

The Universal Postal Service

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1. Background

- 1.1. Consumer Scotland is the statutory body for consumers in Scotland. Established by the Consumer Scotland Act 2020, we are accountable to the Scottish Parliament. The Act defines consumers as individuals and small businesses that purchase, use or receive products or services.
- 1.2. Our purpose is to improve outcomes for current and future consumers and our strategic objectives are:
 - to enhance understanding and awareness of consumer issues by strengthening the evidence base
 - to serve the needs and aspirations of current and future consumers by inspiring and influencing the public, private and third sectors
 - to enable the active participation of consumers in a fairer economy by improving access to information and support
- 1.3. Consumer Scotland uses data, research and analysis to inform our work on the key issues facing consumers in Scotland. In conjunction with that evidence base we seek a consumer perspective through the application of the consumer principles of access, choice, safety, information, fairness, representation, sustainability and redress.
- 1.4. We work across the private, public and third sectors and have a particular focus on three consumer challenges: affordability, climate change mitigation and adaptation, and consumers in vulnerable circumstances.
- 1.5. Consumer Scotland is the levy-funded advocacy body on postal services for consumers in Scotland.
- 1.6. Consumer Scotland came into being in April 2022. As a new body, we have been engaged in work during the past year to build an evidence base that informs our understanding of the key issues and priorities for consumers of postal services in Scotland.
- 1.7. As part of this work Consumer Scotland commissioned YouGov plc to survey a representative sample of Scottish adults around their attitudes to postal services. Data was collected between 20 February to 14 March 2023, with a total sample size of 2,007 individuals.
- 1.8. The sample was adults aged 16+ in Scotland. The figures have been weighted by gender, age, social grade, region and urban/rural area and are representative of all Scottish adults (aged 16+).

2. Introduction

- 2.1. Royal Mail is the UK's universal postal service provider. Under the Postal Services Act 2011, a number of obligations were placed on Royal Mail, to enshrine the key components of a universal postal service. These obligations include:¹
- At least one delivery of letters every Monday to Saturday and at least one delivery of other postal packets every Monday to Friday
 - At least one collection of letters and other postal packets every Monday to Saturday
 - A service of conveying postal packets from one place to another by post at affordable, geographically uniform prices throughout the UK
 - A registered item service at affordable, geographically uniform prices throughout the UK
 - An insured items service at affordable prices
 - Free end-to-end services for legislative petitions and certain services to blind and partially sighted people
- 2.2. Letter volumes in the UK peaked in 2004-05 at 20 billion items.² The trend during the past twenty years for the substitution of physical letters with electronic alternatives (named e-substitution) has led to lower letter volumes and therefore higher relative costs for postal operators who transport letters.³ Overall, letters volumes declined by half between 2004-05 to 2019-20, reaching 8 billion letters in 2021-22.⁴
- 2.3. At the same time as the decline in letter volumes, consumers in the UK are now receiving more goods directly to their households, rather than purchasing in physical shops. Total parcel volumes have doubled from 1.9 billion in 2014-15⁵ to 3.8 billion in 2021-22,⁶ with around 1 in 4 (24.9%) of retail sales now made online.⁷

3. Key Findings – Use of Postal Services in Scotland

The letters market

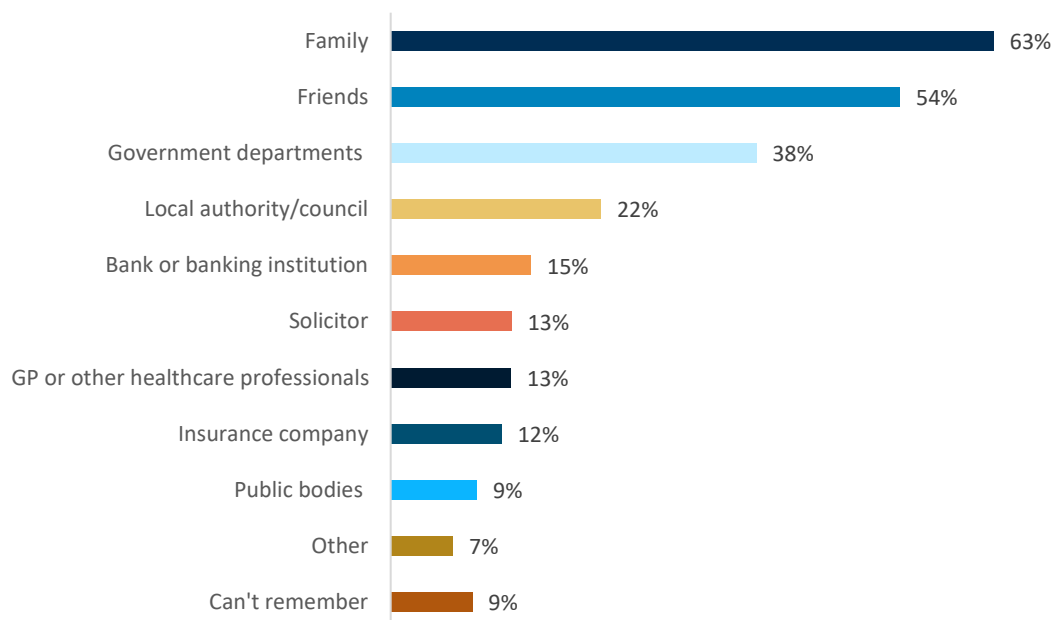
- 3.1. Postal services remain important to consumers in Scotland; however, the market is changing. Our research found that nearly two thirds of adults in Scotland have sent first (65%) and second class letters (62%) in the last 12 months,⁸ but just over three quarters (77%) have sent parcels.⁹ The most common frequency for sending postal services a letter or parcel is less than once a month (50% sending first class letters, 48% second class letters and 57% parcels less than once a month).
- 3.2. The markets for letters and parcels continue to diverge, with 29% never sending first class letters, 32% never sending second class letters,¹⁰ while only 18% never send parcels.¹¹ Younger consumers were less likely to use postal services in the past 12 months, which will cause market issues in the long term if that trend continues as they get older. These younger consumers may not have formed habits of using letter services to communicate in

the same way as older consumers have, having grown up with more digital alternatives to serve their communication needs.

- 3.3. However, letters remain important for consumers to communicate with each other, with birthday cards the most commonly sent form of letter (79% of those consumers who had sent a letter in the last year sending these).¹² The majority of those who send letters are writing to family (average of 63%, increasing with age from 47% for 16-24 year olds to 69% for 55+) and friends (average 54%, also rising with age from 47% for 16-24 year olds to 61% for 55+)).¹³ For those communications which are not personal, sending letters to government departments, local authorities and banks remain important for consumers, with 31% of letters sent being identity documents.¹⁴

People in Scotland are most likely to send letters to family members, with friends also featuring as prominent recipients

Figure 1- Percentage of respondents who had sent letters to particular recipients in the previous 12 months



Survey Question: Thinking about the letters you have sent in the last 12 months, who are you sending letters to? (Tick all that apply)

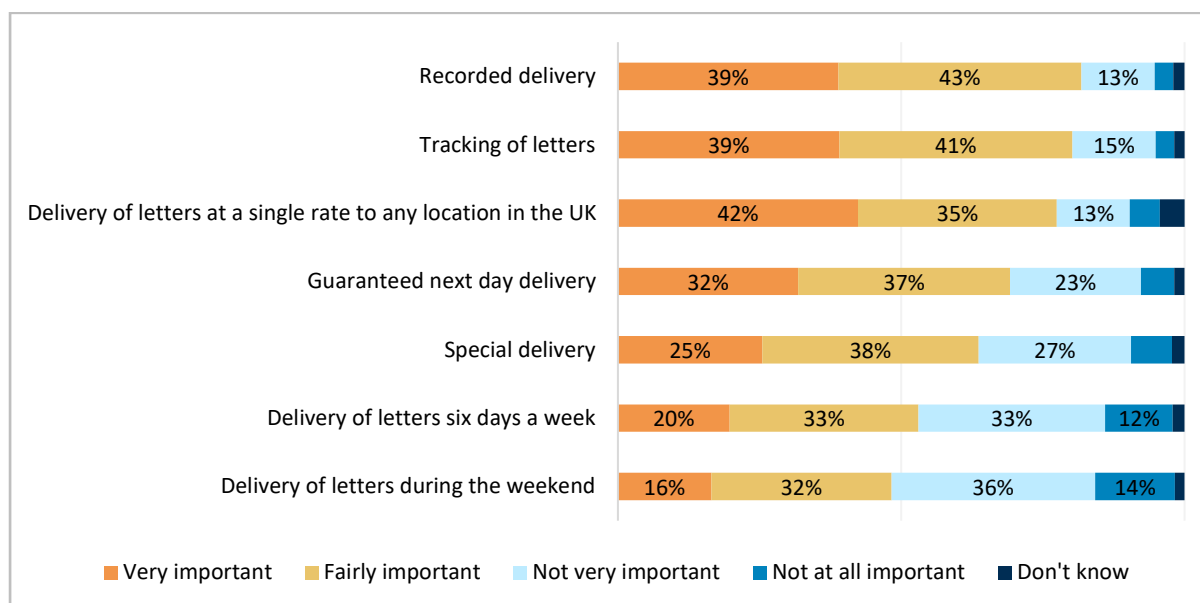
Base: All adults living in Scotland who send letters (n=1,443)

4. Key Findings – Consumer views of Postal Services in Scotland

User Needs

Consumers in Scotland value recorded delivery, tracking and single rate delivery across the UK as the most important aspects of the letters market

Figure 2- Relative importance survey respondents placed on different aspects of the Royal Mail services in the letters market



Survey Question: Thinking about the letters that you send and receive, how important, if at all, are the following Royal Mail services to you personally?

Base: All adults living in Scotland who send letters (n=1,443)

Not at all important: Recorded Delivery – 3%; Tracking of letters – 3%, Delivery of letters at a single rate to any location in the UK – 4%, Guaranteed next day delivery – 6%, Special delivery – 7%

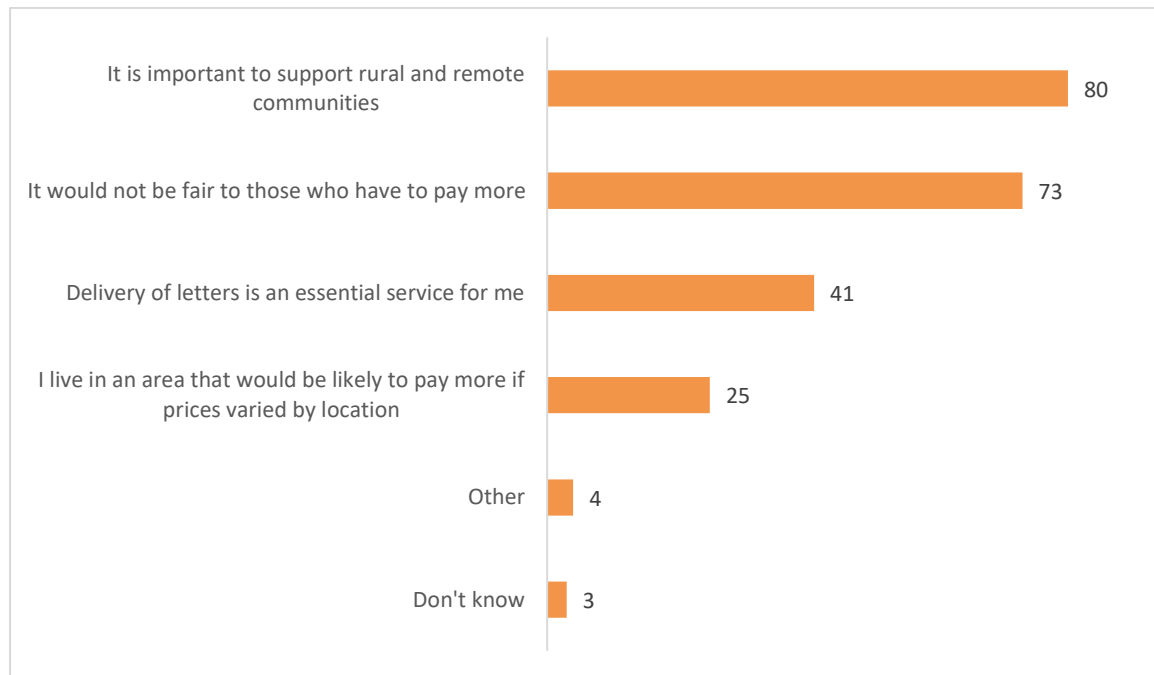
Don't Know: Recorded Delivery – 2%; Tracking of letters – 2%, Delivery of letters at a single rate to any location in the UK – 4%, Guaranteed next day delivery – 2%, Special delivery – 2%; Delivery of letters six days a week – 2%; Delivery of letter during the weekend – 2%

- 4.1. Consumers in Scotland put more importance on recording and tracking letters compared to the delivery of letters six days a week and delivery of letters during the weekend, albeit around half of the respondents still valued these aspects of the USO. Consumers rated the importance of tracking and recorded delivery at 82% and 80% respectively, while rating the importance of six days of letter delivery and letter delivery at the weekend considerably less at 53% and 48% respectively.¹⁵
- 4.2. Delivery of letters at a single rate to anywhere in the UK is another important aspect of the USO for consumers in Scotland, with nearly four in five (78%) regarding this as important.
- 4.3. The most common reasons consumers stated for wanting to maintain six day and for weekend delivery were focused on timeliness and quality of service for consumers, with some small business owners saying that they worked and sent letters during the weekend.¹⁶

Maintaining the single rate across the UK

- 4.4. In the UK you can buy a one-price postage for letters and parcel items from Royal Mail under the Universal Postal Service. For example, you can buy a single stamp for a letter and the price you pay allows you to send a letter to anywhere in the UK, regardless of the distance it is sent. Our research found that nearly three quarters of consumers (73%) felt it would not be fair to those who have to pay more if the single rate was removed, while 80% of consumers said it was important to support rural and remote communities.¹⁷

Figure 3 - Importance of Royal Mail sending letters at a single rate



Survey Question: Royal Mail delivers letters to any part of the UK at a single rate, whether the area is urban or rural. Which, if any, of the following are reasons why it is important to you that Royal Mail delivers letters at a single rate to any location in the UK? (Please select all that apply)

Base: All adults living in Scotland who think it is important Royal Mail delivers at a single rate (n=1118)

- 4.5. 1 in 4 (25%) consumers said they live in an area that is likely to pay more if prices varied by location.¹⁸ In Scotland, half of rural consumers said delivery of letters is an essential service for them (49%).¹⁹ Broadband and mobile services remain poor in some areas of Scotland, with around 21,000 home and business in Scotland being without decent broadband services, however there are 90,000 premises without a decent fixed connection. For mobile data access, 15% of premises do not have indoor 4G coverage of all mobile operators.²⁰
- 4.6. Further research exploring the particular gaps in digital access and inclusion that postal services currently help to bridge would likely provide valuable insight in understanding how communities in rural and remote areas in Scotland can be protected.

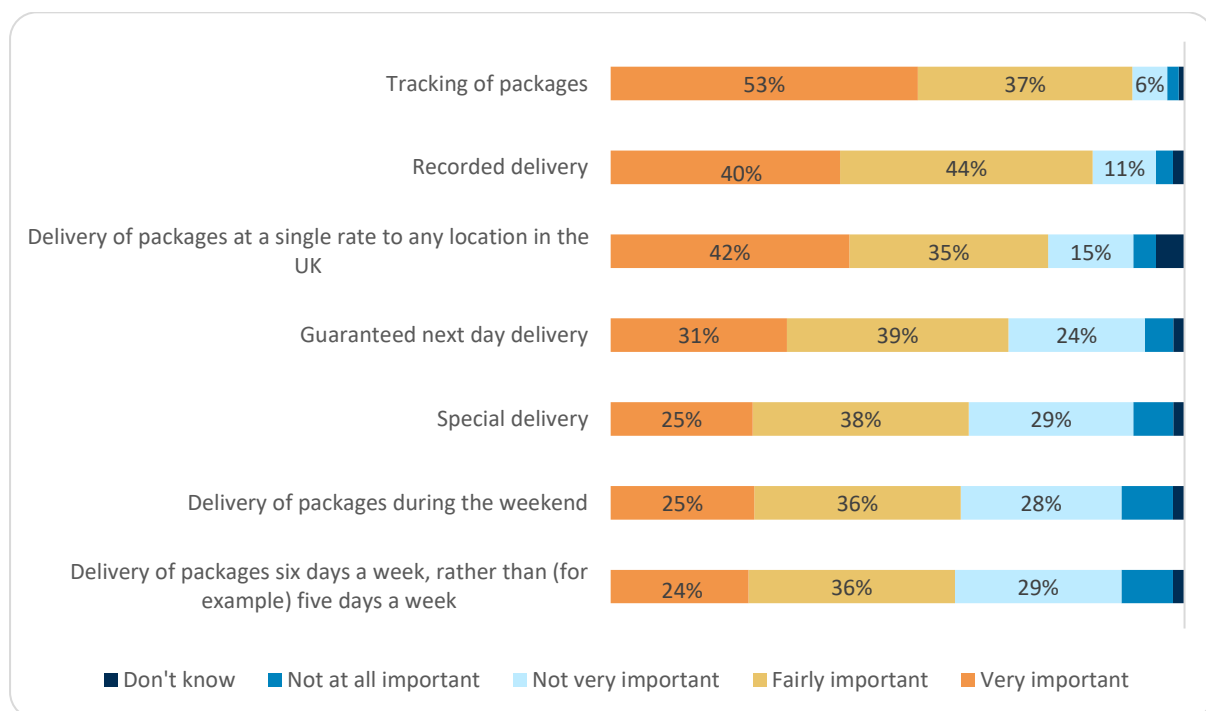
Letter complaints

- 4.7. Just over 1 in 10 (13%) consumers told us they had faced a letter related problem in the past 12 months.²¹ Of those, one third (33%) complained to Royal Mail, just over one quarter (28%) complained to the sender while one quarter (25%) did nothing.²² As letters can contain time critical information, ensuring there is a clear and accessible route for complaint is crucial for consumers. Gaining further insight into consumers' awareness and experience of who they should complain to if they experience a problem with a letter may be a useful focus for future research.
- 4.8. Consumers may also not be aware that a letter is being sent to them, which provides additional challenges for consumers who have sent letters that get lost in the post. Royal Mail offers a tracked large letter service which is not currently part of the Universal Service Obligation, however letters sent via standard first or second class mail, which may also have crucial information for consumers, or include gift cards or money sent as presents, are not tracked.

5. Packages service and the universal postal service

Consumers in Scotland value recorded delivery, tracking and single rate delivery across the UK as the most important aspects of Royal Mail's packages services

Figure 4 - Relative importance survey respondent placed on different aspects of Royal Mail packages services



Survey Question: Thinking about the packages that you send and receive, how important, if at all, are the following Royal Mail services to you personally? Base: All who send packages (n=1,560)

Not at all important: Tracking of letters – 2%, Recorded Delivery – 3%, Delivery of letters at a single rate to any location in the UK – 4%, Guaranteed next day delivery – 5%, Special delivery – 7%, Delivery of packages during the weekend – 9%, Delivery of packages six days a week, rather than (for example) five days a week – 9%

Don't Know: Tracking of letters – 1%, Recorded Delivery – 2%, Delivery of letters at a single rate to any location in the UK – 5%, Guaranteed next day delivery – 2%, Special delivery – 2%, Delivery of packages during the weekend – 2%, Delivery of packages six days a week, rather than (for example) five days a week – 2%

- 5.1. The majority of consumers rate each of these aspects of the Royal Mail's packages services as important, but place slightly less emphasis on the importance on weekend (61% net important) and six days delivery of packages (60% net important).²³ For both of these, however they are viewed as more important for parcel deliveries than for letter deliveries.

Getting a parcel

- 5.2. There was a range of views on what consumers preferred to happen if no one was in to collect a parcel. Consumers chose up to three preferences, with just under half (47%) preferring collection from a neighbour, 45% arranging redelivery on another day, and two fifths (40%) leaving the parcel at a registered safe place of their choosing. A third (35%) of consumers preferred collecting from a Post Office, with slightly fewer preferring to collect from a Royal Mail delivery office (31%), or safe place chosen by the post person (30%).²⁴
- 5.3. Although responses were similar for men and women, men were more likely to prefer collecting from a Royal Mail delivery office, while women were more likely to prefer a registered safe place of their choosing. Older people were the most likely to prefer collecting from a neighbour or delivery offices, and least likely to prefer a safe place of their choosing. Rural consumers were the least likely to want redelivery on another day (36% compared to 47% for urban consumers), collecting from a Delivery Office (22% vs 34% in urban areas), Post Office (29% compared to 36% for urban consumers) or neighbour (42% vs 47% for other consumers), preferring safe places of their choosing or the post persons choosing (55% and 46% respectively compared to 36% and 25% of urban consumers).²⁵

Parcels arriving safely

- 5.4. In September 2022 Royal Mail changed how it delivers parcels, allowing for a Postperson to decide to leave a parcel in what they deemed was a safe location at a consumer's property, called 'Safe Place.' Consumers could also indicate to Royal Mail their preferred safe place on the Royal Mail app. Our research gathered evidence on the experiences of delivery by Royal Mail and their understanding of this change six months after its implementation.
- 5.5. 15% of consumers said Royal Mail had left a parcel in an insecure or poor choice of location, with those in town and fringe areas most likely to have experienced an insecure delivery. Those consumers with a very limiting disability or long term health condition (20%) were more likely to have experienced an insecure delivery than those without any disability or long term health condition.²⁶
- 5.6. Of those who experienced an insecure delivery from Royal Mail, 1 in 10 had a significant impact, 17% a moderate impact, 18% some impact and 54% no impact. There was more likely to be an impact on those with a disability or long term health condition, and for those limited a lot then the impact was more likely to be significant.²⁷

- 5.7. Consumer Scotland has shared these findings on insecure delivery with both Royal Mail and Ofcom to ensure that they were aware of these issues, and to encourage work to deliver better consumer outcomes. Royal Mail has taken several actions to improve the consumer experience of the Safe Place scheme in recent months.

Next steps

- 5.8. In September 2023 Ofcom announced that it would produce potential options for the future of the universal postal service by the end of 2023.²⁸ Consumer Scotland will be engaging with Ofcom throughout their work on developing these options, providing insight and evidence on the needs of consumers in Scotland, including through engagement on the findings and data used in this report.
- 5.9. We will consider what future consumer research may be required to inform discussion of the options Ofcom will set out in its report to ensure that the consumer interest is at the heart of any future reformation of the Universal Postal Service.

¹ House of Commons Library, Postal Services research briefing:

<https://researchbriefings.files.parliament.uk/documents/SN06763/SN06763.pdf>

² NAO Report (HC 944 2005-2006): Re-opening the post: Postcomm and the quality of mail services

³ [Postal services \(europa.eu\)](https://postal-services.europa.eu)

⁴ Ofcom Annual Monitoring Update 2021-22:

https://www.ofcom.org.uk/_data/assets/pdf_file/0033/248586/annual-monitoring-update-postal-market-2021-22.pdf

⁵ Ofcom Annual Monitoring Update 2014-15:

https://www.ofcom.org.uk/_data/assets/pdf_file/0025/56923/annual_monitoring_update_2014-15.pdf

⁶ Ofcom Annual Monitoring Update 2021-22:

https://www.ofcom.org.uk/_data/assets/pdf_file/0033/248586/annual-monitoring-update-postal-market-2021-22.pdf

⁷ ONS, Internet sales as a percentage of total retail sales (ratio) (%), August 2023 data point:

<https://www.ons.gov.uk/businessindustryandtrade/retailindustry/timeseries/j4mc/drsj>

⁸ Q. For the following question, by 'personal letters', we mean any letters addressed to an individual/person, this could be anything from a birthday card to formal correspondence with a bank. How often, if at all, do you send... 1st class personal letters, 2nd class personal letters. Base: 2,007

⁹ Q. For the following question, by 'parcels', we mean any parcels from a birthday gift to returning something bought online. Please don't include anything connected with your work. How often, if at all, do you send parcels? Base: 2,007

¹⁰ Q. For the following question, by 'personal letters', we mean any letters addressed to an individual/person, this could be anything from a birthday card to formal correspondence with a bank. How often, if at all, do you send... 1st class personal letters, 2nd class personal letters. Base: 2,007

¹¹ Q. For the following question, by 'parcels', we mean any parcels from a birthday gift to returning something bought online. Please don't include anything connected with your work. How often, if at all, do you send parcels? Base: 2,007

¹² Q. Thinking about the letters you send, what are you sending? (Tick all that apply). Base: 1,443

¹³ Q. Thinking about the letters you have sent in the last 12 months, who were you sending letters to? (Tick all that apply). Base: 1,443

¹⁴ Q. Thinking about the letters you have sent in the last 12 months, who were you sending letters to? (Tick all that apply). Base: 1,443

¹⁵ Q. Thinking about the letters that you send and receive, how important, if at all, are the following Royal Mail services to you personally? Base: 1,443

¹⁶ Q. Why is it important to you that Royal Mail delivers letters six times a week? (Please type your answer in the box below, giving as much detail as possible). Base: 706; Why is it important to you that Royal Mail delivers letters at the weekend? (Please type your answer in the box below, giving as much detail as possible). Base: 631

¹⁷ Q. Royal Mail delivers letters to any part of the UK at a single rate, whether the area is urban or rural. Which, if any, of the following are reasons why it is important to you that Royal Mail delivers letters at a single rate to any location in the UK? (Please select all that apply). Base: 1,118

¹⁸ Q. Royal Mail delivers letters to any part of the UK at a single rate, whether the area is urban or rural. Which, if any, of the following are reasons why it is important to you that Royal Mail delivers letters at a single rate to any location in the UK? (Please select all that apply). Base: 1,118

¹⁹ Q. Royal Mail delivers letters to any part of the UK at a single rate, whether the area is urban or rural. Which, if any, of the following are reasons why it is important to you that Royal Mail delivers letters at a single rate to any location in the UK? (Please select all that apply). Base: 1,118

²⁰ Ofcom, Connected Nations Scotland Report 2022:

https://www.ofcom.org.uk/data/assets/pdf_file/0033/249288/connected-nations-scotland.pdf

²¹ Q. Thinking about the last 12 months, have you had any problems with any Letter-related service? Base: 2,007

²² Q. Thinking about the letter-related problem, what did you do? (Choose all that apply) Base: 267

²³ Q. Thinking about the packages that you send and receive, how important are the following Royal Mail services to you personally? Base: 1542

²⁴ Q. Royal Mail offers for free several options to make delivery of parcels more convenient if no one is in to accept the parcel. Which do you prefer? You can pick up to 3. Base: 2,007

²⁵ Q. Royal Mail offers for free several options to make delivery of parcels more convenient if no one is in to accept the parcel. Which do you prefer? You can pick up to 3. Base: 2,007

²⁶ Q. Has Royal Mail ever left a parcel at your address in an insecure or poor choice of location? For example, in your recycling bin, hedge or in an insecure communal area? Base: 2,007

²⁷ Q. How severe or not was the impact on you from this? For example, you lost a parcel of significant value or were financially harmed from the loss of the parcel. Base: 311

²⁸ Ofcom to produce potential options for the future of the universal postal service:

<https://www.ofcom.org.uk/news-centre/2023/ofcom-to-produce-potential-options-for-the-future-of-the-universal-postal-service>