Millward Brown IMS

Doc. No. 08/97a

Postal Service Residential Survey 2008

A Review of Findings by

Millward Brown IMS

As Commissioned by The Commission for Communications Regulation

4th December 2008

Presentation Outline

- Introduction
- Analysis of Sample
- Mail Delivered
- Mail Sent
- Awareness / Usage of Postal Service Providers
- Attitude to Postal Service
- Postal Complaints
- Desire for 2nd Class Service and Awareness of Upcoming Market Liberalisation
- Internet Usage and its effect on Postal Services
- Future Requirements from Postal Service
- Perceived Value of a Standard Letter
- Conclusions

Introduction

- The following report is based upon research conducted by Millward Brown IMS among a nationally representative sample of adults aged 18-74 throughout Ireland.

- The survey was conducted face to face, in home, between September and October 2008, with interlocking quotas set on gender and age, and non interlocking quotas set on region and social class.

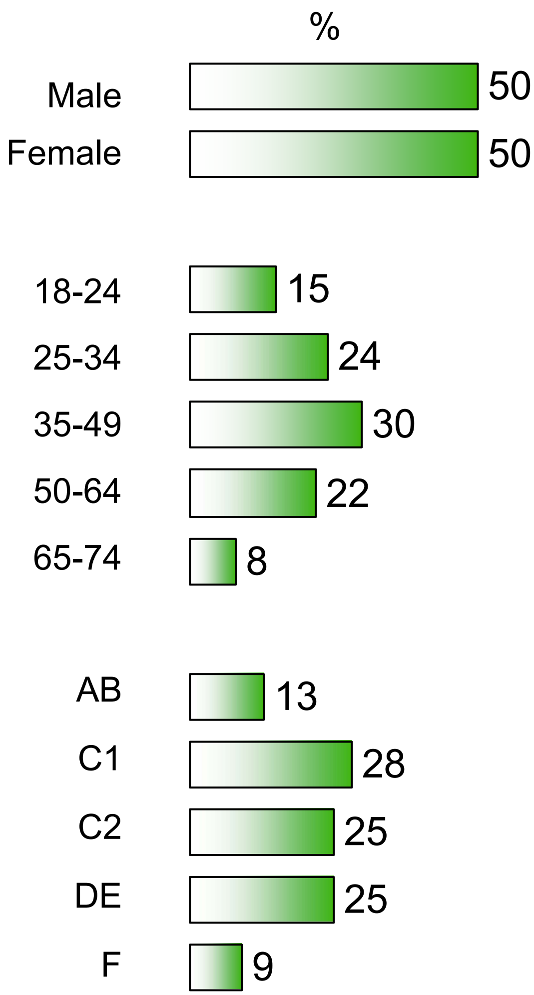
- In total 1,024 adults were interviewed.

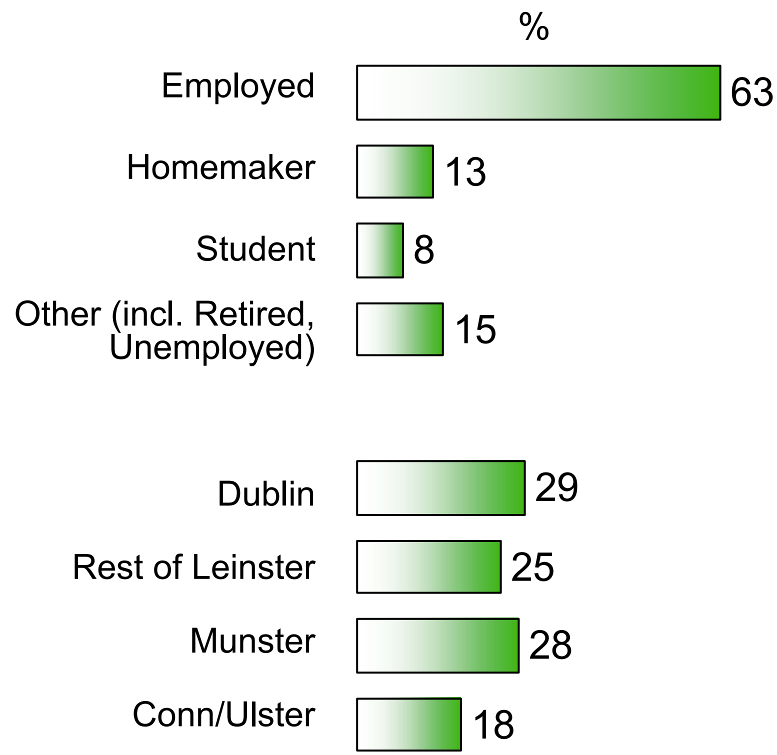
- Data has been weighted in order to reflect the exact demographic profile of the Republic of Ireland.

- Where possible, comparisons with previous research has been included.

- The margin of error of this survey is estimated to be +/- 3%.

Analysis of Sample





Millward Brown IMS

Mail Delivered

Amount of Post Delivered Per Week#

Q. Can you tell me the TOTAL number of items of mail delivered to all persons resident in your household at this address each week by all postal service providers?

	2006 %	2007 %	2008 %
1-3	21	14	17
4-7	24	28	29
8-10	18	23	23
11-20	12	20	22
21+	3	5	6
Don't know	22	10	3
Average	8.11	9.02	9.40

- There has been a steady increase in the volumes of mail delivered to households over the past two years.
- Those claiming to receive most mail were aged between 45-54 (10.97 items per week) and 18-24 year olds (9.89 items per week). Those aged 65-74 received least amount of mail (6.79 items).
- In terms of region, Dublin Residents and those living in Rest of Leinster (10.29 and 9.93 respectively) had most mail delivered, with those living in Conn/Ulster claiming the least amount (8.37 items a week).
- Those within the ABC1 category have most mail delivered (10.80 items).
- Online shoppers have significantly higher amounts of mail delivered, averaging 11.43 items per week.

#Note: In 2008, clarification was given that items delivered excluded leaflets drops and flyers

Base: All Respondents 18-74 (1,024)

Amount of Post Delivered Per Week#

Q. Can you tell me the TOTAL number of items of mail delivered to all persons resident in your household at this address each week by all postal service providers?

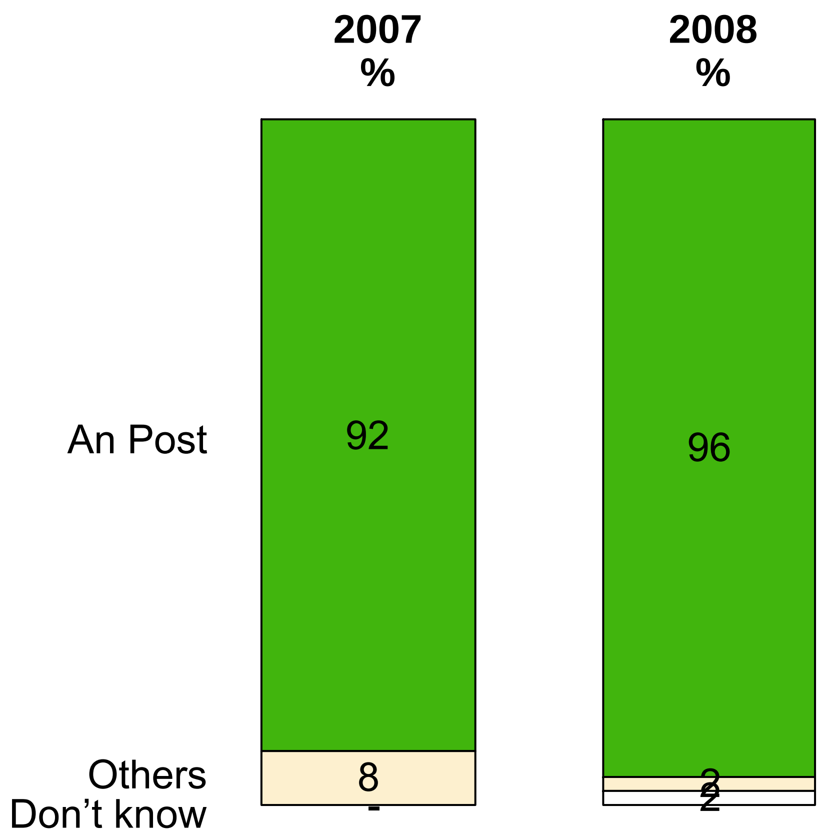
	2007 %	2008 %	ABC1 (483) %	C2DE (485) %	F (56) %	Dublin (292) %	Rest of Leinster (250) %	Munster (289) %	Conn/ Ulster (193) %
1-3	14	17	12	22	12	16	13	19	18
4-7	28	29	26	31	36	29	28	29	31
8-10	23	23	24	24	18	16	29	27	21
11-20	20	22	28	16	27	26	23	19	22
21+	5	6	8	4	7	9	6	5	3
Don't know	10	3	2	4	-	4	1	1	4
Average	9.02	9.40	10.80	8.09	10.10	10.29	9.93	8.65	8.37

#Note: In 2008, clarification was given that items delivered excluded leaflets drops and flyers

Base: All Respondents 18-74 (1,024)

Percentage of Mail Delivered by Other Postal Service Providers

Q.	Of the weekly number of items of mail delivered to your household, can you tell me the percentage delivered by An Post and the percentage delivered by other postal service providers?



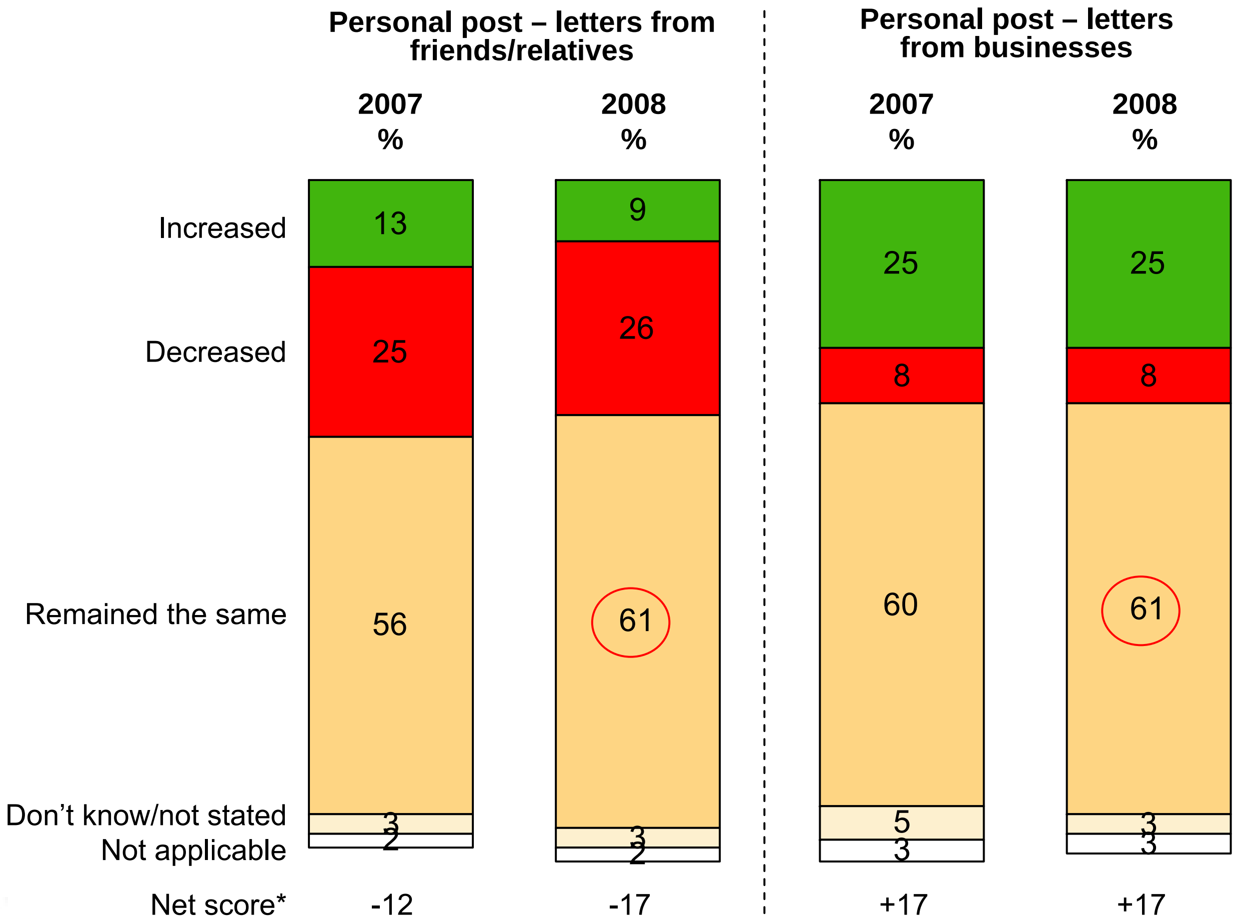
- There has been a slight uplift in the percentage of mail delivered by An Post. This may well be due to clarification given in the 2008 survey stating their leaflets/flyer drops were not to be included in the definition of mail items.
- Generally their were few differences in the percentages of post received from An Post in terms of age.
- Dublin residents were most likely to cite other providers delivering more of their mail (4% versus overall average of 2%).
- A similar proportion (4%) was found among ABs.
- Those who shop online claimed 3% of mail deliveries came from other providers, versus 1% among those who don't shop online.
- Among those who send mail with other service providers, 5% of their mail is delivered by other service providers.

Base: All Respondents 18-74 (1,024)

Millward Brown IMS

Quantity and Types of Mail Delivered - I

Q. For each of the mail types that I am going to read out, can you tell me if the total number of letters you receive generally each week from all postal service providers has increased, decreased or remained the same over the past twelve months?



* Net score = those who claim an increase minus those who claim a decrease

Base: All respondents 18-74 (1,024)

- A majority (61%) feel that the level of all types of personal mail sent to them has remained unchanged in the past year.

Letters from friends / Relatives

- Whilst nearly one in ten (9%) feel that personal mail from friends/relatives has increased, one in four feel that mail from business has also increased.
- In terms of decreases in personal mail (from friends/families) those aged 45-54 are most likely to have seen a decrease (31%) along with ABC1s (30%) and those living in Munster (32%).

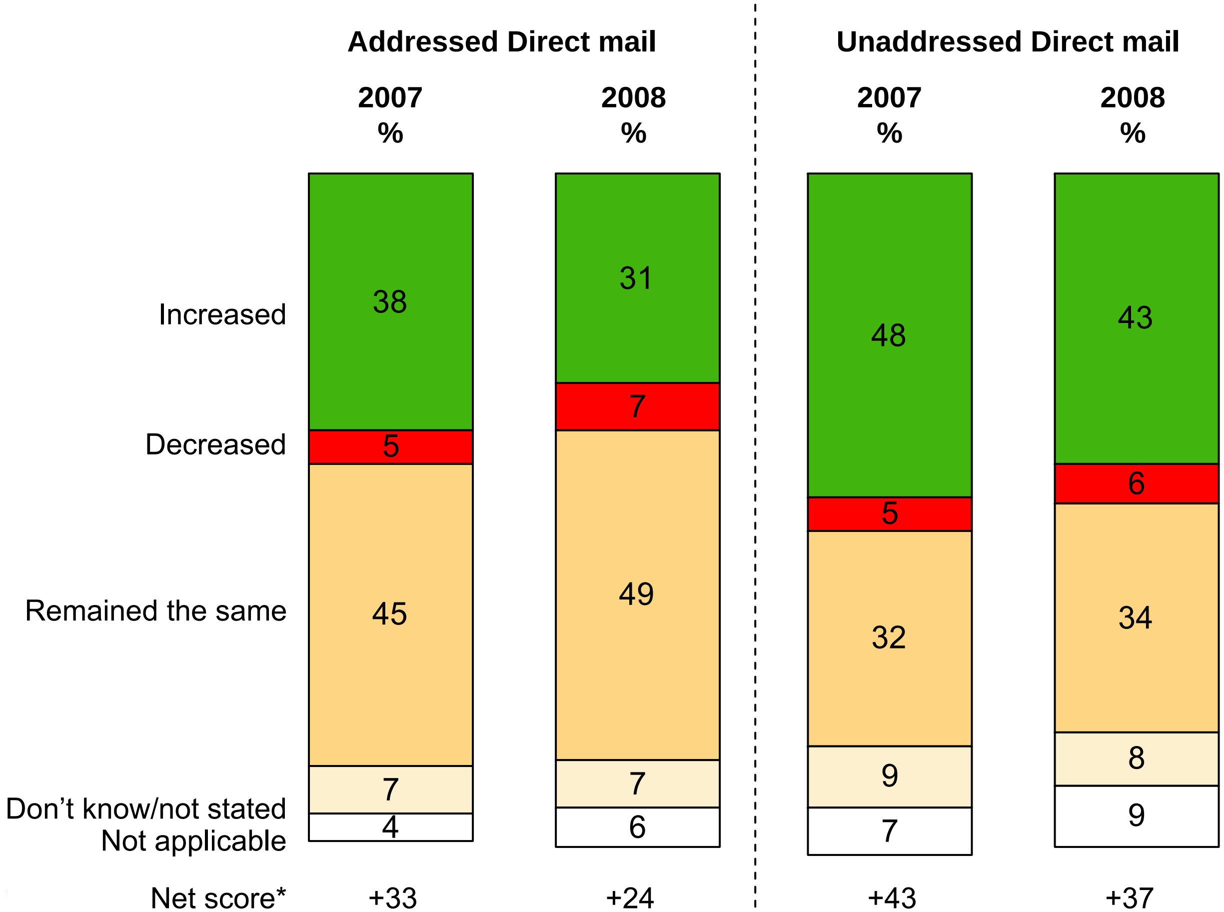
Letters from Businesses

- In terms of increases in mail from business, 35-44 year olds (31%), Munster residents and ABC1s (32% and 33% respectively) were most likely to have experienced a increase.
- Homeowners (28%) and those with access to the internet (31%) also saw increases from personal mail sent from business.

Millward Brown IMS

Quantity and Types of Mail Delivered - II

Q. For each of the mail types that I am going to read out, can you tell me if the total number of letters you receive generally each week from all postal service providers has increased, decreased or remained the same over the past twelve months?



- The percentage of those seeing an increase in direct mail (addressed or unaddressed) has dropped in the past year. However this again could be due to clarification of the definition in the 2008 survey.

Addressed Direct Mail

- Those most likely to have seen an increase in addressed direct mail were aged 35-44 (35%), living in Leinster (excl. Dublin) at 38%, Munster (37%) and ABs (37%).

Unaddressed Direct Mail

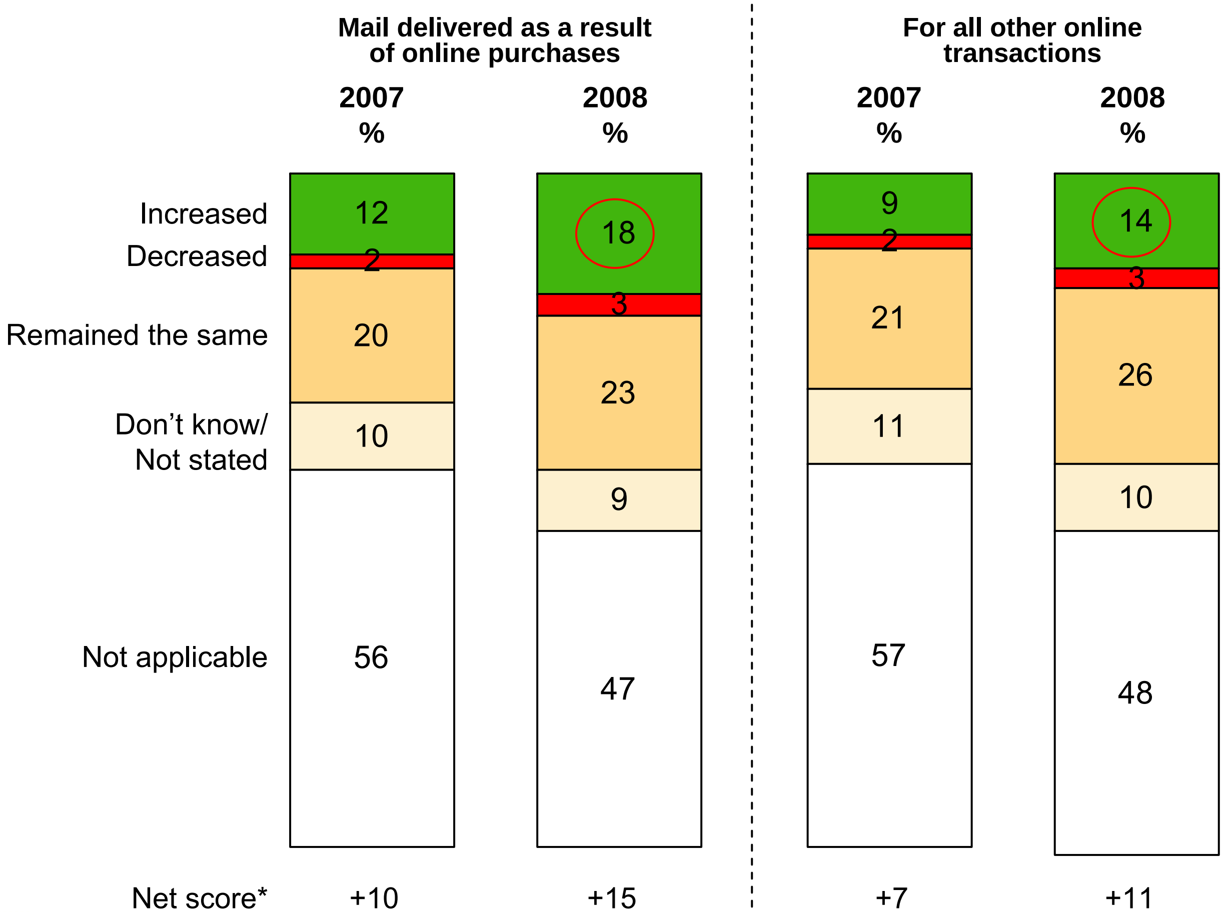
- Those most likely to have seen an increase in unaddressed direct mail were aged 45-64 (46%), living in Leinster or Munster (53%) and be homeowners (45%).

* Net score = those who claim an increase minus those who claim a decrease

Base: All respondents 18-74 (1,024)

Quantity and Types of Mail Delivered - III

Q. For each of the mail types that I am going to read out, can you tell me if the total number of letters you receive generally each week from all postal service providers has increased, decreased or remained the same over the past twelve months?



- The incidence of mail received relating to all types of online transactions has increased at an overall level during 2008.

Online Purchases

- 24% of all 25-34 year olds have seen an increase in mail as a result of online shopping, along with 34% of ABs.

All Other Online Transactions

- Increases in online transactions were more prevalent among those aged 25-34 (18%), Dublin respondents (18%) and ABs (27%).

* Net score = those who claim an increase minus those who claim a decrease

Base: All respondents 18-74 (1,024)

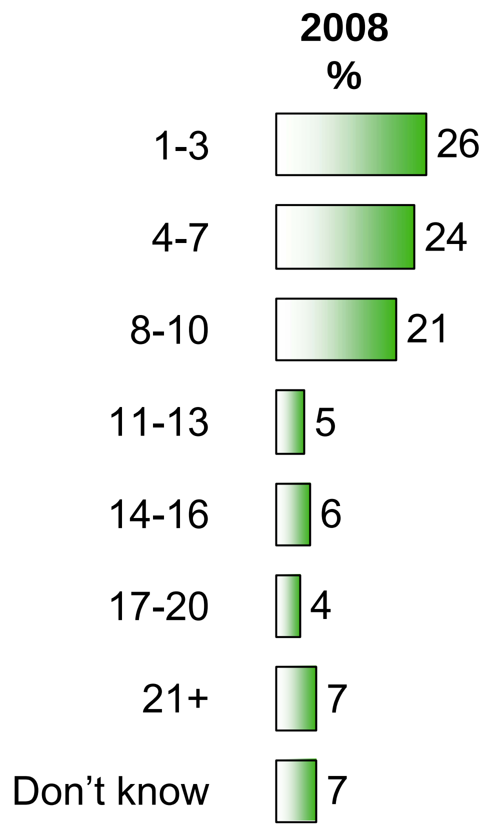
Millward Brown IMS

Millward Brown IMS

Mail Sent

Amount of Mail Sent – Per Month
Standard Sized Envelopes

Q. What is the TOTAL number of standard sized envelopes posted by **all persons resident in your household at this address** each month?



Average: 8.40

- Just under eight and a half items of mail per household are sent each month.
- Those most likely to post larger volumes of mail are aged 45-54 (9.12 items), followed by 35-44 year olds (8.97 items).
- Those aged 65-74 send the least amount (6.65 items per month).
- ABC1s (9.85 items), driven by ABs (13.04 items) are most likely to send larger volumes, compared to just 7.37 items sent monthly among C2DEs.
- Both those with internet access (9.32 items) and online shoppers (9.80 items) are also above average senders of mail.
- Dublin and Munster respondents send the least amount of mail per month (8.14 and 8.15, respectively).

Base: All respondents 18-74 (1,024)

Millward Brown IMS

Amount of Mail Sent Per Month
Standard Sized Envelopes

Q. What is the TOTAL number of standard sized envelopes posted by **all persons resident in your household at this address** each month?

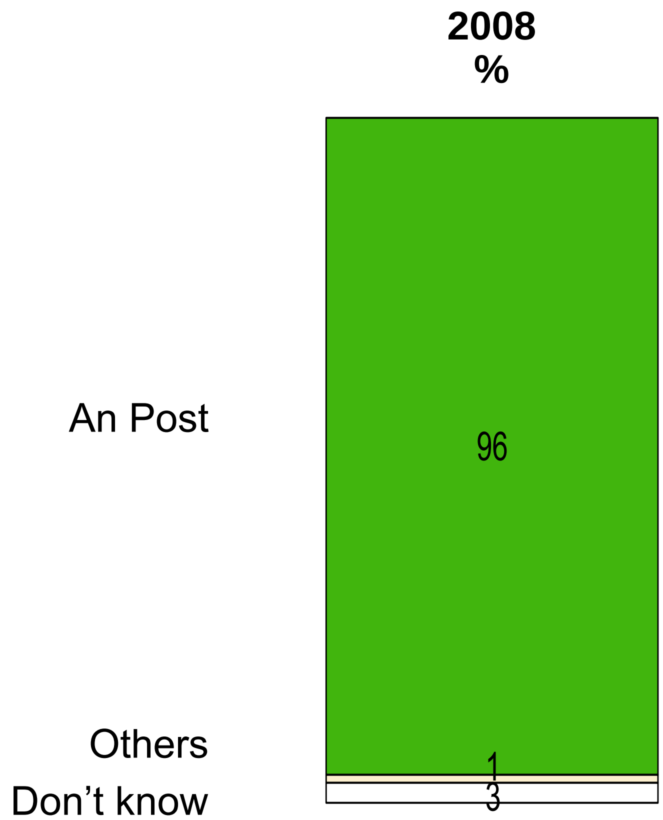
	2008 %	ABC1 (483) %	C2DE (485) %	F (56) %	Dublin (292) %	Rest of Leinster (250) %	Munster (289) %	Conn/ Ulster (193) %
1-3	26	22	29	25	31	21	27	23
4-7	24	24	24	25	21	26	26	24
8-10	21	22	20	21	17	25	17	25
11-20	15	15	15	25	12	12	20	15
21+	7	11	5	-	9	9	6	5
Don't know	7	6	7	4	10	6	4	8
Average	8.40	9.85	7.37	7.28	8.14	9.06	8.15	8.29

Base: All respondents 18-74 (1,024)

Millward Brown IMS

Proportion of Mail Sent Per Month – An Post Vs Other Service Providers

Q. Of the total number of items posted each month, can you give the percentage sent with An Post and the percentage sent with other postal service providers?



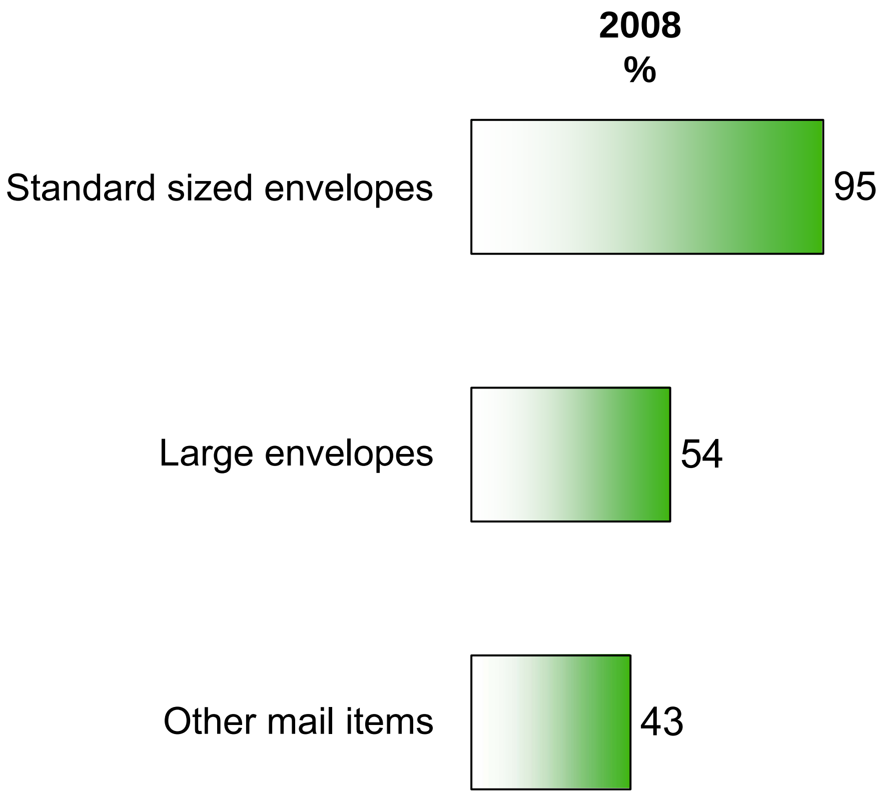
- The vast majority of mail items sent are sent with An Post, with few differences in terms of demographics, be it age, social class or region.
- Males, those aged 18-24 and Dublin respondents are more likely to use ***other service providers*** to send mail.

Base: All respondents 18-74 (1,024)

Millward Brown IMS

Types of Mail Sent – Over Last Year

Q. Can you tell me which of the following mail types you have sent over the last year?



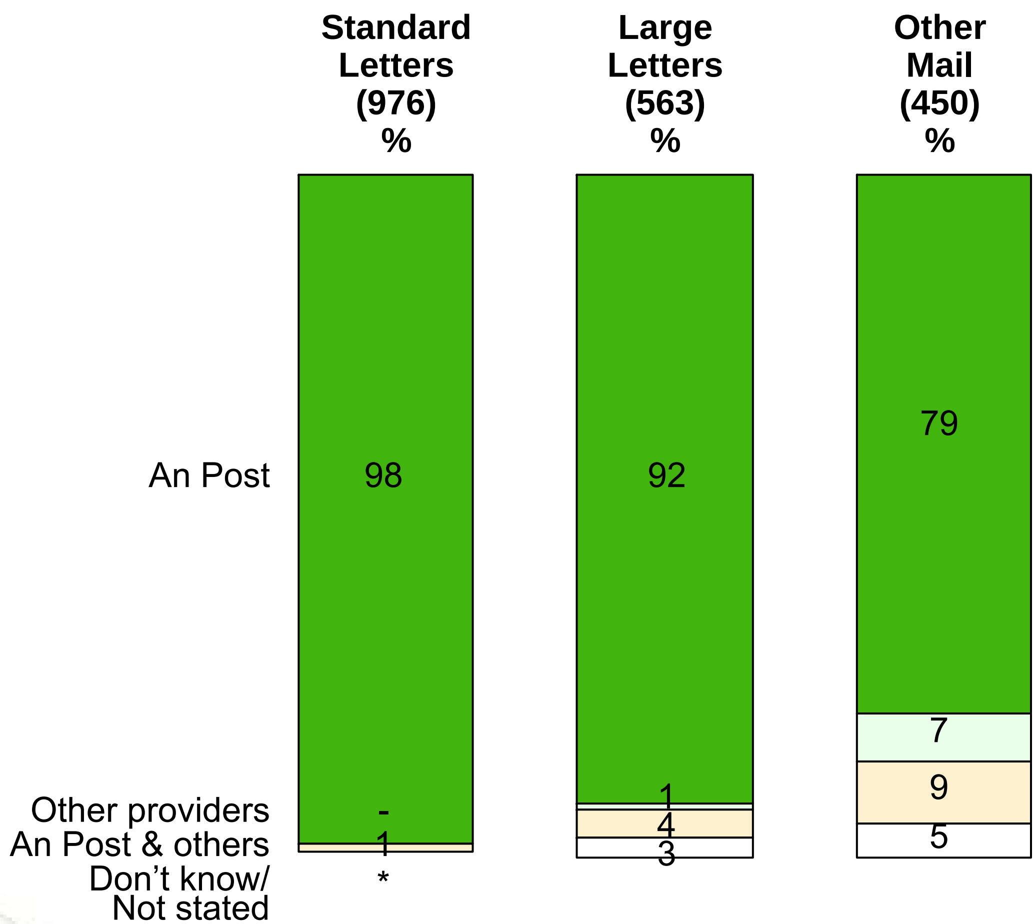
- Standard sized envelopes are by far the most frequently sent type of mail, with again few differences in terms of demographics.
- Large envelopes however, are more likely to have been sent by 35-44 year olds (65% and ABC1s (61%, rising to 68% among ABs).
- Heavy users of the postal services (14 items+ sent per month) and users of other providers are also more likely to have sent large envelopes (both at 70%).
- Those most likely to send other mail items were aged 35-44 (54%), residents of Munster (52%), ABC1s 54% (rising to 61% among ABs)
- In addition users of other providers and heavy senders of mail were again more likely to have sent other mail items (63% and 57% respectively).

Base: All respondents (1,024)

Millward Brown IMS

Postal Providers Used to Send Mail

Q. Did you send these with either An Post or other Postal Service Providers?



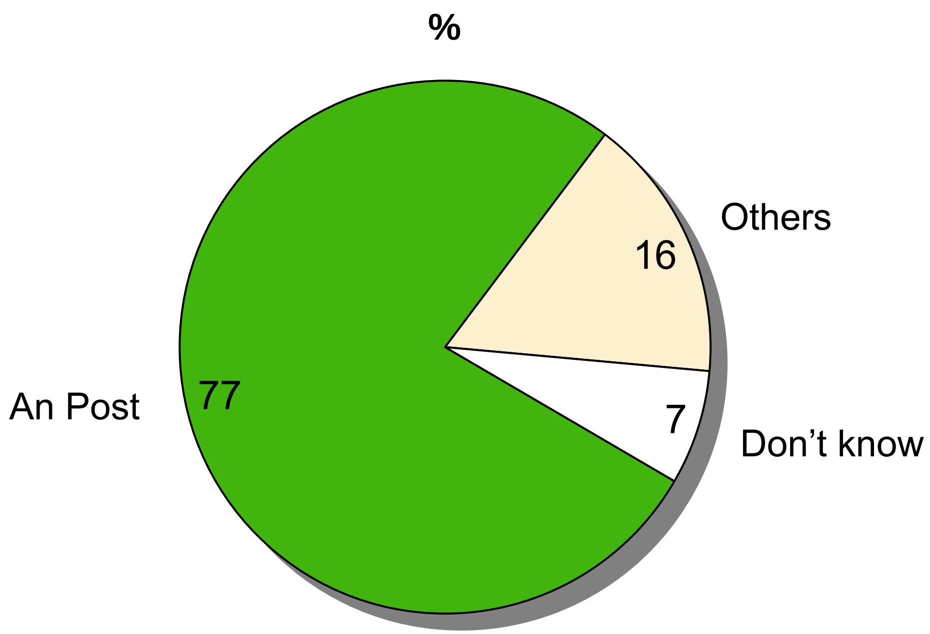
- More residents use An Post to send letters.
- In terms of other mail sent (incl. packets and parcels), An Post is still the preferred provider with 88% overall using them to some degree.
- Those more likely to use other providers only are more likely to be based in Dublin (10% vs. average of 7%).
- Those claiming to be aware of upcoming deregulation are twice as likely (14%) to use other providers only for sending "other mail".
- Of those using other service providers, over one in four (27%) used other operators only for sending non-letter mail.

Base: All who have posted mail items in past year

Millward Brown IMS

Proportion of Mail Sent with An Post vs. Other Service Providers

Q. What percentage of your other mail items is sent with An Post and with other service providers?



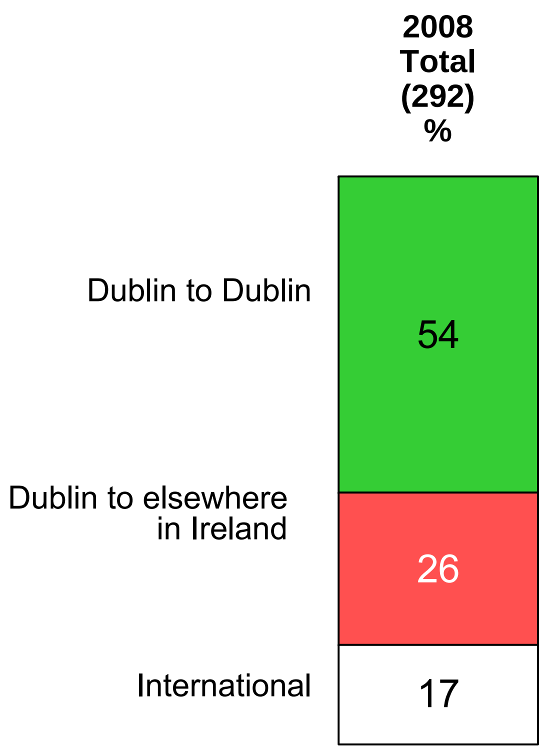
- Among those who have used other service providers, over three quarters of their volume is still sent by An Post.
- Those sending more of their mail items with other providers are more likely to be aged 18-24* (23% of their volume).
- Those living in Dublin (25%) and also those sending higher volumes of mail in general (14 items+ per month)* (24%) are more likely to be using other providers.

*Caution: Small base size   Base: All who have used other service provider in past year (161)

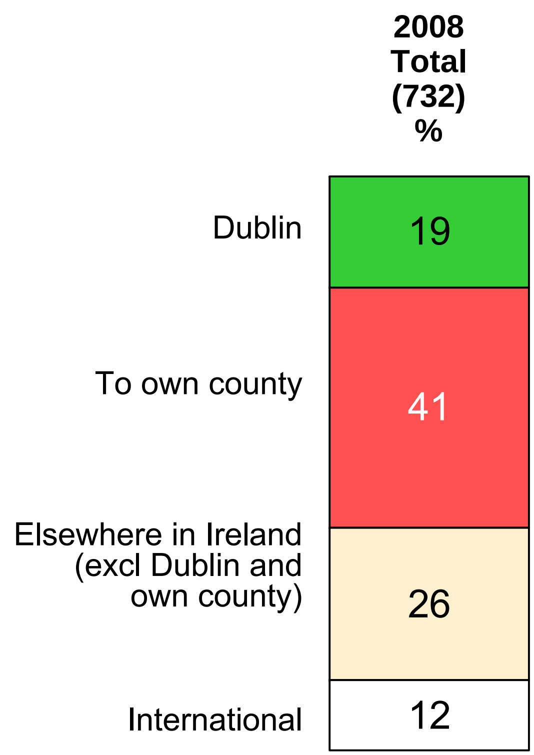
Proportion of Mail Items Sent by Destination

Q. Of the total number mail items (letters, packages and parcels) which you sent with all postal service providers in the last 12 months, what percentage were sent to the following destinations?

DUBLIN BASED RESPONDENTS



RESPONDENTS BASED OUTSIDE OF DUBLIN



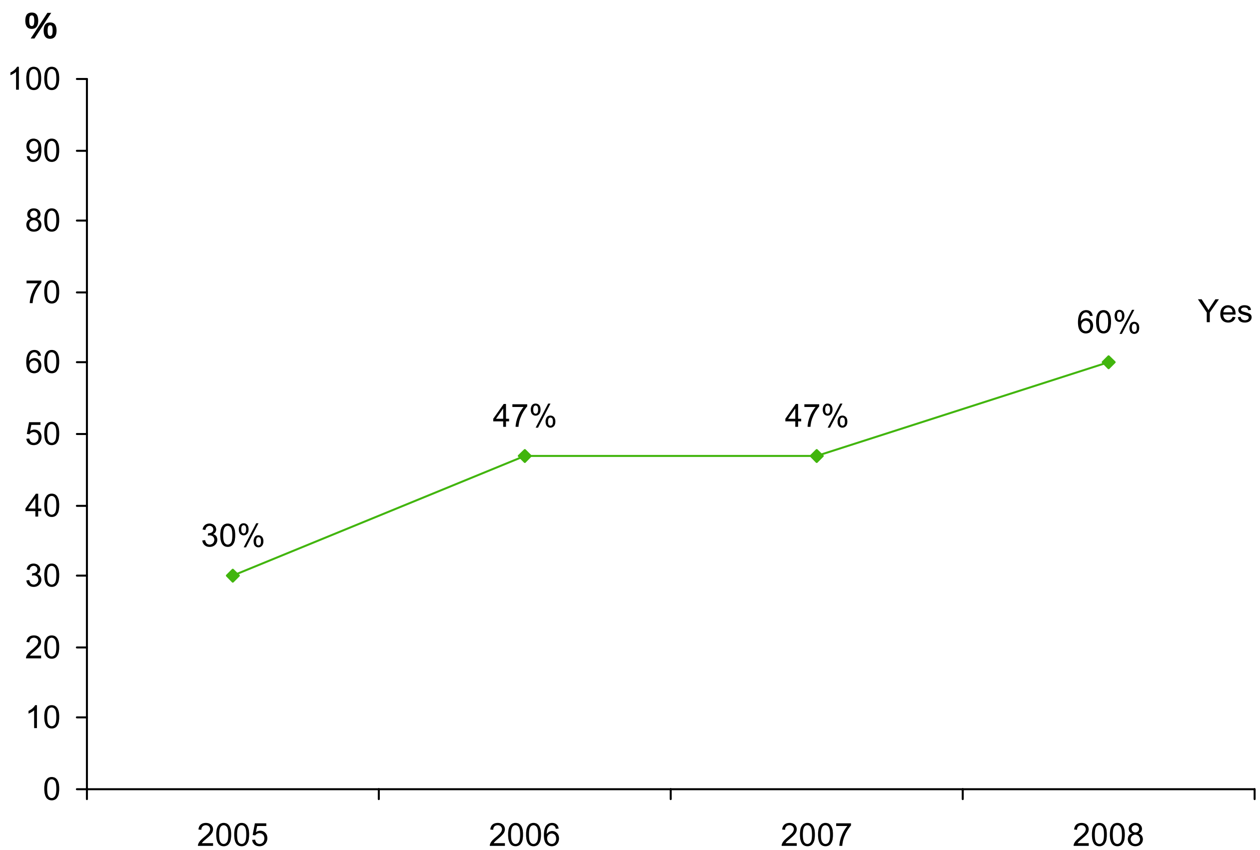
Base: All respondents

Millward Brown IMS

Awareness/Usage of Postal Service Providers

Awareness of Other Service Providers

Q.	Are you aware that you can you use a company other than An Post for the sending and delivery of some postal items?

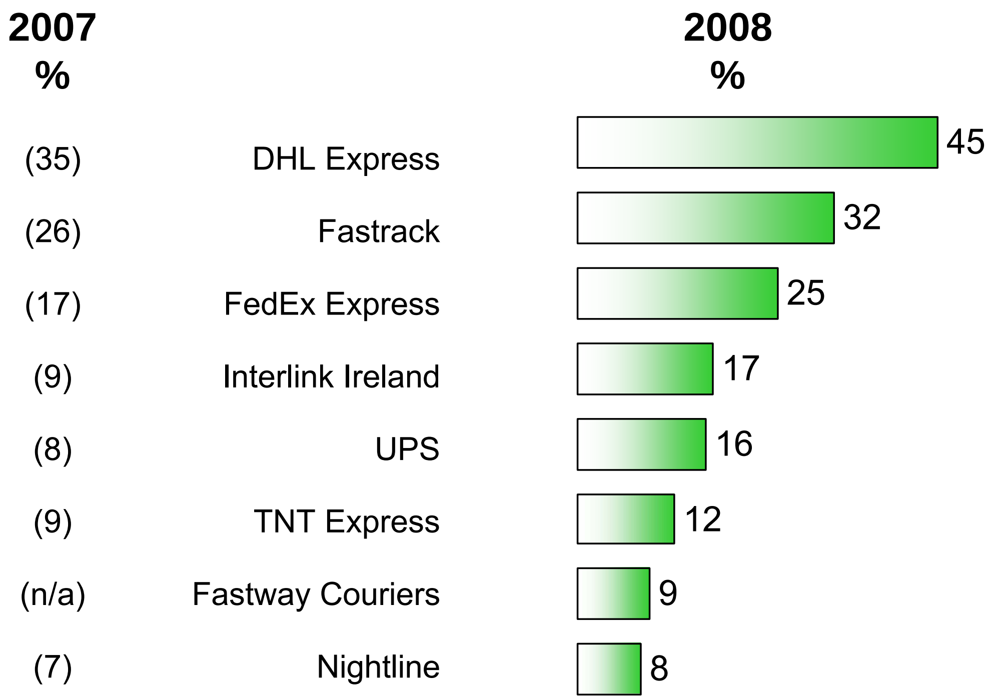


- Claimed awareness of any other service providers has increased over the past year.
- When examined by behaviour, heavy senders of mail (14+/month), those with internet access and those who shop online are more aware of other providers (66%, 68% and 68% respectively).
- 25-34 year olds and 35-44 year olds are most likely to claim awareness of other providers (66% and 64% respectively).
- Awareness is generally consistent across regions.
- ABs also claim to be more aware (67%), along with those aware of upcoming deregulation (80%).

Base: All Respondents 18-74 (1,024)

Other Service Providers

Q. What other companies are you aware of that you could use for the sending and delivery of post, other than An Post?



Includes all responses of 8% or more

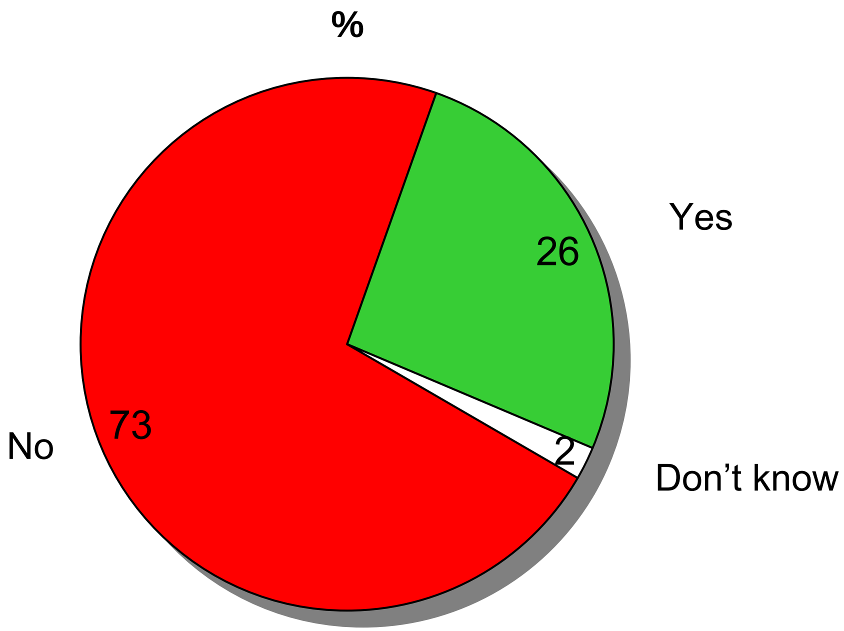
Note: Multiple Responses allowed

Base: All Adults 18-74 Aware Of Other Postal Companies (613)

Millward Brown IMS

Usage of Other Postal Providers

Q. Have you used any company other than An Post to send mail over the past year?



- Of those claiming awareness of other providers, one in four claim to have used them in the past year, equating to an overall claimed usage of 16%.
- Claimed usage was higher among 25-34 year olds and 45-54 year olds (both at 29%), residents of Dublin (30%) and ABC1s (33%, with ABs at 44%).
- In terms of behaviour, those receiving and sending larger volumes of mail were also more likely to use other service providers (38% and 39% respectively) along with those who shop online (37%).

Base: All aware of other postal service provider besides An Post (613)

Millward Brown IMS

Other Service Providers Used

Q. Can you tell me which company you have used to send mail over the past 12 months?

2007 %		2008 %
(31)	DHL Express (Ireland) Limited	40
(22)	Fastrack	20
(24)	FedEx Express	17
(8)	Interlink Ireland	12
(11)	UPS	9
(6)	TNT Express	4
(5)	Nightline	4

* Includes all responses of 4% or more

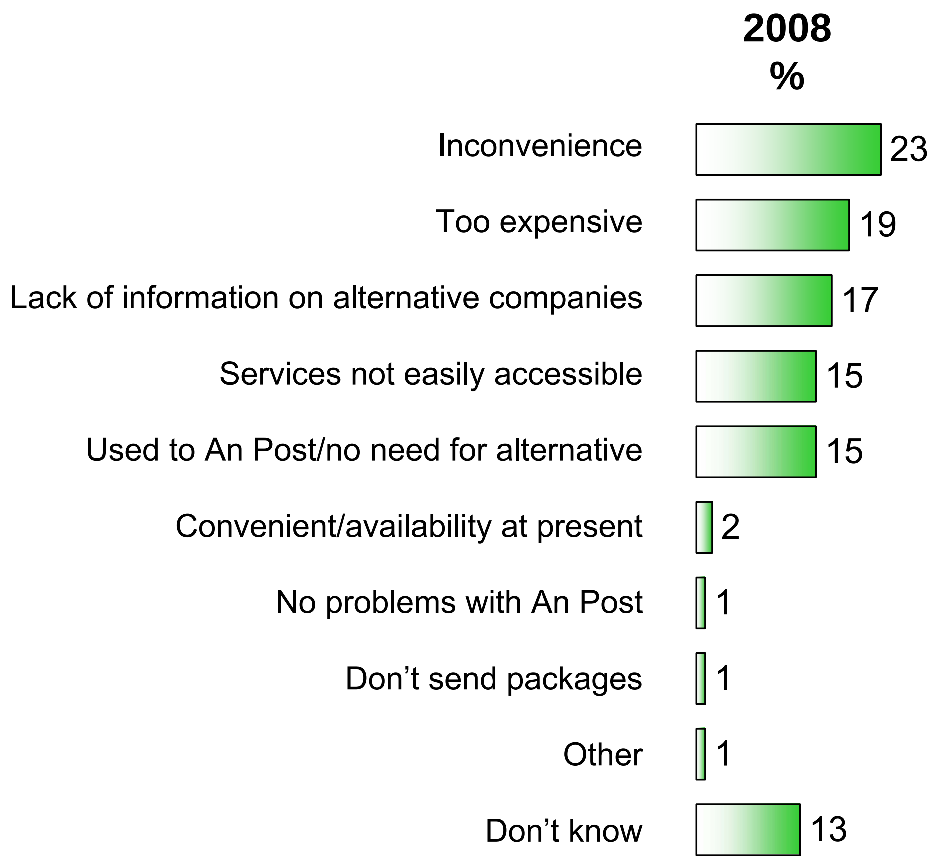
Note: Multiple Responses allowed

Base: All Adults 18-74 Who Have Used Other Service Providers (160)

Millward Brown IMS

Reasons for Not Using Other Postal Service Providers

Q. What do you think is the main reason for you not using a service provider other than An Post for sending postal items?

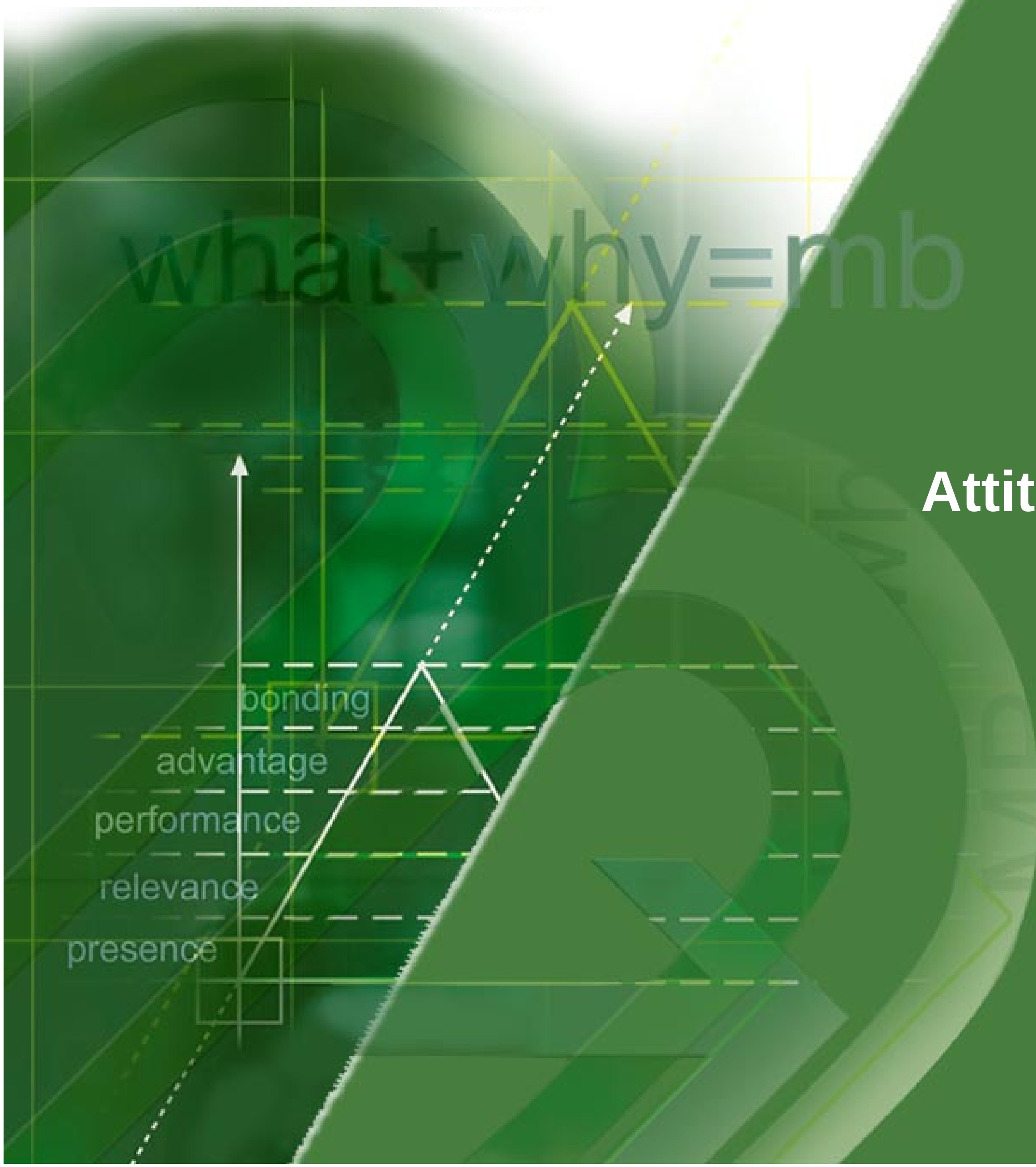


- Inconvenience/lack of accessibility is the primary reason for not using other providers, followed by cost considerations and lack of information.
- 35 – 54 year olds feel other providers are too expensive (26%) as well as those in Munster (30%) and C2DE's (23%).
- Females are more likely than males to site inconvenience as the main reason they are not using other postal providers (24% v's 21% respectively).
- Older respondents (65 -74) are also more likely to site inconvenience when it comes to choosing a provider other than An Post (32%)

Base: All aware of other providers but not using them (453)

Millward Brown IMS

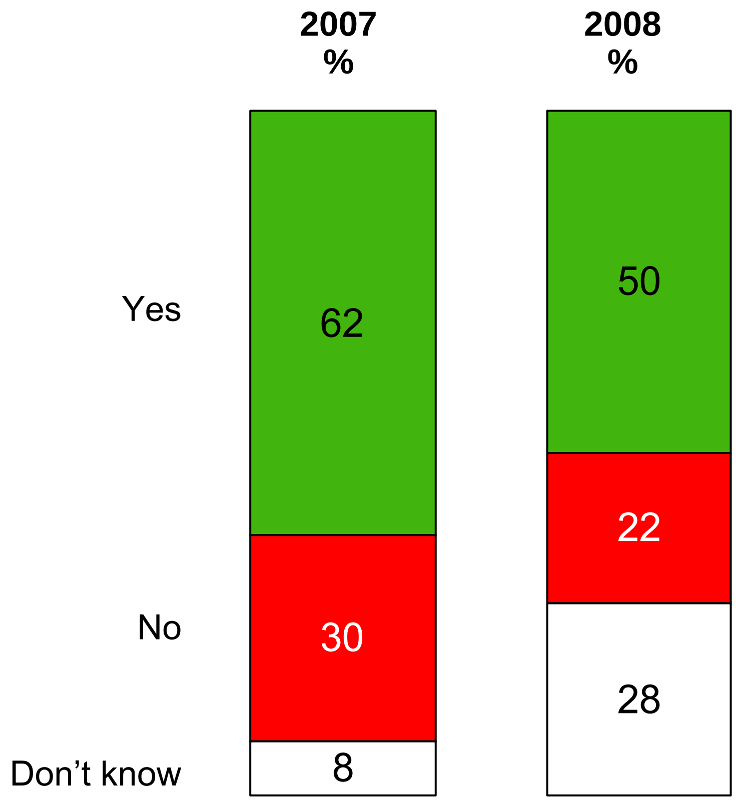
Millward Brown IMS



Attitudes to Postal Services

Satisfaction with Information Provided by Other Postal Service Providers

Q. Are you satisfied with the availability of information from other postal service providers on the postal service products which you can use for sending mail?



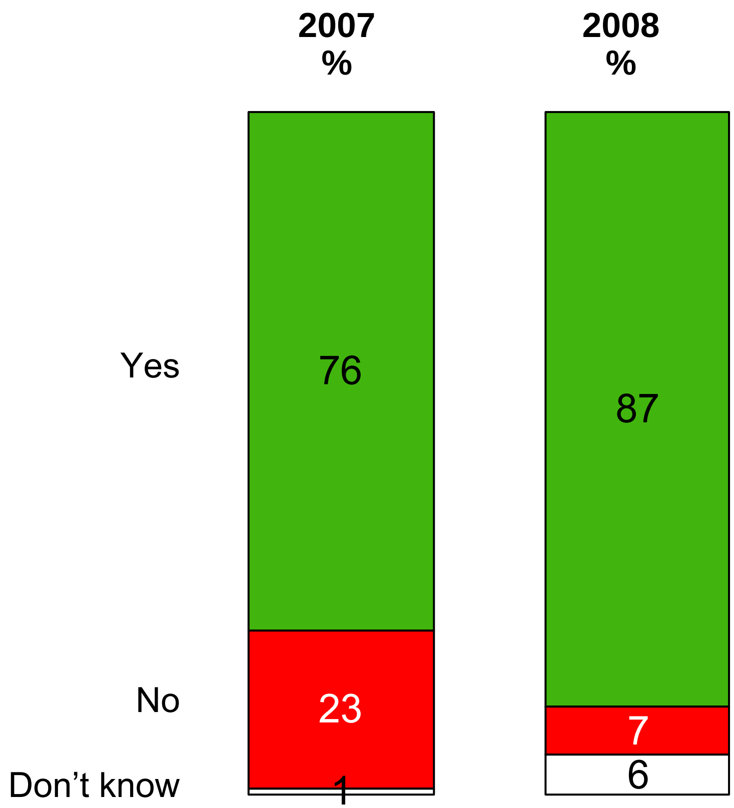
- Among those using other providers 55% are satisfied with nearly one in four (23%) dissatisfied.
- Half are satisfied with the availability of information on other postal service providers.
- Those most satisfied are based in Leinster (excl. Dublin) at 60%, C2s (57%) and senders and receivers of moderate amounts (8-13 items) of mail (51% and 54% respectively).

Note: Question wording changed slightly in 2008

Base: All respondents 18-74 (1,024)

Satisfaction with Information Provided by An Post

Q. Are you satisfied with the availability of information provided by An Post at your local post office on the postal service products which you can use for sending your mail?



- A large majority are satisfied with information on An Post available on site.
- Those aged 25-34 (91%), residents of Leinster excl. Dublin (92%) and C2DEs seem more satisfied (89%).
- In terms of dissatisfaction, Dublin residents (10%), ABs (12%) and those sending 14+ items of mail monthly (10%) are most likely to express this opinion.

Note: Question wording Changed slightly in 2008

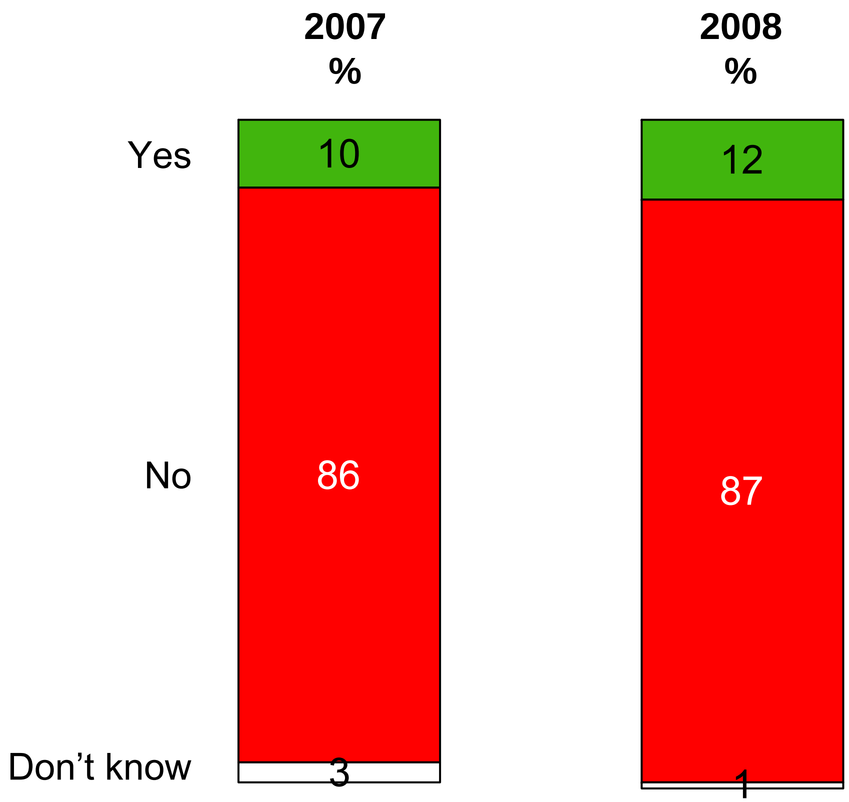
Base: All respondents 18-74 (1,024)

Millward Brown IMS

Postal Complaints

Incidence of Dissatisfaction with Postal Services

Q. In the past 12 months has there been any aspect of the postal service (provided by An Post or any other postal service provider) that you have been dissatisfied with?



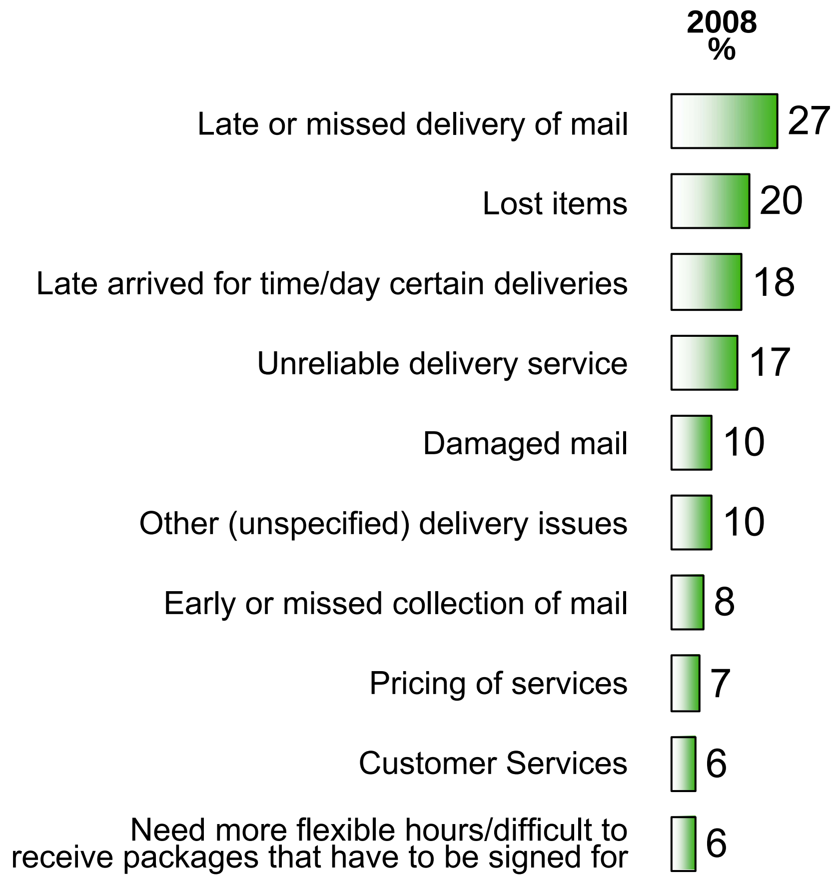
- Incidence of dissatisfaction with postal services has remained largely consistent over the past 12 months.
- Those most likely to have had issues were Dublin based (17%).
- ABs (21%), C1s (16%) and those aware of upcoming deregulation (22%) were also most likely to have been dissatisfied with some aspect of the postal service.
- Behaviourally, those dissatisfied were more likely to be heavy users of the postal service (15%), those using other providers (24%) and be online shoppers (18%).

Base: All respondents 18-74 (1,024)

Millward Brown IMS

Reasons for Dissatisfaction

Q. What was the issue/or cause of this dissatisfaction?



- Generally, those most dissatisfied mentioned An Post (91%) as the service provider they were most dissatisfied with.
- Dublin respondents (32%) and AB's (42%) were most likely to cite late or missed delivery of mail as a reason for dissatisfaction.
- Munster respondents (27%) were more likely to mention lost items as the reason for their dissatisfaction.
- In 2007 71% cited delivery issues, 12% customer services and 10% cited price of services.

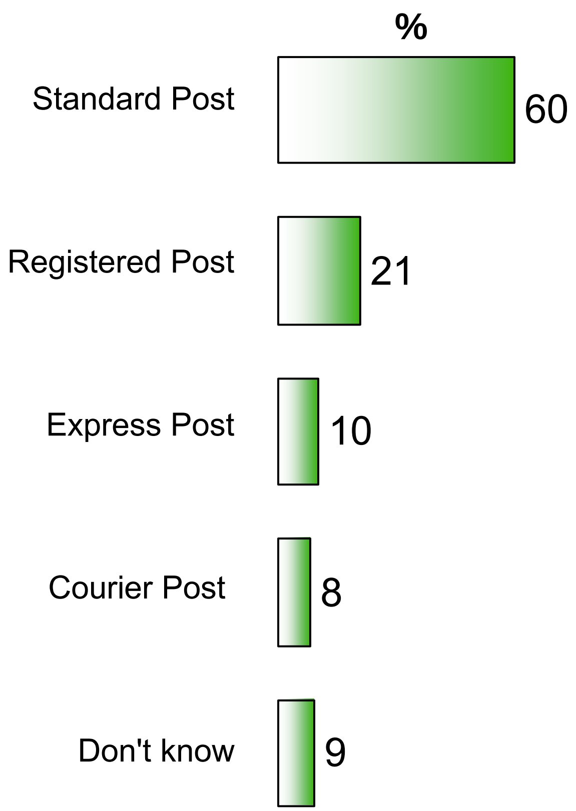
Note: Answers under 5% not shown

Base: All Dissatisfied with Postal Services in Past 12 months (128)

Elements of An Post's Service Which Caused Dissatisfaction

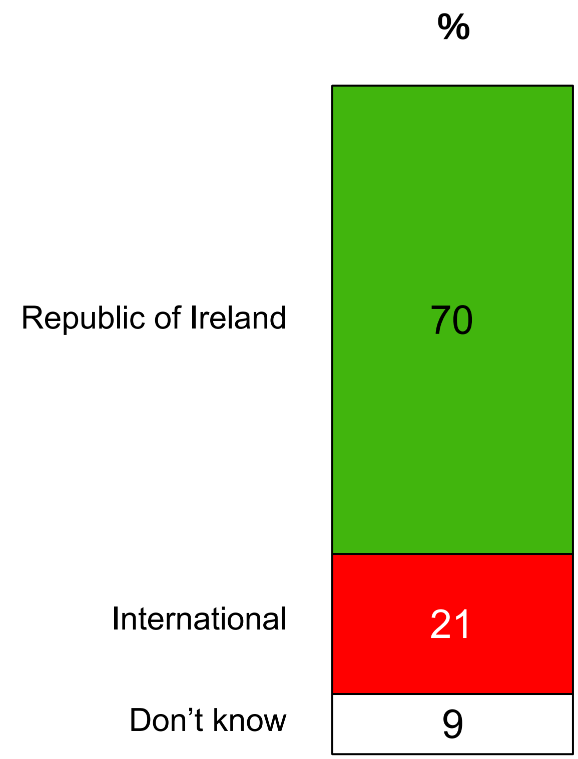
Dissatisfaction with An Post – Service Used

- Do you remember which of the An Post Postal Services you used? Was it…



Dissatisfaction with An Post – Destination of Mail

- And was your mail item sent to a Republic of Ireland or an International destination?



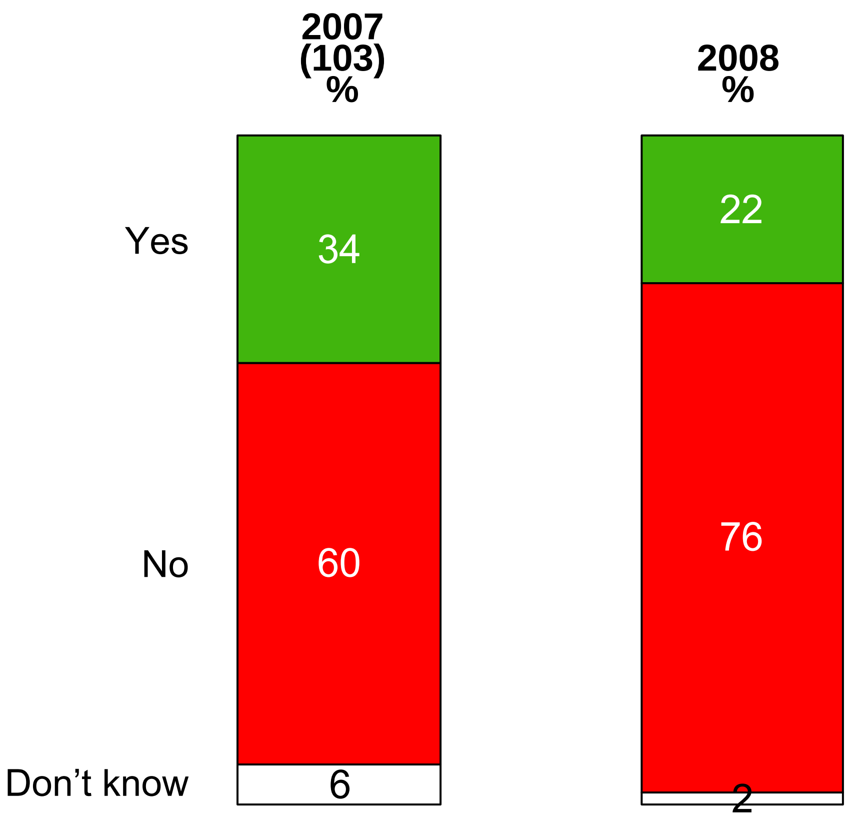
Note: Multiple answers allowed

Base: All dissatisfied with An Post in past 12 months (120)

Millward Brown IMS

Reporting the Complaint

Q. Did you lodge/make a formal complaint about this issue/any of these issues in the past 12 months?



- 87% complained to the postal service operator directly.
- Those most likely to complain were "medium" users of the postal service, receiving or sending 8-13 items of mail weekly/monthly* (29% and 25% respectively).
- Those least likely to complain were aged 35 – 44 (72%), C2DE (73%) and those without internet access (67%).

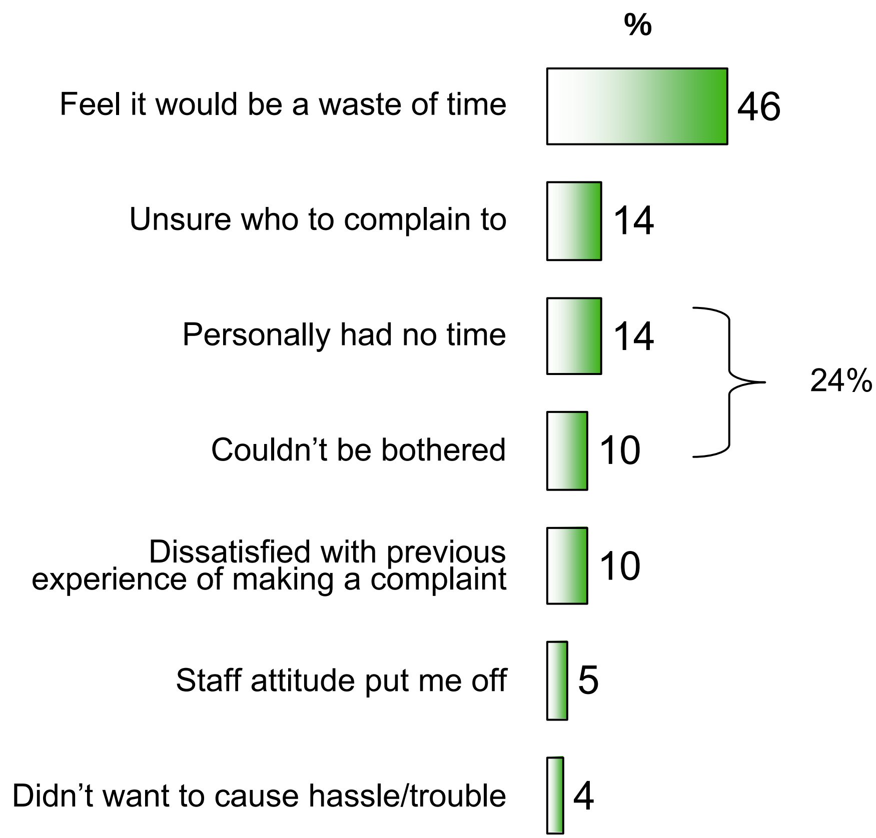
*Caution: Small base size

Base: All dissatisfied with Postal Service in past 12 months (128)

Millward Brown IMS

Reasons for Not Making a Complaint

Q. What would you feel was the main factor in deterring you from making a formal complaint?



- Those aged 35-44 (63%) were more likely to feel that making a complaint would be a waste of time.
- Non Dublin residents were also more likely to feel that making a complaint would be a waste of time.
- Females are more likely than males to mention they are unsure of who to make the complaint to.

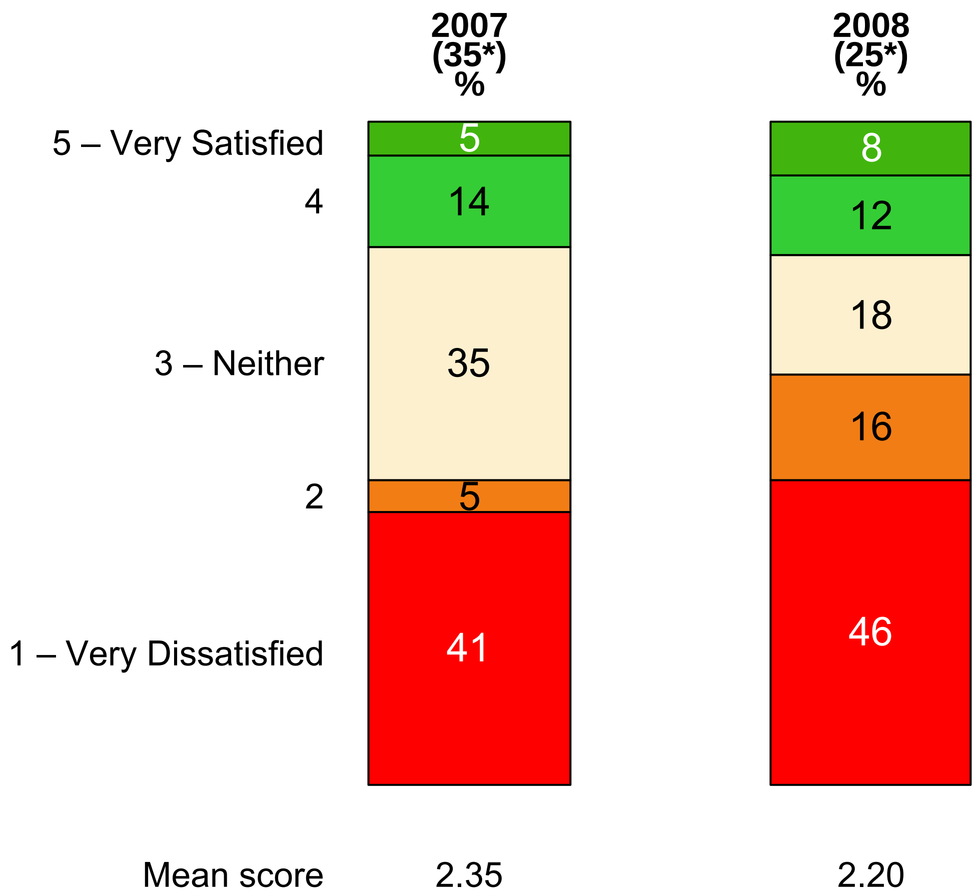
Note: Answers 3% or under not shown

Base: All Dissatisfied but didn't make a complaint (99)

Millward Brown IMS

Satisfaction with Complaints Procedure

Q. How satisfied were you with the handling of your complaint(s) by the organisation you contacted on a scale of 1 to 5, where 1 is very dissatisfied and 5, very satisfied?



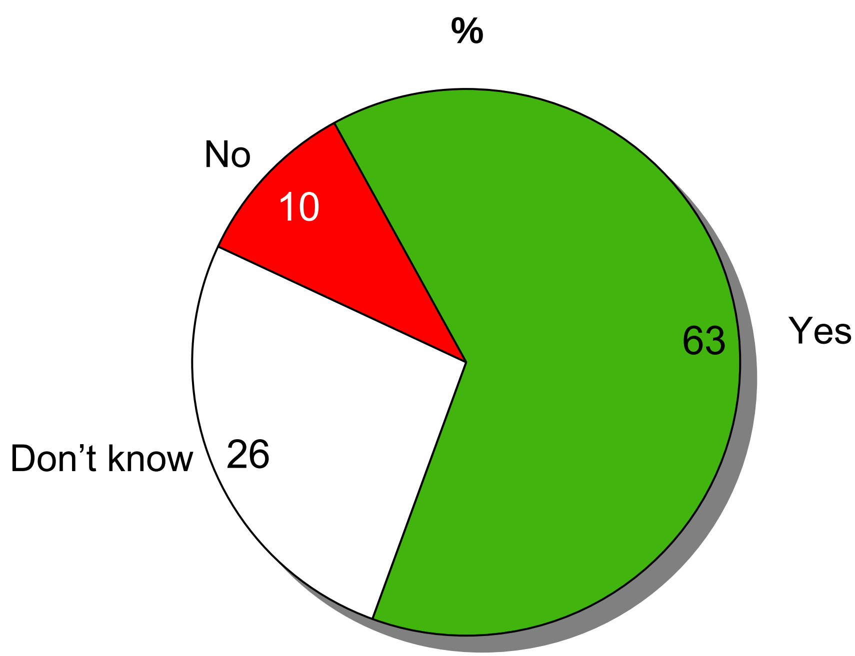
- Levels of dissatisfaction with handling of complaint remain high, with nearly half feeling very dissatisfied with the outcome.
- Those most dissatisfied were male (76%)* C2DE's (75%)* and those aged 25-34 (81%)*

*Caution small base

Base: All Who Have Made A Complaint (25)

Satisfaction with Information Available on An Post's Complaints Procedure

Q. Are you satisfied with the availability of information on An Post's complaints procedure at your local post office?



- Unsurprisingly those who had cause for dissatisfaction with the postal service in the past year are more critical of availability of information on the An Post complaints procedure (35%).
- Nearly two in three (63%) are satisfied with availability of information on An Post's complaints procedure.
- Among those most dissatisfied are Dublin residents (13%), ABC1s (16%, rising to 20% among ABs) and users of other service providers (14%).
- In terms of interaction with the postal service, those sending and receiving larger volumes of post (14+ monthly/weekly) are more likely to be dissatisfied (13% and 14% respectively).

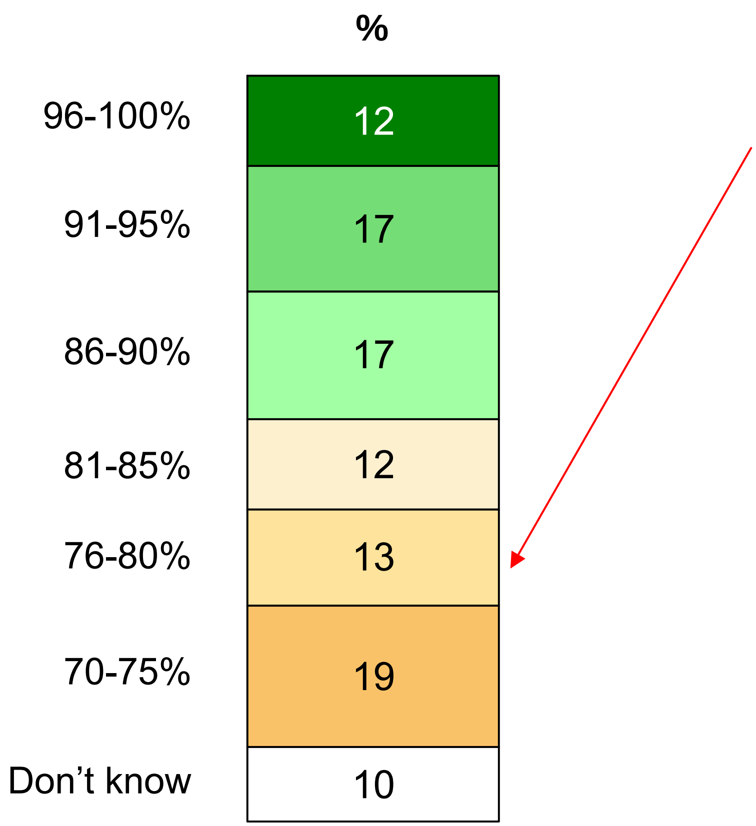
Base: All respondents 18-74 (1,024)

Millward Brown IMS

Desire for 2nd Class Service and Awareness of Upcoming Market Liberalisation

Perception of An Post's Performance for its 1st Class Service

Q. Where in the following ranges do you perceive An Post's performance for delivery within 1 working day to currently fall?



- Actual performance achieved by An Post for 2007 was 77%.
- Almost half of all respondents (46%) believe An Post achieve 86% or above for delivery within 1 working day.
- One in five respondents (19%) feel An Post are achieving performance of less than 75%.

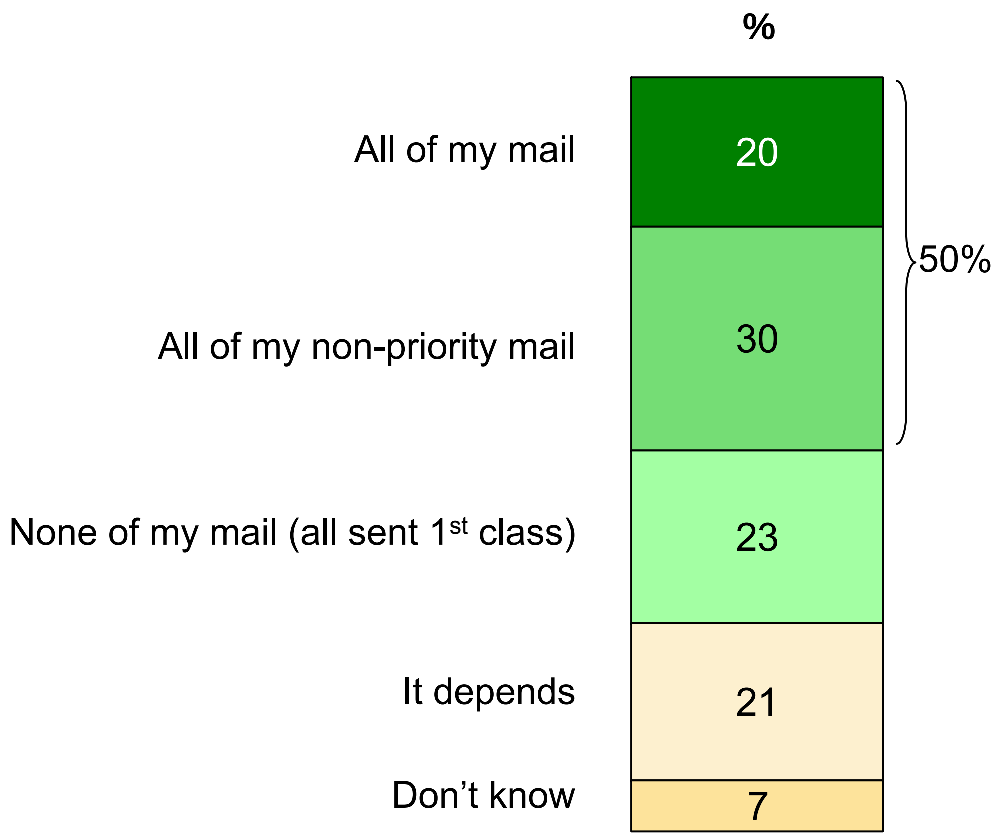
** Source: ComReg*

Base: All 18-74 (1,024)

Millward Brown IMS

Likelihood of Using a 2nd Class Service – Hypothetical Scenario

Q. In addition to the current 1st class service, if there was the option of a second class service, where mail is delivered for example over 2 working days, at a cheaper price, e.g. a discount of 10c, how much of your mail would you be likely to send using the 2nd class service if it were available?



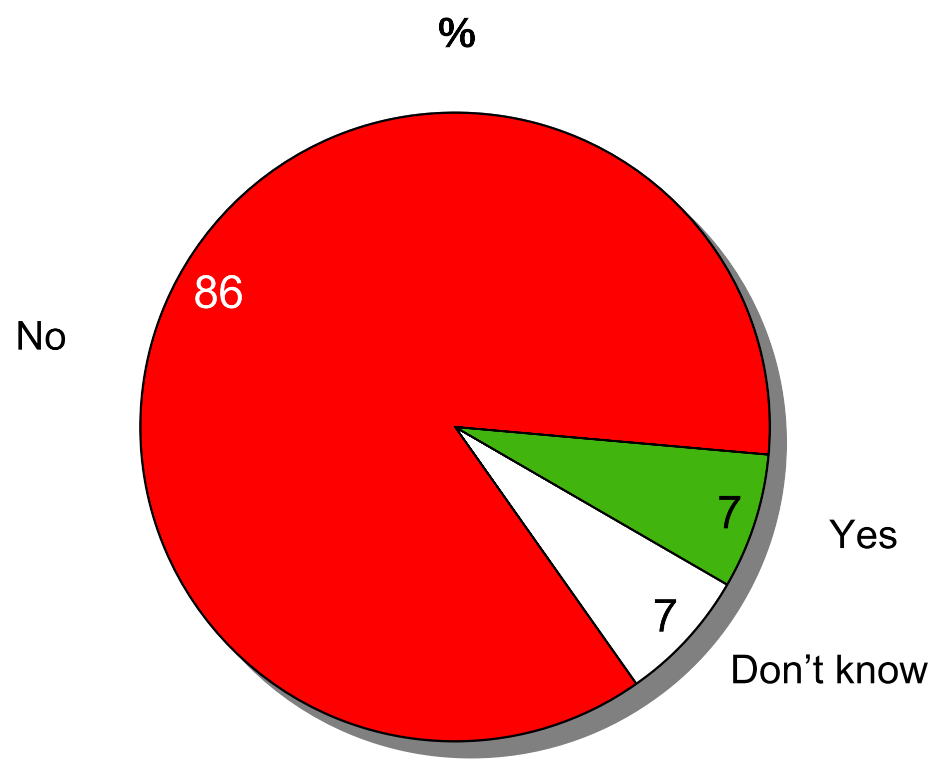
- Half of all respondents claimed they would send a high percentage of their mail using a 2nd class service if it were available
- Only 23% claimed they would send no mail using a 2nd class service if it were available

Base: All 18-74 (1,024)

Millward Brown IMS

Awareness Of When An Post's Standard Letter Monopoly Will End - I

Q.	Do you know when the postal market will be fully opened to competition in Ireland by the removal of An Post's monopoly of the standard letter market?



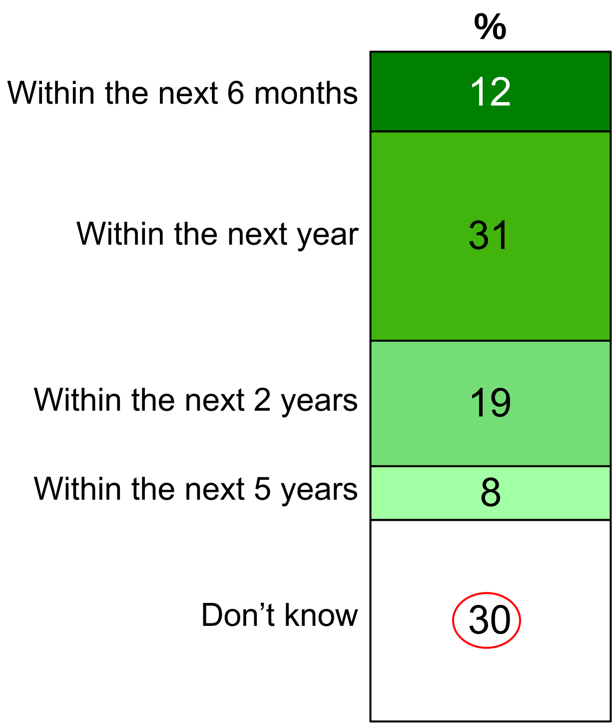
- A large majority are unaware of when the postal market will fully open to competition.
- Those claiming to be aware were more likely to be male (10%) residents in Dublin (11%) and ABs (17%).
- In terms of behaviour, those using other service providers were most aware (18%) along with heavy receivers (12%) and senders of mail (15%).

Base: All 18-74 (1,024)

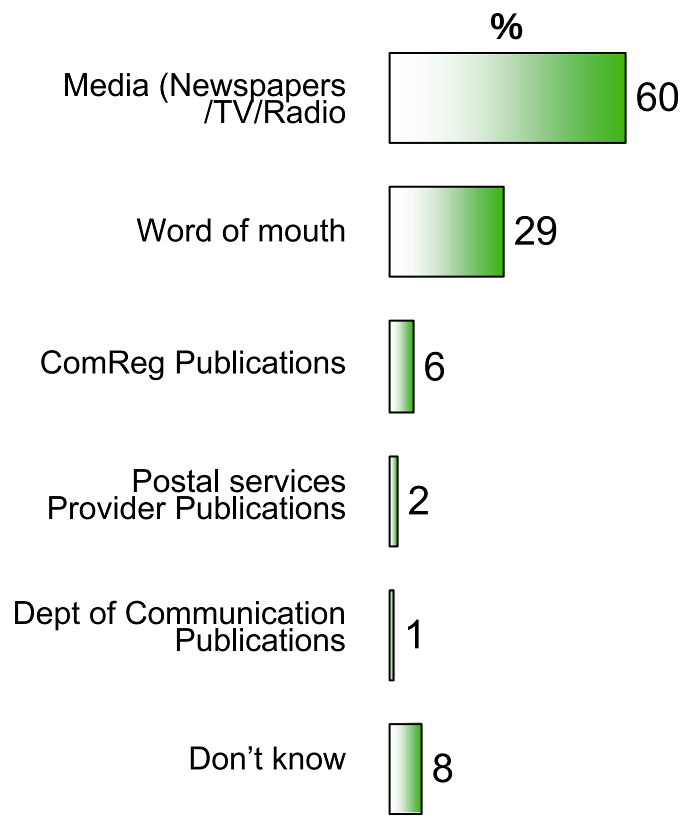
Millward Brown IMS

Awareness of when An Post's Standard Letter Monopoly will end - II

Q. Approximately when do you think this is due to happen?



Q. Where did you hear about this?



Base: All who claim to be aware of when An Post's Standard letter monopoly will end (76)

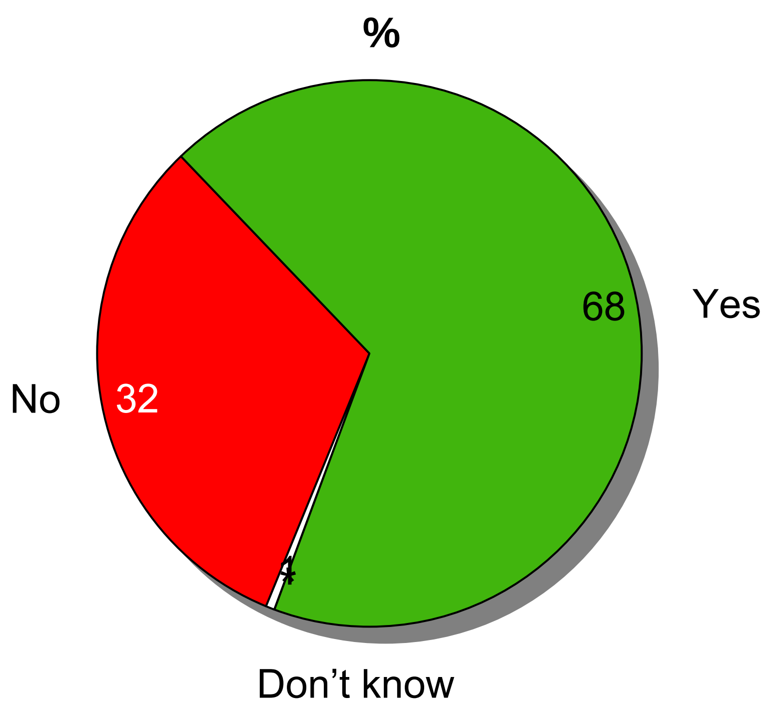
Millward Brown IMS

Millward Brown IMS

Internet Usage and its effect on Postal Services

Internet Access at Home

Q. Do you have access to the Internet at home?



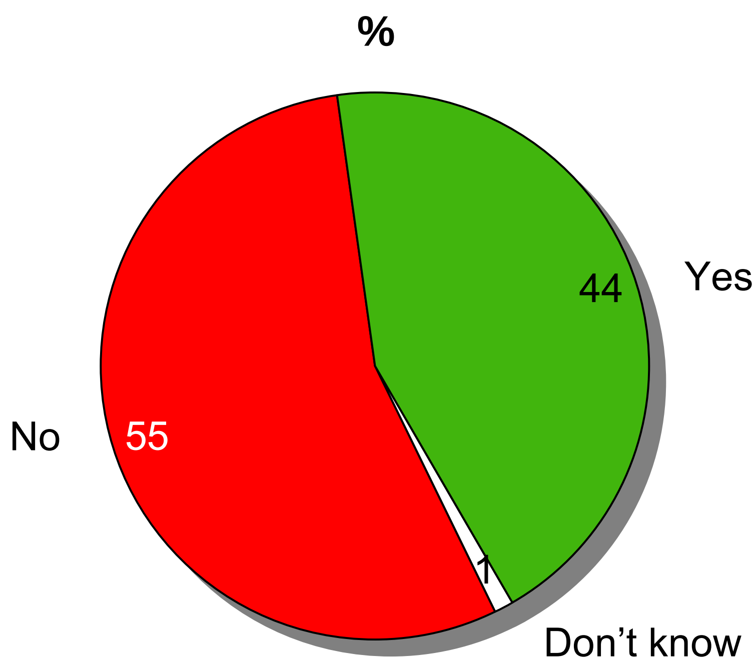
- There is a general connection correlation between age and access– 80% of those aged 18-24 have access compared to 56% of those aged 55-64 and only 30% of those 65-74.
- Penetration is highest in Dublin (81%) followed by Leinster (69%), Munster (62%) and Conn/Ulster (55%).
- In terms of SEG there is also a marked difference – 85% of ABC1s have access compared to 57% of C2DEs and just 45% access among those in the farming community.
- Those using other providers (88%), heavy receivers of mail (86%) and heavy senders (77%) are also more likely to have access.

Base: All 18-74 (1,024)

Millward Brown IMS

Incidence of Shopping Online

Q. Have you ever shopped for anything online?



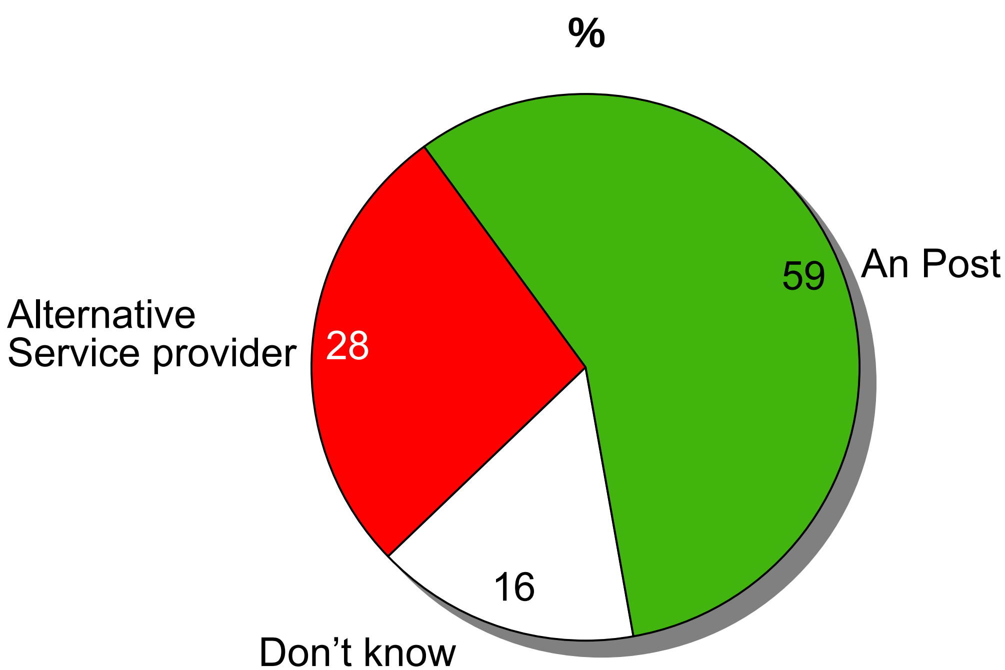
- Males are slightly more likely to shop online (46%) as are those aged 25-44 (58%).
- Dublin residents are most likely (57%) to shop online, as are ABC1s (63%).
- Heavy receivers and senders of mail are also more likely to have shopped online (60% and 56% respectively) along with those using other service providers (73%).
- 61% of those who have home internet access have shopped online, while 8% of those without home internet access have also shopped online.
- Of those who do not shop online, the main reasons cited are not being able to see / test the product followed by accessibility issues (27% in total between lack of access, lack of knowledge and lack of credit card).
- Postal/delivery related concerns account for 16% of reasons for not shopping online.

Base: All 18-74 (1,024)

Millward Brown IMS

How Goods purchased online are delivered

Q. Do you generally have these goods delivered to your household by An Post or an alternative postal service provider?



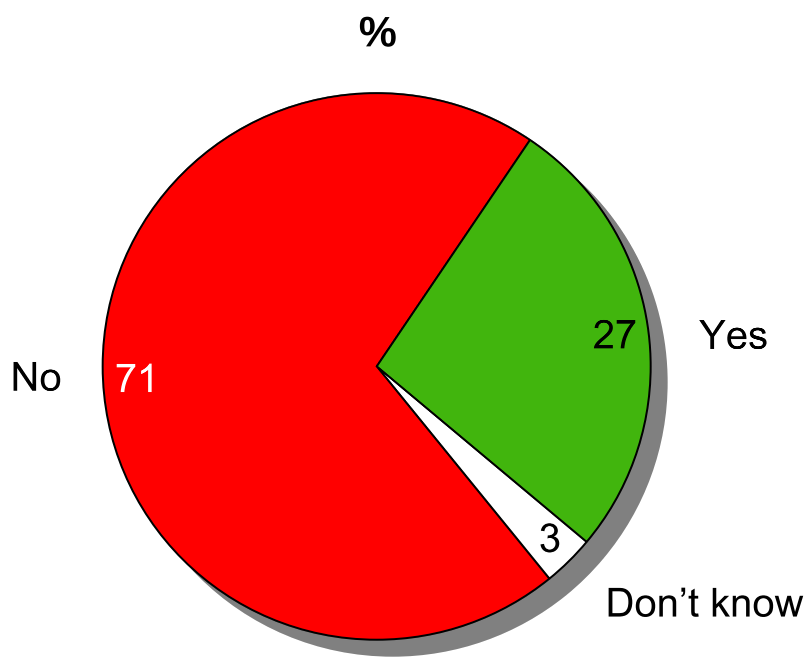
- Dublin residents are least likely to mention An Post for receiving their online goods (52%) whilst those in Conn/Ulster are most likely (65%).
- Overall one in six do not know/pay no heed to which service provider delivers goods purchased online.

Base: All who have ever shopped online (461)

Millward Brown IMS

Is the Internet used to view Utility Bills?

Q. Do you view any of your utility bills online (such as ESB, Phone, Banking details etc)?



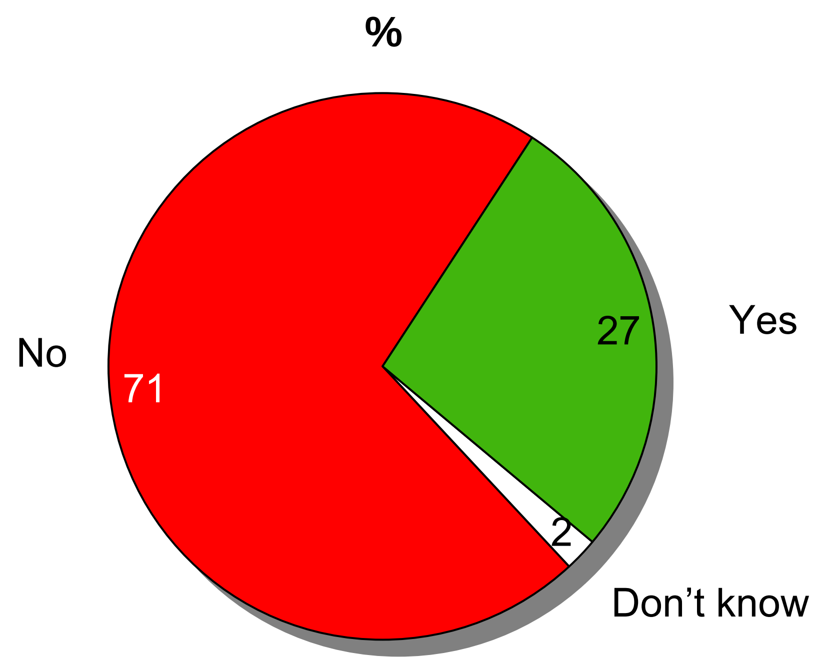
- Those aged 35-44 are most likely to view utility bills online (39%) along with residents of Dublin (37%).
- Four in ten (41%) of ABC1s view bills oline, compared to just 18% of C2DEs.
- Those using other service providers along with heavy receivers and senders of mail are also more likely to view bills online (43%,36% and 35% respectively).

Among those with Home Internet access, 38% view bills online

Base: All respondents (1,024)

Incidence of Switching Utility Bills from Postal Delivery to Online

Q.	Have you switched any of your Utility Bills from being delivery by Post to being delivered Online?



- Of those viewing bills online, just one in four have switched to receiving their bills directly online.
- Those most likely to have switched are aged 35-54 (30%) and those resident in Dublin (43%).
- There is little difference in SEG with 28% of ABC1s and 28% of C2DEs having made the switch.
- Users of other service providers are more likely to have switched (36%) but there is less divergence in switching behaviour between heavy, medium and light users of postal services.

Base: All viewing Utility Bills online (283)

Millward Brown IMS

Future Requirements from Postal Service

Factors that would increase usage of postal services

Q. What factors if any, would result in you increasing your usage of postal services?

	2007 %	2008 %
Price/price discounts	(33)	34
More reliable service	(15)	10
Enhanced service quality	(12)	8
Increased security	(10)	9
More innovative product range	(7)	6
If Internet/email unavailable	(n/a)	1
If no phones	(n/a)	1
Faster/better delivers	(n/a)	1
Other	(3)	4
Nothing	(43)	38

More competitive prices, improved reliability, quality and security are the main factors that would increase usage of postal services.

Females (36%), those living in Leinster (excluding Dublin) (44%) and C2DE's (39%) mention price discounts as the main factor which might result in increasing their usage of postal services.

Dublin respondents and AB's (20%) want a more reliable service (17%)

Price/discounts remain the key factor in influencing an increase in Postal Usage, with few difference in terms of demographics

Base: All respondents 18-74 (1,024)

Millward Brown IMS

Millward Brown IMS

Perceived value of a standard letter

Van Westendorp Price Sensitivity Model

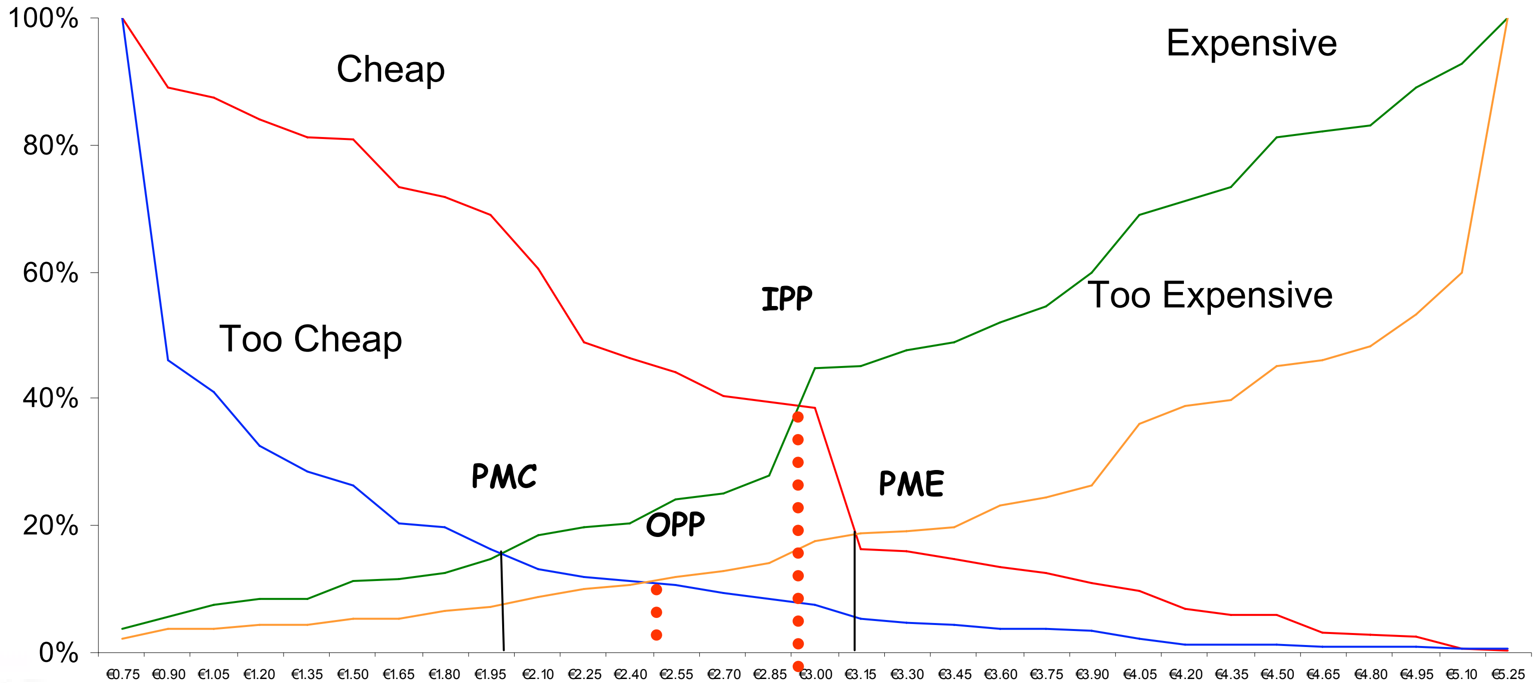
- Developed in the 1970's by a Dutch economist.
- The objective of the Model is to figure out the range of acceptable prices as well as the optimum and indifference price points for a product or service.
- In this model, price sensitivity relates not to absolute price but the perceived value of the product and service.
- Price expectations and tolerances are measured by asking a set of price perception questions. These questions are key to the model – the price at which the product or service is…
  - So *cheap* that product quality is questionable (***Too cheap***)
  - A *bargain* (***cheap***)
  - Beginning to *seem too expensive* (***Expensive***)
  - Too *expensive to consider* (***Too Expensive***)

Below is a list of possible prices for sending a standard letter by regular post.

a) at what price do you think the price is cheap but of acceptable quality?
b) at what price is it expensive but still worth it?
c) at what price is it too cheap to be of good quality?
d) at what price is it too expensive, no matter what the quality?

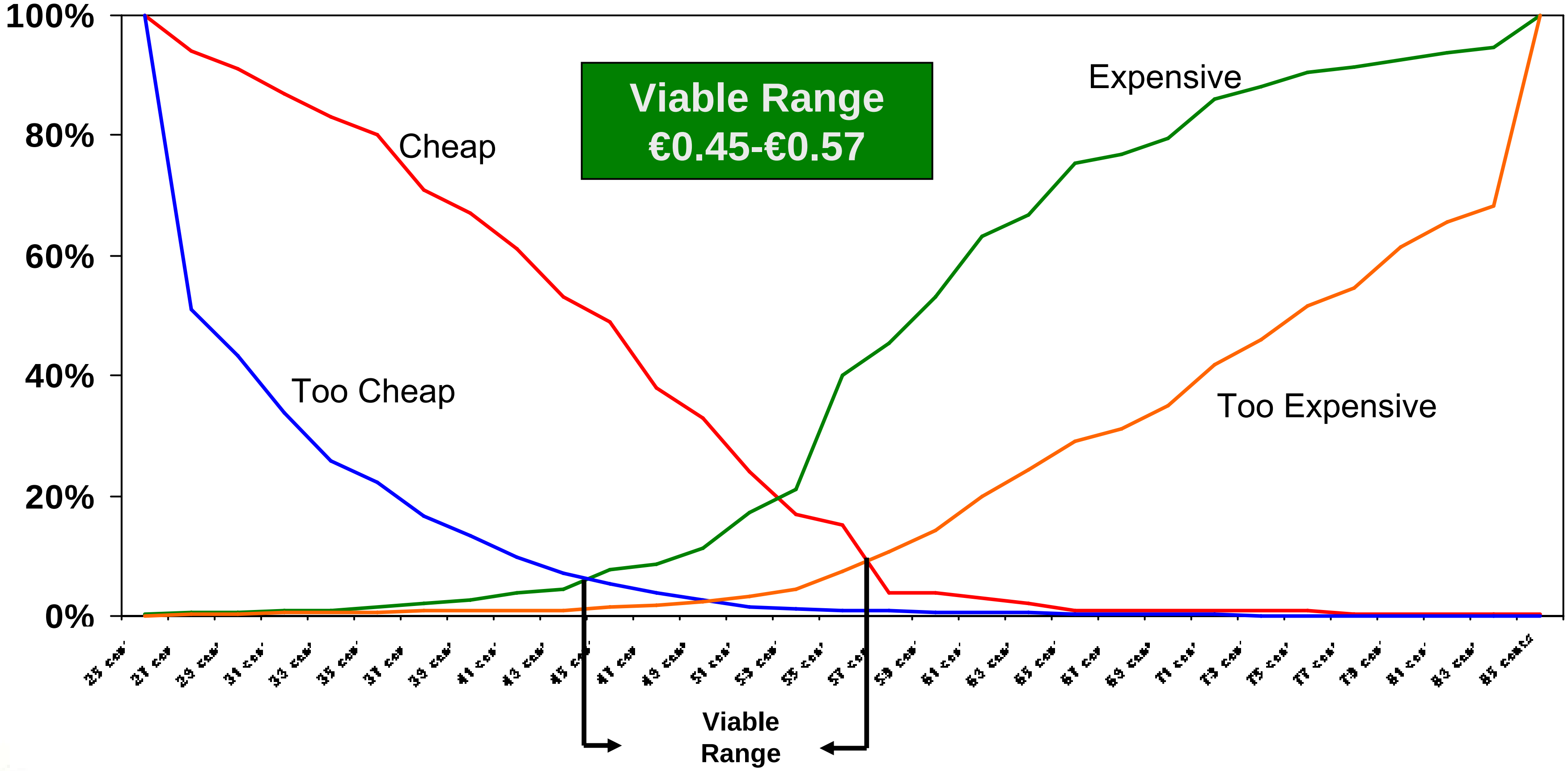
Key Points

- **Viable Range** - Range of price points between the point of marginal cheapness (where too cheap and expensive meet) and the point of marginal expensiveness (where too expensive and cheap meet).
- **Indifference Price Point** – Intersection of expensive and cheap -point where the highest number of people don't think the product is expensive or cheap.
- **Optimum Price Point** – where too expensive and too cheap intersect - point at which fewest reject a product because of price



Viable Range for Standard Letter 45-57 cent

Viable Range – at the high end you will have lower take-up but generate higher profits, at the low end you will have higher take-up through a low cost strategy

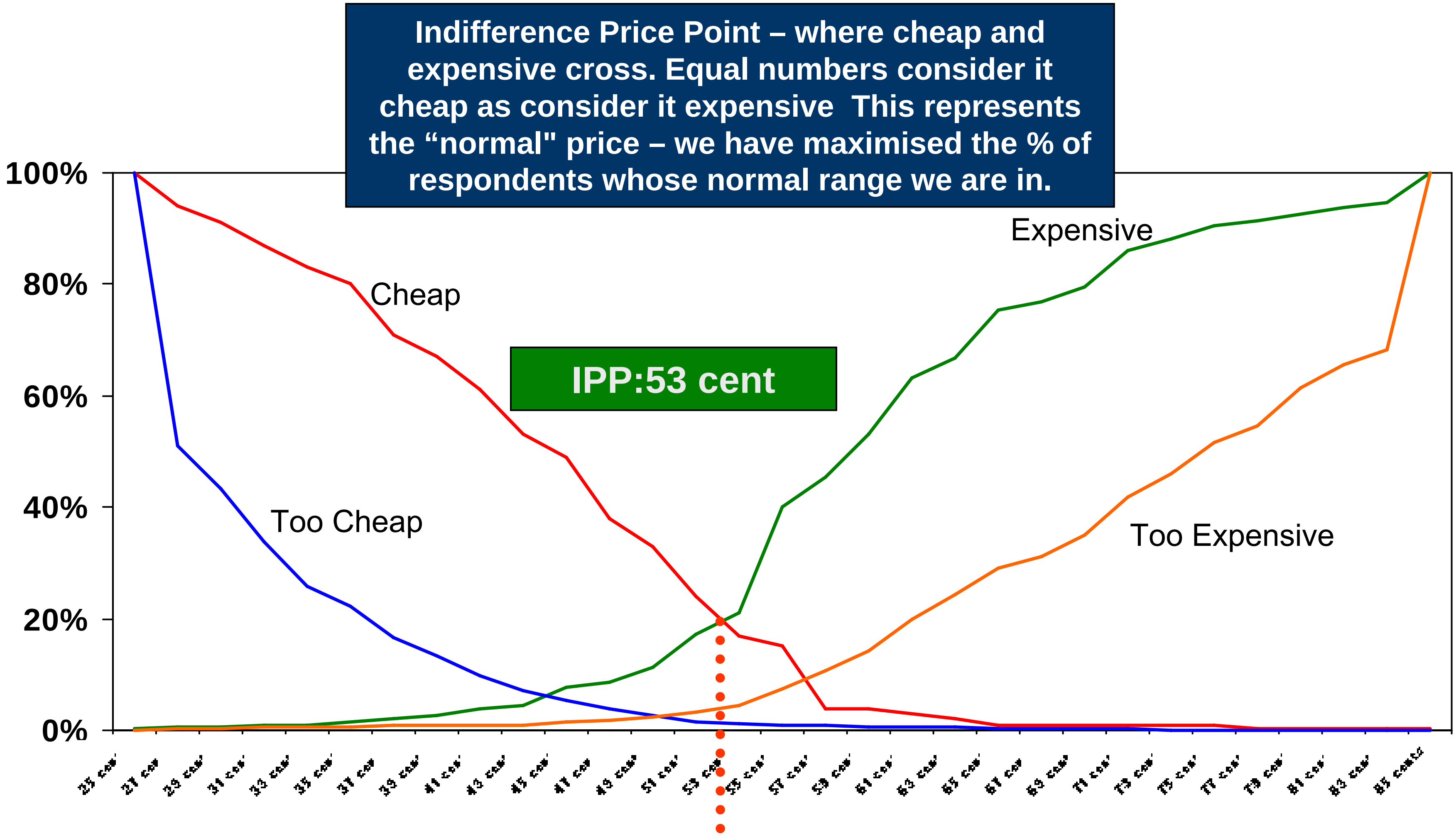


31 price points shown in increments of 2 cent from 25 cent to 85 cent

Base: All respondents 18-74 (1,024)

Millward Brown IMS

Indifference Price Point for Standard Letter : 53 cent



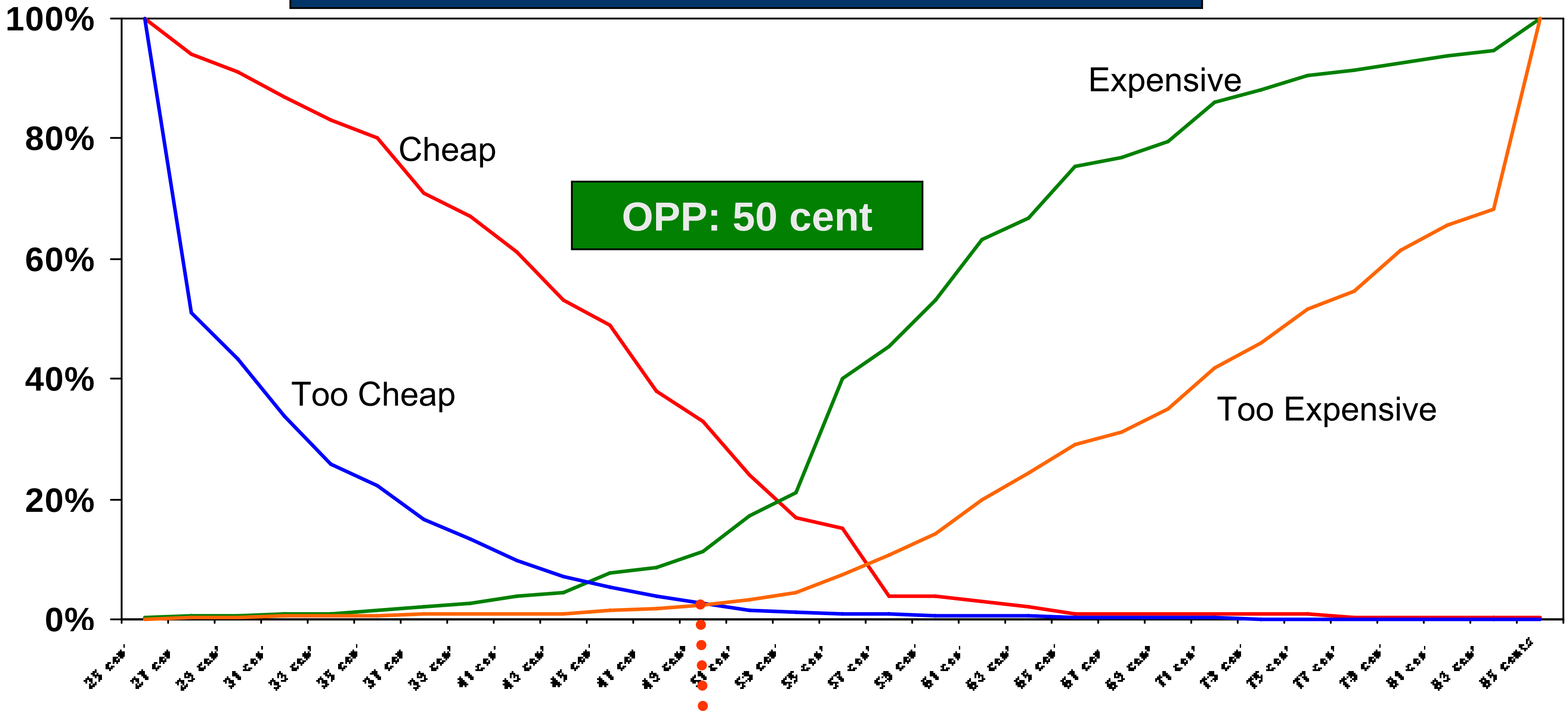
31 price points shown in increments of 2 cent from 25 cent to 85 cent

Base: All respondents 18-74 (1,024)

Millward Brown IMS

Optimum Price Point for Standard Letter : 50 cent

Optimum Price Point – where too cheap and too expensive cross. At this point the number of people who find the price acceptable is maximised and the resistance (in the form of cheapness) is minimised.



OPP – Optimum price point

31 price points shown in increments of 2 cent from 25 cent to 85 cent

Base: All respondents 18-74 (1,024)

Millward Brown IMS

Millward Brown IMS

Conclusions

Conclusions - I

- Overall, there has been a modest increase in the volumes of mail delivered to households since 2007.
- Nearly all respondents mention An Post as the main postal provider that delivers to their household. However, Dublin respondents were most likely to cite other providers delivering their mail given the abundance of service providers in the capital.
- The level of personal mail has generally remained the same over the past year, however those with internet access were more likely to see an increase in mail sent from businesses. While mail related to all types of online transactions has increased at an overall level during 2008.
- Just under eight and a half items of mail per household are sent each month. The vast majority of mail is sent with An Post, although other service providers are gaining a foothold in the non-letter mail market. Younger respondents and those based in Dublin are more likely to use other service providers.
- Half of all household mail sent is personal mail, with two in five mail items sent being business related.
- Awareness of other service providers has increased significantly since 2006. Heavy senders of mail (14+ per month), those with internet access and those who shop online are more aware of other providers.

Conclusions - II

- Among those aware of other providers, one in four claim to have used them in the past year, mainly to send non-letter mail.
- The majority of respondents are satisfied with the information provided by An Post, while one in two are satisfied with the availability of information from other service providers.
- The incidence of dissatisfaction with postal services has increased slightly this period, with those most dissatisfied mentioning An Post as the service provider they are most dissatisfied with. Two thirds of respondents are satisfied with the availability of information on An Post's complaints procedures.
- Only one in five dissatisfied with the service actually lodged a formal complaint. A cause for concern is that the levels of dissatisfaction with the handling of the complaint remains high, with almost half feeling very dissatisfied with the outcome.
- Of those who were dissatisfied but did not complain almost one in two felt it would be a waste of time.
- Almost half of all respondents perceive An Post's performance for next day delivery of mail to be much higher than its actual performance.
- Hypothetically half of all respondents claimed they would send a high percentage of their mail using a 2nd class service if it were available.

Conclusions - III

- Few respondents are aware of when the postal market will fully open to competition by the removal of An Post’s monopoly of the standard letter market which is due to take place at the latest by December 2010.
- Of the six in ten respondents who believe there are factors that would stimulate increased usage of the postal service, price is by far the most important consideration, with reliability, service quality and security also featuring prominently.
- Those with internet access show a high propensity for sending and receiving mail which indicates that ecommunications is a generator of mail.
- The Price Sensitivity Model analysis showed the optimum price point for sending a standard letter to be 50 cent.