International Communications Market Report 2013

7 Post

Contents

7.1 Key market developments in post

7.1.1 Introduction

The chapter includes an overview and country-level analysis of the mail markets and the use of mail in our comparator countries. It focuses on three topics – key market developments in the sector, industry volume and revenues, and consumer research into the use of post.

- The *Key market developments* section looks at recent pricing trends, and presents a comparison of consumer stamp prices in our comparator countries.
- The *Post industry* section looks at volume and revenue trends over the past five years.
- The *Post and the residential consumer* section looks at consumer trends in sending and receiving mail, and consumers' perceived reliance on post as a way of communicating.

Figure 7.1 Industry metrics and summary

	UK	FRA	GER	ITA	USA	CAN	JPN	AUS	ESP	NED	SWE	IRE	POL	BRA	RUS	IND	CHI
Domestic addressed mail revenues (£bn)	7.2	7.1	7.1	3.1	29.9	2.3	13.9	1.5	1.5	2.3	1.2	0.4	0.7	2.6	0.7	0.3	2.4
Mail revenues per capita (£)	113.6	108.6	87.66	50.4	94.9	67.5	109.3	68.5	36.1	135.9	127.4	86.5	18.7	12.9	4.7	0.3	1.8
Domestic mail volumes (billion items)	15.7	16.5	16.8	3.9	155.3	5.9	18.9	4.6	4.3	4.2	2.6	0.6	1.9	8.7	2.9	5.8	27.5
Mail volumes per capita	247.9	250.1	206.6	64.3	492.7	171.5	147.8	215.4	94.5	253.0	290.3	130.1	49.9	43.3	20.6	4.6	20.4
Standard (C5) domestic stamp price (£)	0.60	1.26	1.18	1.71	0.96	0.85	1.11	0.79	0.73	1.46	1.12	0.49	0.46	0.55	0.78	0.30	0.60
Average number of items sent in a month	4.7	4.4	4.9	3.8	5.6	n/a	2.3	3.4	5.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8.5

Source: WIK / Ofcom analysis / Ofcom consumer research September 2013
Note: Standard letter is based on C5 envelope, 229x162x5 <=100g
Values converted from the local currency unit to British Sterling (£1 = €1.229 / US$1.580 / CAN$1.578 / ¥126.042 / AUS$1.526 / SEK10.702 / PLN5.144 / BRL3.087 / RUB48.716 / INR84.413 / CNY9.971)

7.1.2 The UK is among the cheapest countries in Europe to send a standard sized (C5) letter

This section looks at domestic stamp prices across the countries analysed in this report. In each case, we have considered the fastest letter mail product, which most commonly has a next day (D+1) delivery target; although, as Figure 7.2 shows, there is some variance by country. The products that we have looked at are all single-piece, domestic tariffs, available to all consumers. In line with other currency conversions in this report, prices have been converted into British Sterling using the International Monetary Fund average exchange rates for 2012. The prices of the products are compared as they were published on the operators' websites on 31 October 2013, and have not been adjusted for purchasing power parity. Where we look at previous years' prices, these are the prices on 31 December of each year.

Figure 7.2 Delivery specifications for the fastest letter mail product

UK	FRA	GER	ITA	USA	CAN	JPN	AUS	ESP	NED	SWE	IRL	POL	BRA	RUS	IND	CHN
D+1	D+1	D+1	D+1	D+3	D+2-4	Variable	Variable	D+3	D+1	D+1	D+1	D+1	D+2-5	Variable	Variable	Variable

Source: WIK
Note: Delivery targets in Canada, Japan, Australia, Brazil, Russia, India and China are dependent on the point of origin and destination.

We have looked at the prices for three mailings with different characteristics, based on typical envelope sizes. These are:

- **a small letter** – based on a DL envelope, 110mm by 220mm by 5mm, weighing 20g or less;
- **a standard letter** – based on a C5 envelope, 229mm by 162mm by 5mm, weighing 100g or less;[83] and
- **a large letter** – based on a C4 envelope, 324mm by 224mm by 25mm, weighing 101-150g.

In those countries where a Second Class product is available, we have also looked at those prices. However, these products are available to consumers only in the UK, France, Sweden, Poland and Russia.

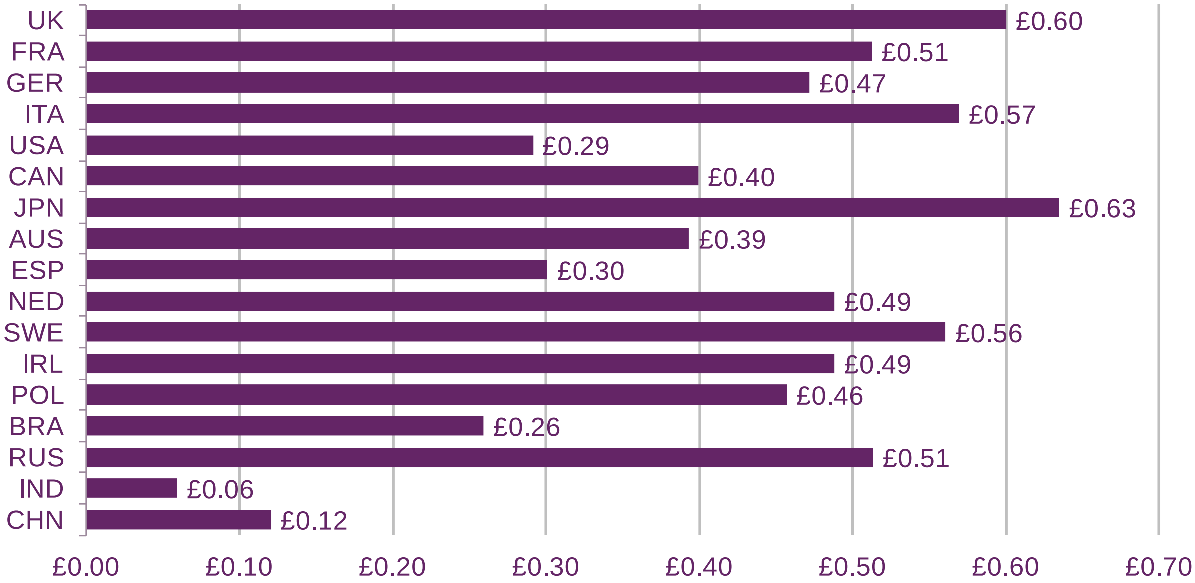
Japan and the UK are the most expensive countries in which to send a small letter

At 63p, Japan is the most expensive country in which to send a small letter, followed closely by the UK (60p). Among the European comparators, the UK is the most expensive country, followed by Italy (57p) and Sweden (56p). The cheapest country in which to send a small letter is India, where it costs 6p, followed by China (12p).

Outside the BRIC countries, the US has the lowest price for sending a small letter (29p), closely followed by Spain (30p). As shown in Figure 7.2, both of these countries have a D+3 delivery standard for their fastest available letter product.

[83] Most greetings cards in the UK are no larger than a C5 envelope

Figure 7.3 Stamp prices for small (DL) letters



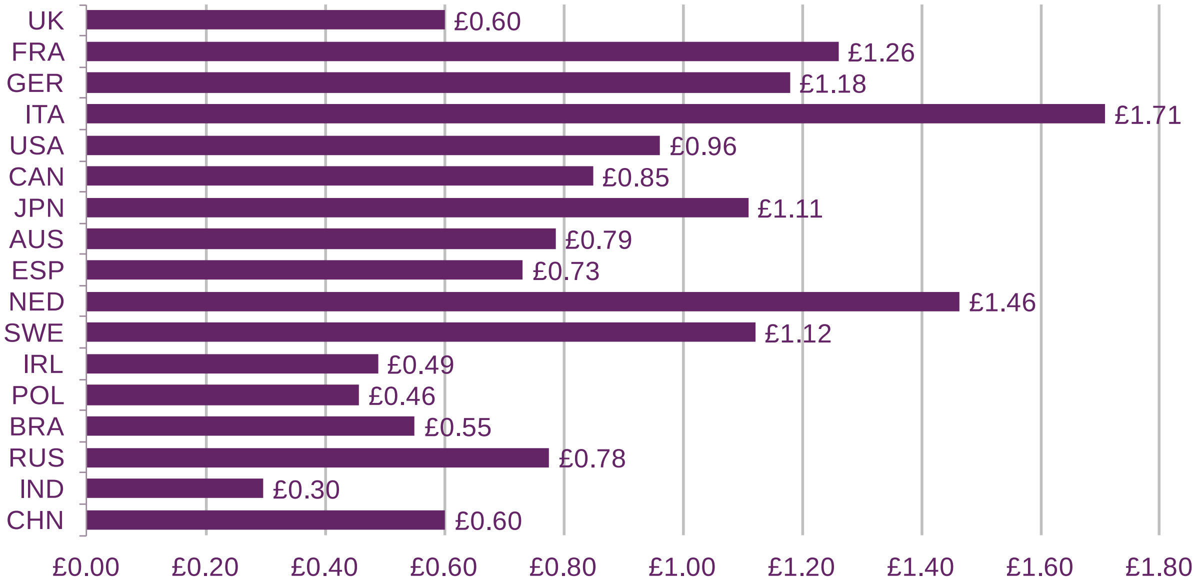
Source: WIK / Ofcom analysis
Note: Small letter is based on DL envelope, 110x220x5 <=20g;
Values converted from the local currency unit to British Sterling (£1 = €1.229 / US$1.580 / CAN$1.578 / ¥126.042 / AUS$1.526 / SEK10.702 / PLN5.144 / BRL3.087 / RUB48.716 / INR84.413 / CNY9.971)

The UK is one of the cheapest countries in Europe in which to send a domestic standard sized letter

It costs 60p to send a First Class standard sized letter in the UK, the same price as in China. Among our European comparators, it is cheaper to send a letter with the same dimensions only in Ireland (49p) and Poland (46p). In the majority of our European comparator countries, it costs more than £1 to send a standard sized letter. The most expensive country is Italy (£1.71) where the price increased by 40% in 2013, followed by the Netherlands (£1.46).

The reason that the UK is more expensive for a small letter and cheaper for a standard sized letter is due to the different tariff structures that are used in each country. Most postal operators in Europe have a lower price for small letters and postcards weighing 20g or less, and a higher price is charged for items which weigh in excess of 20g or exceed the dimensions of a DL envelope. In the UK, there is not a separate price for a small letter, so the price is the same for a small or a standard sized letter.

Figure 7.4 Stamp prices for standard (C5) letters



Source: WIK / Ofcom analysis
Note: Standard letter is based on C5 envelope, 229x162x5 <=100g
Values converted from the local currency unit to British Sterling (£1 = €1.229 / US$1.580 / CAN$1.578 / ¥126.042 / AUS$1.526 / SEK10.702 / PLN5.144 / BRL3.087 / RUB48.716 / INR84.413 / CNY9.971)

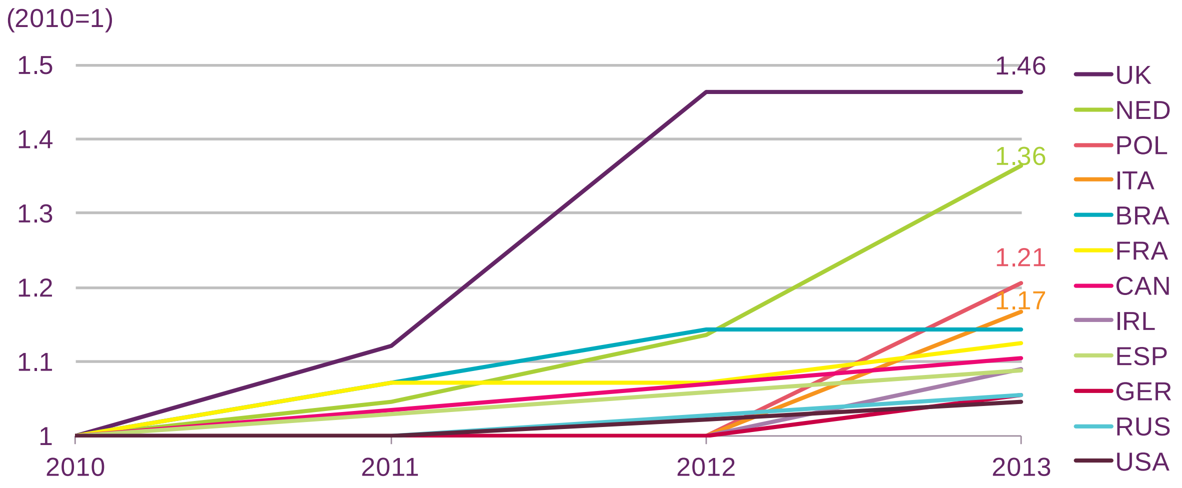
The price to send a standard sized letter has risen in twelve of our comparator countries in the past three years

Figure 7.5 shows the nominal trend in the price to send a standard sized letter since 2010. Current and previous years are indexed to 2010 prices in each of the comparator countries where prices have increased.

The largest proportional increase has been in the UK, where the price of a First Class stamp is 46% more expensive than in 2010. Prices in the UK have risen every year except 2013, with the largest and most recent increase taking place in April 2012.

In the Netherlands, the price to send a standard letter has increased each year, with the most recent increase being the largest. The price to send a standard letter in the Netherlands is 36% higher than in 2010. Prices have increased on an annual basis in both Canada and Spain, while prices increased in 2013 for the first time for a number of years in Germany, Italy, Ireland and Poland.

Figure 7.5 Increase in stamp price for the fastest available standard sized (C5) letter since 2010



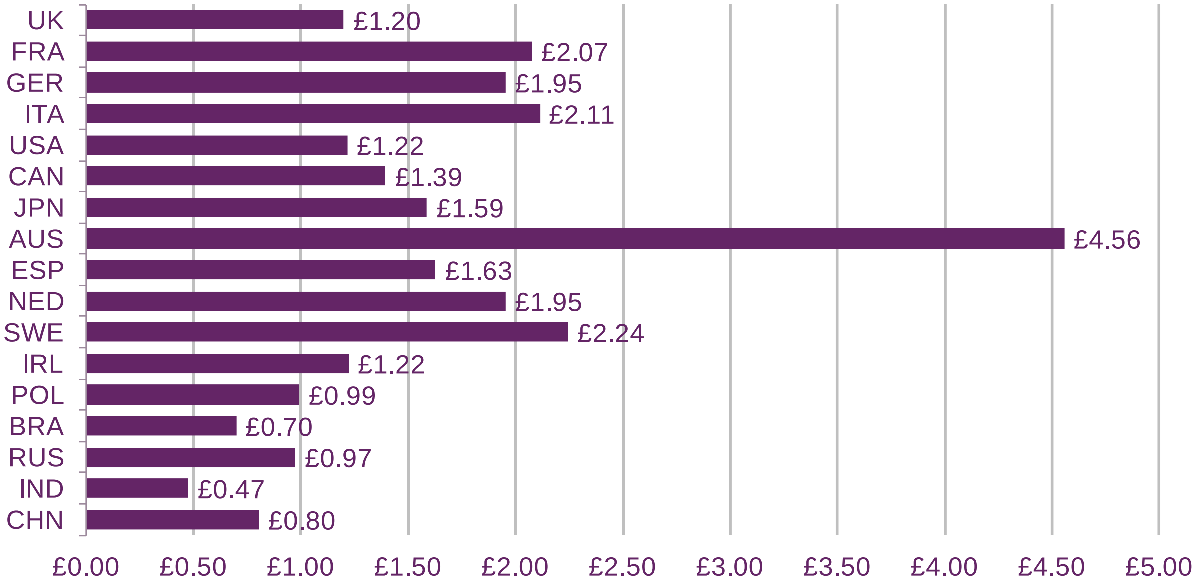
Source: WIK / Ofcom analysis.
Note: Figures are nominal. See Figure 7.2 for delivery specification.
Note: Standard letter is based on C5 envelope, 229x162x5 <=100g

Poland is the cheapest country in Europe to send a large letter (99p), followed by the UK (£1.20)

The price to send a large letter in the UK (£1.20) is broadly similar to the price in the US and Ireland, where it costs £1.22. The lowest price overall is India (47p), followed by Brazil (70p). The most expensive overall is Australia (£4.56). This is because the maximum thickness of a large letter in Australia is 20mm, and as this analysis is based on the prices for letters which are up to 25mm thick, this price represents the 'small parcel' price offered by Australia Post.

Excepting Australia, Sweden is the most expensive country in which to send a large letter (£2.24).

Figure 7.6 Stamp prices for large domestic letters



Source: WIK / Ofcom analysis
*Note: Large letter is based on C4 envelope, 324*224*25 101g-150g*
Values converted from the local currency unit to British Sterling (£1 = €1.229 / US$1.580 / CAN$1.578 / ¥126.042 / AUS$1.526 / SEK10.702 / PLN5.144 / BRL3.087 / RUB48.716 / INR84.413 / CNY9.971)

Among our comparator countries which offer Second Class equivalent products, Poland is among the cheapest to send almost all sizes of letter

Not all of our comparator countries offer a lower-priced product with a slower delivery standard in the same way that First and Second Class are available in the UK. Alongside the UK, this choice is available only to consumers in France, Sweden, Poland and Russia. These are almost all D+3 products, with the exception of France and Russia, as shown in Figure 7.7.

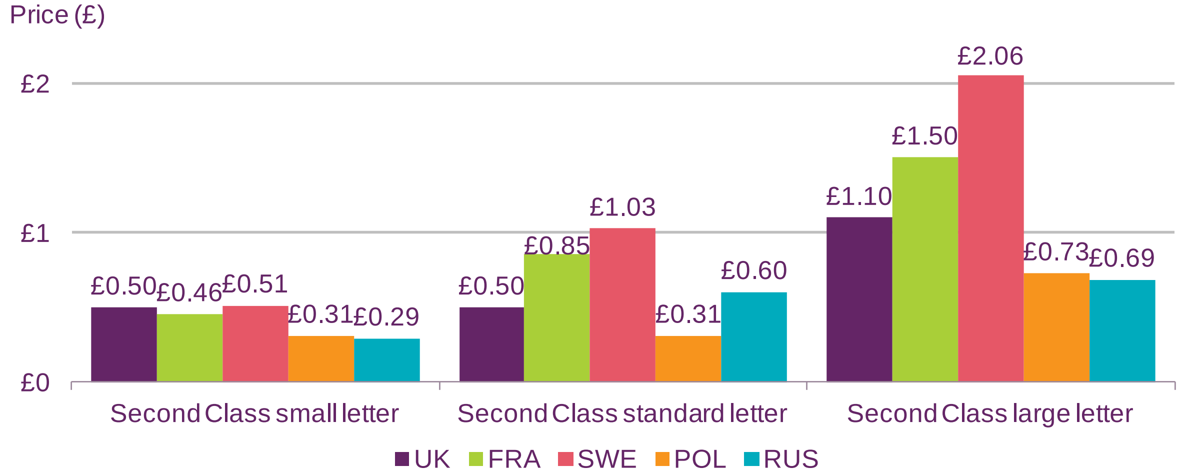
Figure 7.7 Delivery specifications for the Second Class equivalent letter product

UK	FRA	SWE	POL	RUS
D+3	D+3-4	D+3	D+3	Variable

Source: WIK
Note: Delivery targets in Russia are dependent on the point of origin and destination.

As Figure 7.8 shows, the UK is the second most expensive place to send a Second Class small letter (50p) only 1p less than in Sweden. As is the case with First Class stamp prices by format, the UK is among the cheapest for sending a standard and large letter. Again, this is due to tariff structures, with the price threshold beginning at a higher-weight step in the UK when compared to other countries.

Figure 7.8 Stamp prices for Second Class domestic letters

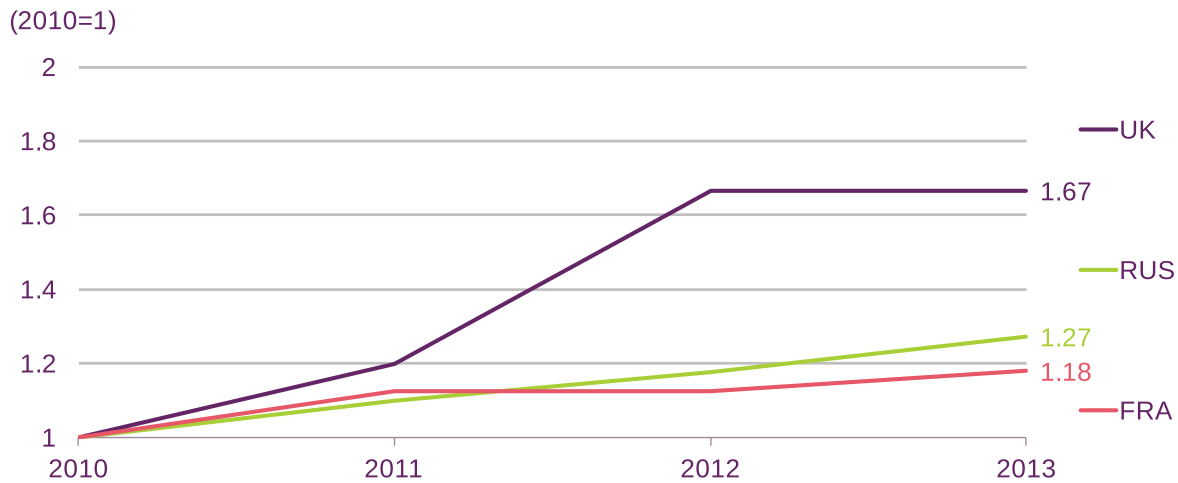


Source: WIK / Ofcom analysis
*Note: Small letter is based on DL envelope, 110x220x5 <=20g; Standard letter is based on C5 envelope, 229x162x5 <=100g; Large letter is based on C4 envelope, 324*224*25 101g-150g*
Values converted from the local currency unit to British Sterling (£1 = €1.229 / US$1.580 / CAN$1.578 / ¥126.042 / AUS$1.526 / SEK10.702 / PLN5.144 / BRL3.087 / RUB48.716 / INR84.413 / CNY9.971)

Of our comparator countries which offer Second Class products, the UK, Russia and France have all increased prices since 2010. As with First Class, the largest proportional price increase was in the UK, where the Second Class standard letter price increased by 67% between 2010 and 2013, with the largest increase taking place in April 2012. Prices in Russia have increased by 27% over the same period, and have risen by 18% in France.

Despite the large proportional price increase, in 2013 it was still cheaper to send a Second Class standard letter in the UK than in France.

Figure 7.9 Increase in Second Class stamp price for a standard sized (C5) letter since 2010



Source: WIK / Ofcom analysis.
Note: Figures are nominal. See Figure 7.7 for delivery specification.

7.2 The post industry

7.2.1 Introduction

This section examines volume and revenue trends across the countries analysed in this report. The main findings include:

- **Mail volumes across our comparator countries have declined by 16.7% since 2008.** The overall trend is driven by North America, which accounts for 58% of total volumes among our comparators, where volume decline was 21.3%.
- **Revenue has fallen, but at a slower rate than volumes.** Total mail revenues among our comparator countries fell by 10.7% between 2008 and 2012. The fastest decline was in North America, where mail revenue declined by 19.4%. This compares to a decline of 9.7% among our European comparators, and growth of 29.6% in the BRIC countries.
- **The UK and the BRICs were the only countries where revenue increased in 2012.** Mail revenue in the UK increased by 7.2% in 2012, driven by price increases by Royal Mail and a continued change in the mix of mail due to online shopping. The only other countries where revenue grew year on year were the BRICs, with the fastest growth happening in China (12.6%).
- **China and Germany were the only countries where mail volumes grew in 2012.** Mail volume in the UK fell by 5.9% in 2012, slightly greater than the decline in the US and the Netherlands (5.3%), and Canada (5.1%). Mail volume decline was especially pronounced in southern Europe.

7.2.2 Mail revenues and volumes across our comparator countries

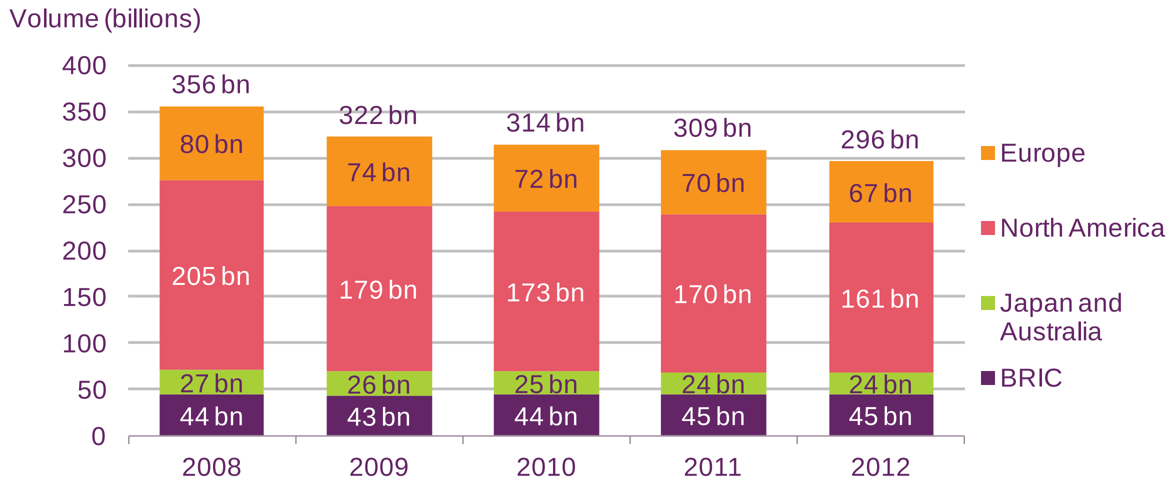
Ofcom commissioned WIK-Consult to provide a range of metrics for the postal industry in our comparator countries. For the majority of the volume and revenue metrics, we have concentrated on addressed letter mail as much as possible. However, differences between countries mean that in some cases the categories of mail that are included are not an exact match. Where information is available only for the financial year, we have used estimates to provide a calendar year figure. Finally, in the few cases where data are not available, market estimates based on long-term trends and local insight have been used.

Mail volumes across our comparator countries have declined by 16.7% since 2007

Across our comparator countries, mail volumes have fallen by 16.7% in the past five years. The overall trend is driven by North America, which accounts for 58% of total volumes among our comparators, where volume decline was 21.3%. The rate of decline is less pronounced among our European comparators, where volumes have fallen by 16.6% over this period.

Mail volume was fairly stable among the BRIC countries, with the small increase of 1.2% driven by economic growth in China. As shown in Figure 7.15, volumes in Brazil have been relatively stable, while those in Russia and India have fallen.

Figure 7.10 Total mail volumes in our comparator countries: 2008-2012



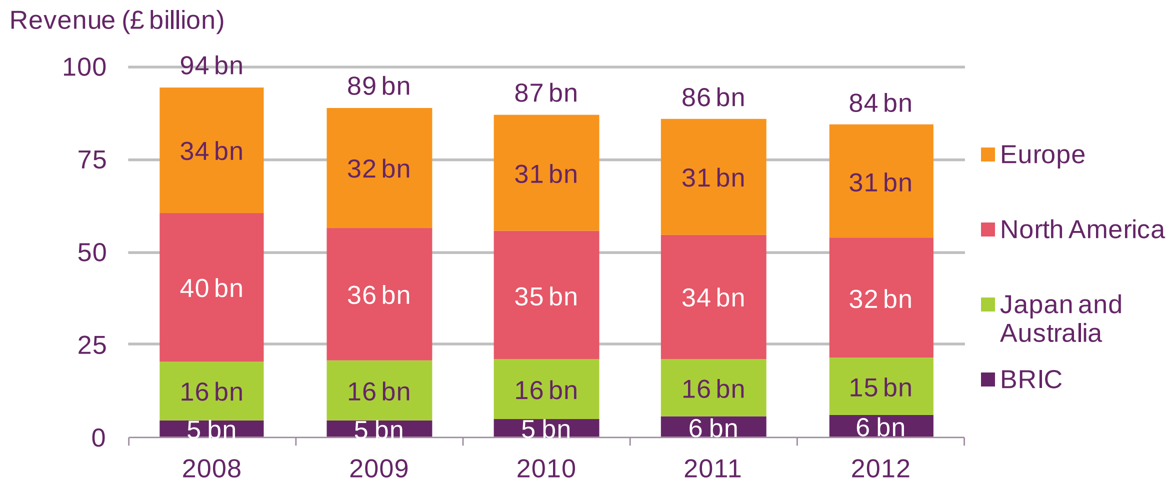
Source: WIK / Ofcom analysis

Revenue has fallen, but at a slower rate than volumes

Total mail revenues among our comparator countries fell by 10.7% between 2008 and 2012. The fastest decline was in North America, where mail revenue declined by 19.4%. This compares to a decline of 9.7% among our European comparators, and growth of 29.6% in the BRIC countries. Revenue increased in all of the BRIC countries.

Although North America accounts for 58% of the volume when our comparators are aggregated, it accounts for just 38% of total revenue. This is due to the lower cost of posting in the US, as shown in the domestic prices in section 7.1.2.

Figure 7.11 Total mail revenues in our comparator countries: 2008-2012



Source: WIK / Ofcom analysis
Note: Figures are nominal. Values converted from the local currency unit to British Sterling (£1 = €1.229 / US$1.580 / CAN$1.578 / ¥126.042 / AUS$1.526 / SEK10.702 / PLN5.144 / BRL3.087 / RUB48.716 / INR84.413 / CNY9.971)

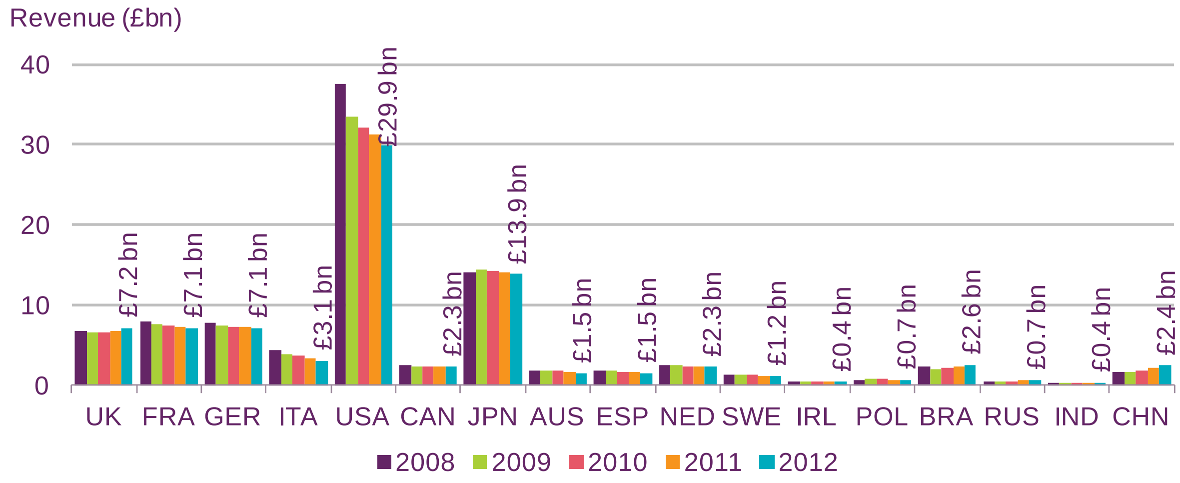
7.2.3 Mail revenues in our comparator countries

Revenues continued to decline across our comparator countries, falling by 1.7% on average in 2012

The trend of falling revenues continued across our comparators in 2012, with the exception of the UK and the BRICs. Revenue increased for the second consecutive year in the UK, driven by price increases and an increase in parcels, driven by online shopping.

Across our European comparators, the UK has the largest mail market in terms of revenue, just ahead of France and Germany. The US has the largest mail market of all our comparators.

Figure 7.12 Revenue: 2008-2012



Source: WIK / Ofcom analysis
Note: Figures are nominal. Values converted from the local currency unit to British Sterling (£1 = €1.229 / US$1.580 / CAN$1.578 / ¥126.042 / AUS$1.526 / SEK10.702 / PLN5.144 / BRL3.087 / RUB48.716 / INR84.413 / CNY9.971)

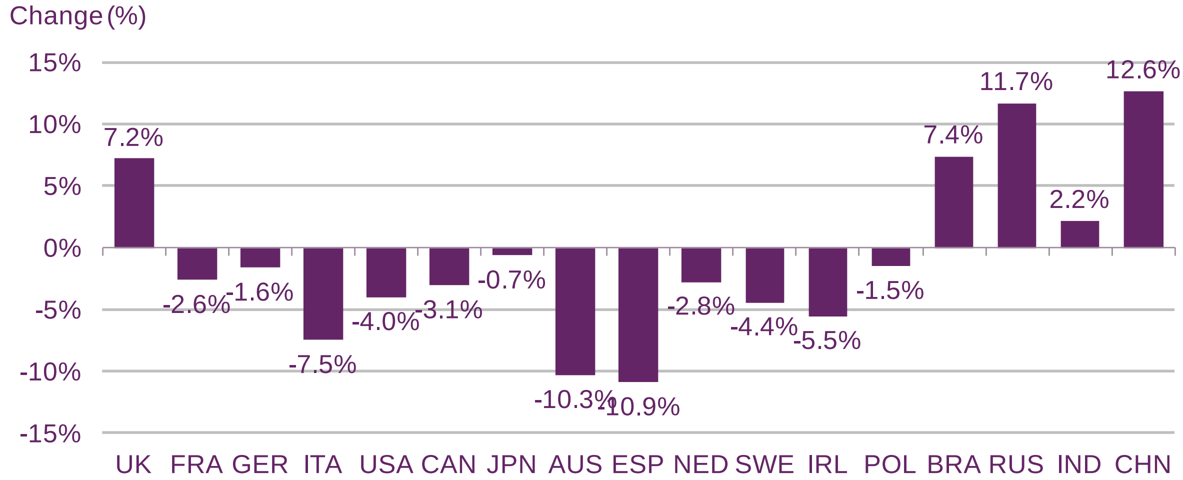
The UK and the BRICs are the only countries where revenue increased in 2012

Mail revenue in the UK increased by 7.2% in 2012, driven by price increases by Royal Mail and a continued change in the mix of mail due to online shopping. The only other countries where revenue grew year on year were the BRICs, with the fastest growth happening in China (12.6%). Economic growth in China has led to increased mail volume and revenue, while the 11.7% growth in Russia is partly due to price rises and increasing use of Russian Post's First Class mail product, which was introduced in 2006.

The largest decline in mail revenue was in Australia, where revenues fell by 10.3%. Australia Post states that this is due to falling volumes, and stamp prices remaining the same for the past three years.[84]

[84] Australia Post, *Growth in the digital economy & StarTrack acquisition boost Australia Post's income*, 18 October 2013, http://auspost.com.au/about-us/annual-report-results-2013.html

Figure 7.13 Proportional change in mail revenue: 2011-2012

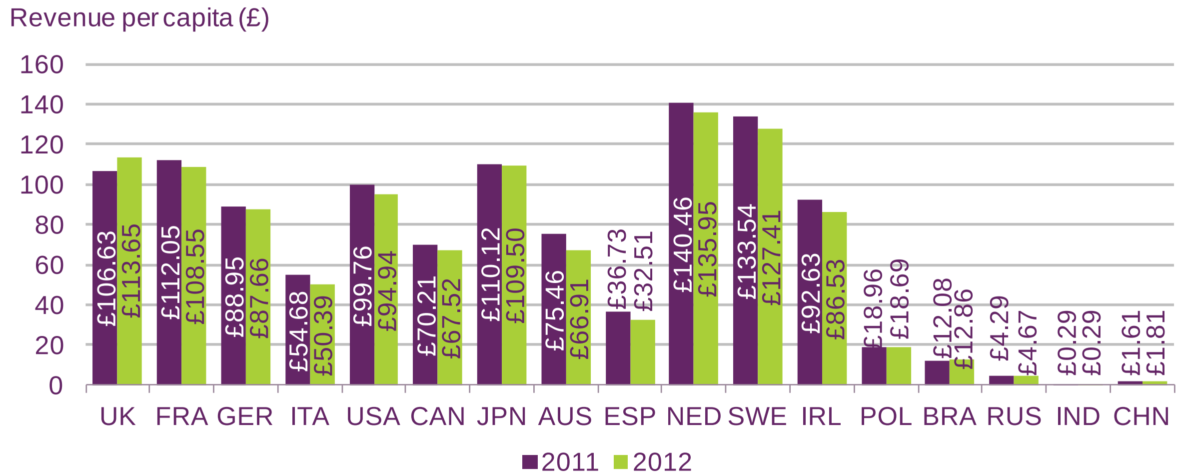


Source: WIK / Ofcom analysis
Note: Figures are nominal.

Adjusting for population size, the Netherlands has the largest mail market by value, followed by Sweden and the UK

Revenue per head of population in the Netherlands was £135.95 in 2012, down slightly from £140.46 the previous year. This was followed by Sweden at £127.41, then the UK at £113.65. Within Europe, the lowest revenue per head of population was in Poland, (£18.89), Spain (£32.51) and Italy (£50.39).

Figure 7.14 Revenues per head of population



Source: WIK / Ofcom analysis
Note: Figures are nominal. Values converted from the local currency unit to British Sterling (£1 = €1.229 / US$1.580 / CAN$1.578 / ¥126.042 / AUS$1.526 / SEK10.702 / PLN5.144 / BRL3.087 / RUB48.716 / INR84.413 / CNY9.971)

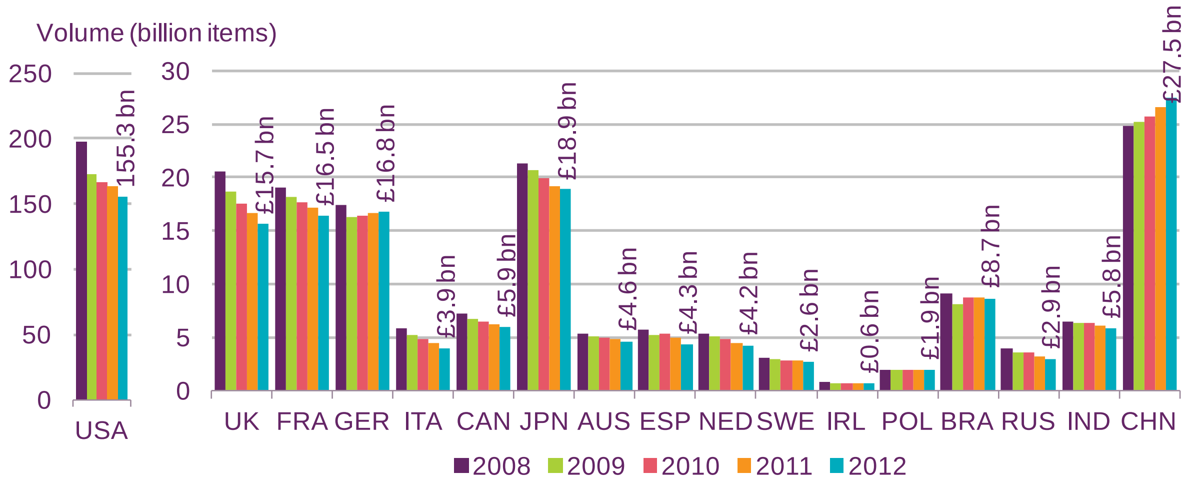
7.2.4 Mail volumes in our comparator countries

Mail volumes have fallen by an average 4.0% year on year

As shown in Figure 7.10 and Figure 7.15, volumes continued to fall in 2012, with every country except China and Germany seeing a decline in mail volumes. Structural decline in the mail market is now a long-term trend, as growth in broadband take-up continues to lead to the electronic substitution of traditional mail.

As patterns of mail volume growth tend to follow economic conditions, the largest year-on-year declines happened between 2008 and 2009 in most of our comparators. Although there has been little or no growth in volumes (with the exception of China), the rate of decline in many countries has slowed since 2009.

Figure 7.15 Mail volumes: 2008-2012



Source: WIK / Ofcom analysis

China and Germany are the only countries where mail volumes grew in 2012

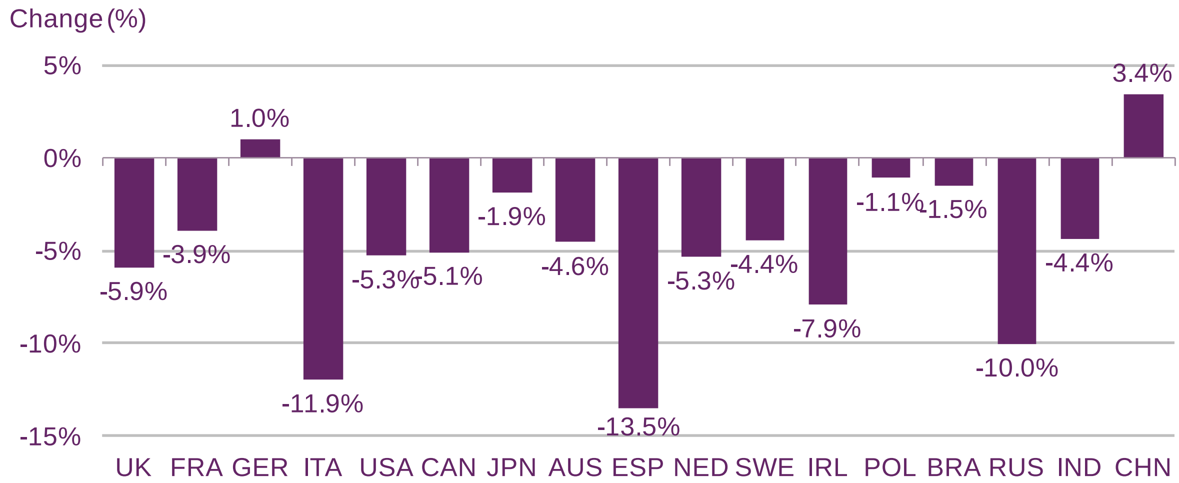
Mail volume in the UK fell by 5.9% in 2012, slightly greater than the decline in the US and the Netherlands (5.3%), and Canada (5.1%). Mail volume decline was especially pronounced in southern Europe. In Italy and Spain volumes fell by 11.9% and 13.5%; the difficult economic environment has accelerated volume decline.

Volumes were more stable in Poland, Brazil and Japan. While volumes in Poland and Brazil were relatively steady between 2008 and 2012, in Japan the average rate of decline was around 3% per year. The smaller proportional decline in Japan for 2012 may indicate a continued slowing of the rate of decline.

While volume fell by 4.4% in India in 2012, this may not accurately reflect market demand. Private courier firms operate within cities, delivering written and printed communications, but not calling them ‘letters’. There has been growth in the volume of mail that these couriers are delivering. The Consumer Postal Council estimates that the private courier market in India is growing at between 20% and 25% a year.[85]

[85] Consumer Postal Council, *Index of Postal Freedom 2012*, http://www.postalconsumers.org/postal_freedom_index/images/2012_CPC_IPF_WEB.pdf

Figure 7.16 Proportional change in mail volume: 2011-2012



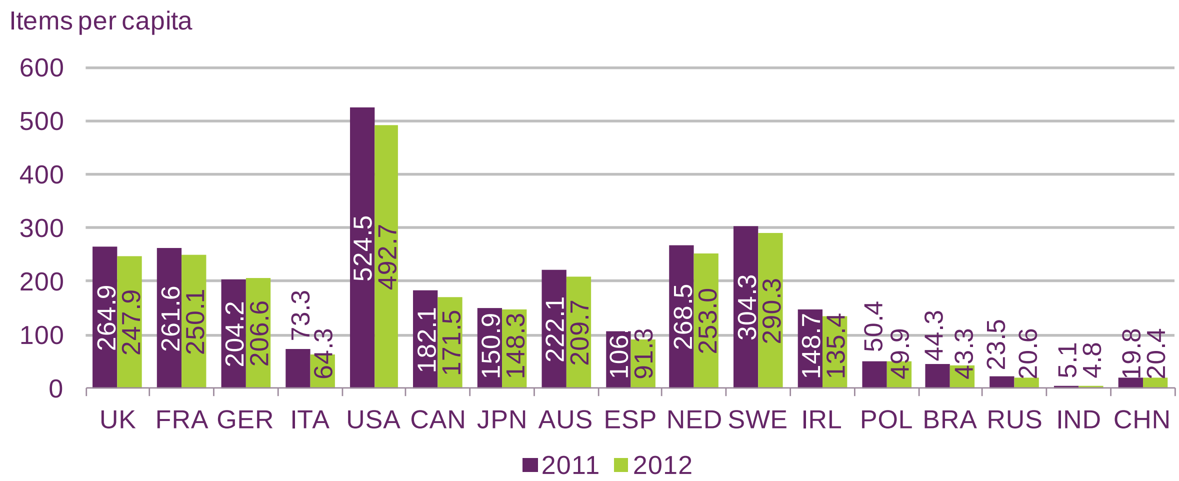
Source: WIK / Ofcom analysis

Mail volume per head of population is highest in the US

The mail market in the US is the largest in the world, in terms of both volume and revenue, and it has the highest number of items per head of population. In 2012 in the US there were 492.7 items per person, far higher than in any other country, but down from 524.5 items per person in 2011. Sweden had the next highest volume per head of population (290.3), followed by the Netherlands (253). The comparable figure for the UK was 247.9, slightly lower than in France (250.1).

Figure 7.14 shows that revenue per head of population is far higher in the Netherlands and Sweden than it is in the US, despite the high volume per head of population in the US. As shown in our analysis in 7.1.2, it is cheaper to send mail in the US than in the Netherlands and Sweden, which goes some way to explaining this difference. The disparity between the high volume per head and lower revenue per head in the US also suggests that the mix of mail in the US includes a higher proportion of lower-priced and pre-sorted bulk business mail.

Figure 7.17 Volumes per head of population



Source: WIK / Ofcom analysis

7.2.5 Applications of mail

Although it has not been possible to collect robust and comparable data on mail volumes by type of mail for all of our comparator countries, the following section provides information on the growth of the parcel market in the countries where this information is available. It also looks at the proportion of the mail market which is accounted for by parcels and direct mail in a number of our comparator countries.

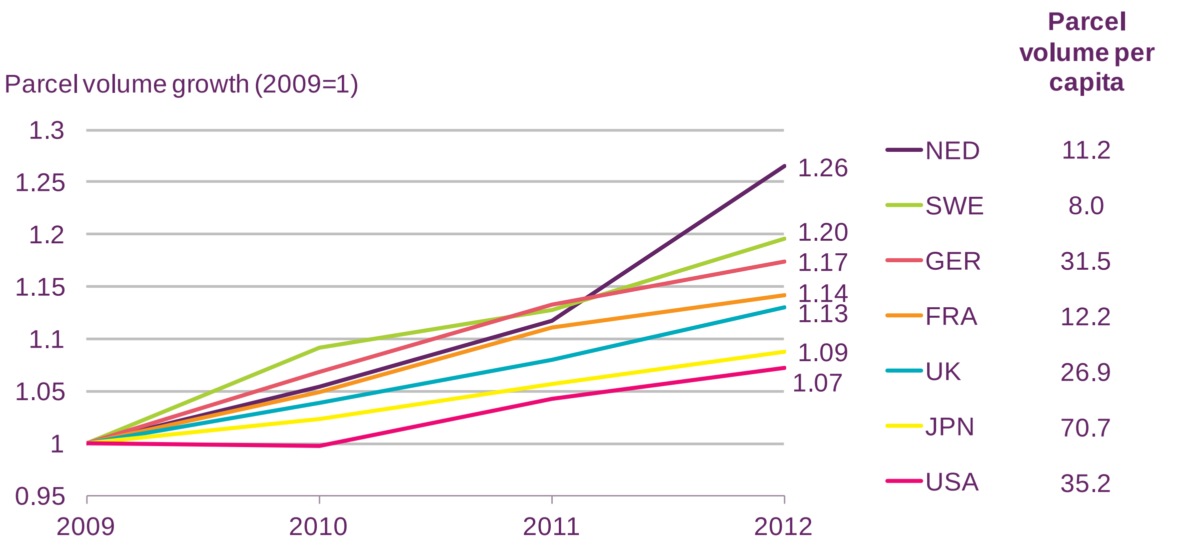
Growth in parcel volumes since 2009 is highest in the Netherlands, Sweden and Germany.

Between 2009 and 2012, parcel volumes grew across all of our comparator countries in Figure 7.18.The largest increases were in the Netherlands (26%) and Sweden (20%), while growth in parcel volumes in the UK was 13% over this period. Although growth in the UK was slower than in these countries, parcel volume per head of population is higher, reflecting the higher levels of online retail in the UK.

Parcel volume per head of population is highest in Japan, where almost 9 billion parcels were sent in 2012. This compares to around 1.7 billion parcels in the UK for the same period.

It should be noted that the UK figure is based on information published by PricewaterhouseCoopers in its *Outlook for UK mail volumes to 2023* report, and annual growth rates calculated by Nomura Equity Research in its November 2013 analysis of Royal Mail and the UK mail market, and is not based on a single source of industry data.

Figure 7.18 Parcel volume growth: 2009-2012



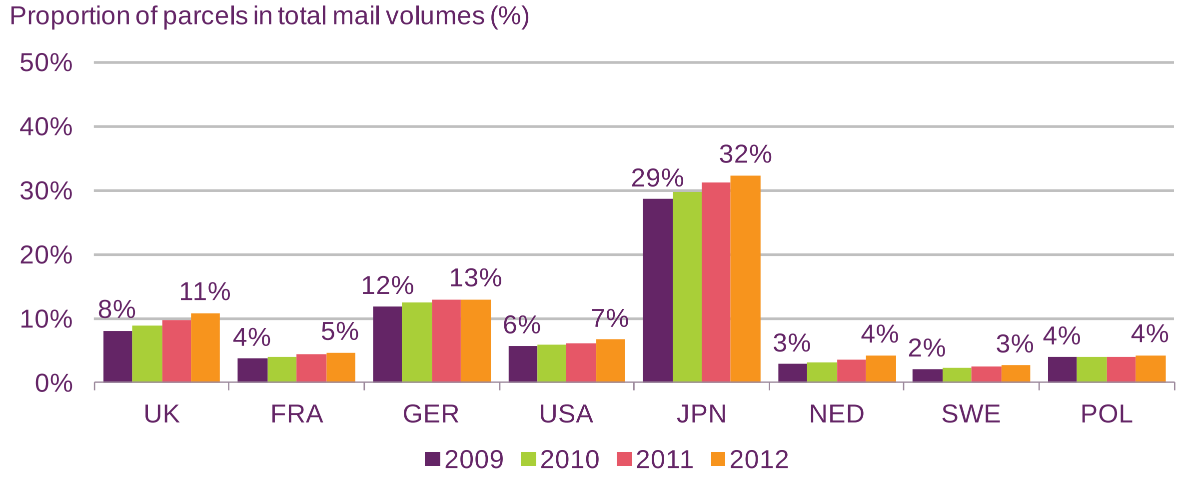
Source: WIK / Ofcom analysis
Note: UK figures based on estimates from PricewaterhouseCoopers: The outlook for UK mail volumes to 2023, 15 July 2013, and information from Nomura Equity Research

As letter volumes decline, parcels make more of a contribution to total mail volumes

In the UK in 2012, PricewaterhouseCoopers estimated that parcels made up 11% of total mail volumes. This has increased by 1pp each year since 2009. Of our European comparators, the UK was second only to Germany in the proportion of parcels in total mail.

In line with the high number of parcels per head of population, the proportion of parcels in the mix of mail in Japan was high, with almost a third of all mail made up of parcels.

Figure 7.19 Proportion of parcels in total mail: 2009:2012



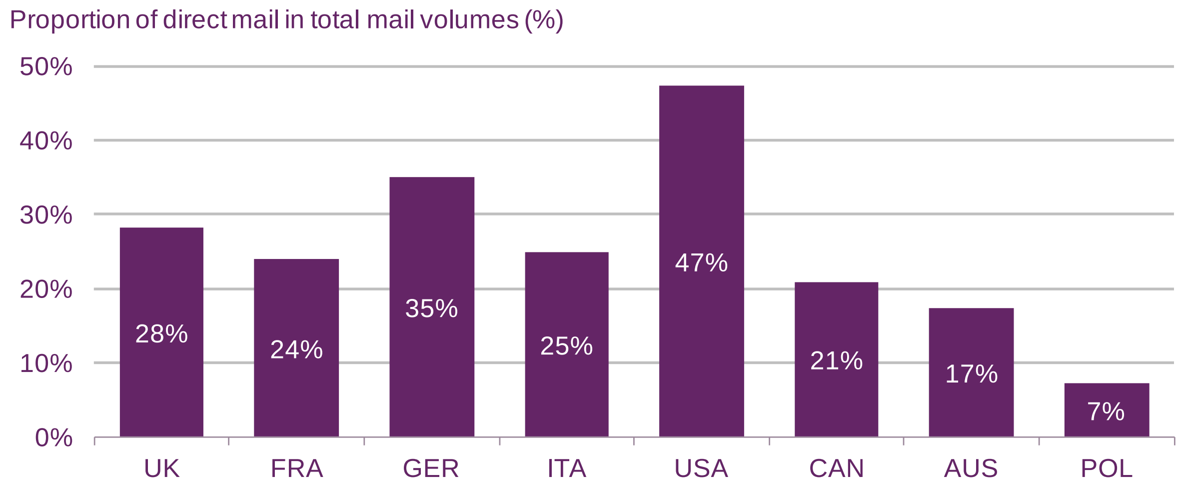
Source: WIK / Ofcom analysis
Note: UK figures based on estimates from PricewaterhouseCoopers: The outlook for UK mail volumes to 2023, 15 July 2013, and information from Nomura Equity Research

Almost half of mail in the US is direct mail, compared to less than 30% in the UK

Figure 7.20 shows the proportion direct mail in total mail volumes across our comparator countries where data were available. The importance of direct mail to total volumes is most striking in the US, where 47% of total mail in 2012 was direct mail. This is also demonstrated in our consumer research; as Figure 7.28 shows, 46% of residential consumers in the US had received direct mail in the past week.

Direct mail accounts for 35% of total mail in Germany, the second highest among our comparator countries, followed by the UK, where 28% of total volumes are direct mail.

Figure 7.20 Proportion of direct mail in total mail: 2012



Source: WIK / Ofcom analysis / PricewaterhouseCoopers, The outlook for UK mail volumes to 2023, 15 July 2013

7.3 Post and the residential consumer

7.3.1 Introduction

This section presents the findings of our consumer research, the methodology of which is detailed in Appendix A. The key findings in this section are:

- **One in four (23%) of the online population in the UK had not sent an item in the past month.** This compares to 16% in France, and almost one-fifth in Germany (18%) and China (19%). In the US and Australia around three in ten had not sent anything in the past month, while people online in Spain and Italy were the least likely to have sent an item in the past month.

- **People in France and the US were the most likely to send mail to businesses, such as formal letters or payment for bills.** More than eight in ten (84%) respondents in France had sent this type of mail, while seven in ten (69%) in the US had done so. Just under half of respondents in the UK had sent mail to businesses in the past month.

- **A higher proportion of online UK adults send invitations, greetings cards or postcards than in the other countries that we surveyed.** More than a third (35%) of respondents in the UK had sent this type of mail in the past month. Those in Germany were least likely to have sent greetings cards, with around a fifth (18%) doing so.

- **People in the UK receive more items of mail in a week than those in Italy, Australia and Spain.** The average number of items received in the UK was 6.8, on a par with Germany (6.4), but far less than the amount received by respondents in France, where the average figure was highest, at 12.5.

- **In all of the countries we surveyed, people were more likely to receive business mail than personal mail.** In almost all of our comparator countries, eight in ten respondents had received mail from businesses in the past month.

- **The UK is among the countries where most consumers had received a parcel in the past month.** Six in ten (61%) people claimed to have received parcels, on a par with France and Germany. Those in Italy and Spain were the least likely to have received a parcel in the past month.

- **Six in ten UK respondents claimed to be reliant on post as a way of communicating.** A high proportion of those in the UK, Italy, the US, and Australia claim to be reliant on post as a way of communicating, at around six in ten people. Consumers in Japan (19%) and Spain (28%) were the least likely to say that they were reliant on post as a means of communication.

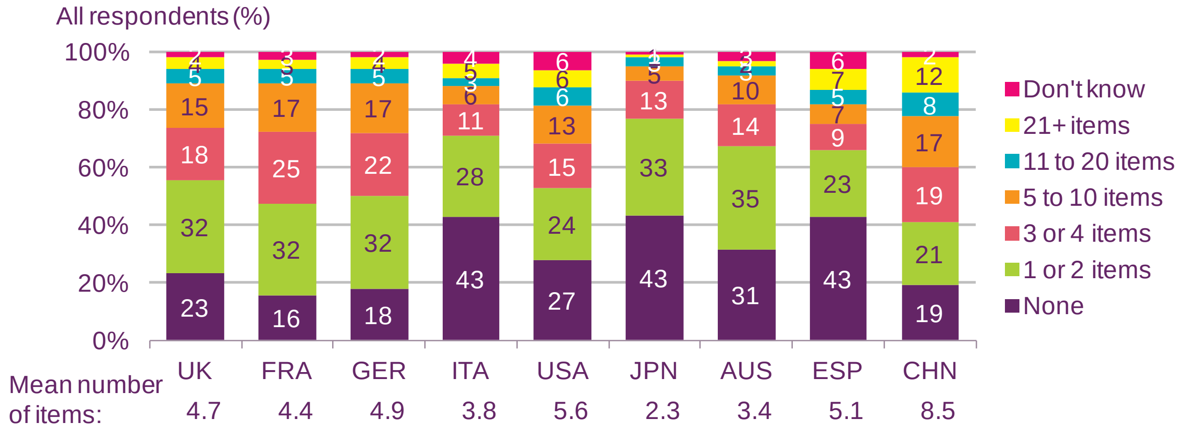
7.3.2 Items sent in the past month

A quarter (23%) of the online population in the UK had not sent an item in the past month.

One in four (23%) of the online UK population had not sent any items through the post in the past month. This compares to 16% in France, and almost one fifth in Germany (18%) and China (19%). In the US and Australia, around three in ten had not sent anything in the past month, while people in Spain and Italy were the least likely; here, 43% claimed not to have sent a single item.

Those in the UK were the most likely to have sent one or two items in the past month, with one in three (32%) doing this. This was the same as France and Germany, and broadly similar to Japan (33%) and Australia (35%). We look at the *types* of mail that people are sending in section 7.3.3.

Figure 7.21 Approximate number of items of post sent per month



Source: Ofcom consumer research September 2013
Base: All respondents, UK=1000, FRA=1007, GER=1010, ITA=1010, USA=1004, JPN=1005, AUS=1007, ESP=1020, CHN=1007.
Q.P1 Approximately how many items of post - including letters, cards and parcels - have you personally sent in the last month?

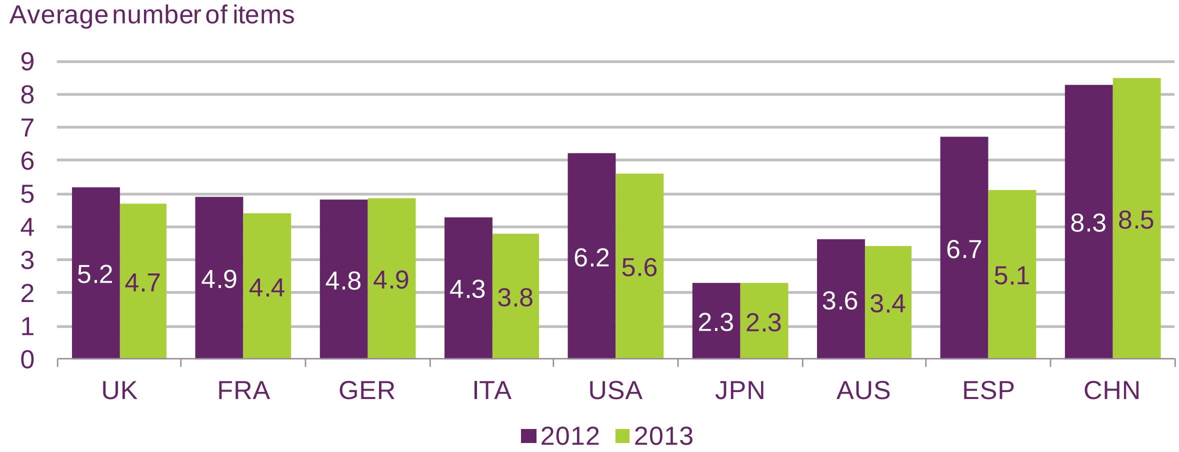
People in the UK send a similar number of items as those in France and Germany

The average number of items sent by online consumers each month in the UK was 4.7,[86] similar to levels in France (4.4) and Germany (4.9). (Figure 7.22) Respondents in Japan sent the lowest average number of items (2.3). With the exception of China, where our online research methodology means that the findings are representative of early adopters in urban areas, rather than the whole population (see our research methodology in Appendix A), the country in which consumers sent the highest average number of items of post per month was the US (5.6).

The average number of items sent in a month has remained broadly similar among all of our comparator countries, with the exception of Spain, where people claim to be sending 1.6 fewer items than in the previous year.

[86] Our UK *Communications Market Report* states that consumers sent an average of 7.0 items each month. The data presented in the UK report are sourced from our residential tracking survey. Differences in sample sizes, questionnaire design, the time the fieldwork is undertaken and methodology between research projects mean that results can often differ.

Figure 7.22 Average number of items of post sent per month



Source: Ofcom consumer research September 2013
Base: All respondents, UK=1000, FRA=1007, GER=1010, ITA=1010, USA=1004, JPN=1005, AUS=1007, ESP=1020, CHN=1007.
Q.P1 Approximately how many items of post - including letters, cards and parcels - have you personally sent in the last month?

7.3.3 Types of items sent in the past month

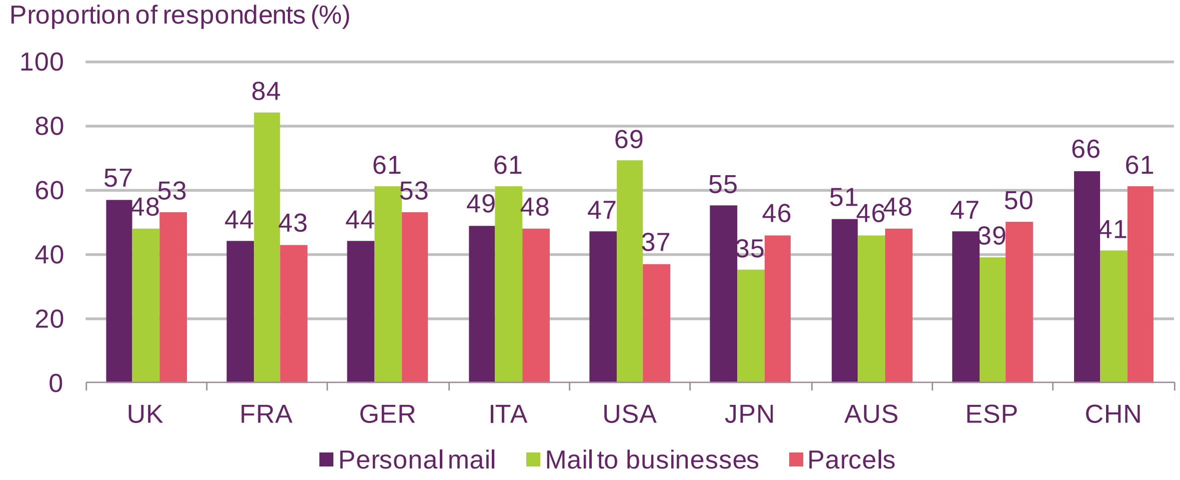
People in France and the US are the most likely to send mail to businesses, while those in the UK and Japan are more likely to send personal mail

Figure 7.23 illustrates the type of items which consumers had sent in the past month. It shows that, with the exception of China, consumers in the UK (57%) and Japan (55%) were more likely to have sent personal letters in the past month than those in any of the other countries surveyed. Over half of respondents in the UK had sent a parcel in the past month, among the highest of our comparator countries.

More than eight in ten (84%) respondents in France had sent mail to businesses, while seven in ten (69%) of those in the US had done so. Just under half of those in the UK (48%) had sent mail to businesses in the past month. Those in Japan were least likely to send mail to businesses, with around a third (35%) doing so in the past month.

In France, Germany, Italy and the US, people were more likely to have sent mail to businesses than to have sent personal mail or parcels.

Figure 7.23 Categories of post sent in the past month: personal mail, mail to businesses, and parcels



Source: Ofcom consumer research September 2013
Base: All respondents who have sent any items of post in the last month, UK=744, FRA=814, GER=804, ITA=525, USA=656, JPN=560, AUS=663, ESP=514, CHN=780.
Q.C5 Which of these types of mail would you say you have personally sent in the last month by post?

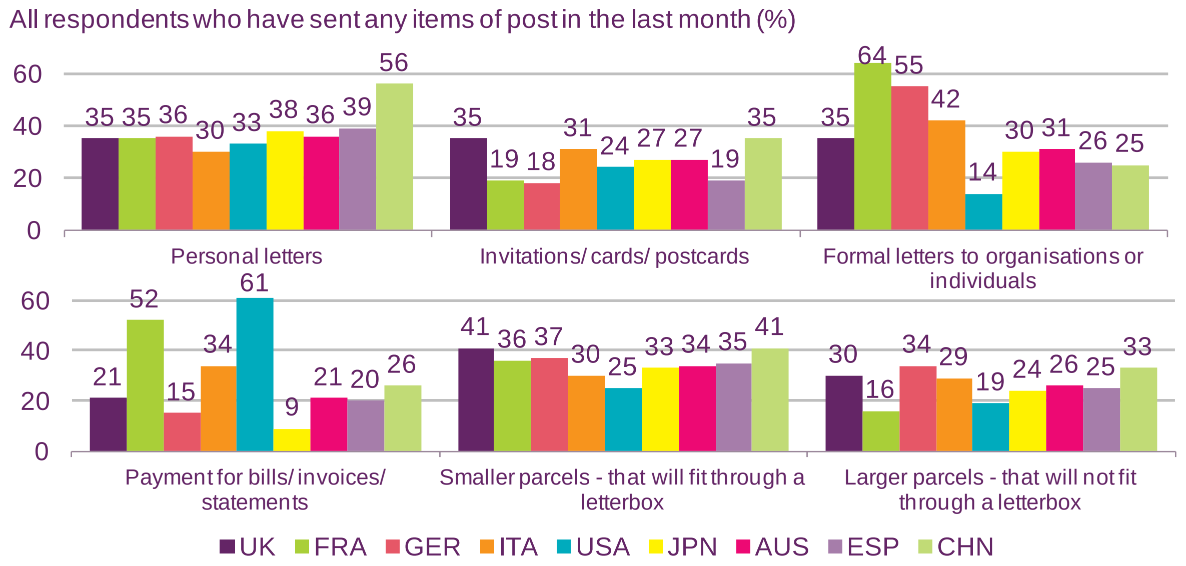
A higher proportion of online UK adults send invitations, greetings cards or postcards than in the other countries that we surveyed.

More than a third (35%) of respondents in the UK had sent greetings cards or invitations in the past month. Those in Germany were least likely to have sent greetings cards, with around a fifth (18%) doing so, on a par with France and Spain.

The high proportion of mail sent to businesses by consumers in France and the US, shown in Figure 7.23, is split by type in Figure 7.24. This shows that people in France and the US are far more likely than those in any other country to have paid a bill through the post in the past month. Over half (52%) of respondents in France, and six in ten (61%) in the US, had done this, compared to a fifth (21%) in the UK and less than one in ten in Japan (9%).

Our respondents in France and the US are less likely to say that they use online banking. Just over half of those in France (53%) and the US (56%) claimed regularly to use their internet connection for online banking, compared to seven in ten (72%) in the UK. While this may help explain why people in the France and US are more likely to pay bills through the post, the trend is not consistent across all of our comparator countries. In Japan, for example, although a smaller proportion of internet users regularly do online banking (34%), less than one in ten pay bills through the post.

Figure 7.24 Types of items sent in the past month



Source: Ofcom consumer research September 2013
Base: All respondents who have sent any items of post in the last month, UK=744, FRA=814, GER=804, ITA=525, USA=656, JPN=560, AUS=663, ESP=514, CHN=780.
Q.C5 Which of these types of mail would you say you have personally sent in the last month by post?

7.3.4 Items received in the past week

People in the UK receive more items of mail in a week than those in Italy, Australia and Spain.

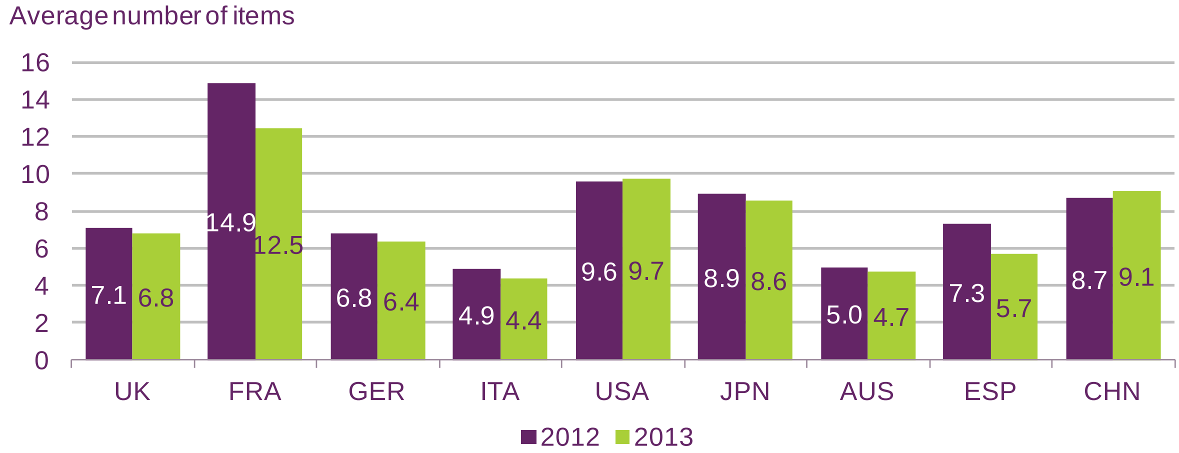
The average number of items received by people in the UK was 6.8, on a par with Germany (6.4), but far less than in France.

Across all of the countries that we surveyed, consumers in France claimed to have received the most items in the past week, at 12.5, almost double the average number of items received by people in the UK (6.8). The equivalent figure for the US was also relatively high (9.7). Respondents in Italy and Australia received the fewest items: 4.4 and 4.7 items per week respectively.

The average number of items received has remained relatively stable, year on year, in all of our comparator countries. There are two exceptions: France, where people claim to be receiving an average of 2.4 fewer items than in 2012, and Spain, where people claim to receive 1.6 fewer items.

This claimed measure is not consistent with the volume per head metric, calculated from the industry data in Figure 7.17, particularly in regard to France. The volume per head of population takes the total volumes for the year and divides this by the population, while the consumer research asks respondents to recall the amount of mail that they have received in the past week. While we asked specifically about addressed mail, it is possible that consumers in France included unaddressed mail or newspapers, which are not included in our industry figures.

Figure 7.25 Number of items received in the past week



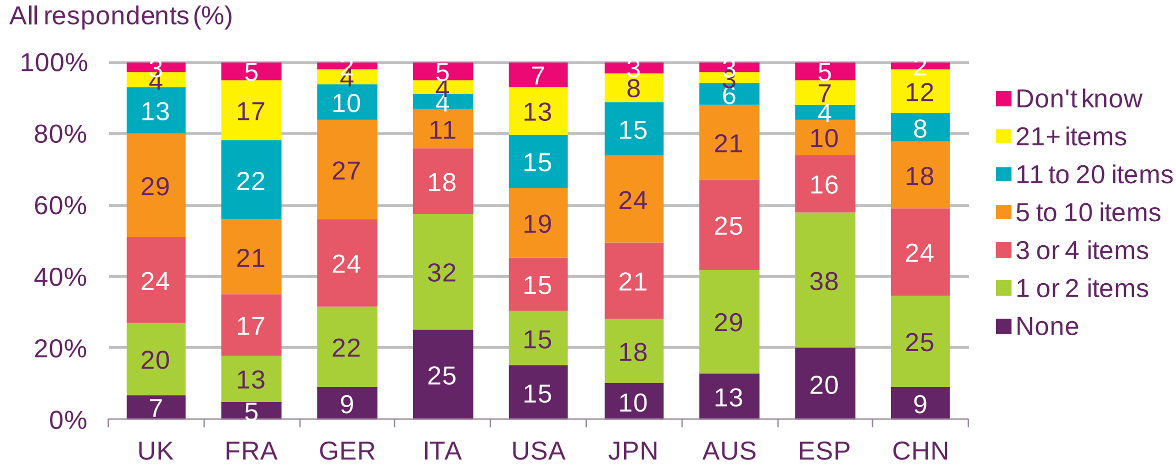
Source: Ofcom consumer research September 2013
Base: All respondents, UK=1000, FRA=1007, GER=1010, ITA=1010, USA=1004, JPN=1005, AUS=1007, ESP=1020, CHN=1007.
Q.D1 Approximately how many items of post - including letters, cards and parcels - have you personally received in the last week?

One quarter of consumers in Italy and a fifth of those in Spain had received no post in the past week

People in Italy and Spain were the most likely to have received no post at all in the past week, with a quarter (25%) in Spain and a fifth (20%) in Italy saying that they had not received a single item. They were also more likely than those in the other countries to say that they had received just one, or two, items. Around a third (32%) of consumers in Italy said they had received one or two items, almost four in ten (38%) of those in Spain said the same. In the UK, 20% had received one or two items in the past week.

The high average number of items received in France (Figure 7.25) is due to the large proportion of people who receive over 11 items each week. Thirty-nine per cent of respondents in France had received over 11 items; more than double the proportion of people in the UK (17%) who had done so.

Figure 7.26 Approximate number of items of post received in the past week



Source: Ofcom consumer research September 2013
Base: All respondents, UK=1000, FRA=1007, GER=1010, ITA=1010, USA=1004, JPN=1005, AUS=1007, ESP=1020, CHN=1007.
Q.D1 Approximately how many items of post - including letters, cards and parcels - have you personally received in the last week?

7.3.5 Types of mail items received

In all of our comparator countries, people are more likely to receive mail from businesses than from other people

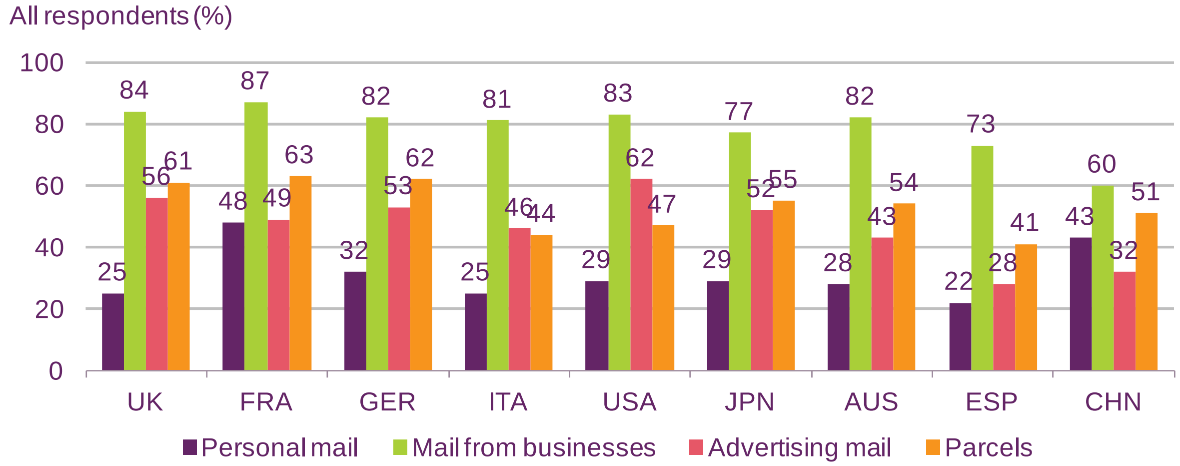
Across all of the countries that we surveyed, people are more likely to receive mail from businesses than personal mail. In almost all of the countries (Figure 7.27), more than four in five of respondents had received mail from businesses. This was particularly high in France, where 87% of people had received business-originated mail.

In most of the countries surveyed, around half the respondents had received advertising mail. Those in Spain and China were the exception, with only around three in ten receiving marketing communications. People in the US were the most likely to receive advertising through the post, with six in ten (62%) saying that they had received it, followed by the UK (56%). The US was the only country surveyed where people were more likely to have received advertising than parcels.

Consumers in the UK, France and Germany were the most likely to have received a parcel in the past week, with around six in ten of people saying they had received a small or large parcel. A large proportion of people in these countries are online shoppers; attitudes to online retail are explored in detail in 1.4 of this report.

The proportion of people who had received personal mail in the past week was lowest in Spain (22%), the UK (25%) and Italy (25%). France had the highest proportion of people who had received personal mail, with almost half (48%) saying that they had received it.

Figure 7.27 Categories of items received in the past week



Source: Ofcom consumer research September 2013
Base: All respondents, UK=1000, FRA=1007, GER=1010, ITA=1010, USA=1004, JPN=1005, AUS=1007, ESP=1020, CHN=1007.
Q.D4 Which of these types of items would you say you have personally received through the post in the last month?

People in the US and the UK are the most likely to have received direct mail in the past week

As shown in Figure 7.27, people in the US and the UK were the most likely to have received any type of advertising mail in the past week. Almost half (46%) of our respondents in the US had received direct mail, the highest of all the countries we surveyed. People in the UK were the next most likely to have received this type of mail, with four in ten (40%) saying that they had done so. Those least likely to have received direct mail were consumers in Spain (11%).

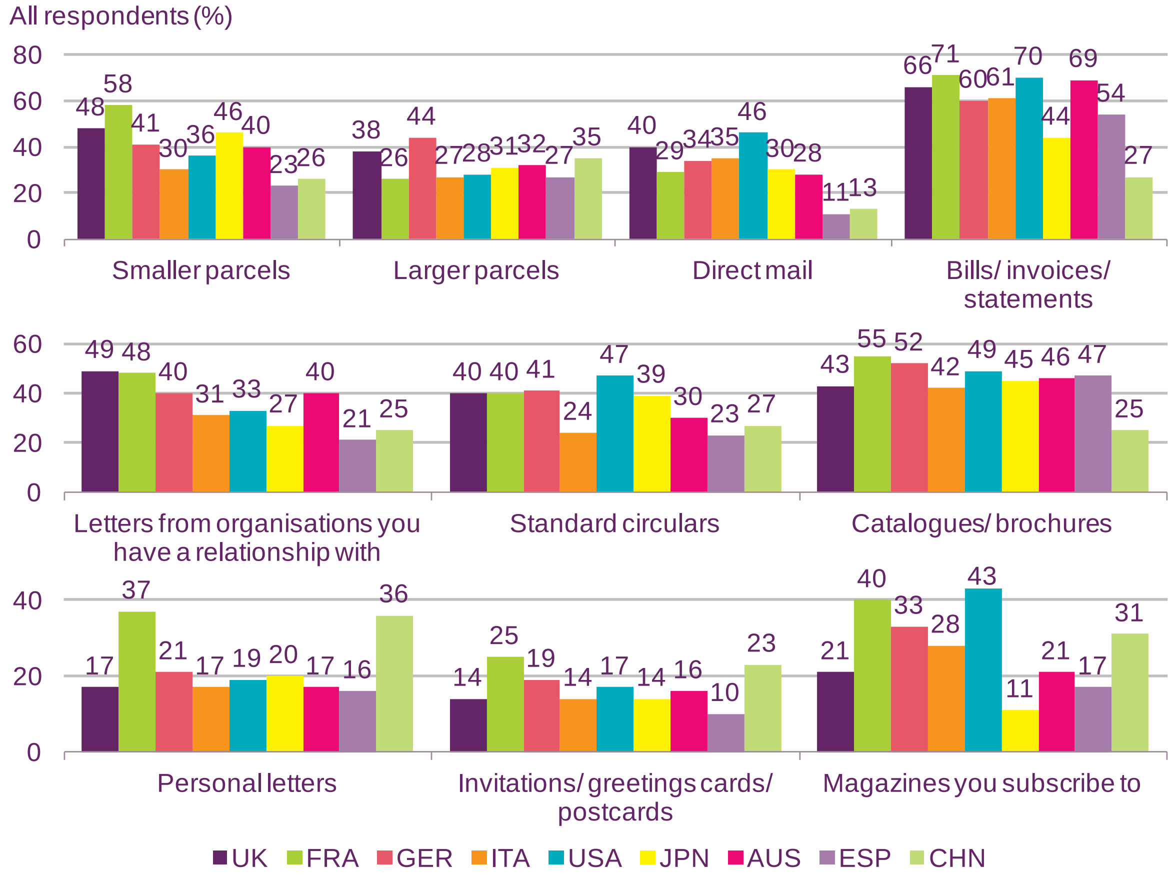
Although more of the total volume of mail in Germany is accounted for by direct mail than in the UK, (Figure 7.20) fewer respondents in Germany claimed to have received direct mail in the past week. This may be because a higher proportion of direct mail in Germany is sent to businesses, while our research is conducted among residential consumers.

Transactional mail, such as bills, invoices and statements, was the most common type of mail to have been received in almost all of the countries that we surveyed. In the UK, two in three (66%) people had received this type of mail. Around seven in ten had received this type of mail in France, the US and Australia. In Japan, people were as likely to receive catalogues or brochures, and smaller parcels, as transactional mail.

People in France were more likely than those in any other country to have received personal letters, with over a third (35%) saying that they had had a personal letter in the past week. Those in the UK were among the least likely to have received a personal letter, with less than a fifth (17%) saying that they had received this type of mail. People in France were also more likely to have received a small parcel in the past week.

Consumers in the US are the most likely to have received a magazine that they subscribe to in the past week, of all the countries surveyed (43%), followed by consumers in France (40%). The least likely consumers to have received magazines are those in Japan (11%). One fifth (21%) of consumers in the UK claimed to have received a magazine they subscribe to in the past week.

Figure 7.28 Types of mail received in the past week



Source: Ofcom consumer research September 2013
Base: All respondents, UK=1000, FRA=1007, GER=1010, ITA=1010, USA=1004, JPN=1005, AUS=1007, ESP=1020, CHN=1007.
Q.D4 Which of these types of items would you say you have personally received through the post in the last month?

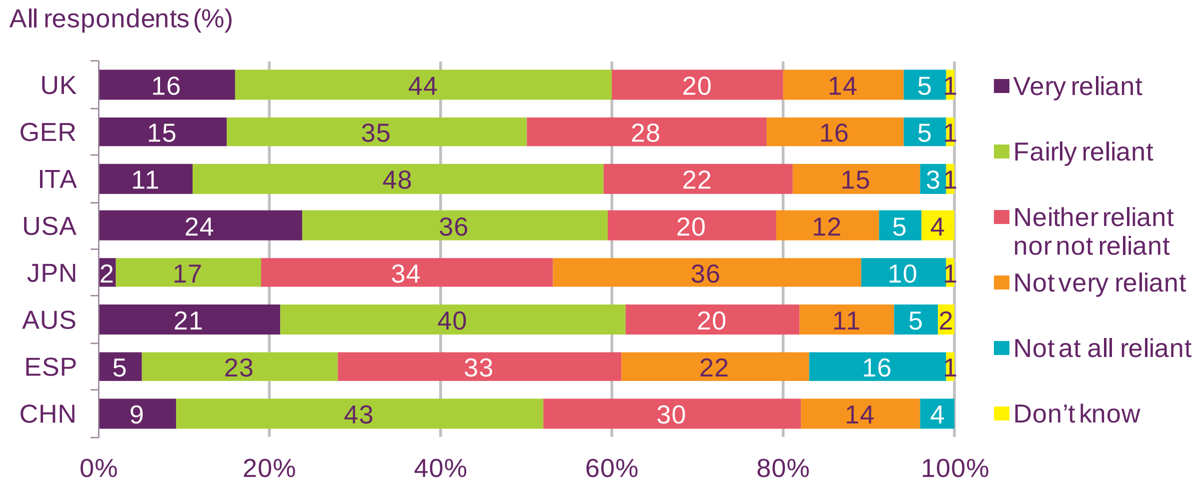
7.3.6 Reliance on post

Six in ten UK respondents claimed to be reliant on post as a way of communicating

A high proportion of those in the UK, Italy, the US, and Australia claim to be reliant on post as a way of communicating, at around six in ten people. In China and Germany half of those surveyed said they were reliant on post.

Consumers in Japan (19%) and Spain (28%) were the least likely to say that they were reliant on post as a means of communication. Only 2% of respondents in Japan said that they were “very reliant” on post.

Figure 7.29 Reliance of post as a way of communicating



Source: Ofcom consumer research September 2013
Base: All respondents, UK=1000, GER=1010, ITA=1010, USA=1004, JPN=1005, AUS=1007, ESP=1020, CHN=1007.
Q.E1 How reliant would you say you are on post as a way of communicating?
Note: France removed from analysis due to an inconsistency in the translation of the questionnaire.