



**Consumer Focus
Post**

Campaigning for a fair deal

First Class mail... Next working day service?

Improving the First Class mail service between
Northern Ireland and Great Britain



About Consumer Focus Post

Who are we?

Consumer Focus Post is the postal consumer champion in Northern Ireland. Through campaigning, advocacy and research, Consumer Focus Post works to ensure a fair deal for all postal consumers in Northern Ireland.

Consumer Focus Post is part of the larger Consumer Focus organisation, which is a non-departmental public body of the Department of Business, Innovation and Skills (BIS), created by the Consumer Estate Agents and Redress Act 2007.

What are our goals?

Consumer Focus Post has four strategic goals, which form the basis of our campaigning to help reduce consumer detriment for all postal consumers in Northern Ireland.

Access – to ensure postal consumers in Northern Ireland have reasonable access to mail and post office services

Service – to engage with postal operators to improve the quality, reliability and efficiency of their postal services

Value – to ensure consumers receive a quality postal service which represents value for money

Sustainability – to work towards the sustainability of Northern Ireland's mail and post office services

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Aim of our research

A priority for Consumer Focus Post has been to evaluate the performance of mail services in and out of Northern Ireland – to establish the ‘connectedness’ of Northern Ireland’s social and business consumers with the neighbouring communities and economies in Great Britain and the Republic of Ireland.

In March 2010 we published our research findings regarding the standard cross-border mail service to and from the Irish Republic and made a number of recommendations about how that service can, and should, be improved.

This report describes a parallel piece of research into the performance of the First Class mail service between Northern Ireland and Great Britain. We chose to study First Class rather than Second Class mail because it is the service which consumers are likely to use for time-critical items and for which they are consequently paying a price premium. Both this research and the cross-border research were carried out for us by Ipsos MORI. The full report *Improving First Class mail services between Northern Ireland and Great Britain* can be downloaded from our website at: <http://consumerfocus.org.uk/g/4lv>

This introduction to the Ipsos MORI report:

- explains the context of the research
- discusses the main findings from the Ipsos MORI research
- outlines our conclusions based on that research
- makes recommendations to consumers, in the light of these conclusions, about how to obtain value for money in the way they use the postal services
- makes recommendations to Royal Mail and Postcomm on improving the mail service and the relevant performance monitoring statistics which are published under the terms of Royal Mail’s licence

By publishing this introduction and the full Ipsos MORI report, we hope to stimulate discussion among Northern Ireland’s social and business users and other stakeholders about the postal services they need and the postal services which are currently provided by Royal Mail under its licence issued by the Regulator, Postcomm. This is of particular importance in a year when all aspects of the Universal Postal Obligation (USO)¹ operated by Royal Mail are under review.

¹ The Universal Service Obligation (USO) is the requirement under the terms of Royal Mail’s licence to provide a mail collection and delivery service, six days a week, to every domestic and business address in the United Kingdom, at a uniform and affordable price. The range of mail products included in the USO, the balance of charges applied across those products and other factors like collection and delivery frequency and delivery performance targets are reviewed periodically. Postcomm is currently carrying out such a review and will be consulting publicly on its recommendations in 2011.

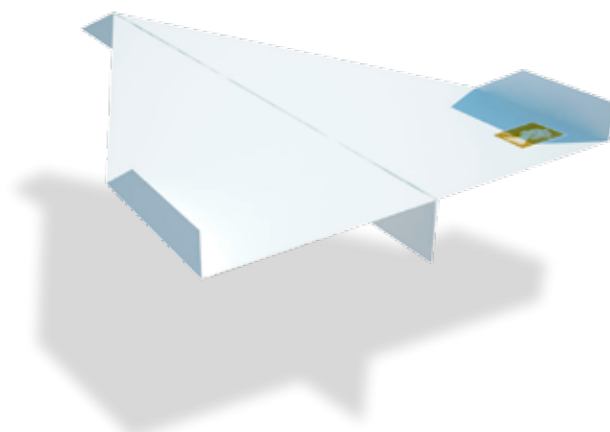
Introduction

Importance of mail

Although the volume of mail handled by Royal Mail has experienced a decline in recent years due, largely, to a combination of the digital revolution and the economic downturn, the postal service remains an important means of communication for private individuals and business consumers within Northern Ireland, at local, regional and international levels.

Of particular importance are the services provided by Royal Mail under the USO, which include a postal service every weekday and Saturday to every household and business in the United Kingdom, at a uniform and affordable price. And of these USO services the First and Second Class mail service are the most significant for social consumers.

In 2008/09 Royal Mail transported nearly 25.5 million items of mail from Northern Ireland to Great Britain and over 42.8 million items from Great Britain to Northern Ireland². Industry estimates³ suggest that approximately 90 per cent of this is likely to be business-related mail – either business to business or business to customer, or customer to business – with the balance comprising correspondence between private individuals, especially friends and family.



While private sector operators in the competitive mail market have made significant inroads into the business mail volumes carried by Royal Mail, and Royal Mail has a range of products aimed exclusively at the business mail market, the First and Second Class mail services retain a high degree of importance. This is especially the case for the elderly and financially disadvantaged, those living in rural areas and those with difficulty accessing electronic forms of communication. Indeed, a survey⁴ of domestic mail usage we carried out earlier this year found that 48 per cent of Northern Ireland customers send between one and five items of mail per month; and 19 per cent send more than five items per month.

² Figures derived from statistics supplied by Royal Mail in response to an information request.

³ Eg Hooper Report *Modernise or Decline – An Independent Review of the UK Postal Services Sector* December 2008.

⁴ Annual Survey of NI Mail and Post Office Services – 2010. Survey carried out for Consumer Focus Post by ‘Perceptive Insight’ Market Research (Not yet published).

Royal Mail's First Class mail performance obligations

Under the terms of its licence, Royal Mail is obliged to meet national quality of service standards covering a wide range of products, including First and Second Class mail, Special Delivery and certain bulk mail services. For First Class mail the current minimum performance standards are as follows:

- at least 93 per cent of all retail First Class mail, UK-wide, to be delivered the next working day after posting
- for every postcode area (excepting the three Scottish Islands postcode areas) at least 91.5 per cent of all retail First Class mail to be delivered the next working day

There are currently no figures publicly available regarding the performance of Royal Mail in delivering First or Second Class mail between postcode areas, that is, net of mail posted and delivered within a postcode area. Since all of Northern Ireland is contained within one postcode area (the BT postcode area) such a performance measure would provide a useful indicator of the performance of the mail service between Northern Ireland and the rest of the United Kingdom.

First Class mail service between Northern Ireland and Great Britain

Prior to the research, Consumer Focus Post had evidence of customer complaints to its predecessor, Postwatch Northern Ireland, suggesting that the First Class mail service performance between Northern Ireland and Great Britain was not always consistent.

- Figures published by Royal Mail indicate that performance in the BT postcode area (combining both inbound mail and mail generated and posted within the BT postcode area) fluctuates from quarter to quarter, but performance overall for the BT postcode area over recent years has been good and improving. For the performance year 2009/10, 92.8 per cent of First Class mail was delivered within target, the third best of all 121 UK postcode areas
- However since mail posted within Northern Ireland comprises a large proportion (69 per cent⁵) of all mail delivered in the province then it is possible that the high volume of relatively short distance local mail might mask a pattern of lower performance for mail inbound and outbound to and from other parts of the United Kingdom
- It is also possible that mail to and from 'mainline' destinations in Great Britain (such as Manchester, Glasgow or London) might mask a pattern of lower performance between 'branchline' destinations (such as Bangor NI to Bangor Wales; Newry to Inverness; or Omagh to Exeter)

⁵ Figure derived from statistics supplied by Royal Mail in response to an information request.

The aim of our research, therefore, was to measure the performance of the First Class mail service in both directions between a number of points in Northern Ireland and Great Britain and to establish the extent to which it conforms, overall, to the nationally-advertised and regulated average minimum performance standards.

The national standards do not, of course, differentiate between nations or regions of the United Kingdom, with the exception of the postcode areas covering the Northern and Western Isles of Scotland which are explicitly excluded. Consequently, it seems reasonable for customers to expect Royal Mail to ensure that the way mail flows between all parts of the United Kingdom is consistent and in line with the UK-wide minimum performance standard. If this is not the case, then customers should be given realistic expectations of when their mail will arrive – especially in cases where it is time-critical, such as bill payments and greetings cards.

The research methodology

The fieldwork for the research involved a mailing exercise comprising 2,400 items of First Class mail being posted between Northern Ireland and Great Britain, from 30 posting locations in Northern Ireland and 60 posting locations in Great Britain. Senders and recipients were geographically spread across Northern Ireland and the regions of Great Britain. The fieldwork took place over a six week period from 25 January to 6 March 2010.



Summary of Ipsos MORI research findings

The Ipsos MORI research findings⁶ are summarised as follows:

- The average delivery time for First Class mail travelling between Northern Ireland and Great Britain is considerably below Royal Mail's overall UK target, as set out in its licence, of delivering a minimum of 93 per cent of First Class letters within the next working day
- The average delivery time for First Class letters sent between NI and GB is 1.26 working days. Only 80 per cent of letters arrive at their destination on the next working day if the date of next collection is counted as the date of posting⁷, while 96 per cent of First Class letters arrive within two working days
- There is no significant difference in performance relating to the direction in which mail is sent (average time 1.27 days NI to GB, versus 1.25 GB to NI)
- Royal Mail's delivery times are slowest for post sent from County Down (1.42 days average delivery time) and Belfast (1.29 days). For post sent from England, delivery times are slowest from the East Midlands (1.61 days)
- Whether or not a letter is delivered the next working day depends strongly on the time of day it is posted. If one disregards stated last collection times (and they are not accurately indicated on many postboxes), the percentage of letters arriving the next working day drops to 60 per cent if a letter is posted between 3pm and 5pm, and to 24 per cent if a letter is posted between 5pm and 7pm
- There are no significant differences in speed of delivery for post sent from either urban or rural areas in Northern Ireland to Britain, if the date when the next collection takes place is taken as the date of sending in calculating the delivery time
- However, rural consumers are disadvantaged because, on average, last collection times in rural areas are earlier, reducing considerably the likelihood that a letter posted in the (late) afternoon will be delivered the next day. For example, when mail is sent between Northern Ireland and Great Britain, 47 per cent of letters posted between 5pm and 6pm reach their destination within the next working day if posted from urban areas, compared to only 28 per cent from rural areas. This drop in performance in rural areas is more significant if a letter is posted from NI when compared to letters sent from GB
- Royal Mail's performance is not consistent and it varied across the fieldwork period. For instance, 68 per cent was delivered within one working day in the week commencing 1 March compared to 85 per cent delivered in the week commencing 25 January. This cannot be explained by the daily list of 'service disruption' notifications released by Royal Mail on its website over the period of the survey

⁶ Section 6, page 25 of the Ipsos MORI report.

⁷ The methodology used by Royal Mail and Postcomm in assessing performance against targets set as part of Royal Mail's licence conditions.

Our conclusions

Transparency of service performance

Royal Mail advertises its First Class mail service as a 'next working day' delivery service. Under its licence conditions it has a performance standard set by the Regulator, Postcomm, of a minimum of 93 per cent of all First Class mail, nationally, being delivered the next working day after posting.

The Northern Ireland mail service consumer is, in our view, likely to interpret this quality of service as being general, and not qualified by geographical limitations, other than those specifically mentioned in the licence (the Northern and Western Isles of Scotland) – and that it will apply equally to all First Class mail to and from, say, Greater London, the English Midlands, the Scottish Lowlands just as it will to mail sent within Northern Ireland. There is certainly nothing in Royal Mail's publicity material to contradict this expectation.

But the study carried out on our behalf by Ipsos MORI shows clearly that this is not the case. With only 80 per cent of mail in our survey being delivered the next working day, the First Class mail service between Northern Ireland and the rest of the United Kingdom falls substantially below the national performance benchmark, with one in five mail items failing to meet the target minimum.

A similar reduction in performance with increasing distance may apply to mail travelling longer journeys between other parts of the United Kingdom, but further studies would be needed to explore this.

Performance monitoring

Under the terms of its licence, Royal Mail is required to maintain an independent audit of its mail performance in relation to its regulatory performance targets. It would be helpful to consumers if the published performance measures specified by Postcomm, and measured through the independent audit, could include postcode area to postcode area performance monitoring, thus enabling the true end-to-end timescales of particular mail journeys across the United Kingdom to be identified.

Our study suggests that there may be particular mail flows within the United Kingdom, over and above the Scottish Islands exemptions, that rarely, if ever, meet the 'next working day' standard. Equally, consumers have both a need, and a right, to know if their service expectations in relation to any particular destinations are unlikely to be met.

Impact of early last collection times

In recent years Royal Mail has brought forward collection times at many post boxes, particularly in rural areas to the west of Northern Ireland. The justification for this, in many instances, has been to ensure that mail posted at those boxes can be gathered in and processed at the Northern Ireland Mail Centre at Mallusk early enough for that mail to meet the UK First Class mail performance targets.

This does have the advantage for First Class mail consumers of making it clear, as long as they are aware of the time of the last collection, by what time they must post a letter for it to have a reasonable chance of being delivered next working day. However, it also obscures the real end-to-end timescale for mail posted after the last collection time – which may in some places be as early as 2pm. For these letters a second working day delivery timescale is almost inevitable – and given the average timescales revealed in our survey, a three working day delivery schedule is a definite possibility. Mail consumers in rural areas are, consequently, subject to considerable service detriment.

A further source of service confusion for consumers is that, in some rural areas, postbox tabs⁸ indicating the day of the next collection are either not present, or not in every instance being changed over, raising false expectations of next day delivery for those posting after the last collection.

Value of the First Class mail cost premium

The First Class mail service is marketed by Royal Mail as a ‘next day’ delivery product. For this, for a standard letter they charge a substantial premium of 9p over their Second Class ‘third working day’ product, representing a 28 per cent uplift in price⁹. This is a considerable extra cost for a financially disadvantaged resident in, say, a rural area, at Christmas time when greetings cards are being posted, or for a small or medium-sized enterprise carrying out a mail-shot.

For mail that is not time-sensitive (which is possibly most mail) it would make sound financial sense for both social and business customers to consider migrating to the Second Class mail service.

⁸ The postbox tab is a small rectangular metal disc located in a slot in the front of a postbox which indicates when the next mail collection will take place. The disc is changed as necessary by the Royal Mail staff member collecting mail from that box.

⁹ The current cost of a First Class stamp for a standard letter is 41p; for a Second Class stamp it is 32p. The price differential increases for Large Letters and Packets and by bands of increasing weight.

Our recommendations

- In addition to the current published performance information, **the Regulator, Postcomm**, should require Royal Mail to monitor and publish postcode area to postcode area performance figures (ie subtracting mail which is both posted and delivered within each postcode area) to ensure transparency on delivery times for First Class mail, whether local or over longer distances¹⁰. Similar statistics should be made available for Second Class mail
- **Royal Mail** should urgently review its logistics to ensure that First Class mail sent between Northern Ireland and Great Britain (and between all other parts of the United Kingdom generally) conforms to the United Kingdom national performance target
- **Postcomm** should review the practice by Royal Mail of moving last postbox collections to an earlier time of day, thus enabling performance targets to be more easily reached, and consider whether, under the Universal Service Obligation, there should be a limit set on the earliest permissible last collection time at all post boxes
- **Royal Mail** should ensure that collection tabs are in place at all postboxes and that their collection staff change the last collection tab at every postbox, so that customers have a clear idea whether their mail will be collected on the day of posting or the following day
- **Consumers** should make sure they are aware of last collection times at their local postboxes and ensure they post earlier if the item is time-sensitive (like bill payments and greetings cards)
- If items are not time-sensitive (and perhaps most are not) **Consumers** should consider using the Second Class mail service, which is no less reliable than First Class mail and substantially cheaper



¹⁰ Royal Mail does collect these statistics for internal management purposes, but uses a methodology different from the one used in our survey which indicates a better performance for mail between NI and GB.

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