

2022 Review of Postal Regulation: B2C Parcels Consumer Research

Produced by: Yonder

Fieldwork: 13th-18th January 2021

Contents

Slide	Section
3	<u>Background and Objectives</u>
4	<u>Methodology</u>
6	<u>Summary of key findings</u>
9	<u>Section 1: Context setting</u>
16	<u>Section 2: Experience with delivery</u>
27	<u>Section 3: Action taken as a result of a delivery issue</u>
37	<u>Section 4: Returning the parcel</u>
43	<u>Section 6: Appendix</u>

Background and objectives

Understanding overall customer experience of parcel delivery from online orders

This consumer research will help inform Ofcom's work in the 2022 Review of postal regulation.

Research is required to understand the overall customer experience with parcel deliveries, and factors driving the overall experience. Specifically, objectives focus on the following:

1. Understand the various issues experienced with delivery of parcels ordered online.
2. Identify the specific issues people have experienced, how frequently they experience these issues, and from their perspective, what is the impact of the issue.
3. Evaluate the experience of contacting the parcel operator/ retailer for resolving the issue experienced and/ or returning the item delivered to them.
4. Discover whether customers contacted retailers or parcel operators, how satisfied were they with the outcome and how easy or difficult was the returns process.

Methodology (1/2)

Sample

- 2019 adults aged 18+ in the UK
- Nat Rep send out on region, gender, age and social grade
- Natural fallout (no quotas were imposed) of online shoppers who received deliveries from operators in the past 3 months

Data collection

- Online interviews
- Conducted by Yonder
- Fieldwork from 13th-18th January 2021 (NB: this was during a Covid-19 lockdown and also shortly after a busy (Christmas) period in parcel delivery)

Data reporting

- Significance testing applied at the 95% confidence level

Methodology (2/2)

Significance testing

Throughout the chart pack and where it is possible to do so, statistically significant differences are flagged between different audience groups and indicated by the following symbols where: ▲ shows a significant increase and ▼ shows a significant decrease. The significance testing has been conducted at 95% confidence level. This essentially means that the likelihood of the result being “within the margin of error” is itself a probability of 95%.

The margin of error is determined by the sample size and in this study it is +/- 2.1% on questions asked to all 2,019 participants. In addition within this chart pack, specific audience groups are also analysed which means the overall sample size decreases and therefore the margin of error increases. Below outlines the margin of error for several of these other audience groups:

- +/- 2.6% all who have experienced any issues with deliveries in the last 3 months (Q16)
- +/- 3.5% all who have had issues with a delivery and contacted the retailer or delivery company about it
- +/- 3.2% all who have returned an item purchased online in the last 3 months

Summary of key findings (1/2)

On average, customers have received 18 parcel deliveries in the last 3 months with Amazon, Royal Mail and Hermes being the most used companies. In person, through the letterbox or left on the doorstep are the most commonly provided delivery instructions and these are generally followed by delivery companies.

The majority of customers are satisfied with the delivery process across most delivery companies. However, it could be improved for Hermes and Yodel customers. Reliable delivery times, low/no delivery charge, careful handling and tracking are the most important delivery factors for customers.

Half have experienced an issue with a delivery in the last 3 months though it has only been a frequent issue for a minority. Delays to receiving a parcel, damage or not being given sufficient time to answer the door are key problems.

Younger customers, those living in Hamlets & Isolated Dwellings or those with access issues are most likely to have experienced issues with a delivery in the last 3 months. Whilst half these issues have only been a mild inconvenience, for three-in-ten it has caused mild stress or worry with those who have a disability more prevalent to feeling this way.

Respondents identified where they lived from a list of potential options including Hamlet and Isolated Dwelling

Three-in-five who had an issue contacted someone. Customers were almost twice as likely to contact the retailer than the delivery service. Reporting a delivery as not having arrived was the main reason for contacting.

A key reason customers contacted either the retailer or delivery company (and not both) is based on whether they perceive the issue to be their responsibility. Just over one-in-ten contacted both and did so because they weren't sure who to contact or got referred to the other. Retailers are more likely than delivery services to have resolved the customer's issue with three quarters of customers feeling satisfied.

Summary of key findings (2/2)

Hermes and Amazon were the delivery companies most likely to be contacted about issues in the past 3 months. Customer experience throughout this process differs across companies.

Key reasons for low satisfaction derive around difficulties finding the appropriate contact details, the complaint process not being easy to follow and the length of time it took for a resolution.

Two-in-five customers have made a return in the past 3 months. The majority agree that the returns process was easy to follow and most of these returns were pre-paid.

Nearly two-thirds of customers agree that there is often a choice for returns and nearly three-in-five agree they are generally pre-paid or free. There is a greater agreement amongst younger customers that returns will be pre-paid or free. Those living in Hamlets & Isolated Dwellings are less likely to feel they have a choice of methods for returns.

Summary of key findings – Potentially vulnerable groups

Those living in Hamlets & Isolated Dwellings and those who have disabilities are more likely to have experienced issues with deliveries in the past 3 months.

These groups are least likely to agree that it has been easier to receive parcels since the pandemic. In addition, customers with disabilities are more inclined to have experienced an increased number of erratic deliveries during this time period.

Issues with deliveries has had a greater impact on the lives of customers with a disability.

Those with access needs (those who identify as being limited in the daily activities or work they can do) are more likely to have experienced issues with deliveries not being delivered in person or being provided sufficient time to answer their door. Three-in-ten report these issues have caused significant inconvenience, stress/worry or financial loss, a significantly higher proportion compared to those without access issues.

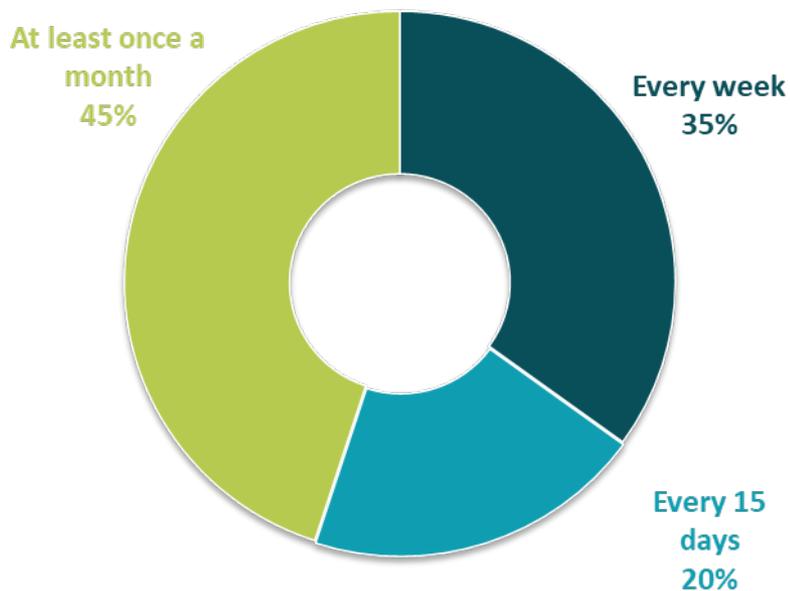
Section 1

Context setting

On average customers received 18 deliveries in the last 3 months. A third ordered an item online every week during this time period.

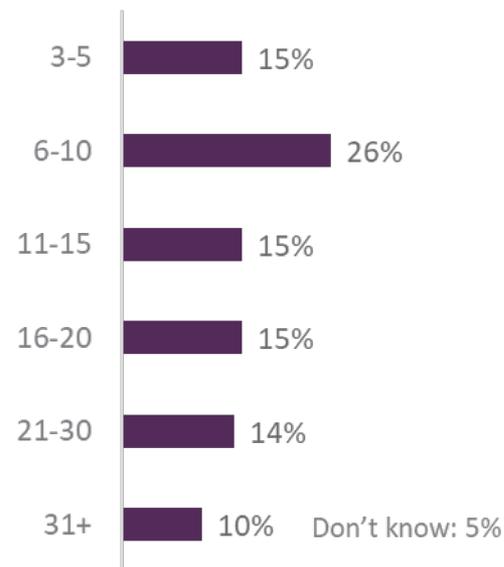
Frequency and number of deliveries in the last 3 months – All respondents

Frequency of deliveries



Those aged 55+ are least likely to receive deliveries on a weekly basis (28%)

Number of deliveries in last 3 months



Mean: 17.7

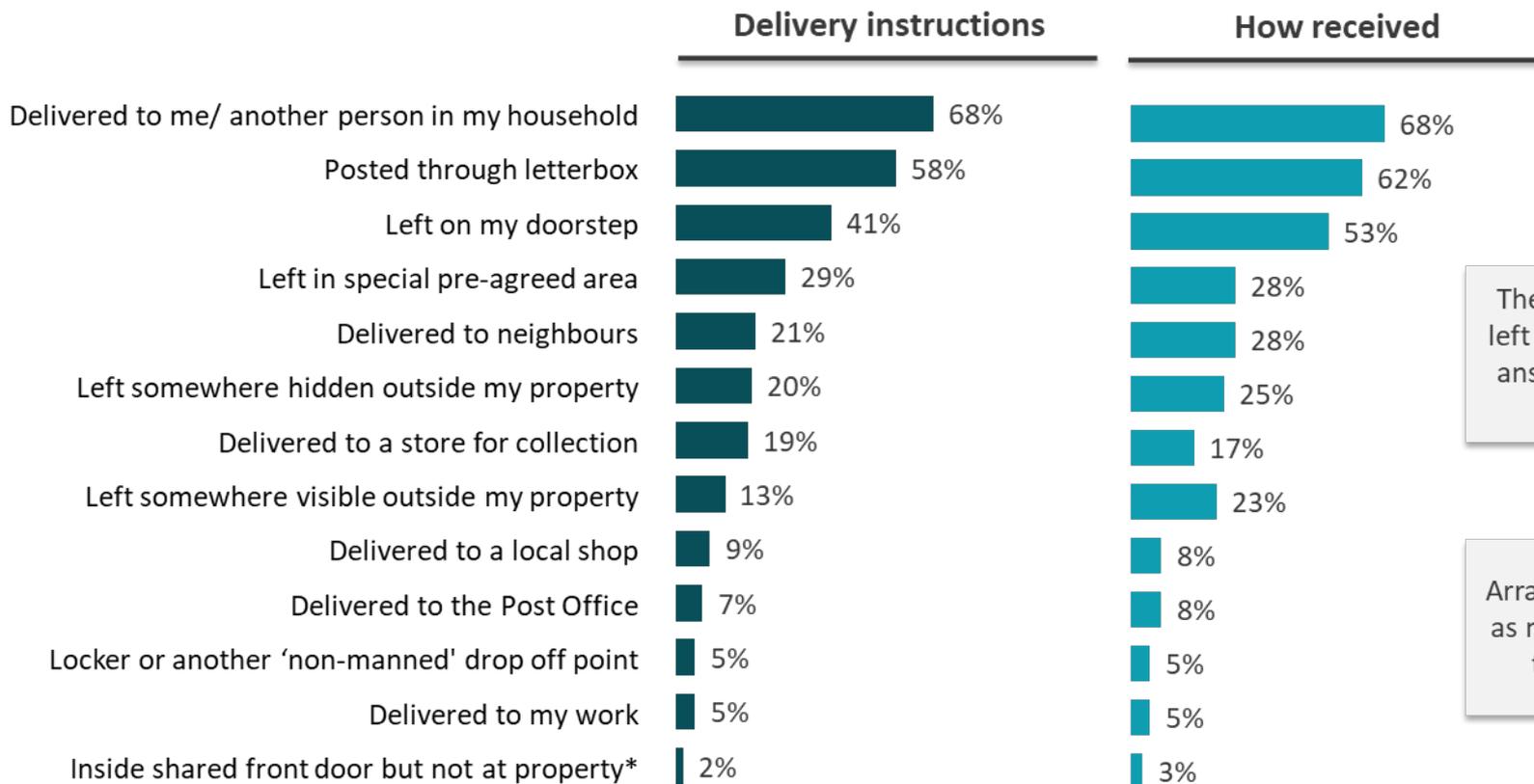
Source: Ofcom Parcel Study

Question: Q7. How frequently do you order items online to be delivered to you by post/delivery service? Q8. Can you please estimate how many deliveries of online purchases you received in the last 3 months?

Base: All respondents (2019), 55+ (853)

How deliveries have been received in the last 3 months broadly align to delivery instructions with two thirds being received in person

Delivery instructions and how deliveries were received in the last 3 months – All respondents



The delivery person left a note as nobody answered the door: **20%**

Arranged a redelivery as nobody answered the door: **12%**

*'Left in a communal area, inside my shared front door but not at my property' only asked among those with shared front door (n=183): 26% gave instruction and 34% received

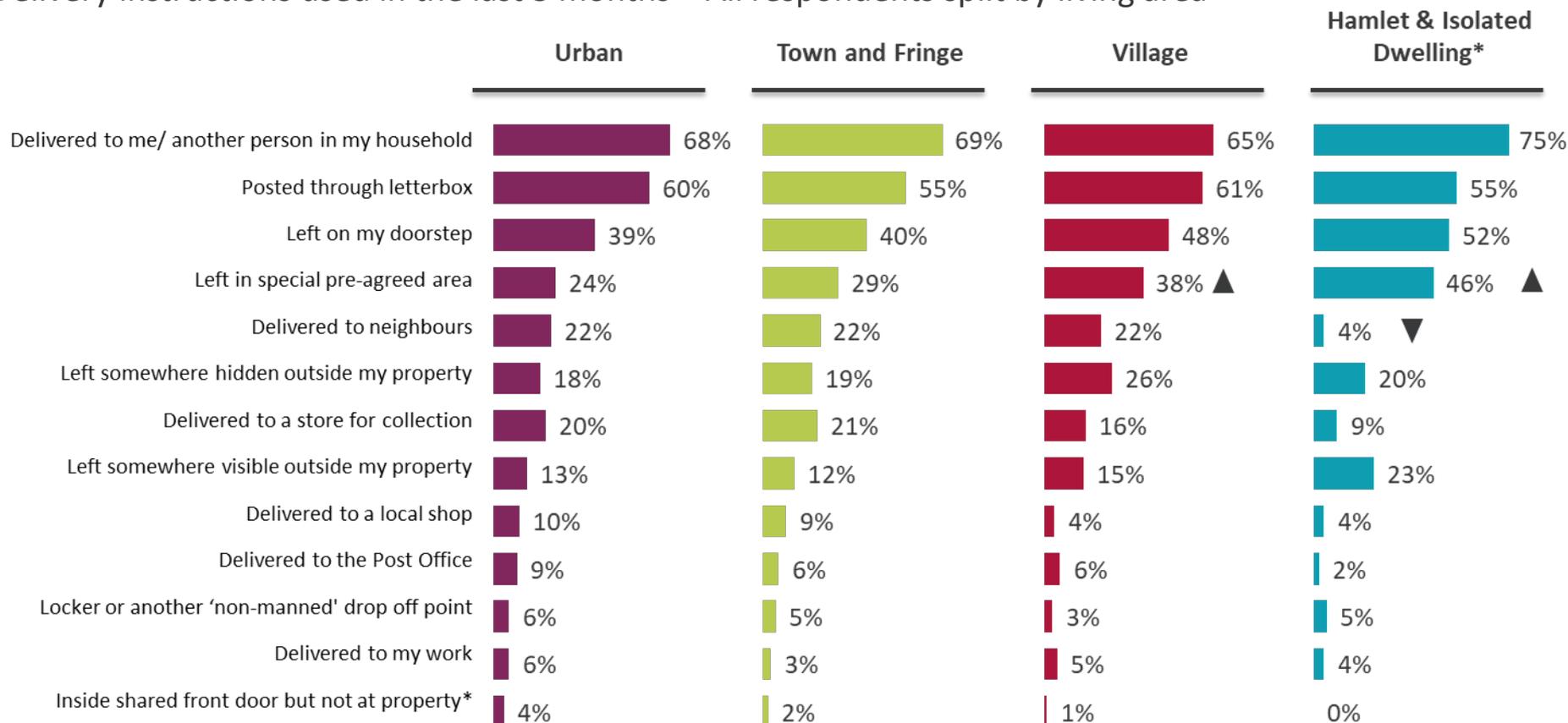
Source: Ofcom Parcel Study

Question: Q9. In the last 3 months, which of these delivery arrangements have you selected when ordering an online shopping delivery? Q10. How have you received deliveries in the last 3 months?

Base: All respondents (2019)

In person, through the letterbox or on the doorstep are the most provided delivery instructions, regardless of location

Delivery instructions used in the last 3 months – All respondents split by living area



▲ Indicates significantly higher at 95%
▼ Indicates significantly lower at 95%

No major differences in delivery instructions among those with a disability compared to those who do not have one

Source: Ofcom Parcel Study

Question: Q9. In the last 3 months, which of these delivery arrangements have you selected when ordering an online shopping delivery?

Base: All respondents who live in an urban area (825), Town and Fringe (728), Village (410), Hamlet & Isolated Dwelling (56*) *Caution low base - NB: this was defined by respondents

Understanding a MaxDiff exercise

- We used a Maximum Difference Scaling (MaxDiff) technique to find out what the most important factors are relating to the delivery of a parcel ordered online. A MaxDiff is a way of evaluating the preference (or importance) of a number of alternatives. It is a discrete choice technique where respondents are asked to make simple most/least choices.
- In this instance, respondents were shown a number of factors relating to the delivery of a parcel ordered online. On each screen, four different features were shown and respondents were asked to select the factor they find most and least important, as illustrated in the example below. They repeated this exercise twelve times testing 16 different features.

The one factor I find most important	Careful handling of package	The one factor I find least important
<input checked="" type="radio"/>	Careful handling of package	<input type="radio"/>
<input type="radio"/>	Tracked delivery	<input type="radio"/>
<input type="radio"/>	Option to reschedule the delivery	<input checked="" type="radio"/>
<input type="radio"/>	Helpful customer service	<input type="radio"/>

- Statistical analysis at the data analysis stage was conducted to generate preference scores, providing a reliable ordering of the statements in terms of importance.
- The preference scores for all 16 tested factors have been presented in a bar chart to demonstrate the relative appeal of each. The higher the score, the more important a feature is considered.

Reliable delivery time, low/no delivery charge, careful handling and tracking are the most important delivery factors

Most to least important factors relating to the delivery of a parcel ordered online – All respondents



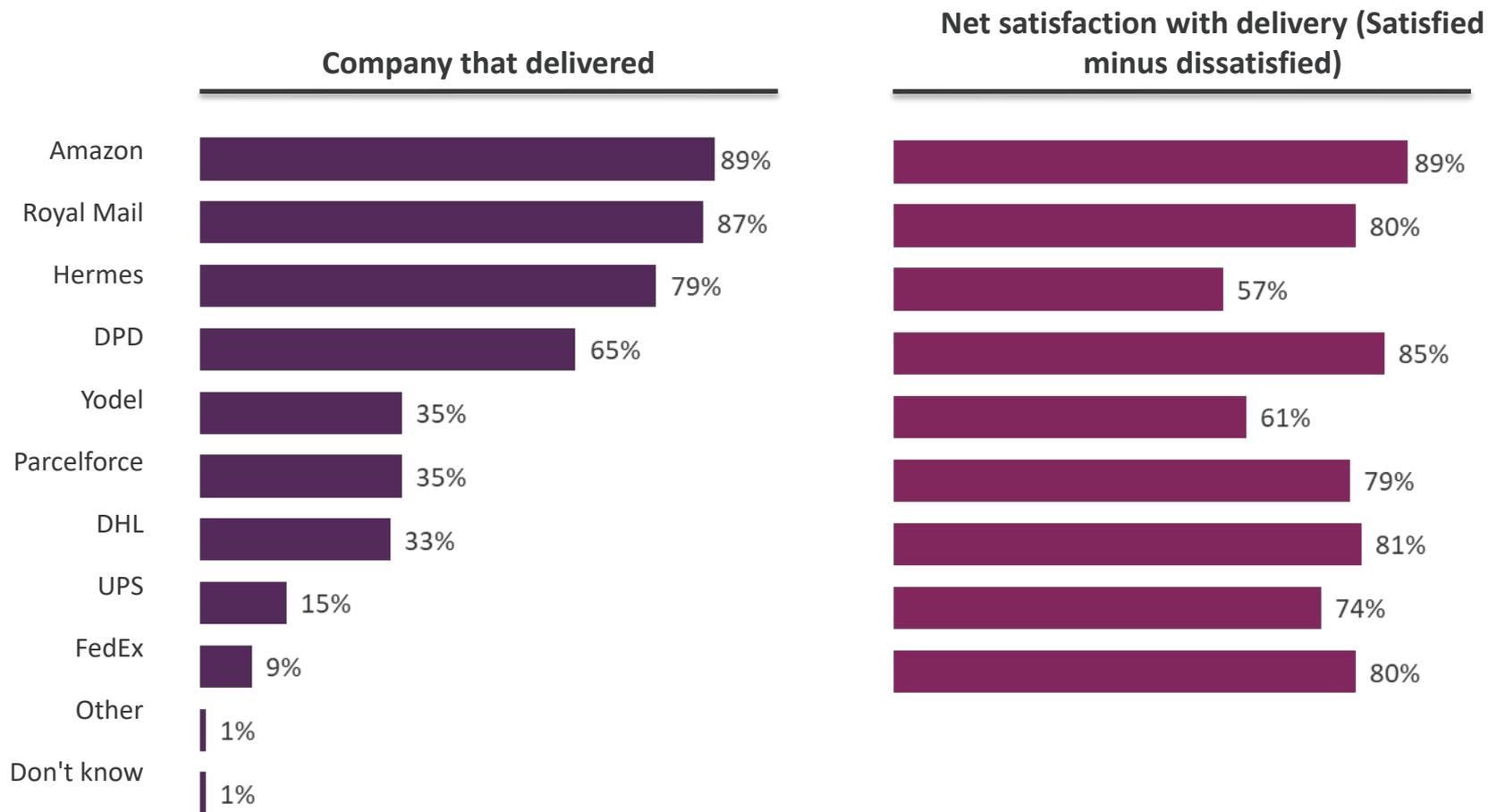
Source: Ofcom Parcel Study

Question: Q11. Over the next few screens, you'll be shown a number of factors relating to the delivery of a parcel ordered online. On each screen, please tell us the factor you find most and least important. (Max diff exercise)

Base: All respondents (2019), Disability (556)

A majority received a delivery from Amazon, Royal Mail, Hermes and DPD. Net satisfaction rates with deliveries varied by company.

Company delivered & satisfaction – All respondents who had a delivery from each of the below



Source: Ofcom Parcel Study

Question: Q13. Which of the companies below have delivered to you in the past 3 months? Q14. Over the past 3 months how satisfied or dissatisfied are you with your deliveries from...?

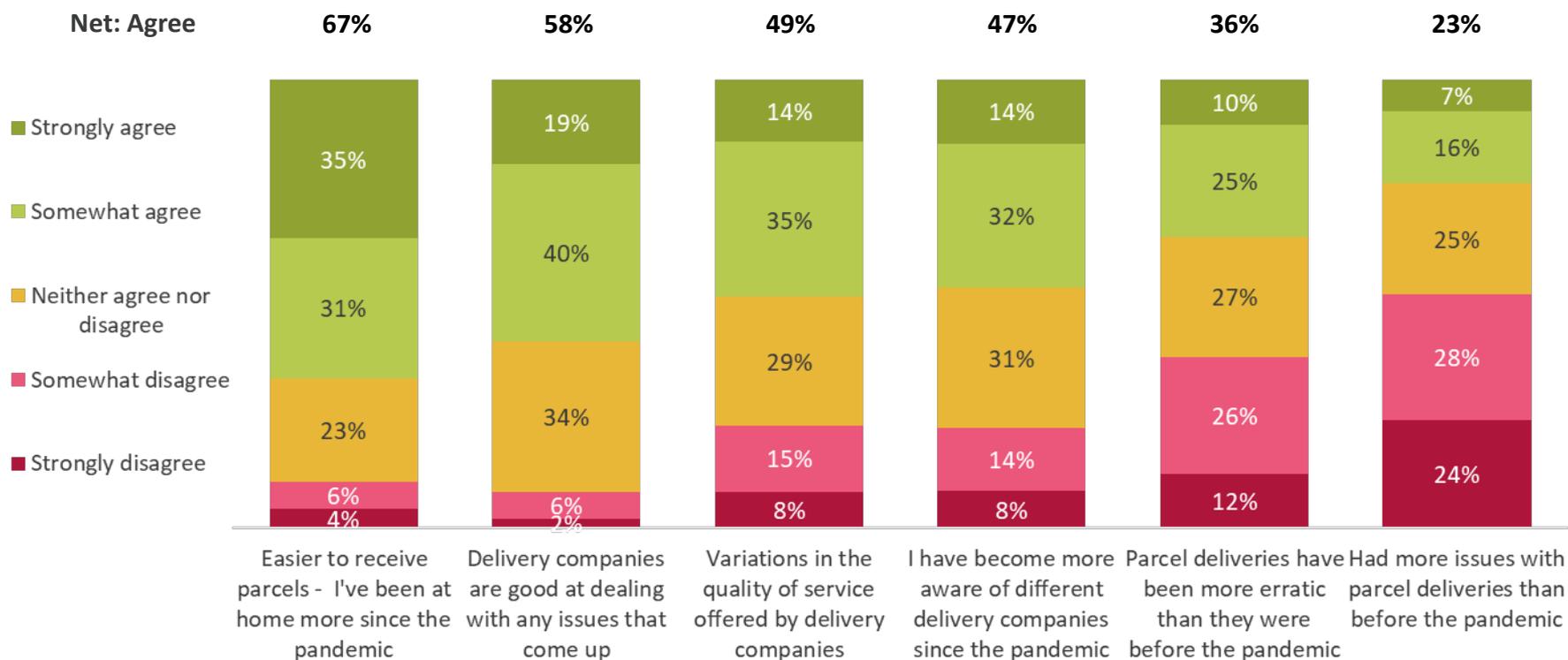
Base: All respondents (2019), All respondents who have had a delivery from each: Amazon (1805), Royal Mail (1755), Hermes (1591), DPD (1322), Yodel (714), Parcelforce (714), DHL (670), UPS (311), Fedex (180)

Section 2

Experience with delivery

Two-thirds feel it's been easier to receive parcels since the pandemic. Over half agree companies are doing a good job at fixing issues.

Experiences with delivery during the Pandemic – All respondents



Just over half (53%) of those who have had more issues with parcel deliveries than before the pandemic, agree delivery companies are good at dealing with issues

Source: Ofcom Parcel Study
Question: Q29. On a scale of 1-5, to what extent do you agree-disagree with the below statements?
Base: All respondents (2,019), Had more issues with parcel deliveries than before the pandemic (472)

Those with a disability are more likely to have had increased erratic deliveries & issues compared to those with no disability/ no say

Net: Agree with statements about delivery experience during the Pandemic

■ Disability ■ No disability/prefer not to say

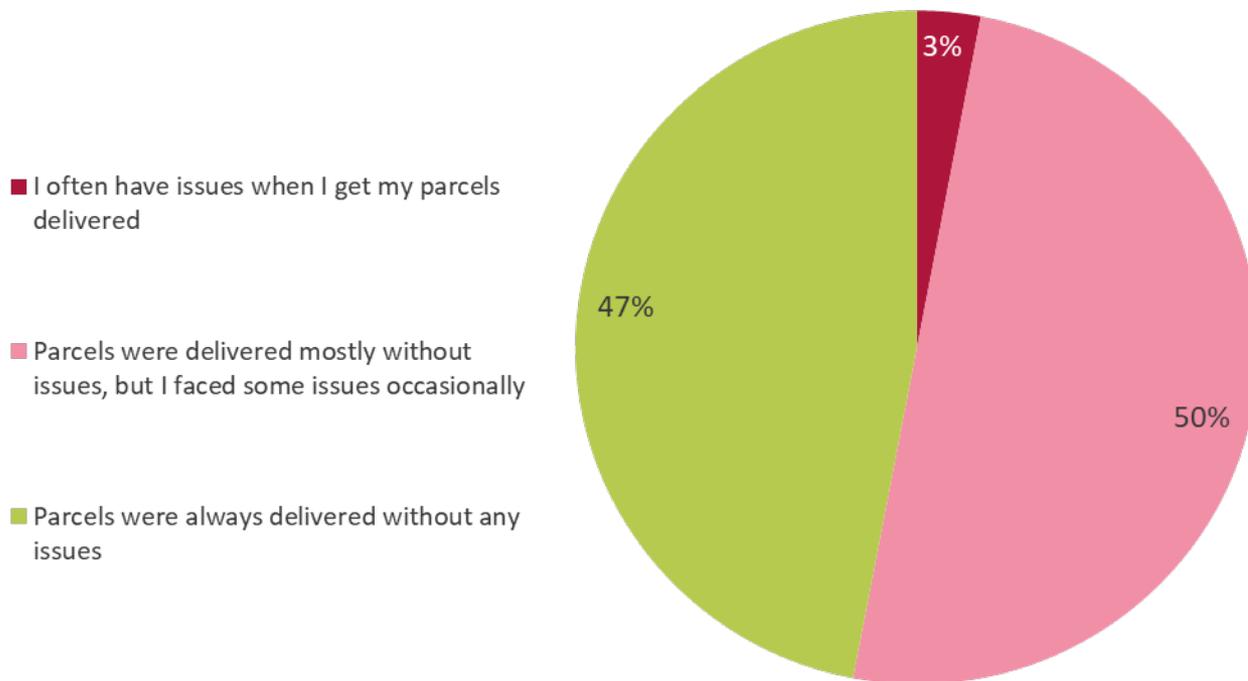


▲ Indicates significantly higher at 95%
▼ Indicates significantly lower at 95%

Source: Ofcom Parcel Study
 Question: Q29. On a scale of 1-5, to what extent do you agree-disagree with the below statements?
 Base: All respondents with a disability (556), no disability/prefer not to say (1,463)

Half stated they had experienced an issue with a delivery in the last 3 months. However, it has been a frequent problem for only 3%.

Experienced issues with deliveries in the last 3 months – All respondents



Any issue with a parcel delivery in the past 3 months:

53%

- Lower for those aged 55+ - 46%
- Higher for those with access needs – 58%

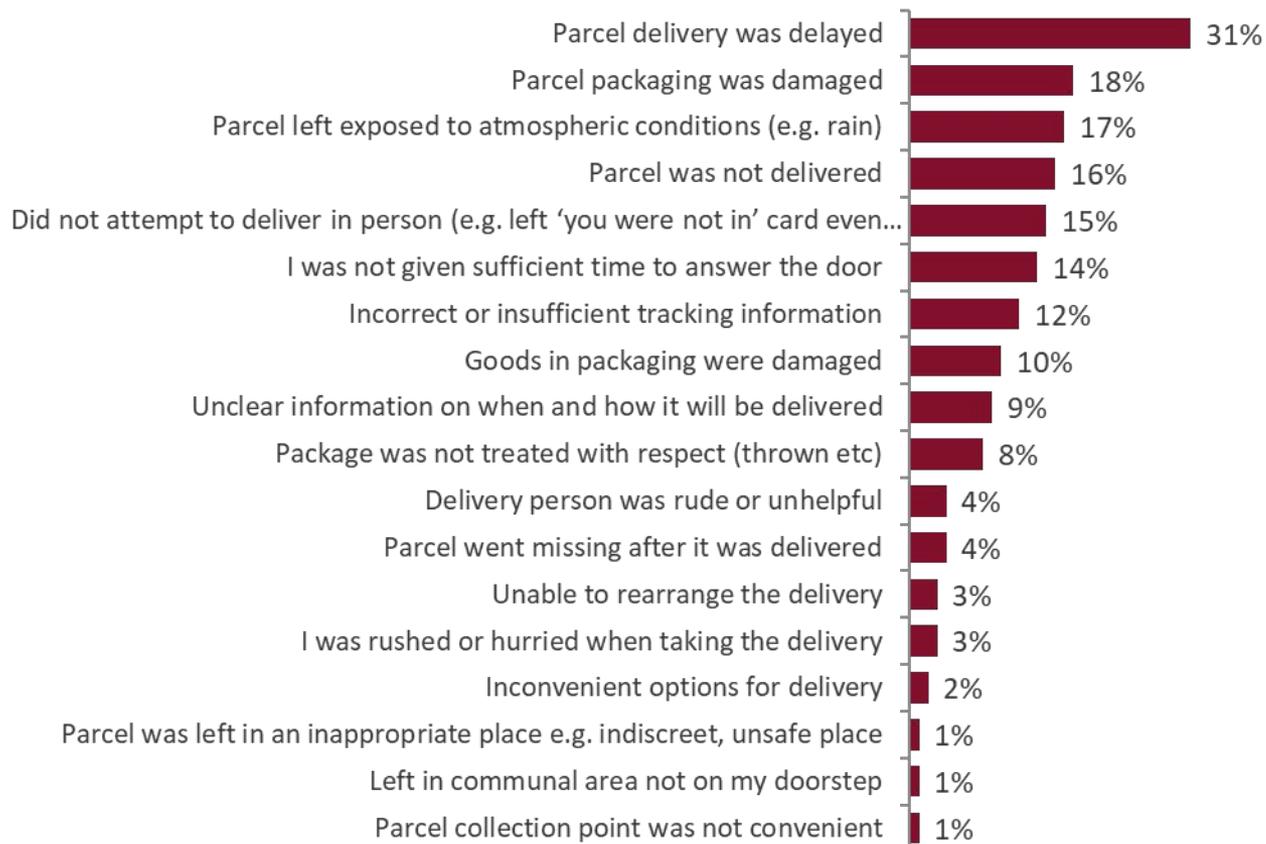
Source: Ofcom Parcel Study

Question: Q15. Which one of the below best describes your experience with deliveries in the last 3 months?

Base: All respondents (2,019)

When prompted with a list of issues, two-thirds recognised they had experienced at least one, with parcel delays the most common issue

Experienced issues with deliveries in the last 3 months – All respondents



Have experienced issues with deliveries in the last 3 months



All following slides based on those experiencing issues in the last 3 months is taken from this metric

Those who have received a delivery every week in the past 3 months, and those who have access needs, are more likely to experience issues

Experienced issues with deliveries in the last 3 months

	Frequency of receiving deliveries of online shopping			Access needs	
	Every week	Every 15 days	At least once a month	Yes	No/ prefer not to say
▲ Indicates significantly higher at 95%					
▼ Indicates significantly lower at 95%					
Net: Any	73%	69%	54%▼	70%▲	62%
Parcel delivery was delayed	39%▲	30%	24%▼	28%	32%
Parcel packaging was damaged	24%▲	18%	13%▼	22%▲	16%
Parcel left exposed to atmospheric conditions	22%	21%	13%▼	19%	17%
Parcel was not delivered	22%▲	14%	11%▼	19%▲	15%
Did not attempt to deliver in person	19%	19%	10%▼	18%▲	14%
I was not given sufficient time to answer the door	16%	16%	12%	19%▲	12%
Incorrect or insufficient tracking information	16%	15%	8%▼	11%	12%
Goods in packaging were damaged	16%▲	9%	6%▼	11%	9%
Unclear information on when and how it will be delivered	10%	9%	7%	7%	9%
Package was not treated with respect	11%▲	7%	7%	10%	8%

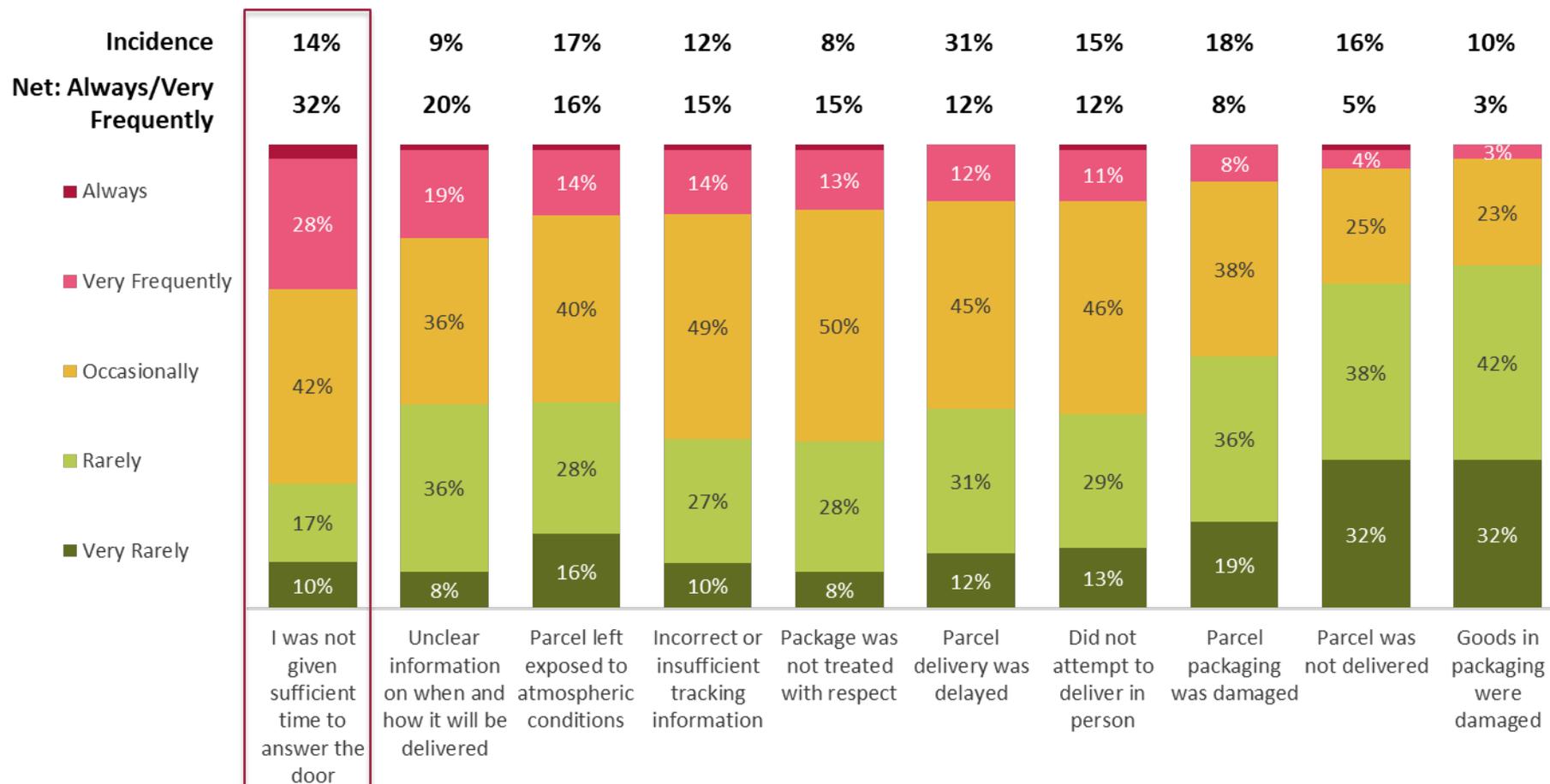
Source: Ofcom Parcel Study

Question: Q16. Have you experienced any of the following issues with deliveries in the last 3 months?

Base: All respondents who have ordered at different frequencies (400-903), Disability (556-1463)

Almost a third of customers feel they were always or very frequently not given sufficient time to answer their door for a delivery

Frequency of facing issue(s) – All respondents who experienced each issue



Source: Ofcom Parcel Study

Question: Q17. You mentioned that you have experienced the below issue(s) with deliveries in the last 3 months, roughly how frequently have you faced the issue(s) below?

Base: All those who have experienced the above issues (165-616) *Note, only issues with a base size of 100+ are being shown

Delays, damage and parcels being exposed to the elements are key problems experienced which sit top of mind of customers

Experienced issues with deliveries in the last 3 months – in respondents own voice

Parcel delivery was delayed

"It has mainly been with COMPANY - some deliveries have taken far longer than what is expected - normally should have taken up to 3 days - some took over 10 days. Sometimes the tracking of parcels showed no updates of expected delivery due to the delays in the system."

"I ordered an item in November and the delivery keeps getting delayed. I am still awaiting its delivery, with the new estimated date by 8th Feb."

"It was very late and had no tracking details."

"It was taking double the amount of time to deliver my items during the Christmas holidays, and it was very stressful to make sure everything arrived on time."

Parcel packaging was damaged

"One of my parcels with Christmas presents in (some fragile) was thrown over into my garden. The packaging was damaged although the items inside were fine."

"The box appeared to have been opened from the seal, although the items were undamaged. This was a COMPANY delivery."

"Parcel packaging badly damaged, including internal box. Item was high value. Item was however not damaged."

"Parcel arrived a day before delivery slot. It had a puncture mark right through the box, luckily the contents were not damaged."

Parcel exposed to atmospheric conditions

"My delivery was left out in the rain after I had specified it was to be put in a safe place and when I opened it the stuff inside was soaking wet."

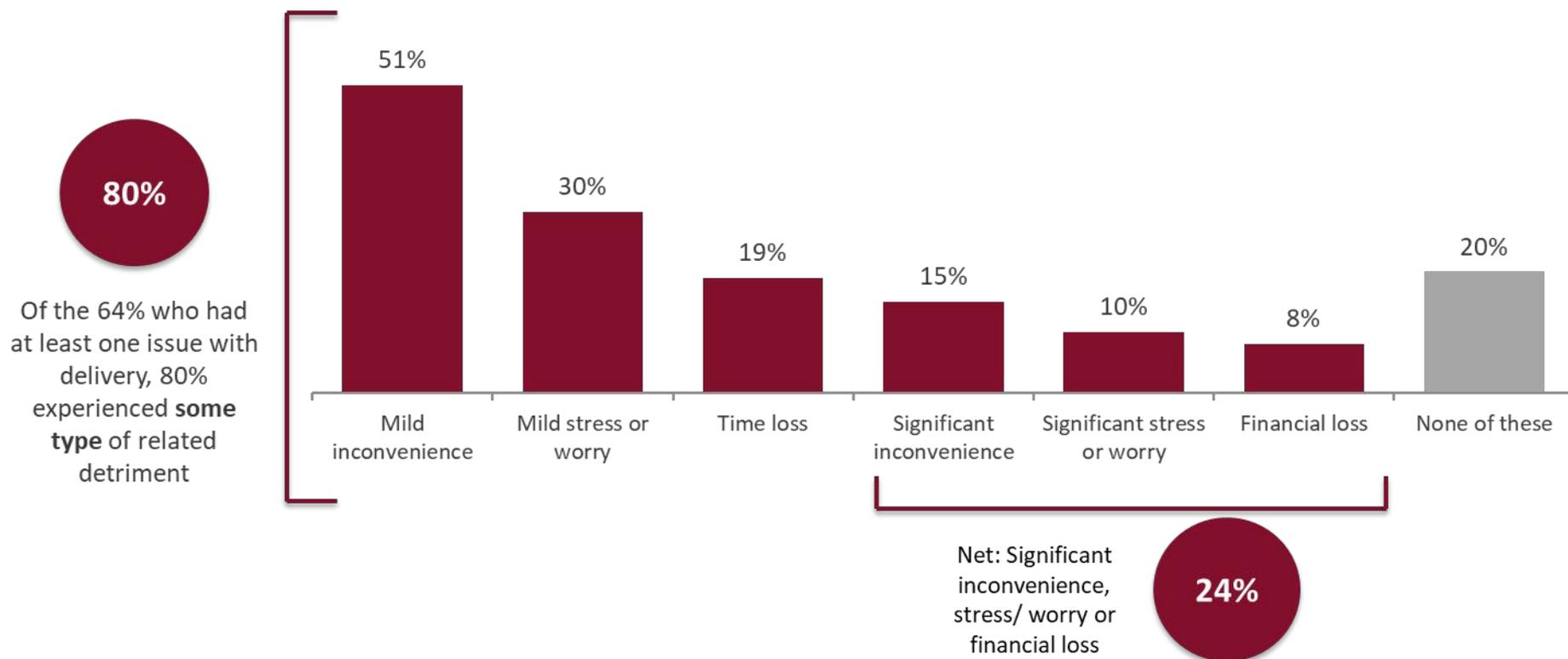
"Ordered feather pillows and was in on delivery, porch door open. I did not hear the doorbell but only found pillows 3 days later over the fence in the back, very wet."

"The parcel was thrown over our side gate and left in our garden. It was raining so packaging was very wet."

"I heard a knock but before I got to the door, my parcel had been left in a bush, in the rain. There was no card left so had I been out, I may not have seen it."

8 in 10 who experienced delivery issue(s) encountered detriment. For half this was 'mild inconvenience'

Impact experienced in last 3 months (participants were able to select multiple answers)



Source: Ofcom Parcel Study

Question: Q20. And more generally, have you experienced any of the following due to issues with deliveries in the last 3 months? Q18A. Can you describe the impact, if any, it had on you because of the issue arising?

Base: All those who have experienced an issue (1288)

Examples of the range of experiences of detriment given by respondents

Impact of facing issue(s) – All who have experienced an issue

“No real impact other than dissatisfaction at poor customer service”

“No impact as contents were fine”

“None, it was momentary bewilderment at the lack of a card and the place chosen to store it. There are loads of obvious places to leave parcels in my garden, this really isn't one of them.”

“Stressful until item checked, as it was a gift had to be replaced. Was too late to arrange return and replacement.”

“I have reduced online ordering because of that. I detest being treated with utmost disrespect.”

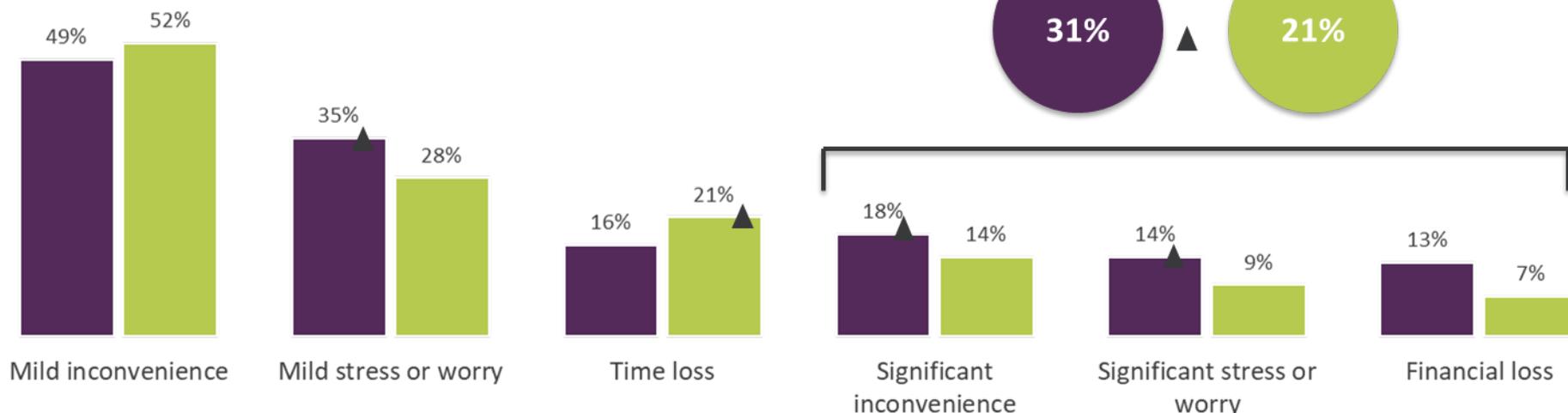
“Very big impact because when I rang and enquired, I was told they had been delivered and sign for, but we had not. Then found them in the garden very wet, tried to dry them as best I could to return them, but post office said too wet. Gave up in the end and lost money.”

“Caused a great deal of irritation as I had to wait another day to receive my parcel”

Customers with access needs are more likely to have experienced inconvenience, stress/worry or financial loss due to a delivery issue

Impact of facing issue(s) – All who have experienced an issue (participants were able to select multiple answers)

■ Disability ■ No disability/prefer not to say



▲ Indicates significantly higher at 95%
▼ Indicates significantly lower at 95%

Source: Ofcom Parcel Study

Question: Q20. And more generally, have you experienced any of the following due to issues with deliveries in the last 3 months?

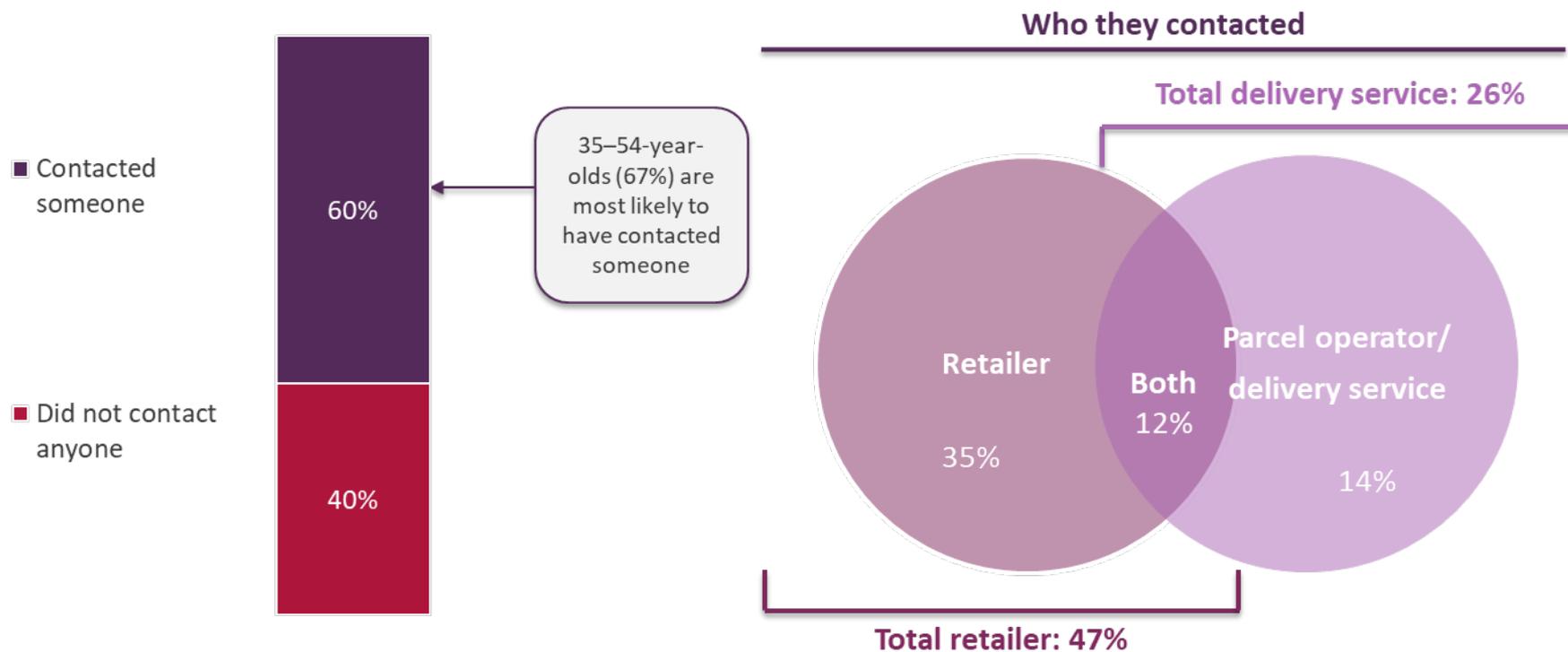
Base: All those who have experienced any issue Disability (388-900)

Section 3

Action taken as a result of a delivery issue

Half of those who experienced an issue contacted the retailer, while two in five did not contact anyone

Contact with retailer/parcel operator/delivery service about issue – All who have experienced an issue



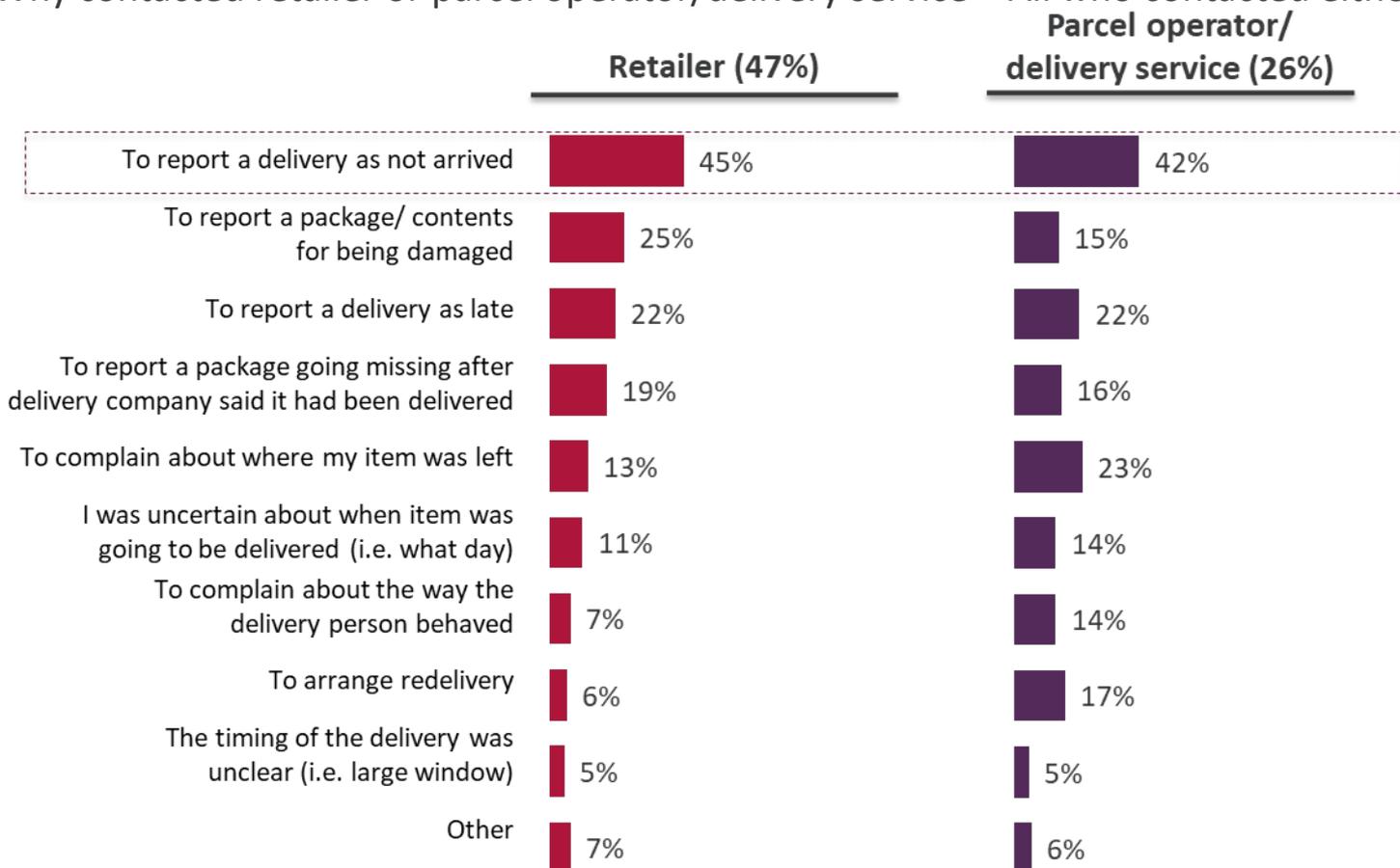
Source: Ofcom Parcel Study

Question: Q21. Thinking about the issue you described, did you contact a retailer and/or a parcel operator/delivery service in relation to this?

Base: All those who have experienced an issue (1288), 35-54 (452)

Reporting a delivery as not having arrived is the main reason for contacting the retailer or the parcel operator

Why contacted retailer or parcel operator/delivery service – All who contacted either



Source: Ofcom Parcel Study

Question: Q22. Why did you contact ...?

Base: Have had issues with a delivery and contacted the retailer (600) / Parcel operator/ delivery service (328)

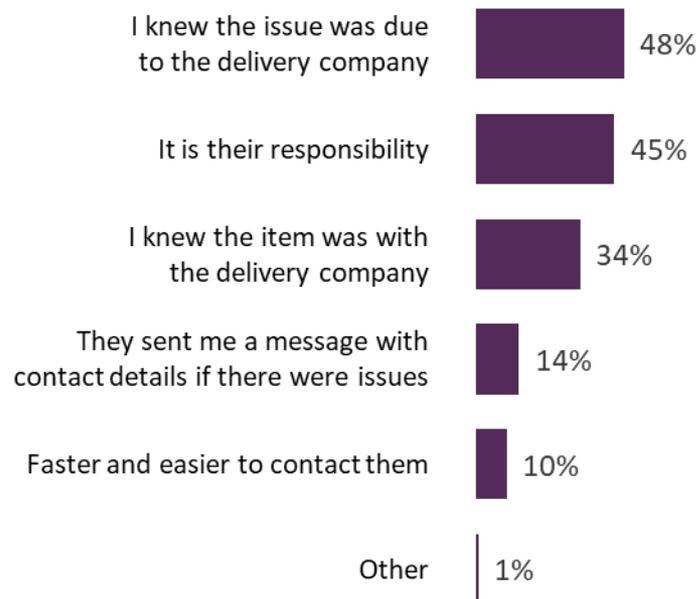
Believing it to be their responsibility is a key reason customers contacted the retailer or delivery company, and **not** the other

Why not contacted retailer/parcel operator/delivery service – All who did not contact

Contacted retailer not delivery service (35%)



Contacted delivery service not retailer (14%)



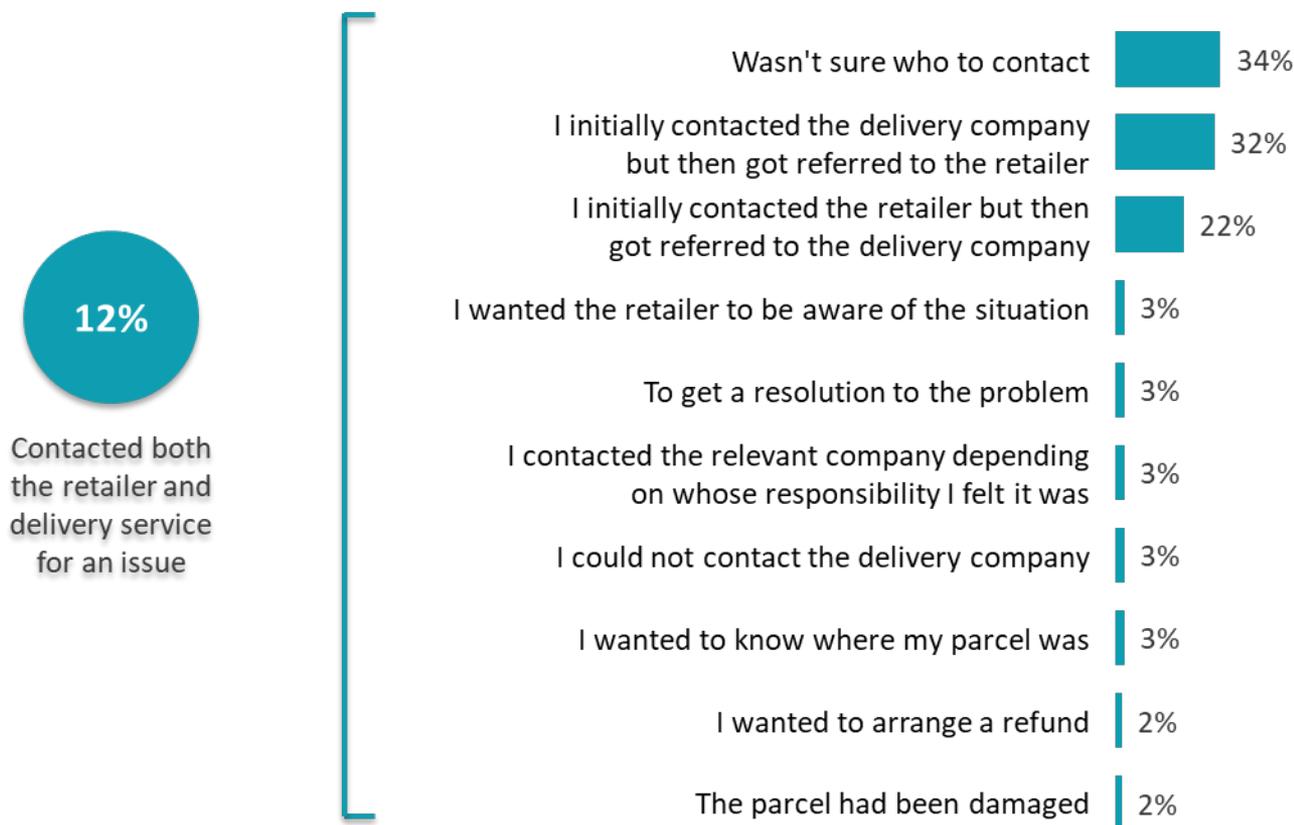
Source: Ofcom Parcel Study

Question: Q24. Why did you contact the retailer and not the delivery company? Q23. Why did you contact the delivery company and not the retailer?

Base: Have had issues with a delivery and contacted the retailer and not the delivery company (448) / delivery company and not the retailer (176)

Those who contacted both retailer **and** delivery service did so because they 'weren't sure who to contact' or got 'referred to' the other

Why contacted both retailer and parcel operator/delivery service – All who contacted both



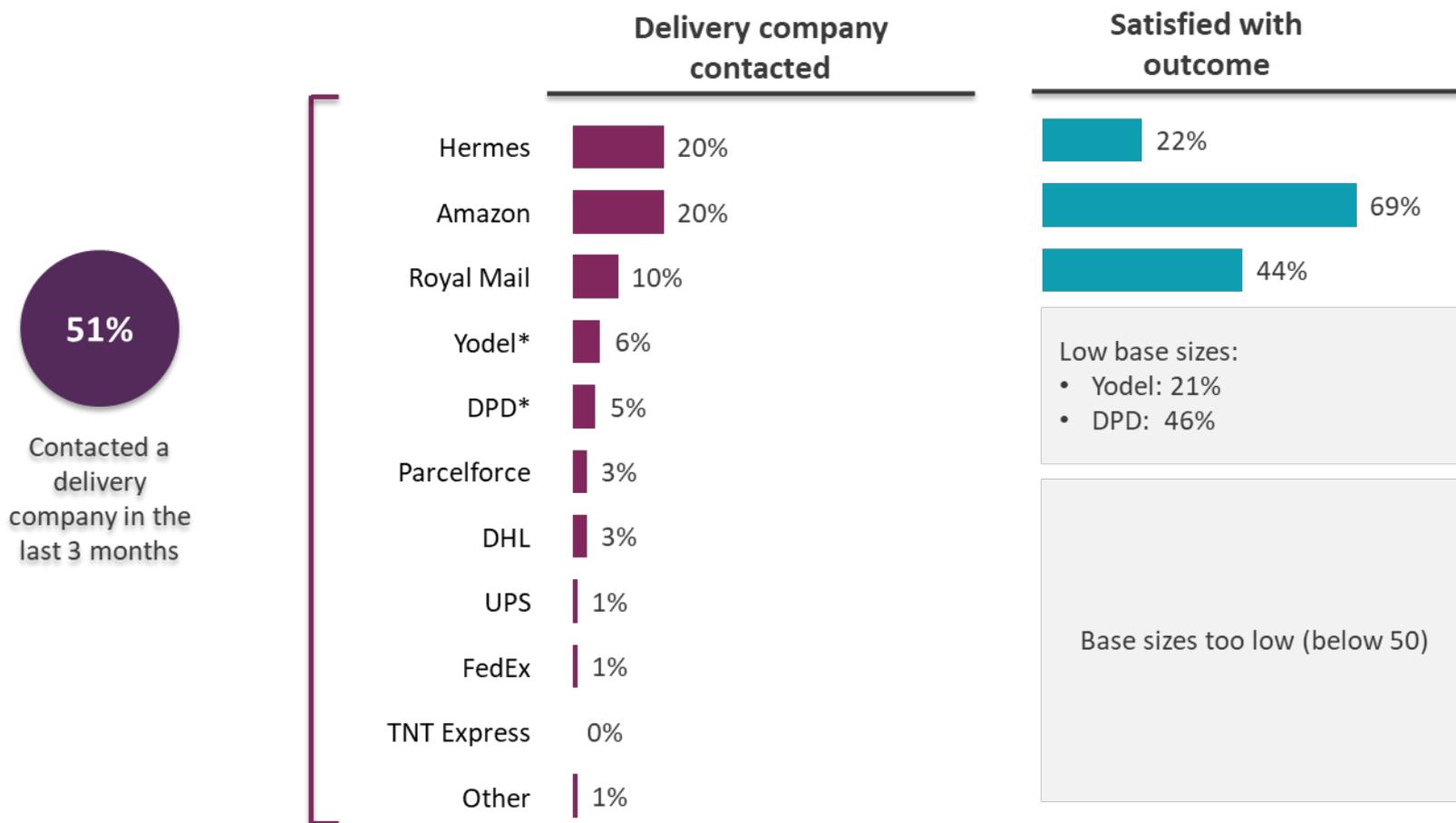
Source: Ofcom Parcel Study

Question: Q24a. Why did you contact both the delivery company and the retailer?

Base: Have had issues with a delivery and contacted both the delivery company and the retailer (152)

Half have contacted a delivery company in the last 3 months due to an issue with delivery – with varying levels of satisfaction with outcomes

Delivery companies contacted in the last 3 months and satisfaction with outcome



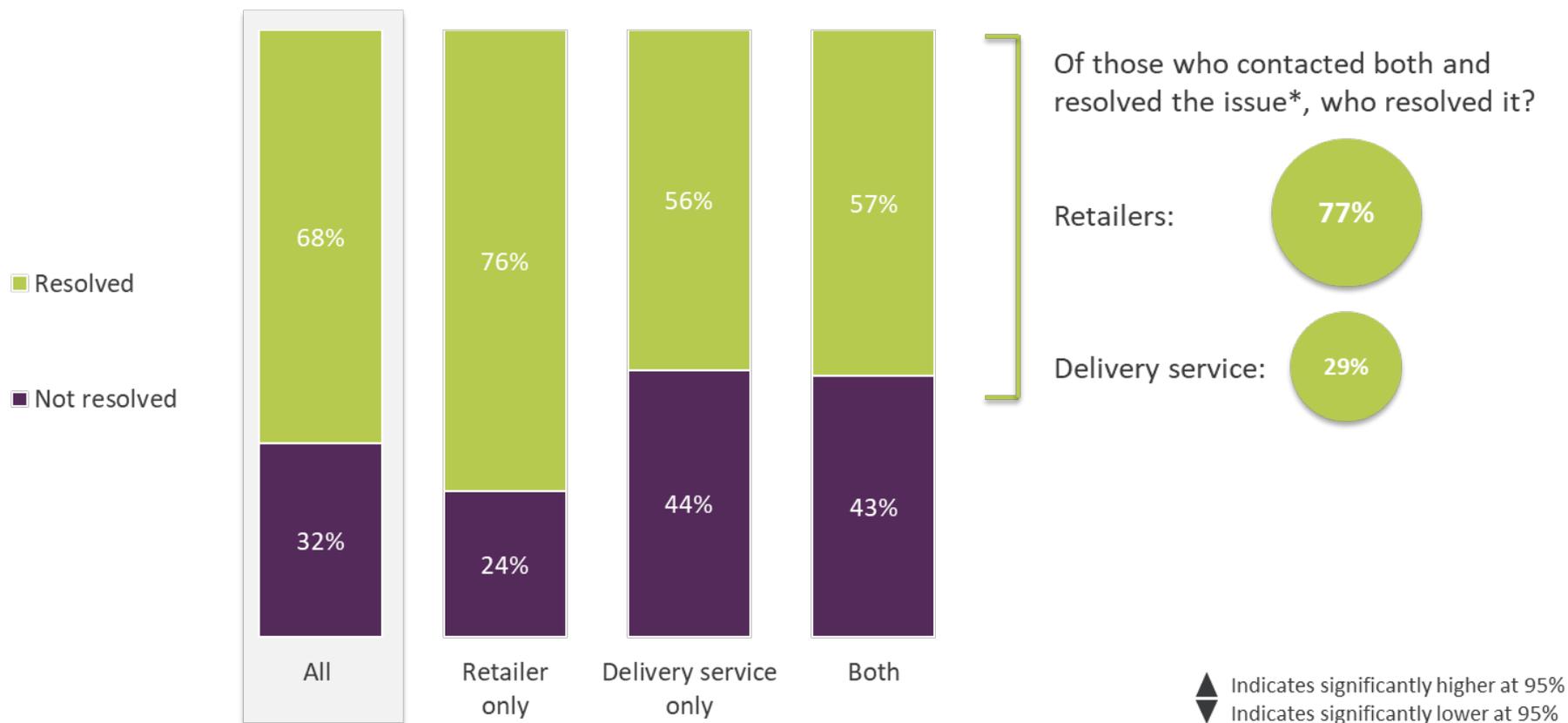
Source: Ofcom Parcel Study

Question: Q26. Thinking about contacts with delivery companies more generally, which, if any, of the delivery companies below have you contacted about delivery issues in the last 3 months? Q27. When you contacted ..., how satisfied or dissatisfied were you with the outcome you received?

Base: Have had issues with a delivery (1288), Contacted Hermes (259), Amazon (258), Royal Mail (133), Yodel (73*), DPD (70*) *Caution low base

Retailers are more likely than delivery services to have resolved the customer's issue with three-quarters of customers feeling satisfied

Was the issue resolved to satisfaction – All who contacted retailer/parcel operator/delivery service



Source: Ofcom Parcel Study

Question: Q19. Thinking about that issue you have described, was it resolved to your satisfaction? Q19a. Was it resolved by...?

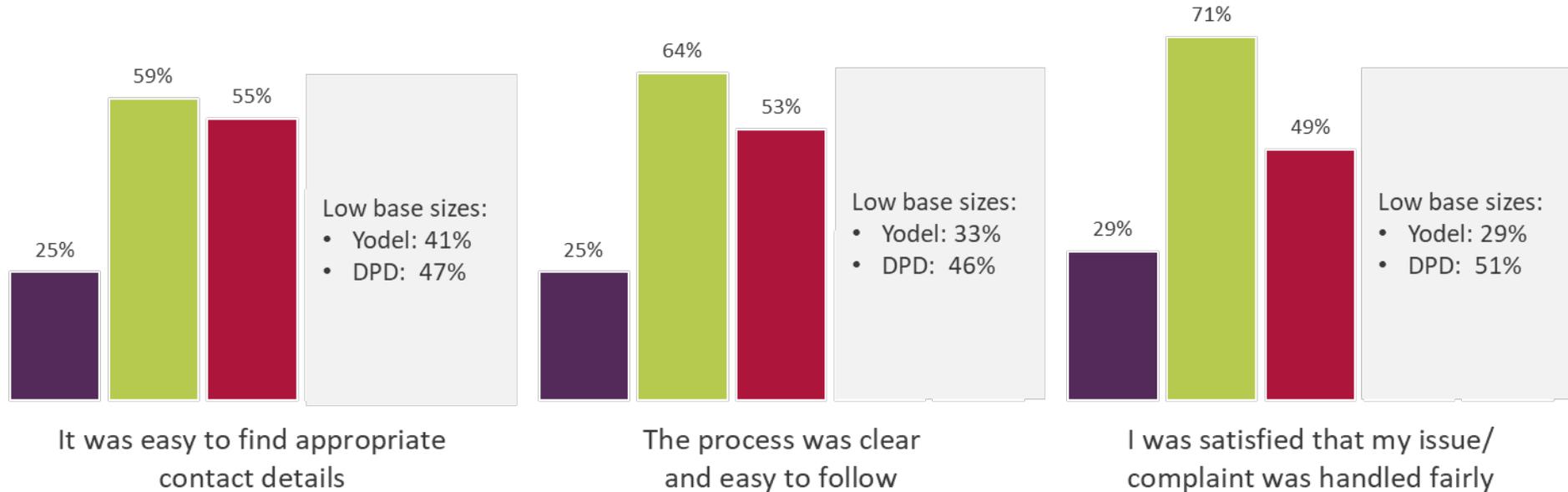
Base: Have had issues with a delivery and contacted the retailer and not the delivery company (448) / delivery company and not the retailer (176) / both the delivery company and the retailer (152) / contacted both and resolved the issue (87*) *Caution low base

There was some variation in agreement with processes around contacting different delivery companies

Net: Agree with positive statements about contact with delivery company

(Please note that as Amazon are also a retailer this may affect the customer experience)

■ Hermes ■ Amazon ■ Royal Mail ■ Yodel* ■ DPD*



Source: Ofcom Parcel Study

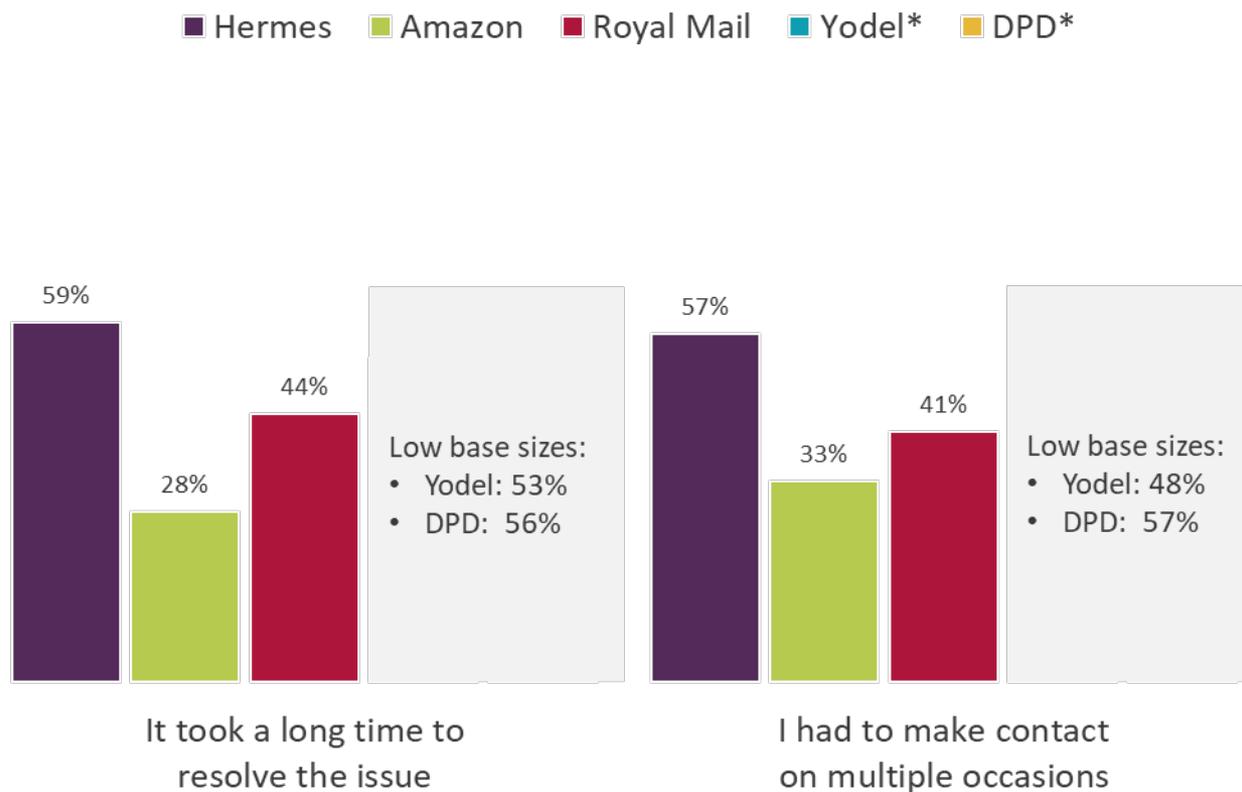
Question: Q28. Again, thinking about when you contacted ..., please indicate the extent to which you agree or disagree with the statements below.

Base: Contacted Hermes (259), Amazon (258), Royal Mail (133), Yodel (73*), DPD (70*) *Caution low base

There was some variation in agreement with processes around contacting different delivery companies

Net: Agree with positive statements about contact with delivery company

(Please note that as Amazon are also a retailer this may affect the customer experience)



Source: Ofcom Parcel Study

Question: Q28. Again, thinking about when you contacted ..., please indicate the extent to which you agree or disagree with the statements below.

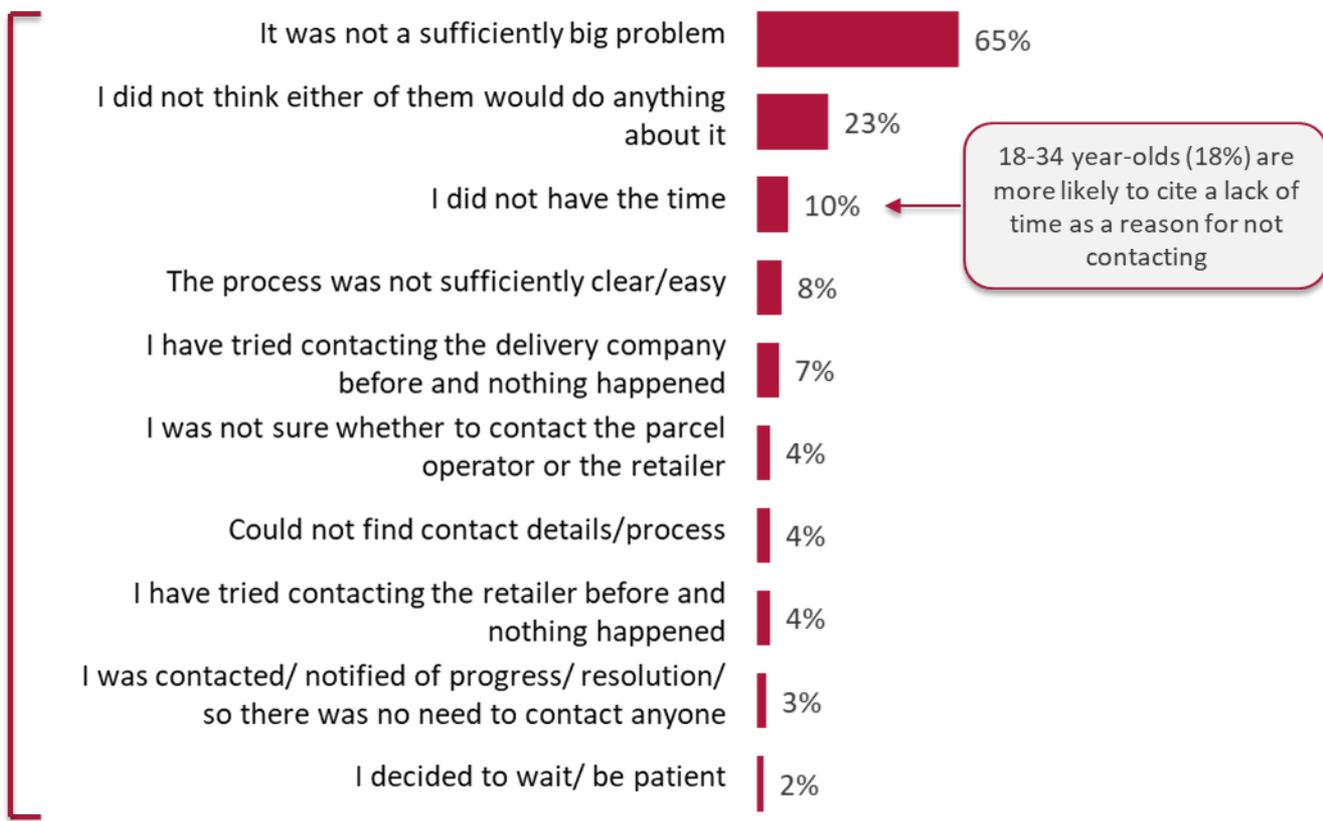
Base: Contacted Hermes (259), Amazon (258), Royal Mail (133), Yodel (73*), DPD (70*) *Caution low base

Two-thirds of customers who had an issue but didn't contact anyone felt it 'wasn't a sufficiently big problem' to do so

Why contacted neither retailer nor parcel operator/delivery service – All who did not contact



Contacted no one about their issue



18-34 year-olds (18%) are more likely to cite a lack of time as a reason for not contacting

Source: Ofcom Parcel Study

Question: Q25. You mentioned you had an issue with delivery, why did you not contact either the retailer or the delivery operator to resolve the issue?

Base: Didn't contact either the retailer or the delivery company (512), 18-34 (148)

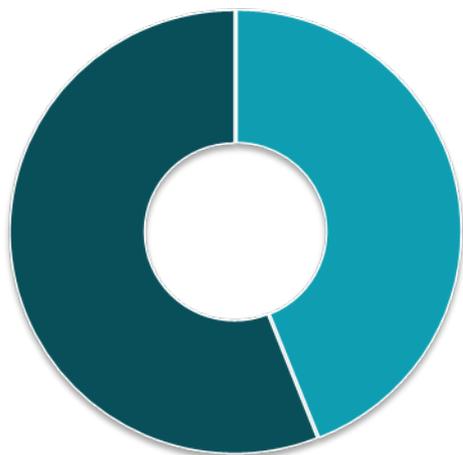
Section 4

Returning the parcel

Over two-in-five have made a return in the last 3 months. 61% returned an item with pre-paid postage, 34% with paid postage

Returns made in last 3 months – All respondents

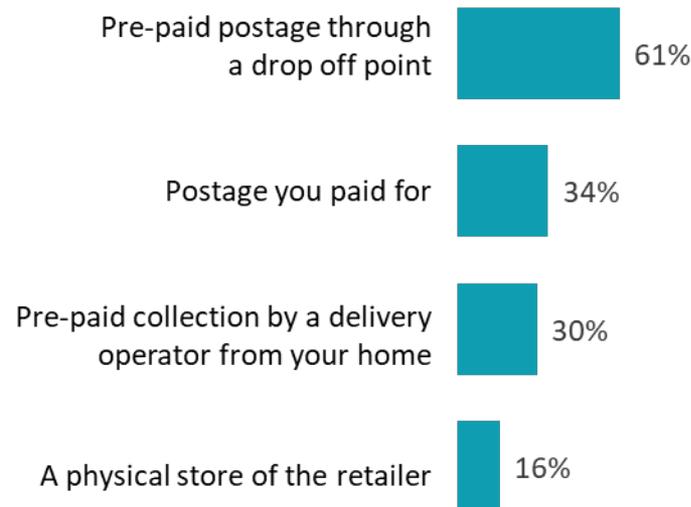
Have not returned an item
56%



Returned an item
44%



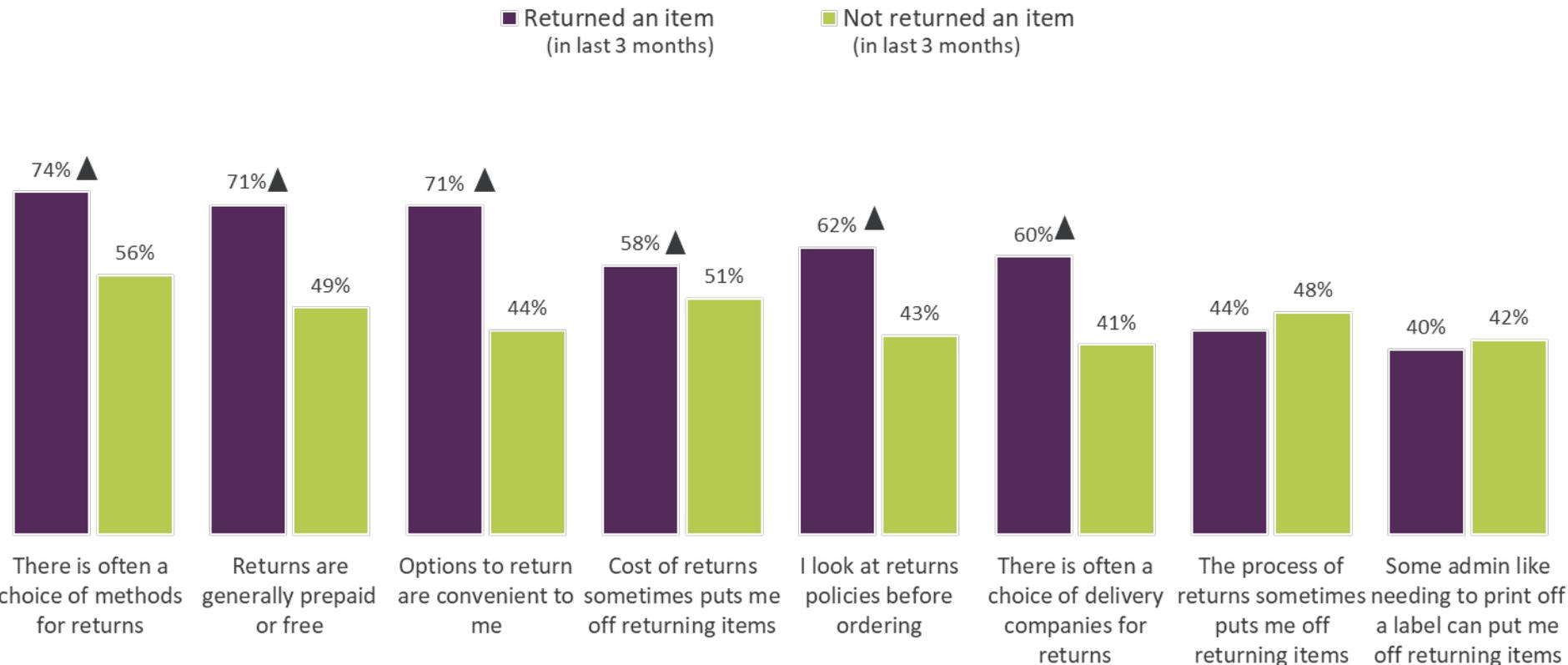
'Methods of returning items' (amongst those who have returned item(s) in the last 3 months)



18–34-year-olds (49%) are most likely to have returned an item in the last 3 months

Those who have returned an item in the last 3 months are more likely to feel positively about the returns process (based on their responses to statements below)

Net: Agree with statements about returns by whether returned an item or not



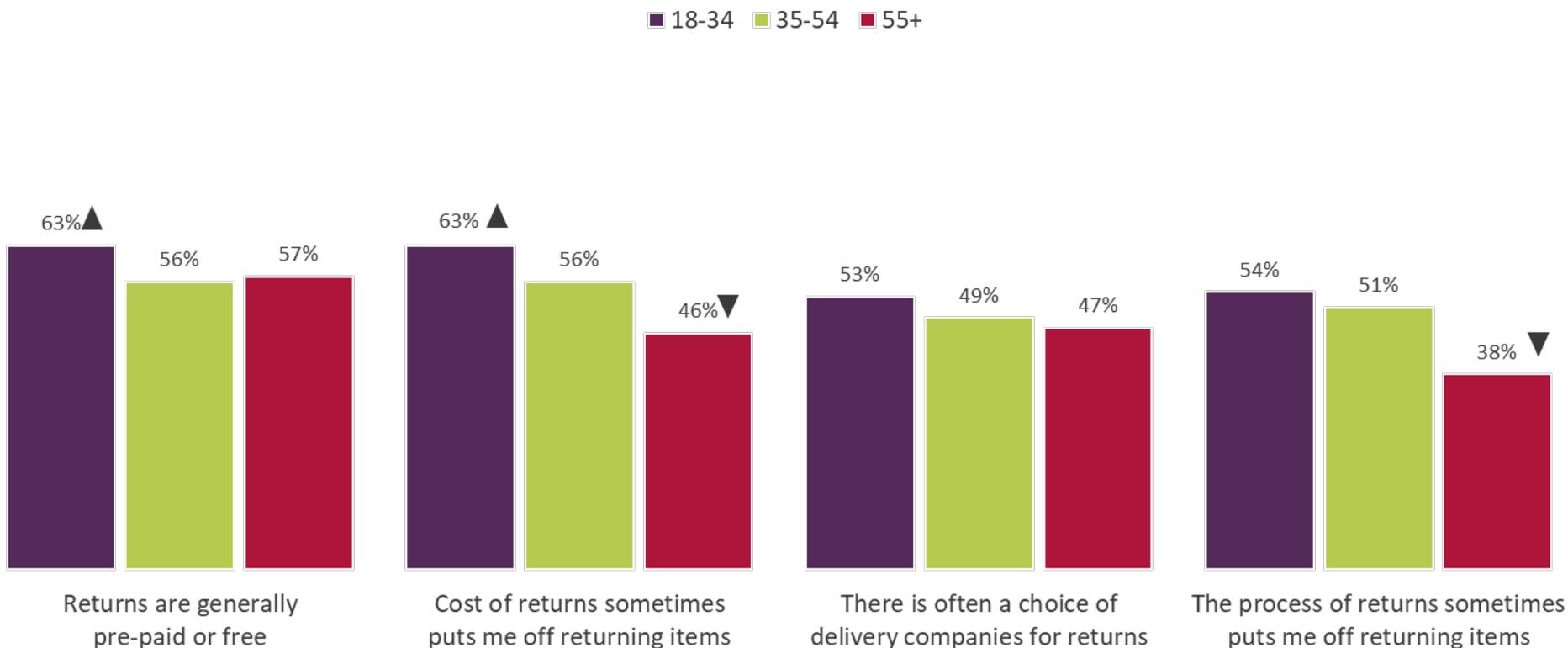
Source: Ofcom Parcel Study

Question: Q34. Now thinking about returns, in general, to what extent would you agree or disagree with the below statements?

Base: All respondents returned an item (P3M) (1077), not returned an item (P3M) (942)

Younger customers are more likely to agree that 'returns are generally pre-paid or free' and can be 'put off returning an item due to the cost'

Net: Agree with statements about returns by age (only statements with differences shown)



▲ Indicates significantly higher at 95%
▼ Indicates significantly lower at 95%

Source: Ofcom Parcel Study

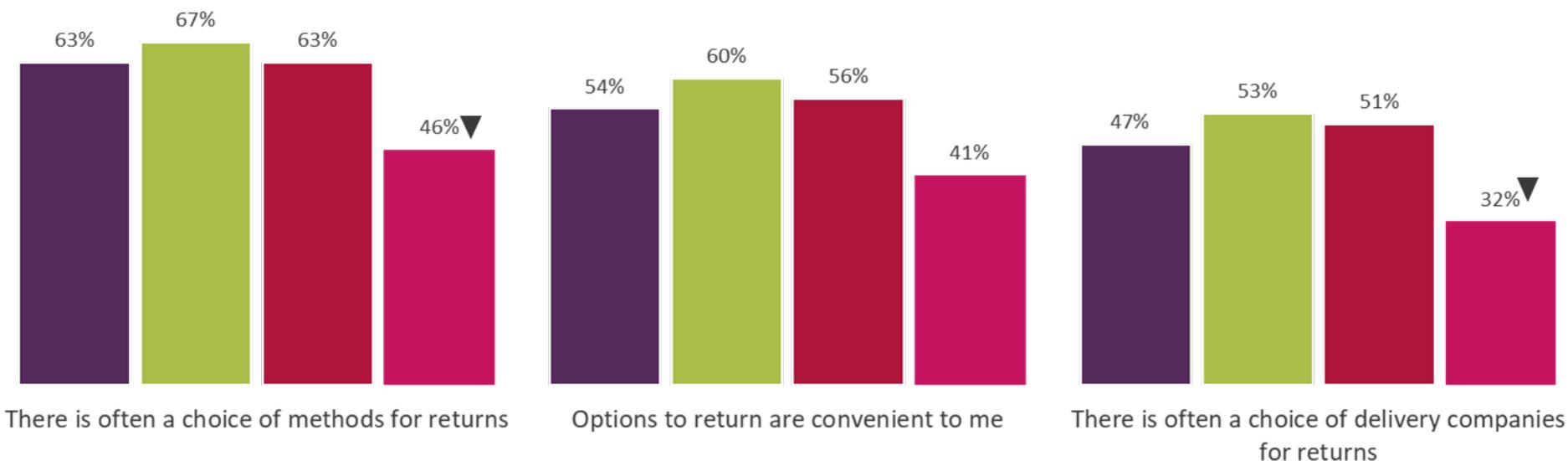
Question: Q34. Now thinking about returns, in general, to what extent would you agree or disagree with the below statements?

Base: All respondents (2019), 18-34 (501), 35-54 (665), 55+ (853)

Those living in Hamlets & Isolated Dwellings are significantly less likely to feel they have a choice of methods for returns

Net: Agree with statements about returns by living area (only statements with differences shown)

■ Urban ■ Town and Fringe ■ Village ■ Hamlet & Isolated Dwelling*



▲ Indicates significantly higher at 95%
▼ Indicates significantly lower at 95%

Source: Ofcom Parcel Study

Question: Q34. Now thinking about returns, in general, to what extent would you agree or disagree with the below statements?

Base: All respondents who live in an urban area (825), Town and Fringe (728), Village (410), Hamlet & Isolated Dwelling (56*) *Caution low base

Of those who have made returns, more than two-in-five had made a return to Amazon. Most customers found the returns process easy.

Type of retailers returned to and ease of return – All who have returned an item in the past 3 months
Proportion indicating 'easy' to return



Source: Ofcom Parcel Study

Question: Q31. Thinking about the returns that you recall making in the last 3 months, which of the below retailers/types of retailers were you returning the item to? Q32. Thinking about when you last returned item(s) to ..., How easy-difficult was it for you to return the parcel?

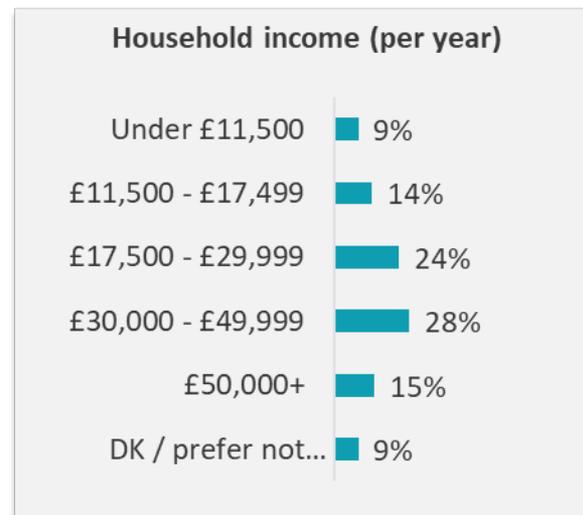
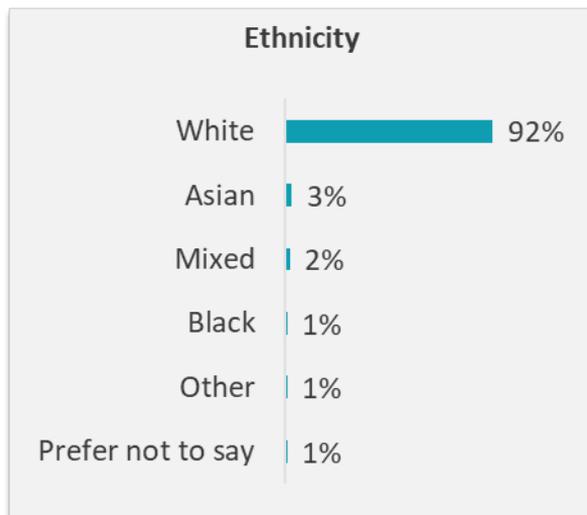
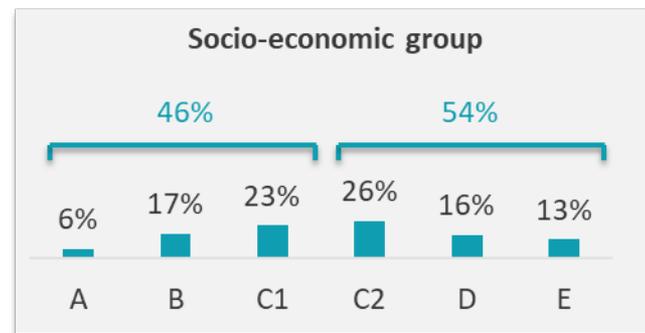
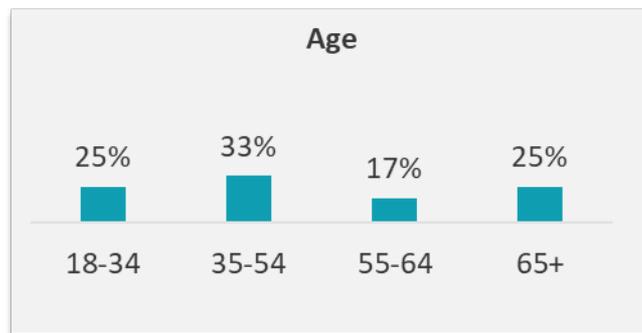
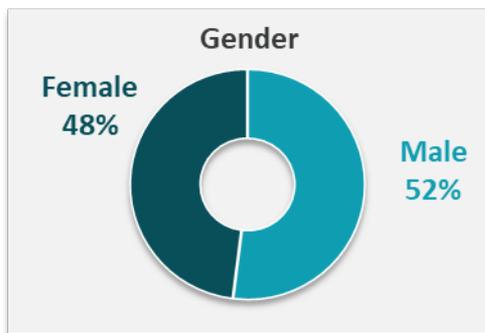
Base: Returned an item (884), Returned to Amazon (387), High street retailers (323), Large online-only retailers (267), eBay (133), Other online marketplaces (64*)

*Caution low base

Section 5 Appendix

Customers were interviewed from a range of age groups, social grades and household incomes

Target audience profile



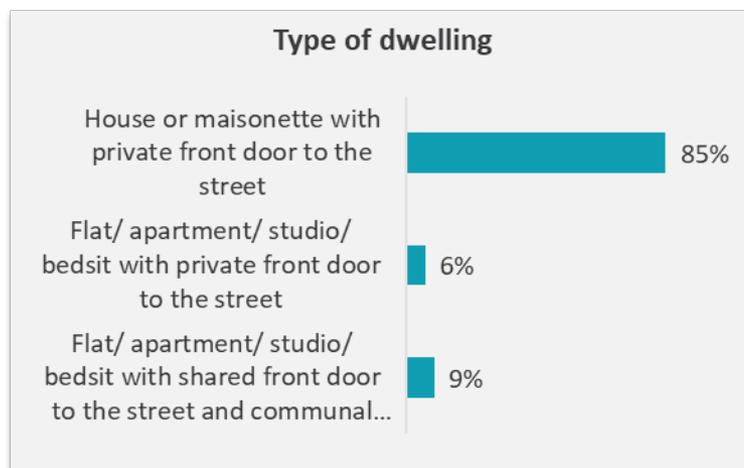
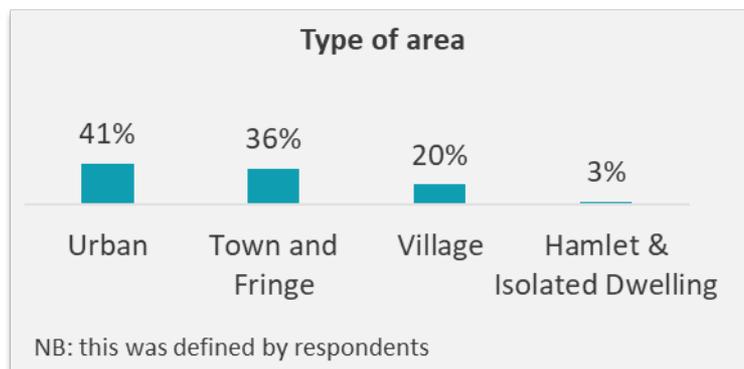
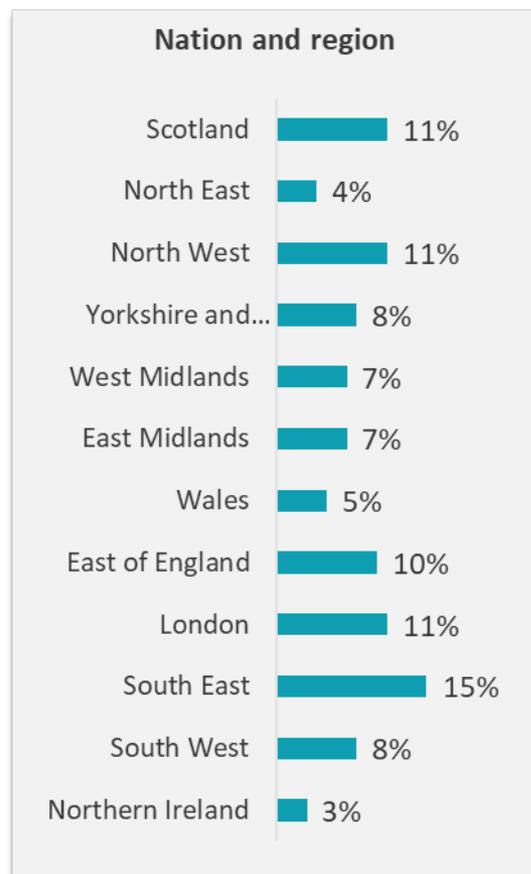
Source: Ofcom Parcel Study

Question: Gender, Age, Social Economic Grade, Ethnicity, Household income per annum

Base: All respondents (2019)

A mix of customers from different regions, area types and levels of movement were surveyed

Target audience profile



Source: Ofcom Parcel Study

Question: Region, Type of area, Type of dwelling, Flexibility of movement (Which of these, if any, limit your daily activities or the work you can do?)

Base: All respondents (2019)