



# UK Postal User Needs: Qualitative Research Report

September 2020



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# 1. Executive Summary

Jigsaw Research was commissioned to conduct qualitative research amongst residential users and small and medium-sized enterprise (SMEs) users of postal services across the UK. The core objective was to conduct a zero-based assessment of postal users' needs; to understand what users really need and value as if starting from a blank slate, rather than being conditioned by their views of the existing service.

The research took place in August and September of 2019 and consisted of the following:

- **8 x three-and-a-half-hour workshop sessions** conducted across the four nations. Each workshop consisted of between 17 and 21 participants and was made up of both residential users and SME users. Participants were recruited according to the volume of items sent via postal services; categorised as light, medium and heavy users.
- **2 x two-hour focus groups** in rural Northern Ireland (Armagh). One group consisted of residential users (10 participants) and one group consisted of SMEs (9 participants).
- **16 x one-hour in home depth interviews** with residential users who felt reliant on postal services, some of whom also lacked mobility (self-claimed). These were conducted in the same locations as the workshop sessions.

During the sessions, participants were asked to describe their current usage of and attitudes towards postal services. Furthermore, participants were asked to review the services guaranteed within the Universal Service Obligation (USO) and to identify the services and standards which would adequately meet their needs. Throughout the research, participants were encouraged to think about their needs, rather than the services and standards they wanted.

## 1.1. Summary of key findings

In summary, the research found:

### **The value of postal services was often as much emotional as it was practical**

- Although many participants acknowledged that their reliance on postal services was in decline, there were some SMEs and residential users who were still very reliant on it.
- Even for those less reliant on post, Royal Mail was often considered an institution; a service that had endured. Furthermore, it was seen as a service that joined people; serving them regardless of their location.
- The 'postman' (to use participants' language) was also seen to add a 'human touch' in that they may know their customers personally and adapt their service accordingly (for example, they may know where to leave items).

**User needs were different for letters and parcels and are summarised below:**

	<b>Letters</b>	<b>Parcels</b>
<b>Reliance on Post</b>	<p>Overall recognition that the <b>volume of letters sent and received had declined</b> as people did more digitally. Some no longer had a need to send letters at all.</p> <p>That said, some residential users and SMEs sometimes still relied on post for certain items (such as important legal documents).</p>	<p>Most acknowledged that they were <b>sending and receiving more parcels</b>; largely due to an increase in online shopping / ordering. Most also recognised there was a range of providers available to send parcels, even if they did not personally use them.</p>
<b>Use of Postal services</b>	<p><b>A number of respondents said that they used first class over second class services when sending letters.</b> There were a number of reasons for this including; the small price difference between the two classes, and the perceived better quality of first class. For others, it was less of a conscious choice; and depended more on which type of stamp was closest to hand.</p> <p><b>Other services were used when urgency or reassurance was required;</b> including: Special or Recorded delivery for the most important items. Insurance and tracking were less likely to be required for letters.</p>	<p><b>As per letters, a number of respondents reported the use of first class services when sending parcels</b></p> <p>However, those sending larger volumes of parcels (including SMEs and those selling on online marketplaces) tended to choose second class more often.</p> <p><b>Other services were often used when urgency or reassurance was required,</b> including: Special or Recorded delivery for the most important items. Some said they valued insurance for parcels, but this tended to be when the item had clear monetary value. Tracking was also seen as important here; especially for SMEs and those using online marketplaces to sell items. This was to ensure a better service for their customers.</p>
<b>Use of Royal Mail vs. competitors</b>	<p><b>Royal Mail was the default provider</b> for letters and as such, all bar those SMEs sending out a lot of letters were solely using Royal Mail.</p>	<p><b>For parcels, only the heaviest users tended to shop around for alternative providers.</b> This tended to be SMEs who were typically sending larger volumes of parcels. Large volumes made them more</p>

	<b>Letters</b>	<b>Parcels</b>
	Royal Mail was often described as a <b>trusted provider</b> as it was felt to be reliable and convenient.	price sensitive and willing to take the time to investigate the alternatives.  Royal Mail was often described as the <b>most trusted provider compared to the competition</b> in that it was considered to be more reliable and certain.  However, there were some areas where the competitors were perceived to be better than Royal Mail; namely in terms of technology (e.g. tracking / apps) and cost for larger parcels.
<b>Needs from the postal service when sending</b>	<p><b>In terms of sending letters, key requirements included:</b></p> <p><b>Simplicity and ease</b> of getting items into the system. This included maintaining a level of consistency across the service with regards to collection days and time taken to deliver.</p> <p><b>Certainty:</b> knowing it will arrive within a certain period of time.</p> <p><b>Reliability:</b> knowing the item will arrive in good condition.</p> <p><b>Option for urgency:</b> such as next day delivery if required.</p> <p><b>Option for increased certainty:</b> option for an item to arrive on a specific date. The time of day did not usually matter.</p>	<p><b>In terms of sending parcels, key requirements included:</b></p> <p><b>Certainty:</b> knowing it will arrive within a certain period of time.</p> <p><b>Reliability:</b> knowing the item will arrive in good condition.</p> <p><b>Option for urgency:</b> such as next day delivery if required.</p> <p><b>Option for increased certainty:</b> option for an item to arrive at a specific time on a specific date.</p> <p><b>Option for tracking:</b> This was more of a need for SMEs and those selling items on online marketplaces. Here, tracking was considered most useful in terms of offering confirmation of delivery. Some also used tracking to provide estimated delivery time slots for their customers.</p> <p><b>Proof of sending:</b> sometimes required for returns and for those using online marketplaces to sell items.</p>
<b>Needs from the postal service</b>	In terms of <b>receiving letters</b> , key requirements included:	In terms of <b>receiving parcels</b> , key requirements included:

	Letters	Parcels
<b>when receiving</b>	<p>Recipients often stated that they both wanted and needed the <b>post to be delivered to the door</b> so that they knew it had arrived.</p> <p>Typically, it didn't matter what time of day the post arrived, but some participants valued it being delivered at a <b>consistent time each day</b>.</p> <p>Letters were often unexpected so there was typically little need to control how long they took to reach the recipient (and as such, there was no real key requirement here).</p>	<p><b>Reliability</b> was most important; receivers want the item to arrive, and in a good condition.</p> <p><b>Certainty:</b> to know when to expect the item. Tracking and text updates can help here.</p> <p><b>Option for tracking:</b> some wanted to have a degree of control over delivery (for example, to be able to select time slots). For those in more rural locations (most notably, Oban), it was often reassuring to know where your parcel was at all times.</p> <p><b>Option for more flexibility:</b> Ease of pick up if the parcel was not being sent to the receiver's home (option to collect items from different locations).</p>
<b>Pain points</b>	<p><b>Few pain points for both sending and receiving.</b> The service was seen to work well overall; or was simply not used very often.</p> <p>There was a degree of frustration around the uncertainty of price when sending larger or heavier letters, and some annoyance around the receipt of unsolicited 'junk' mail and the arrival of urgent signed for letters if they weren't at home to sign for them.</p>	<p><b>Few pain points when it comes to sending;</b> except the minor hassle of having to get to the post office.</p> <p>But there were <b>some issues around the ease of receipt of parcels.</b> Participants reported that they were often not at home to take parcels in. Also, some mentioned that parcels could get damaged or go missing in transit. This also tended to vary by geography. Those in more remote locations often had the perception that they received a patchier, less certain service.</p>
<b>Price sensitivity</b>	<p>Most participants were not particularly price sensitive. However, those sending larger volumes of letters tended to be more conscious of price.</p>	<p>Those sending large items or sending parcels more frequently were more likely to be price sensitive due to the higher costs involved.</p>

	Letters	Parcels
	The service was typically seen to offer good value for money, although most were unsure how much stamps actually cost.	Participants had fairly low awareness of price. But for those with experience, Royal Mail could be seen as offering less value for money than alternative providers if sending heavier items or larger volumes.

**Overall, participants were keen to ensure that Royal Mail in some form, continued to be sustainable, while maintaining its integrity and core features.**

- When prompted, most recognised that the service might not be sustainable in its current form over the longer term. But the value placed on the institution and goodwill towards Royal Mail meant that participants were prepared to accept changes to the service to ensure its survival.
- However, there was a strong desire to retain certain core features of the Royal Mail postal service:
  - Available to all.
  - The simplicity and fairness of uniform pricing (which was strongly endorsed).
  - Clarity and convenience in terms of usage (that most understand how it works and how to get items into the system).
  - Certainty; knowing the item will arrive within a certain period of time.
  - Reliability; knowing the item will arrive in good condition.
  - A personal touch; in particular, having the postman bring your post to the door.
  - The ability to send things urgently when needed. Typically, this would mean using a premium service as first class is not considered when sending items urgently.
- Participants typically **opted to reduce services rather than for prices to rise**. This was not because of price sensitivity but because they recognised that they did not need the current specification of services provided.

**Participants found it easier to compromise on certain elements of the postal service than others**

- Moving to a **single service of post** (combined first and second class) was often suggested spontaneously during the sessions. Most were happy to accept a two-day delivery service for all bar the most urgent post (for which they would need a guaranteed next day service). For some, this could even stretch to three days. However, in this scenario, if changes were made to frequency of delivery or collection, they would still expect a letter to arrive within 3 days of being posted.
- Most participants were willing to have **collection and delivery of their post reduced to 5 days** a week, accepting that this would still meet current needs. When considering fewer than 5 days, the interdependencies (such as the impact on collection and delivery times, and how quickly post would be delivered after it was posted) often became quite difficult for participants to calculate.
- There were mixed views on the ideal collection and delivery times and which specific days of the week were preferable (either weekday or weekend); with residential users and SMEs expressing different views.



- Most participants were unwilling to compromise on having their post (particularly letters) delivered to their door. This was seen as a fundamental part of 'our postal service' – with emotional AND practical considerations. That said, a small number of participants were more open to having parcels delivered to a post box or a central location (and not to their door) as they could then collect the item at their convenience.
- Participants saw reliability and certainty as key to their postal services, which was compatible with maintaining high quality standards.

The USO, once understood, was seen to help reinforce the social significance of Royal Mail; namely the sense of tradition and community it provides. The USO strengthened this by offering a standardised service and pricing regardless of where people live. Participants often then felt that Royal Mail offered a superior service and found it reassuring that they were still being closely regulated to ensure the expected service quality was maintained.

### **Raising the environmental impact of postal services received mixed reviews**

- Only a minority of participants raised the environment as a concern spontaneously.
- Upon prompting, the more environmentally engaged considered the potential impact on the environment as a sufficient reason in itself to increase the time allowed to deliver the post and/or reduce the number of collection and delivery days.
- For others, the issue of the environment was not at the top of their minds. They did, however, acknowledge that this was something we all needed to be aware of and therefore accepted the environmental impact as an additional consideration, if not the main driver for change.
- A minority were more cynical about the environment being raised as an issue in the context of changes to the USO, and were doubtful as to how much of an environmental impact the changes under discussion would make.

## 2. Background and objectives of the research

### 2.1. Background

#### 2.1.1 Ofcom's role

Under the Postal Services Act 2011 (“the Act”) Ofcom’s primary duty in relation to postal services is to carry out its functions in a way that it considers will secure the provision of a universal postal service (section 29(1) of the Act). In performing that duty, Ofcom must have regard to the need for the provision of a universal postal service to be financially sustainable and to be efficient before the end of a reasonable period (and to continue to be efficient at all subsequent times).

The Act requires Ofcom to make a universal postal service order setting out a description of the services that Ofcom considers should be provided in the UK as a universal postal service, and the standards with which those services are to comply.<sup>1</sup> The universal postal service must as a minimum include each of the services set out in Section 31 of the Act (the ‘minimum requirements’). Ofcom cannot change the minimum requirements set out in Section 31 of the Act. Section 34 of the Act allows Ofcom to review whether the minimum requirements of the universal service reflect the reasonable needs of postal users. But it is for the UK Government to determine whether any changes are needed to the minimum requirements and to bring any proposals before Parliament.

Royal Mail is currently the only universal service provider in the UK. As the designated universal service provider, Royal Mail is required (under Ofcom’s designated universal service provider conditions) to provide services matching those described in the universal postal service order. We refer to the obligation to provide the Universal Postal Service as the Universal Service Obligation (USO). The services that are currently provided by Royal Mail as part of the universal service include: first class, second class postage, standard parcels, Special Delivery Next Day, incoming and outgoing international postal services and some other services including services for the blind and legislative petitions.

#### 2.1.2. Reviewing Postal User Needs

In Ofcom’s Annual Plan 2019-20, Ofcom committed to conduct market research to review the extent to which the postal market is meeting the reasonable needs of users in light of changes in the market. Ofcom last conducted a review of this nature in 2012. Relevant changes to the market since then include the growth in online shopping and the associated sending and receiving of parcels, and the continued decline in letters linked to digitalisation.

Ofcom commissioned Jigsaw Research to conduct qualitative research amongst residential users and SME business users of postal services. Ofcom will use the research findings to assess whether postal user needs are changing, and the implications this may have for the USO in the future.

Findings from this qualitative research have also been used to inform a separate, large scale quantitative study. The findings from this study are covered in a separate report.

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<sup>1</sup> The first universal postal service order was made by Ofcom on 26 March 2012: *The Postal Services (Universal Postal Service) Order 2012 (SI 2012/936)*.

## 2.2. Research Objectives

Key research objectives within the overarching project objective above were;

- **To employ a zero-based assessment of needs:** To understand what users really needed and valued as if starting from a blank slate, rather than being conditioned in their views by the existing service and an awareness of what they might lose.
- **To understand the social and private value of a universal, uniform and affordable postal service:** to explore the value attached to social inclusion from uniform, affordable pricing (that is, one price regardless of where the item is sent from and to across the United Kingdom). This included looking at more vulnerable groups, for example, the elderly and those without internet access.
- **To explore new needs:** Given the evolving parcels market and the different ways users interact with postal services, to understand whether there were any new or different user needs that are not met by the market for postal services.
- **To understand how users trade-off between different changes:** To probe users' views on, for example, fewer deliveries a week to their door or needing to collect parcels and letters from a central location.
- **To understand user attitudes to environmental factors and considerations:** Postal services create emissions, paper and packaging waste. How does this concern feature in users' views and attitudes to postal services?

## 3. Research approach and sample structure

### 3.1. Research approach

A qualitative approach was undertaken amongst both residential users and small and medium-sized enterprise (SMEs) users with up to 50 employees across the UK. There were three different elements to the research. The core of the project was eight three-and-a-half-hour workshop sessions. These were supplemented by two, two-hour focus groups in rural Northern Ireland and 16 in-home depth interviews spread across the four nations with those who were potentially vulnerable and felt reliant on postal services. Some participants also lacked mobility (self-claimed).

The workshops (and depth interviews) were conducted across a range of urban and rural locations including: London, Norwich, Leeds, Oban, Aberdeen, Swansea, Caernarfon and Belfast.

Prior to attending the sessions, participants were asked to complete a pre-task exercise. Full details of this and the wider methodology can be found in the appendix.

### 3.2. Sample

For the residential user sample and the SME sample we recruited a mix of light, medium and heavy users across sessions.

Each workshop included participants with a range of genders, ages (18+), socio economic groupings and life stages. Quotas were set to ensure a representative mix of BME participants in each location. Participants were also recruited to use a mix of different Royal Mail services, with minimum quotas for those using Redirection services, Special Delivery services & those using online marketplaces to sell items (minimum of 2 in each sub group). There was a range of SMEs by turnover and industry type.

Heavier and medium users were deliberately overrepresented relative to light users in the sample. This was to ensure the research included those with more spend and reliance on post who, as a result, might be more affected by any changes to the USO.

Full details of the sample structure and usage definitions can be found in the appendix.

## 4. Context: The role of postal services

This section draws out the key themes identified across the research. This is important context for considering participants' views on the proposed changes to the USO.

### 4.1. What the postal service means to people

#### 4.1.1 Reliance on postal services can vary across audiences

Participants' reliance on postal services was varied; from those that send and receive very little or no post at all, through to those that are much more reliant on post. The most reliant users included:

- SMEs that relied on the post to do business, including needing to exchange contracts/paperwork, fulfilling customer orders or requiring goods/parts in order to carry out their day to day business. Some SMEs had little space to store goods and so tended to operate a 'just in time' supply chain, often facilitated by postal services. The need to receive parts/goods in the post appeared to be more important in remote areas, where stockists did not exist locally.
- Some residential users relied heavily on being able to send and receive parcels. This tended to include regular online shoppers and those using online marketplaces to sell items to supplement their income.
- Those in remote rural areas and/or more housebound (typically elderly people) who could feel cut off without the postal service.

#### 4.1.2 Postal services were spontaneously perceived through the lens of a 'citizen'

Most participants recognised that postal services were important, especially for people who might otherwise feel cut-off due to their age or where they live. Postal services were also often considered to be essential for those that were less tech savvy, who still required paper copies (most notably, the elderly). There was a sense that Royal Mail joined people together; serving people regardless of their location or status.

Participants were often concerned about the needs of people that they saw as 'vulnerable' and who might lack cost effective alternatives to Royal Mail and the services provided under the USO. They were less concerned about those who they believed could find alternatives (for example, larger businesses), even if these alternative services (such as couriers) might cost more.

Participants' views were set against a backdrop of austerity. They had seen many (often valued) public services reduced in recent years and had learned to adjust to changes to these services, if at times begrudgingly. Cuts which added additional complexity into the system (e.g. having different days/weeks of rubbish collection for different types of rubbish) were sometimes more challenging to adjust to, even though they appeared to be broadly accepted. Postal services were often also viewed through this 'citizen' lens and people were resigned to seeing cuts as they had in other parts of the public sector.

## 4.2. The value of the post can be as much emotional as practical

### 4.2.1. Royal Mail as an institution

Royal Mail was perceived to be an institution that has provided a long-standing service that has endured. It was often felt to be part of our national heritage. Having post delivered to your door was considered to be a core part of the Royal Mail service, even being seen on occasion as part of our shared 'British' culture. Furthermore, the service was generally 'understood' and felt to be consistent in that it is a common service throughout the UK both in terms of collection/delivery days and price.

***“You trust the Royal Mail because it’s just a part of life, it’s been around forever.”  
Heavy user of postal services, Belfast***

Among some audiences there was a sense of nostalgia around the post (particularly letters), harking back to the days when they used to receive personal letters and gifts more frequently via the post. However, it was acknowledged that a lot of today’s post is communications from companies, including some unsolicited junk mail. Parcels and birthday cards could still hold that same sense of enjoyment that people remembered from the past. But whilst parcels were something people anticipated and welcomed as a receiver, many parcels these days carry items the receiver has ordered online, reducing the sense of surprise and delight.

### 4.2.2. The role of the postman enhanced this sense of connection

Among older residential users, in particular, there were fond memories of 'the postman'. The postman was likely to be someone you knew and would be considered part of the community. In some areas, for example more rural areas such as Caernarfon and Oban, this was still true. However, for others, the turnover of staff was now higher and/or they were at work when the post arrived, so they were less likely to have any form of personal connection with their postman.

There was a general sense that, at their best, the postman provided a welcome, professional and 'human touch' to the postal service, which many considered to be lacking from other providers. Some reported that the postman may well know the customers on their route, and was therefore able to 'adapt' the service accordingly. A minority of participants said that their postman was more likely to know where to leave things when they were not in and on occasion might even re-deliver to you if you had moved address.

This perception of a more personal service was particularly valued by those who would otherwise feel cut off. This included elderly or housebound individuals who looked forward to the arrival of the post as a form of contact with the outside world. Sometimes even those working from home felt they benefitted from this.

***“If I’m not in, the postie knows to bring my mail to Wetherspoons as that’s where I am most mornings.” Low mobility, Heavy user of postal services, Caernarfon***

### 4.2.3. This sense of connection tended to be least strong amongst the young

Whilst older and more post reliant audiences tended to have the strongest connection with Royal Mail, the brand did not have the same emotional value among those who used the post less often, including younger people.

Less frequent users used postal services in a more limited and transactional way. Some did not use postal services at all. As a result, post (and particularly letters) often lacked any significant personal

relevance in their lives. This was most apparent with younger participants, who had grown up in a digital age. They tended to lack any sense of nostalgia or prior connection with the post.

Usage also tended to be fairly narrow for younger participants, and was generally limited to receiving and returning parcels containing items that they had ordered online. Even on these occasions, it was acknowledged that many of the parcels received and sent back are from alternative providers (not Royal Mail) and, as such, there was less reliance on, or engagement with Royal Mail.

Younger participants rarely used postal services to send and receive letters, and when they did it was typically only for official letters. Where possible they tended to prefer to interact online. This was true for the full range of their communications – with companies, organisations, family and friends. Their preferred channels of communication were email and social media. Among these audiences, Royal Mail and postal services more generally, felt somewhat dated and even inconvenient.

***“I just never get any letters... other than junk mail that I don’t want. I’ve gone paperless so I do all my banking online and I never get any statements. I’ve done that with everything because it’s just easier isn’t it?” Light user of postal services, London***

## 4.3. Practical reliance on the post

### 4.3.1. Practical reliance on the post: Letters

There was widespread, spontaneous recognition that the **volume of letters being sent and received had declined** over recent years, with some rarely using these services at all. Most acknowledged that this was the case because they were doing more online, including paying bills and communicating with companies and friends. All except for the older and/or the less internet savvy were happy to interact with companies online. Only the oldest participants were still sending and receiving personal letters on a more frequent basis.

Some participants claimed to open their letters as soon as they were received. This was typically acknowledged to be more through good practice, rather than actual need. Others explained that they would sort their letters and leave all except the more ‘important’ looking items in a pile to deal with when they had more time or a greater inclination. Items that were typically deemed important tended to be official looking letters or personal postal items (for example, birthday cards).

Most participants spontaneously acknowledged that the move towards digitisation and away from post for letters was a trend that would continue in the future.

However, post was still relied upon for certain types of letters and small packets as follows:

Residential users: most reliant on post for the following letter / small packet items:	SMEs: most reliant on post for the following letter / small packet items:
<p>Letters that require a signature upon receipt.</p> <p>Passports, legal or other official documents.</p> <p>Hospital appointments/medical letters.</p> <p>Cards/postcards; where sending through the post suggests effort and adds a personal touch in a way that online alternatives do not. That said, younger audiences were more likely to be sending out cards via online services, if at all.</p>	<p>Sending and receiving invoices when it cannot be done online.</p> <p>Contracts.</p> <p>Direct marketing.</p> <p>Reminders/letters.</p> <p>Communicating with older customers who are not online.</p> <p>Items that require a signature on receipt.</p>
<p><b><i>“You really need the post for the more official stuff, don’t you? I still get all my hospital appointment letters through the post.”</i></b></p> <p><b><i>Light user of postal services, London</i></b></p>	<p><b><i>“You still have to be able to send out invoices to some people. Not everyone is online, or responds to emails.”</i></b></p> <p><b><i>SME user of postal services, Caernarfon</i></b></p>

There was also strong acknowledgement that **most letters are not urgent** and, as such, speed of delivery was rarely critical. This was true for both residential users and SMEs.

However, **there were some notable, if infrequent, exceptions when a next day service was still required (and where 1<sup>st</sup> class could not be relied upon):**

- Documentation that needs to be returned urgently (e.g. dealing with solicitors when buying or selling a house) to avoid slowing down a process.
- Documentation for a passport or driving licence application, which is needed urgently.
- A small minority of participants also reported using a next day service for greetings cards, when the sender had forgotten to post them in good time.

#### 4.3.2. Practical reliance on the post: Parcels

Most acknowledged spontaneously that they were **sending and (in particular) receiving more parcels now than in the past**. This was largely ascribed to an increase in the use of online shopping and ordering, which in turn meant more items were delivered (and returned) via the post.

**For residential users**, dependence on parcels largely depended on the volume of online shopping that they did. The majority were receiving more parcels than they sent. Residential users reported that they rarely had a choice over the provider used. This was often because the majority of items they sent were returns, where the postage may have been paid for with a particular provider. If there was a choice of providers to use to return items, they typically picked the most convenient in terms of getting the item into the system (rather than the one they trusted most). In situations where they had a



choice, residential users occasionally had a preferred provider, but this preference did not tend to be strong. The preferred supplier was sometimes Royal Mail and, on other occasions, a competitor.

***“I do get a load of parcels. It’s clothes mainly, from ASOS. Most of the stuff I order I do keep but occasionally I have to send things back. Then I’d just use the label in the parcel and follow their instructions. I think it’s normally with DPD.” Heavy user of postal services, Leeds***

For SMEs, the number of parcels sent and received was highly dependent on the nature of their business. Those in a supply chain might be sending out numerous orders to customers, and receiving parts or products that were required to complete their orders. Some SMEs ordered supplies or stock which were essential to carry out their day to day business (for example, products ordered in for a customer, or parts required to complete repairs), but rarely despatched parcels. Other SMEs had much lower use of parcels. They might receive deliveries, but these tended to arrive via couriers and were rarely time sensitive, unless they happened to be operating in a ‘just in time’ environment, as noted above.

## 4.4. There was an overriding sense of trust in Royal Mail

### 4.4.1. Royal Mail tended to be highly trusted

Royal Mail was often described as the **most trusted supplier of postal services**. Even when it was recognised that the company had been privatised, it was still seen as ‘our’ national post service.

Furthermore, Royal Mail was praised for **doing a consistently good job**. It was seen as the postal service ‘expert’, having provided this service for generations. Some participants marvelled at how good the service was in terms of the sheer volume of items travelling across the country in one day, with very few going missing. Once participants learn of it, the USO was believed to underpin the strong performance and trust they have in Royal Mail.

***“What they do is amazing really. You stick a letter in a post box and it gets delivered to its destination the next day.” Heavy user of postal services, Swansea***

### 4.4.2. Royal Mail also compared favourably with the competition

Royal Mail was often felt to be **more reliable than alternative providers of postal services**. That said, residential users often only experienced competitors as a receiver rather than a sender of mail (both letters and parcels). Alternative providers were often criticised for the following reasons:

- Commercial courier companies were felt to provide a more erratic service. The quality of service was felt to be more dependent on the conscientiousness of the individual driver.
- Items were considered more likely to go missing in transit, to be ‘thrown over the fence’ or to arrive damaged.
- In some parts of the country, for example the Highlands & Islands of Scotland, using alternative courier companies was believed to be more expensive than Royal Mail.
- Furthermore, Royal Mail was also the only company that participants believed delivered post regularly, or to the door, in such areas.

### 4.4.3. However, there are some areas where competitors were perceived to be better than Royal Mail

Although most felt that Royal Mail was providing a good service, there were some aspects in which alternative providers were deemed to be performing better:

- Alternative providers were thought to be **cheaper for larger, heavier and/or international parcels** than Royal Mail.
- There was some sense that alternative providers were **more innovative**, and often led the way on things like tracking, use of technology, apps and the option to choose fixed delivery slots.
- Alternative providers were often considered to be **more flexible as to where they would leave items** if you were not in to take receipt of parcels. There was low awareness of the Royal Mail option to nominate a neighbour for delivery if you are out.
- **Alternative access points**, such as local shops, were able to offer longer opening hours than the sorting office and so they provided a greater level of convenience.

***“They (Royal Mail) can just deliver your parcels at any time whereas if it goes with Hermes or whatever, they let me pick a slot. That’s much better because I’m out at work during the day so I end up with those cards through my door.” Heavy user of postal services, Leeds***

### 4.4.4. SMEs were more likely to use alternatives to Royal Mail than residential users

**For letters**, Royal Mail was typically seen as the **default provider**. All except those SMEs sending out a lot of letters were only using Royal Mail. Many residential users only experienced competitors as a recipient of post, with little thought given to who delivered it or how it arrived.

**Royal Mail was seen to meet the needs of all except the heaviest usage SMEs**. For the rest, volumes of letters were typically not high enough to warrant considering using alternative providers.

SMEs sending out lots of mail tended to either:

- Have a Royal Mail franking machine, or
- Have a contract with an alternative provider. Some heavier usage SMEs were routinely using mailing companies for sending out higher volumes of post, for example promotional materials.

Price, rather than service, was the key driver to seek alternatives. Speed was not usually a factor.

**For Parcels**, for all except the heaviest residential users **the idea of ‘shopping around’ and using an alternative provider did not occur to them**. This was partly habitual – they were used to going to the post office. However, it was also because they had no idea how and where to access alternative providers. As they were not sending items regularly, they were also not particularly open to spending time researching alternative options. Furthermore, poor experiences on the delivery side sometimes translated into relatively low expectations of competitors as a sender.

Heavier residential users, particularly those using online marketplaces to sell goods, were more motivated to shop around for alternative providers. On occasion, they used price comparison websites or had an alternative preferred supplier. In addition, some had experienced online marketplaces such as eBay promoting their own parcel companies (such as ‘Shutl’). When using Royal Mail, they reported that they sometimes adjusted package sizes to obtain the most cost-effective solution. For

example, they would make sure an item was packaged so that it could be sent as a large letter rather than a parcel.

**For SMEs** whose business model involved sending parcels, providers would often come to business premises to pick up the items to be delivered. This tended to be part of a contractual agreement.

Even lighter users (both SME and residential) were occasionally prompted to shop around when sending larger, heavier or unusually shaped items where Royal Mail could seem expensive.

## 5. Use of and needs from the postal service

Before they were provided with any information, participants were asked to describe their current use of the postal service and their main needs of the service. They were encouraged to use the pre-task diary in which they had recorded post received and sent to support their recollection.

### 5.1. Heavy usage of first class services reported

**A number of participants claimed to use first class services more often than second class services.** This was the case for both letters and parcels, even though participants said that the items they were sending were rarely urgent. Those sending a greater volume of parcels (namely SMEs and those selling through online marketplaces) were more likely to use second class as a way to keep costs down.

There were a number of reasons why participants said they used first class more often than second class:

- **Price differential:** There was an overall perception that the price difference between first and second class services was small; particularly for letters. As a result, the cost saving which would accrue from using second class was minimal. It is worth noting that participants were not always certain of the exact prices of either first or second class services.
- **Certainty of service:** Most participants expected that items sent first class would arrive the next day. However, most would not rely on this, and (where possible) would allow two days for time sensitive items such as birthday cards. In Northern Ireland and other more remote places, such as Oban, participants felt they routinely needed to allow at least two days for first class.
- **Service Quality:** First class was often seen as a superior service to second class; and the name 'first class' tended to reinforce this view. Overall first class was generally perceived to be more certain and/or more reliable.
- **Signalling:** There was a sense that using first class acted as an emotional signifier of the importance of the recipient. First class could also reflect positively on the sender and might also signify the value of the item (to the recipient).

***“I always use first. I never think about using second class. More than anything else, I’d just be thinking about what it would say to my customers... I spend so much time making their orders, and then they’d be thinking I don’t care and that they’re not special.” SME, heavy user of postal services, Caernarfon***

- **Habitual:** For some, using the first class service was simply habitual, it’s what they had always done and so they did not seriously consider alternatives. Residential users often bought a book of first class stamps to have available as needed and simply used them as and

when required, without thinking about the class of post. In this scenario, using second class would actually require more effort than using first class.

In addition, there was some confusion around the second class service and what it included. Most expected that items sent via second class mail would arrive within two to three days, but some had experienced arrival within one day which reinforced the sense that it might be second class in some other way. All of this contributed to a degree of uncertainty about the difference between the classes.

As noted previously, there was some sense that second class was less reliable as a service. Some participants believed that items sent via second class would be treated with less care in the sorting office. There was also a feeling among some that second class items were somehow more likely to go missing or be damaged.

Second class services tended to be used when participants needed to send a large volume of items. This included SMEs sending larger volumes of parcels or letters such as promotional mail outs, more budget conscious residential users at Christmas time, or those using prepaid second class envelopes for official documents (for example, DWP).

**A lack of perceived differentiation in price, and a lack of clear understanding of the differences between first and second class services led participants to spontaneously suggest a single class of post should be adopted in the future.**

## 5.2. Other services were used when urgency or reassurance was required

**Special Delivery or Recorded Delivery** tended to be used for the most important and urgent items if the sender needed to guarantee delivery by the next day (and sometimes by a certain time). These services could also be used for more important items which required extra care to be taken, they needed additional certainty over delivery, or wanted proof of receipt. Participants were sometimes unsure about the differences between Special Delivery and Recorded Delivery. Sometimes they seemed to choose Special Delivery for a valued or important item because it was the more expensive option, and was therefore assumed to be the best (even though Recorded Delivery may have been adequate for their needs).

**Insurance** was often considered useful when sending parcels. This tended to be when the item had clear monetary value, although this needed to be significant (£50 plus) for it to really matter. Insurance was less likely to be required for letters, despite it being included within Special Delivery at present. This was because items might be important but rarely had financial significance; if they were lost it would be more of an inconvenience or a sentimental loss than something they could claim for. Insurance could, however, add a layer of reassurance for valued (if not valuable) items, for example, passport documentation.

**Tracked parcel** services were typically used by SMEs or those using online marketplaces to sell goods in order to offer a better service to their customers when sending items. Tracked services were often used as a way to confirm or prove delivery of an item, and in some cases as a way to give customers estimated delivery times. There was a sense that this was becoming an expectation in the retail sector where the additional layer of certainty and control was being demanded by customers. It also benefitted both the recipient and the sender by reducing the need for them to call/be called to locate an item or find out when it was going to arrive.

### 5.3. Key needs from the postal service

The overriding needs across all services were **simplicity and certainty**. In other words, certainty that the item would arrive when expected and with minimal effort on the part of the sender or recipient. There is more detail about the key needs when sending letters and parcels below:

	Letters	Parcels
<b>Sending</b>	<p><b>Simplicity &amp; ease:</b> of getting items in to the system. This included maintaining a level of consistency across the service with regards to collection times and dates. In addition, this often involved the use of a simple pricing structure so users could self-serve.</p> <p><b>Certainty:</b> knowing it will arrive within a certain period of time.</p> <p><b>Reliability:</b> knowing the item will arrive in good condition.</p> <p><b>Option for urgency:</b> most items typically only needed to arrive within 2-3 days although occasionally there was a requirement to send more urgent items. On these occasions guaranteed next day delivery was required (as first class wasn't considered reliable enough).</p> <p><b>Option for increased certainty:</b> the option for an item to arrive on a specific date. The time of day did not usually matter</p> <p>Most participants were <b>not particularly price sensitive</b>. However, those sending larger volumes of letters were often more conscious of price.</p>	<p><b>Certainty:</b> knowing it will arrive within a certain period of time.</p> <p><b>Reliability:</b> knowing the item will arrive in good condition.</p> <p><b>Option for urgency:</b> the option for next day delivery as required (as per letters).</p> <p><b>Option for increased certainty:</b> the option for an item to arrive at a specific time on a specific date.</p> <p><b>Option of tracking:</b> This was more of a need for SMEs and those selling items on online marketplaces, particularly if required by the recipient, Here, tracking was considered most useful in terms of offering confirmation of delivery. Some also used tracking to provide estimated delivery time slots for their customers.</p> <p><b>Proof of sending:</b> This was sometimes required, for example for returns and online marketplace selling.</p> <p>Those sending large items or sending parcels more frequently were more likely to be <b>price sensitive</b> due to the higher costs involved.</p>
<b>Receiving</b>	<p>Recipients stated that they both <b>wanted and needed the post to be delivered to the door</b> so that they knew it had arrived. This was particularly important given the intermittent nature of post, and for more non-mobile participants.</p>	<p>Most important is <b>reliability:</b> Receivers want items to arrive in good condition and for the item to not go astray.</p> <p><b>Certainty:</b> To know when to expect it. Tracking and text updates can help to</p>

<p>Typically, it didn't matter what time of day the post arrived, but some (both residential and SMEs) valued it being delivered at a <b>consistent time each day</b>.</p> <p>Letters were often unexpected so there was typically little need to control how long they took to reach the recipient (and as such, there was no real key requirement here).</p>	<p>provide peace of mind and save the need to chase.</p> <p><b>Option for tracking:</b> Some wanted to have a degree of control over delivery (for example, to be able to select time slots). For those in more rural locations (most notably, Oban), it was often reassuring to know where your parcel was at all times.</p> <p><b>Option for more flexibility:</b> This includes ease of pick up if the parcel was not being sent to the receiver's home or could not be delivered to the original address. This could involve having the option to collect items from different locations.</p>
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## 5.4. Pain points and unmet needs

Participants were relatively satisfied with the services that they received; however, they also reported some issues when using postal services as outlined below:

	Letters	Parcels
<b>Sending</b>	<p><b>Few pain points or unmet needs</b>, as overall this service was seen to work well. That said, some participants did not use postal services very often, if at all, and so had limited experience.</p> <p>There was a <b>slight frustration when sending larger or heavier letters</b> as there could be some uncertainty as to the cost and number of stamps required.</p> <p>Even large birthday cards could fall into this category, with the added sense of embarrassment that, if the sender gets it wrong, the recipient has to pay to receive.</p>	<p><b>Few pain points or unmet needs</b>, except for the perceived lack of competition in the more remote rural areas, for example, Oban.</p> <p><b>Having to go to the post office</b> was seen by some as a minor hassle for those working full time, but it was typically an infrequent activity. In addition, it was acknowledged that you were able to buy packaging and get the parcel weighed on the same visit.</p> <p>SMEs and some heavy use residential users tended to get parcels collected by other providers from home or the office and so didn't experience the same issues around getting the parcels into the system.</p>
<b>Receiving</b>	<p><b>Current needs are typically met.</b></p>	<p><b>Some issues around the ease of receipt of parcels were reported.</b></p>

The only real pain point was **unsolicited ‘junk’ mail**. This term was used to reference unsolicited advertising and flyers rather than magazines or catalogues, which may have some interest.

**Urgent signed-for letters** could also be a pain point if the recipient was not around to sign for them as this tended to create additional hassle and delay. This could be particularly challenging if getting the letter to the recipient was urgent. However, it was acknowledged that the receipt of these types of items was relatively rare.

Receiving parcels was a potential ‘pain point’ among those that were not usually at home to take the parcel in. Heavier parcel users may have developed workarounds to this, but even these are not fool proof.

Some also mentioned that parcels could get damaged or go missing in transit.

This tended to vary by geography. Those in more remote locations often had the perception that they received a patchier, less certain service.

**Overall, the receipt of parcels was the biggest ‘pain point’, as outlined above.** Participants reported a number of workarounds for receiving parcels when they weren’t at home. These included:

- Asking the courier or postman to leave the item in a **‘safe’ place** on the property; although it was acknowledged that this ‘safe place’ could simply be in a porch or behind a bin.
- Asking the courier or postman to **leave the item with a neighbour**. While this can work well, it does rely on neighbours being in during the day and their good will in keeping the items.
- Having the item **delivered to work or to a family member**.
- Delivering items to a **nominated drop-off point**, for example a local corner shop.

Having to collect a parcel from a delivery office or depot was generally seen as inconvenient and it could mean waiting until they had time to pick up the parcel, which may be the weekend. Royal Mail’s delivery offices tended to be closer than some competitors’ depots, but typically had limited opening hours. Delivery offices and depots were also seen by some to be in inconvenient locations, far away from home or work. They often did not have adequate parking facilities, had long queues or simply did not feel very safe after dark. These factors added to this sense of inconvenience.

To avoid having to collect a parcel from a delivery office or depot another option was to use redirection/redelivery services. However, getting parcels redirected to an alternative location or redelivered was seen as an added step, which delayed things further and increased the risk of something going wrong. Participants also reported that they were required by Royal Mail to pay for re-delivery to a local Post Office which could be off-putting, and was seen by some as an unnecessary charge.



## 6. Response to the USO

The concept of the USO and the types of services required by it were explained by a Jigsaw moderator in the plenary setting. This included the following description of what was included within the USO:

- Minimum of one collection of letters and parcels/packets from all appropriate access points at regular intervals across the week on specified days
- Minimum of one delivery to all UK addresses of letters and parcels/packets at regular intervals across the week on specified days
- A service for registered and insured items
- A first and second class service
- Royal Mail must currently provide these services at the same price to all

The USO was then discussed within the breakout sessions (also providing an opportunity to answer any questions). This meant that all participants were given the same information, and were able to give their thoughts and opinions on the USO in a more informed way. The descriptions were intentionally generic as we wanted to capture spontaneous views of the current service levels.

A more detailed overview of the stimulus used within the sessions is appended to this document.

### 6.1. There was low awareness of the USO, but it was strongly supported once explained and understood

The majority of participants were not aware of the post USO or its implications. Once explained, participants responded overwhelmingly positively to the concept of the USO across all workshop sessions and participant types. The key reasons given for supporting the USO were as follows:

- The USO was felt to **maintain and protect current service standards**.
- It acted as a **safety net**, ensuring that there was a basic level of service to protect **all** customers.
- The USO helped to **reinforce trust in Royal Mail**; and ensured that Royal Mail adhered to standards where other providers might not.
- Participants reported that it felt **fair for everyone to get the same** standard of service and have the same key services available to them regardless of where they were sending an item to or from within the UK and wherever they live/work.
- It was seen as **simple and straightforward**, particularly in terms of the pricing structure (see below).
- Furthermore, the USO was felt to **unify all parts of the country** in that the service operated to the same service levels and pricing standards for everyone regardless of where they lived.

***“Now that you have told us about that [the concept of the USO] it totally makes sense why Royal Mail offer a higher standard than some of the others, I’m sure having this agreement keeps the standards up as they have to deliver” Residential, heavy user of postal services, Leeds.***

***“Sometimes you don’t have a choice where you send stuff. So here in Swansea, it would be cheap to send things to the DVLA. But if you lived further away, you’d have to pay more and that’s not fair” Residential, light user of postal services, Swansea.***

## 6.2. Uniform pricing was strongly endorsed

There was **strong support for uniform rather than differential pricing.**

Most appreciated the **simplicity of Royal Mail’s uniform pricing** structure; the sender knew the cost of sending an item would be the same regardless of where it was sent to and from. This ‘one price for all’ structure played into the strong desire for the system to be clear and easy to understand. This was particularly important for letters, where users wanted to be able to self-serve.

Importantly, it also seemed **fairer** in that a person didn’t always choose where they had to send items; and so, it seemed reasonable that you wouldn’t pay more if the person/business you needed to send something to was further away. Most acknowledged that uniform pricing meant that those living in remote rural areas were subsidised by those sending within urban areas, but this was largely supported. In addition, as senders all acknowledged that they could benefit when they were sending things further afield. It was also pointed out that when required to reply to a company or Government body, people have little or no choice over the delivery destination so it would be unfair to have to pay more for delivery to a more remote location.

Ultimately, it was felt that differential pricing would create an unwarranted degree of complexity given the relatively low expense involved.

***“It would be way too complicated if you had different prices for different locations, I really don’t want to have to think about that. We all send and receive things from closer and further away sometimes and you can’t always control how far you have to send stuff – it just seems fairer and easier this way.” Residential, heavy user of postal services, Leeds.***

***“It wouldn’t be fair if they changed it. Everything is based in London, all the government offices and so forth. So people up north would be disadvantaged unfairly” Residential, light user of postal services, Norwich.***

### 6.3. Offering a different service standard in urban and rural areas would detract from the simplicity of the offer

During the sessions, participants were prompted to think about the option of different minimum requirements for delivery and collection in urban areas compared to rural areas. They were given the following scenarios:

- Fewer delivery days in urban areas, for example; 3 days a week in urban areas and 5 days in rural areas (the reason for fewer delivery days in urban areas might be that other operators are more likely to offer alternative services, so rural areas might rely more on Royal Mail/USO)
- Fewer delivery days in rural areas, for example; 3 days a week in rural areas and 5 days in urban areas (reason to reduce delivery in rural areas may be to mitigate higher costs of delivery)

The idea of having different minimum requirements for delivery and collection days in urban areas and rural areas (three days in urban areas and five days in rural or vice versa) was **difficult for participants to understand** as a concept, at least in part because the discussion had focused on the idea of the same basic minimum standards, regardless of where you live. When explored, they could find arguments for and against both options and therefore struggled to answer in a definitive way.

Ultimately the idea was seen **to go against the core principle of fairness** within the USO. There was a sense that uniform pricing also required uniform service standards in order to feel 'fair'. As noted previously, **simplicity was also felt to be key**, including offering the same standards regardless of where you lived.

Having different delivery and collection days in different parts of the country was felt to add too much complexity to the system. This was because postal users would then have to think about and understand how the service operated in their area, as well as the areas that they were sending to (to ensure items arrived in the necessary timeframe).

## 7. Price sensitivity

### 7.1. Royal Mail was generally seen to offer good value for money, particularly for letters

In breakout sessions, participants were asked to write down what they thought the price of a first and second class stamp for a standard sized letter, and small parcel was. They were asked to do this individually and in silence so that they were not influenced by others. This exercise was designed to provide insight into participants' awareness and understanding of the price of such services.

The correct prices were then revealed by moderators:

- First class standard sized letter: 70p
- Second class standard sized letter: 61p
- First class small parcel: from £3.55
- Second class small parcel: from £3

#### 7.1.1. Letters

**In terms of letters, there was low awareness of stamp prices;** and estimates ranged quite broadly from 20p to £3. Although, as highlighted earlier, the perceived price difference between first and second class was thought to be minimal.

There were a number of reasons why participants were uncertain about the cost of a stamp:

- Postal services were often only used intermittently or, in some cases, not at all. As a result, users did not tend to think about stamp prices.
- Stamps were typically bought in books, as opposed to individually.
- Stamps were often bought alongside other items and so the price was not always obvious.
- The monetary value was not written on a stamp as a reminder.

***“I never look at the price of a stamp as I buy them in books with my shopping and it doesn't say on the stamp any more. I know it is less than a pound.” Residential, light users of postal services, Aberdeen.***

**However, anything under £1 was seen to represent reasonable value,** and 70p for first Class was felt to represent good value for money. This was the case for most, even though there were some complaints that the cost of stamps seemed to keep going up.

For all except the heaviest users, post did not represent a significant household or business expense. They were generally not sending enough letters for the decision to be very price sensitive. For example, if someone only sends 4-5 letters a year, even a price difference of 30p would only equate to £1.50 overall.

***“The cost of a first class stamp would essentially need to get to the cost of sending it another way before I’d stop using it. They could double it and I’d still use it – how else am I going to send a letter to the other end of the country for less than a couple of pounds?” Residential, light user of postal services, Swansea.***

Only those sending out significant numbers of letters were more price sensitive. The more price sensitive audiences therefore tended to include higher volume SMEs and those sending out larger quantities of Christmas cards.

The cost of stamps for larger letters was sometimes seen as worse value for money, with occasional mentions of the significantly higher cost compared to standard sized letters.

### 7.1.2. Parcels

**Price awareness for parcels was even lower.** Lighter users of the postal service tended to take their items to the Post Office to have them weighed or would look up prices online. Many SME participants were not involved with the day-to-day mail out of items, and therefore also had low levels of knowledge.

**Heavier users/those sending larger items, tended to see sending parcels via Royal Mail as poorer value for money compared with alternative providers.** This was only reported by participants after they were prompted. It tended not to be a frequent spend and so was not raised spontaneously. Lighter users tended to only ever use Royal Mail so had no point of comparison.

When participants only sent parcels occasionally, most were willing to pay Royal Mail’s prices for the convenience and trust aspect. Heavier users were aware that cheaper alternatives were available, if required.

## 7.2. A change to the relative prices of first and second class stamps for letters would only really impact the heaviest users

**A 10p-30p price increase on stamps would not make a significant difference** given the low volumes of letters sent by most participants.

The research suggests that **increasing the price differential between first and second class stamps by 10p for letters would be unlikely to have a substantive impact** on which class is selected, with the exception of the heaviest users. Many participants claimed that they sent letters so rarely that an additional 20p would have little, or no impact on usage.

A more significant price increase, such as raising the cost of a first class stamp to more than £1, could have a larger knock-on effect:

- It may encourage heavier users SMEs to send more letters via second class, or to find an alternative provider offering lower prices.
- It may encourage residential users sending out large volumes of greetings cards at Christmas time to send them out via second class, or hand them out personally.
- For lighter users, both SMEs and residential users, a 20p price increase in first class relative to second class would be unlikely to make much difference in all bar the most budget conscious households/businesses.

### 7.3. The impact of changing the relative prices of first and second class stamps for parcels is harder to assess

**While price increases to parcels may be tolerated**, this would be likely to further encourage medium to heavy users to look for alternative (cheaper) providers.

While for SMEs the cost of postage could sometimes be passed onto the recipient (either overtly or included in the price of the item), SMEs still needed to remain competitive with other sellers. This was in terms of both cost and speed of delivery.

**As with letters, the price differential between first and second class on smaller parcels was not seen as particularly large.** For heavier users and those sending heavier or larger parcels, senders might consider using second class as the overall expense became more significant. If the price difference between a first and second class service were to increase, the likelihood of switching to second class would depend on the overall difference this would make. If it remained relatively low (for example less than £1 for a parcel costing a £3.50 or more) then senders said they would typically still use first class for occasional items (for similar reasons as for letters). However, more frequent senders tended to be more price sensitive.

While responses for letters were generally consistent, responses for parcels were more variable depending on the frequency, amount and size of items being sent.

**Please note that this measure of price sensitivity was qualitative.**

### 7.4. Some of the additional Royal Mail services were often seen as offering less value for money

When discussing additional services in breakout sessions, participants were asked to give their spontaneous view on the price of each service. They were then given the accurate prices by the session moderator. This provided an insight into price awareness levels and also participants' thoughts on price and value for money. The prices shared by moderators were as follows:

- Special Delivery for a standard letter: from £6.50<sup>2</sup>
- Redirection services for a private address: from £33.99 for 3 months (for lead applicant)
- Redirection services for businesses: from £211 for 3 months within the UK

**Special Delivery:** This service was felt to be fairly expensive when the price was revealed. This was largely because participants did not always feel they required the insurance component, particularly when it came to letters. As a consequence, the price could feel high simply to guarantee next day delivery. Furthermore, some did not feel that they always needed the tracking component, or for the item to arrive by a certain time of day (for example, 1pm).

However, the price was rarely raised spontaneously as an issue, as participants didn't tend to know how much it was (before prompting) and their usage was infrequent. Some admitted that on the odd

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<sup>2</sup> NB this pricing was accurate at the time of the research (but has since increased as of March 2020)

<https://www.royalmail.com/sites/default/files/royal-mail-our-prices-25-march-2019-46305575.pdf>

occasion when they had something urgent to send, they would simply pay the price of special delivery with little thought.

**There was no evidence among our sample that the price was considered prohibitive.** However, participants spontaneously raised the concern that the cost of Special Delivery was likely to become more of an issue if it needed to be relied upon more frequently in the future in order to obtain next day delivery.

**Royal Mail Redirection services:** Only a minority had used the Redirection service, although most participants could recognise its value in providing a safety net to ensure no essential mail was missed after moving. Minimum quotas had been placed on the sample at the recruitment stage to ensure that we had at least some individuals in each session who had used this service.

**There were mixed views among residential users about the price of the Royal Mail Redirection service:**

- Some (those who had used it or who could imagine benefiting from it in the future) felt it gave reasonable value for money.
- However, the current costs seemed expensive for larger households, those on lower incomes and/or those who moved home more regularly.
- At these prices, the service was expected to be reliable and to work effectively and yet some reported occasional issues as follows:
  - Delays in redirection of items (as they were saved into batches before being sent on).
  - Some items not being redirected or going missing.
  - Some felt that it was difficult to get help via customer services if they needed it (i.e. not helpful or unable to resolve the problem effectively).

**Among SMEs the service was more likely to be seen as price prohibitive.** This was particularly true for smaller SMEs, given that pricing is not tiered according to the size of the business or the volumes of mail sent and received. The current pricing structure could therefore be seen to be unfair.

***“It’s a lot of money for what you’re getting. And maybe it makes sense for big businesses, but not for us.” SME, heavy user of postal services, Caernarfon.***

There was widespread agreement that an affordable Redirection service was an important part of the Royal Mail service (see section 8.2).

## 8. The services and service standards required

Exploration of the minimum service requirements in the USO

This USO was discussed with participants in the context of the following:

- **The challenges to the service** due to changes in habits. This was outlined as:
  - Fewer letters being sent leading to an increase in the average cost of delivery.
  - An increase in the number of parcels being sent, and high levels of competition from alternative providers in this area.
- That Royal Mail may choose to **exceed minimum levels of service** (e.g. by delivering parcels on a Saturday), but it is not required to do so.
- That **competitors may choose to offer similar services** and are free to do so, but they would not be required to meet the standards set out within the USO.

Participants were primed to think about what they **needed** from the service, rather than what they wanted or were familiar with. However, current habits and ‘wants’ would inevitably have influenced their preferences in some cases.

### 8.1. Overall attitude towards potential future changes to the service

Most recognised that the universal service might not be sustainable in its current form (due to changing habits), and this meant that participants were prepared to see changes made to the service. **Participants were keen to ensure that Royal Mail in some form, continued to be sustainable, while maintaining its integrity and core features. These were seen as:**

- Available to all.
- The simplicity and fairness of uniform pricing (which was strongly endorsed).
- Clarity and convenience in terms of usage (that most understand how it works and how to get items into the system).
- Certainty: knowing the item will arrive in a certain period of time.
- Reliability: knowing it will arrive in good condition.
- A personal touch; most notably in having the postman bring your post to the door.
- The ability to send things urgently. Typically, this would mean using a premium service as first class was not considered when sending items urgently.

For lighter users, any changes to the standards or pricing would have little practical impact and yet it was only the least engaged that did not really care. These perceptions were set against a backdrop of austerity where people have seen many public services reduced over the years.



## 8.2. Perceived importance of services in the USO

### Exploration of the importance of services within the USO

In order to fully explore levels of importance, participants were asked to take part in a **card sort** exercise. They were shown cards with the range of services covered by the USO listed on them, and were asked as a team to sort them into groups depending on how important it was for that service to be guaranteed within the USO. Participants could place each service in one of the following groups; 'essential', 'nice to have' and 'not required'.

Participants were asked to consider the following USO services; first and second class services, Special Delivery, Recorded Delivery ('Signed For'), insured services, redirection services, Certificate of Posting, Return to Sender, franked mail and Poste Restante.

**Most did not have a complete knowledge of the range of USO services** available from Royal Mail, or a complete awareness of the features of the individual services. It was apparent that on occasion participants were currently using a more expensive service than needed. They were unaware that a cheaper service was available that would have been adequate for their needs.

This relatively limited knowledge of services led many participants to see all services as either 'essential' or 'nice to have'. This was in part because they were reluctant to discard a service in case it would be useful at some point or because they could see that it **might** be useful to someone else, even though they had not used it personally. This, in itself, showed how little some participants used some of the services. If participants had actively used a service and/or could see a **strong** social value to it, they tended to see it as more important.

When asked to sort the services, there was a high degree of alignment between residential users and SMEs in terms of the relative importance they attached to the different services (with a couple of exceptions which are highlighted below).

The services are listed below in order of their relative perceived importance (from most important to least important). It is worth noting that this represents a qualitative read on participants' needs rather than a more robust, quantitative, ranking.

#### 'Essential' services

- **Combined first / second class.** Combining first and second class was often suggested spontaneously during the sessions. They thought having a separate first and second class service seemed a little redundant given that a number of participants tended to rely on first class only.

A 'standard' combined class was therefore often **either acceptable, or actually preferred**. It was largely seen as a better fit with current usage, and a way to simplify the service without significantly diminishing service levels.

***"I wouldn't 100% rely on something to get there the next day with first class, so having two different services is not all that useful to me. I always just send it first class anyway as stamps aren't expensive in the scheme of things." Residential, heavy users of postal services, Leeds.***

***“Just have one stamp. No point in having second class stamps – who uses them?! Just one stamp, one price and one day’s delivery. Nice and simple” Residential, light user of postal services, London.***

That said, a minority of participants raised concerns about a single standard service; principally because it was expected to be slower (than first class) and more expensive (than second class). Slower delivery was acceptable to residential users most of the time. However, on occasion they needed a ‘next day delivery’ and a service that could provide that. Some of the SMEs most reliant on post were also worried about future price rises impacting on margins. Typically, however, the concept of a single standard class of service made the two separate first and second class services redundant.

- **Special Delivery.** This was typically recognised as an important service for urgent/important items, even though it was not used very often. However, when it was used, it was typically seen as vital.

Even those participants that were using it were not fully aware of all of its features. A sizeable number of participants were simply using the service for the guarantee of next day delivery, (where the requirement to be there by 1pm and/or the insurance aspect was not necessarily needed). Having a **guaranteed** next day delivery service available was felt to be even more important in the context of a combined service, assuming that there was no longer a next day option.

There were some concerns that Special Delivery might not be available to those in remote areas if it were to fall outside of the USO. Many also worried about the cost of using special delivery to replace first class (as above).

- **Recorded Signed For.** This service was also felt to be important because it was often required for documents related to contractual, governmental and legal matters. The fact that it also required a signature was often seen as raising the gravitas or importance of a letter.

Again, it was not used often but was seen as vital when it was needed. There was some confusion between Recorded and Special Delivery, and some may be using Special Delivery when Recorded would be adequate. There was some uncertainty about whether Recorded items were required to be delivered the next day.

- **Certificate of Posting** (also called proof of postage). This was seen as important, especially in relation to parcels, as it offered proof that the sender had sent the item. Online marketplace sellers (and buyers to a lesser degree) and SMEs sending goods, tended to see this as an essential service as it was often required. Furthermore, some companies could require this for returned goods.

A certificate of posting was fundamentally seen as equivalent to a receipt; which senders should be entitled to obtain free of charge, if requested. It was therefore seen as an essential part of the service to have available free of charge by those that used it. However, non-senders of parcels only saw it as a ‘nice to have’.

A certificate of posting was less useful for some in that it was seen to replicate what was offered by Recorded Delivery.

### ‘Nice to have’ services

- **Franked Mail.** Perceptions of this service were driven by current usage levels. For the minority of SMEs currently using it, franked mail was seen as either essential or at least highly important. The key benefits were felt to be cost and speed as users were typically sending out large volumes of letters. However, some of these companies believed they could use an alternative supplier if the service was not available and/or if the cost of Royal Mail’s postage rose significantly.

Most SMEs, however, had not used franking machines. This was because they typically considered these to be too expensive for the volume of mail they sent and therefore saw them as either nice to have or not required.

- **Redirection Services.** Some participants were recruited based on having used redirection services, whereas others had moved house but had not used it. Those that had used the service had done so for convenience and peace of mind. Those that had not used it either contacted the new residents personally to arrange collection, or simply didn’t care if they missed some post.

On other occasions, participants claimed it might have been useful to them but they had not been aware of its existence. Most (except those in very tight knit communities, where mail was passed on) could see the logic of providing this service; especially as they understood that users pay for it and it did not impact on the basic cost of the overall postal service. It was seen as particularly useful if you were moving out of the area as the workaround of ‘befriending’ the new tenants/owners wasn’t available.

SMEs tended to see it as slightly less important than residential users. They were most put off by the price, which was considerably higher than the cost for residential addresses.

- **Insured Services.** Some residential users valued the peace of mind provided by insured services. However, many thought it was of little real use, mainly because it was seen to duplicate what was provided by other services. In addition, it was not seen to be as practically useful as Special Delivery or Recorded Delivery.

Residential users also felt that the amount insured was relatively low. £50 compensation was felt to have little value (‘not worth much nowadays’), particularly in relation to value of the item it might be required to cover. This amount was also not felt to be enough to compensate for the hassle of replacing missing (personal / sentimental) items.

- **Return to Sender.** Overall views were mixed, largely based on whether they had bothered to return miss-sent items themselves or benefited from this service in the past. Some participants reported that they would write ‘Return to Sender’ on relevant post. But others admitted to throwing items away. A minority of participants had actually benefited from the service.

Some SMEs found it to be a useful way to help manage mailing lists, but many had never used it.

Ultimately, the discussion only helped reinforce the sense that the service was, by its nature, unreliable and so participants could not understand why it would be 'funded' in the USO. Some felt that it should be incumbent on businesses to keep their mailing lists up to date (particularly given data protection issues/GDPR), and they should therefore pay if mail was returned to them.

### Services 'not required'

- **Post Restante.** This required a considerable amount of explaining as a service. When it was explained and understood correctly, the vast majority saw it as very old fashioned; harking back to when post was the main form of communication.

There was some recognition that it could be valuable for certain people for example, those living and working in different areas/offshore, foreigners working in the UK and tourists. However, it was generally seen as something that was a niche requirement that should be paid for by users if required, and therefore did not need to be in the USO.

## 8.3. Participants found it easier to compromise on certain elements of the postal service.

### Exploration of minimum acceptable service levels for the USO

Participants were asked to take part in an exercise to identify the minimum acceptable service levels for the postal USO. The exercise outlined the different elements currently guaranteed under the USO, such as collection and delivery days, as well as speed of delivery (the 'attributes'). Participants were also shown different service levels for each of these elements. The current level was not given.

Participants were first asked to identify current levels of services, so that we were able to understand their starting point. They were then asked to consider the **minimum level of service** for each attribute of the service that would provide an adequate service for their needs. These levels were explored further to identify if they could be reduced even more, whilst still meeting their needs.

Participants were also given the option to add to the service in order to achieve higher standards of service than they currently receive if this was required in order to meet their needs. They could also elect to increase what they paid for postage to keep the current levels of service.

When given the choice, the vast majority of participants would not increase what they paid for postage in order to maintain or increase the current levels of service. They would instead prefer to keep prices constant and reduce the service levels.

As identified earlier, the cost of stamps was not considered to be a relatively large expenditure for residential users or the majority of SMEs, therefore their reluctance to increase prices was not linked to affordability. Instead, most recognised that the current service levels were more than they currently needed given their level of usage and/or reliance on the post.

The service standards that participants were most willing and open to reduce were as follows:

- **Moving to a single service** (combined first and second class). As outlined above, this was often suggested spontaneously during the sessions, as mentioned previously. Upon further discussion, most were happy to accept a two-day delivery standard for all except the most urgent post. For some, this could even stretch to three days for post to be received, provided this also took account of other interdependencies in the service (in other words, an item would be received three days from when they posted it regardless of pick up times and or collection/delivery days). Some participants saw a benefit in having a simplified service.
- **Fewer days of the week for delivery and collection.** Most participants were willing to have collection and delivery of their post reduced to 5 days a week, accepting that this would still meet current needs. Considering fewer than 5 days could be challenging for participants because most found it difficult to calculate or weigh up the impact of losing another collection day alongside the impacts of the other interdependencies (such as collection and delivery times). Ultimately, participants wanted post to be received within two (or three) days of it being sent. They were typically less concerned about which days the post was collected or delivered on in order to achieve this.

The reduction of some service standards caused more debate amongst participants:

- **Later delivery and collection times.** There were mixed views on last **collection times**, with the current standard being viewed as a compromise. Residential users often welcomed later **delivery times**, as this could give them a greater chance of being at home to take receipt of parcels. However, for a minority of SMEs this could be more problematic, particularly if they were reliant on the post for the receipt of business-critical items (e.g. spare parts) or needed to send orders on to customers.
- **Weekdays or Saturdays.** There was some debate as to whether Saturdays should be included in the service. Some residential users felt that they needed a Saturday for delivery and collection (particularly for parcels), as they were less likely to be working that day and so could receive and process mail. However, the majority of SMEs were satisfied with Monday to Friday provided that this fitted with their working patterns. While Saturday collections and/or deliveries were desired, the majority accepted that this wasn't an absolute necessity. However, for collections the main concern with losing Saturdays was the gap in service this would create, particularly if the service was to move to a two-day delivery window (which was discussed in the context of moving to single service).
- **Crucially, for delivery and collection days, all participants wanted to retain national consistency** in terms of the days of the week for delivery and collection in order to avoid complexity. People did not want to have to work out which days of the week different parts of the country could send or receive items on. As noted previously, key needs from the postal service were simplicity and certainty, people wanted to be able to know that they could post something and it would get there within a certain period of time (even if that was 2-3 days);

having different days of the week and/or different standards in different parts of the country was seen to work against this.

There were some service standards that were less negotiable, and that participants were less willing to reduce:

- **Maintaining the standards at 90% (93%).** As referenced earlier, reliability and certainty were seen as key to the service. Thus, a high service quality target became even more important if other elements of the service were to be reduced. That said, most were unaware of the current target and believed it to be lower than 93% (which is the requirement for first class).
- **To the Door.** For letters, most were very reluctant to make changes to the current 'to the door' service. Only a small minority of participants would welcome a lockable box for the receipt of parcels. Having post 'to the door' was seen as a fundamental part of 'our postal service', with emotional and practical considerations.

The multiple interdependencies between the different service standards of the post were rarely considered spontaneously, and even once it was explained to participants it was difficult to comprehend. Most wanted to get their post within 2 days. Some said they would accept 3 days in some circumstances (for example, if they missed the post that day or if it was a non-collection / delivery day). How this is achieved was very difficult for users to envisage.

It is also worth noting that overall, participants tended to need a higher level of service for parcels compared to letters. Some very light users simply did not care about the service levels, given their low levels of usage.

#### 8.4. Next day delivery needs

If there were to be a reduced speed of delivery for 'standard class', most participants felt that they would **require a cost effective, next day delivery service**. Most acknowledged that this would not be a service that they would use frequently, but that they would need to have it available as a 'safety net' for the occasional urgent item; either letter or parcel.

**Special Delivery** could fill this need to some degree for some participants and would still be required within the USO. This was especially important if the only urgent items sent were important ones where the added protections included with Special Delivery, as well as the urgency, were required (for example, passports and legal documents). However, for other occasions, Special Delivery offered a higher level of service than they needed; for example, insurance, tracking and receipt by a certain time of day would not be needed for urgent greetings cards. Furthermore, the cost of Special Delivery was also seen as prohibitive if they were required to use it more frequently.

Many participants stated that their actual need in this area was for an **'un-insured' but guaranteed next day delivery service**. This service was outlined as below:

- To offer guaranteed next day delivery (could be later than 1pm).
- Could include tracking (although not always required).
- But would not require insurance.
- Importantly, offered at a lower cost than Special Delivery (but it could be significantly more expensive than the current cost of first class).

There was some recognition that this could be viewed as a more expensive first class post, but a small number of participants suggested that this would be **branded differently** from the standard

post, removing the stigma from second class. Furthermore, this service would be **'guaranteed'** for next day delivery and would therefore be suitable for urgent items. Some participants also felt that if **tracking** could be (relatively cheaply) included this would also help to differentiate the service from the current first class service. That said, tracking would be more important for parcels than for letters.

***"I'd be happy to go to a single class of service in two to three days as long as there was still Special Delivery if anything is really urgent and most post isn't." SMEs, heavy user of postal services, Oban.***

## 8.5. Additions to the USO

Participants were asked if they had any additional requirements that needed to be included within the USO. This was discussed in the context of potentially making changes to the parameters of the existing USO more broadly.

Overall, participants identified very few additional requirements to be included within the USO. This was reflective of it meeting most of their present needs.

They did, however, suggest the **need for a guaranteed next day delivery** (as mentioned above, in the context of a single service). This would need to be lower in terms of both price and specification than Special Delivery. However, it might still require tracking (see below).

Some participants expressed a need for **increased levels of tracking** for both sending and receiving; particularly when it came to parcels. However, this was an example where participants found it hard to separate 'wants' and 'needs'.

In terms of sending, tracking could be a requirement for some as it would give proof of delivery and estimated delivery times/slots (particularly for SMEs and those selling via online marketplaces). In terms of receiving, having specified delivery timeslots was a requirement for some, so that they could arrange to be at home to take delivery. For others, in rural areas, tracking could be reassuring when a parcel hadn't arrived as quickly as expected. Where the competition was felt to be less strong, participants suggested there may be more of a need as it may not be made available otherwise.

Tracking was felt to be a growing need as more parcels were being delivered, and some participants thought it would help to bring Royal Mail up to parity with its competitors. It is worth noting that whilst tracking was requested by participants, it is already available outside the USO to bulk senders as an online only service and some SMEs and people selling items on websites were aware of this option and used it already. Where residential users were sending individual parcels (e.g. birthday presents) they did not typically express a need for tracking.

## 8.6. Differences by audience type

Across sessions, there were some differences by type of user. Whilst lighter residential users were likely to be least impacted by potential changes, other audiences indicated that they might find some of the potential changes more challenging. These included heavier users (both SME and residential), and those most reliant on post due to their vulnerable circumstances. These are detailed below.

### 8.6.1. Light users: residential users

Potential changes would have little impact on lighter users although they, like other audiences, were often still keen to retain certain key features of the postal service. This typically included the following:

- Certainty/reliability.
- Simplicity of user experience.
- Uniformity/equality.
- Multiple levels – default/ norm and option to prioritise/signal the importance of the item or the recipient.



The younger light users were the most indifferent towards the postal service and any changes that might occur. They lacked the emotional connection with the post and only used it occasionally.

### 8.6.2. Heavier users

All heavier users (residential and SMEs) were more reluctant to reduce the collection and delivery days. They were most concerned about the potential gaps in the service that would occur once you factored in the interdependencies (including collection and delivery times and days). Having to think about which days you could or couldn't send and receive things made it overly complex.

As long as a reasonably priced next day service was available for urgent items, heavier use residential users were more comfortable moving to a single, two-day, delivery of post and were accepting of earlier collection/later delivery times.

### 8.6.3. SMEs

SMEs that relied on a 'just in time' supply chain were dependent on both the time when supplies were delivered and collection times that enabled them to mail items out again the same day. Others were reliant on receiving parts/supplies in order to do their job, and as such any delays in the post delayed their ability to deliver. This was especially important when they couldn't obtain these items from local suppliers.

Moving to fewer delivery/collection days and/or changes to delivery/collection times would impact on their ability to turn things around quickly. Those that were currently using first class and next day delivery services (typically for sending packets/parcels) were worried about the cost of using premium services for next day delivery.

<p><b>Case study: Handyman, Oban. Heavy user of Postal Services.</b></p> <p><i>In his 50s, the owner of a micro-business in Oban</i></p>		
<p><b>Relationship with the post</b></p>	<p><b>Use of postal services</b></p>	<p><b>Services and standard required</b></p>
<p>The participant was very reliant on Royal Mail to receive parts/stock which he required in order to operate his business.</p> <p>Being in Oban, there were no local stockists so the business needed to order in parts using the post.</p> <p>He had to use Royal Mail as alternative providers would charge a premium for parcels to Oban. Furthermore, the alternative providers used the same courier service, which he had found to be unreliable.</p> <p>He needed next day delivery as otherwise he couldn't operate and his job would take an extra day to complete.</p>	<p>He was a heavy user of the post and sent and received transactional mail via letter.</p> <p>Also, more importantly, he relied on the post to receive parts/stock from suppliers via Royal Mail parcel deliveries.</p> <p>He also returned items that were not correct (although less frequently), again with Royal Mail.</p> <p>He also sold some smaller items and sent them out to people who had bought from him online (via different online marketplaces).</p>	<p>The participant ended up compromising with a single two-day service for everyday mail but required some form of guaranteed next day service which his suppliers could use.</p> <p>He would find any significant gaps in the Monday to Friday service hard to accept as this would impede his ability to operate.</p> <p>He would accept a slightly later delivery time but if it was much later it would mean he couldn't get started that same day.</p>

#### 8.6.4. Vulnerable or more 'reliant' audiences

In-home interviews were conducted with those that self-defined as people who were reliant on postal services and with low mobility, including a mixture of those with a disability and the elderly. For these participants, postal services felt like a lifeline, and a welcome connection with the outside world.

***“If you’d asked me a year ago, I’d have said the post wasn’t so important, but since ‘the event’ (a brain injury) it became more so.”*** Medium user of postal services, Lisburn

Elderly participants that were most reliant on postal services tended to be more nostalgic about the post. They often placed a high value on knowing their postman personally.

This audience tended to be more resistant to any changes:

- They were often more price sensitive.

- They tended to be less internet or technology savvy. As a result, they often interacted with organisations more using the post. For example, to receive bank statements and hospital letters.
- They tended to be less mobile, and as such delivery to the door felt more essential.
- The more housebound looked forward to the postman coming each day - not only for the opportunity to interact with the postman, but also because receiving and opening the mail could give structure to their day.

Nevertheless, the majority of the more reliant postal users also recognised that fewer letters were sent and received than in the past. This meant that, while they liked the current levels of service, they didn't feel that they needed it. Participants tended to be more open to moving to a single (two-day) delivery and/or later delivery times/earlier collection times than removing days for delivery or collection.

***“Everybody I used to send letters to are gradually dying off – things have changed but nothing beats a letter or card.” Limited Mobility, Heavy user of postal services, Leeds***

<p><b>Case study: Ella, East Belfast. Heavy user of Royal Mail Services.</b></p> <p><i>Aged 74 and lived with her husband. She had extended family on the mainland to whom she regularly sent letters and parcels. She had limited use of the internet so relied entirely on post.</i></p>		
<p><b>Relationship with the post</b></p> <p>Postal services were very important for Ella; both as a sender and a receiver of post.</p> <p>She relied on the post to communicate with her family and to run her household (for example, to pay bills and access bank statements). She was not an internet user.</p> <p>The post also played an emotional role too; in maintaining her engagement with the world.</p> <p>Ella had a strong sense of loyalty towards and trust in Royal Mail. The postman symbolised this.</p>	<p><b>Use of postal services</b></p> <p>Ella sent letters and parcels most weeks, and so she visited her local post office as part of her normal routine. This also had an important social element too.</p> <p>She tended to receive something in the post most days. This was seen as a marker of the day and provided some sense of the world going on as normal outside her door.</p>	<p><b>Services and standard required</b></p> <p>Having her deliveries brought to her door was vital; and a key part of the Royal Mail ‘contract’.</p> <p>She could live with first class only (in other words, she wasn't price sensitive) but liked the second class option. She felt that this was all part of the service's accessibility and affordability.</p> <p>She would be happy with 3-4 delivery days a week (but no fewer) and would expect this to be replicated in terms of collection days.</p> <p>Overall, she would prefer as few changes as possible. She knew the current system and found it easy to use; key to having sense of reliability and trust.</p>

***“To me, the post is all about communication – it’s how we speak as a family and how I make contact with the world.”***

**Case study: Sharon, London. Heavy user of Royal Mail Services.**  
*Aged 50, Sharon suffered from Multiple Sclerosis and had limited mobility. The postal service enabled Sharon to make sure her children had everything they needed.*

<b>Relationship with the post</b>	<b>Use of postal services</b>	<b>Services and standard required</b>
<p>Post played a huge part in Sharon’s life, and was key to family management.</p> <p>A former teacher with Multiple Sclerosis and a mother of two, Sharon had experienced reduced mobility to the point where she had to retire from her teaching career.</p> <p>She relied on the post to alleviate parenting tasks that would require her getting out and about with her two young children (11 and 8 years old). For example, going out shopping to buy new clothes for her children would have been extremely challenging given her illness so instead Sharon tended to buy most things that her children needed online, and then returned the unwanted items.</p>	<p>Given how dependent she was on online deliveries, Sharon received parcels nearly every day.</p> <p>She looked for online shops with free delivery and free return options and spent a lot of her time juggling between receiving and opening parcels, selecting those to keep and organising the return delivery of unwanted items.</p> <p>Beyond parcels, Sharon tended to send and receive a lot of birthday cards. Her medical correspondence was conducted entirely via post.</p>	<p>As Sharon sent a lot of high-value parcels and typically received a refund once these items had reached the merchant, she relied on Proof of Posting and Recorded Delivery.</p> <p>Delivery and collection times were less important to her given that she was at home most days. However, the text notifications she received were often misleading and/or delayed which defeated their purpose.</p> <p>Sharon was not particularly price sensitive and used first class almost exclusively (for letters). She would continue doing this, even if the difference was greater (e.g. 30p). She was more price sensitive when it came to parcels, which she tended to send second class.</p>

***“Some changes would have a big impact on my life. For example, not knowing what day they deliver, am I expecting a parcel, will I remember what days I receive mail, what if I really need it on that day?”***

## 8.7. Raising the environmental impact of postal services received mixed reviews

A minority of participants raised the environment as a concern spontaneously. These tended to be the participants who claimed to feel strongly about environmental issues more generally.

On prompting, the more environmentally engaged considered the potential impact on the environment as sufficient reason in itself to increase the time allowed to deliver the post and/or reduce the number of days of collection and delivery.

For others, the issue of the environment was not at the top of their mind. They did, however, acknowledge that this was something we all needed to be aware of and therefore accepted the environmental impact as an additional consideration, if not the main driver for change.

***“We’re having to think about the environment across the board, now aren’t we? So yes, I think it’s also important when it comes to post too.” Medium user of postal services, Leeds***

A minority were more cynical about the environment being raised as an issue in the context of changes to the USO, and were doubtful as to how much of an environmental impact the changes under discussion would make. A smaller minority mentioned that moving to electric vehicles would have a greater impact on Royal Mail’s carbon footprint. In these instances, raising the environment as a topic was seen as a convenient justification for cuts in postal services rather than the real reason, which was thought to be cutting costs.

***“If it was a real consideration then I don’t know why they aren’t using electric vehicles.” Heavy user of postal services, Swansea***

## 9. Next steps

This qualitative project is part of a bigger programme of work being conducted by Jigsaw Research. The findings from this study were used to design a quantitative questionnaire designed to define and understand the reasonable needs of UK postal service users.

## 10. Appendix

A qualitative approach was undertaken amongst both residential users and small and medium-sized enterprise (SMEs) users across the UK. There were three different elements to the research; the core of the project was eight workshop sessions; these were supplemented by focus groups in rural Northern Ireland and in-home depth interviews in all four nations with those who felt reliant on postal services. Some also lacked mobility (self-claimed). The methodology is outlined in more depth below.

### 10.1.1 Pre-Tasks

Participants were asked to complete a pre-task exercise prior to attending the face-to-face sessions. This consisted of keeping a two-week diary of the post they sent and received; including letters, packets and parcels. This was designed to give participants an opportunity to reflect on their postal usage before taking part in the discussions.

In addition, light users of postal services were also given a second task. This task involved receiving a parcel (sent by Jigsaw), and then sending it back using the postal service method that they would usually have used in those circumstances. The cost of postage was paid for by Jigsaw. Participants were then asked to record their experience of both sending and receiving the parcel. The task was designed to get light users thinking about postal services that they might not have used for a while to ensure they could make a useful contribution to the research sessions. Pre-tasks were collected and incorporated into the analysis and reporting phase of the research.

### 10.1.2 Workshops sessions

Eight three-and-a-half-hour workshop sessions were conducted across the UK in August and September 2019.

Each workshop consisted of between 17 and 21 participants and was made up both residential users and SME users. Participants were recruited according to the volume of items sent via postal services; categorised as light, medium and heavy users (defined in the sample section below). In addition, quotas were set to ensure a broad cross-section of participants in terms of age, gender, ethnicity and socio-economic group. This allowed the research to capture a wide range of views across sessions.

The workshops were conducted across a range of urban and rural locations as follows:

- England: London, Norwich and Leeds,
- Scotland: Oban (approximately one third of the sample came from Seil and the island of Luing) and Aberdeen
- Wales: Swansea and Caernarfon
- Northern Ireland: Belfast

Each workshop consisted of a mix of different plenary group sessions and smaller breakout sessions. For the initial two breakout sessions, participants were split into three mini-groups according to their postal service usage; one light, one heavy and one SME user group. Each breakout group consisted of around six participants and one Jigsaw moderator. The final breakout groups, toward the end of the workshop, were comprised of three participants each; one from each of the different user types (i.e. one light, one medium and one SME user).

The workshop sessions were designed so that we were able to explore postal user needs from a number of different angles. This included looking at needs from both the personal and the societal

perspective. As well as exploring spontaneous views, we also used plenary sessions to provide participants with more information about the USO and the broader challenges faced by Royal Mail. This meant that participants were better educated about the topic area and so able to provide more informed feedback.

The three-and-a-half-hour sessions ran as follows:

1. In plenary: Participants were given an **introduction to the research and an outline of the session**. It was explained that there were no right or wrong answers and that all participants should give their honest opinions, even if others disagreed.
2. Breakout sessions: Participants were grouped by usage, and were asked to **describe their current usage of and attitudes towards postal services** including letters, small packets and parcels, both in terms of sending and receiving. They were also asked about their **needs from the postal service**, and were encouraged to disaggregate 'wants' from 'needs'.
3. In plenary: Participants were given an **explanation of the USO and the challenges faced by Royal Mail**. In particular, the increase in the number of parcels being sent and received, coupled with a decrease in the number of letters.
4. Breakout sessions: At this stage, participants were asked to discuss their **perceptions of the USO** and in particular how they felt about the concept and benefits of **uniform pricing** as opposed to differential pricing. Participants then took part in a trade-off exercise which outlined the different elements currently guaranteed under the USO, such as collection and delivery days, as well as speed of delivery (i.e. the 'attributes'). Participants were also shown different service levels for each of these elements (i.e. the 'levels') and were asked as a group to decide what the **basic adequate level** would be for each element. The exercise was used as a way to encourage participant engagement and to better understand participants' needs and their reasoning.
5. In plenary: Participants were presented with an overview of emerging findings from each breakout session in order to better inform the subsequent discussions and ensure everyone was aware of the range of opinions from across the workshop.
6. Breakout session: New teams of three were then formed consisting of a representative from each mini-group (light, heavy and SME users). Each new team was tasked to **co-create the USO standards / requirements they felt were needed** within today's postal service, taking both a personal and a societal point of view. We also encouraged participants to include any 'new needs' into their requirements as they saw fit.
7. In plenary: The workshops were closed with a word of thanks from Jigsaw and a closing statement from Ofcom.

A full discussion guide is appended below.

### 10.1.3 Focus Groups

In addition to the workshop session, we also conducted two focus groups in rural Northern Ireland (Armagh). One group consisted of residential users and the other one consisted of SMEs. Each

session lasted 2 hours in total and followed the same overall process as in the workshops but without any breakout groups.

As per the workshop sessions, participants were required to be a mix of light through to heavy users of the post and from a mix of genders, life stages/industry types.

#### 10.1.4 In-Home Depth Interviews

16 one-hour in-home depth interviews were also conducted. They were carried out in the same locations as the workshop sessions; with two depths taking place per location.

The depths were with residential users with limited mobility or other health issues that impacted their ability to leave home. All were reliant on the post and at least two households were required not to have an internet connection. Both reliance on the post and mobility issues were self-defined.

### 10.2. Stimulus

In preparation for the sessions, stimulus was developed in a workshop session in conjunction with Ofcom. Stimulus for the sessions included:

- Sort cards detailing the postal services currently within the USO
- A description explaining the USO and Universal Pricing
- A brief overview of the challenges faced by the postal service (as outlined in the background of this report)
- Grids separating out the different service elements or attributes within the postal service (e.g. delivery/collection days of the week and times, speed of delivery, delivery points, minimum service standards) with potential levels for each attribute.

The first workshop in London was treated as a pilot session to ensure that the process worked well before it was rolled out across sessions.

### 10.3. Sample

Below is a detailed overview of the sample structure. Across sessions, recruitment was based on usage of postal services, including light, medium and heavy users.

#### 10.3.1. Residential user Profile

For residential users, we defined postal usage as:

- Light Users: sending 2 or fewer items (letters or parcels) in the past month.
- Medium Users: sending 3-9 items (letters or parcels) in the past month.
- Heavy Users: sending 10 or more (letters or parcels) in the past month.

In each of the workshops and focus group session there was a spread of:

- Gender.
- Age (18yrs+). Except where specified below for the focus groups.
- Socio economic grouping (SEG).
- Life stage (pre-family, family, empty nesters).

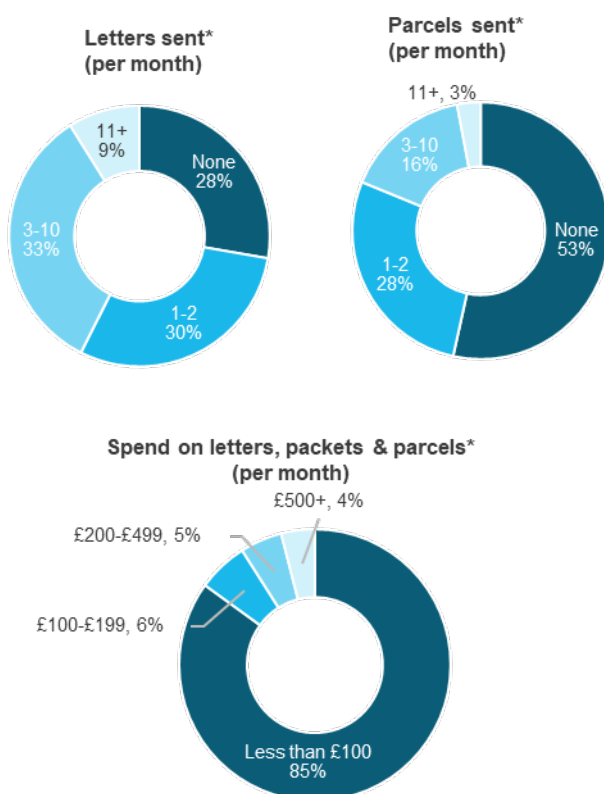


Participants were also recruited to use a mix of different Royal Mail services, with minimum quotas for those using Redirection services, Special Delivery services & those using online marketplaces to sell items (minimum 2 of each sub group).

Quotas were set to ensure a representative mix of BME participants per location.

**Incidence data** from Ofcom’s Residential and Business Postal Tracker Annual Tables (Q1-Q4 2018) is shown in the charts below.

Please note that the volumes of heavier and medium users relative to light users was deliberately over represented in the qualitative sample. This was to ensure the research included those with more spend and reliance on post; and as such who may be more affected by any changes to the USO.



### 10.3.2. SME Profile

For SME users, usage was defined as:

- Light Users: spending less than £100 on post and couriers, including letters and small parcels, per month.
- Medium Users: spending £100-£299 on post and couriers, including letters and small parcels, per month.
- Heavy Users: spending £300-450 on post and couriers, including letters and small parcels, per month.
- Very Heavy Users: spending over £450 on post and couriers, including letters and small parcels, per month.

Across sessions, there was a spread of SMEs by turnover and industry type as follows:

- All to be turning over more than £1K annually.
- A mix of sole traders and those employing 1-250 staff; with quotas set on micro, small and medium businesses.
- As with the residential users we recruited a mix of use of different Royal Mail services (described above).

### 10.3.3. Workshop sessions

Workshop	Location	Urban / Rural	Date	Number of participants*	Royal Mail usage / breakout groups
1. England	London (pilot)	Urban	15th August 2019	18	6 x Light/Medium 6 x Medium/Heavy 6 x SME
2. England	Norwich	Rural	21st August 2019	21	7 x Light/Medium 7 x Medium/Heavy 7 x SME
3. England	Leeds	Rural: recruited from rural and semi-rural areas nearby	4 <sup>th</sup> September 2019	20	6 x Light/Medium 7 x Medium/Heavy 7 x SME
4. Scotland	Oban	Rural	27th August 2019	18	5 x Light/Medium 8 x Medium/Heavy 5 x SME
5. Scotland	Aberdeen	Urban	28th August 2019	17	6 x Light/Medium 5 x Medium/Heavy 6 x SME
6. Wales	Swansea	Urban	29th August 2019	21	7 x Light/Medium 7 x Medium/Heavy 7 x SME

7. Wales	Caernarfon	Rural	3rd September 2019	17	5 x Light/Medium 7 x Medium/Heavy 5 x SME
8. NI	Belfast	Urban	5th September 2019	20	5 x Light/Medium 8 x Medium/Heavy 7 x SME

\* 21 participants in total were invited to each session, to try and ensure that we had at least 18 on the day of the research. As is the nature with research, we do experience drop-outs in terms of attendance.

### 10.3.4. Focus Groups

Workshop	Location	Urban / Rural	Date	Residential / SME	Number of participants	RM usage	Other quotas
1. NI	Armagh	Urban	4th September 2019	Residential	10	3 x Light 3 x Medium 4 x Heavy	Age 30-65
2. NI	Armagh	Urban	4th September 2019	SME	9	2 x Light 4 x Medium 3 x Heavy	Spread of age (18+)

### 10.3.5. In-home depth interviews

Depth	Location	Urban / Rural	Date
1. England	London	Urban	27 <sup>th</sup> August 2019
2. England	London	Urban	27 <sup>th</sup> August 2019

3. England	Norfolk	Rural	21 <sup>st</sup> August 2019
4. England	Norfolk	Rural	22 <sup>nd</sup> August 2019
5. England	Leeds	Rural: recruited from rural and semi-rural areas nearby	5 <sup>th</sup> September 2019
6. England	Leeds	Rural: recruited from rural and semi-rural areas nearby	5 <sup>th</sup> September 2019
7. Scotland	Luing island (near Oban)	Rural	28 <sup>th</sup> August 2019
8. Scotland	Luing island (near Oban)	Rural	28 <sup>th</sup> August 2019
9. Scotland	Aberdeen / Peterhead	Urban	28 <sup>th</sup> August 2019
10. Scotland	Aberdeen / Peterhead	Urban	28 <sup>th</sup> August 2019
11. Wales	Swansea	Urban	29 <sup>th</sup> August 2019
12. Wales	Swansea	Urban	30 <sup>th</sup> August 2019
13. Wales	Caernarfon	Rural	3 <sup>rd</sup> September 2019
14. Wales	Caernarfon	Rural	4 <sup>th</sup> September 2019
15. NI	Belfast	Urban	6 <sup>th</sup> September 2019
16. NI	Belfast	Urban	6 <sup>th</sup> September 2019

Participants were recruited to include the following:

- Those that had difficulties travelling or leaving their home (could be due to being elderly).
- Those that had limited mobility/a disability (a range of conditions).
- Included some that did not have access to the internet.
- All said they were reliant in postal services.
- Medium- heavy postal usage

- Good mix of gender and SEG.

TO INCLUDE STIMULUS AND DISCUSSION GUIDES



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