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Business Postal Services Survey

Presentation of Findings
By



Millward Brown IMS

March 2007

Presentation Outline

- Introduction
 - Methodology
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 - Sample profile
- Research Findings
 - Usage of Postal Service Operators
 - Postal Service Volumes
 - Postal Service Spend
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 - Incidence of Complaints





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Introduction

Methodology

- Telephone interviews were conducted with a sample of 600 businesses in the Republic of Ireland.
- Quotas were set for company size and region.
- The quotas on industry sector have changed slightly this wave to reflect wider changes in the distribution of employment in particular industry sectors. For example, the percentage of respondents from construction companies has increased.
- All interviews were conducted with the person in the company responsible for incoming and outgoing post and general dealings with the post office.
- Fieldwork was conducted from 12th October to the 13th of November 2006.
- Companies have been split into SMEs and Corporates where applicable in this report. The definitions attributed to these two subgroups were those with less than 100 employees and those with 100+ employees respectively.



Important Note: Change in Sampling - 2006

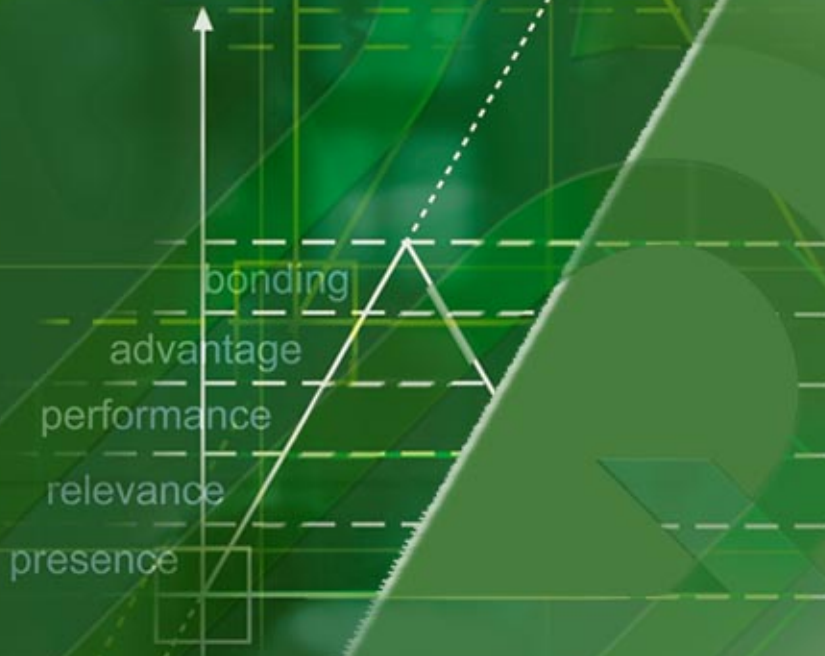
- Millward Brown IMS conducted the ComReg Postal Survey in Autumn 2005. As agreed at that time, the business classifications used were a repeat of previous classifications used, in order to remain consistent with historical data.
- These classifications were different to the standardised ISIC codes, as recommended by the OECD. It was decided therefore to revisit the data and reclassify all companies that partook in the 2005 survey, in order to examine the extent of the differences between the two types of methodologies.
- The measurements used to investigate the data were overall company profile, annual spend on postal services (with An Post) and estimated weekly volume of mail.
- Unsurprisingly there were differences, as individual companies were being reassigned into new industry sector categories. However, when actual volumes and spend were examined, the average spend and usage on postal services evidenced within these newly classified sectors occur largely in the same proportions to the old industry sectors
- Best practice dictated that ISIC codes should be used for this research, with the same company size distribution as used in the SME and Corporate research. The changes that we see in the data is recompensed by the overall sample being more reflective and representative of the Irish Business Universe





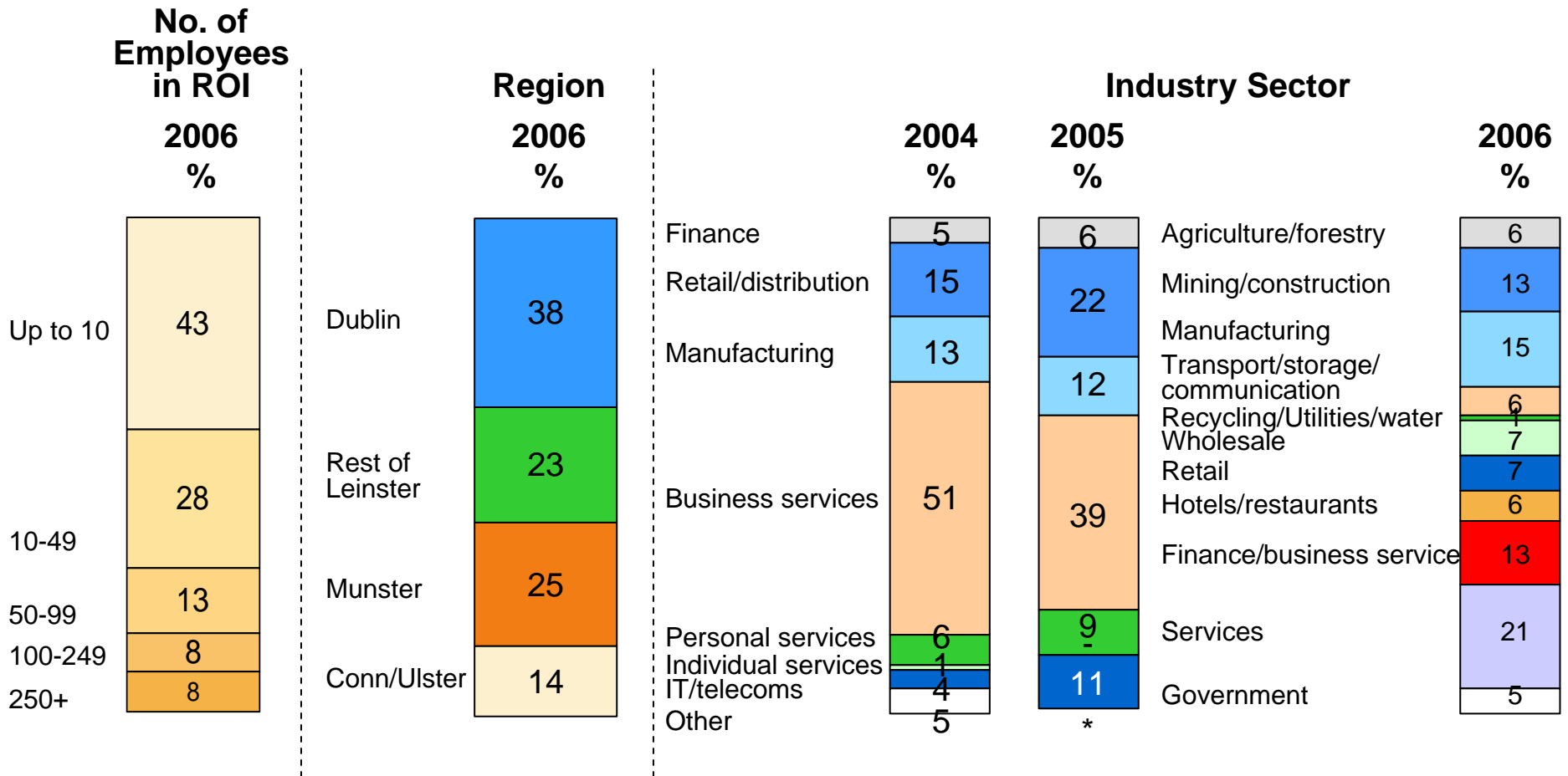
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Sample Profile

Company Profile



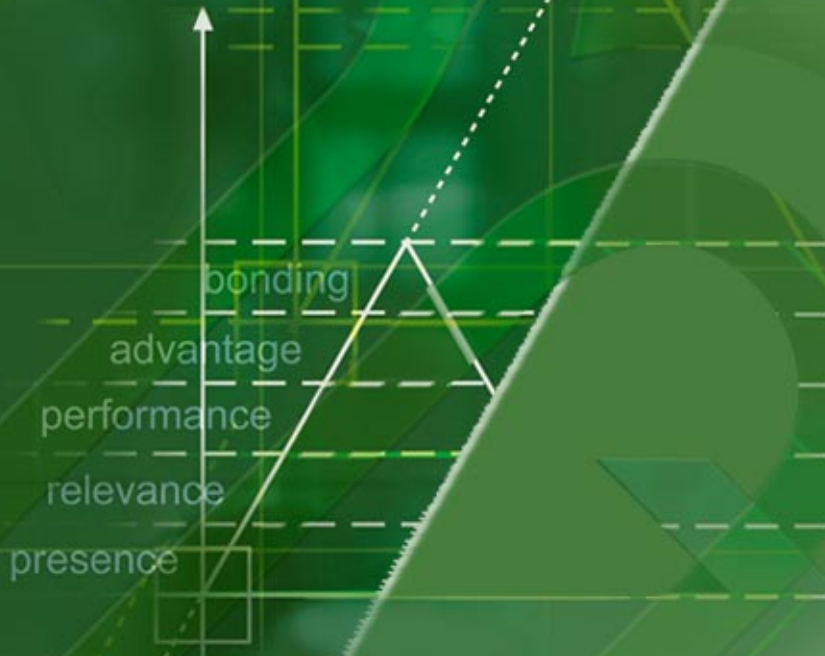
Base: All respondents (n=600)





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Usage of Postal Services Operators

Postal Services Used

Q. Which of these services does your business use?

	Total %	SMEs %	Corporates %
Letter post within the state	99	99	98
International letter post	51	47	74
Document Exchange	13	13	13
Other	2	1	3
Don't know	-	*	1

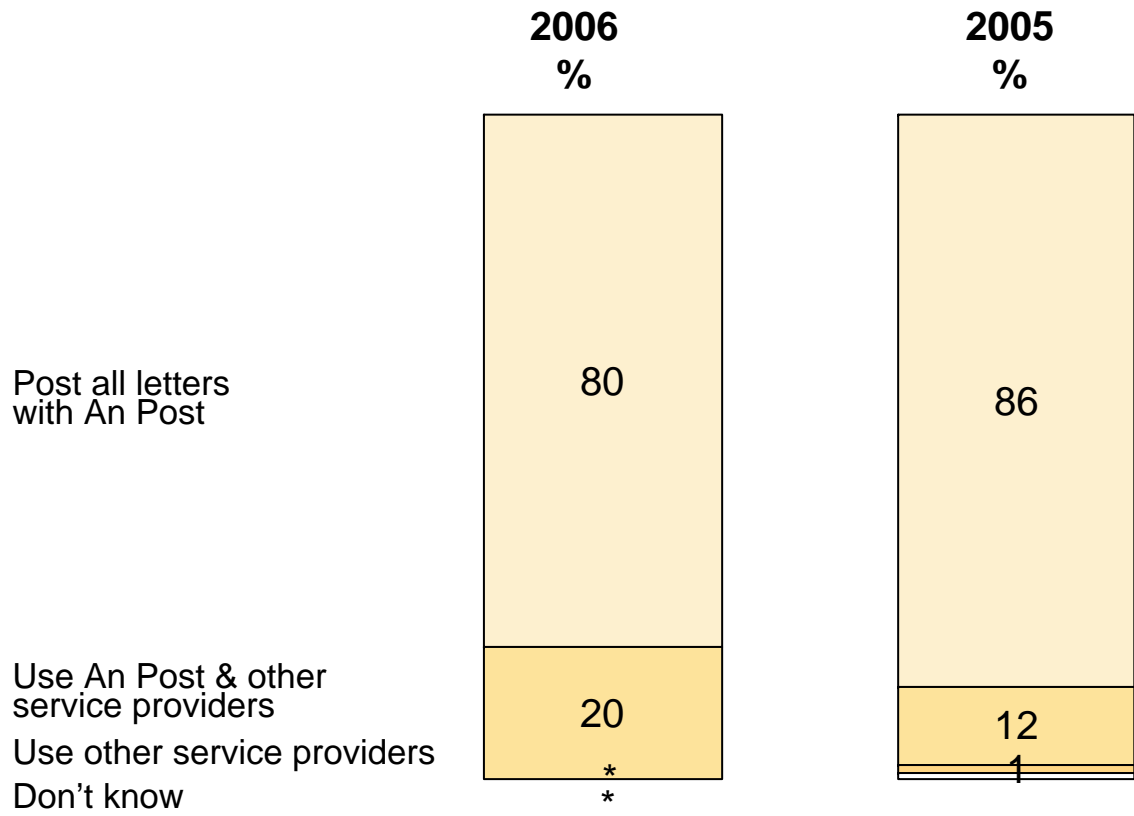
- Letter post usage is universal across all sectors.
- Those involved in transport/storage and communications are most likely to avail of International services.

Base: All respondents (Total n=600, SMES n=500, Corporates n=100)



Postal Service Providers Used

Q. Do you post all these letters with An Post, or do you use services offered by another company or do you use both An Post and another company?



- Whilst An Post still remains the incumbent in this industry, the findings suggest that the use of alternative providers is growing.
- Indeed in 2002, 92% of companies used An Post only, with just 8% availing of the services of other postal providers.
- Financial services and manufacturing industries are most likely to use other suppliers.

Base: All respondents (n=600)



Awareness of Other Postal Services Providers – I

Q. What other companies are you aware of that you could use for sending mail, besides An Post?

	Total %	SMEs %	Corporates %	2005 %
DHL Express	13	13	15	12
FedEx Express	4	4	7	3
Interlink Express	4	4	4	3
UPS	3	3	3	2
TNT Express	3	2	6	2
DX Ireland	2	1	4	*
Other*	14	13	18	10
None	68	69	60	75

- Of those only using An Post, over two thirds are unaware of alternative options available to them.
- DHL is by far the most well known of the other companies.
- Financial services companies are more knowledgeable of the alternatives on offer.

*Note: Answers under 2% not shown

Base: Those using An Post only (Total n=479, SMEs n=411, Corporates n=68)



Awareness of Other Postal Services Providers– II

Q. What other companies are you aware of that you could use for sending mail, besides those you currently use?

	Total %	SMEs %	2005 %
DHL Express	15	13	24
UPS	7	7	7
TNT Express	5	3	10
FedEx Express	5	4	7
Cyclone Couriers	2	2	-
Interlink Express	2	2	-
Irish Swift Post/ Door to Door Distributors	2	1	-
Other*	15	13	15
None	60	65	50

- Among those who currently use or previously used alternatives, DHL is again the most salient.
- Three in five are unaware of any alternatives, other than those who they currently use.

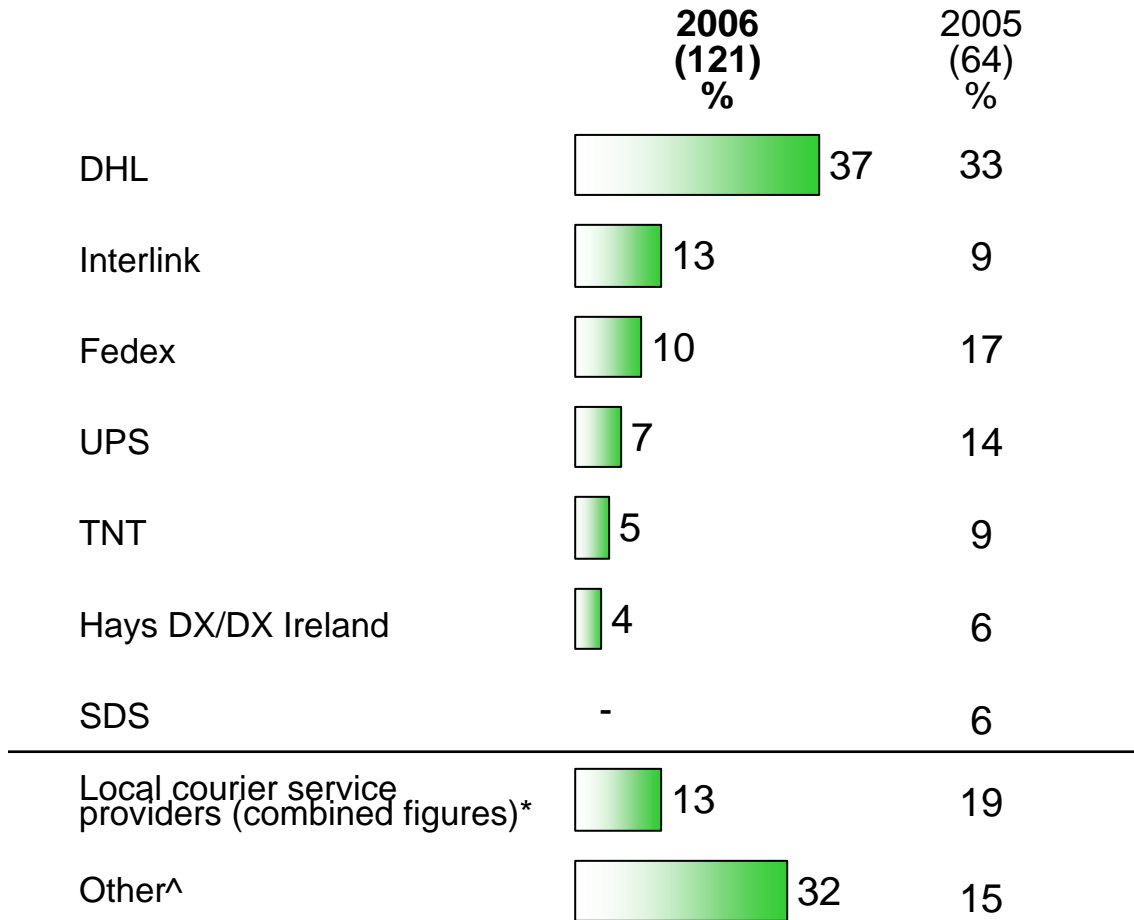
*Note: Answers under 2% not shown

Base: Those using other postal providers (Total n=121, SMEs n = 89 Corporates base too small to chart)



Other Postal Services Providers Used

Q. Beside An Post, what other companies does your company currently use, or has used previously, for sending mail?



- There is a large spread of alternative suppliers being used, as evidenced by the large number of smaller companies being mentioned.
- Only DHL, Interlink and Fed Ex capture significant shares of this market.

Base: All those who use or have used other providers (n= 121)

*No single provider greater than 3%

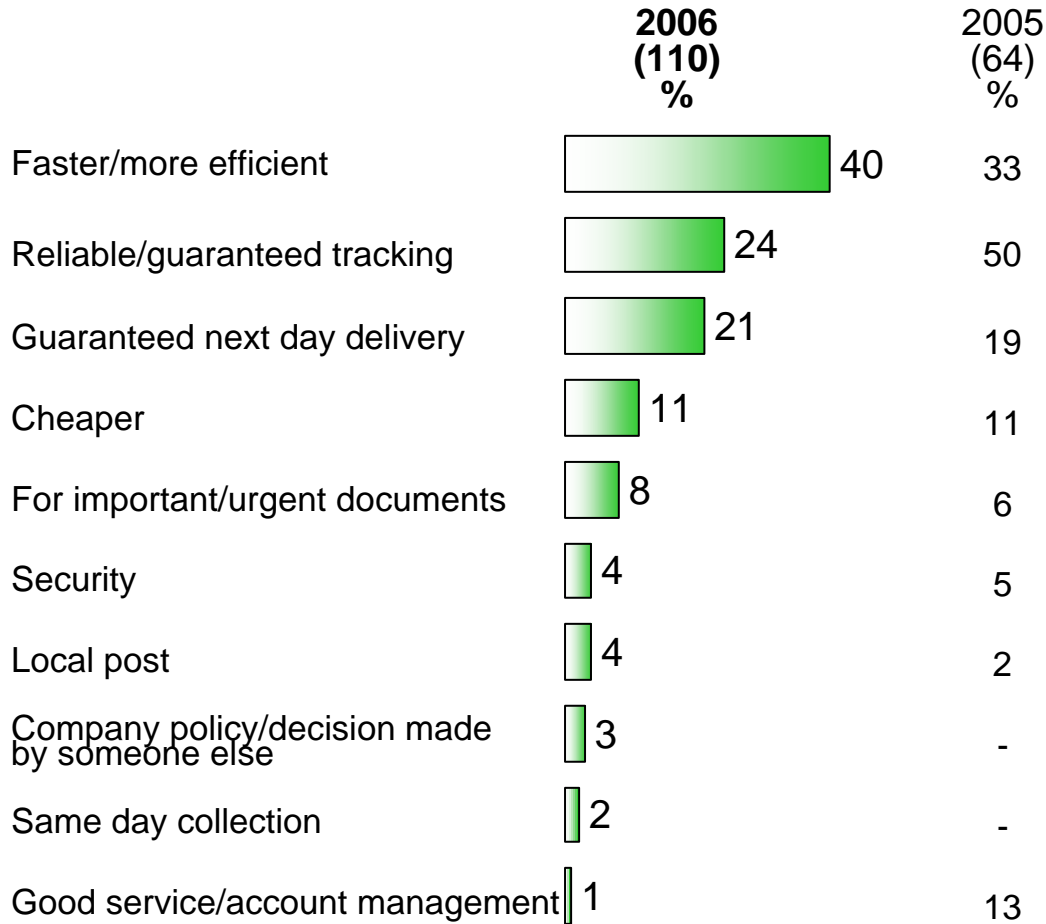
^No single provider greater than 3%

Note: Question Changed in 2006; Previous usage was not included before
Responses add to more than 100% as multiple answers were allowed



Reasons for using other Postal Service Providers

Q. And why do you use the services of this company?



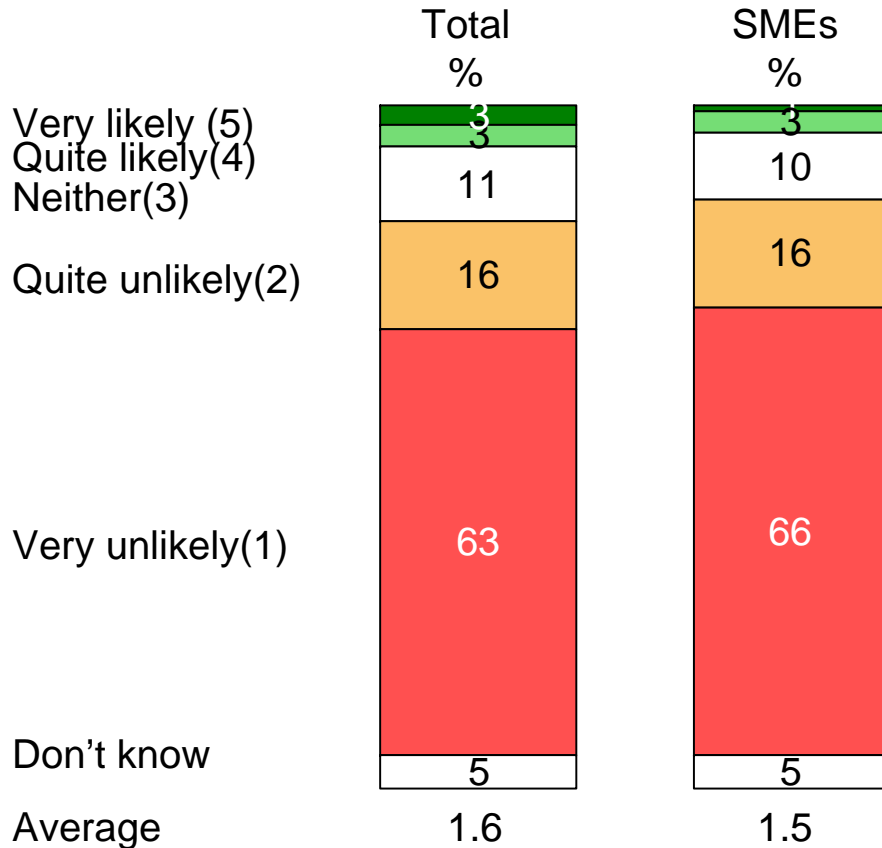
- Speed, efficiency and reliability are the main motivators to using an alternative supplier.
- Cost savings (cheaper) is not a primary concern when choosing such suppliers, and is cited by only one in ten as a motivator.

Base: All those who use other providers (n= 110)



Likelihood to Switch from An Post

Q. How likely is your company to switch some of its postal business to a service provider other than An Post within the next 12 months?



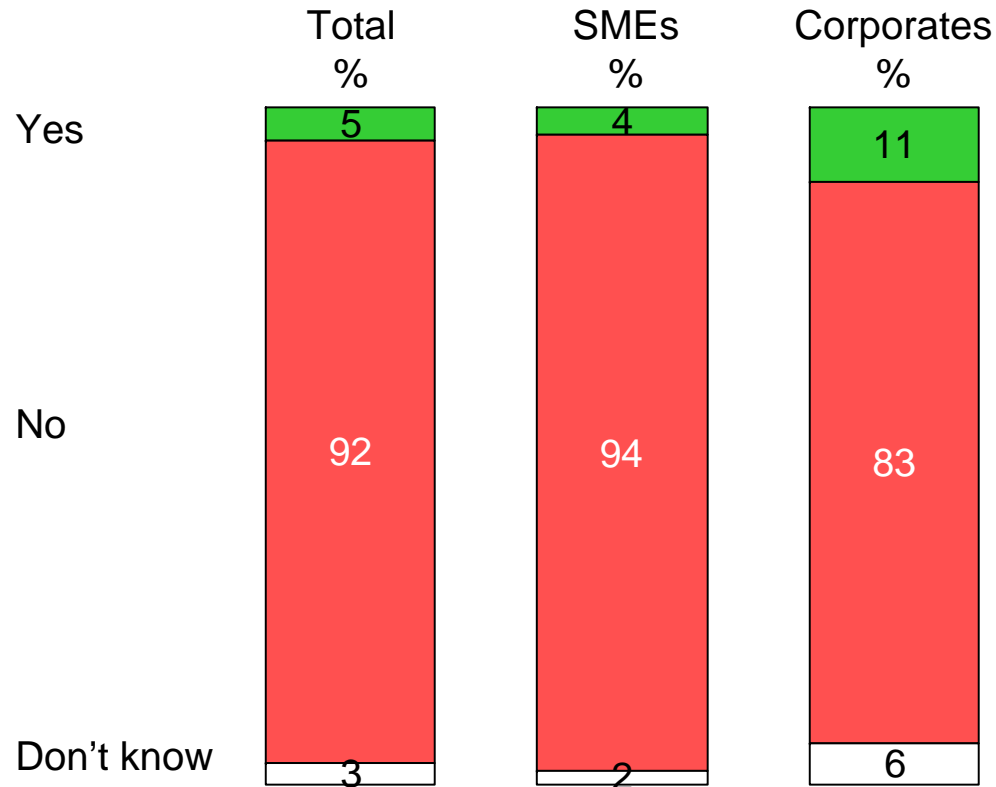
- The vast majority who use An Post (only) feel it is unlikely that they will switch in the next 12 months.
- Companies with higher volumes of post with An Post (defined as 100+ letters per week) are more likely to consider an alternative over the next twelve months.

Base: All those aware of other service providers, but currently only using An Post (Total n=155, SMEs n=128 Corporates base too small to chart)



Level of Contact by Other Service Providers

Q. Have you been contacted by a postal services provider other than An Post in the past year?



- The level of direct contact by alternative providers seems to be very low.
- Corporates are more likely to have been approached by alternative suppliers. However, even among this group, just one in 10 have been approached over the past year.

Base: All respondents (Total n=600, SMEs n=500, Corporates n=100)





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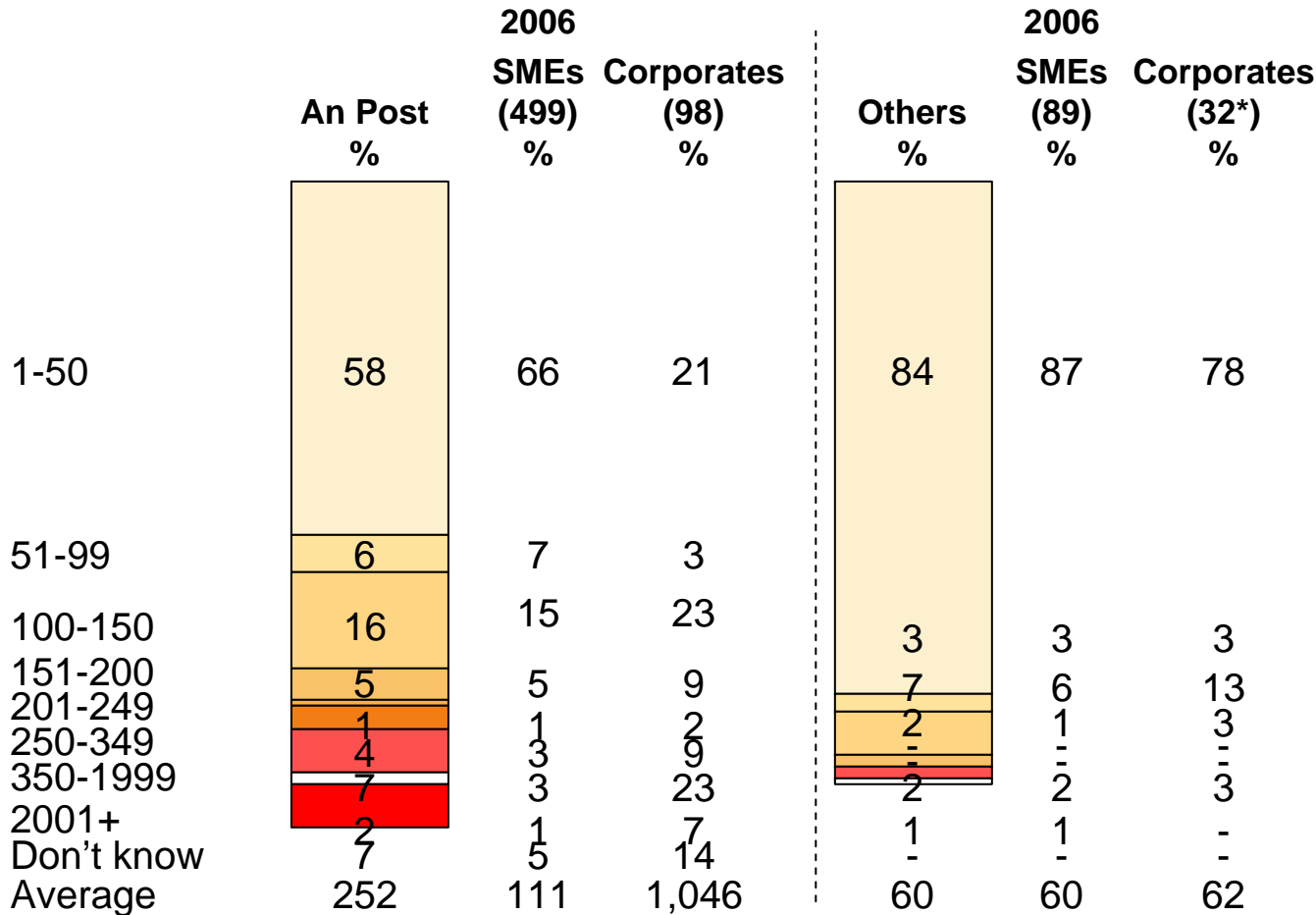
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Volume of Post Sent

Weekly volume of letters sent by An Post – standard sized letters

Weekly volume of letters sent by Other Service Provider – standard sized letters

Q. How many **standard sized envelopes** does your business/premises (in the case of companies with more than one premises) send each week with.....



- Unsurprisingly, Corporates account for a much higher volume of letters sent through An Post.
- The volumes sent by Corporates and SMEs through other suppliers is fairly similar.
- Average volume for 2005 at an overall level (i.e. all letters weighing up to 100g) was 232, and in 2004 was 363.

Base: All using An Post (n=597)

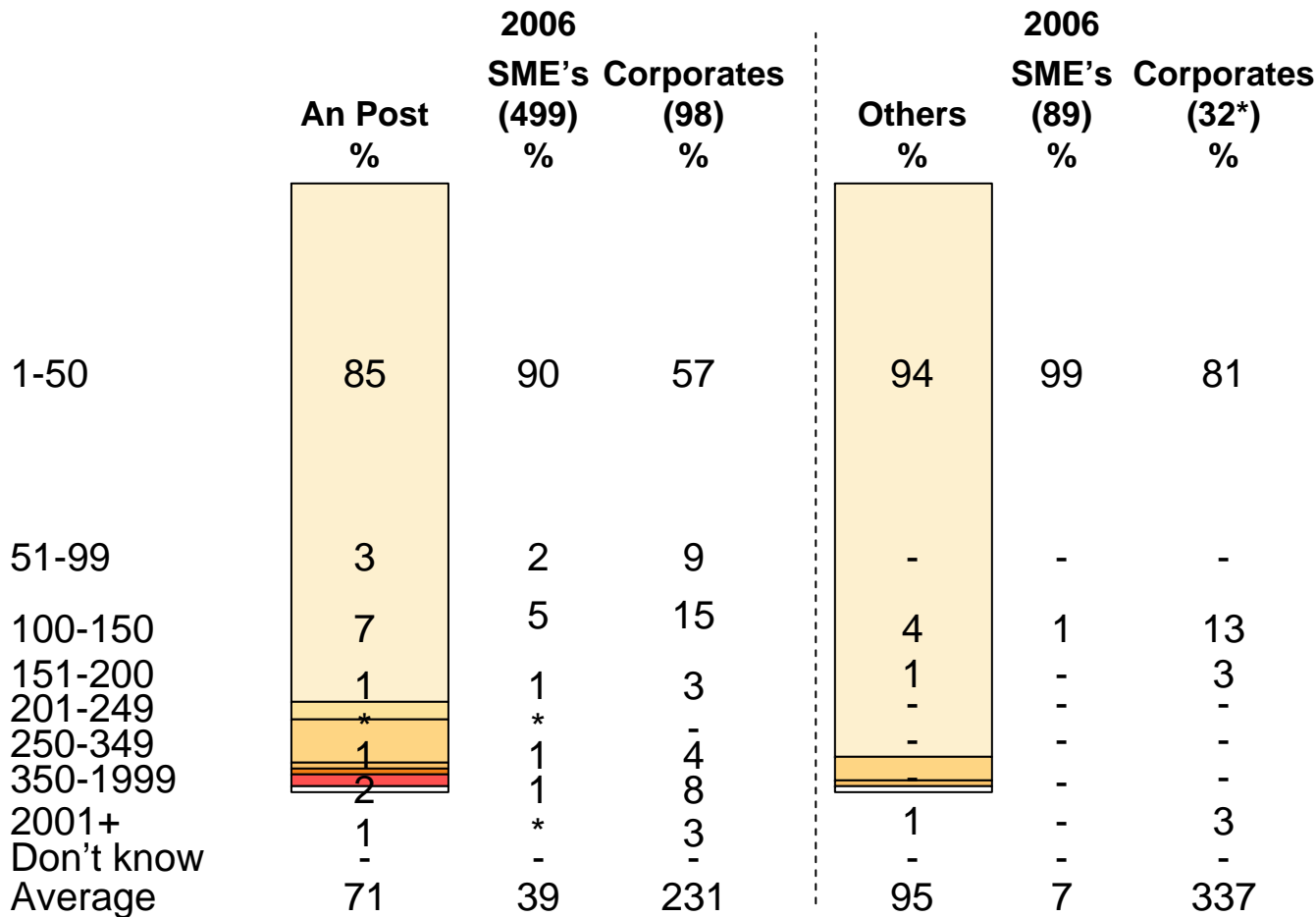
Base: All using other provider (n=121) *Small base size



Weekly volume of letters sent by An Post – large envelopes

Weekly volume of letters sent by Other Service Provider – large envelopes

Q. How many **large envelopes** does your business/premises (in the case of companies with more than one premises) send each week with.....



- The same trend is in evidence for An Post with regard to larger envelopes, although Corporates sent significantly more than their SME counterparts when dealing with alternative suppliers.

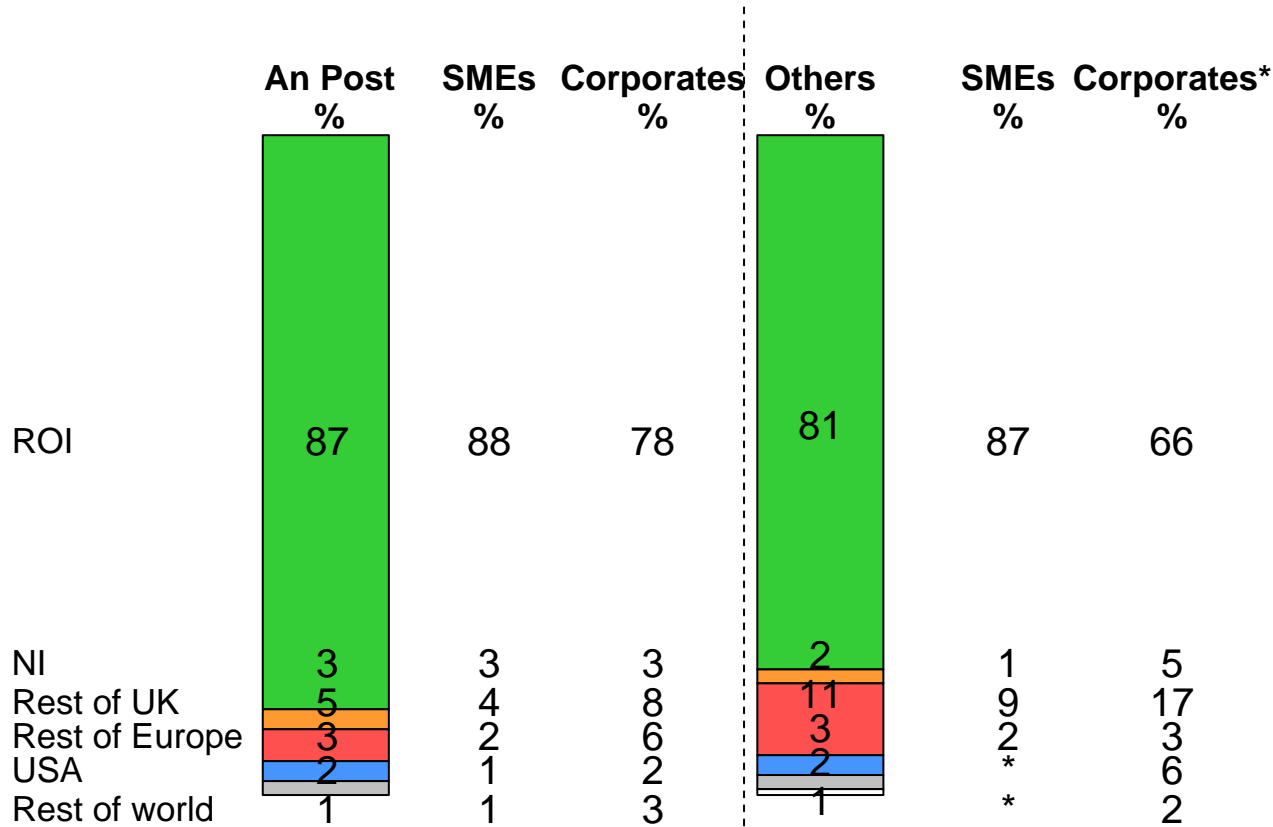
Base: All using An Post (n=597)

Base: All using other provider (n=121) *Small base size



Destination of Standard Letters Sent – An Post vs Others

Q. And in terms of the destination of these letters sent by the business, approximately what proportion of outgoing mail is sent nationally, to Northern Ireland, the Rest of the UK, Europe, the US and Rest of World?



- Those using other suppliers are more likely to use them for delivery services outside the State.
- However, over 80% of traffic carried by other postal providers is still carried within the State.
- Alternative suppliers perform strongly in deliveries to the UK.

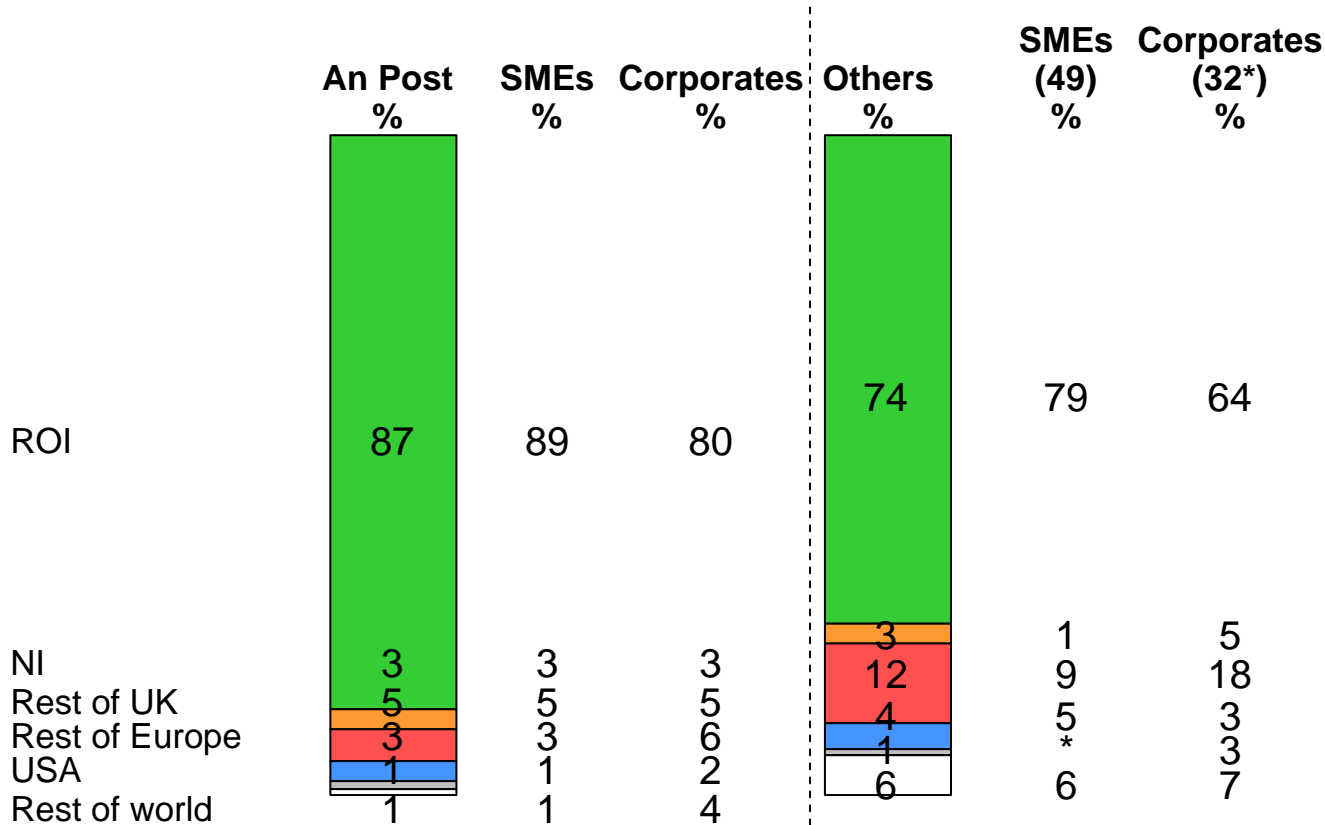
*Caution: Small base sizes

Base: All using An Post (n=593), Other service providers (n=73) for sending standard letters



Destination of Large Letters Sent – An Post vs Others

Q. And in terms of the destination of these letters sent by the business, approximately what proportion of outgoing mail is sent nationally, to Northern Ireland, the Rest of the UK, Europe, the US and Rest of World?



- As with standard letters, those using other suppliers for sending larger envelopes are more likely to consider them for delivery services outside the State.
- Notwithstanding this, nearly three quarters of traffic of larger letters sent by other postal providers is still sent within the State.

*Caution: Small base sizes

Base: All using An Post (n=521), Other service providers (n=72) for sending large envelopes

Note: Based on those who gave exact answers



Proportion of National Mail Sent Business to Business

Q. What percentage of your national mail items are sent business to business?

	Total %	SMEs %	Corporates %
0%-10%	10	10	9
11%-25%	6	6	7
26%-50%	14	15	9
51%-75%	9	8	10
76%-100%	62	62	64
Mean score*:	67	67	68
Base: All sending national mail (n=586)		(489)	(97)

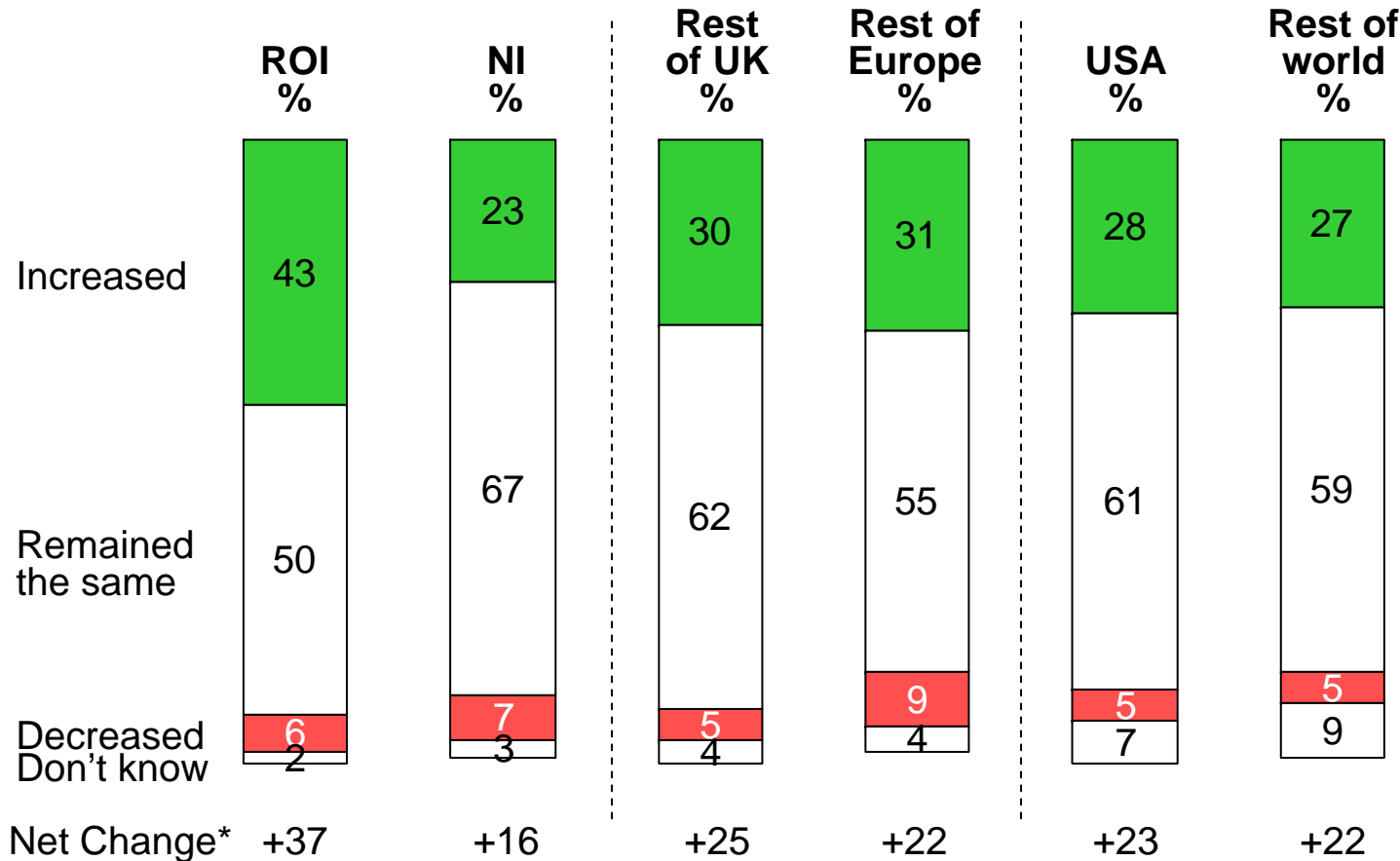
- The vast majority of mail sent by both SMEs and Corporates is business to business mail.

*Note: mean scores are based on those who gave an exact percentage only



Trends in Volume of Post Sent – National vs International

Q. For each service I read out, can you tell me if the number of letters your organisation posts each week has increased, decreased or remained the same over the past twelve months?



- There has been an increase in the volume of mail sent to all regions compared to 12 months ago.
- However, National mail volume has performed most strongly, with 43% of all companies claiming that there has been an increase over the past 12 months.

*Net change is derived from those claiming an increase in volume sent minus those claiming a decrease in volume sent

Base: All who post to destinations mentioned
(n=295, n=230, n=308, n=169, n=87, n=85)



Reasons for Decrease in Volumes Posted

Q. What would you attribute this decrease to?

Note: Raw numbers

	ROI	NI	Rest of UK	Rest of Europe	USA	Rest of world
Emails	18	7	5	10	1	3
Electronic transfers	3	-	1	2	-	-
Cost	1	-	1	1	-	1
Texting	1	-	1	1	-	-
	n=37	n=15	n=15	n=16	n=4	n=4

- Email is by far the most significant contributing factor towards diminishing volumes.

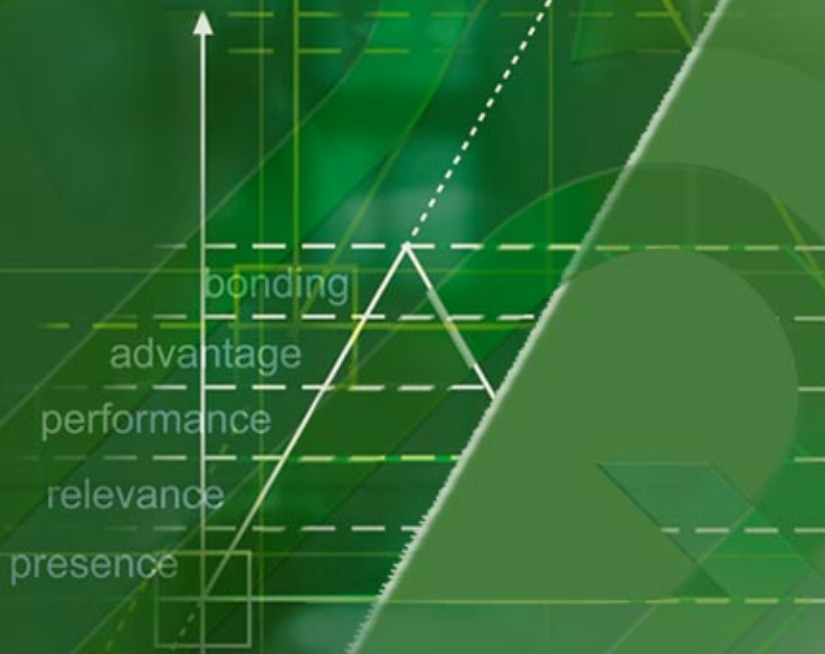
Base: All who have experienced a decrease in the volume of post sent





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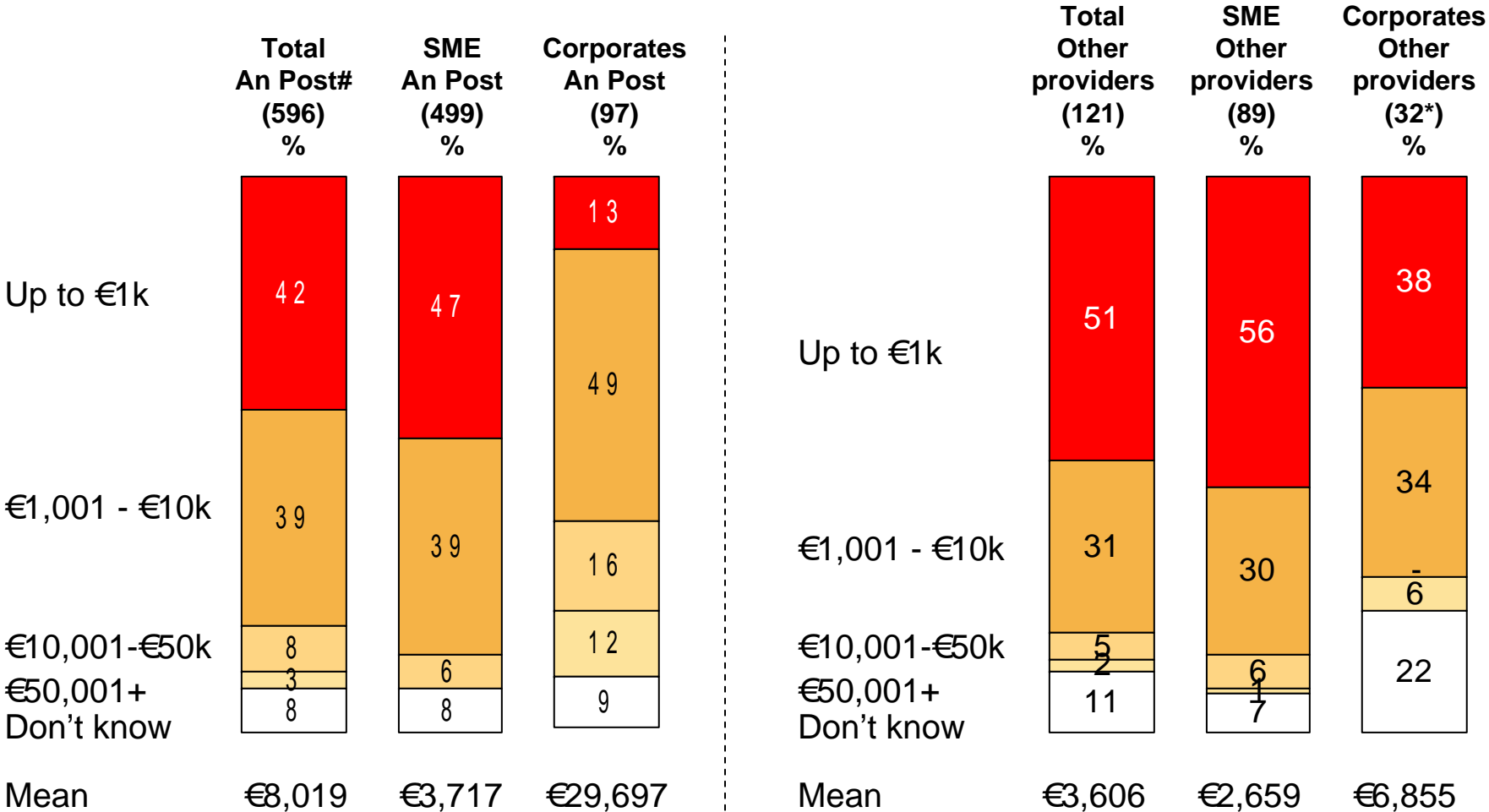
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Postal Services Spend

Annual Spend on Letter Post Services

Q. How much annually does your company spend, in Euro, on letter post services?



Base: All users of An Post

Two outliers excluded. Averages based only on those who gave an exact amount

Base: All users of Others

* Small Base



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Average Annual Spend with An Post X Sector

Q. Finally, how much annually does your company spend, in Euro, on letter post services?

	2006* €
Total	8,019
-----	-----
Agriculture/forestry#	2,002
Mining/construction	2,525
Manufacturing	6,579
Transport/storage/communications#	2,925
-----	-----
Recycling/utilities/water#	4,600
Wholesale#	6,701
Retail#	8,690
Hotels/restaurants#	3,127
-----	-----
Finance and other business services	11,938
Services	11,551
Government#	19,933

- Two outliers were omitted from the calculations in 2006, as they skewed the data enormously. In addition, direct comparisons between industry sectors since last year are inadvisable as classifications have changed, and are thus not always comparable. The overall total however, is a more accurate reflection of the postal market.

Base: All using An Post (n=465)

* Note: Two outliers excluded

#Caution: Small base size



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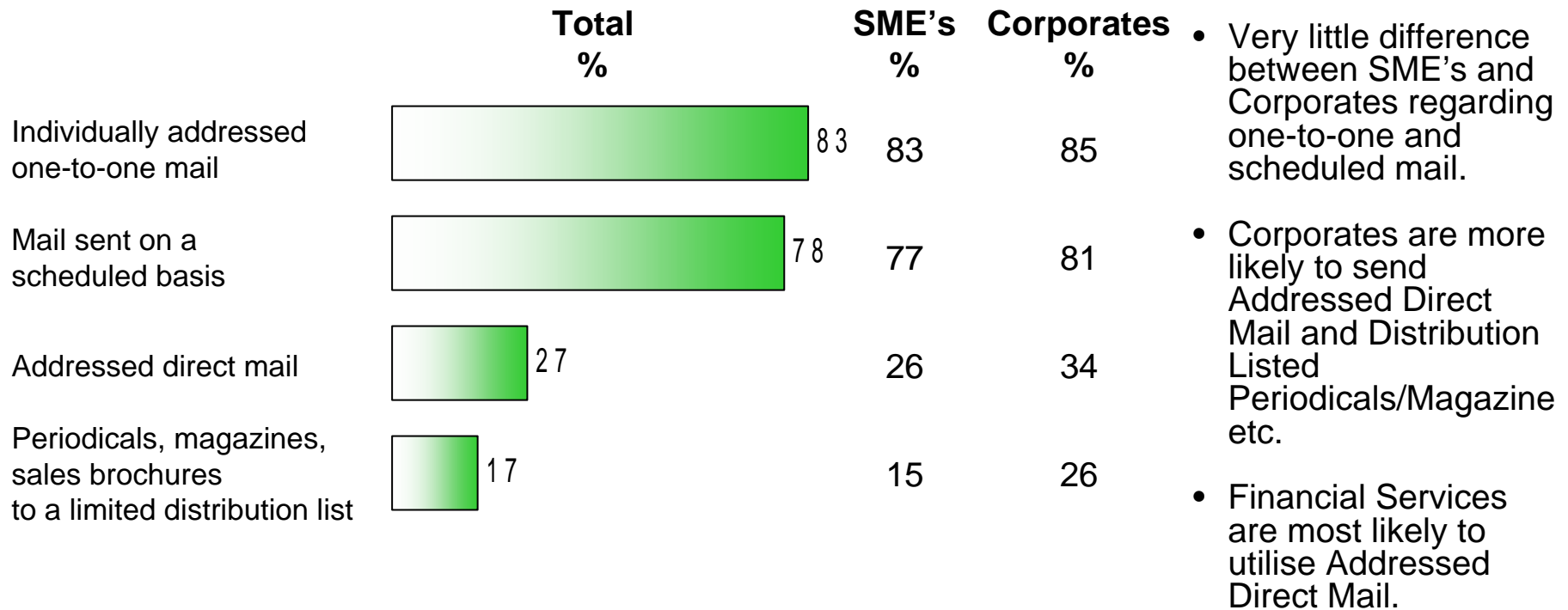
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Postal Services Used

Categories of Mail Sent Most Often

Q. Most mail can be divided into the following four main categories. Can you tell me do you send....?



Base: All respondents (Total n=591, SMEs n=494, Corporate n=97)



Number of Bulk Mailing/Direct Mail Shots Done Annually

Q. Approximately how many direct mail shots or bulk mailings does your company conduct per year?

	Total %	SMEs %	Corporates %
<10	72	75	58
11-50	6	6	7
51+	4	3	5
Don't know	19	16	30
Average	10	7	8

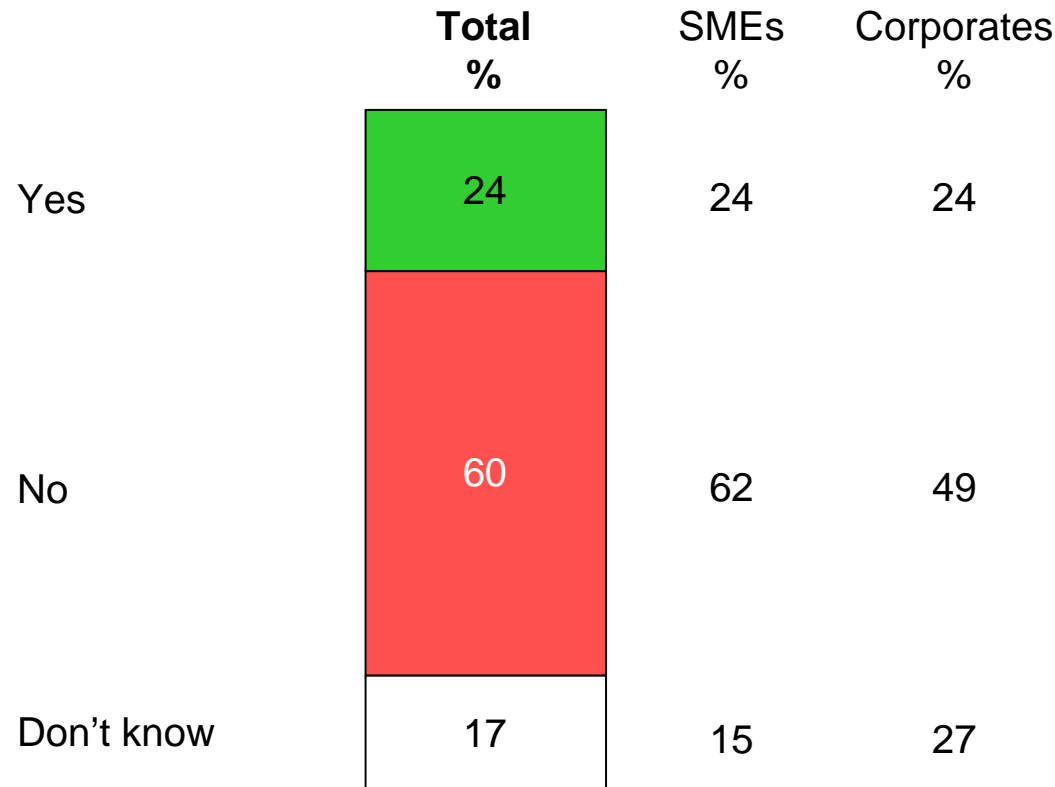
- Companies based in Dublin and those who use both An Post and others are more likely to conduct Direct Mail shots more frequently.
- Government Departments have a higher frequency of Direct Mail shots.

Base: All respondents (Total n=600, SMEs n=500, Corporates n=100)



Intention to Use An Post's Discounted Bulk Mail Service

Q. Do you intend using An Post's Bulk Mail services in the next 12 months?



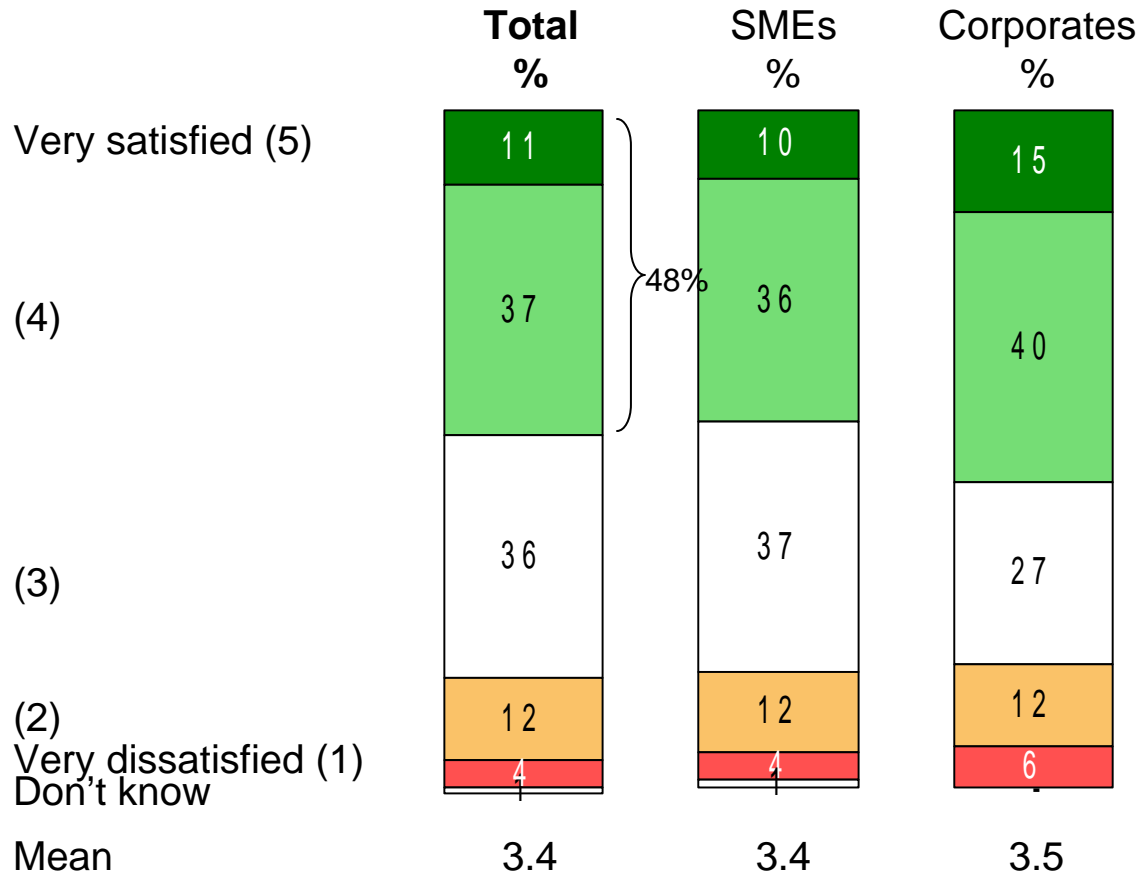
- Almost one in four claim they will use this service over the next 12 months.
- Financial services, Retail and Government claim to be most likely to use the service in the next year.

Base: All respondents (Total n=600, SMEs n=500, Corporates n=100)



Overall Satisfaction with Postal Service

Q. Thinking about the overall postal service provided here in Ireland, how satisfied or dissatisfied are you on a scale of one to five, where “one” is very dissatisfied and “five” is very satisfied?



Base: All respondents (Total n=600, SMEs n=500, Corporates n=100)

- Just under half declare themselves to be satisfied with the overall Postal Service in Ireland.
- Those most satisfied are those in the Financial services industry and Government Departments, and those who use An Post only.
- The overall positive rating for the Postal Service was 75% in 2005 and 86% in 2004. However, respondents were asked to rate the Postal Service on a scale to “Very good” to “Very bad”, with a positive score equalling a rating of “Very good” or “Fairly good”.



Satisfaction with Other Aspects of the Postal Service

Q. I am now going to ask you to rate your satisfaction or dissatisfaction with a number of aspects of Ireland's **postal service**, using a scale of 1 to 5, where 1 is very dissatisfied and 5 is very satisfied.

	Very Satisfied (5) %		(4) %	(3) %	Very Dissatisfied (2) (1) % %		DK %	SME Mean Score	Corporate Mean Score	Total Mean Score	2005 Mean Score
Ease of access to the postal service	29	34	20	10	6	1		3.7	3.8	3.7	3.7
The quality of the service provided	21	36	26	11	5	1		3.8	3.7	3.6	3.5
The terms and conditions for particular services you use	16	34	28	7	3	12		3.6	3.7	3.6	3.4
The clarity of information available on postal services	13	26	31	18	9	3		3.1	3.4	3.2	New
The innovativeness of the postal services available	10	24	41	12	7	6		3.2	3.3	3.2	New

Base: All respondents (Total n=600, SMEs n=500, Corporates n=100)



Satisfaction with An Post Letter Post Services

Q. I am going to read out a list of aspects related specifically to **An Post** letter post services. For each one please tell me if you are satisfied or dissatisfied with each aspect on a scale of 1 to 5, where 1 is very dissatisfied and 5, very satisfied.

	Very Satisfied		Very Dissatisfied				SME Mean Score	Corporate Mean Score	2006 Mean Score	2005* Mean Score
	(5) %	(4) %	(3) %	(2) %	(1) %	DK %				
The value for money for sending a standard sized letter/postcard	24	32	25	12	6	1	3.6	3.6	3.6*	3.2
The latest collection time from where you normally post your letters	23	27	21	16	12	1	3.3	3.3	3.3	3.3
The value for money for sending a 2kg parcel	10	25	35	12	5	13	3.3	3.2	3.3	n/a
The length of time taken to deliver letters	15	27	28	18	12	1	3.1	3.3	3.1	2.9

*Slight changes in wording since 2005, but enough similarities for general comparisons

Base: All respondents (Total n=600, SMEs n=500, Corporates n=100)



Satisfaction with Cost of Services Provided by An Post

Q. I am now going to read out another list of letter post services provided by **An Post**. Please tell me if you are satisfied or dissatisfied with the cost of each service on a scale of 1 to 5, where 1 is very dissatisfied and 5 is very satisfied.

	Very Satisfied		Very Dissatisfied				DK %	SME Mean Score	Corporates Mean Score	2006 Mean Score
	(5) %	(4) %	(3) %	(2) %	(1) %					
48c for letters within the state	27	32	22	12	5	1	3.6	3.8	3.6	
€2.00 for packets within the state	19	31	30	12	4	5	3.5	3.7	3.5	
From 75c for international letter post	20	32	28	12	4	5	3.5	3.5	3.5	
90c for large envelopes within the state	17	28	29	18	8	2	3.3	3.3	3.3	

Base: All respondents (Total n=600, SMEs n=500, Corporates n=100)



Opinion of Service Provided by An Post

Q. I am going to read out a list of statements relating to the provision of the letter service by An Post. I would like you to tell me if you agree or disagree with each statement, using a scale of 1 to 5 where 1 means you strongly disagree and 5 strongly agree.

	Strongly Agree		(3) %	Strongly Disagree		DK %	SME Mean Score	Corporate Mean Score	2006 Mean Score	2005 Score
	(5) %	(4) %		(2) %	(1) %					
I believe that An Post's letter service is more reliable than 12 months ago	8	25	38	15	11	3	3.1	3.0	3.1	2.4
I believe that overall the letter service from An Post is better than 12 months ago	10	25	37	17	9	3	3.1	3.1	3.1	2.5
I believe that An Post's letter services offer better value for money than 12 months ago	6	17	40	21	11	5	2.9	2.9	2.9	2.5

- One third agree that An Post's letter service has become more reliable, but less than a quarter feel that An Post offers better value for money than before.
- Government Departments and Financial Service industries are least likely to agree that value for money is improving.

Base: All respondents (Total n=600, SMEs n=500, Corporates n=100)



Factors that Would Increase Volume of Mail Posted

Q. What factors if any, would result in your company using more mail as a means of communicating with your customers?

	Total %	SMEs %	Corporates %	2005 %
Price/Price discounts	20	19	23	23
More reliable service	17	16	18	32
More innovative product range	10	9	11	7
Increased security	9	9	7	12
Enhanced service quality	8	9	5	13
Increase in business	7	7	4	-
More customers/clients	2	2	1	-
If we wanted to advertise more	2	2	1	-
<hr/>				
Nothing	40	39	43	-
Other	7	7	6	12
Don't know	8	8	6	36

- One in five claim that Price/Price discounts are most important when considering using the Postal Service more.
- This is followed closely by reliability, with 17% believing this to be an important factor in deciding to use mail more as a means of communicating with customers.

Base: All respondents (Total n=600, SMEs n=500, Corporates n=100)





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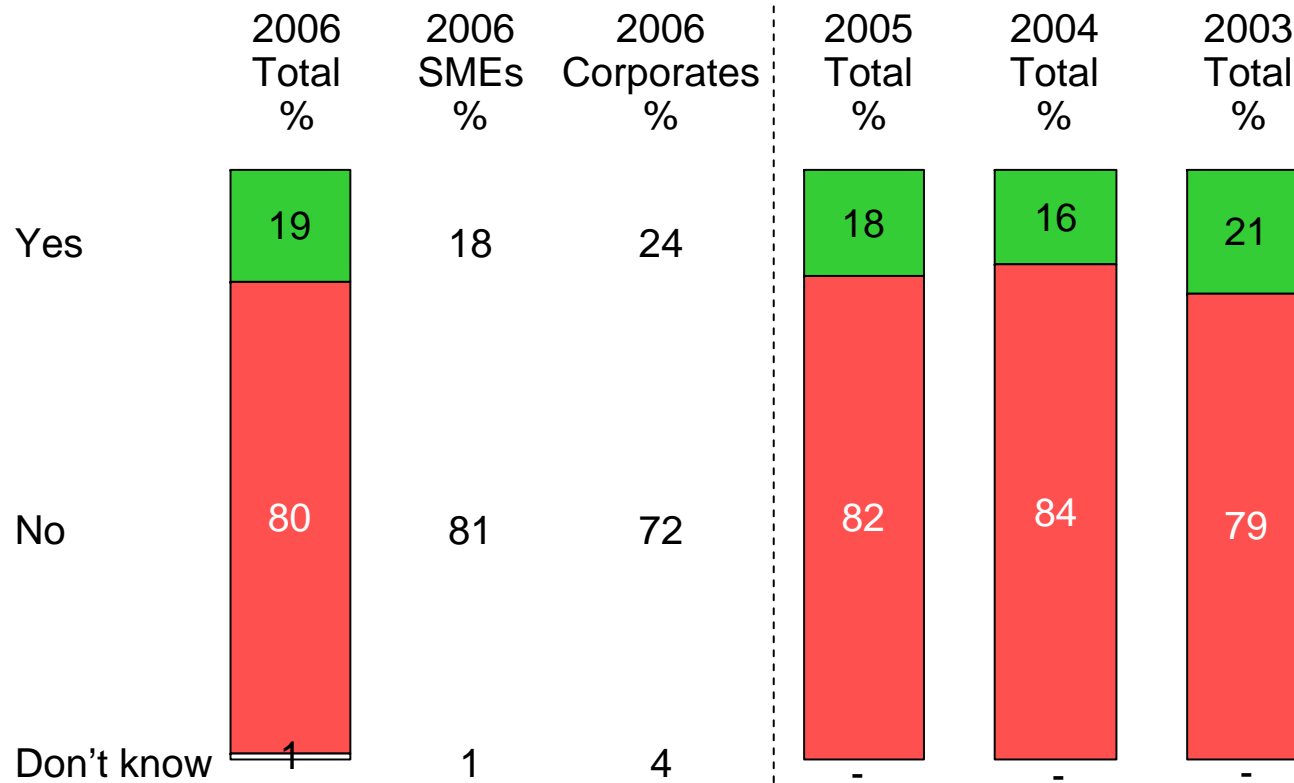
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Incidence of Complaints

Incidence of Making a Complaint

Q. In the past 12 months, have you personally made a complaint about any aspect of the postal service (An Post or any other provider)?



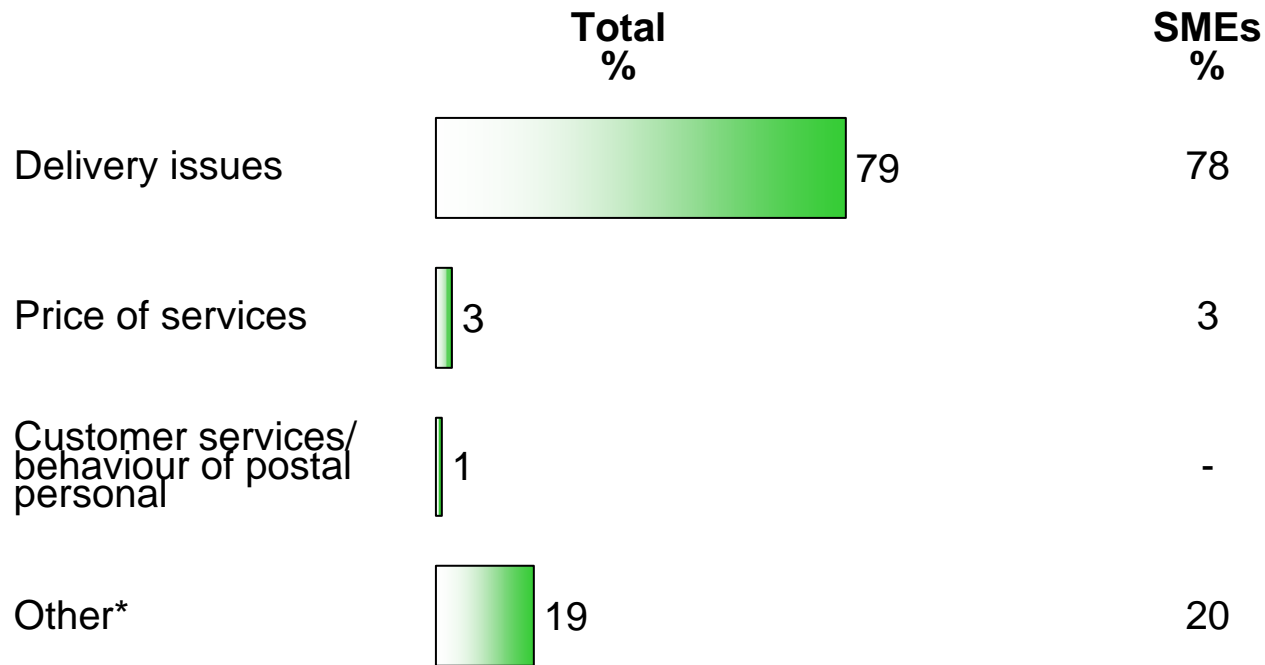
- The incidence of reporting complaints about the postal service have remained relatively consistent over the past four years, with approximately one in five having registered a complaint.
- In 2006, Corporates are more likely to have done so, along with those in manufacturing industries.

Base: All respondents (Total n=600, SMEs n=500, Corporates n=100)



Reason for Complaint

Q. What was the complaint about?



Base: All who made a complaint over 12 months (Total n=116, SMEs n=92, Corporates base too small to chart

* Note: Other answers mainly concerned individual post offices and missing mail



Complaints made

42

"We were very unhappy with the decision to move the sorting office from Limerick to Cork – It adds 24 hours to our delivery time."

"Our main complaint would be to do with post going missing, or post going to the wrong address."

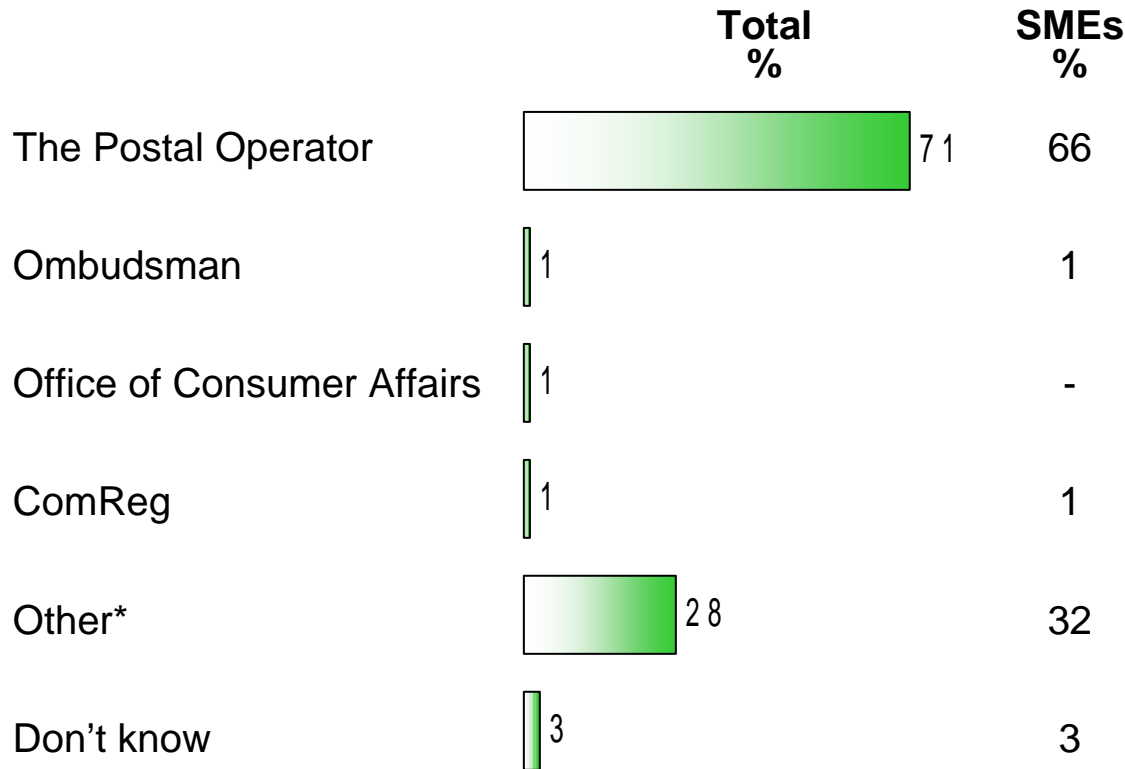
"Post gets lost all the time, as do cheques that we send out."

"We sent out envelopes with our address at the top hand corner, and instead of posting the letters they read our company's address and returned them back to us."



To Whom was the Complaint Made?

Q. Can you name the body or organisation you made this complaint to?
 Q. Was it any of the following?



- The majority of complainants opt to go directly to the Postal Operator involved, and few involve a third party such as ComReg, The Ombudsman etc

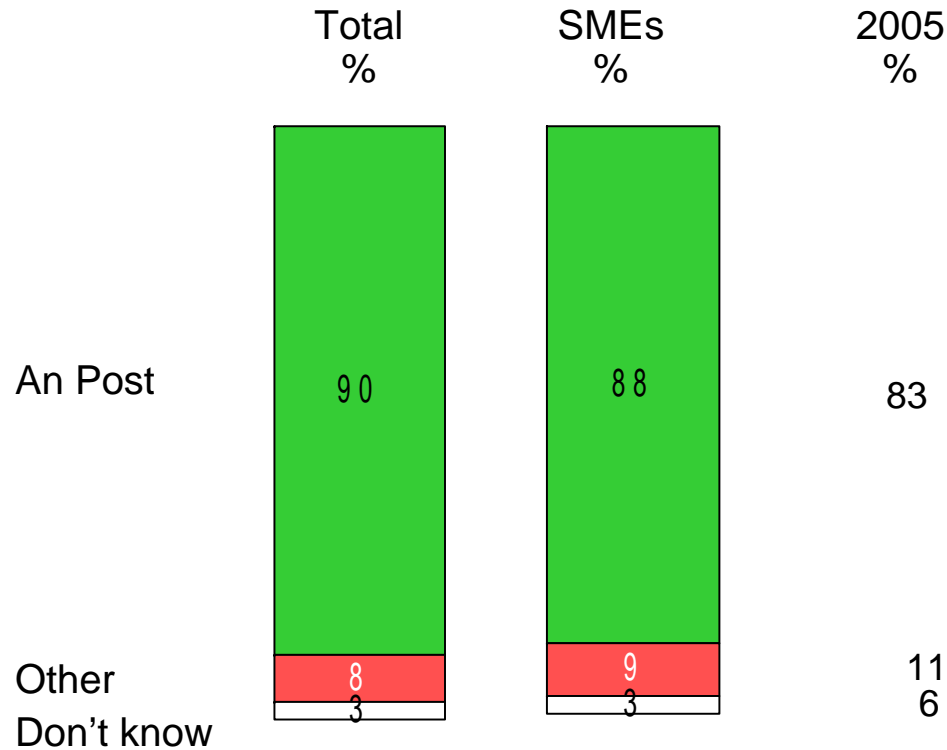
Base: All who made a complaint over 12 months (Total n=116, SMEs n=92, Corporates base too small to chart)

*Majority of those stating "other" referred to their local Post Office



Postal Operator Complained About

Q. Which postal operator(s) did you make a complaint about?



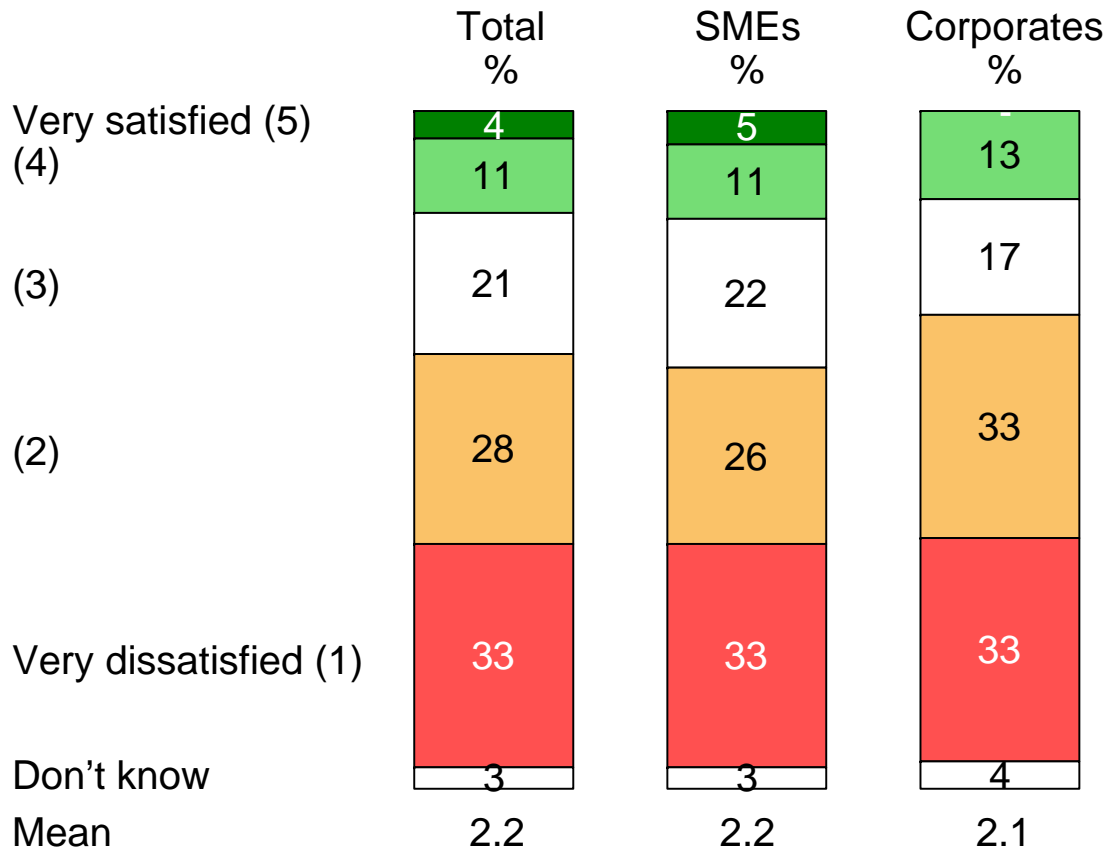
- Given that the vast majority of companies surveyed use An Post, it is understandable that a larger proportion of complaints have been made against An Post.

Base: All who made a complaint over past 12 months (Total n=116, SMEs n=92, Corporates base too small to chart)



Satisfaction with Handling of Complaint

Q. How would you score your overall satisfaction with the handling of your complaint by the organisation you contacted on a scale of 1 to 5, where 1 is very dissatisfied and 5, very satisfied?



- One third of those who have made a complaint over the past 12 months claimed to be very dissatisfied with the handling of the complaint.
- Just one in seven expressing any satisfaction at all with the process.

Base: All who made a complaint over 12 months (Total n=116, SMEs n=92, Corporates base to small to chart)





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↑
bonding
advantage
performance
relevance
presence

Conclusions

Conclusions - I

- The bulk of Irish businesses (80%) continue to rely solely on An Post. This year however, there has been an increase in the number of companies who are opting to use An Post in conjunction with other providers (20%). Larger organisations who spend/post more are more likely to shop around and cite factors such as *speed, efficiency* and *reliability* as being more important than price in this regard.
- Awareness of other providers is relatively low. Respondents mentioned DHL, Fedex and Interlink most frequently. This evidence suggests that alternative providers could generate greater awareness of their services among the business community in Ireland.
- Generally companies believe that the volume of post sent to all destinations has increased over the past 12 months, with post within the State increasing most followed by post sent to the UK. A small proportion claim that their volume of post sent has decreased in the past 12 months, with email being the most significant contributing factor.
- Businesses spent an average of €8,019 annually on postal services with An Post in 2006, with those using other providers spending an average of €3,606 with other providers. The data suggests that both usage and spend are up this year compared to 2005. Among the industry sectors, Financial companies and Government departments were on average the highest spenders.
- The average spend for An Post among those who *use An Post only* is less (€7,819) than those who use An Post and Others (they spend €8,808 with An Post, and €3,681 with others). This would indicate that those with a larger spend tend to “shop around” more.



Conclusions - II

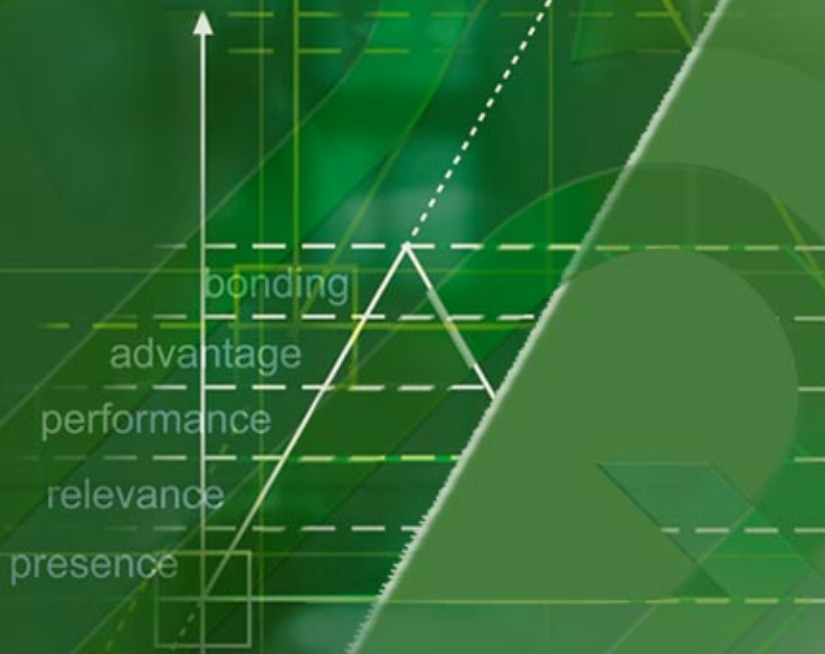
- An interesting finding in this wave of research is the relative similarities between SMEs and Corporates. Whilst actual volume and spend show the expected differences, attitudinally there is little to differentiate the two groups in terms of their opinions and satisfaction with the Postal Services in Ireland.
- Similar to previous research conducted, companies operating in the financial services sector appear to have the highest level of postal service usage.
- Nearly half (48%) expressed satisfaction with the Postal Service in Ireland, although there could be an opportunity to improve on *clarity of information* provided and *innovativeness*.
- Just one in three believe that the overall letter service and reliability provided by An Post has improved over the past 12 months. However, these results are better than opinions voiced in 2005, and would suggest that improvements are ongoing.
- Nearly one in five (19%) claim to have made a complaint about their Postal service over the past 12 months. Complaints were generally made directly to the operator concerned, with few opting for a third party intervention.





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