

Key Findings of Postcomm's Market Research

The results of the survey revealed high customer satisfaction with the quality of postal services.

- These results included high satisfaction with the frequency and time of collections and deliveries, affordability and access to post boxes.
- Less than 10 per cent of respondents stated dissatisfaction with Royal Mail.
- The majority of customers perceive postal services as good value-for-money.

Customers were also satisfied with final collection times and delivery times.

- This indicates that the changes Royal Mail has made have not had a widespread negative impact on customers.
- The results also indicated that reductions in the quality of service of collection and delivery times that customer's experience (for example, 9am final collection times) would be likely to meet widespread opposition from residential and small to medium sized (SME) business postal users.

A six day collection and delivery service was valued by respondents

- However, when asked respondents to choose which day of the week collections and deliveries were needed the least, a high percentage of respondents responded with Saturday for both.

Post is a 'low involvement' product with low awareness

- The relative importance of different service features differ only slightly which shows that post is a low-involvement product.
- For example, price ranked almost equally important to all other service features such as the consistency, time and frequency of collections and deliveries.
- This is unusual when compared to other utilities such as gas and electricity in which price is ranked as more important than other service feature.
- Only 25% of residential customers knew the cost of a 1st class stamp, and 7% the cost of a 2nd class stamp.
- 50% of SMEs knew the cost of a 1st class stamp, and 28% the cost of a 2nd class stamp.
- 70% of all respondents knew that 1st class mail aims to deliver the next working day, whilst 35% knew that 2nd class mail aims to deliver within three working days.

Customers will generally send more electronic mail and less physical mail in the future

- Approximately 50% of respondents stated they would send more electronic mail in the future.
- Approximately 35% of respondents stated they would send less physical mail in the future.

The importance of the Universal Service was confirmed

- The importance of the universal service obligation, and each of its features, was fully confirmed through the research, although customers have not generally heard of the term 'universal service obligation'.

Regulatory response

The high satisfaction with postal services indicate that ensuring the current service levels do not deteriorate to the unacceptable levels identified in the research, such as 9am final collection times, would be of more value to customers than improving the current service levels.

As such, Postcomm has secured Royal Mail's agreement that the company will examine further customer needs in all areas with a morning final collection time. Other elements of the market research are being used to inform Postcomm's Strategy Review.

Process and objectives of the research

Between September and December 2006, Roland Berger Strategy Consultants and independent market research company Synovate, undertook a customer survey to understand the needs of postal users, specifically in relation to collection and delivery times, on behalf of Postcomm, Postwatch and Royal Mail.

Residential and small and medium sized businesses (SMEs) postal users were targeted for the research and covered representatively. The sample also included a robust and representative sample of vulnerable, rural and urban postal users.

In order to establish customers' needs, the market research incorporated a technique called conjoint analysis which was used to measure respondents' relative preference for different service levels, for example, frequency and time. Utilities for different price levels were also measured. Using price as a common denominator, the research was able to calculate relative willingness to pay for increased or decreased service levels, and willingness to accept changes in service levels.

Postcomm has used these results to compare customers' preferences for different service levels rather than to estimate whether postal prices should change as a result of different service levels.

For more information

- www.psc.gov.uk – Postcomm's website, for further information on all aspects of the postal market, including UK and international market reports.