**USO polling briefing**

This briefing sets out the results of research conducted on CAS’s behalf by YouGov, in April 2021, using a representative sample of the Scottish population aged 18 or over. The sample size of respondents was 1,029. This research focused on understanding consumer usage of postal services in Scotland, and it included questions regarding affordability, usage, surcharge and other issues covered by the Universal Post Service.

The Universal Post Service, generally known as the Universal Service Obligation or USO, is a code of practice which sets out the minimum levels of service that must be offered to UK postal consumers, by the Universal Service Provider (currently Royal Mail). The code is monitored and enforced by the regulator, Ofcom.

**Sending letters and parcels**

When it comes to sending letters and parcels, the majority of consumers do not send letters or parcels regularly:

* Almost one in nine (88%) either send a letter once a month (13%); less than once a month (48%) or never (27%)
* Almost one in nine (88%) either send a parcel once a month (14%); less than once a month (56%) or never (18%)

**Importance of letter services**

Consumers value certain Royal Mail services more than others when sending and receiving letters. We asked respondents who sent letters (n=714) to select the services they felt were most important to them. The most valued aspect of these services is the delivery of letters at a single rate to any location in the UK, with the majority (87%) feeling this was important. When asked why sending letters at a single rate was important to them, three-quarters of these respondents said that it was important in supporting rural and remote rural communities while almost two-thirds also felt it was unfair to those who would have to pay more. One in three (32%) felt that the delivery of letters was an essential service.

More than one-third (36%) of consumers recognised recorded delivery as an important service, while slightly fewer (30%) stated that Tracking and Guaranteed Next Day Delivery were also important services. One in four (25%) believed that Special Delivery and the ability to send letters 6 days a week were also important aspects of Royal Mail services, while only 23% felt that the delivery of letters during the weekend was important to them.

If delivering letters were to be reduced to a five day a week service, rather than the current service of six days, consumers were most happy to lose deliveries on Saturdays (35%) followed by Wednesdays (14%) and Mondays (9%).

**Importance of parcel services**

We asked respondents who sent parcels (n=808) to select the services they felt were most important to them in relation to parcel deliveries, with almost half of these (48%) stating that parcel tracking was the most important aspect. Delivery at a single rate to any location in the UK was closely behind at 42%, with Recorded Delivery at 39%.

More than one in four respondents who sent parcels (27%) believed that both Guaranteed Next Day Delivery and the ability to send parcels 6 days a week were also important aspects of Royal Mail services, one-quarter (26%) stated that the delivery of parcels during weekends was important to them.

**Affordability of postal services**

When asked about the affordability of postal services, 37% of all survey respondents felt that the cost of sending a letter through Royal Mail is expensive, with a further 13% finding it far too expensive. The same sentiment was expressed by 37% of respondents who felt that the cost of sending a parcel through Royal Mail is expensive, with a further 13% finding it far too expensive.

Additionally, Ofcom’s own data demonstrates that the prices for first and second-class services have increased at a faster rate than the average working household’s income has[[1]](#footnote-2) .

**Tracking**

Our polling shows that the majority (60%) of consumers in Scotland are supportive of Tracking being included as a standard practice on postal deliveries and, therefore, to be included in the USO requirements. However, there were mixed views on which items should be tracked. 42% of those surveyed were happy for all parcels to have tracking, compared to 29% who believed it should remain optional on all parcels. A further 18% of respondents who supported the inclusion of tracking thought it should be only for high value (monetary and/or important) parcels.

However, our polling was clear that consumers are unwilling to pay extra for this, particularly for lower value items. 38% of respondents were against any sort of price increase if tracking were to be included, with a further 40% stating they would only pay more on high value parcels. Only 14% were willing to pay more on all parcels for tracking. This reflects the realities of the current postal services market, where consumers can usually expect tracking as a standard service when using parcel operators other than Royal Mail.

**Redirections**

79% of respondents were aware of the redirection services offered by Royal Mail. However, almost 1 in 5 people (19%) were not aware of this service. This is a similar figure to that found in data from Ofcom’s User Needs Review in which 24% of respondents were unaware of the service [[2]](#footnote-3), which would suggest that the service is not as effectively advertised as it could be.

58% of respondents who were aware of redirection services (n=808) had used redirections previously (though the vast majority had not used the service in the last 12 months). 41% had not used the service at any point.

Many consumers regard redirections as too expensive, with 61% of all respondents stating that redirections were slightly or much too expensive and only 29% believing the current costs are a fair price.

Currently, someone is eligible for a [20% discount on redirection services](https://www.royalmail.com/sites/default/files/redirection-concessionary-form--april-2021.pdf) if they are renting and they receive Job Seekers Allowance or Pension Credit. This would apply to a 3 or 6 month UK Redirection. Almost all respondents (97%) were not aware that this concessionary rate existed, meaning that the majority of those eligible are likely to miss out. When asked if they believed that eligibility for this discount should be expanded, 65% of consumers said that they believe it should be expanded to include those on low incomes.

**Surcharging**

59% of those surveyed said parcel deliveries should cost the same across Scotland, even if that means that most people pay slightly more, rather than allowing for geographical surcharging to occur. An additional 14% believed it was unfair that rural mainlanders were paying higher costs but felt it was reasonable for Islanders to pay slightly more. Only 10% thought it was fair that both island and rural residents pay extra to keep prices low for everyone else. This shows a real disparity between what consumers and SMEs believe and current retail practice.

We asked those who thought it was fair that some consumers and businesses should pay extra for parcel delivery (n=248) what a fair extra cost for parcel delivery to these areas would be, and 31% felt it should be 10% or less of the standard additional cost. A further 23% believed it should be between 10-25% of the standard delivery cost with a further 23% saying that the additional costs should be based on the actual costs to deliver (for extra fuel for example).

The majority of those polled did not believe they had been surcharged for the deliveries (67%). However, for those that had been (19%) said this resulted in negative impacts. In terms of buying online, of those who have been surcharged (n=192), 36% said they had been put off buying online altogether because of surcharging, with 40% saying they were frequently put off buying this way, but not always. Only 4% said they had never been put off because of surcharging. Consumers who experienced surcharging reported a range of different responses. The most common reported response was to find the item elsewhere (26%) with only 7% willing to pay the surcharge. 13% of respondents found the surcharge so costly that they would rather do without the item than pay.

**Complaints**

Based on their experiences between April 2020 – April 2021, 68% of respondents did not report experiencing any problem with their parcel deliveries. Of those respondents who had cause to complain about postal deliveries (n=296), 37% stated that their most recent complaint was with regards to Royal Mail services, and 26% stated that their issue was with Hermes. Less than 7% of respondents reported issues with other operators. We recognise that Royal Mail, as the Universal Service Provider, has a significant share of the market. However, this level of dissatisfaction remains concerning.

The most common issues stemmed from lost parcels (21%), items being delayed (17%), items delivered to the wrong place (13%) or receiving cards to say item could not be delivered when someone was at home at the time (12%). However, despite this, only 34% of those who experienced problems made a formal complaint regarding the issue.

Of those who did make a complaint with the operator after experiencing a parcel delivery issue (n=100), 61% of these respondents said they were either quite or totally dissatisfied with the response received, compared to 21% who were either quite or totally satisfied. This would imply that the current complaint processes employed by parcel operators are not meeting consumers’ needs.

Our polling also asked those who did not complain (n=189) why this was. Respondents gave many different answers including:

* 17% felt the matter would not be taken seriously
* 7% were put off as they had complained before and nothing had happened
* 8% unsure who to approach or how to complain

**Recommendations**

CAS believes that changes to the postal market caused by the pandemic, the departure of the UK from the EU and changes in customer priorities will require regulatory change in order to protect consumers and SMEs. We are calling for greater regulation of the parcels market and a greater emphasis on the needs of vulnerable consumers by operators.

* CAS is urging Ofcom to develop a strategy on consumer vulnerability, as happens in other regulated industries such as energy and telecommunications. This would allow for the identification and protection of vulnerable consumers and the consideration of what measures might be necessary to protect and enhance their access to postal services in an ever-changing market.
* CAS believes that Ofcom must ensure that the “safeguard caps” which operate as a price cap for letters and parcels, are designed in a way that gives more protection to consumers, particularly those that are more vulnerable. From the evidence provided, it is clear that affordability is crucially important to consumers being able to use these services.
* CAS is of the view that parcel tracking could potentially be included in the USO provided that the price of sending lower value packages does not increase.
* CAS believes that Royal Mail should review the affordability of its redirection services. We are calling on Royal Mail to develop a social tariff which provides a reduced cost variation for domestic abuse survivors, people who are homeless, as well as other vulnerable groups such as those on low incomes. We are aware of existing social tariff schemes of a similar nature in the energy and telecoms sectors. A similar approach should be examined for the postal market.
* It is clear to CAS that the parcels market is not working well for all senders and receivers of parcels. Those that are most negatively impacted are consumers and SMEs based in the Highlands and Islands of Scotland, and those in Northern Ireland, who are likely to encounter higher prices for deliveries or a refusal to deliver to their area. More transparency is needed about the reasons for any such surcharges to allow consumers to judge whether a price is fair.
* CAS believes that complaint procedures in the parcels market need to be better regulated. Consumers should be empowered to raise and resolve issues in a quicker and more consistent manner, regardless of who the operator is. CAS believes further regulation may be needed to ensure minimum standards across the parcels market and prevent ongoing detriment and disadvantage being caused to consumers in Scotland.

1. [Review of postal regulations,](https://www.ofcom.org.uk/__data/assets/pdf_file/0024/215664/call-for-inputs-review-of-postal-regulation.pdf) Ofcom (2020) [↑](#footnote-ref-2)
2. [Review of postal users’ needs,](https://www.ofcom.org.uk/__data/assets/pdf_file/0014/208220/2020-review-of-postal-user-needs-report.pdf) Ofcom (2020) [↑](#footnote-ref-3)