Figure 6.1

UK postal services industry key metrics

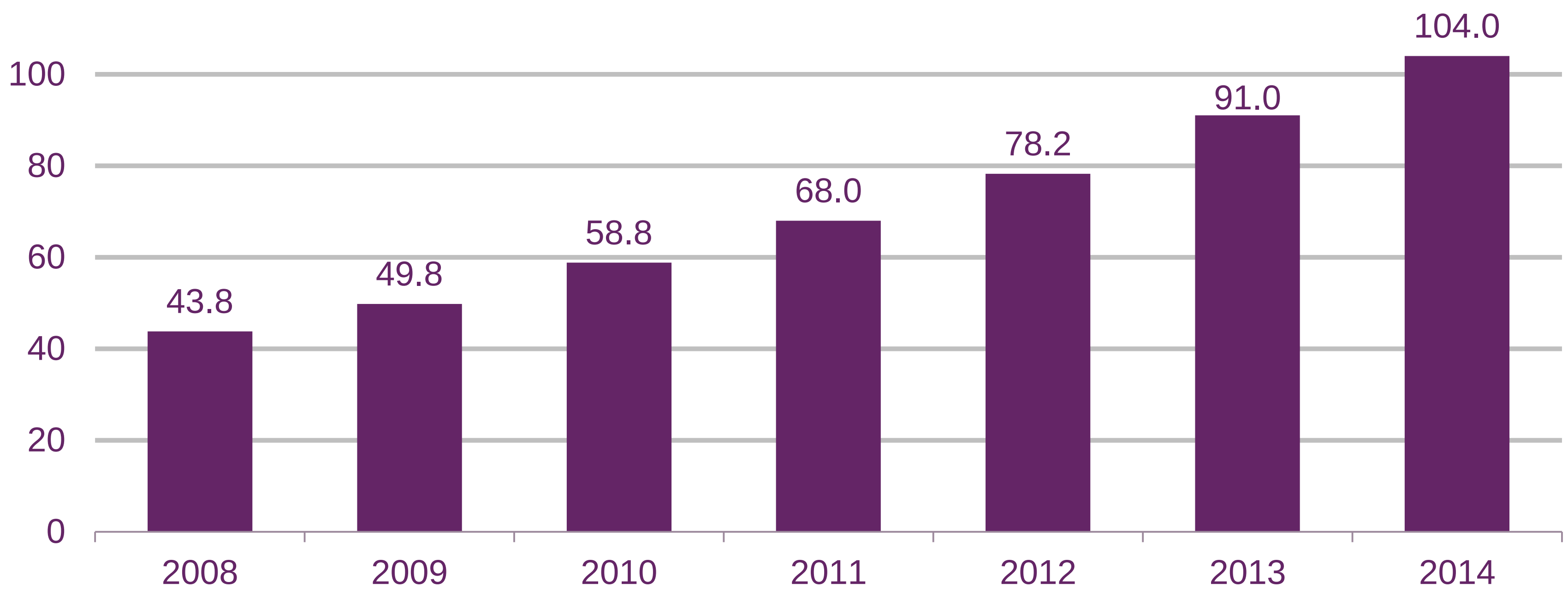
UK postal services industry	2010	2011	2012	2013	2014
Addressed letter volumes	15.6bn	14.6bn	13.5bn	12.9bn	12.7bn
Addressed letter revenues	£4.1bn	£4.1bn	£4.2bn	£4.2bn	£4.3bn
Proportion of access in total mail	44%	49%	54%	56%	56%
Letter volumes delivered by operators other than Royal Mail	11.3m	8.5m	18.0m	56.1m	158.5m
Direct mail share of total advertising spend	15.9%	14.9%	14.5%	14.1%	13.9%

Source: Royal Mail Regulatory Financial Statements, Royal Mail Wholesale, Royal Mail Group Annual Reports, AA/Warc, Nielsen. Note: Royal Mail calendar year volume figures are derived from Ofcom calculations based on financial year figures in Royal Mail's Regulatory Statements and unaudited submissions to Ofcom and are therefore not directly comparable with Royal Mail's published accounts. Royal Mail figures relate to the "Reported Business". Prior data are not comparable. Figures are nominal.

Figure 6.2

Value of UK e-commerce sales, 2008-2014

Value (£ billion)

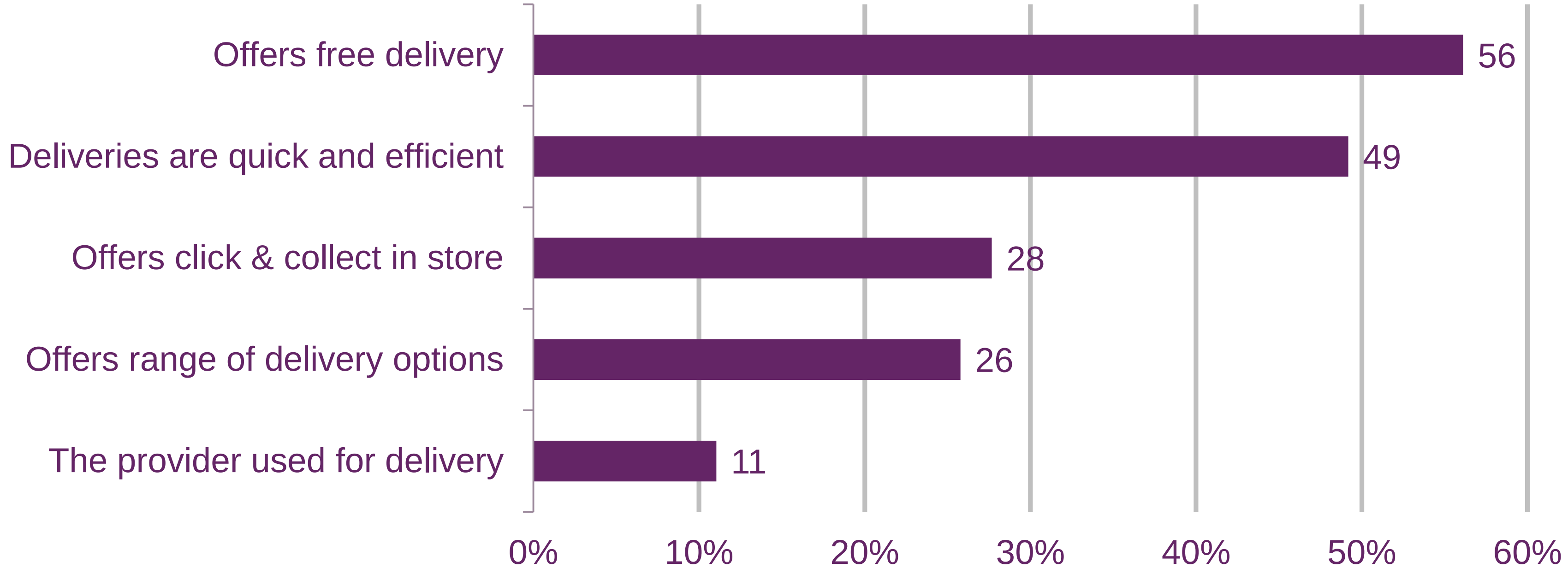


Source: Interactive Media in Retail Group, January 2015

Figure 6.3

Delivery and fulfilment factors considered to be important when choosing a retailer

% of respondents stating each factor

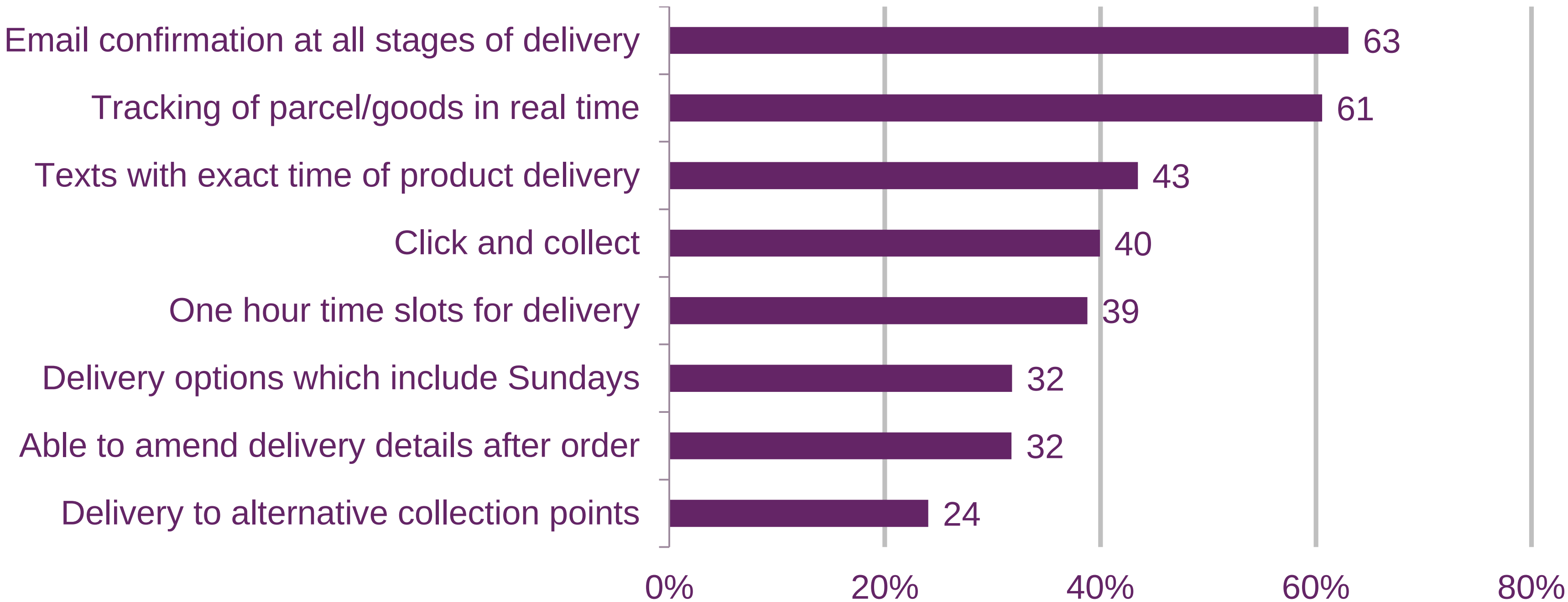


Source: YouGov, *Innovations in Retailing*, fieldwork March 2015.
Base: All adults 16+, 2114. Q: Which, if any, of the following do you consider to be important factors when you are choosing a retailer? Please choose all that apply.

Figure 6.4

Features of delivery that consumers like to have in place when shopping online

% of respondents stating each feature

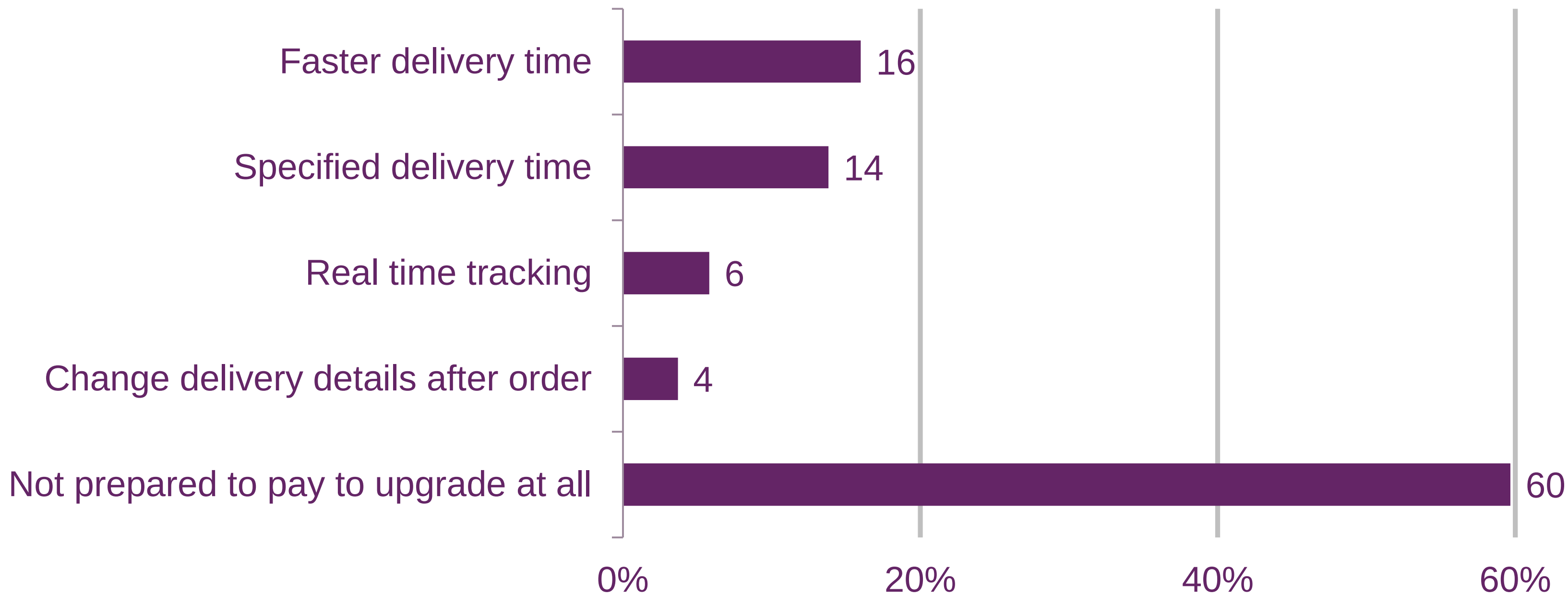


Source: YouGov, *Innovations in Retailing*, fieldwork March 2015.
Base: All adults 16+, 2114. Q: Which, if any, of the following systems do you like to have in place, as standard, when ordering online (including via your mobile)? Please choose all that apply.

Figure 6.5

Appetite to pay for enhanced delivery features

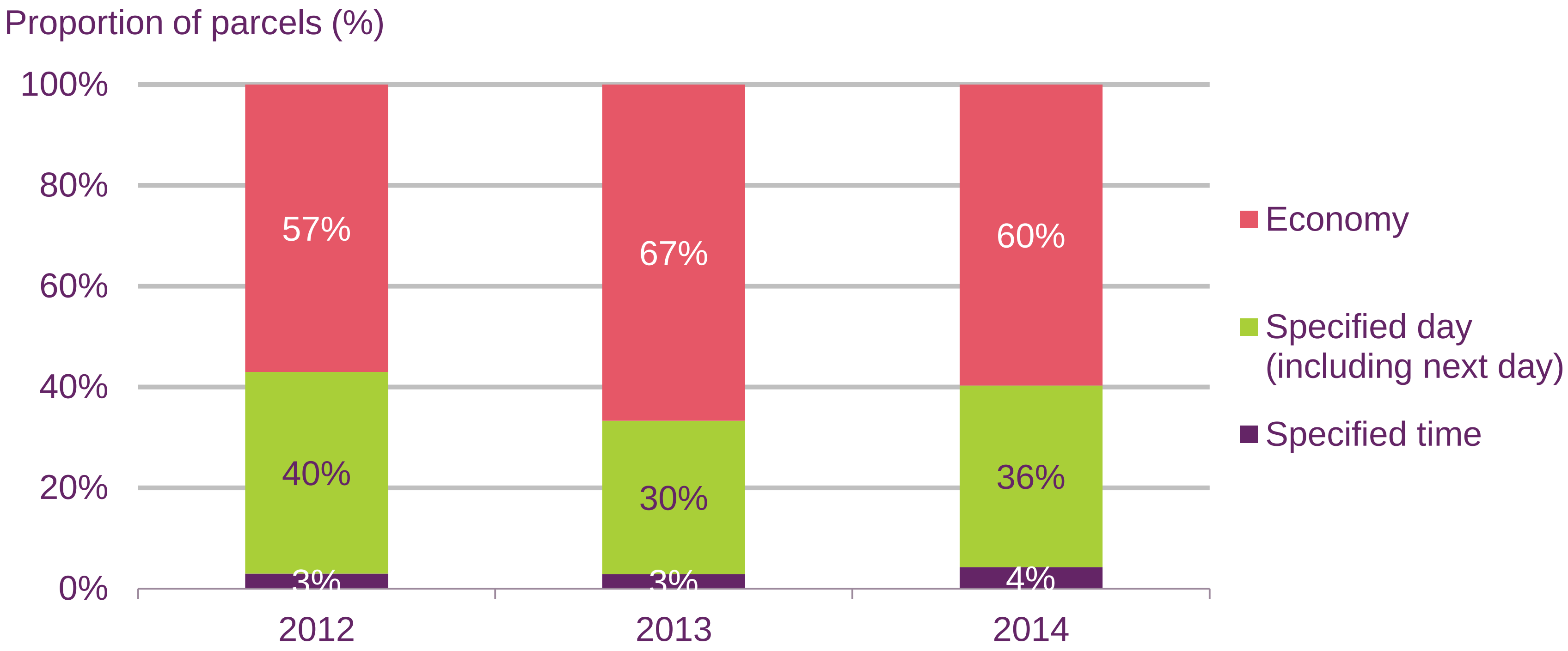
% of respondents that would be prepared to pay for each feature



Source: YouGov, Innovations in Retailing, fieldwork March 2015.
Base: All adults 16+, 2114. Q: Still thinking of online deliveries, which of the following statements do you agree with? Please choose all that apply.

Figure 6.6

Service types used for e-retail fulfilment: 2012-2013

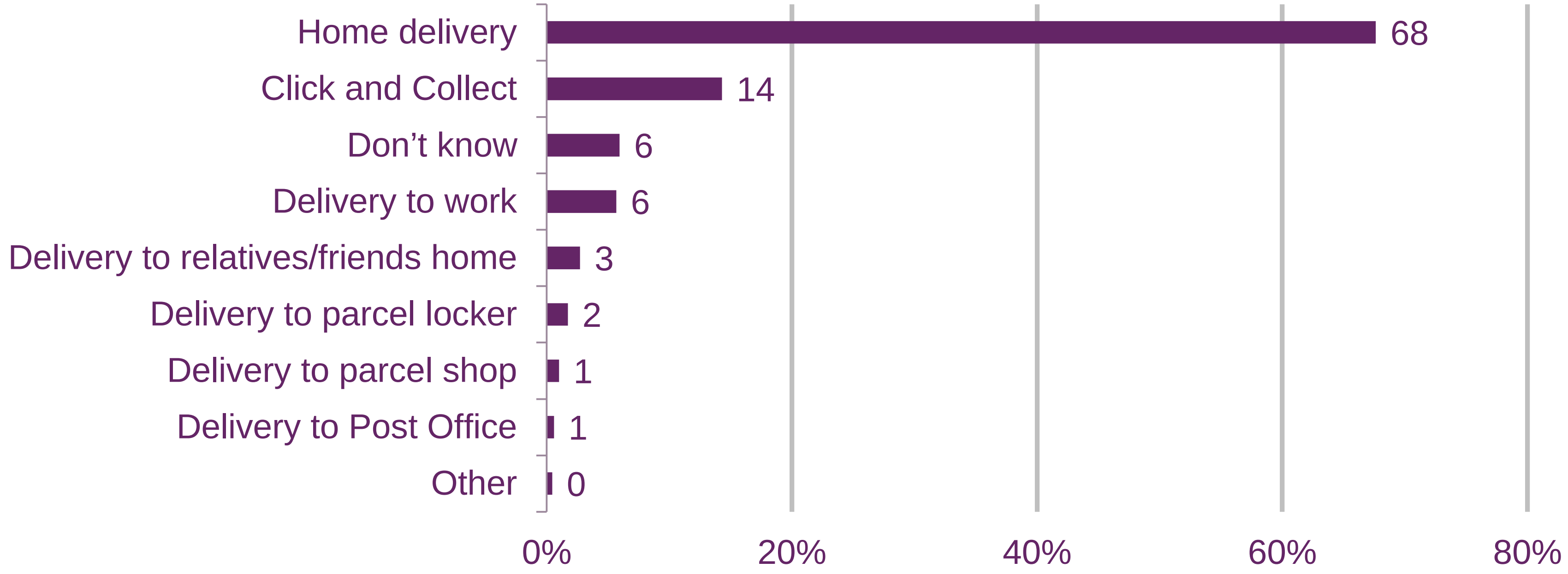


Source: Ofcom analysis of IMRG / Metapack Delivery Index, January 2012-December 2014.
Note: Specified time includes: AM, PM, before 10am, evening and school run. 'Specified day' includes same day, next day and Sunday. Proportions rebased to exclude international.

Figure 6.7

Preferred delivery location for online shopping

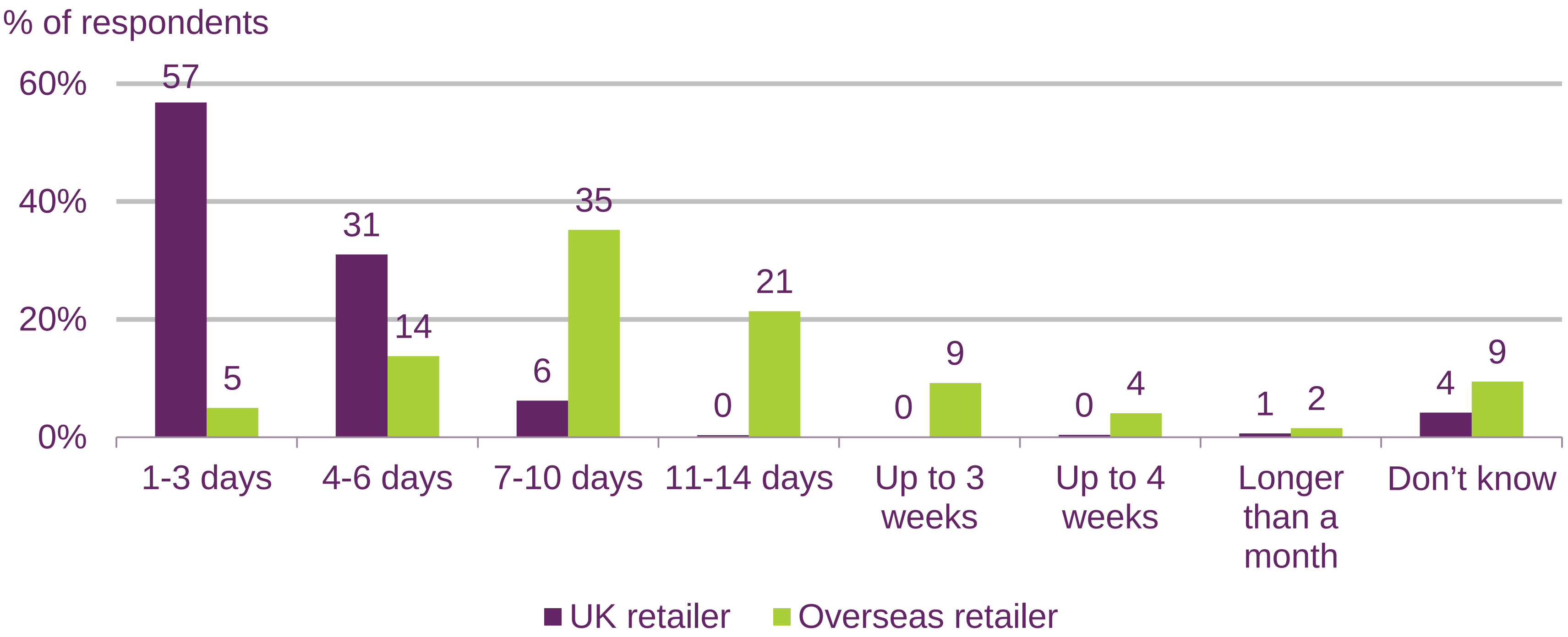
% of respondents



Source: YouGov, Innovations in Retailing, fieldwork March 2015.
Base: All adults 16+, 2114. Q: Now thinking about shopping online (including via your mobile) and the delivery of your purchases, in general which of the following do you prefer?

Figure 6.8

Delivery time expectations, UK retailers and overseas retailers

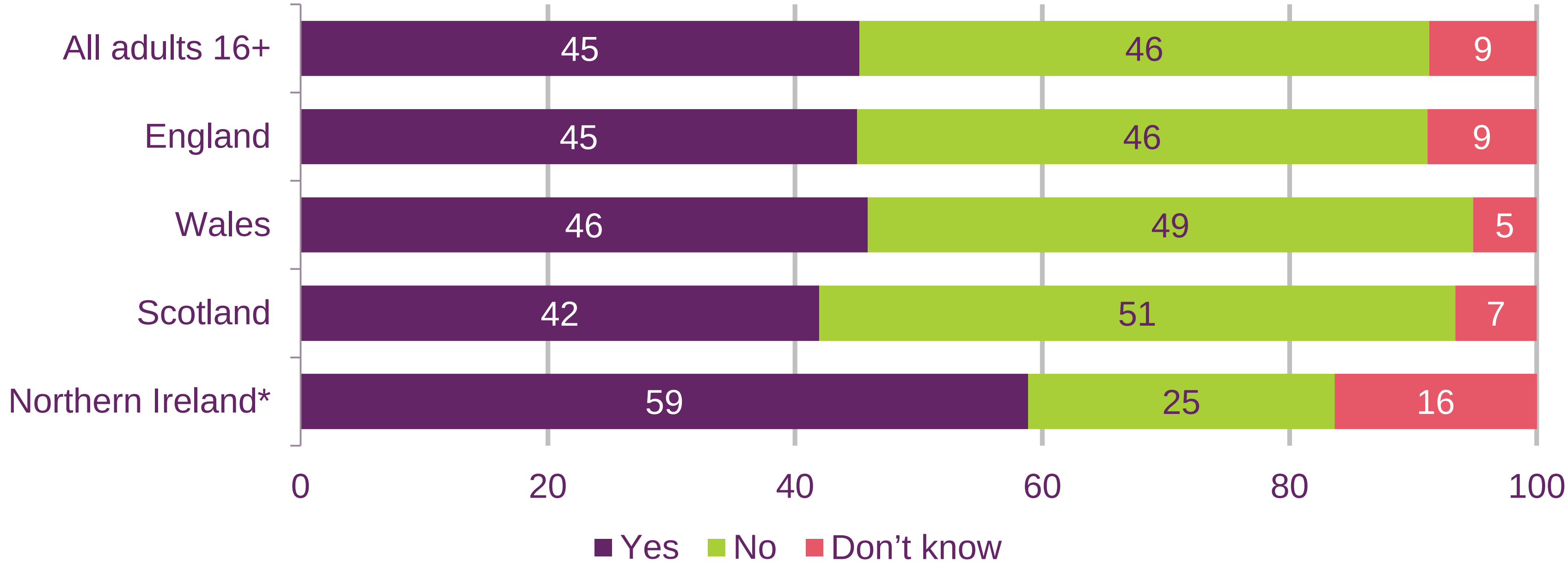


Source: YouGov, *Innovations in Retailing*, fieldwork March 2015.
Base: All adults 16+, 2114. Q: EXCLUDING large goods/furniture, if you were to order a product from a UK retailer/overseas retailer (e.g. a book, DVD, dress, phone etc.), how long would you consider an acceptable time for standard delivery to your chosen address?

Figure 6.9

Whether delivery concerns have ever stopped an order being made

% of respondents



Source: YouGov, Innovations in Retailing, fieldwork March 2015.
Base: All adults 16+, 2114, England, 1771, Wales, 104, Scotland. 178, Northern Ireland, 51. Q: Have you ever not ordered a product because of concerns over the delivery?
*Note: Base size for Northern Ireland is <100.

Figure 6.10

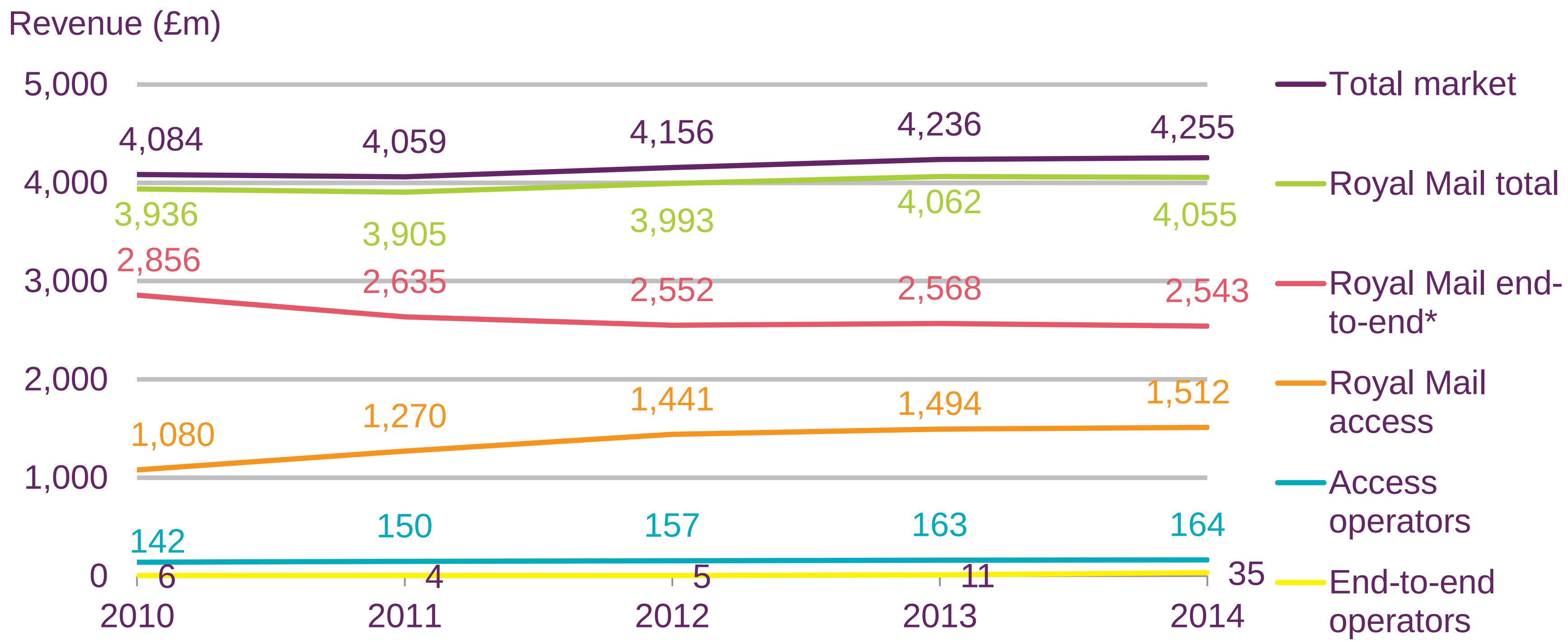
Delivery concerns that have stopped an order being made

% of respondents

Source: YouGov, Innovations in Retailing, fieldwork March 2015.
Base: All adults 16+ who have not ordered a product due to delivery concerns, 954. Q: Why did your concerns regarding delivery stop you from ordering the product? Please choose all that apply.

Figure 6. 11

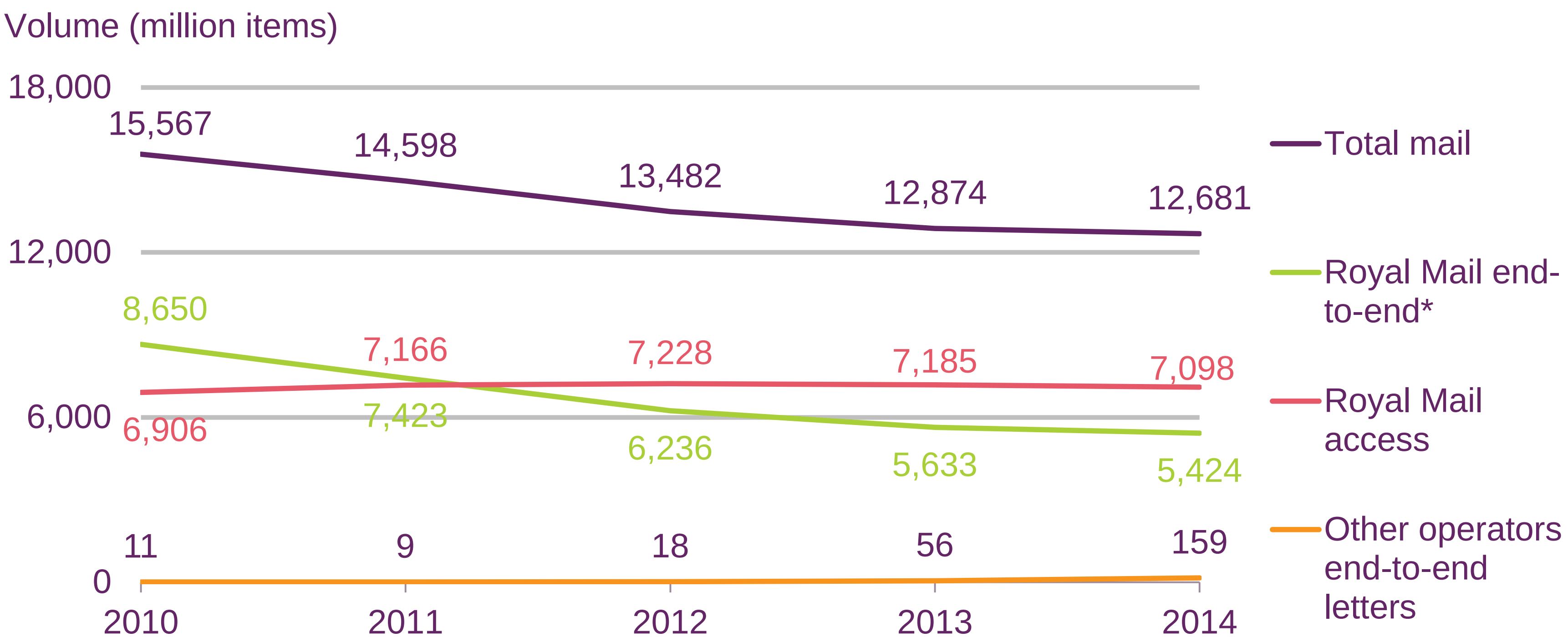
Addressed letter revenues: 2010-2014



Source: Royal Mail Regulatory Financial Statements, operator returns to Ofcom, Ofcom estimates. Royal Mail calendar year revenue figures are derived from Ofcom calculations based on financial year figures in Royal Mail's Regulatory Statements and unaudited submissions to Ofcom and are therefore not directly comparable with Royal Mail's published accounts. Royal Mail figures relate to the "Reported Business". *Royal Mail end-to-end is an Ofcom calculation and refers to Royal Mail total letters revenues excepting access. Royal Mail access revenues are as per its Regulatory Financial Statements and include a small amount of parcels. The effect of this is that Royal Mail's access revenues are slightly overstated and its end-to-end revenues are slightly understated. Prior data are not comparable. Figures are nominal.

Figure 6. 12

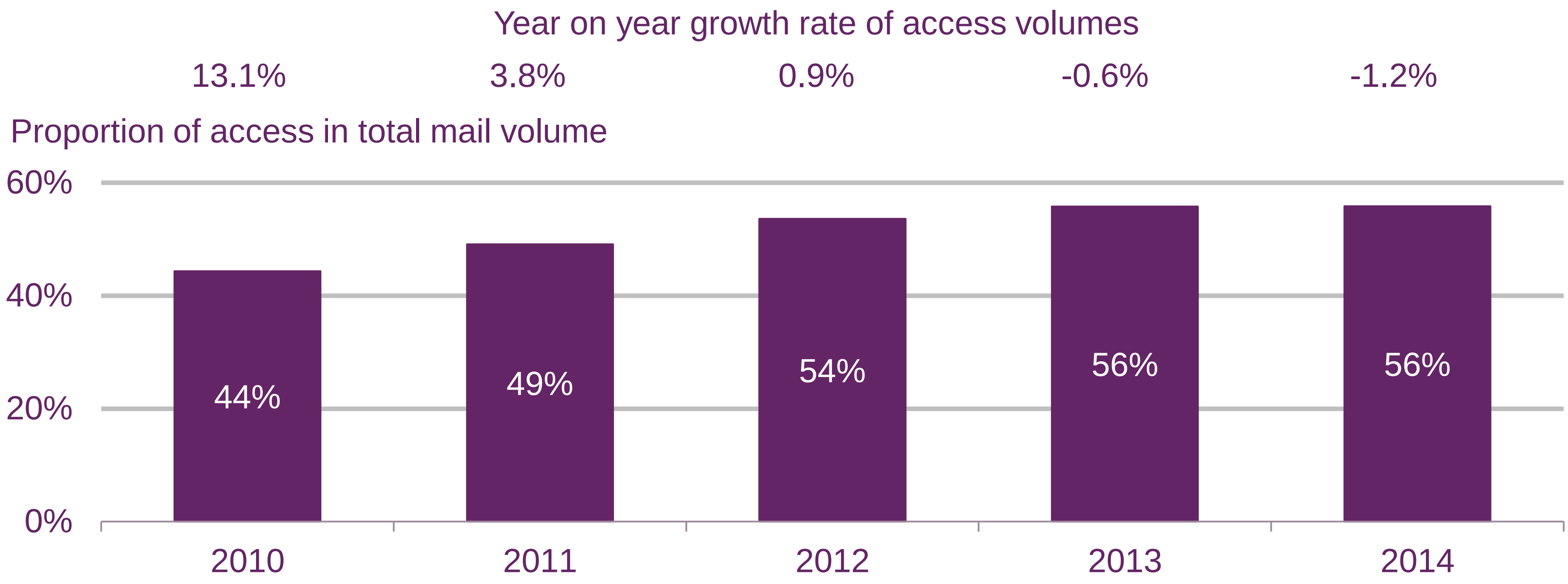
Addressed letter volumes: 2010 -2014



Source: Royal Mail Regulatory Financial Statements, operator returns to Ofcom, Ofcom estimates. Royal Mail calendar year volume figures are derived from Ofcom calculations based on financial year figures in Royal Mail's Regulatory Statements and unaudited submissions to Ofcom and are therefore not directly comparable with Royal Mail's published accounts. Royal Mail figures relate to the "Reported Business". *Royal Mail end-to-end is an Ofcom calculation and refers to Royal Mail total letters volumes excepting access. Royal Mail access volumes are as per its Regulatory Financial Statements and include a small amount of parcels. The effect of this is that Royal Mail's access volumes are slightly overstated and its end-to-end volumes are slightly understated. Prior data are not comparable.

Figure 6. 13

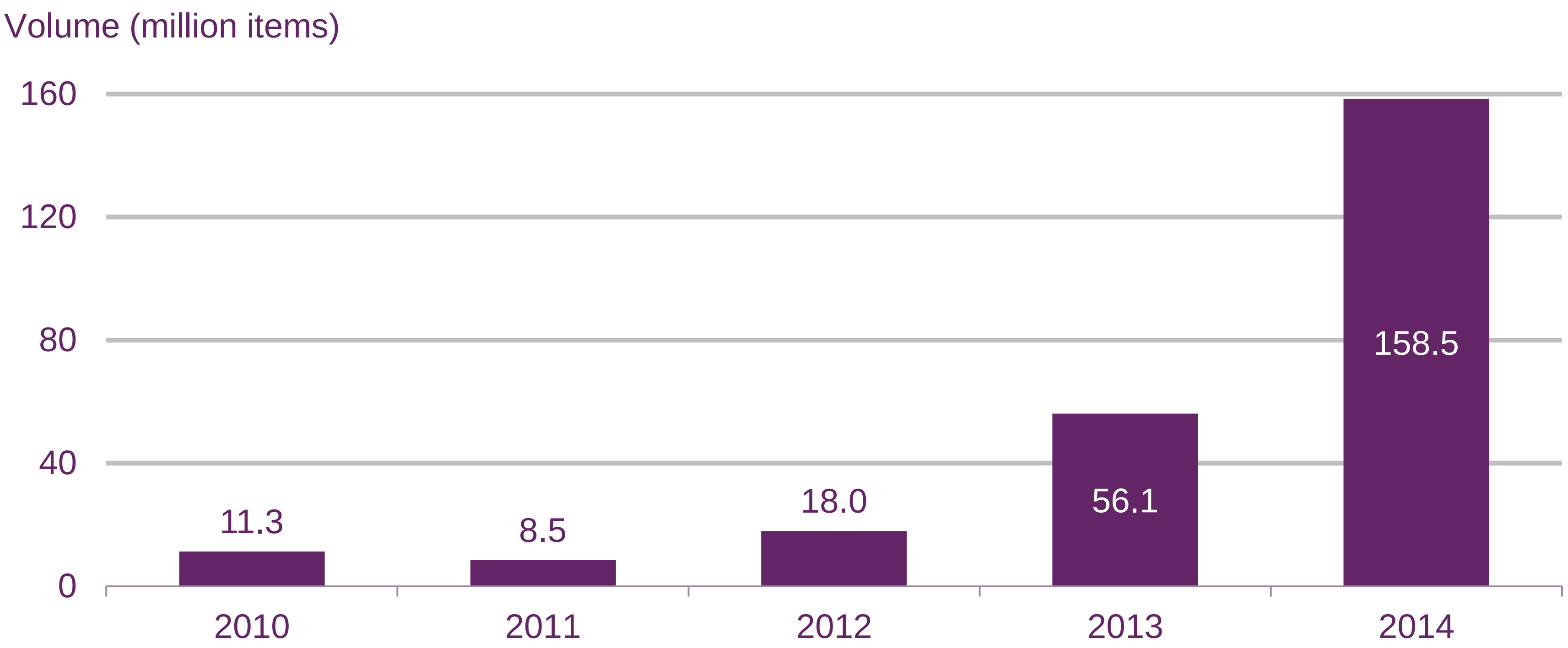
Proportion of access in total mail: 2010-2014



Source: Royal Mail Regulatory Financial Statements, Operators' returns, Ofcom estimates

Figure 6. 14

Other operators' end-to-end delivered volumes: 2010 to 2014

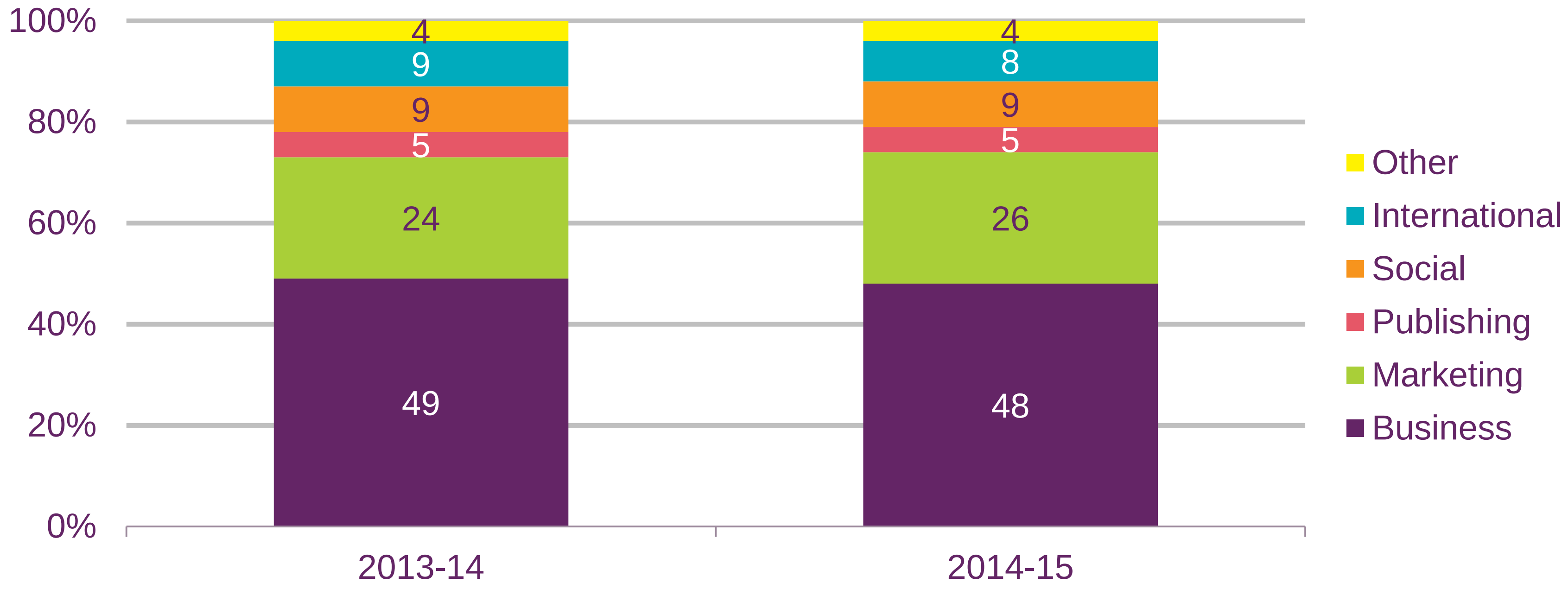


Source: Ofcom analysis of operators' returns

Figure 6. 15

Letter revenue, by type of mail: 2013-14 to 2014-15

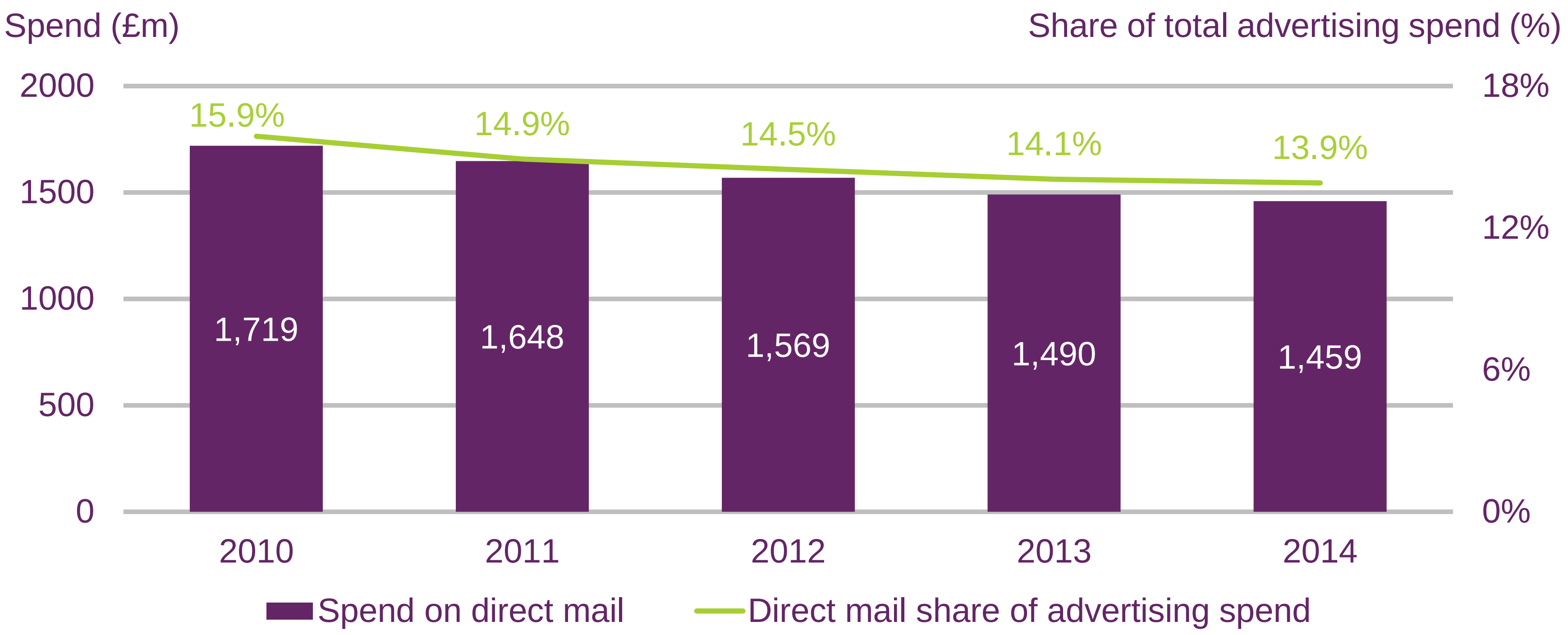
Proportion of letters revenue generated by each type (%)



Source: Royal Mail plc, full year 2014-15 results, and Royal Mail plc, full year 2013-14 results
Note: relates to Royal Mail revenue and not the total market, so accounts for c.95% of total revenue

Figure 6. 16

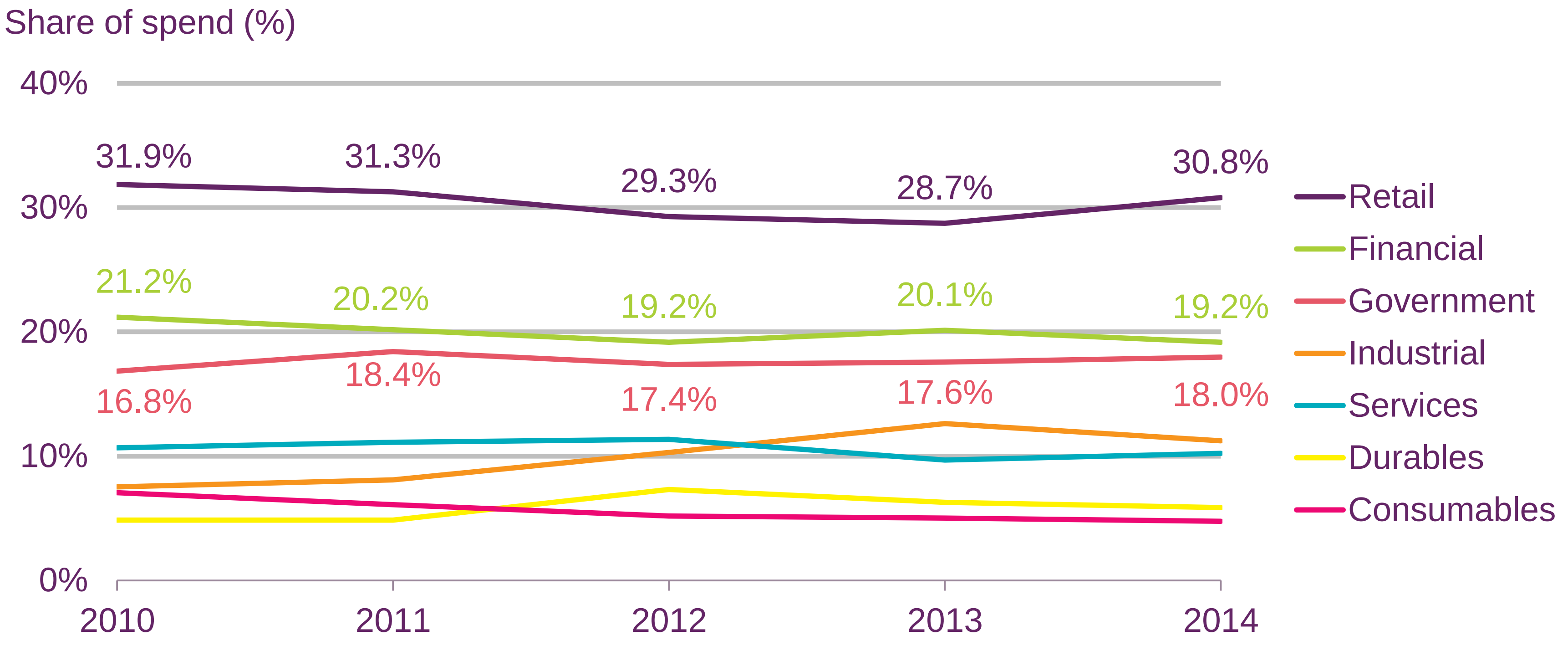
UK direct mail advertising spend and share of total advertising: 2010 - 2014



Source: AA/Warc Advertising Expenditure report / Nielsen. Figures are nominal.

Figure 6. 17

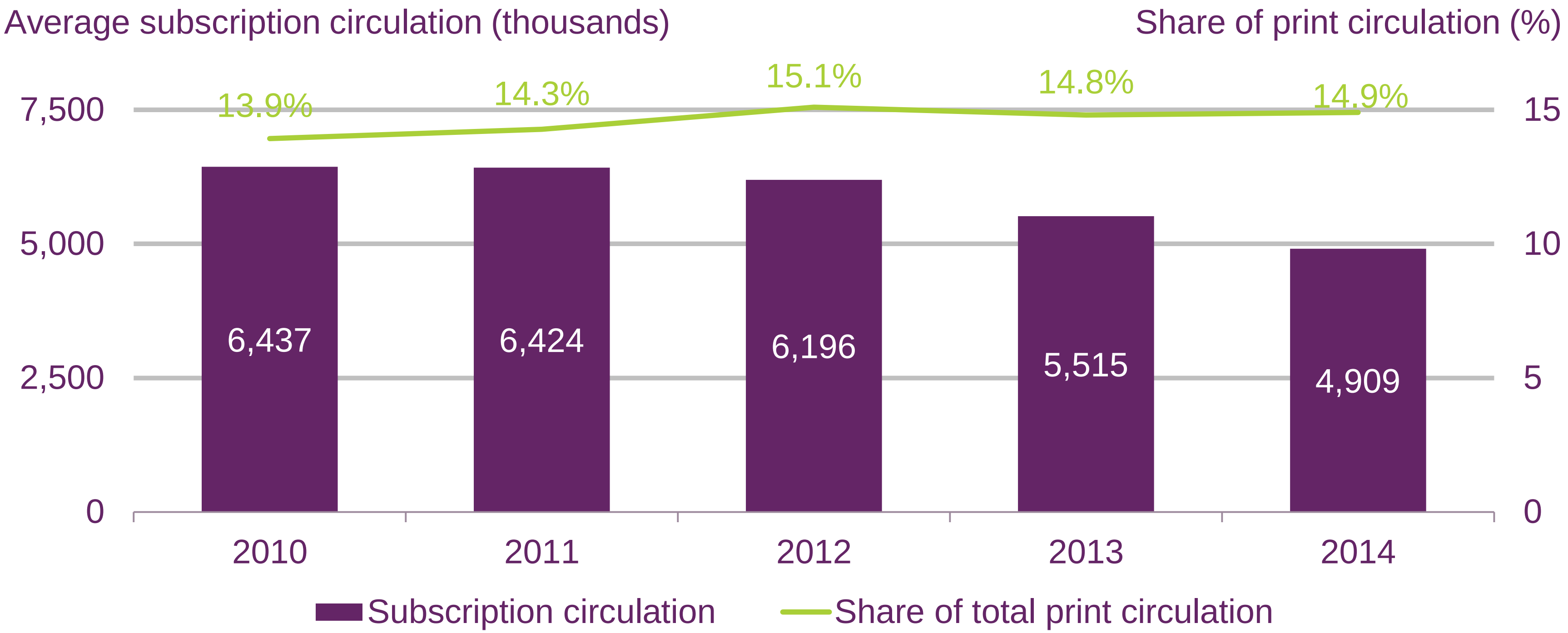
Share of direct mail expenditure, by sector: 2010-2014



Source: AA/Warc Expenditure report / Nielsen

Figure 6. 18

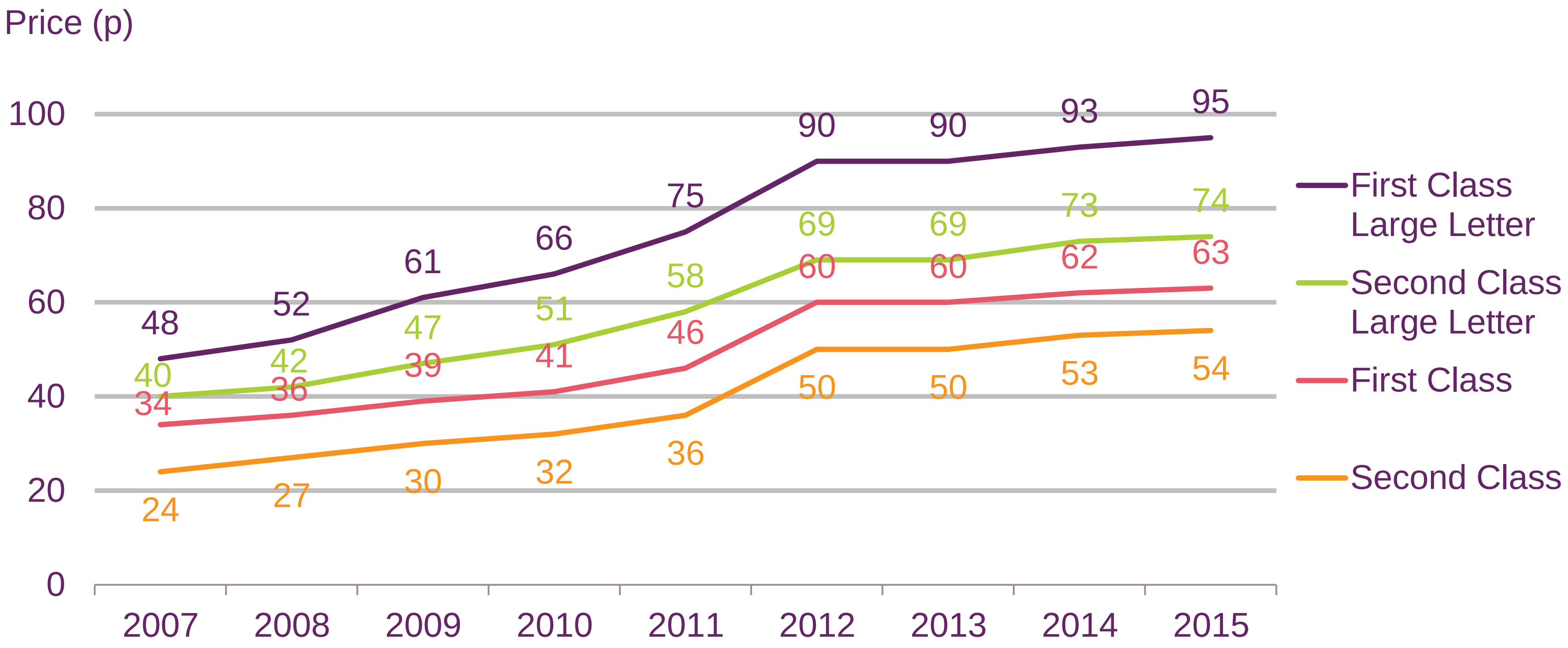
Magazine subscription circulation: 2010-2014



Source: Mediatel/ABC, 6-monthly net average circulation and subscription sales

Figure 6. 19

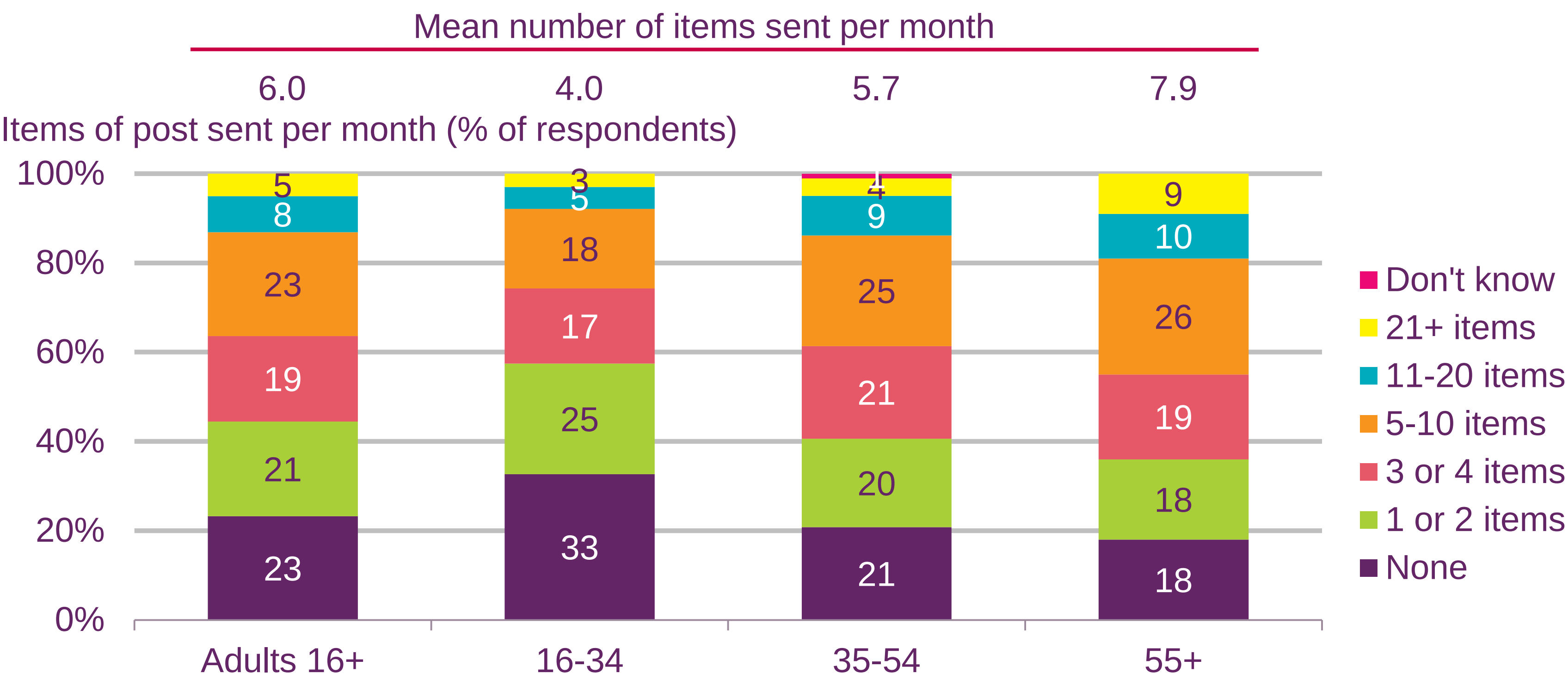
First and Second Class single piece stamp prices: 2007-2015



Source: Royal Mail. Figures are nominal. Prices refer to Royal Mail First and Second Class Standard and Large Letter list prices for letters up to 100g,

Figure 6. 20

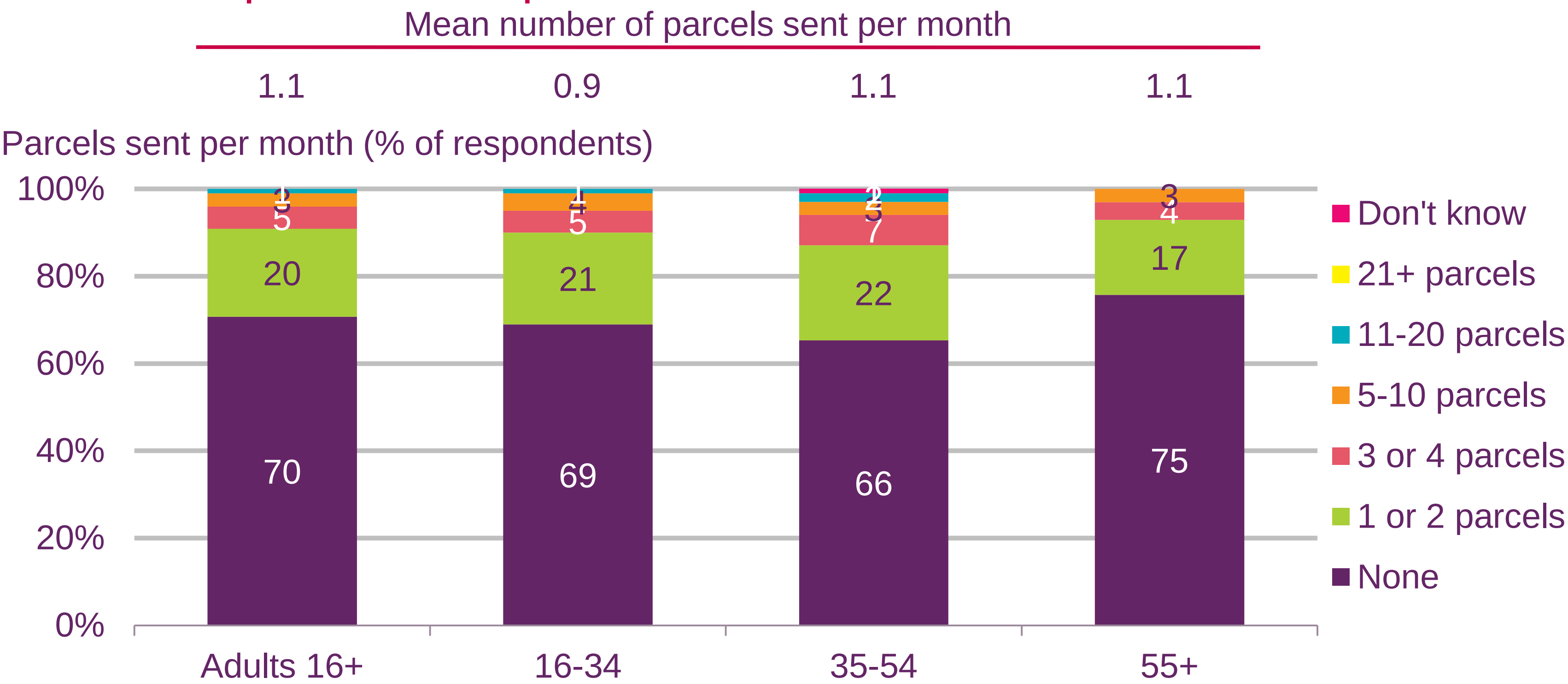
Number of items sent per month



Source: Ofcom Residential Postal Tracker, Q2 2014 - Q1 2015
Base: All respondents (n = 3557 adults 16+, 996 16-34, 1205 35-54, 1356 55+)
QC1. Approximately how many items of post – including letters, cards and parcels – have you personally sent in the last month?

Figure 6. 21

Number of parcels sent per month

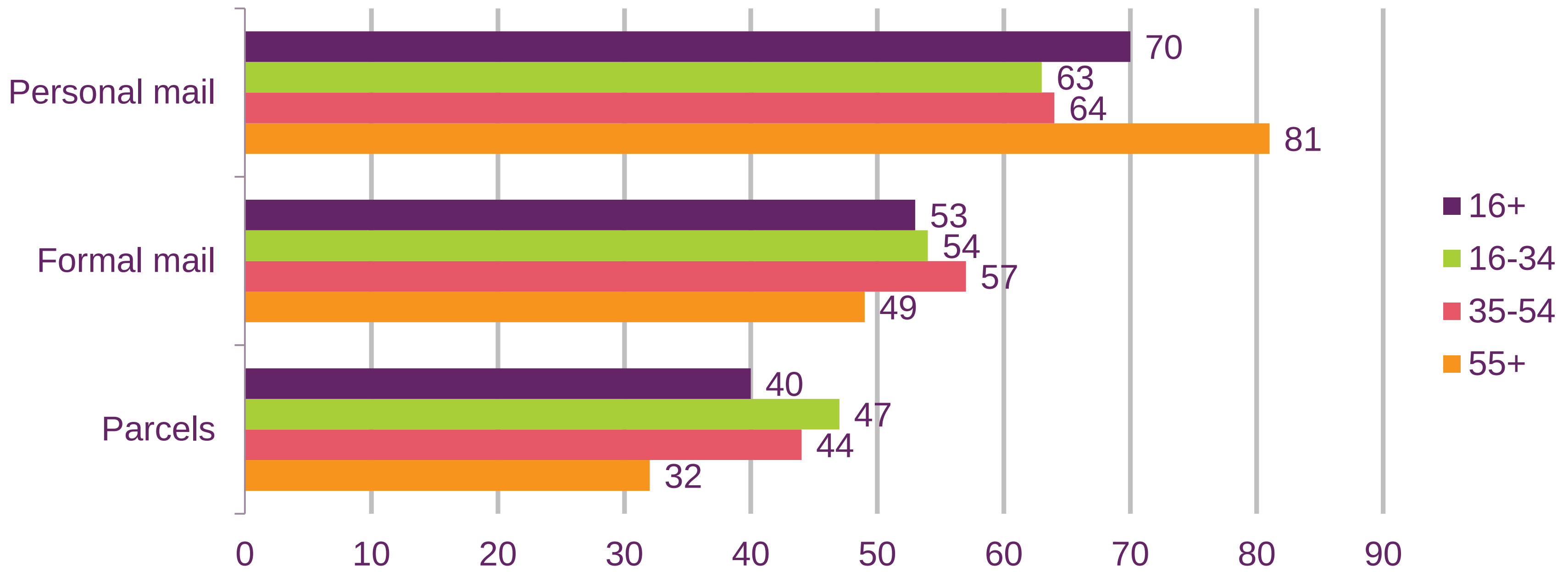


Source: Ofcom Residential Postal Tracker, Q2 2014 - Q1 2015
Base: All respondents (n = 3557 adults 16+, 996 16-34, 1205 35-54, 1356 55+)
QC2. And how many of these items sent in the last month were parcels rather than letters or cards?

Figure 6. 22

Categories of mail sent in the past month

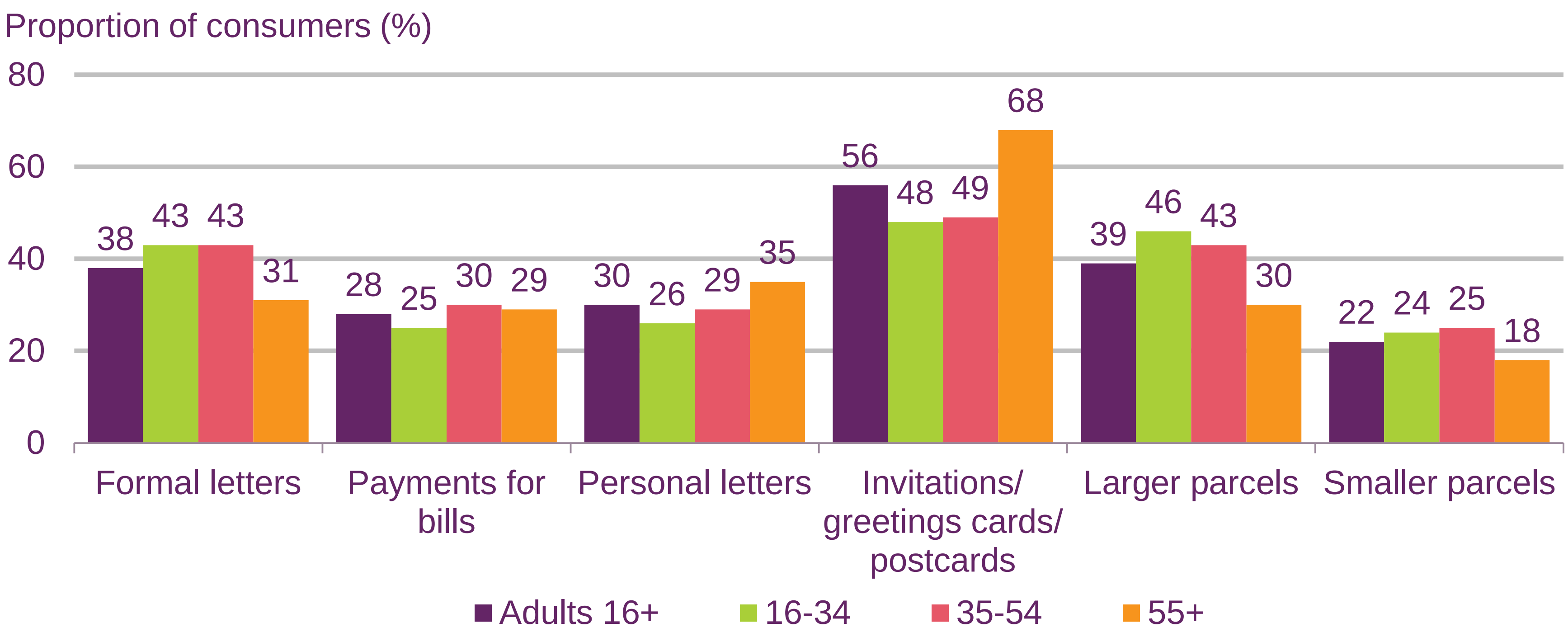
Proportion of consumers (%)



Source: Ofcom Residential Postal Tracker, Q2 2014 - Q1 2015
Base: All who have personally sent any items of post in the last month (n = 2685 adults 16+, 652 16-34, 948 35-54, 1085 55+) QC5. Which of these types of mail would you say you have personally sent in the last month by post? (MULTICODE)

Figure 6. 23

Types of mail sent in the past month

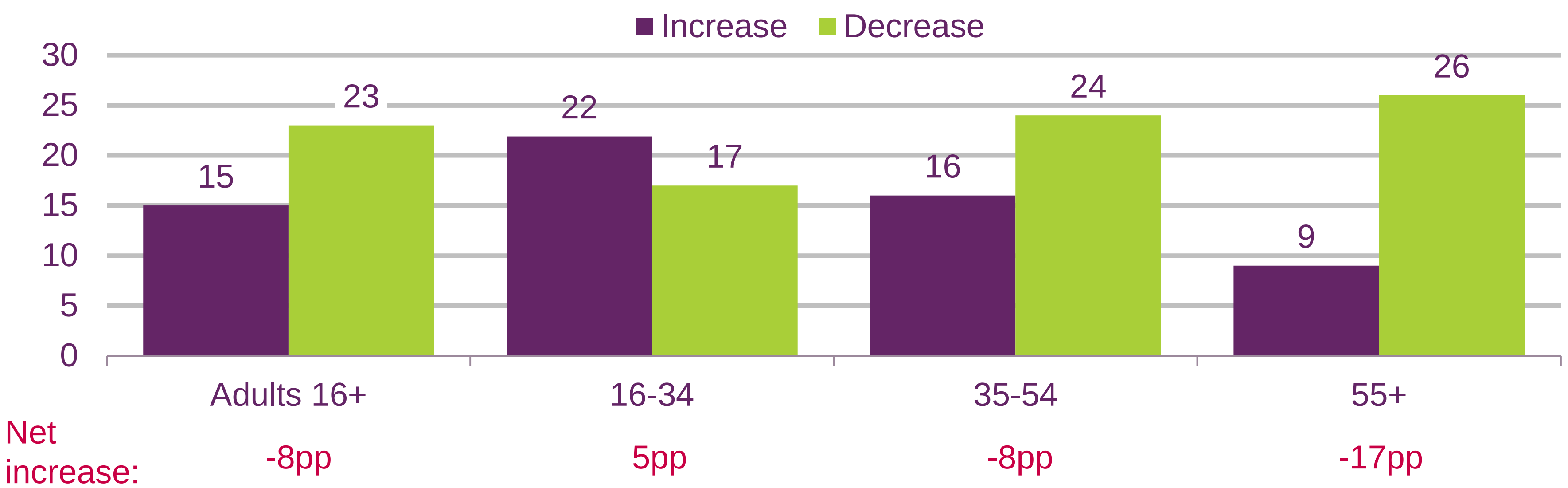


Source: Ofcom Residential Postal Tracker, Q2 2014 - Q1 2015
Base: All who have personally sent any items of post in the last month (n = 2685 adults 16+, 652 16-34, 948 35-54, 1085 55+) QC5. Which of these types of mail would you say you have personally sent in the last month by post? (MULTICODE)

Figure 6.24

Percentage of respondents reporting an increasing or decreasing amount of post sent in the past two years

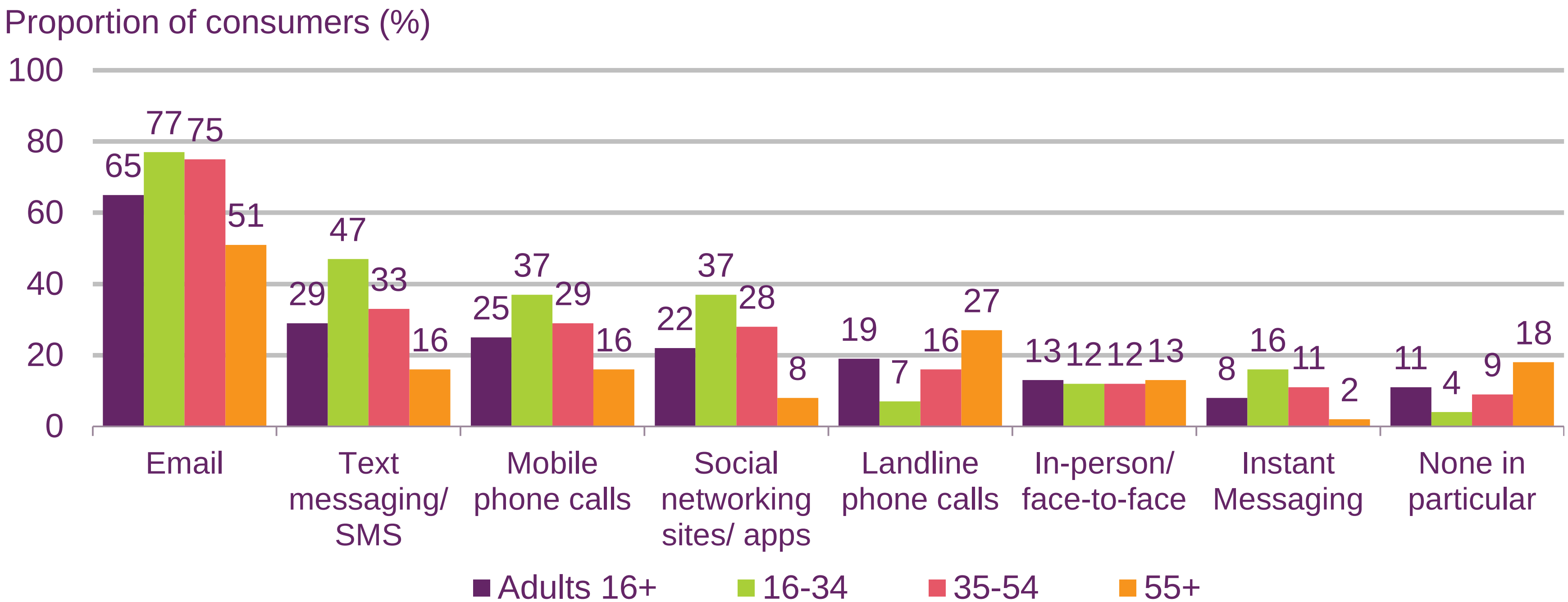
Proportion of consumers (%)



Source: Ofcom Residential Postal Tracker, Q2 2014 - Q1 2015
Base: All respondents (n = 3557 adults 16+, 996 16-34, 1205 35-54, 1356 55+)
QC10. SHOWCARD Compared with two years ago, would you say that the number of items you send through the post has... increased greatly, increased slightly, stayed the same, decreased slightly, decreased greatly?

Figure 6.25

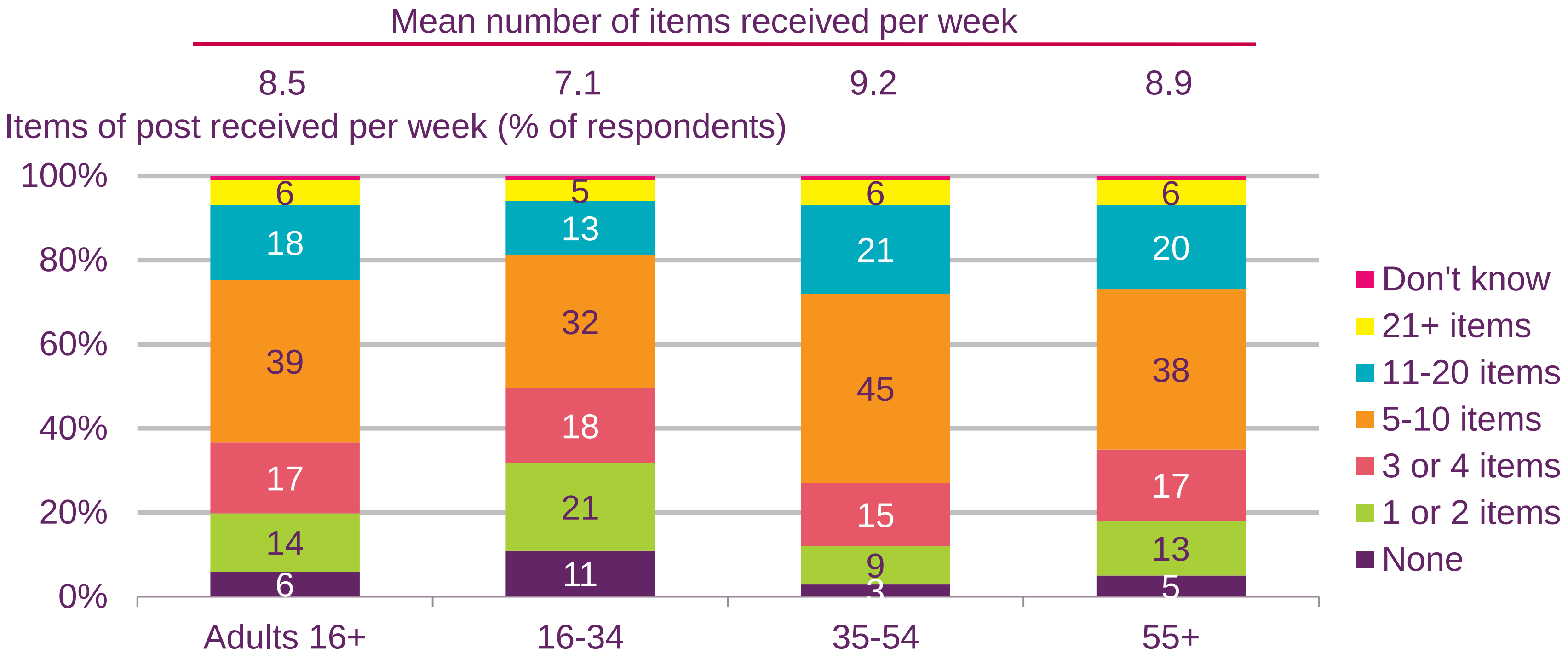
Methods of communication being used instead of post



Source: Ofcom Residential Postal Tracker, Q2 2014 - Q1 2015
Base: All who say that the number of items sent by post has decreased, compared to two years ago (n = 812 adults 16+, 164 16-34, 311 35-54, 337 55+)
QC13. As your use of post has decreased compared with two years ago, which, if any, of these other forms of communication are you using more instead of post? (MULTICODE)

Figure 6. 26

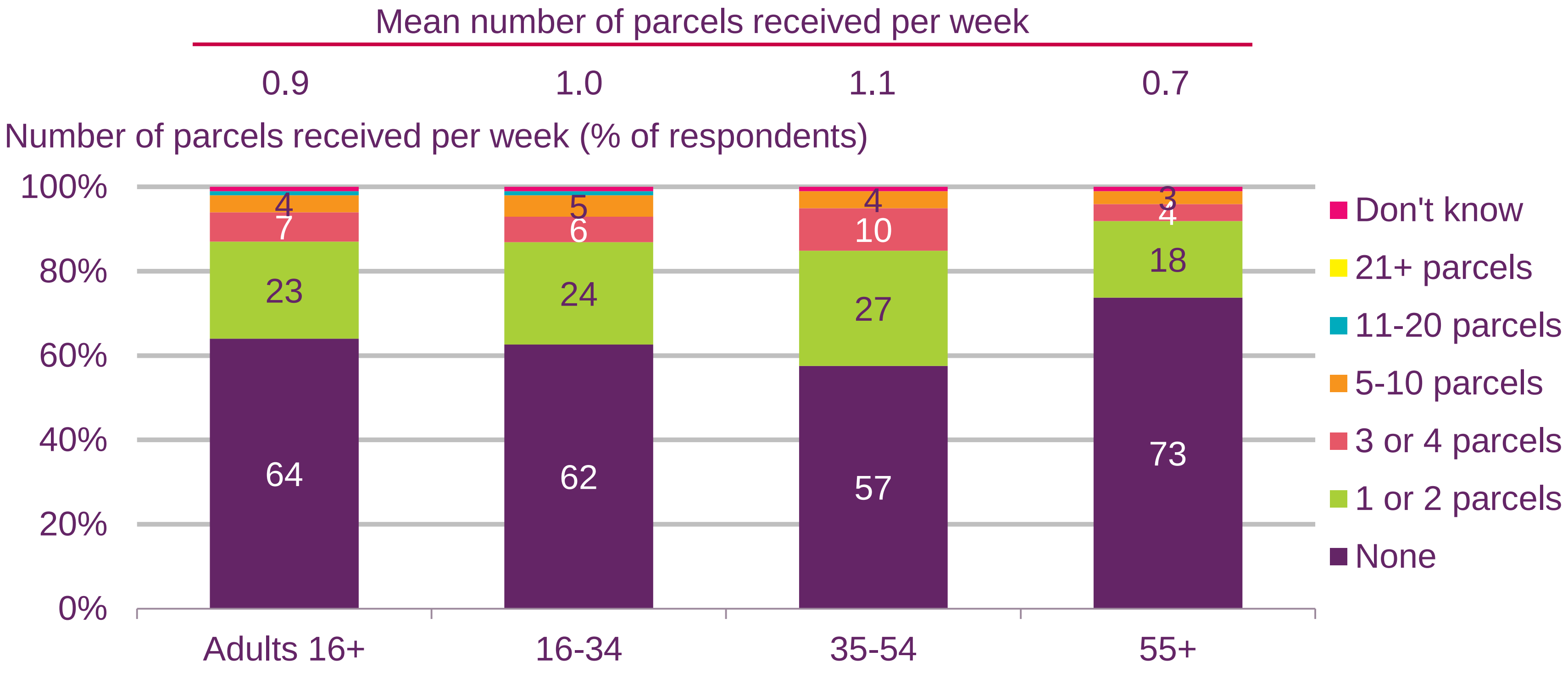
Number of items received per week



Source: Ofcom Residential Postal Tracker, Q2 2014 - Q1 2015
Base: All respondents (n = 3557 adults 16+, 996 16-34, 1205 35-54, 1356 55+)
QD1. Approximately how many items of post – including letters, cards and parcels – have you personally received in the last week?

Figure 6.27

Number of parcels received per week

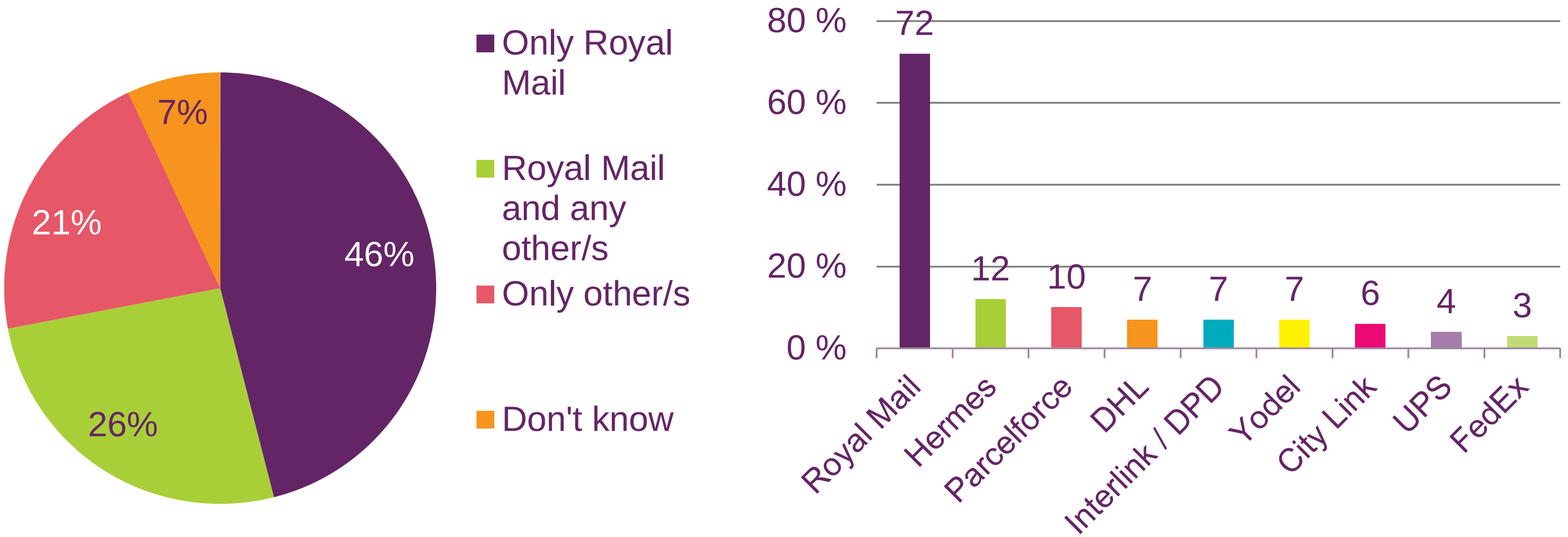


Source: Ofcom Residential Postal Tracker, Q2 2014 - Q1 2015
Base: All respondents (n = 3557 adults 16+, 996 16-34, 1205 35-54, 1356 55+)
QD2. And how many of these items received in the last week were parcels rather than letters or cards?

Figure 6.28

Proportion of consumers reporting delivery of parcels by company

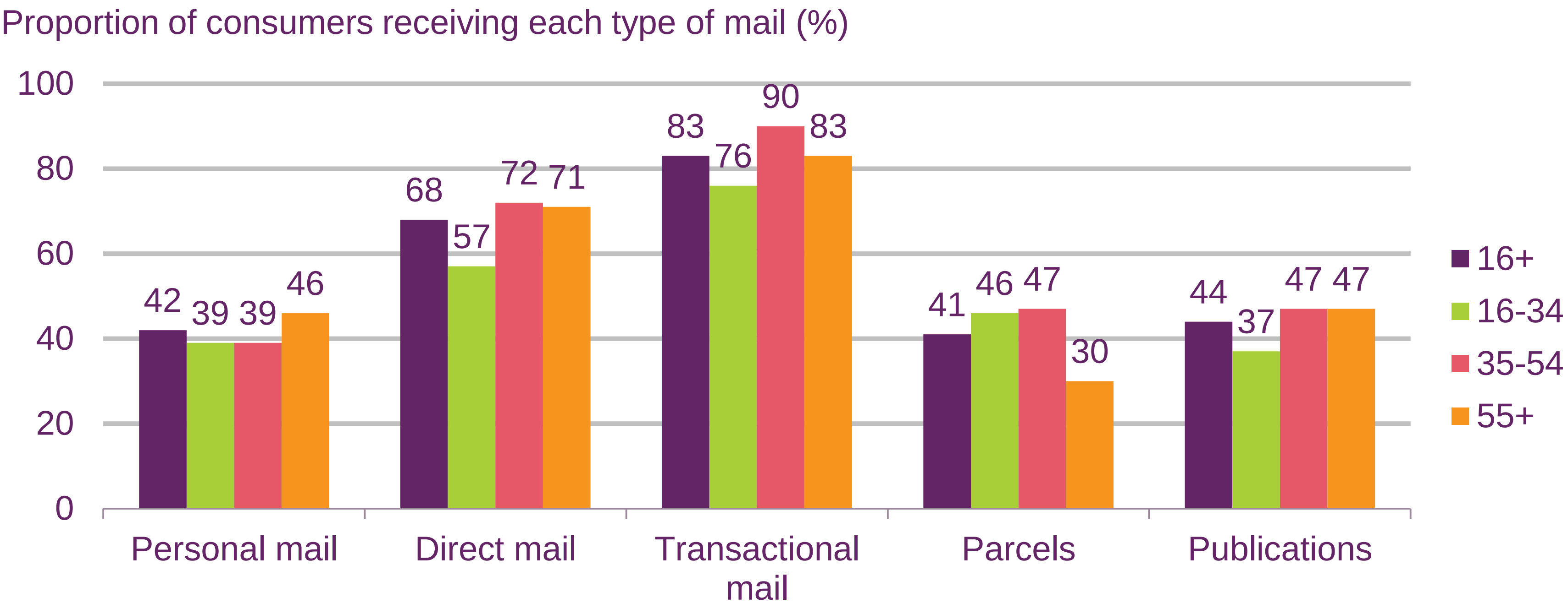
Company parcels delivered by (% of all who have received a parcel in the past week)



Source: Ofcom Residential Postal Tracker, Q4 2013-Q1 2014
Base: All who have received a parcel in the last week (n = 796 adults 16+)
QD17. Thinking of the parcels that you have received in the last week, which of these companies delivered the parcels? (MULTICODE)
Chart shows companies mentioned by more than 1% of those receiving any parcels in the last week

Figure 6.29

Categories of mail received in the past week

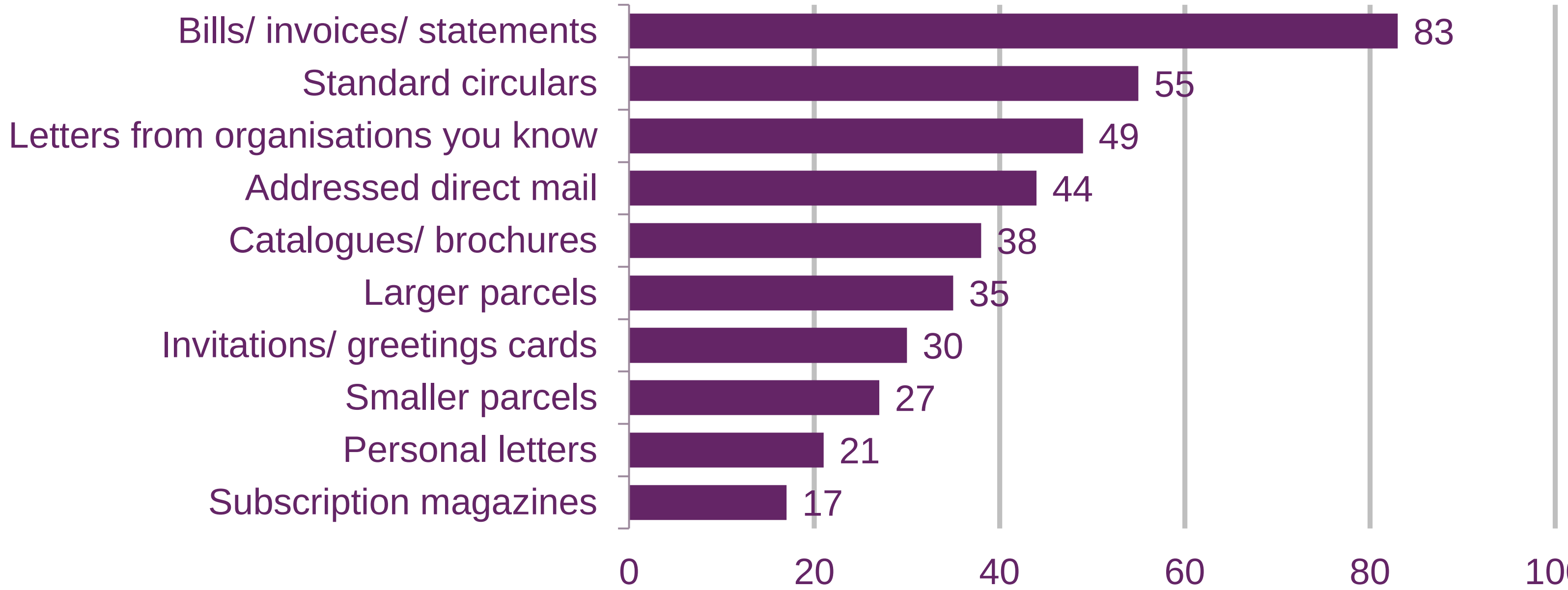


Source: Ofcom Residential Postal Tracker, Q2 2014 - Q1 2015
Base: All respondents (n = 3557 adults 16+, 996 16-34, 1205 35-54, 1356 55+)
QD4. Please think about items that are addressed to you personally rather than leaflets or charity collection envelopes or bags that may come through your letterbox. Which of these types of items would you say you have personally received through the post in the last month? (MULTICODE)

Figure 6.30

Types of mail received in the past week

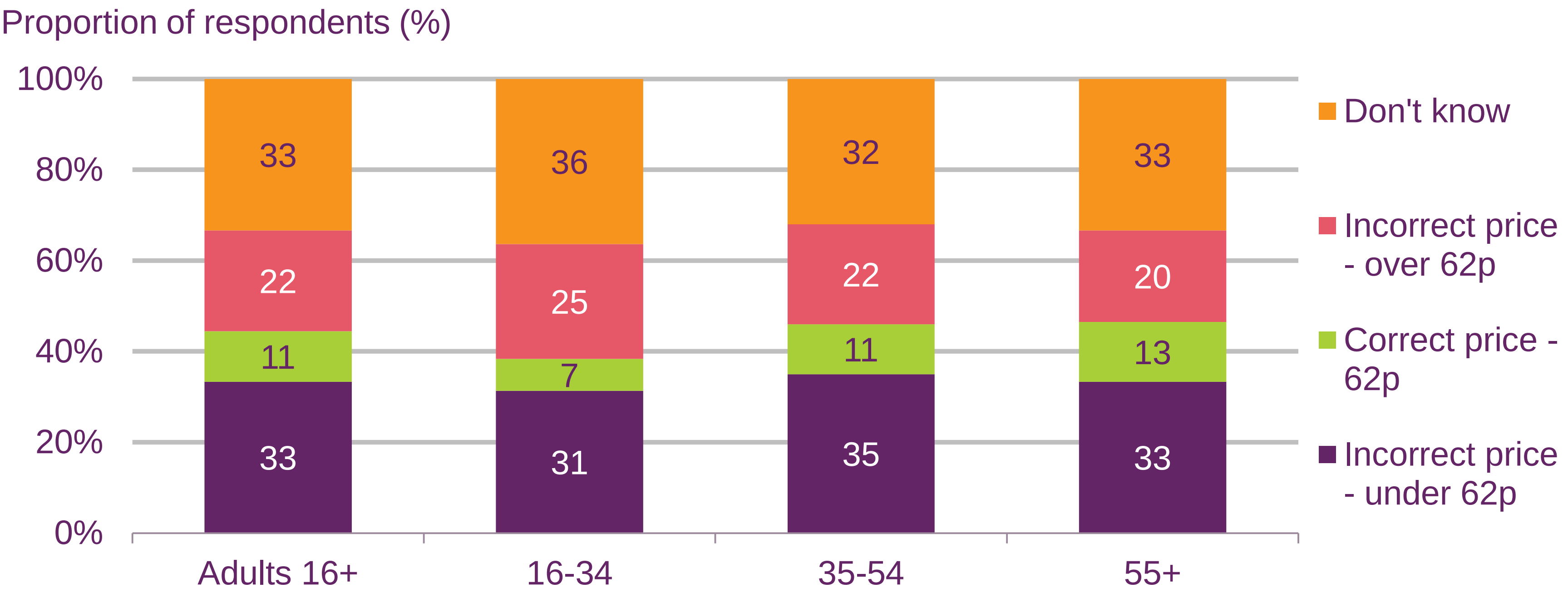
Proportion of respondents who have received each type of mail (%)



Source: Ofcom Residential Postal Tracker, Q2 2014 - Q1 2015
Base: All respondents (n = 3557 adults 16+)
QD4. Please think about items that are addressed to you personally rather than leaflets or charity collection envelopes or bags that may come through your letterbox. Which of these types of items would you say you have personally received through the post in the last month? (MULTICODE)

Figure 6.31

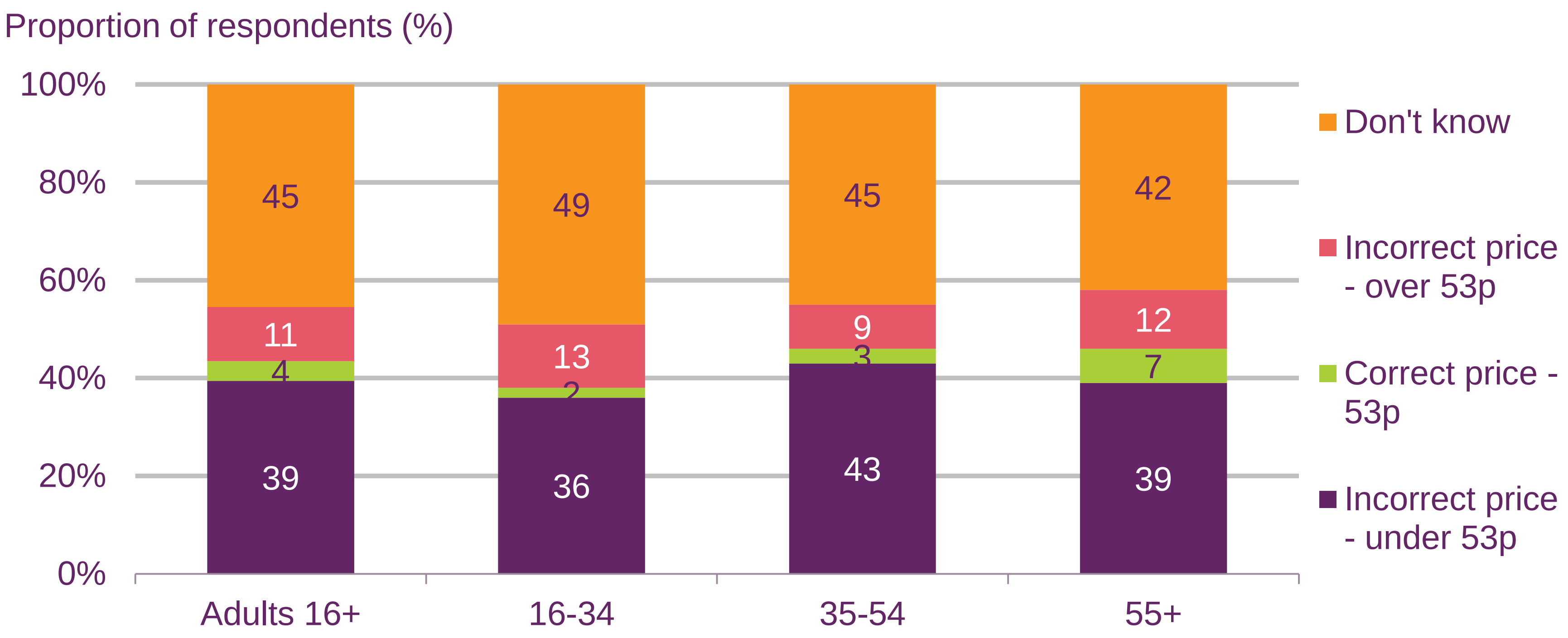
Awareness of the price of a First Class stamp



Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All respondents (n = 3557 adults 16+, 996 16-34, 1205 35-54, 1356 55+)
QF1. As far as you know, how much does it currently cost to send a standard letter by First Class using a stamp? (single code) Note: Our research was conducted before April 2015, when the price of a First Class stamp increased from 62p to 63p.

Figure 6.32

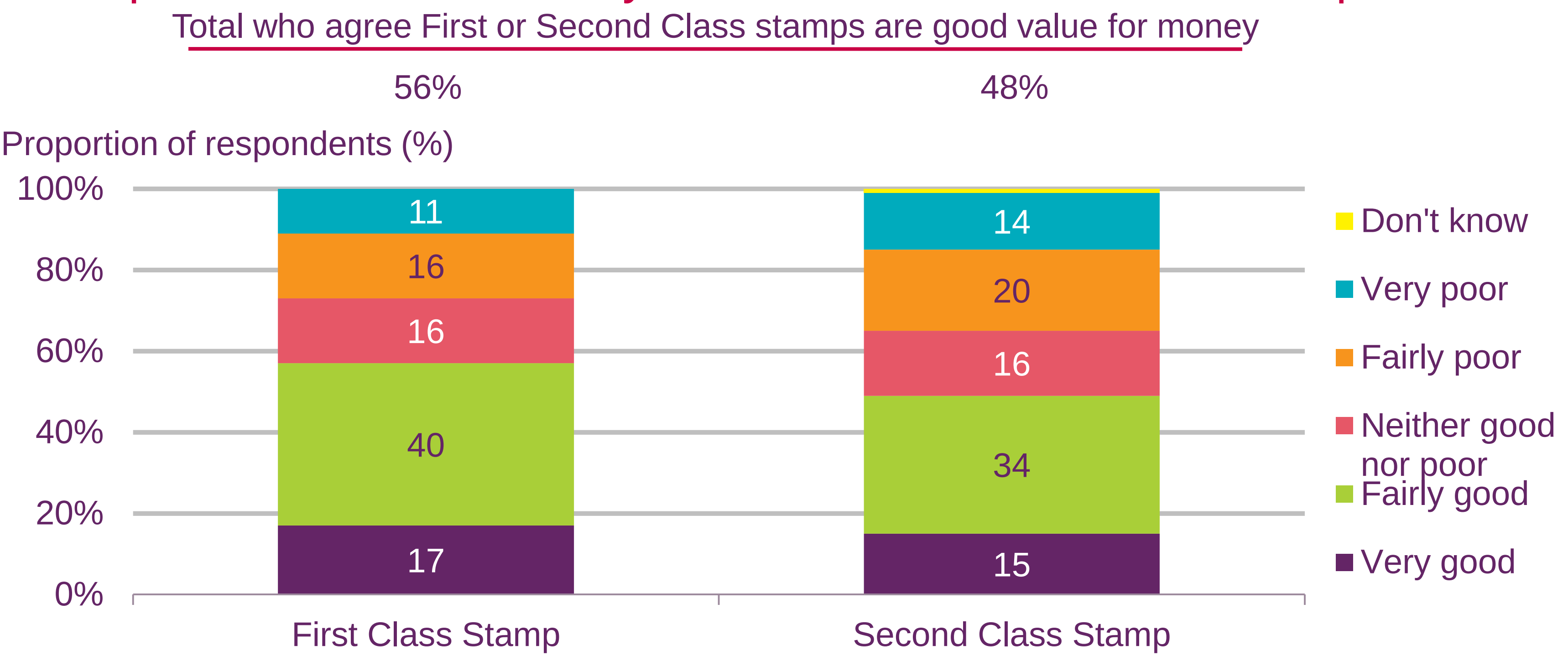
Awareness of the price of a Second Class stamp



Source: Ofcom Residential Postal Tracker, Q2 2014 - Q1 2015
Base: All respondents (n = 3557 adults 16+, 996 16-34, 1205 35-54, 1356 55+)
QF2. As far as you know, how much does it currently cost to send a standard letter by second class using a stamp? (SINGLE CODE)

Figure 6.33

Perception of value for money of First and Second Class stamps



Source: Ofcom Residential Postal Tracker, Q2 2014 - Q1 2015
Base: All respondents (n = 3557 adults 16+)
QF3/4. It currently costs 62p/53p to send a standard letter First/ Second Class within the UK. How would you rate the Royal Mail's First/ Second Class service in terms of value for money? (SINGLE CODE)

Figure 6.34

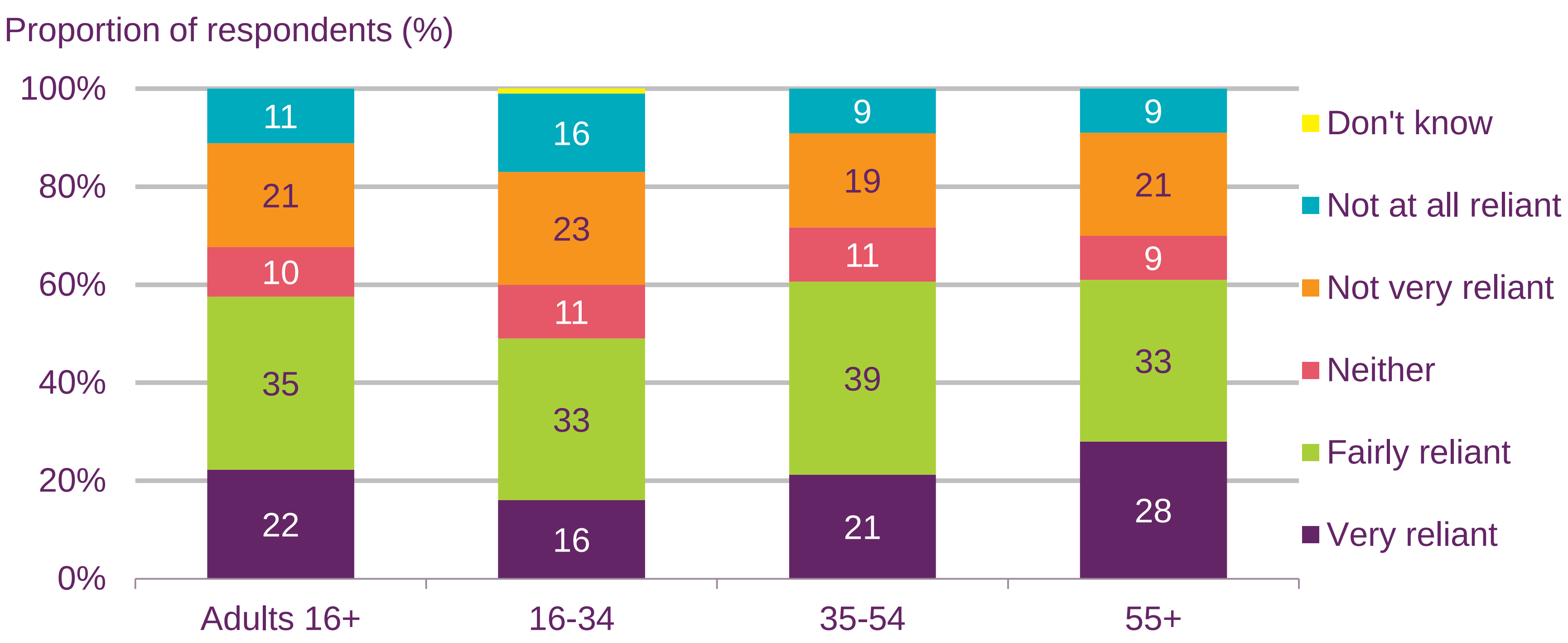
Attitudes to post – proportion of consumers agreeing to each statement

	Adults 16+	16-34	35-54	55+
I prefer to send letters or emails to companies rather than make a phone call, so that I have a written record	60	65	64	53
I prefer to send emails rather than letters whenever possible	54	73	59	35
I only use post if there is no alternative	44	52	46	37
I send fewer letters by post now due to the cost	29	26	26	35
I would feel cut off from society if I can't send or don't receive post	51	38	47	64
I only send my mail First Class if it needs to get there the next day	53	53	50	56
I trust Second Class post to get there in a reasonable timeframe	61	59	60	65

Source: Ofcom Residential Postal Tracker, Q2 2014 - Q1 2015
Base: All respondents (n = 3557 adults 16+, 996 16-34, 1205 35-54, 1356 55+)
QH2A-H. Agreement with statements about sending/ receiving post

Figure 6.35

Reliance on letters and cards as a way of communicating



Source: Ofcom Residential Postal Tracker, Q3 2014 - Q1 2015
Base: All respondents (n = 2354 adults 16+, 675 16-34, 802 35-54, 877 55+)
QE6. How reliant would you say you are on post in terms of letters and cards as a way of communicating? (SINGLE CODE)