

**Postal User Needs
Business Breakfast Group
FINAL VERSION**

Research objectives:

- Assessing spontaneous usage of, and views on, the postal service. Understand knowledge of current services and exploring spontaneous suggestions of areas for improvement
- Informing participants about what is included in Royal Mail's service, its Universal Service Obligation (USO), and exploring whether this **fits medium and large businesses needs**. In particular, identifying any **gaps** or **over-fulfilment** in what is currently provided compared to what is required for the service to meet the needs of the business community.
- Identifying the comparative importance of each aspect of Royal Mail's universal postal service, and where the business community are happy to make trade-offs to achieve a level of service that meets their needs.

Approach:

- We are using a deliberative approach in order to explore participants' preferences informed by the realities of the declining use of postal services and the budgetary challenge facing Royal Mail
- We want to find out how strongly business users feel on these issues; moderators should continually check that participants opinions, particularly around how much they value certain services/aspects of services, are not just knee-jerk reactions
- Throughout, encourage participants to think from the point of view of medium and large business **senders** and **receivers**.

| Activities | Timing |
|--|---------|
| <p><u>1. Welcome and Introduction</u> Ipsos MORI to introduce themselves and explain the format of the breakfast session and that we will be discussing what kind of postal service business users need in the 21st Century. Each topic will be introduced in more detail as we go along.</p> <p>Introduce Ofcom; regulator of Royal Mail, who operate the postal service. Distinguish from Post Office, who are there to provide the Royal Mail with ‘access points’</p> <ul style="list-style-type: none"> • Brief introductions from participants and summary of what their business is and what they use Royal Mail for in the context of their business. Namely do they largely send out mailshots, or sending customers products, or financial information or other, or combination etc. Type of mail sent – packets, letters etc, fulfilment etc. | 5 (5) |
| <p><u>2. Usage and preferences</u></p> <p><u>More detail on current usage (15 mins)</u></p> <ul style="list-style-type: none"> - Sending: - Which RM postal services does your business use, why? Does your business use first class or second class post? Why? In what situations do you use each? Ever used 3rd class? - Which other postal services do you use? - How important is the postal service for your business – from a senders point of view? Why do you say that? - And why do you use post and not other methods? e.g. email/phone...? - How does your business post its mail – collected from offices, posted direct in post office, post boxes etc? What time of day, days of the week do you need to ‘post’ your mail? - Is there anything post-related for which you don’t or wouldn’t use RM for – e.g. courier parcel rather than RM? How do you decide what to use? What are you getting from other suppliers that Royal Mail aren’t able to provide? - How important is speed of delivery to your business? How soon does your UK mail need to arrive at its destination? Is it time-critical or nice to have? - Is post still used for urgent matters? If not, why not, what used instead? What kind of post, if any do you send, which requires urgent attention? Why is it urgent, which service does your business use for ‘urgent mail’? - Receiving - How much mail do you tend to receive on a monthly basis? What type of mail do you receive, packets, letters – invoices, fulfilment etc. - Mail generally recieved from via RM or other providers? - When does post tend to arrive – time of day? How long before it is processed/any particular days more important to receive mail/less important days – e.g. post arriving on a Saturday not processed until the Monday? - And how important is the postal service for your business – from a receivers point of view? How important is it that the people who send mail to you have | 20 (25) |

| | |
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| <p>access to a universal postal service in order to meet the needs of your business? ?</p> <ul style="list-style-type: none"> - Do you receive anything through the post that needs urgent attention, what kind of thing? <p><u>Looking to the future (5 mins)</u></p> <ul style="list-style-type: none"> • Do you think your business's use of postal services has changed over time? In what ways? Have you stopped using RM for certain products – which and why? • And how do you think postal trends have changed in the business world in general ? • Looking to the future, what will be different about the way your company uses Royal Mail in 5 years' time? <p><i>Moderator to probe – with recent technological advances, how important is the postal service to people? Why? Will it continue to be important?</i></p> <p>BEFORE APRIL 2nd 2012</p> <ul style="list-style-type: none"> • What do you think about the price of stamps? Cost of postal services? Has it been rising? <p>If YES – if this trend continues, how will it affect your use? E.g., would you start using more (or only) second class mail?</p> <p>AFTER APRIL 2nd 2012</p> <ul style="list-style-type: none"> • Are you aware of the recent increase in the price of stamps? What do you think about this? Will it impact on your future use of postal services? How? E.g., would you start using more (or only) second class mail? | |
| <p><u>3. The elements of the USO</u></p> <p>Okay, now we're going to show you many of the services that are provided by Royal Mail to help it meet its obligation to provide a universal postal service to its customers.</p> <p><i>Moderator: note this is not an exhaustive list if participants ask</i></p> <p>ON SEPARATE CARDS, EACH ELEMENT OF USO</p> <ul style="list-style-type: none"> • For each: <ul style="list-style-type: none"> - How much do you use this – when was the last time? - If you don't use it to send mail, think about your customers/people who send mail to you? - How valuable is this to your business? From both the perspective of your business sending and/or receiving mail. - Do you need this, do you need all aspects/elements of this service? Which bits could you lose, what's missing? If it wasn't here would you lose anything? - What might you change about this in order for it to better suit the needs of your business? Probe on different aspects of the USO element – | <p>30 (55)</p> |

| | |
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| <p>targets/quality of service/times/number of days etc. <i>Note on registered, insured and guaranteed by 1pm – need to split out the elements to make sure we know which aspects are of value.</i></p> <p><i>Participants to amend on the cards, using highlighters</i></p> <p><i>Looking at all together – please put them in 2 groups: ESSENTIAL services, NICE TO HAVE Thinking about each in terms of how critical they are to your business – both in terms of the mail you send and receive.</i></p> <p><u>Comparing the different 2 groups</u></p> <ul style="list-style-type: none"> • Comparing the groups—why is this service here etc? • How about for others – who do you think uses this most, how important / valuable is it to them? • What would you ADD – for example, are any of the essential services not comprehensive enough? • For premium/ additional services; are there other services you are willing to pay for which are not included? e.g. specified delivery times? <p><u>Ranking the aspects relative to each other: moderator arranges the services on the wall on a spectrum from Essential to Nice to Have</u></p> <ul style="list-style-type: none"> • In terms of which is most important <ul style="list-style-type: none"> ○ To your business – thinking both as a sender and receiver • Explain why you say this – and any differences – moderator to amend on the spectrum • Try to reach consensus in the group <p><i>Moderator to prompt on other services which are not in the USO – e.g. special delivery 9am, Saturday special delivery, sameday, Royal Mail tracked for businesses.</i></p> | |
| <p>Presentation on declining use of post and the current budgetary challenge facing Royal Mail</p> | <p>5(1.hr)</p> |
| <p><u>5. The future: examining possible scenarios</u></p> <p>READ OUT: “Some of the questions include descriptions of future scenarios. These scenarios are purely hypothetical and they do not represent changes that are currently proposed by Ofcom or the government. Certain features of the postal service can only be changed by the government.”</p> <p><u>Testing out scenarios</u></p> <p>See stimulus presentation for note of scenarios & SPECIFIC QUESTIONS</p> <p>MODERATOR TO NOTE WHICH ARE POPULAR AND UNPOPULAR OPTIONS, ASKING FOR EACH:</p> <ul style="list-style-type: none"> • What, if any, are the advantages/disadvantages to your businesses? • Would this meet your business needs? If not, what would be the impact on your business, what would you lose/would be made difficult – what | <p>30 (1h 30)</p> |

might the reaction of your business be to this scenario?

- Would this meet the needs of your customers/people who send mail to you?
- How likely would your business be to change the way it uses postal services in this scenario? Consider using alternative methods of communication, alternative speeds of service?
- Do you have any suggested changes which we haven't mentioned here?
Refer back to earlier suggestions participants made themselves
- So overall, which changes, if any, are best for your businesses?

Thank and close

We'd like to thank you very much for taking part in this. This has been about reviewing the needs of users and it will help inform Ofcom's thinking about the future postal service. A couple of things to note are that:

This has been about reviewing the needs of users and will help inform Ofcom's thinking about the future postal service. We will report to Ofcom and they will use the findings to make recommendations.

So thank you for your ideas and feedback; we will now report these back to Ofcom and they will use the findings to make recommendations.

Welcome

Ipsos MORI

Why have we asked you to this event?



- Our client today is **Ofcom**, the communications market regulator
- Ofcom wants to hear from you about your views on the **kind of postal services that businesses need now and in future**
- You have an important role to play – your views will be used by Ofcom to help inform its thinking about the future of the postal service.

What will the discussion be like?

- No right or wrong answers
- Make time for everyone to contribute
- Respect the opinions of others
- Let everyone speak
- Mobiles off please
- Take a break when you need one

Agenda

- The different ways we use the postal service
- Discussing the different services which exist today
- The challenges facing postal services in the future
- Deciding which services we will need in future

- Finish at 10am...

How the postal service works



Royal Mail is responsible for delivering a 'Universal Postal Service'

Ofcom ensures that Royal Mail is meeting its obligation to provide a postal service that meets users needs



The Post Office provides users an access point for postal products and services.

It also provides and sells its own services and products (e.g. telephone services and insurance) – this is not part of the Postal Service

USO

Ipsos MORI

What is the Postal Universal Service Obligation?

The EU and Government require minimum standards

- RM is required to provide everyone living in the UK a postal service (at the same affordable price) that meets users needs and benefits society
- RM is required to meet certain levels of minimum standards for each of the services it is required to offer.
 - RM is required to provide information on the extent to which it is meeting these minimum standards.
- The USO covers mail of up to 20kg and includes both letters and parcels.
- One collection from appropriate access points across the UK 6 days a week (letters) and 5 days a week (packets)
- One delivery to all UK addresses 6 days a week (letters) and 5 days a week (packets)
- A service for registered items and insured items
- A first and second class service to be provided

Changes to the postal market

Ipsos MORI

Volumes of post are falling steadily

Mail volumes
down



People are
reading
magazines
online



...Businesses
are sending bills
& statements by
email now



People are
using email for
important/urgent
documents...



...and social
media/SMS/MMS
instead of personal
letters



...Consumers
paying by direct
debit,
telephone/online
banking and fewer
sending cheques

Competition is on the rise

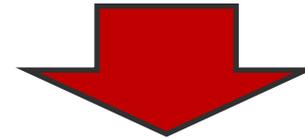
There are an increasing number of alternative delivery options for packages



So what might happen?



The amount of mail being posted is declining – a trend that is continuing



If people and businesses use the post less and less, it costs more and more to deliver each item...

**First class stamps –
with a delivery target
of 93% being delivered
the next day**

**Second class stamps
– with a delivery target
of 98.5% being
delivered in three days
after postage**

**Six delivery days
(Monday-Saturday) across the
whole of the UK**

**Six collection days
(Monday-Saturday) across the
whole of the UK**

Royal Mail sets the latest delivery time targets - by 4pm each day in rural areas, by 3pm in urban areas

There are no requirements for RM to meet those latest delivery times, but they report on results.

Latest results show that between 99-100% of deliveries are made by latest delivery times.

USO products - collections

Post boxes display the time of the last collection.

Weekdays between 4pm-7.30pm depending on the location and by 1pm on a Saturday

| | Weekdays |
|-------------------------|------------------|
| Commercial Area | 1830-1930 |
| Town / City Area | 1730-1830 |
| Rest of UK | 1600-1730 |
| Deep Rural | 0900-1600 |
| Business Boxes | 1730-1930 |

There are no requirements for RM to meet these collection times but they report on results. Latest results show 99.8% of business and social collections were at or after the final advertised collection time.

**Re-delivery service
(including collecting
from delivery offices,
requesting re-delivery to
post-offices/another
address)**

Return to sender service

Redirection – paid for service which allows people to redirect mail to an alternative address for a certain period of time

Recorded delivery – paid for service which provides the sender confirmation that the item was delivered. If the item isn't delivered, the sender can get compensation.

Certificate of posting – free service which provides the sender confirmation that their letter/parcel was posted)

**Special delivery
(registered, insured and
guaranteed by 1pm)**

Keep safe – paid for service where RM keeps mail for a certain addressee/address for a set period of time

International ‘airmail’.

**Equivalent to the UK 1st
class service – a faster
service at a higher cost
than ‘surface mail’**

International ‘surface mail’.

Equivalent to the UK 2nd class service - mail arrives more slowly at a lower cost than ‘airmail’

International ‘signed for’. This is similar to the UK recorded delivery service for UK mail.

**Reduce to 5 collection and delivery days each week.
All other services remain the same as today.**

Some facts to consider....

- **Less mail is sent (collected) on a Saturday largely due to lower volumes of business mail.**
- **Less mail tends to be delivered on a Tuesday – a result of the lower volumes posted on a Saturday.**
- **As such the cost per item to collect and deliver is more expensive on these days.**

1st class service would change, so that local mail is delivered next day, but national mail would take 2 days.

Same price as 1st class service

Same delivery targets (93%) although in reality likely that more than 93% of mail would meet these targets

2nd class service would still exist in its current form (delivered in 3 days)

Same collection times as currently

Some facts to consider....

- **A lot of mail is delivered by air to meet the current targets set by RM - increasing the time allowed for national delivery would mean less use of air transport and lower costs**
- **People living in remote areas may be more likely to receive their 1st class mail in two days due to the greater distance the mail has to travel**
- **Mail needing to be delivered the next day would need to be sent using a premium service e.g. special delivery**

Post boxes emptied at same time as mail is delivered in that area

- Royal Mail knows from what time onwards the post will be delivered in an area and so post boxes in the area would have this time written on them for last collections – e.g., if post tends to be delivered from 12pm in my area the post box would state the last collection time of 12pm.
- The final collection time would vary across locations with boxes being emptied between 9am-4pm depending on the area.
- Post boxes would continue to have details of the nearest post box with a later collection time e.g., 6.30pm. These post boxes would be in towns, at post offices, delivery offices (place where you collect your parcels)

Some facts to consider....

Many post boxes have very little mail posted on a daily basis which means the average cost of collection is rising. Collecting from these post boxes at the same time as delivering in that area would reduce the cost of collection.

- You would only be able to respond to mail on the same day as it is received by posting in town/post offices/using premium services, e.g. special delivery.

Replace current 1st and 2nd class with a single two-day postal service.

This service would cost less than 1st class and more than 2nd class

Delivery targets would be 95% (mid-way between current service levels)

In reality, urban mail would be likely to arrive faster than rural mail

Collection times would be same as currently

Some facts to consider.....

- **This would save on transportation costs as Royal Mail would have more time to transport mail, so could take more by road rather than by air.**
- **Mail needing to be delivered the next day would need to be sent using a premium service e.g. special delivery**

The rules would state that post had to be delivered between 9am and 5pm (an hour or two later than current rules).

All other aspects would stay the same (costs, 1st and 2nd class, targets etc)

Delivery times in your area would be consistent each day

Some facts to consider....

This would save on transportation costs as Royal Mail would have more time to transport mail, so could take more by road rather than by air.

People in some areas will not receive their mail until 5pm