



**POSTCOMM: REVIEW OF ROYAL MAIL'S COLLECTION AND DELIVERY TIMES
JANUARY 2007**

Introduction

The Federation of Small Businesses (FSB) is the UK's leading non-party political lobby organisation existing to promote and protect the interests of all who own and/or manage their own businesses in the UK. With 200,000 members, the FSB is also the largest group representing the interests of UK small businesses and the self-employed.

The FSB welcomes the opportunity to respond to Postcomm's consultation on Royal Mail's collection and delivery times. It is hoped that you will find the comments useful.

The questions have been answered by a variety of members across the UK and also include figures from the FSB's postal survey, conducted in October 2006, where appropriate.

Collection Times

1) What are the most important elements of the collections postal service for you and/or your business?

The most important elements of the collections postal service for small business are reliability and consistency in collections. In practice, this means that the times for collection on the postbox must be accurate. In addition, the timing of collections is



also important for the smooth running of a small business – collections after the close of business are the most suitable.

2) What are your essential needs (either as a sender and/or recipient of mail) for collection times?

According to the FSB's report on postal services, 48% of members state that their post arrives later since the introduction of Single Daily Delivery (SDD). Although 40% of members receive post before 10am, essential needs were almost unanimously earlier delivery times coupled with later collection times. More than one collection per day and the convenient location of the postbox were also cited as essential needs for a small business.

3) Have you noticed any change in your collection times over the last two years? Has this had any effect on you or your business (if it has, please explain how)?

Earlier collection times seem to be occurring with greater frequency. In addition, the number of collections made appears to have reduced. Urgent mail that misses the collection time has to be taken to the nearest post office (this costs the business time and money).

4) If collection times are brought forward at your nearest post box, would you be able to make use of other collection points (post boxes near where you live, near your work etc) that have later collection times? If not, please explain why.

This very much depends on whether the business is located in a rural or an urban area. For urban areas, other collection points are available in the vicinity, including the local post office. In the case of rural businesses, this answer changes, because the use of other collection points is limited and any additional journey to reach a collection point can be lengthy. In the words of one member; *"our village location has only one box, in a very convenient situation. Anywhere else would result in the necessity for a car journey. This becomes even more*

undesirable when you consider dark winter evenings and the safety of staff making the journey”.



5) How important is it for you to be able to respond to mail on the same day that you receive it?

The majority of respondents to this consultation stated that it was crucial to be able to respond to mail on the same day that it is received. It is already known that 88% of small business send mail every day and 84% receive mail everyday. From a financial perspective, 69% of small businesses send invoices through the mail and 59% use the postal system to pay bills. 51% of small businesses send between 75%-100% of bills and invoices through the post. The importance of the postal system in aiding the smooth running of a small business from a financial perspective should not be underestimated. In addition, members also cited use of the postal system as an important way of “meeting legal deadlines” and “to avoid losing money”.

6) Would you be prepared to pay more for a guaranteed collection time of no earlier than 530pm? What would you consider to be an acceptable increase in the price of a first class stamp for this collection time?

Paying more for a guaranteed collection time of no earlier than 530pm was not acceptable to the majority of small businesses. It was noted that the price of a first class stamp had already increased recently with little obvious improvement in the service received – the most the price should increase to ensure a better service is 1p or 2p. In the words of one member; *“Of course not. Royal Mail plc needs to employ and implement a much more secure, effective and fast mail delivery system with less money and less resource, by training and employing new computerized systems. This is what small businesses across the UK have to do every year to survive and improve, and I therefore expect it of Royal Mail”.*



- 7) Would you expect to pay less for earlier collection times? What would you consider to be a reasonable decrease in the price of a 1st class stamp for this collection time?**

No business expected to pay less for earlier collection times and did not wish this kind of policy to be introduced. However, the words of one member put the general feeling succinctly: *"In reality, if a business cannot rely on reasonable collection times - as has been the case in the past - and has no reasonable guarantee of mail being delivered the following day - they should not expect to pay more than the cost of second class postage. The bottom line however is that there should be no further erosion by Royal Mail of its present collection times"*.

Delivery times

- 8) What are the most important elements of the delivery postal service for you/and or your business?**

The most important elements are: an early delivery time (preferably by 9am), consistency and reliability. Small businesses therefore need the same elements from delivery as they do from collection times when it comes to the postal system.

- 9) What are your essential needs (either as a sender and/or recipient of mail) for delivery times?**

The most oft-cited need was early delivery. Some members sending parcels, and using the post office frequently, would welcome more innovative solutions when it comes to sending and receiving parcels (eg: not every post office is able to offer collection of parcels at the moment).

- 10) Have you noticed delivery times changing since the implementation of Single Daily Delivery? Has this had any effect on your business (if yes, how)?**

Federation of Small Businesses



48% of small businesses have experienced mail arriving later since the introduction of Single Daily Delivery (SDD). In addition, small businesses have noted that delivery times have been erratic on occasion. 31% of small businesses consider that the service they receive has worsened in the years following SDD, but this percentage rises to 65% when assessing the businesses that have experienced later mail arrival as a result of SDD (from the 48% quoted above).

The effects on the business are that it delays receipt of urgent and time-sensitive items and generally inconveniences businesses, particularly the type of business that needs to deal with formal authorizations. Erratic receipt of mail costs a small business time and money.

11) If you are a small business customer, would you be prepared to pay more for a guaranteed delivery time of no later than 9am? What would you consider to be an acceptable increase in the price of a first class stamp for this delivery time?

The majority view was that paying for a guaranteed delivery time of no later than 9am was not acceptable. However, the businesses that would consider paying more to receive post earlier felt that again, only an increase of between 1p and 2p would be acceptable.

12) Would you expect to pay less for later delivery times, for example, 2pm deliveries? What would you consider to be a reasonable decrease in the price of a 1st class stamp if deliveries are made at this time?

Small businesses fall into two camps on this issue: there are some businesses that would not want such a late delivery, and therefore would not be interested in paying less for such a service. Other businesses felt that this would be acceptable, with the price decrease of a first class stamp varying from a 50% reduction in price to just 1p.



General

13) What is more important to you/your business: the time of collection and delivery or the consistency of the time?

Businesses need consistency and reliability in the times of collection (the later the better) and delivery (the earlier the better).