

Findings from qualitative research into the national need for communication and distribution services

**Prepared by The Research Perspective Ltd on behalf of
The Commission for Communications Regulation
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Scope of the research

- ❖ The objective of the research was to provide ComReg and its stakeholders with a qualitative in-depth assessment of
 - ❖ The national need for communication and distribution services, the extent to which these needs are currently being met by the postal sector,
 - ❖ The opportunities for postal service providers to better meet these needs by offering new innovative products and services, and
 - ❖ The extent to which the universal service is important. Included both the universal postal service and the broader set of postal services (letters, packets, parcels and direct mail).
- ❖ The research used qualitative research techniques to capture customer experience and perspectives directly from the customers of these services with a focus on specific service experiences. The approach taken is *user-driven* and *issue-oriented* in line with EU Commission evaluation standards.
- ❖ The findings of this research should be considered within the context of the obligations on national postal service providers and regulators mandated by the EU sector specific Directives, as well as non-sector specific legislation of the European Acquis.

Methodology

- ❖ The research used qualitative research techniques to capture customer experience and perspectives directly from the customers of these services with a focus on specific service experiences.
- ❖ Included both residential customers and organisational customers with representation from SME, large business, NGO and government bodies

- ❖ SME and NGO sectors research was conducted using focus groups structured to include full range of stakeholders and usage profiles across
 - NGO group included range from small niche to major charities
- ❖ Government and large businesses research was conducted using in-depth interviews
 - Government departments with significant communications load to other organisations and to general public
 - Government agencies with national and international direct mail (business to business and business to consumer)
 - Large businesses including regulated / unregulated industries and whole market / segmented

- ❖ Residential customer research was conducted using focus groups structured to include full range of stakeholders and usage profiles including representation of
 - Gender, age, family status
 - City, town and rural residents
 - Different levels of receiving mail to reflect the national proportions
 - Users of e-billing and mail order

Role of postal service within the communications mix

Evaluating the place of postal services in the communications pipeline

- ❖ Background
 - ❖ Over the last ten years, there has been a significant increase in the range of communication services available and widely adopted by both residential and organisational customers
 - Email and texting have become pervasive; recently social networking services have emerged as popular services among residential consumers
 - ❖ Total volume of communications has increased but the role of postal services is perceived as diminishing

- ❖ The objectives of this component of the research were
 - ❖ To determine where post retained unique attributes or shared attributes with other communications channels
 - ❖ To identify any trends in the use of different communication services and in uses of categories of postal service (letter, parcel/package and direct mail)

- ❖ The research addresses this issue through
 - Direct assessment of the attributes of different channels in communication and strengths and drawbacks of each channel: *“What would you use texting for? ... “What is texting good for/not good for?”*
 - ❖ Direct and indirect assessment of the value of post in common processes: *“If you were making a complaint how would you do it?”*

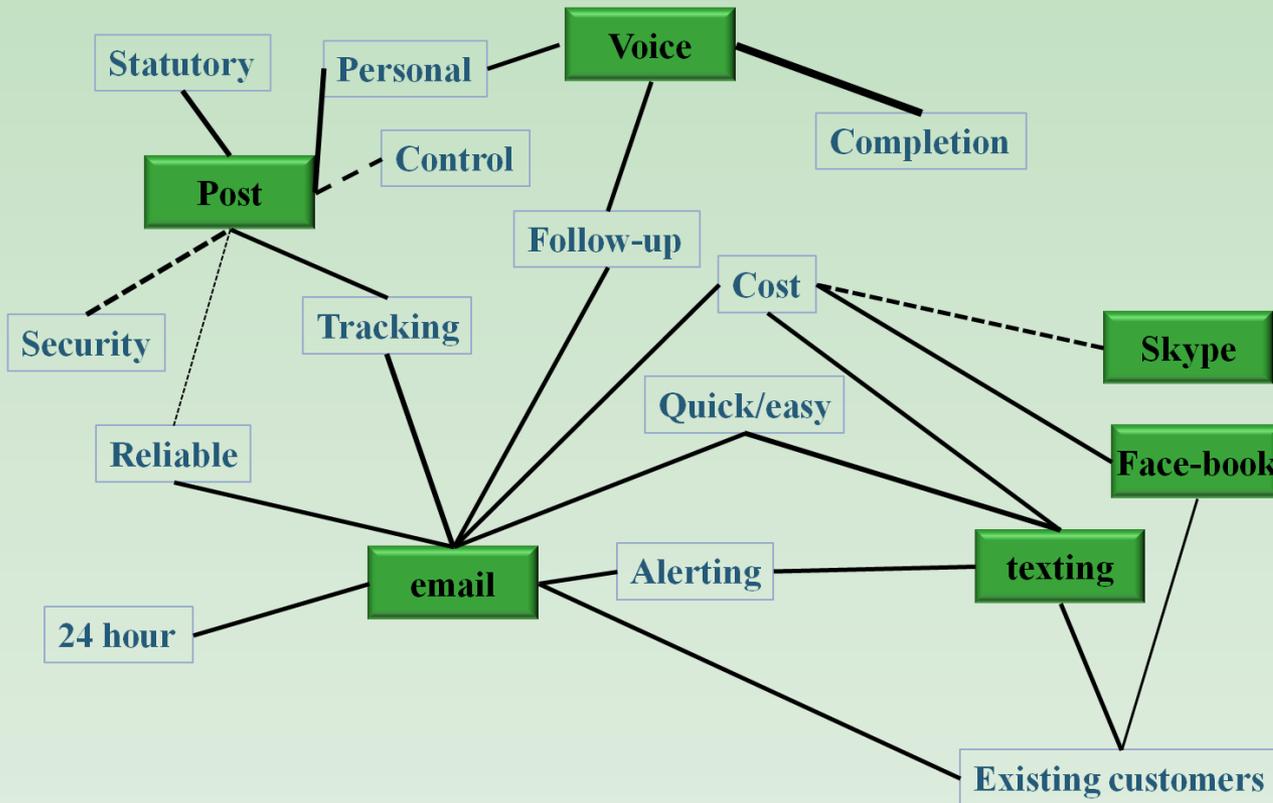
Attributes associated with communications services by organisational participants

- ❖ Research identified a number of attributes which organisations associated with communications services
- ❖ These associations influence the communication services which will be used for specific communication activities

Attribute	Description
Statutory	Legal requirements compel use of specific communication services (postal services) and over-rides any other attribute where it applies.
Personal	Associate characteristics typical of personal communications and typically lacking from mass communication such as effort and care put into the communication
Control	Ability to retain control over the receiver's experience including physical appearance, packaging and overall presentation of communication
Security	Guarantee of tamper-proof delivery
Reliable	Guarantee that communication will reach intended recipient
Tracking	Evidence of delivery and ability to determine when delivery has occurred or where failure has occurred
24 hour	Access to and acceptability of communication service 24 hours a day.
Follow-up	Following up a previous communication (which was typically sent using another communications service) in order to remind or reinforce the communications
Alerting	Communication with strong time critical aspects and typically limited content
Quick/easy	Quick and easy to initiate the communication due to availability of service or ease of use of the service
Cost	Low perceived cost per unit of communication ¹
Completion	Ability to complete a transaction with the other party during the communication
Existing customers	Service deemed effective for communication with existing customer connections

Note 1: participants' evaluation of cost associated with electronic communications did not include capital costs. This reflects the lack of linkage between the cost and the level of usage and the use of the equipment for other purposes apart from external communication.)

The organisational communication mix: Attributes of communication services



Key:

- Solid green boxes represent communication channels
- Blue text in blue square represent potential positive attributes of channels
- Lines represent associations between channels and attributes
- Thickness of line represents strength of association
- Broken lines represents an association which does not apply to the whole population

- ❖ The general transition to electronic communication among organisational customers is driven by
 - ❖ availability of, ease of access to electronic communication services and the perceived cost advantage
 - ❖ transferral of key customer associations of letter post to email (*reliable* and *tracking*).

Key attributes of letter post for organisational customers

- ❖ Barriers remain to the general transition to e-communications away from letter post and which sustain usage:
 - ❖ Statutory or regulatory requirements which mandate physical delivery of communications
 - ❖ The lack of universal access to electronic communications which limits the ability of larger organisations or NGOs focusing on the mass market to transition to electronic communications.
 - ❖ The attributes of physical delivery uniquely inherent in postal services.

Aspects of letter post sustaining usage

Aspect	Commentary
Respect	The use of post denotes additional effort reflecting respect and significance of communication
Impact	Trust that the communication will reach its intended recipient and be considered
Controlability	The sender has complete control over the visual and tactile form of the communication

- ❖ The three aspects of letter post sustaining usage, uniquely inherent in the physical delivery of communications, will remain for the next few years
 - ❖ The superior controllability associated with letter post over electronic alternatives derives from a combination of the limitations of electronic communication services and the physical characteristics of postal delivery. In the case of the technology limitations, these cannot be assumed to last indefinitely but should sustain for five or more years.

General findings on organisational use of postal services

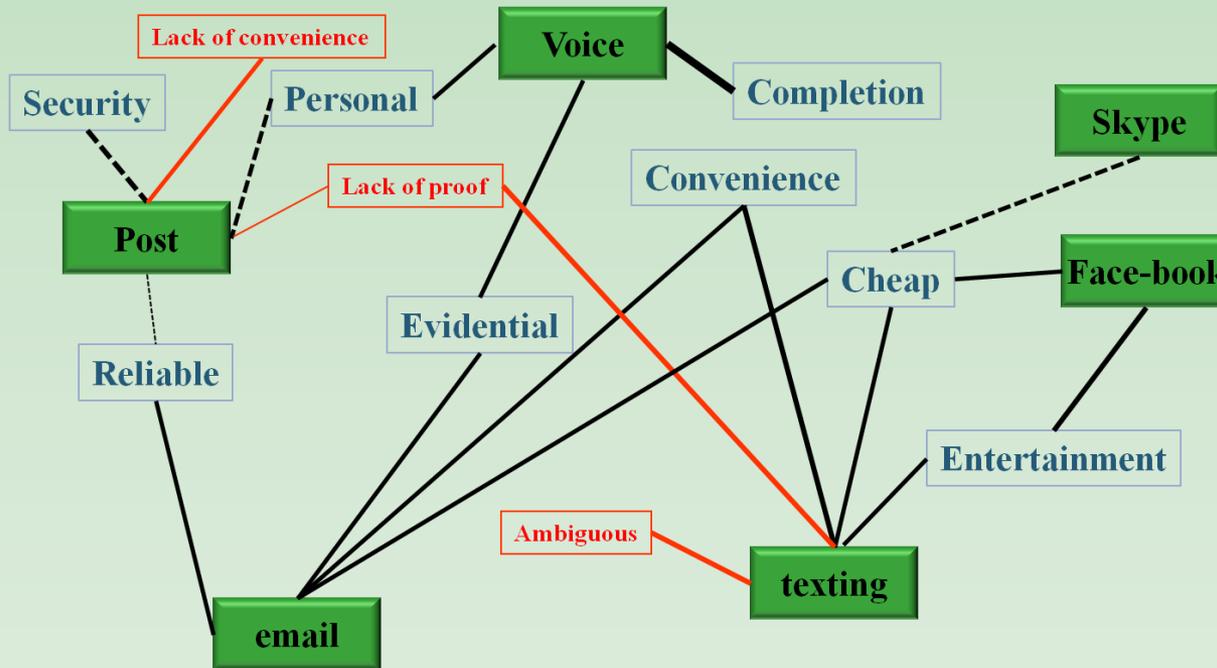
- ❖ Parcel/packet post
 - ❖ Smaller organisations rate the current service provided by An Post as not customer friendly.
 - The barriers to use of parcel post are often related to a lack of awareness of current services
 - Specific issues exist with An Post's current parcel service offering related to use of post offices or requirement to pre-register in order to schedule collection services, and lack of a dedicated service area for postal services within post offices
- ❖ Addressed direct mail and Unaddressed mail
 - ❖ Remains important for larger organisations and NGOs engaged in fund raising
 - ❖ Continued use is driven by assessment of cost effectiveness over electronic direct mail and barriers associated with opt-in requirements for email lists
 - ❖ SMEs prefer electronic communication due to current cost constraints
 - ❖ NGOs engaged in fund raising because of the key attributes of letter post (*controllability, impact and conveying of respect*)
- ❖ Current experience of postal services among SMEs and NGOs has lowered expectations of potential improvement from increased competition
 - ❖ This assessment based on their awareness of and use of competitors to An Post for parcel and Direct mail services
 - ❖ Perception that the larger service providers are not interested in servicing small organisations and only a small number of service providers provide specialist services continuously (such as delivery of products requiring special handling).

Attributes associated with communications services by residential participants

- ❖ Research into the residential communications mix followed the same approach as that used for the organisational communications mix.
- ❖ The research identified a number of attributes which individuals associated with communications services
- ❖ These associations influence the communication services which will be used for specific communication activities

Positive attributes	Description
Evidential	Use of proof of communication to demonstrate compliance of requirement such as to return form or to make a payment
Personal	Associate characteristics of personal communications such as effort and care put into the communication
Security	Guarantees of tamper-proof communication
Reliable	Guarantee of delivery
Convenience	Ease of access and ability to integrate it into 'everyday life'
Cheap	Low perceived cost per unit of communication
Completion	Ability to complete the transaction during the communication
Entertainment	Used for additional communication, outside of personal business need
Negative attributes	Description
Lack of convenience	Difficulty associated with accessing the service
Lack of proof	Lack of evidence of delivery and deniability of communication by the other party
Ambiguous	Inherent risk of ambiguous communication

The residential communication mix: Attributes of communication services



Key:

- Solid green boxes represent communication channels
- Blue text in blue square represent potential positive attributes of channels
- Red text in red squares represent potential negative attributes of channels
- Lines represent associations between channels and attributes
- Thickness of line represents strength of association
- Broken lines represents an association which does not apply to the whole population

- ❖ As with organisational customers the general transition to electronic communication among residential customers is driven by
 - ❖ availability of and ease of access to electronic communication services
 - ❖ transferral of key customer associations of letter post to email (*reliable* and *evidential*)

Key attributes of letter post for residential customers

- ❖ Unlike organisational customers, there are few barriers to the transition to electronic communications among residential customers
- ❖ The transition is reinforced by the transferral of the key attributes of post to email which would have sustained post in the past
- ❖ The characteristics of physical delivery retaining value for residential customers match those that retain value for organisational customers and lead to identification of post as a added-value communications service
 - ❖ These do not transfer to all postal communication (such as bills or statements)
- ❖ In general, uses of postal services which are centred on the physical properties of letter post are seen as more resilient.
- ❖ Efforts to encourage usage should focus on this aspect of post and address negative association related to lack of convenience.

General findings on residential use of postal services

- ❖ An increasing proportion of residential customers do not send post except in response to a specific incoming communication
 - ❖ The research estimated that the proportion of the residential customer population still regularly sending letter post at 20%
- ❖ For the minority of residential customers who send post, letter postal services retain strengths over electronic alternatives: control over presentation and greater impact
- ❖ The main focus of residential customer interest in postal service use is now the delivery of parcels
 - ❖ However, this service was considered less satisfactory in urban areas due to difficulties associated with initial delivery and subsequent collection of undelivered parcels from collection points which are perceived as hard to reach with inconvenient opening hours.
 - ❖ The minority of residential customers interested in sending parcels perceive the lack of dedicated service area for postal services in post offices as a general barrier to increased use.

The universal service: Assessment of current provision and needs

The universal service

- ❖ The universal service is the set of services and qualities of service provided in the public interest
- ❖ The 2002 Regulations confirm that^[1] *‘Users at all points in the State shall enjoy the right to a universal service (“universal service”) involving the permanent provision of a postal service of a specified quality and, subject to Regulation 9(1), at affordable prices for all users.’*
- ❖ The 2002 Regulations also confirm that at a minimum there should be:
 - ❖ One collection from appropriate access points and one delivery to all addresses
 - ❖ Every working day (at a minimum 5 days a week) in respect of postal Items up to 2 kg and postal packages up to 20 kg;
 - ❖ Services for registered items and
 - ❖ Services for insured items.

^[1] Statutory Instrument 616 of 2002 – European Communities (Postal Services) Regulations 2002

Assessment of current provision

- ❖ The letter post service specified within the universal service was deemed to be provided to a good standard by both residential and organisational customers
 - ❖ Among the minority of residential customers sending post and organisations with low usage, access to the service has perceived as being constrained due to difficulties associated with purchase of stamps

- ❖ In contrast, parcel post service was not highly rated due to issues related to both delivery and access
 - ❖ Delivery issues already identified associated with collection of undelivered items
 - ❖ Access to the parcel service at post offices due to lack of dedicated service counter

Assessment of needs for the universal service

- ❖ Key aspects such as the delivery to every address and the reliability of that delivery were deemed to be very important to both residential and organisational customers
- ❖ Other attributes of the current universal service as currently defined primarily address the requirements of larger commercial organisations and government bodies with an organisational need or legal requirement to communicate with the entire population as well as NGOs engaged in fund raising
 - ❖ For example among residential customers, a delivery every day was not deemed essential. In contrast among organisational customers, every day delivery is essential
 - ❖ Aspects such as the collection network of post offices and post boxes is essential for all customers with lower usage levels but not as relevant to those with high usage where post is collected from the premises
- ❖ The residential and SME customers in particular have less exacting requirements than currently specified in the universal service.

The future of postal services: Opportunities for postal service providers

Opportunities to increase use of postal services among residential and organisational customers

- ❖ Postal service providers must make it easier for both residential customers and more significantly organisations to access the services with measures such as
 - ❖ Improved availability of stamps, pre-franked postcards / envelopes, and for organisations improved support for payment either at point of collection or through online services
 - ❖ Improving awareness of currently available services and by making it easier to access postal services including.
 - ❖ Introduction of dedicated postal service counters within post offices will encourage greater use
- ❖ Increasing the volume of parcel post will require significant innovation in the delivery of parcels to overcome current deficiencies which discourage residential customers from using the service and hence the potential ecommerce.
 - ❖ Requires an expansion of the network of locations where undelivered parcels can be collected and improved opening hours.
 - ❖ Addressing these issues for residential customers will also unlock the potential of e-commerce to increase volume from both smaller and larger organisations

Opportunities to increase use of postal services among organisational customers

- ❖ Postal service providers could encourage increased usage with innovative business models based on banded usage
 - ❖ Current unit based pricing structure dissuades smaller organisations from increasing use of post
 - ❖ Fixed or banded pricing models are common with other communications providers and even among some niche postal service providers
- ❖ Premium characteristics of postal services will sustain the important role of direct mail among organisations requiring such a service for the foreseeable future.
 - ❖ However, postal service providers should recognise that electronic alternatives are attractive to organisations and will encourage additional use of direct mail by providing better integration of electronic and physical direct mail campaigns.

Innovation: New technology and postal services

- ❖ Research tested interest in novel postal services such as digital mailbox and hybrid mail
 - ❖ Customers use the *digital mailbox* to view their mail online. This removes the need for physical delivery of post through a combination of scanning of physical items by the service provider and the capability to integrate electronic mail such as digital copies of bills within the system
 - ❖ *Hybrid mail* spans a variety of different propositions within the concept that organisational customers' mail items are electronically transmitted to a third party service provider which prints, envelopes and dispatches them.
- ❖ The research found that these mail service innovations in their current format are unlikely to be widely adopted in Ireland among residential or organisational customers.
- ❖ The research identified an opportunity for innovation: to support organisations which wish to use mixes of postal and non-postal communication plans but struggle to manage the mix efficiently

Thank you

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