

**Background**

UPS is one of the world's largest logistics companies, playing a vital role in the collection, warehouse and delivery of goods. Our UK operation includes 77 operating facilities (49 small package, 28 supply chain solutions) more than 9,000 employees and a fleet of more than 2,900 vehicles. UPS provides critical national and international time sensitive delivery services for businesses of all sizes. The just in time supply chain model in which we operate is critical to connecting UK businesses and consumers to the global marketplace.

**Question 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 consumers' needs? Please substantiate your response with reasons and evidence.**

In general, we do believe that the parcels market is working well for consumers. We believe that there is a well-functioning and highly competitive market for parcel delivery in the UK that includes investment and innovation in technology and services, a variety of options and price points and commitment to sustainable delivery solutions.

According to Ofcom research outlined in the consultation document, *"Total domestic parcel volumes increased by 54% year-on-year in 2020-21, reaching 3.6 billion items."*<sup>1</sup> This goes on to confirm that, *"Despite this significant volume of parcels, most people say that they do not experience any issues with parcel deliveries or only experience issues occasionally and that half said parcels were delivered mostly without issues, and just under half said parcels were delivered without any issues...Only 3% of respondents said they often experienced issues with parcel deliveries."*<sup>2</sup>

In Ofcom's provisional conclusion, it states, *"Overall, the evidence suggests that the parcels market (including the USO) is working well for customers, resulting in generally high levels of satisfaction."*

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<sup>1</sup> "Ofcom: Review of Postal Regulation Consultation," pg 96.

<sup>2</sup> "Ofcom: Review of Postal Regulation Consultation," pg. 112

*Increased competition in both the B2C and C2X segments is providing benefits to consumers in the form of increased investment and innovation.”<sup>3</sup>*

In addition to the significant volume increases seen over the last few years in the B2C market, we would also like to highlight that the industry has been hit by unprecedented challenges over the past two years including managing a constantly changing, unprecedented global pandemic which impacts the industry both domestically and internationally as well as the investment required for a post-Brexit trading world which has also significantly affected how deliveries are made cross border. This has also created a shortage of workers within the industry. Underlying this is added pressure on the industry to deliver more packages (54% increase between 2020-21 as cited in the Ofcom research) in a more sustainable way. At UPS we are committed to decarbonizing our fleet and finding more sustainable solutions, especially for final mile deliveries.

As our volume grew significantly just in the last two years due to the COVID-19 pandemic, including significant growth in B2C alone, we recognize that in order to operate sustainably and in an environmentally-friendly way, we must delink the growth in package delivery from the growth of our carbon emissions. That is why we have committed to achieve a 50% reduction in carbon intensity per package, with milestones along the roadmap to get there, by 2035. UPS has invested more than \$1 billion over the past decade in alternative fuel and advanced technology vehicles and fueling stations. In the UK, we are currently using electric vehicles, biomethane in our larger vehicles and rolling out e-bikes in urban locations.

Covid, Brexit and environmental targets have all added pressure and cost to an industry that is at the same time experiencing huge growth in B2C volumes. Given these additional pressures, we do not believe extra regulation is needed on the consumer complaints process when research is showing that it is generally working well during an extremely difficult time for both retailers and delivery companies.

**Question 6.2: Do you agree with our assessment of the consumer issues in relation to complaints handling and our proposed guidance? Please substantiate your response with reasons and evidence.**

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<sup>3</sup> “Ofcom: Review of Postal Regulation Consultation,” pg. 116-117

As outlined above, we do feel that the parcels market is working well for consumers. UPS is committed to providing a good experience for all of our customers. We do feel we have robust procedures in place to deal with customer issues and we are always looking at ways to enhance the service we provide. In general we agree with the proposals set out in Annex 7 of the consultation document, with some exceptions. Even though the contractual relationship is with the seller, UPS still has complaints procedures in place to ensure a high standard of service for both our customers and the consumer and we have a strong commercial incentive to offer good customer services, without any need for additional regulation.

- 1) Clear and easily accessible complaints channels for consumers** – UPS provides multiple channels for consumers to contact us from phone, email, online chat. Our website provides information on shipping and support.
- 5) Clear and easily accessible contact channels for all - including for consumers with additional accessibility needs.** Serving all of our customers is at the centre of everything that we do, and we seek to provide with choice, control and convenience with our range of services and delivery options. When recipients receive a delivery notification before delivery, they have the option to sign up for UPS My Choice free of charge. This allows them to provide advanced delivery instructions, such as leaving the package in a specific, safe location or delivering to a neighbour. If recipients do not want to sign up for UPS My Choice, they can choose to have their package re-directed to one of our thousands of UPS Access Point locations across the country. Customers can also contact our customer service teams where they can discuss these options and other special instructions. We are constantly evaluating ways to better serve our customers and meet their individual needs.
- 6) Clear and timely signposting to retailers' contact and complaints channel.** We do not believe this is the role of the delivery operator to provide details of retailer's contact and complaints channels. This will be a hugely onerous task and extremely cumbersome to list the tens of thousands of potential sellers that we deal with as well as ensuring it is routinely updated with correct information. The retailer has the relationship with the consumer and should be providing the appropriate details to them. Given Ofcom's research states 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.

### **Fair, transparent, and effective processes for managing complaints**

UPS has processes and procedures in place to manage consumer complaints which are tracked and include reviews with management teams. Staff are trained on these processes and for managing customer concerns. Complaints that are escalated or require additional follow up are logged and tracked and reviewed monthly with the senior leadership team. UPS also will work with the retailer (who UPS will have the contract with) to resolve customer issues.

### **Question 6.3: 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? Please substantiate your response with reasons and evidence.**

We do recognise that disabled consumers may face additional issues and challenges when receiving a delivery. As outlined above, we are constantly evaluating ways to better serve our customers and meet their individual needs. When recipients receive a delivery notification before delivery, they have the option to sign up for UPS My Choice free of charge. This allows them to provide advanced delivery instructions, such as leaving the package in a specific, safe location or delivering to a neighbour. If recipients do not want to sign up for UPS My Choice, they can choose to have their package re-directed to one of our thousands of UPS Access Point locations across the country. Customers can also contact our customer service teams where they can discuss these options and other special instructions.

However, we do believe the best way for disabled consumers to communicate their needs is through the retailer, with whom they have the contractual relationship, who can then inform the delivery company. The retailer is best placed to ensure proper arrangements are made.

In addition, we believe that new Consumer Protections to establish and publish guidelines are unnecessary because we will have these already as part of our statutory duty to comply with the Equality Act. The Equality Act requires companies to make reasonable adjustments to prevent the discrimination of disabled individuals from the use of services. We have invested in services, such as outlined above, to ensure that they are accessible to all individuals regardless of any disability.

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

UPS welcomes Ofcom's decision not to include tracking and other value added services to the USO. UPS operates 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.

**Summary**

We believe that there is a well-functioning and highly competitive market for parcel delivery in the UK that does not require strong regulatory intervention. The last two years have been challenging for the industry and we do not feel it is necessary to place additional regulation when according to Ofcom's own research the market is working well for consumers.

For more information, please contact:

Sarah Bell  
Public Affairs Manager, UPS  
[sarahbell@ups.com](mailto:sarahbell@ups.com)