

## **AICES Response to Ofcom's postal review**

**24/02/2022**

### **Background**

AICES is the UK association for International Express. Express operators provide fast, time-definite, door-to-door movement of shipments which are tracked and controlled throughout the journey. Millions of consignments from legal documents and spare-parts, to pharmaceutical and e-commerce goods, are delivered by the express industry every day across the world. Our model relies on picking up consignments throughout the day, then moving them by road to hubs so they can be shipped overnight to their destination by road or air dependent on final destination and customer delivery requirements.

**6.1 Do you agree with our assessment of the parcels market, namely that it is generally working well for consumers, but improvements are needed in relation to complaints handling and meeting disabled consumer's needs?**

**6.2 Do you agree with our assessment of the consumer issues in relation to complaints handling and our proposed guidance?**

As fast parcel operators, AICES members operate in a highly competitive market and comply with CP3.2 to ensure that they make available transparent, simple and inexpensive procedures for dealing with complaints.

Ofcom has correctly identified that over the last two years, there has been significant growth in the parcels market with an increase in home deliveries due to the COVID 19 pandemic, Ofcom also acknowledges there have been challenges and increased costs to operators. Express services were designated as essential service and continued operations throughout the pandemic, regardless of changes to COVID regulations. Express services therefore played a key role in the UK's resilience, helping move essential supplies such as PPE and vaccines, but also in keeping the UK economy competitive.

Ofcom does not appear to have recognised in its research analysis the immediate impact of end of transition as customers adjusted to the new customs requirements and other issues such as the impact of the pandemic and the HGV driver crisis. These issues affected the express sector and wider logistics industry, increasing operational costs as operators strived to respond to increase demand and maintain a strong level of service. It's important to consider this unprecedented market environment when considering the performance of our members, and that despite these headwinds they have responded to a massive increase in demand, whilst maintaining a high level of customer satisfaction. Ofcom's own research shows that there is a high consumer satisfaction rate in the market, with high net satisfaction rates across our members as per the table of page 15 in Ofcom's B2C market research.

Recent events have shown that AICES members already have every incentive to provide excellent service standards, given the competition in the marketplace, therefore AICES does not consider it appropriate or proportionate for Ofcom to impose any further conditions on the express services sector in relation to complaints or redress.

Express operators often charge their services at a premium, which means they are expected to be held to a high standard for the market and offer many value added services. Competition drives innovation in this sector allowing for improvements in technology and improving consumer experiences. Ofcom correctly notes in the review that operators have differentiated from each other and can specialise their networks to offer niche services. The choice of carrier is driven by the retailer and this allows them to tailor their delivery partner to the needs of their consumer. This all helps drive strong competition between operators to secure retailers continued business.

In the B2C market Ofcom correctly identifies the relationship between the retailer, the delivery company and the receiver. With the contractual obligation being between the retailer and delivery company and retailer and receiver respectively. Ofcom's B2C research shows that most consumers also understand this relationship, with 47% of consumers choosing to contact the retailer about an issue, versus 26% choosing to contact the parcel operator. Most of those who contact both, are already being directed to the retailer where appropriate by delivery companies. It is appropriate that consumers contact retailers to both highlight issues or complain about services, as fundamentally the retailers have the contract with the express operator and will want to ensure the service they're paying for is delivering to their expected standard and their customers satisfaction. Additionally, retailers are increasingly offering consumers a choice of company or delivery options, showing how the market is responding to this dynamic and allowing consumer choice. Consumers now frequently can choose on level of service e.g. timed deliveries within a set time period for a set cost as opposed to a free delivery without any specific date or a longer period such a week.

AICES believes that members already meet the requirements set out by CP 3.2, and believe the current level of regulation is sufficient. Members as a condition of membership are also obliged to have a customer complaints process in place. It's easy and free to make complaints via several methods such as email, live chat and phone, this is communicated on members' websites. An extremely small percentage of shipments experience any kind of issue and an even smaller percentage of those result in an escalation to a complaint. When there is an issue, Ofcom's research states that there is net agreement of 58% that delivery companies are good at dealing with any issues that come up, with only 8% disagreeing, showing the customer complaints process is working. It's important to note that there should be also a clear distinction made between an enquiry and a complaint, a consumer calling a delivery company to enquire about the status of a shipment is not always necessarily a complaint.

As members already have strong complaints processes in place, they do not see the proposed highly prescriptive guidance to be necessary and certainly do not think there is any market justification for Ofcom to collect complaints data. Such an obligation would unnecessarily add costs and administrative burden.

Point 6 of the guidance also presents particular problems: "where possible could signpost to the relevant retailers complaint channel", whilst operators will be able to inform consumers that they need to get into contact with the retailer, it is not feasible to expect operators to be able to directly signpost consumers to the individual retailer's complaint channel. Our members have thousands of customers, each with their own or several complaints channels, it would be an incredibly onerous and difficult process for postal operators to know and continually update the details of every one of their customers' complaints channels. Given Ofcom's research stating that only 4% of those choosing not to complain, did so because they could not find contact details, and 4 % were not sure whether to contact the parcel operator or retailer, there does not seem to be a large enough issue in the market to mandate such an onerous process, which will only drive up costs.

**Do you agree with our assessment of the issues faced by disabled consumers in relation to parcel services and our proposed new condition to better meet disabled consumers' needs?**

The Equality Act requires companies to make reasonable adjustments to prevent the discrimination of disabled individuals from the use of services. Express operators invest in services to ensure that they are accessible to all individuals regardless of any disability. This includes measures such as different delivery options, multiple contact channels and self-help sections, employee training and facility improvements.

Members continue to make improvements, and adopt innovative approaches in this area, for example, one member utilises the service provided by Hello Done, which allows consumers to use their app to tell operators where to leave their parcel. Ofcom's research states disabled users are more likely to use our services, and are more frequent users of our services, this shows how the market is already adapting to disabled users' needs. It's not clear from Ofcom's research if the issues experienced by disabled consumers are due to their particular needs, or because they are more regular users of express services. The market has already demonstrated an ability to respond to the needs of disabled customers and mis-placed regulation can create unnecessary burden and therefore increased costs to users including disabled customers.

We believe that all customers are keen to keep costs to a minimum and therefore unless there is a real demonstrable problem that companies are not addressing there should not be regulatory intervention. The figures provided by Ofcom show some increased difficulties faced by disabled consumers, but it's not clear the cause. It is also not clear the market is not meeting the needs of disabled consumers, or not continuing to innovate in order to meet their needs, as disabled consumers are more likely to use our services.

AICES members believe the new Consumer Protection to establish and publish guidelines is unnecessary because members will have these already as part of their statutory duty to comply with the Equality Act. AICES members are particularly concerned around CP5.2.2 "a) *how disabled consumers communicate their needs to the relevant postal operator in relation to the delivery of a relevant parcel*". AICES firmly believes that the best way for disabled consumers to communicate their needs is through the retailer who can then inform the delivery company. It is the retailer that holds the contractual relationship with the disabled consumer and therefore is best placed to ensure proper arrangements are made.

**Question 7.1: Do you agree with our proposal not to include tracking facilities within First and Second Class USO services?**

AICES welcomes Ofcom's decision not to include tracking and other value added services to the USO. AICES members operate non-universal services in a highly competitive marketplace and are subject to competition law. It is important to ensure that the definition of universal services is very clearly delimited and is not expanded to include value-added services which are provided in a competitive marketplace.

**For more information please contact:**

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