselves from their advantaged competitors in order to compete. In this report however, both PostNord and Instabee will provide insights into the intricate process of uniting parcel delivery services from their respective market positions. This viewpoint stems from the merger of Posten AB with Post Danmark A/S (Regeringen, 2009) and Instabox with Budbee (Instabee, 2024), two subjects which are examined in greater detail in section 4.

As of writing the merger of Instabox and Budbee has led to weak performance (Creades, 2024), mirroring the stumbling progress experienced by PostNord following its own integration (PostNord, 2011). This similarity underscores the complexities and challenges inherent in merging courier services, where company culture, operational strategies, and market approaches can significantly differ (Angwin, 2020). Both instances highlight the crucial but often underestimated role of effective post-merger integration. Misalignments in corporate culture, inefficiencies in operational consolidation, and resistance from employees and customers alike can severely undermine the anticipated synergies and value creation from such mergers.

By examining the outcomes and strategies of Instabee Group and PostNord, the ambition is that valuable lessons can be gleaned. Potentially illuminating key factors contributing to post-merger performance in the courier industry, thereby enabling stakeholders to better navigate the intricacies of mergers. Understanding these dynamics is essential for uncovering the long-term value of mergers between couriers, emphasizing the need for a balanced approach that addresses both operational and cultural integration.

1.3 Objectives and Research Questions

The purpose of this thesis is to further develop an understanding on how medium-sized mergers within the parcel courier industry is best used as an expansion tool and to evaluate the challenges and difficulties that may be encountered. In accordance with the set objectives, this thesis addresses the following research questions:

RQ1. *What are the main benefits and challenges medium-size parcel couriers face during their merger process?*

RQ2. *How have parcel couriers adapted to the new merger expansion in the Nordics?*

Research Question 1 delves into the benefits and challenges faced by medium-sized couriers during their merger process. This includes analyzing the strategic advantages such as increased market reach and operational synergies, alongside significant hurdles like cultural integration and aligning technology across merging entities. Understanding these dynamics helps in assessing the internal and external factors influencing merger success and economic sustainability in the courier sector.

Research Question 2 shifts the focus geographically and contextually to how parcel couriers have specifically adapted to merger expansions in the Nordics. This inquiry expands on the first by considering regional characteristics like stringent environmental regulations and high digital adoption rates, examining how these factors influence post-merger integration strategies. It looks at how companies reconfigure operations, adopt new technologies, and manage cross-border cultural differences within the framework of Nordic business environments.

These questions collectively offer a comprehensive analysis of the strategic, operational, and regional changes that couriers must make during mergers, providing insights into the wider effects of consolidation trends in the Nordic courier industry. To achieve this analysis, a series of interviews with key stakeholders will be conducted to understand their views on the merger. Additionally, existing literature and previous research on mergers will be used to thoroughly examine the implications and outcomes of the merger.

1.4 Delimitations and Scope

This thesis focuses on the Nordic parcel delivery market, characterized by a few but significant parcel couriers, specifically PostNord, Instabee, DHL, DB Schenker and Bring (PTS, 2024). The

region is distinct for its competitive yet concentrated market structure, providing a unique setting to explore the strategic and operational impacts of mergers. The Nordics exhibit advanced technological infrastructure that influences both logistics operations and consumer expectations, pushing companies towards innovations that enhance service delivery (Fredholm, 2013; Vakulenko et al., 2018). This technological drive, coupled with a strong consumer adaptation to digital solutions, shapes the courier services industry (PostNord & HUI research, 2024; Berry et al, 2002), making the Nordics an ideal study context for understanding the dynamics of mergers in technologically advanced and consumer-centric markets.

Additionally, the recent surge in e-commerce (Statista, 2024), particularly accelerated by the COVID-19 pandemic between 2020 and 2023, has transformed parcel market conditions, allowing smaller courier firms to challenge the dominance of established players (PTS, 2024). This shift has led to increased merger activities as parcel couriers seek to leverage synergies to compete effectively. The thesis delimits its examination to medium-sized mergers within this regional context, focusing on how these mergers are performed to aggregate market share, capitalize on technological advancements and evolving consumer behaviors to secure competitive advantages. While the broader global implications of these mergers are beyond this study's scope, the insights offered are pertinent to similar markets undergoing rapid technological changes and market fragmentation due to the rise in e-commerce.

2. Literature Review and Theoretical Framework

This chapter will present an overview of previous research deemed appropriate to the subject at hand. Each of its five parts presents and explains mergers, the logistics of couriers, the history of e-commerce, failures in merging entities, and best-practice strategies for executing successful mergers.

2.1 E-commerce

E-commerce, encompassing the buying and selling of goods and services over the internet (Laudon & Traver, 2019), has transformed the landscape of retail and consumer behavior. This digital marketplace provides unparalleled convenience, enabling shoppers to browse and purchase products from the comfort of their homes, at any time (Lindh, 2020). Businesses benefit from a broader reach, tapping into a global customer base without the limitations of a physical storefront (Iveroth et al, 2018). Key components of e-commerce include secure online payment systems, efficient logistics for timely delivery, and advanced digital marketing strategies to attract and retain customers. As technology continues to evolve, making online shopping more intuitive and accessible, the e-commerce landscape is poised to offer even more personalized and engaging shopping experiences, driving growth and competition in this dynamic sector (Laudon & Traver, 2019).

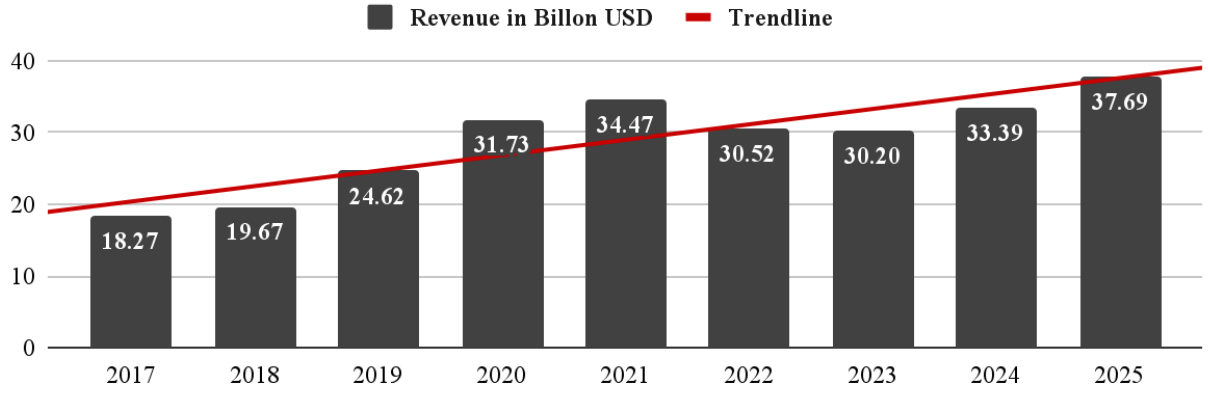

Figure 2.1.1. Showing the total revenue in USD generated in the Nordic B2C E-commerce market during 2019-2023, forecasts for 2024-2025 and extrapolation of EU data for 2017-2018. (Adopted from Statista, 2024)

Figure 2.1.1 illustrates this upward trend where business-to-consumer (B2C) e-commerce has been growing steadily (E-marketer, 2023), largely driven by the convenience, accessibility, and variety it offers to consumers (Berry et al, 2002). As digital platforms become more ingrained in

daily life, they not only serve as marketplaces but also as pivotal touchpoints between consumers and businesses, reshaping economic interactions and market structures (Iveroth et al, 2018).

Substantiating these claims, the European B2C e-commerce market generated a total revenue of $551.2bn at the height of the COVID-19 pandemic 2021, up from $358.38bn in 2019. Comparatively, the Nordic market generated $34.47bn in revenue in 2021, an increase of nearly 40 percent since pre-pandemic conditions in 2019 (Statista, 2024). However, as with many European countries during this time, a sharp decline in sales occurred during the period of 2022-2023. Reportedly a temporary effect of both the e-commerce surge ending and the Russian-Ukraine conflict affecting supply chains, which has led to negatively skewed consumer outlooks as prices increase (PostNord & HUI research, 2024). The Swedish e-commerce analyst also claims that beginning in 2024, the market will show similar growth to pre-pandemic conditions (PostNord & HUI research, 2024).

2.1.1 Effects on Parcel Delivery Services

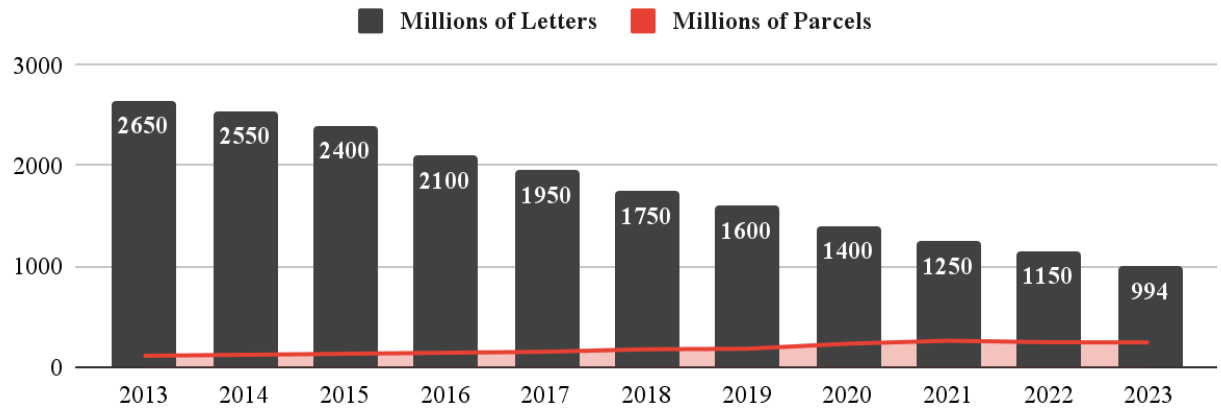

Figure 2.1.2. Using the PostNord group's distribution of parcel and letter to illustrate the shifting market mediums in an era of digitalization (Adapted from PostNord, 2024)

Mirroring the Nordic B2C trend, parcel delivery volumes have undergone significant growth over the years, reflecting a larger trend within the logistics and distribution industry (Statista, 2022). However, the same cannot be said for letters. In 2023, PostNord delivered a total of 243 million packages and 994 million letters and other shipments (PostNord, 2024), a staggering drop to nearly 37 percent of the total amount of letters delivered in 2013. During the same period, the amount of parcels delivered grew 220 percent. This data, shown in figure 2.1.2

indicates a continued trend where parcel volumes are increasing relative to letter volumes, even though there was a comparatively small (-2 percent) decrease in package volumes between 2022 and 2023 attributed to the market effects mentioned above. Nevertheless, this shift in the distribution between letters and packages can largely be attributed to digitalization, which has reduced the need for traditional letters, while e-commerce has driven the demand for package deliveries (PostNord, 2024).

2.1.2 Consumer Behavior

To grasp the full scope of e-commerce growth and the evolving preferences of consumers, it's crucial to explore the mindset of the E-commerce consumer. Berry et al, (2002) writes about the importance of consumer convenience when using an e-commerce platform. It reflects the amount of time and effort consumers believe they must invest to complete various phases of service interaction, from decision-making and accessing the service to the transaction process, receiving the core benefits, and managing post-service interactions. This perception significantly influences their satisfaction and loyalty, driving their choices and preferences in the marketplace. For businesses, understanding and optimizing perceived convenience can lead to enhanced customer satisfaction, retention, and competitive advantage. By carefully designing service characteristics and environments, and considering individual differences among consumers, companies can significantly improve how their services are perceived in terms of convenience (Berry et al, 2002).

Digitalization, the process of converting information and processes into digital formats, has significantly influenced consumer behavior (Iveroth et al, 2018). By enhancing the convenience, accessibility, and speed of services, digitalization has raised consumer expectations for seamless, personalized, and instant experiences. This shift has led to a greater reliance on e-commerce platforms, as consumers increasingly prefer the ease of online shopping over traditional in-store experiences. As a result, businesses are compelled to innovate continuously, adopting digital tools to meet these evolving demands and foster stronger customer relationships (Iveroth et al, 2018).

According to He et al. (2021) the COVID-19 pandemic has fundamentally reshaped consumer behaviors and severely disrupted the operations of brick-and-mortar (B&M) stores; there has

been a marked shift towards online purchasing. This shift not only represents a direct response to the constraints placed on physical retail by the pandemic but also underscores a broader, more strategic pivot towards digital commerce (Soto-Acosta, 2020). For B&M retailers, moving online has emerged not just as a contingency plan but as an economic imperative, offering a viable pathway to sustain operations, maintain customer engagement, and potentially capture new market segments (He et al, 2021; Soto-Acosta, 2020). Which in turn, will induce market demand for e-commerce and parcel delivery.

2.1.3 Consumer Behavior in Parcel Delivery

In 2023, the primary reasons for shopping online among Swedish consumers were largely driven by price sensitivity, convenience, and product availability (PostNord & HUI research, 2024). Studies from Berry et al. (2002) and Li et al. (2004) echoes the findings with the added factors of perceived benefit from the service. Notably, reliability emerged as the most critical factor, underscoring the importance of dependable and accurate delivery services (Li et al, 2004). Furthermore, economic conditions such as inflation and rising interest rates heightened consumer focus on finding cost-effective solutions, which online shopping could typically offer through wider product selections and competitive pricing (PostNord & HUI research, 2024). This economic climate pushed consumers to prioritize online platforms that provided the best value for money.

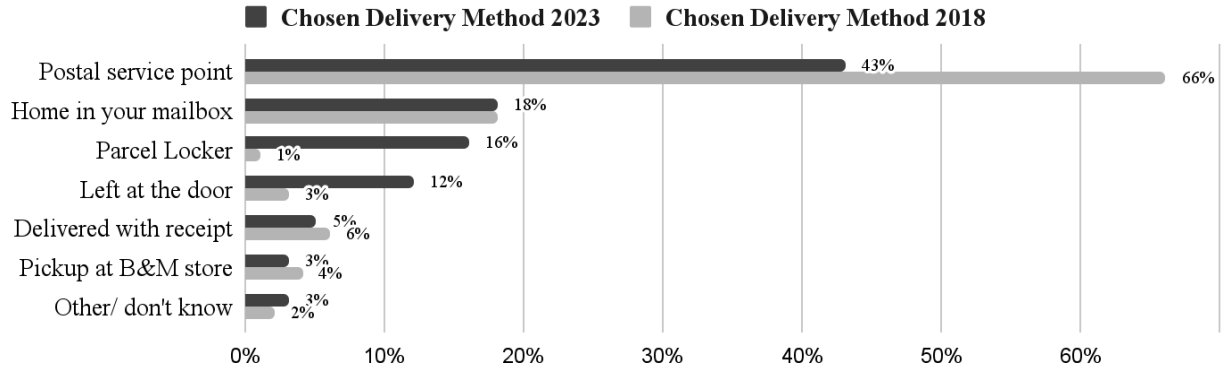

Figure 2.1.3. Showing the change in the distribution of package delivery methods for the Swedish E-commerce market between 2018 and 2023. (Adopted from PostNord & HUI research data, 2024)

As shown in Figure 2.1.3, data from PostNord & HUI research (2024) indicates a growing consumer preference for delivery options that minimize the distance and effort required to retrieve packages, while also enhancing individual autonomy. This trend highlights the

importance of convenience in the modern delivery ecosystem. Customers now prefer deliveries to autonomous self-service parcel lockers and home deliveries over postal service points (PostNord & HUI research, 2024; Berry et al., 2002). This shift aligns with the global trend where home delivery is generally preferred over postal service points. However, in Sweden, the use of parcel lockers has exceeded the global average, which was 5 percent in 2021 (IPC, 2022). Couriers that anticipate and adapt to these changes can capitalize on the growth of e-commerce.

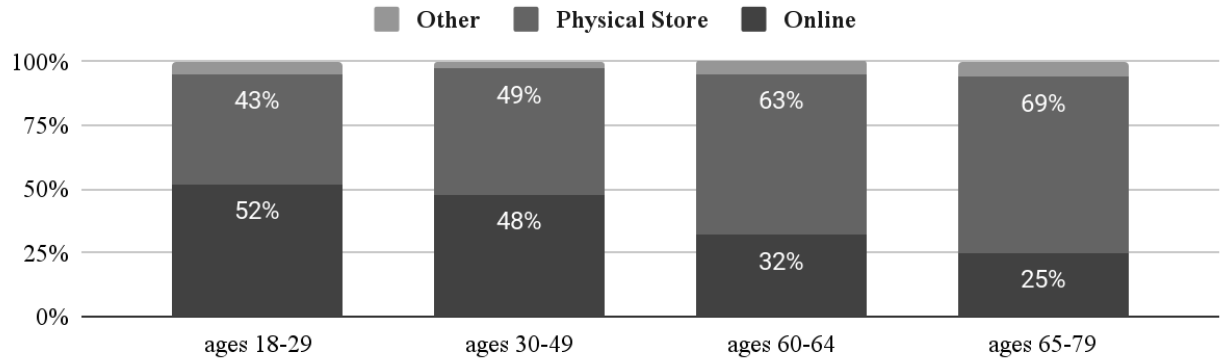

Figure 2.1.4. Answers from a survey on the percentage of time each age group spends shopping online versus in a physical store (Adopted from PostNord & HUI research data, 2024).

However, as seen in figure 2.1.4, this trend was not entirely uniform due to underlying variances in online shopping preferences among different age groups (PostNord & HUI Research, 2024). According to the report, consumers aged 18-49 tended to prefer online shops that offered quick deliveries and trendy items at lower prices. In contrast, consumers aged 60-79 showed a preference for established brands that also provide a reliable customer service experience (PostNord & HUI Research, 2024). This generational divide reflects broader trends in digital adoption and shopping habits, with younger users more comfortable with and motivated by the immediacy and affordability that e-commerce platforms can provide. Likewise, Lindh et al. (2020) highlights the impact of consumers' internet proficiency on their purchasing intent, paving the way for a future where enthusiastic e-commerce consumers dominate. As the current younger consumers age, their preferences will shape the future landscape of shopping behaviors, making online shopping increasingly prevalent (Boston Consulting Group, 2020; McKinsey & Company, 2020; PwC, 2021).

To capture the expanding market, parcel delivery services must adhere to consumer demands and leverage existing customer loyalty. By focusing on convenience, reliability, and competitive

pricing, these services can meet consumer expectations (PostNord & HUI research, 2024; Berry et al., 2002; Li et al., 2004). Such strategies not only improve the customer experience but also enhance the companies' competitive positioning in the digital marketplace. As consumer demand increasingly favors ease of access and immediacy (Statista, 2021; PostNord & HUI research, 2024), agile parcel couriers can benefit from the growth of e-commerce. This approach is not just a competitive strategy but a necessary evolution in a market defined by consumer convenience and the seamless integration of online purchasing with efficient, real-time delivery systems.

2.2 Logistics of Parcel Courier

As discussed in the previous chapter, the increasing demand for Parcel Delivery Services and the shift from letters to packages have necessitated changes in the logistics operations of parcel couriers (PostNord & HUI research, 2024). Consequently, understanding logistics is crucial as it involves the comprehensive processes and strategies for the efficient movement and positioning of inventory. Logistics fundamentally integrates the management of order processing, inventory, transportation, warehousing, and packaging within a network of facilities designed to optimize the flow of goods, services, and information (Bowersox et al., 2002). Logistics not only ensures timely and accurate product delivery but also focuses on lean operations, responsiveness, and financial acumen to secure a competitive edge in the global market (Fernie and Sparks, 2014).

In Europe, much of the courier logistics is handled by third-party logistics (3PL) providers (Manners-Bell, 2017). This outsourcing trend is largely due to the industry's slim profit margins, which necessitate specialization and economies of scale to remain competitive. Consequently, this environment favors larger companies, which can leverage their scale to minimize costs effectively (Carbone and Stone, 2005; Hillier, 2020). More specifically these costs include order processing, which involves the management and sorting of incoming and outgoing parcels; inventory costs associated with maintaining parcels in transit; packaging costs that cover the consolidation of smaller parcels for secure delivery; and transportation costs arising from the operation, staffing, and maintenance of delivery vehicles. Additionally, coordination among various departments introduces communication costs, vital for managing the flow of information about parcel volume, pricing, and movements (Manners-Bell, 2017).

Of the total transportation costs, 41 percent are attributed to the last mile of delivery (Capgemini, 2019). This segment of the supply chain is the most cost-intensive, reflecting the challenges of finalizing deliveries in urban areas, where traffic congestion and delivery route inefficiencies are prevalent (Esper et al, 2003). Consequently, the last mile also constitutes the largest part of the total emissions of the supply chain (Brown et al, 2014). Not to mention reverse logistics, the act of sending parcels back through the supply chain, which when in effect doubles the impact of the last mile (Bloomberg et al, 2002). This economic and operational landscape underscores the complexity and strategic importance of couriers in the broader context of European logistics and supply chain management. Where necessary measures include optimizing logistics, integrating advanced technologies, and adhering to stringent regulatory frameworks aimed at enhancing both economic and environmental sustainability (Holguín-Veras et al., 2020).

According to Abideen et al. (2023), the progression of logistics operators signifies a transition from traditional, function-based business models to integrated, collaborative supply chain frameworks that capitalize on strategic positioning and operational efficiencies to meet the evolving demands of consumers and businesses. According to Lindholm (2014) there has been an increase in Freight Quality Partnerships (FQPs). According to the research, FQPs serve as a crucial platform for diverse stakeholders, including local authorities, businesses, and community groups, to collaborate and address urban freight issues. The findings emphasize the importance of sustained engagement and active management within these partnerships to foster effective communication, facilitate the sharing of resources, and ensure the successful implementation of strategic initiatives aimed at improving urban freight efficiency. In this framework, parcels and distribution information are shared among senders, distributors, middlemen, and recipients. This shift reflects a move away from solitary, asset-dependent operations to a more interconnected and cooperative approach (PostNord, 2024; Abideen et al., 2023).

To combat the difficulties of customers' preferences, the varying size of parcels and difficulties with cost and sustainability, parcel delivery services have to innovate and adapt to meet these demands. Parcel lockers represent one such pivotal innovation in the realm of e-commerce, addressing the escalating demands of last mile delivery (Vakulenko et al., 2018). The parcel locker is not merely a functional tool but a critical response to the challenges posed by the booming e-commerce sector, which led to increased parcel volumes and customer expectations

for convenience and efficiency (PostNord and HUI research, 2024). As self-service tools, parcel lockers empower customers, giving them control over the collection and return of their purchases, which not only enhances customer satisfaction but also alleviates the logistical burden on service providers (Berry et al., 2002; Vakulenko et al., 2018). Dong et al (2023) show cost alleviation and increased effectiveness as two clear indicators on the use of parcel lockers in their case study on Oslo. The importance of understanding and integrating customer perceptions and values when implementing these systems, ensuring they truly meet the needs of the end-users. This insight is vital for optimizing the functionality of parcel lockers and ensuring they contribute positively to the modern e-commerce landscape (Brettmo et al., 2022).

2.3 Market Structure of the Parcel Delivery Industry

With an understanding of the E-commerce landscape, including customer behavior and logistics services, the market structure and competitive environment is a significant part to understand reasons for merging. Manners-Bell (2017) explains that the courier industry, from a domestic point of view, faces low margins and intense competition from numerous rivals. Manners-Bell (2017) then continues with the importance of volume in order to combat the high level of fixed costs necessary and become profitable. One factor to succeed with this is to reduce costs through achieving economies of scale (Hillier, 2020), hence, market power and market share emerge as pivotal determinants to be able to compete in the parcel delivery industry.

In the year 2021, approximately 883 million parcels were delivered to residents in the Nordics (Statista, 2022), with Sweden being the largest market followed by Denmark, Norway and Finland. Additionally, the PTS (Post- och TeleStyrelsen) (2023), an authority under the Swedish Ministry of Finance highlights the increased trend of parcel lockers and home delivery in the last couple of years in relation to postal agents. Furthermore, PTS (2023), explains that the competition in Sweden regarding last-mile delivery has a Herfindahl-Hirschman index (HHI) value of 21 percent, the HHI measures market concentration by summing the squares of the market shares of all firms within the industry. A percentage between 15 to 25 implies a moderate concentration of competition. The 4-firm concentration ratio (CR4) for the four biggest delivery companies of 2022 (PostNord, DHL, Schenker and Instabee) based on turnover is 74 percent, indicating there is an oligopolistic market.

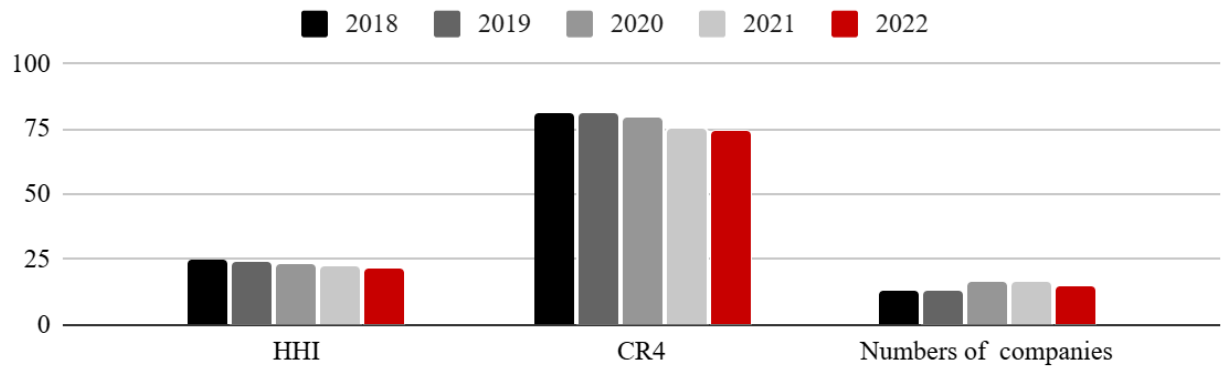

Figure 2.3.1. Total Market percent in Turnover between 2018-2022. (Adopted from PTS, 2024).

The statistics presented by PTS (2024) does however show that the market dominance by the four biggest delivery companies is on a downward trend illustrated in figure 2.3.1 implying that smaller companies could stand a greater chance of competing. However, volume remains crucial in the last-mile and parcel delivery industry. The dominant positions of PostNord as the leading competitor in both the Swedish and Danish markets by 2022 (PTS, 2024), and of Posten Bring as the top player in Norway (Starchenko, 2023), illustrate the significant presence of state-owned entities in these regions.

As of 2022, (PTS, 2024) the market is primarily dominated by a few major players, including global giants such as DHL and DB Shenker as well as emerging players like Instabee. According to industry reports, PostNord collectively holds the largest market share accounting for approximately 50-55 percent in terms of turnover of the Swedish market. This compared to 2019 where they had 60-65 percent of the market. DHL and DB Schenker have during 2019 - 2021 (PTS, 2024) competing for second place, accounting for approximately 10-15 percent each, differing slightly year to year but have lost their position to Instabee in 2022. Other global players such as UPS are still small, accounting only for 1-5 percent during 2022 in terms of turnover (PTS, 2024). For more detailed information and data regarding market share percentages and industry trends, refer to the appendix accompanying this report.

2.4 Mergers in the Parcel Delivery Industry

Mergers, a prominent aspect of corporate strategy and market dynamics, represent strategic maneuvers undertaken by companies to consolidate resources, expand market presence, and enhance competitiveness (Hillier, 2020). In essence, a merger occurs when two or more

companies join into a single entity. Mergers as a strategic maneuver holds the potential to redefine a corporation's market position in fiercely competitive industries (Gu, Shi, Wang, Xu, 2024). Nowhere is this more evident than in the last mile delivery industry in Sweden where 76 percent of the market in 2022 is dominated by the largest four companies (PTS, 2024) as stated in previous texts. Therefore, merging with another parcel courier could be a tool to quickly achieve a greater share of the market.

Yet, further research reveals the various types of mergers that differentiate one merger from the other. Feldman (2024) categorizes the four main ones depending on the relationship between the companies as well as the type of merger, horizontal, vertical, concentric and conglomerate as seen in figure 2.4.1. As this report aims to compare businesses equal in size joining forces, mergers as a definition is more relevant compared to acquisitions. Because of their similar traits and the limited nature of this paper, the term merger and acquisitions will be used interchangeably in the following chapter, whilst primarily focusing the text around the concept of mergers rather than acquisitions.

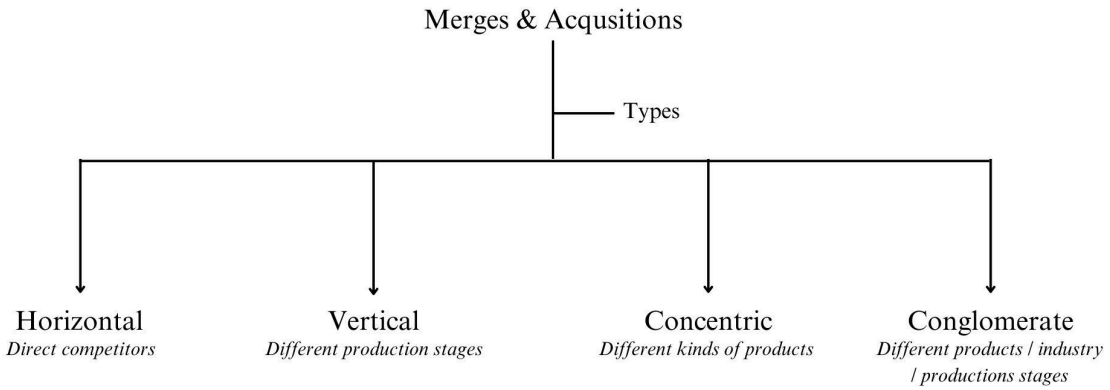

Figure 2.4.1. Four ways to categorize mergers & acquisitions (Adopted from Martic, 2023).

The first type presented is a *horizontal* merge where two businesses in direct competition and in the same stage of production join together. This merger is often due to increase efficiency and reduce competition by consolidating market shares (Luther, 2023). The merger of Instabox and Budbee is partly an example of a horizontal merger where both entities serve customers in the last-mile delivery of the courier industry, making it possible to combine resources and technology to improve their efficiency. Furthermore, a *vertical* merger occurs when a company joins together with another entity in the same supply chain but in a different position (Feldman, 2024). A vertical merger can be done both upstream and downstream in the supply chain and

often aims to gain more control over the quality of the production and to increase efficiency to reduce costs. A *concentric* merger is when companies selling different products to the same customers join forces to take advantage of shared customer bases, distribution channels and technologies. Lastly, Feldman (2024) mentions the *conglomerate* merger which occurs when entities from different industries merge to diversify risk.

To grasp the benefits of mergers, it's essential to explore the synergies that emerge as a result of such consolidations. Hillier (2020) explains that the rational reason for mergers is synergy and through this lens, mergers become a vehicle for value creation. Hillier (2020) proceeds with explaining four possible sources of where synergies come from. Revenue enhancement, cost reduction, decreased taxes and lower capital requirements, all of which must be intricately linked to the merger. Evidently, increasing revenue post-merger comes down to these factors. In horizontal mergers, firms might gain monopoly power, allowing them to raise prices and achieve operational efficiencies (Hillier, 2020). Additionally, eliminating inefficient management can further reduce costs and potentially increase the firm's value; as Hillier notes, managerial changes often result in better understanding and adaptation to market conditions and technological advancements. Kenton (2024) highlights the role of economies of scale in mergers, explaining how increased production levels can decrease the average cost of production, thereby boosting the revenue of the merged entity. Moreover, Hillier (2020) points out that tax benefits also serve as a compelling motive for mergers and acquisitions, with reductions achievable through various means such as utilizing tax losses, leveraging unused debt capacity for tax shields, employing surplus funds, and capitalizing on different tax rates across countries.

With technology making progress and increasing expectations from customers, companies need to be able to react and adapt quickly in order to survive (MilyTech, 2024). In 2009 Posten AB and Post Danmark A/S merged into PostNord owned 60 percent by the Swedish state and 40 percent by the Danish state (PostNord, 2009a). According to PostNord (2009), the merger was undertaken to enhance cross-border communication in an increasingly globalized world. The aim was also to be up to date with the rapid evolving digitalization, taking advantage of their joined resources and expertise. Manners-Bell (2017) argues that mergers have consistently played a role in the logistics industry, driven by globalization and the increase in international trade. Implying that many segments in the courier industry have low barriers to entry, creating higher

competition with lower margins which often lead to consolidation being an option for companies to adapt and survive. Indicating that more mergers will occur in the logistics industry due to the e-commerce boom (particularly in Europe) as well as a higher demand for IT solutions to handle the increasing volumes (Fredholm, 2013).

2.4.1 Understanding the Failure Rates and Challenges of Mergers

As mergers are often considered a powerful tool for companies seeking growth, synergies and to gain competitive advantage, the hope is to unlock new opportunities to create value. However, in reality this might not be the case. Despite the potential benefits, statistics show that mergers frequently encounter significant challenges and fail to create expected synergies (Angwin, 2020).

Bauer and Matzler (2014) argues that 40 - 60 percent of mergers and acquisitions fail to create value where some authors have cited a failure rate ranging from 70 percent to 90 percent when discussing the outcomes of mergers. Bauer and Matzler (2014) further elaborate that mergers pose significant challenges and entail high financial and operational risk. They frequently lead to a decrease in shareholder value due to the complex integration process required. Kiesel, Ries and Tielmann (2017) studied 826 samples worldwide of transactions between 1996 and 2015, 45 of these were CEP companies (couriers, express and parcel companies). The study was to determine short-term value as well as long-term value for shareholders post-merger. The short-term effects for CEP companies are minimal, but they experienced an average loss of -11.6 percent in 24 months following the transaction and -17.3 percent in the 36 months post-transaction. When comparing mergers and acquisitions for CEP companies in comparison with Rail, 3PL, sea freight or trucking companies, they perform worse.

One contributing factor to why mergers and acquisitions fail is because of the cultural misalignment when two firms become one. The differences in leadership, administration and organization practices makes it hard to generate value (Bijlsma-Frankema, 2001; Cartwright and Schoenberg, 2006; Lodorfos and Boateng, 2006; Nguyen and Kleiner, 2003 as cited in Bauer and Matzler, 2014). Furthermore Bauer and Matzler implied that the culture fit is essential for synergies to create value but highlights that it does not rely on similarities on culture but that differences can have a valuable impact but that it has to be a fit. (Cartwright and Cooper, 2001; Schraeder and Self, 2003; Teerikangas and Very, 2006 mentioned in Bauer and Mazler, 2014).

Angwin (2020) agrees with culture fit being a major cause of failure but does mention another analysis focused specifically on Nordic mergers (Teerikangas, 2012 as cited in Angwin, 2020) where they do not necessarily experience culture misfit because of pre-deal considerations such as the degree of involvement from managers as well as if the merger is experienced as an opportunity from both sides. Angwin (2020) continues that the phase of integration after the merger is finished concludes with high failure rates, not only because of the difficulty making reality of the intended synergies strategy but also because you ought to be careful not to harm and ruin both organizations competences and capabilities on the way. Furthermore, planning is crucial in completing a merger but Angwin (2020) highlights the difficulties of planning before closure because of negotiations and uncertainties that the deal might not come through. He then highlights the importance of post-merger planning and that lack of planning is a contributing factor of failure.

Navigating regulatory barriers and political challenges are often a formidable task for entities involved in mergers. These hurdles can arise due to various factors, including antitrust regulations, government intervention, and geopolitical considerations (Dounis, 2008). Cross-border mergers face additional regulatory challenges related to international trade laws, foreign investment regulations, and geopolitical tensions. Companies must navigate a complex web of regulatory frameworks across different jurisdictions, each with its own set of rules, procedures, and political sensitivities. Dounis (2008) further explains that a significant challenge in mergers is understanding regulatory barriers and addressing political interests and mitigating the impact on political disputes. Angwin (2020) suggests that political influences can significantly impact the outcome of a merger as exemplified by the merger between the Finish company Telia and the Norwegian entity Telenor in 1999. After the EU-commission approved the merge, it lasted only two months due to disagreements and various disputes (Berg, 1999).

Angwin (2020) highlights that speed of integration can significantly impact the success or failure of mergers. Rapid integration processes, driven by pressures to realize synergies and capture market opportunities quickly makes it more difficult for competitors to respond, however, studies also show that the relationship of speed is complex and that acting too fast may have a negative impact on mergers.

2.4.2 Successful Merger Strategies

Angwin (2020) elaborates that successful merger strategies are not merely about combining assets and operations but also involve navigating cultural integration, realizing economies of scale, and leveraging new capabilities to foster innovation and growth. The complexity of these processes makes understanding the key factors that drive successful mergers crucial for business leaders and strategists.

Carbone and Stone (2005) delves into the complexity of successful merger strategies within the European 3PL sector, studying several companies and their growth strategies. Emphasizing the integration of corporate cultures, operational practices and aligning strategic objectives. Angwin's study on successful mergers (2020) attempts to outline the strategies involved in these three aspects. Firstly, it involves assessing and bridging the gap between different organizational cultures through effective communication strategies, sensitivity training, and joint cultural workshops, aiming to foster a unified corporate culture that respects and integrates the strengths of both organizations. Operationally, it requires meticulous planning and alignment of business processes, IT systems, and workflows, with a focus on achieving synergies, efficiencies, and a seamless transition for employees and customers alike. Strategically, the integration process necessitates a clear vision and alignment of the merged entity's long-term goals, strategies, and market positioning, facilitated by joint strategic planning sessions and leadership alignment to ensure that both organizations move forward with a shared purpose and direction. Throughout this process, regular communication, transparent leadership, and stakeholder engagement are key to mitigating resistance, ensuring buy-in, and successfully integrating the cultural, operational, and strategic dimensions of the merging entities.

A successful merger requires careful planning and execution with particular emphasis on leadership and communications. Renneboog and Vansteenkiste (2019) argues that effective leadership is the cornerstone of a successful merger. The roles of the CEO, directors and the board are pivotal in driving the merger process forward and aligning the merging entities towards common goals. Strong connections and networks among stakeholders can facilitate smoother negotiations and integration processes. Renneboog and Vanstenkiste (2019) also emphasize the composition and characteristics of the board structure and that it significantly impacts merger outcomes. A diverse board with a range of expertise, including finance, legal and

industry-specific knowledge, can provide valuable insights and balanced decision-making. Additionally, a board that is adaptable and forward-thinking can better address the dynamic challenges that arise during a merger. Furthermore, Renneboog and Vanstekiste (2019) implies that clear and consistent communication is vital for the success of any merger which Angwin (2020) also highlights. Effective communication strategies help manage expectations, reduce uncertainty, and foster a culture of transparency and trust.

3. Methodology

The methodology chapter will explain, detail, and justify the methods selected for this study, including the rationale and process for sample selection. It will also discuss the philosophical approach to the interviews, the techniques used to analyze empirical data, and conclude with an evaluation of the study's trustworthiness. Ethical considerations will be embedded throughout the research process to ensure adherence to ethical research standards.

3.1 Type of Study

This study primarily focused on developing practices for mergers among courier services and provided a unique contribution to the systematic accumulation of knowledge presented by Mentzer and Kahn (1995). Given the complexity of this field, the study was adapted to qualitative research methods that attempted to explain the managerial decisions behind the mergers. Unlike quantitative analysis, which relies on numerical data and statistical methods to identify patterns, qualitative analysis focuses on understanding the underlying reasons, opinions, and motivations through non-numerical data such as interviews and observations (Patel and Davidson, 2019). However, to avoid losing scientific credibility, which Mentzer and Kahn (1995) argued is common, the study adhered to their proposed rules of theoretical rigor to ground this research (Mentzer and Kahn, 1995; Gammelgaard and Flint, 2012).

By implementing an inductive approach, specific observations or data were examined first. Patterns and regularities were then identified to formulate broader generalizations or theories. It moved from the specific to the general, allowing new insights or theories to emerge from the data. This approach was exploratory and flexible, often used to generate new hypotheses and understandings. Specifically, this was accomplished by observing the industry environment in the Nordics and gathering secondary data about the target companies, followed by conducting interviews to detect patterns. These interviews with select stakeholders based on their prior knowledge and expertise in the field were expected to provide insights into the operations of these companies.

3.2 Framework of the Study

The study was structured around a comprehensive three-part framework (Bryman & Bell, 2005) designed to assess and enhance courier services in the Nordic region. It started with delving into empirical studies to establish a baseline of existing research, providing a robust backdrop of prior work in the logistics and courier sectors. This retrospective analysis laid the foundation for the subsequent phase, which involved conducting qualitative interviews with industry experts to capture contemporary insights. The final stage involved a comparative analysis across various companies to identify and differentiate strategies and operational practices. This approach facilitated the synthesis of effective strategies tailored for Nordic couriers, contributing to improved industry standards.

3.3 Data Collection

To address the study's research questions, several methods, data sources and theories have been collected, evaluated, and analyzed. This multi-source approach, known as triangulation, helps to cross-verify results, reduce biases, and provide a more comprehensive understanding of the research problem (Saunders 2012; Collis and Hussey, 2014). The data collection process spanned from the 20th of March 2024 to the 22nd of May 2024.

In line with ethical research practices, the following principles were adhered to during data collection: All participants received clear and comprehensive information about the study's purpose, methodology, potential risks, and conditions. Consent was obtained verbally after participants were fully informed, ensuring voluntary participation. Protecting participant confidentiality was a priority; data was anonymized and securely stored to prevent unauthorized access. The data collected was used strictly for the research purposes outlined in the study's objectives, ensuring responsible and ethical handling of information (Patel and Davidson, 2019) . By integrating these ethical principles, the study maintained high standards of integrity and credibility.

3.3.1 Primary Data

The primary data in this study consisted of responses gathered from respondents. The interview structure was semi-structured, balancing journalistic flexibility with scientific inquiry (Saunders, 2012). Following Saunders (2012) guidelines for semi-structured interviews, the interview began

by outlining the scope of the study with the aim to adjust the mindset of the respondent and conform results. Secondly, the respondents were reminded of their anonymity and told of the academic nature of the study, which according to Saunders (2012) increased the likelihood of honest and rich answers. Before finally seeking the respondents' consent for the recording and transcribing of the interview, the interview proper was initiated.

The interview was conducted online through a roughly 45-minute video call, with the respondent not seeing the questions beforehand, thereby prompting spontaneity, depth, and engagement. Additionally, the questions were structured using the funnel technique, starting with broad, open-ended questions and progressing to more detailed inquiries. This technique encouraged respondents to provide comprehensive insights (Patel and Davidson, 2019). Following the inductive approach, these questions were formulated using the theoretical framework with a focus on merger literature and could be found in the appendix subsection A2.

Interviewee Referencing	**(P) PostNord**	**(I) Instabee**
(1) Board Members	P1A, P1B	I1
(2) Operations Managers	P2	-

Table 3.3.1. This study's proposed interviewee referencing system.

To strengthen the anonymity of the interviewees and ease readability, the respondents are referred to in this study by the first letter of their company followed by a number indicating their position: 1 for board members and 2 for operations managers, as illustrated in table 3.3.1.

3.3.2 Validity and Reliability of Primary Data

Hermon & Schwartz (2009) attributed challenges in validating qualitative research to aspects such as credibility, transferability, conformability, and dependability. Consequently, several measures were implemented to address these issues. The study involved four respondents, selected to enhance validity, introduce enough diversity for meaningful analysis, and meet the minimum number of respondents required for studies using semi-structured interviews (Saunders, 2012). These respondents were meticulously chosen based on their influence within their respective companies and their direct involvement in the merger being studied.

According to Saunders (2012), qualitative interviews could present several difficulties, including the potential for bias, inconsistency, and the complexity of data analysis. Interviewer and interviewee biases could affect responses, with factors such as leading questions or social desirability influencing outcomes. Ensuring consistency across interviews was challenging, as each conversation might diverge based on the dynamics and individual responses. Analyzing qualitative data was time-consuming and required careful interpretation to identify patterns and draw meaningful conclusions. To account for these challenges, semi-structured interview guides were used to maintain consistency while allowing for flexibility, and rigorous qualitative data analysis techniques such as coding[4] and pattern matching[5] are employed (Saunders, 2012).

Reflexivity, member checking, and data saturation are critical components in ensuring the credibility and reliability of qualitative research. Reflexivity involves the continuous process of self-examination by researchers to recognize and mitigate their own biases and preconceptions that could influence the research outcomes. By maintaining a reflexive approach, researchers enhance the transparency and objectivity of their study (Berger, 2015). Member checking, on the other hand, entails sharing interview transcripts and preliminary findings with the respondents for their review and feedback. This practice ensures that the participants' perspectives are accurately captured and interpreted, thereby bolstering the study's validity (Lincoln & Guba, 1985). Finally, data saturation refers to the point in data collection where no new themes or insights emerge from additional interviews. Achieving data saturation confirms that the data is comprehensive and adequately captures the diversity of experiences and viewpoints relevant to the study (Guest, Bunce, & Johnson, 2006).

Furthermore, interviews were conducted anonymously to foster authentic responses, which were essential for the integrity of the data (Patel and Davidson, 2019). The interview questions maintained a consistent base structure, with minor adjustments tailored to the role and company of each respondent to improve comparability across interviews. Saunders (2012) emphasized the importance of recognizing respondent bias in qualitative research, highlighting the need for meticulous structuring and interpretation of data to bolster the study's credibility. Additionally, questions were carefully phrased in a neutral manner to avoid bias and unintentionally provoking

[4] Coding is the process of organizing and categorizing qualitative data into meaningful segments (Saunders, 2012).
[5] Pattern matching is a method for identifying, analyzing, and reporting patterns within qualitative data (Saunders, 2012).

respondents. These measures collectively ensured a more reliable and insightful analysis of the qualitative data.

3.3.3 Secondary Data

Secondary data included previously collected data, such as case studies, research papers, financial reports from target companies, and public statements or strategies publicized by the company or its chief executive officer (CEO). This data's validity and reliability were critically assessed to ensure they supported the research findings (Saunders, 2012). Specifically, this involved examining publisher credibility, checking for aligned scope and feasibility, and considering the date for relevancy.

3.3.4 Validity and Reliability of Secondary Data

The validity and reliability of secondary data were scrutinized, assessing the credibility of the sources and the conditions under which the data was collected. This scrutiny ensured the data supported the legitimacy of the research findings. Primarily assessing the source by its track record, lack of biases, and usability. Similarly, reliability, which concerns the consistency of the data over time and across various studies, also required scrutiny. Ensuring that the secondary data was both valid and reliable was crucial, as it underpinned the legitimacy of the research findings (Saunders, 2012). Additionally, using public statements from a company or its CEO required particular sensitivity. These statements might be influenced by the company's public relations goals and may not always reflect the full reality. It was important to consider the context and intent behind these public communications and to cross-reference them with other data sources to ensure a balanced and accurate interpretation (Saunders 2012; Collis and Hussey, 2014).

In contrast to the respondents interviewed for this thesis, quotes gathered from public sources did not anonymize the names of spokespersons using the interviewee referencing system due to the public nature of their information.

3.4 Limitations

There were some minor setbacks due to secondary data being predominantly focused on larger international corporations, narrowing the scope of data applicable to medium-sized parcel

couriers. The target market's size limited the number of applicable case studies, potentially impacting the comprehensiveness of the analysis. Furthermore, the restrictiveness of private companies in disclosing data complicated data gathering, affecting the depth and breadth of insights derived from the research. These factors posed challenges to achieving a holistic understanding of the subject matter.

4. Empirical Results

This chapter presents data from financial reports, scientific articles, corporate web pages, and semi-structured interviews. The empirical data is organized by company and sorted by the corresponding stages in the merger process. The data is analyzed to illustrate managerial decisions and their outcomes, determining whether these decisions were made for synergy or integration.

4.1 The Merger of Posten AB and Post Danmark A/S

Posten AB, established in 1994, inherited the legacy of Postverket, which dates back to 1636 and marks the earliest beginnings of mail delivery services in Sweden. Known for its iconic yellow cars, Posten AB was the sole company providing mail services throughout the entire country, serving as a cornerstone of Sweden's communications infrastructure. Post Danmark A/S, founded in 1624, the equivalent of Postverket, running the mail services through Denmark. Post Danmark A/S, also state owned, played the same vital role in connecting communities and facilities through the country and underwent tremendous transformation adapting to technological progress and customer demand (PostNord, 2024).

In 2009, the agreement was signed and a decision was made to continue operating under a single name of Posten Norden (later rebranded to PostNord) moving forward. By opting for this branded house strategy, PostNord sought to project a clear and unified market presence, thereby facilitating consumer recognition and trust. Moreover, the adoption of a single brand name was intended to streamline internal processes and communications, fostering cohesion and alignment across various departments and functions within the organization. Ultimately, this strategic decision underscored the commitment to synergy, consistency, and competitiveness in the evolving marketplace. Following the completion of the agreements, PostNord was established with ownership divided between the Swedish state, holding 60 percent, and the Danish state, holding 40 percent. Voting rights within the company were equally distributed, with each state having 50 percent of the votes. The aim of the merger was to meet the increasing demands of the market and to better handle the challenges within the logistic industry (PostNord, 2009b).

4.1.1 Pre-merger Analysis

Before the merger, both Posten AB and Post Danmark A/S were continuously growing in turnover almost every year. (PostNord, 2009a). In 2008, prior to the merger there were approximately 31 postal companies in Sweden. Among these, Posten AB held near-monopoly with Bring Citymail as the only real competitor whereas Post Danmark A/S had approximately 99 percent of the letter distribution as well as 85 percent of the parcel segment in Denmark (Regeringen, 2009). Respondent P2 indicates that the planning for the merger commenced approximately 12 to 18 months prior to its actual occurrence and that there was only a select few aware it might be happening. In a joint press release (PostNord, 2008), Fritz H. Schur, the chairman of Post Danmark A/S at the time, conveyed that both companies were well organized and could achieve and offer even more competitive services with higher quality and precision if merged. However, P2 highlights the importance of PostNord operating under a universal service obligation, which mandates that every citizen in Sweden must have access to postal services, regardless of the cost.

Fritz H. Schur further conveyed that the merged company's ambition would be to enhance competitiveness beyond Sweden and Denmark. Moreover, he highlighted the potential benefits of the merger, including cost savings in administration, IT, sourcing, and other shared services, which amounted to approximately 1 billion SEK annually. Erik Olsson, the CEO of Posten AB at the time also highlights the rapidly changing market and that a merger is a way to meet new challenges as competition from international companies increases. (PostNord, 2008). According to respondent P2, the purpose of the merger was to achieve synergies and increase volume, as volume is essential in an industry with low margins.

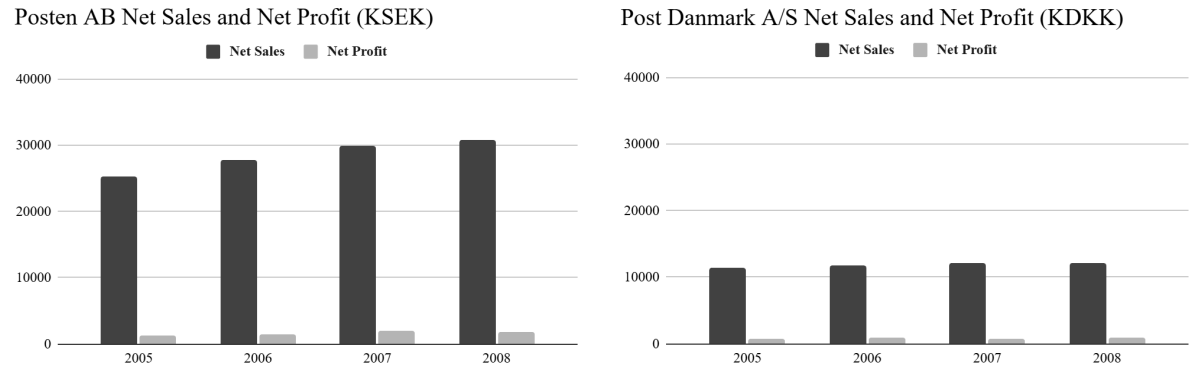

Figure 4.1.1. Posten AB and Post Danmark A/S growth of Net Sales prior to merger (Posten AB, 2009; Post Danmark, 2009)

As illustrated in figure 4.1.1, both Posten AB and Post Danmark A/S experienced a positive trend regarding growth in turnover during the period of 2005 - 2008. It is worth noting that Posten AB remained larger than Post Danmark A/S during this period, considering that 1DKK was approximately equal to 0.8SEK, reflecting the currency discrepancy (Forex, 2024).

4.1.2 Merger Process and Integration

Amidst the merger, Fritz H. Schur asserted that both companies were well-organized at the time (PostNord, 2008). However, respondent P2 contradicts this assertion saying that the structure of Post Danmark was poorly organized. P2 further explains the complexity of postal services, noting that each country uses different IT systems. For instance, Sweden had 128 different mail services, each with its own production processes and systems, making it difficult to realize synergy effects. P2 implies that effective leadership and management were crucial for success and suggests that this might have been a factor in the failure. The interviewee also emphasizes the challenges in achieving additional expected synergies, such as cost reductions in human resources (HR).

P1B argues that dividing ownership 60 - 40 percent between Sweden and Denmark while still keeping votes 50 - 50 was a mistake from Sweden's point of view. P2 suggests that political tensions and conflicts between the owners exacerbated the difficulty of realizing synergies, such as deciding whether Sweden should adapt to Denmark's systems or vice versa. P2 believes that this dilemma reflects the complexities inherent in merging two distinct entities, each with its own organizational structure processes and as P1A also highlights, cultural norms.

Lars G. Nordström, CEO of PostNord after the merger (PostNord, 2011), describes in the 2010 annual report that they reduced operational costs by 3 percent through higher efficiency in administration, distribution, and production, resulting in the layoff of 3,600 employees. P2 argues that the cost of laying off staff was incredibly expensive, especially in Denmark, where employees had to be paid three years' salary. Despite this, Lars G. Nordström believes they succeeded with the merger process and integration due to a united management team functioning better than usual compared to other mergers.

4.1.3 Outcome and Performance

Lars G. Nordström describes the consolidation as a successful Nordic merger, stating that they effectively addressed the challenges encountered (PostNord, 2011). He emphasizes the importance of quickly adapting to the larger firm and implementing the merger strategy. However, financial reports, as shown in figure 4.1.2, reveal a negative trend in net sales and profit since the merger. By 2022, turnover remains lower than it was at the time of the merger, despite the strong positive trend in e-commerce discussed in chapter 2.1.

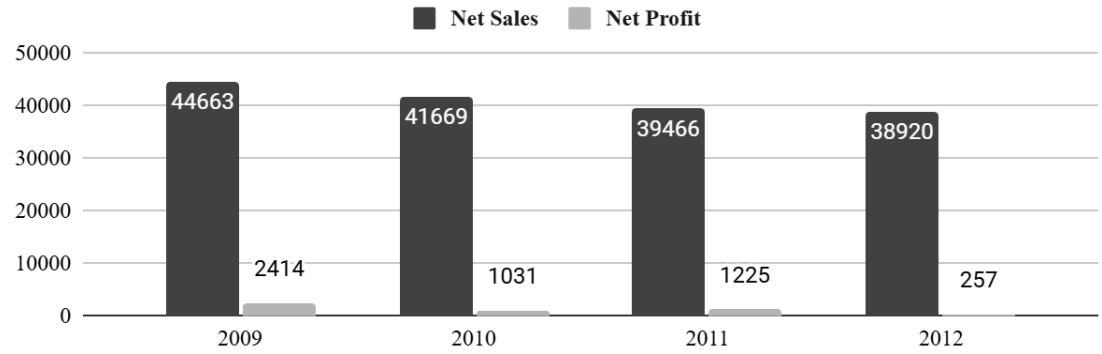

Figure 4.1.2. Merged entity PostNord growth of Net Sales (PostNord AB, 2009-2012)

A decade later, during the annual report year 2022, PostNord Sweden had the only positive operating margin at 3.6 percent when compared to its neighboring sister companies who all operated in negative margins during the last two years (PostNord, 2023). During the pandemic parcel boom of 2020 to 2021 the pattern shifted slightly positive for most but still heavily emphasizes the overall corporations reliance on the Swedish market to support the multinational operations (PostNord, 2021). This was corroborated with interview subject P2, who recognized this pattern since the merger of the companies. P2 describes the merger as a disaster and believes Sweden and the Nordic would be better off not to go through with it. The respondent does

believe that there might have been good theoretical reasons to complete the merger but thinks that the management and leadership poorly executed it and that there could have been alternative ways for Posten AB to continue in 2009 alone. Finally, both P1A and P2 express concerns about the future of PostNord. They highlight that the merger seemed more advantageous for the Danish side, as Sweden had been developing its infrastructure using its own profits, while Denmark continued to incur losses. This disparity in financial stability and infrastructural development raises questions about the long-term sustainability and strategic direction of PostNord implying that there might have been a hidden agenda of the merger, where Danish operational development is prioritized above Swedish operations.

4.2 The Merger of Instabox and Budbee

Established in 2015, Instabox is renowned for its innovative red parcel lockers, while Budbee, established in 2016, specializes in sustainable last-mile delivery. The concentric merger of these two companies in September 2022 was driven by the goal of leveraging their individual strengths and combined resources to further expand their operations (Instabee, 2024). The merger of Instabox and Budbee, henceforth named Instabee, resulted in the pooling of operational assets, know-how and the backing of an array of investors including Kinnevik, Creades, Verdane, EQT, H&M and more (Verdane, 2022).

4.2.1 Pre-merger Analysis

According to respondent I1, merger talks initiated roughly one year in advance of the merger being announced. Mostly due to a long-term competition between the two companies which spurred on growth. Leading to a mirroring of expansion and acquisitions in neighboring countries and establishing similar parcel locker systems. Notably some of these expansions, namely the Dutch acquisition Red je Pakketje and a berlin-based endeavor were quickly sunsetted after the merger. Nonetheless, Budbee founder Fredrik Hamilton publicly stated the merger to be a long-term goal fueled by the ambition of having a substantial stake in the parcel delivery industry (Instabee, 2022). During the pre-merger negotiations, discussions primarily circulated around the valuation, stakeholder shares and distribution of voting power for the two merging entities. Additionally, no preparation of integration strategies or communications were

made before the merger took effect. Reportedly due the sensitivity of the merger, the vital “pre-communication” of integration did not take place until the merger was fully signed off.

Based on the third quarterly reports from investors issued before the announcement in 2022, Budbee was valued at 7.3bn SEK (Kinnevik, 2022) and instabox slightly higher at 8.9bn SEK (Creades, 2022).

4.2.2 Merger Process and Integration

When the merger was announced, Instabee had a valuation of 18.6bn SEK. However, two quarters later, the valuation dropped to 11.6bn SEK, and after a year, it was estimated at 6.4bn SEK, with a reported loss of 464mn SEK in the first year of operation. Respondent I1 admitted that the initial valuation was inflated due to the e-commerce surge driven by the pandemic (Creades, 2024).

Operationally however, investors report a focus on integrating personnel and systems as well as allocating human and asset resources effectively. Whilst simultaneously growing their network of delivery trucks, parcel-lockers and distribution locations. Respondent I1 comments on the success of merging market share and competitive cost-cutting it would allow. Enabling the consolidation of warehouses, vehicle fleets, personnel and parcel lockers to effectively streamline costs and share assets when possible to expand reach. Although I1 also reports the difficulties in executing the consolidation of assets, mentioning different consumer interfaces and parcel dimension allowance as examples of unexpected hurdles that managers have had to workaround in order to effectively consolidate.

In addition to a self-operated logistics network, the utilization of a third-party logistics network has been a key agile growth tool for the company. Fredrik Hamilton discusses how leveraging 3PLs allowed the company to rapidly expand its operational range and handle increased volumes without the need for massive capital investments into a logistics fleet. By relying on contracts with 3PL providers, Budbee could maintain flexibility and scalability in its operations. This strategy included applying Budbee logos to 3PL trucks, effectively strengthening brand image and consumer trust. The use of 3PLs enabled the company to meet growing demand efficiently while maintaining a consistent and recognizable brand presence in the market (Framtidens E-Handel, 2022).

Similarly, respondent I1 speaks of a carefulness in merging the two brands, preferring to utilize the separate brand images fully before completely integrating them. By waiting for the opportune moment to merge, ideally when operational assets are consolidated under one brand, staff culture is aligned, and consumers are aware of the new brand, the company aims to minimize the risk of losing brand image. Additionally, I1 notes an unforeseen benefit in the prolonged usage of the respective brands. By listing Instabox parcel lockers, Instabox home delivery, Budbee parcel lockers, and Budbee home delivery, the company occupies four possible slots for consumers' delivery choices, effectively increasing the presence of their brands in the decision-making process. However, this dual-brand approach has not yet realized cost synergies, as most of the marketing budget is directed towards merchants rather than consumers, who prioritize efficiency and low costs. While the dual-brand strategy has been beneficial for market penetration and consumer choice, it has not led to reduced operational costs or increased profitability, as the savings are being reinvested into further operational developments and marketing towards merchants.

The pre-merger operational frameworks of the companies—Instabox's centralized structure in Stockholm and Budbee's regional[6] control—necessitated a strategic reorganization. This restructure facilitated the elimination of redundant roles, particularly in HR, finance, and marketing departments, enabling significant cost reductions. Despite the challenges posed by investors' vested interests and the potential biases toward sunk costs, the distribution of managerial roles was judiciously based on the merits of individual experience and competency. This approach helped in minimizing resistance to change and fostering a culture based on skill and performance rather than legacy positions from the former separate entities.

Following the merger, various organizational and staff changes emerged, reflecting the integration complexities of combining two differently structured entities. Initially, minor interpersonal tensions surfaced, epitomized by respondent I1's metaphorical reference to the two merging companies as 'red' and 'green' respectively. However, these differences were quickly addressed and resolved, indicating effective communication and conflict resolution strategies at play, largely due to the leadership's understanding of culture and individual motivations.

[6] According to I1, the organizational structure of Budbee was regional in the sense that each local warehouse had a large degree of independent control in their day-to-day management.

Accordingly, Instabox founder Alexis Priftis spoke in a public interview in 2022 about the realization of using culture as an organizational tool and how a culture of accepting change has strengthened the company to weather any storm (Edastra, 2022). This proactive approach to fostering a positive work environment has been pivotal. A good culture, he notes, permeates through the actions of existing staff and is naturally picked up by new hires, creating a cohesive and resilient workforce. Respondent I1 also remarks on how they were absolutely prepared for some natural psychological clashes between competing co-workers, which occurred early on. These were settled through individual and group meetings, ensuring that any friction was promptly addressed. As the board became fully established, operational managers were chosen based on expertise, aligning the overall organizational structure with the company's goals. This strategic alignment not only resolved initial tensions but also set a strong foundation for future growth and collaboration.

The appointment of Alexis Priftis as CEO of Instabee, replacing Fredrik Hamilton in 2023, marks a strategic shift aimed at continuing the company's momentum in the last-mile delivery sector (Instabee, 2023). Fredrik Hamilton, the founder of Budbee, initially led Instabee through a critical period of growth and integration following the merger of Instabox and Budbee in November 2022. His efforts were instrumental in unifying the organization and focusing on profitability (Verdane, 2022). Now, as Hamilton steps back to take on the role of a regular board member, Alexis Priftis, the founder of Instabox, steps in as CEO. Priftis brings his own vision and leadership style, which is expected to further enhance Instabee's market position. This transition aims to leverage the combined technological and operational strengths of Instabox and Budbee, promoting significant efficiencies and sustainability improvements. The leadership change aligns with Instabee's strategic goals, promising robust growth and the continued transformation of e-commerce logistics, challenging both traditional and emerging competitors in the space.

4.2.3 Outcome and Performance

As mentioned above, Instabee has encountered notable challenges in its expansion efforts as it strives to fully realize the merger. The consolidation process has been somewhat fraught, grappling with the integration of distinct corporate cultures and operational systems, which initially led to delays in streamlining the organization. These hurdles are primarily due to the

need to address redundancies and merge different management styles and regional controls, which has slowed the pace at which the new entity can operate efficiently across the board.

Despite these initial setbacks, Instabee remains optimistic about achieving its strategic objectives by 2024. The company's leadership is focused on resolving these integration issues promptly, recognizing that a fully consolidated operation is crucial for taking on established parcel couriers in the Nordic market. Their goal to expand into neighboring regions hinges on the successful amalgamation of the two companies' resources, expertise, and cultures. Once these internal barriers are dismantled, Instabee is poised to enhance its competitive edge and pursue its ambitious growth plans.

At the peak of valuation in 2022, Instabee held between 15-20 percent of the Swedish B2C market volume of parcel deliveries (PTS, 2024). Data has not yet been published for 2023 but an estimate would be somewhere between the aggregated B2C volume of the two companies prior to merger in 2020 and its peak performance in 2022. Given that 2020 Budbee garnered 1-5 percent B2C market share and Instabox 5-10 percent B2C market share (PTS, 2024) would mean that Instabee 2023 would most likely lie around 6 percent to 15 percent. Arguably an increase in market share compared to their individual shares before the e-commerce boom.

5. Discussion

This chapter compares and contrasts the main findings from the empirical results gathered by the interviews to the literature framework in order to identify which strategies were implemented, whether they had a desired effect and help answer this study's proposed research questions.

The thesis aimed to bridge the gap between the theoretical frameworks surrounding mergers in the parcel delivery industry and the empirical outcomes observed post-merger. As evidenced by PostNord and HUI research (2024), the rise of e-commerce and rapid advancements in digital technology have significantly transformed the logistics and postal industries. Over the past decade, consumer behavior has shifted towards online shopping, leading to an unprecedented increase in parcel volumes. This surge has created both opportunities and challenges, necessitating adaptations to their operations, service models and motivates the prevalence of merging.

Theoretically, mergers are expected to generate synergies, enhance operational efficiencies, and improve market reach (Hillier, 2020). However, the empirical analysis, particularly of the mergers of Posten AB and Post Danmark A/S, and Instabox and Budbee, provides a nuanced view. The mergers that PostNord and Instabee underwent respectively were driven by the need to consolidate resources, improve efficiency, and better compete in an evolving market. For PostNord, the merger aimed to create a stronger entity capable of competing with other European logistics giants by combining the strengths of Posten AB and Post Danmark A/S. Similarly, Instabox and Budbee sought to leverage the combined capabilities to enhance market share and customer service.

When Instabee was formed from the merger of Budbee and Instabox, the decision to maintain the distinct brands of these two companies had several implications for the merger outcome. By preserving the separate identities of Budbee and Instabox, Instabee was able to retain the strong market recognition and customer loyalty that each brand had cultivated individually. This allowed Instabee to capitalize on the established reputations of Budbee and Instabox, leveraging their brand equity to gain a competitive edge in the market. As a result, the merger of Budbee and Instabox into Instabee was perceived positively by customers, who continued to associate

Budbee and Instabox with their respective brand values and offerings. In contrast, the merger of Posten AB and Post Danmark A/S resulted in the creation of a unified brand, PostNord. This rebranding aimed to present a cohesive identity and streamline operations under a single, strong brand. The companies sought to eliminate any confusion in the market and create a clear, unified presence across the Nordic. A unified brand strategy, or "branded house" approach can enhance operational efficiency and reinforce a single market identity. This strategy is beneficial when the goal is to create a strong, singular presence in the market and when the merged entities serve similar customer bases. Hillier (2020) supports this by highlighting that a unified brand can simplify marketing efforts, reduce costs, and strengthen brand recognition in a competitive landscape.

Logistics-wise, mergers are expected to streamline processes and enhance efficiency. However, the empirical results revealed that this was one of the most challenging areas. For Instabox and Budbee, integrating logistics networks and IT systems proved problematic, leading to operational inefficiencies and significant integration challenges. Specifically, the hurdles in harmonizing different consumer interfaces and parcel dimensions complicated the consolidation of assets. PostNord faced similar issues with system integration, particularly during a time when digital systems were newly implemented in sorting facilities. This implementation led to negative public perception and caused little to no change in the perceived problem. These practical challenges highlight the gap between the theoretical efficiencies expected from merger logistics and the complex, often turbulent reality of integrating distinct operational frameworks. This underscores the importance of meticulous planning and execution in the operational integration phase. Effective pre-planning could alleviate future headaches by evaluating whether different systems are compatible and identifying necessary adjustments, which might otherwise slow down the realization of synergies.

Furthermore, Hillier's (2020) proposed advantages such as cost synergies and enhanced competitive positioning were only partially realized in the cases studied. For example, the merger of Posten AB and Post Danmark A/S projected significant cost synergies from unified operations. In practice, the integration complexities, particularly in consolidating IT systems and corporate cultures, diluted these benefits. Similarly, the Instabox and Budbee merger aimed to expand market reach and streamline operations but faced valuation declines and integration

hurdles that impacted its initial success. Both mergers were theoretically positioned to reshape market dynamics by reducing competition and increasing market shares. However, empirical findings suggest a more complex impact. The Posten AB and Post Danmark A/S merger did not significantly alter the competitive landscape in the Nordic region as anticipated. In contrast, the Instabox and Budbee merger initially increased the combined entity's market presence but struggled to sustain it due to decreasing market demand. Evidenced by the data found in appendix A1, where the joint market share in volume decreased from an upper-range estimate of 25 percent to 20 percent.

Large state-owned couriers like PostNord often have substantial resources, established infrastructure, and regulatory advantages, which can make it difficult for smaller private competitors such as Instabee to compete on equal terms. However, perspectives on this issue vary. Respondent I1 implies that PostNord occasionally does benefit from its position as a state-owned entity, which can create competitive imbalances. On the other hand, P2 argues that the perception of an unfair advantage is not entirely accurate. They point out that PostNord faces its own challenges such as the universal service obligation and does not necessarily benefit disproportionately from its state-owned status.

Angwin’s theory (2020) underscores the detrimental impact of CEO hubris on the success of mergers and acquisitions, suggesting that overconfidence can lead to overpayment and a misjudgment of a merger's true value. This perspective aligns with the respondent I1’s statement that the merger valuation of Instabee was overvalued. In the case of Instabee, a parcel delivery service, the valuation could have been excessively influenced by the optimistic e-commerce market conditions and a CEO's hubristic belief in their ability to capitalize on these trends. Angwin would likely argue that such a scenario exemplifies the risk of allowing the 'glamor' of current market booms to cloud the rigorous assessment needed in valuing acquisitions realistically. Thus, both Angwin's insights and the respondent's observation converge on the idea that overenthusiasm, driven by market conditions and CEO overconfidence, can lead to a significant disparity between the paid price and the intrinsic value of a company, potentially setting the stage for post-merger difficulties.

Consequently, the empirical findings concerning PostNord suggest that political tensions between the owners of Posten AB and Post Danmark A/S have contributed significantly to the

challenges encountered by the merger. These problems, arising from cultural disputes, have slowed down the integration process. Angwin (2020) asserts that the speed of integration plays a pivotal role in determining whether a merger is successful. For instance, the internal deliberation within PostNord regarding whether to align with Swedish or Danish operational practices is a scenario where Angwin would likely advocate for these decisions to be made in advance. Likewise, respondent I1 from Instabee indicated that the speed of integration for them was slower than anticipated. This slower pace of integration led to operational inefficiencies and hindered the company's ability to fully capitalize on its combined strengths.

Renneboog and Vanstekiste (2019) argue for the importance of distinct and effective leadership with clear and transparent communication within the board and throughout the organization. Both P1A and P2 expressed concerns that Post Danmark A/S had a hidden agenda, aiming to capitalize on Postens AB's resources and market position with a belief that Post Danmark A/S sought to leverage the merger to gain strategic advantages, potentially prioritizing their own interests over a balanced integration. This suspicion led to distrust and tension within the organization whereas Renneboog and Vansteenkiste (2019) emphasizes the opposite of this. Angwin (2020) suggests that avoiding political disputes is crucial during a merger. Respondents from PostNord argue that political disputes were the primary reason for the failure of the merger. This led to different stakeholders having varied perceptions of the merger outcomes. Employees faced uncertainties and job insecurities amidst the merger's cost-cutting, impacting their views on the merger's success. Customers experienced service disruptions during the integration phase, which could lead to dissatisfaction. Shareholders, on the other hand, were primarily concerned with the financial metrics, where the reality did not always meet the expected synergies and performance improvements.

The empirical results through the lens of mergers, highlighted the critical role of cultural integration in determining merger success. Carbone and Stone (2005), Bauer and Matzler, (2014) and Angwin (2020) all suggest that a smooth cultural amalgamation can lead to effective collaboration and innovation. However, the case studies showed that cultural clashes, such as differing organizational practices and employee perceptions, posed significant challenges. In the merger of Posten AB and Post Danmark A/S, the integration of workforce and management practices took longer than anticipated, affecting morale and productivity. Additionally, Posten

AB and Post Danmark A/S struggled with leadership and board composition, leading to political disputes and a lack of cohesive direction, which hampered effective decision-making and integration. The tension between Swedish and Danish interests manifested in conflicting operational practices and prolonged cultural integration issues. Conversely, Instabox and Budbee, while initially facing valuation and integration challenges, benefitted from proactive leadership changes and strategic organizational restructuring. The appointment of Alexis Priftis as CEO post-merger, along with the judicious allocation of managerial roles based on expertise, fostered a unified corporate culture and streamlined operations. This approach highlights the critical role of adaptive leadership and a well-composed, strategically aligned board in navigating the complexities of mergers and achieving operational synergies.

In examining the mergers of PostNord and Instabee, several key themes emerge. The importance of cultural integration and adaptive leadership cannot be overstated, as they significantly influence the success of mergers. While theoretical frameworks emphasize the potential benefits of mergers, such as operational efficiencies and market expansion, the empirical evidence from these case studies underscores the complexity of achieving these outcomes. Both PostNord and Instabee faced substantial challenges, ranging from logistical integration to cultural clashes and leadership dynamics.

For PostNord, the integration of workforce and management practices took longer than anticipated, impacting morale and productivity. Political disputes and a lack of cohesive direction further hampered effective decision-making and integration. The tension between Swedish and Danish operational practices created prolonged cultural integration issues, which were difficult to resolve and negatively impacted the overall success of the merger. Instabee experienced its own set of challenges, including valuation declines and integration hurdles. However, proactive leadership changes and strategic organizational restructuring helped mitigate some of these issues. The decision to maintain separate brand identities for Budbee and Instabox allowed Instabee to leverage existing brand strengths while working towards operational synergies. The appointment of Alexis Priftis as CEO and the strategic allocation of managerial roles based on expertise played a critical role in fostering a unified corporate culture and streamlining operations.

6. Conclusions

This chapter summarizes the ideas, methods and findings elaborated on in this study in order to answer the proposed research questions and proposes several areas for further study.

This study investigated the dynamics of mergers within the parcel delivery industry, focusing on the cases of PostNord and Instabee. Through detailed case studies and theoretical analysis, the research aimed to uncover the benefits and challenges medium-sized parcel couriers face during mergers and how these companies adapt to new merger expansions in the Nordics. The study utilized a combination of primary data from interviews with key stakeholders and secondary data from existing literature and reports to provide a comprehensive view of the merger processes and outcomes.

The findings reveal that mergers in the parcel delivery industry offer significant potential for operational efficiencies, cost savings, and market expansion. However, the study also highlighted substantial challenges, particularly in cultural integration and technology harmonization. Effective communication and leadership are crucial in navigating these complexities and ensuring the success of mergers. The research emphasizes the importance of a strategic approach that includes clear communication, proactive cultural management, and meticulous planning to realize the full benefits of mergers while mitigating their inherent challenges. Notably, respondents from PostNord were unanimous in their view that the merger did not bring the proposed synergies to the extent in which it was promised, highlighting the significant gap between theoretical expectations and practical outcomes.

Despite the challenges, the study identified specific strategies that target companies use to navigate the complexities of mergers. For example, some companies maintain separate brand identities to capitalize on their existing strengths, as Instabee did. Others adopt a unified brand strategy, like Postnord. Additionally, companies implement gradual integration processes for technology and operations and prioritize effective communication with stakeholders to build trust and align organizational goals. The empirical evidence from PostNord and Instabee underscores the critical role of adaptive leadership and strategic planning in overcoming the inherent difficulties of mergers and achieving long-term success. These insights contribute to a deeper

understanding of the merger dynamics within the parcel delivery industry and offer practical guidance for future mergers in similar contexts.

6.1 Contribution

RQ1. What are the main benefits and challenges medium-size parcel couriers face during their merger process?

Firstly, the investigation into RQ1 has illuminated numerous pivotal factors. Some of these factors agree with the ideas presented in the theoretical framework that mergers offer opportunities for cost savings, operational efficiencies, and market expansion through combined resources and networks. However, challenges such as cultural integration and technology harmonization can pose significant obstacles to successful mergers. Effective communication and distinct leadership play important roles in navigating the complexities of mergers and ensuring their success. Clear, transparent, and timely communication is essential for aligning stakeholders to realizing planned synergies. This builds confidence and trust if managed well, reducing uncertainty and potentially leading to higher morale when stakeholders feel they are being informed and involved.

The main benefits observed in the mergers of PostNord and Instabee include operational efficiencies, cost savings, and market expansion. For instance, the merger between Posten AB and Post Danmark A/S aimed to create a stronger entity capable of competing with other European logistics giants by combining their strengths. However, significant challenges were identified, particularly in cultural integration and aligning technology across merging entities. For example, PostNord faced substantial cultural clashes between Swedish and Danish interests, impacting morale and productivity, echoing the cross-border cultural difficulties experienced after the example-merger of Daimler-Chrysler. Similarly, the merger of Instabox and Budbee struggled with valuation declines due to poor market timing and operational inefficiencies due to difficulties integrating logistics networks and IT systems.

RQ2. How have parcel couriers adapted to the new merger expansion in the Nordics?

Secondly, in response to RQ2, the market observation shows a trend towards strategic collaborations, technological innovations, and service diversification as companies seek to

capitalize on the opportunities created by mergers. Implementing IT synergies, often touted as a key benefit of mergers, proves to be a hard task in practice, highlighted by all respondents. The process of integrating IT systems has its complexities, technical challenges, and unforeseen obstacles. Despite the promises of improved efficiency and reduced costs, the reality is that merging IT infrastructures is easier said than done.

In addition to IT challenges, the difficulties with cultural fit emerge as another significant concern for merging companies, none the least for PostNord. Cultural alignment can profoundly impact the success of mergers, strengthening the literature. Combining different corporate cultures, values, and ways of working requires careful navigation and proactive measures to address potential conflicts. Furthermore, the difficulty in balancing transparency and confidentiality during merger negotiations is a challenge. The respondents have highlighted the tension between fully disclosing their business operations and maintaining a level of confidentiality until the deal is finished. This balance is crucial as it impacts the ability to adequately plan for the pre-merger phase, which is important for a successful merger. According to respondents from PostNord, the political aspect posed significant challenges as well, making the merger more difficult to execute successfully.

The parcel couriers have also adapted by leveraging existing brand strengths while working towards operational synergies. Instabee's decision to maintain separate brand identities for Instabox and Budbee allowed them to capitalize on existing consumer trust and market presence while gradually integrating their operations. This approach helped mitigate some of the risks associated with brand consolidation and provided a strategic advantage in maintaining market share during the transition period.

6.2 Further Research

While this report has primarily focused on PostNord and Instabee among Nordic medium-sized companies, further research could examine mergers involving other key players like the Norwegian state-owned Bring and the Swedish company Citymail, notably, Bring sold Citymail after experiencing significant financial losses. These cases could provide insights into different merger strategies and market dynamics within the region.

To gain a comprehensive understanding of the merger dynamics in the parcel delivery industry, future research should broaden its scope beyond the Nordic region. Investigating global parcel delivery services such as DB Schenker, Fedex TNT, UPS and DHL could provide valuable insights into cross-border mergers and could give a wider perspective to the merger of PostNord where regulatory considerations are a difficulty. Comparative analyses of mergers in different regions can offer valuable lessons and best practices applicable to the Nordic context.

While mergers have been the primary focus of research, exploring the comparative effects of acquisitions on parcel delivery companies presents an intriguing avenue for further study. Acquisitions involve one company purchasing another, often resulting in different integration dynamics and strategic implications compared to mergers. Investigating the impact of acquisitions for medium-sized nordic parcel delivery companies can provide valuable insights into alternative growth strategies within the industry and it would be interesting to compare if acquisitions with clear ownership structure might be a better strategy compared to merging with an equally big entity. Additionally, examining the role of regulatory frameworks and market conditions in different regions can further elucidate the success factors and challenges associated with mergers and acquisitions in the parcel delivery industry.

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Appendix

A1 - Swedish B2C Parcel Delivery Market Share 2019-2022

Parcel Courier 2022	Market Share (percent turnover)	Market Share (percent Volume)
PostNord AB	*50-55 %*	*50-55 %*
Instabee	*10-15 %*	*15-20 %*
DHL	5-10 %	5-10 %
DB Schenker	5-10 %	5-10 %
Bring Parcels	5-10 %	1-5 %
Early Bird	1-5 %	5-10 %
Airmee	1-5 %	1-5 %
Best Transport	1-5 %	1-5 %
UPS	1-5 %	1-5 %
Others	~2 %	~1,5 %

Parcel Courier 2021	Market Share (percent turnover)	Market Share (percent Volume)
PostNord AB	*50-55 %*	*50-55 %*
DHL	10-15 %	10-15 %
DB Schenker	5-10 %	5-10 %
Instabox	*5-10 %*	*10-15 %*
Budbee	*5-10 %*	*5-10 %*
Bring Parcels	1-5 %	5-10 %
UPS	1-5 %	1-5 %
Best Transport	1-5 %	1-5 %
Airmee	1-5 %	1-5 %
Others	~1 %	~1 %

Table A11. Market Share of B2C parcel deliveries in Sweden 2022 and 2021 (Adopted from PTS, 2024).

Parcel Courier 2020	Market Share (percent turnover)	Market Share (percent Volume)
PostNord AB	*55-60 %*	*55-60 %*
DHL	10-15 %	10-15 %
DB Schenker	10-15 %	10-15 %
Instabox	*1-5 %*	*5-10 %*
Budbee	*1-5 %*	*1-5 %*
Bring Parcels	1-5 %	1-5 %
UPS	1-5 %	1-5 %
Best Transport	1-5 %	1-5 %
Airmee	1-5 %	1-5 %
Others	~1 %	~1 %

Parcel Courier 2019	Market Share (percent turnover)	Market Share (percent Volume)
PostNord AB	*60-65 %*	*65-70 %*
DB Schenker	15-20 %	20-25 %
DHL	10-15 %	5-10 %
Bring Parcels	1-5 %	1-5 %
Best Transport	*1-5 %*	*1-5 %*
Others	~1 %	~1 %

Table A12. Market Share of B2C parcel deliveries in Sweden 2020 and 2019 (Adopted from PTS, 2024).

A2 - Interview Questions

1. What preparations were made to execute the merger between the companies? What were the main priorities in the process?
2. Did you identify any similarities or differences between the companies that needed to be managed beforehand to create the best conditions for synergies? What strategies and communication tools were applied to create these conditions?
3. What challenges/opportunities arose in connection with the merger between the companies, and how did you address these?
4. What operational synergies have you observed as a result of the merger of the companies? Notably what methods of cost-cutting, revenue consolidation and restructuring could be done?
5. How did the merger affect the companies organizationally? How did the company structures vary and how were the strategies formed to conform to these differences?
6. How much time did you allocate the merger to take, and how did this play into your business goals and strategies? Did it take a reasonable amount of time for the synergies to work, or do you have plans to further strengthen the ties between the companies?
7. Did this difference contribute to any cultural problems after the merger and what measures were taken to harmonize these cultural differences?
8. Were there any technical changes after the merger. Could the companies' IT solutions, CRM, and package box platforms be integrated smoothly?
9. How did the choice of CEO for the newly created entity play into your merger strategies?
10. What measures were implemented to communicate the merger throughout the organization and were you able to successfully convey these ambitions?
11. Do you think more distribution companies could benefit from mergers with competitors as the market looks today?
12. How do you view the future of the merged organization? Do you feel optimism or concern regarding the company's direction?
13. In retrospect, what could have been done differently to facilitate a smoother, more integrated, both culturally and technologically, merger?