

Submission 2 - Royal Mail to engage in marketing ADPs for profit and reduce the carbon footprint.

The Review of the Projected Costs within Royal Mail's Business Plan / Public version makes no mention of ADPs or the carbon footprint. This is a major omission.

In addition to being much more convenient to the receiver if they own an ADP they would save Royal Mail the cost of re-delivery to a collection point and save the recipient the time and fuel used to collect their parcel from that point. Even if these returns cost only 50p each to Royal Mail and £10.94 (the average cost calculated by IMRG to collect from the sorting office) to the delivering party, it amounts to considerable sum and use of fuel over the year. 1/2 a litre of fuel gives 3.1 miles which is quite a short return journey and many will be much more but many will walk/travel by bus so we consider ½ a litre a conservative estimate.

Using the figures detailed in the report namely 1400 sorting offices and that a small office like Yeovil advised me that they have an average of 400 small parcels a day the total figures are staggering.

SO	No	Daily	days	Total Year	Cost	£	Notes
1,400	400	560,000	300	168,000,000	£0.50	84,000,000	To Royal Mail
					1/2 a litre	84,000,000	Extra Fuel Use
					10.94	1,837,920,000	Cost to client to Collect
						2,005,920,000	Total Cost
If 10% had an alternative delivery point					10%	200,592,000	Total Cost
					10%	8,400,000	Cost Saving to Royal Mail
						8,400,000	Litres of fuel saved
					10%	183,792,000	Savings to client.
Number of households in UK						22,000,000	
Possible market					10%	2,200,000	
Probable gross margin to R. M./P.O.					£100	£220,000,000	over say 10 years
							Each
					£10	£22,000,000	year
Probable net margin to R. M./P.O.					£50	£110,000,000	over say 10 years
							Each
					£10	£11,000,000	year

Plus saving in redundancies using staff to market/supply/fit the boxes.

Previously at their request we have introduced Royal Mai to Gantner who supply and fit special boxes for Austria's postal Service -but this requires a very large investment for Royal Mail and for which they cannot charge to recover their costs whereas using the private sector they can improve their service, reduce costs and possibly postal charges and make a profit at the same time.

Through the Post Office they sell card board boxes etc., to assist the delivery of parcels which carrying the Post Office logo and this would be the perfect outlet for them.

In attachment 2 there is a vital question to the recipients - namely

Distribution contributes significantly to the UK's carbon footprint. If a carbon-friendly delivery alternative was available, would you choose it over a traditional method?

Yes 72.1%

We argue that not only the Royal Mails saving in fuel should be considered but that extended by their customers going to collect their parcels.

Submission 2

Royal Mail, through its subsidiary The Post Office to (a) investigate the market of ADPs and other profitable products (b) allow the Post Office to market alternative delivery points.

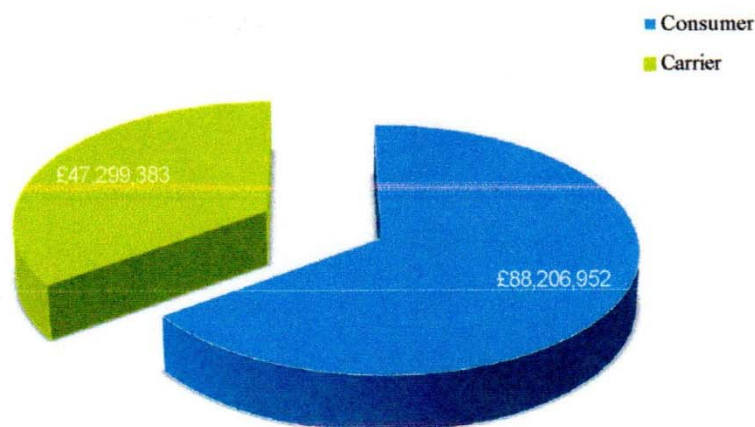
Attachment

1 How the IMRG calculate it costs an average of £10.94 to collect a parcel from the depot/sorting office.

2 Major aspects of Alternative Delivery Points as it refers to the delivery client.

3 Our calculations so you can amend costings, - increase /reduce fuel usage.

2. Failed 1st delivery - Collection by customer



Of course in this scenario, the consumer bears the brunt of the cost and inconvenience and rarely does the retailer get involved.

This in itself could be a problem for retailers who might never find out that their valuable customer has had an inconvenient delivery experience.

It may seem unjust, but if that customer perceives that the delivery offer from this retailer / carrier combination does not meet their needs, they may choose to shop elsewhere in the future?

This highlights the need for retailers to capture customer delivery feedback, even if the presumption is that the customer received their order successfully, simply because the customer didn't complain.

The detailed calculations for each stakeholder group relevant to this scenario are provided in the tables below and the activity and frequency values are shown in Annex 1.

The tables additionally show estimates of overall scenario cost should Market Place volumes be considered.

Consumer

- D In this scenario, we assume that 50% of attempted deliveries will be collected successfully and at the first attempt
- D We have assumed that the consumer collects the order from the carrier's 'depot' and that given the average distance travelled, this involves a car journey in most cases (70%). We assume that public transport is used in 20% of cases and that 10% of collections can be made on foot / cost free
- D We assume that in 50% of cases the consumer may need to spend time locating the depot, ascertaining opening times etc. We have assumed:
 - o 25% of these enquiries will require a telephone call (50% on landlines and 50% on mobiles where the consumer incurs the cost)
 - o 25% can be achieved by visiting the carrier's web site
 - o For the remaining cases, we assume the information on the delivery card or existing knowledge will allow a successful collection

Failed 1st delivery - Collection by customer - Description of Activity	Data and Calculation				
	Time expended Distance travelled	Costs incurred	Activity breakdown	Quantity / Cost Calculation -	
				Retailer UK orders	Retailer and Marketplace UK orders
Time to make call/ enquire on internet	4.3			£5,896,291	£9,620,264
Consumer cost of telephone call - landline - per minute		£0.06			
Consumer cost of telephone call - mobile - per minute		£0.30			
Consumer cost of online enquiry		£0.00			
Value of consumers time - per minute		£0.17			
Percentage of 1st time delivery failures resulting in a collection enquiry and collection			2.31%		
Estimated percentage of telephone enquiries			50%		
Estimated percentage of landline enquiries			25%	£520,261	£848,847
Estimated percentage of mobile enquiries			25%	£2,601,305	£4,244,234
Estimated percentage of toll free enquiries			0%		
Estimated percentage of online enquiries			50%		
Average time expended to collect - round trip minutes	19				
Journeys made by public transport		£4.40	20%	£24,528,214	£40,019,718
Journeys made on foot / no cost		0	10%	£0	0
Total Scenario Cost				£88,206,952	£143,916,606
Cost per event				£10.94	£10.94

IMRG - Consumer Delivery Report 2016 as it refers to Alternative Delivery Points (A.D.P) such as a Sam Squirrel Box/ Parcel Keep Box. (Sam Squirrel's comments in red)

Do delivery concerns ever prevent you from shopping online?

Yes 60%

Why do delivery concerns sometimes prevent you and people in your household from shopping online? Top 3

65% Risk of failed delivery (due to no one at home to receive the item)

Has a good delivery experience directly encouraged you to order again from a particular retailer?

Yes 68%

If orders have not been delivered to your expectation, what have been the most common reasons?

30% Parcel delivered to the Post Office /depot and had to be collected.

45% No one at home to receive/ signature required.

52% No one is home to receive/Would not fit through letter box.

Preferred delivery options.

52% Delivery to a safe place (A.D.P. /shed/garage/secure box/Neighbour)

Distribution contributes significantly to the UK's carbon footprint. If a carbon-friendly delivery alternative was available, would you choose it over a traditional method?

Yes 72.1%

With 55% of our responding households reporting that there will not or may not be someone at home to accept a delivery and with more than 80% declaring home as their preferred delivery location, there is often a need for contingency.

When it comes to identifying the options available 53% do not have a safe-place adjacent to their home or a trusted neighbour to rely on. Of those that do, the majority uses a neighbour (40%), a shed (23%) or a porch (20%) and two-thirds of our responding households would prefer to be able to specify exactly their safe-place rather than leave it to the delivery agent's discretion.

The issue of 'delivery compliance' is becoming increasingly high profile and it only takes one error to tarnish the retailer / customer relationship or the carrier brand. A staggering 95% of our respondents confirm that they would like the delivery company to be able to confirm / demonstrate that they have followed the safe-place instructions provided. Fortunately, solutions now exist (such as a bar code to scan) to enable retailers to have a high level of control in this area.



