**Briefing - Key Findings of YouGov SME Polling**

Scotland’s Citizens Advice Network is an essential community service that empowers people through our local bureaux and national services by providing free, confidential, and independent advice. We use people’s real-life experiences to influence policy and drive positive change. We are on the side of people in Scotland who need help, and we change lives for the better. 

**Executive Summary**

This briefing summarises the key findings of research conducted by YouGov in November 2021[[1]](#footnote-1). The polling reflects the experiences of 500 senior decision makers in small to medium enterprises (SMEs) in Scotland. SMEs were asked a range of questions about postal services, including questions about:

* Services provided by Royal Mail under the Universal Service Obligation[[2]](#footnote-2) (and potential future changes to these services).
* Affordability of postal services
* Parcel delivery surcharges in remote and rural areas
* Experiences with complaints and customer service processes.

Based on these findings, CAS is making recommendations for improvements to the postal market that will benefit Scotland’s SMEs. We will continue to advocate for SMEs to have access to affordable postal services. We believe there is merit in exploring concessionary rates for some postal services, such as redirections, that would benefit Scotland’s small independent and microbusinesses. Additionally, CAS recommends that flat rate delivery fees remain a feature of the USO so that rural and remote communities are not forced to pay more for deliveries due to their location. We also recommend that parcel operators improve their complaints processes so that customers are empowered to make and resolve complaints through simple and accessible channels.

**Royal Mail Services**

Respondents were asked how they feel about a range of services currently offered by Royal Mail along with potential changes to these in the event that amendments are made to the USO.

Some features of the USO were crucial to SMEs. Almost three quarters of respondents (72%) think **delivering letters at a single rate** to any location in the UK is important. Similarly, 67% think **delivery of parcels at a single rate** to any UK location is important.

Respondents were split on the importance of deliveries six days a week, with 49% saying that delivery of **letters** **six days a week** was important, while 48% thought that **delivery of parcels six days a week** was important.

SMEs who thought **six day a week delivery** **of parcels** was important (n= 240) were asked why this was and gave a variety of reasons, including “*It is right that a high standard of service is maintained”*, *“I want to give my customers as many delivery options as possible”* and *“weekend deliveries are important for my businesses’ needs”.*

SMEs felt that **recorded delivery and tracking of post** were more important than six day a week delivery, with 64% of SMEs saying **recorded delivery of parcels** was important and 68% saying **tracking parcels** was important.

**Special delivery** and **next day delivery** were also seen as relatively important services, with 60% saying **special delivery of letters** was important and 56% saying **next day delivery of letters** was important.

**Tracking**

When asked if they would like to see **parcel tracking** to become a part of the standard service, 35% of respondents stated they would like to see this for all parcels but 36% thought it should remain optional.

46% of respondents would be willing to pay more for services if **parcel** **tracking** became part of the standard Royal Mail parcel service, but only for high value (in money or importance) parcels. 34% responded that they wouldn’t be willing to pay more and only 16% were willing to pay more for all parcels.

**Affordability**

58% of SMEs thought the costs of sending standard business **letters** using Royal Mail was expensive.

60% of SMEs thought the costs of sending business **parcels** using Royal Mail was expensive.

64% of SMEs were aware that the Royal Mail offers **redirection services for businesses**, but 51% of respondents have never used this service.

82% of SMEs thought redirection services were expensive[[3]](#footnote-3).

**Rural and Remote Parcel Surcharging**

SMEs were opposed to the imposition of surcharges for parcel deliveries in remote and rural areas.

More than two thirds (67%) felt that deliveries should cost the same across Scotland, even if it means that some pay slightly more for this service.

When they were asked why they felt this way, 86% responded that it was important to support rural and remote communities.

Most SMEs (56%) don’t encounter extra delivery surcharges, this is because they use Royal Mail, who are obliged to deliver to all locations for the same price. This further highlights the importance of maintaining the flat rate delivery price to all UK locations for letters and parcels under the USO.

26% of SMEs have encountered extra delivery surcharges on items they’ve ordered for themselves, with 17% reporting that they encounter surcharges more than half the time.

Being asked to pay potential parcel surcharges motivated SMEs to change their behaviour. Most of the SMEs (84%) who had experienced surcharging said that extra delivery charges deter them from buying the item from that supplier, with 53% of SMEs reporting that they rarely or never pay the surcharge. Instead, SMEs preferred to find the item elsewhere or go without the item. This suggests that retailers are losing revenue due to customers changing purchasing or consumption behaviours to avoid surcharges.

**Issues with Postal Services**

32% of SMEs responded that they had experienced an issue with inbound post/parcel services within the last 12 months (November 2020 to November 2021). The most common issues were lost items, damaged items, delayed items, and items delivered to the wrong place. Respondents were most likely to have an issue with Royal Mail or Hermes, with these two operators accounting for 60% of all customer issues. Though Royal Mail and Hermes both hold a significant share of the parcels market and should, to some degree, have higher volumes of complaints[[4]](#footnote-4).

Of those who experienced a problem with inbound deliveries, 42% made a formal complaint to the parcel operator. Only 25% of those who complained were satisfied with the outcome of their complaint. When asked why they were deterred from lodging a complaint, a third of respondents stated that previously they had made a complaint and it didn’t help or wasn’t worth it. Other reasons included that customers handled the issue on their own or they felt the matter was too trivial to make a formal complaint.

When sending outbound goods to customers in the last year, 22% experienced issues with parcel deliveries. Again, Royal Mail and Hermes were responsible for most issues, though Royal Mail had a larger portion of the complaints (49%).

**Recommendations:**

* A clear majority of SMEs view prices as being too expensive. CAS will continue to advocate for services which are affordable for all consumers, including SMEs. In particular, CAS believes there is room to explore the development of a more nuanced tariff structure for business redirections, with lower rates available to charities, social enterprises, small and microbusinesses.
* It is clear that SMEs oppose the imposition of parcel delivery surcharges based on geographic location and change their purchasing behaviour to avoid these charges. CAS believes it is essential that the USO continues to ensure flat rate delivery prices to any UK location. More transparency is needed about the reasons for any such surcharges from other parcel operators to allow SMEs to judge whether a price is fair.
* CAS is calling for further regulation in the postal market to ensure that there is an effective complaints process where consumers can raise and resolve issues in a simple way, using the communication channel of their choice. It is clear that consumers and SMEs do not trust the complaints process to adequately address these issues. Ofcom is currently consulting on stricter guidelines for parcel operators’ customer service and complaints processes[[5]](#footnote-5) and CAS will be responding to this in early 2022.

1. 287 SMEs (57%) had only one employee at the organisation. 37% (n=186) had between 2 and 49 employees. Only 5% (n=27) of respondents had between 50 and 250 employees. [↑](#footnote-ref-1)
2. Royal Mail is the designated provider of the Universal Postal Service and therefore must meet the requirements of the Universal Service Obligation (USO). The USO sets out the minimum services that Royal Mail must provide including, six-day a week delivery and flat rate delivery charges to any UK address. [↑](#footnote-ref-2)
3. 3 months of mail redirection costs £216, and 6 months costs £321, per business name. Recently Royal Mail revamped their concessionary rates for consumers in receipt of Universal or Pension Credit accessing redirection services, though this does not extend to business consumers. [Royal Mail (2021) Redirection Services](https://www.royalmailgroup.com/en/press-centre/press-releases/royal-mail/royal-mail-to-cut-the-cost-of-its-redirection-service-for-millions-of-lower-income-households/) [↑](#footnote-ref-3)
4. As the universal service provider, Royal Mail accounts for a significant amount of parcel traffic, including 80-90% of sub-2kg parcels ([Ofcom (2020) Review of Postal User Needs](https://www.ofcom.org.uk/__data/assets/pdf_file/0014/208220/2020-review-of-postal-user-needs-report.pdf)). Similarly, Hermes also has a significant share of the parcels market ([Ofcom (2019) Review of the Second Class safeguard caps](https://www.ofcom.org.uk/__data/assets/pdf_file/0019/133660/Statement-Review-of-the-Second-Class-safeguard-caps-2019.pdf)). [↑](#footnote-ref-4)
5. [Ofcom (2021) Consultation: Review of Postal Regulation](https://www.ofcom.org.uk/__data/assets/pdf_file/0028/228970/Consultation-Review-of-postal-regulation.pdf) [↑](#footnote-ref-5)