

MCA Market Research

Postal Services – Business Survey Results

December 2017



MALTA COMMUNICATIONS AUTHORITY

Assess the extent of business satisfaction with the services provided by MaltaPost (USP)

Monitor a number of postal services aspects, namely price levels, quality, access and complaints handling

Provide for better regulatory decisions

Grant Thornton Services Ltd carried out the survey between April and May 2017 on behalf of the MCA

Fieldwork

- Interviews were carried out by telephone lasting around 15 minutes
- The survey respondents were chosen randomly from the Yellow Pages Directory
- Interviews on behalf of the organisation were carried out with those responsible for mail items within the business

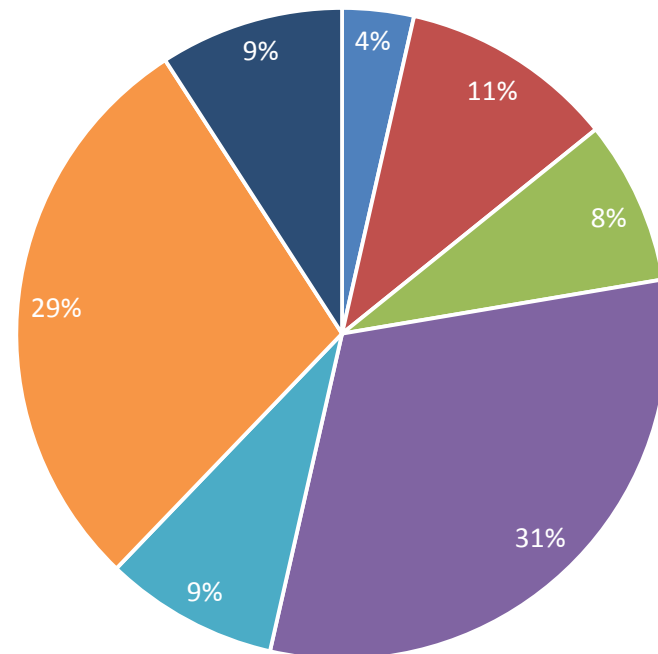
Sample

- Sample size was representatively distributed across 7 predefined industries of the business sector in Malta (Source: NACE Codes)
- The interviews were carried out with businesses that have been randomly selected on the basis of this distribution.

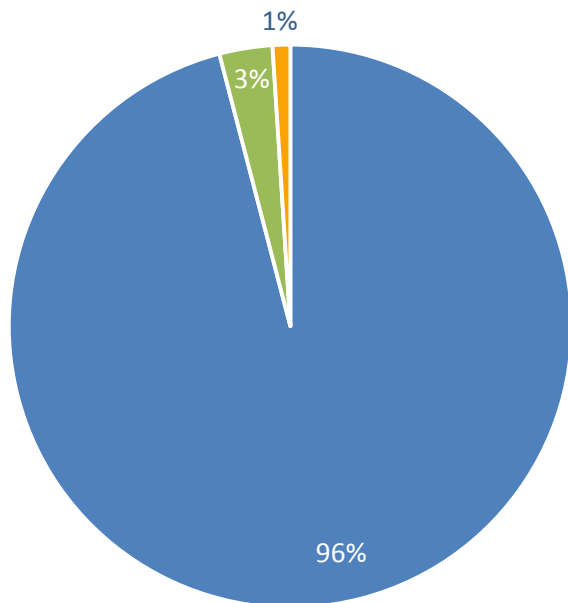
Responses

- 394 net respondents
- Any refusals / incomplete surveys were re-allocated to achieve a net sample of at least 394 interviewees
- Margin of error +/- 4.15% at 95% confidence interval

- Primary
- Construction and Utilities
- Manufacturing
- Wholesale, Retail and Transport
- Tourism and Hospitality
- Business Services
- Personal Services



Sample Size – 394



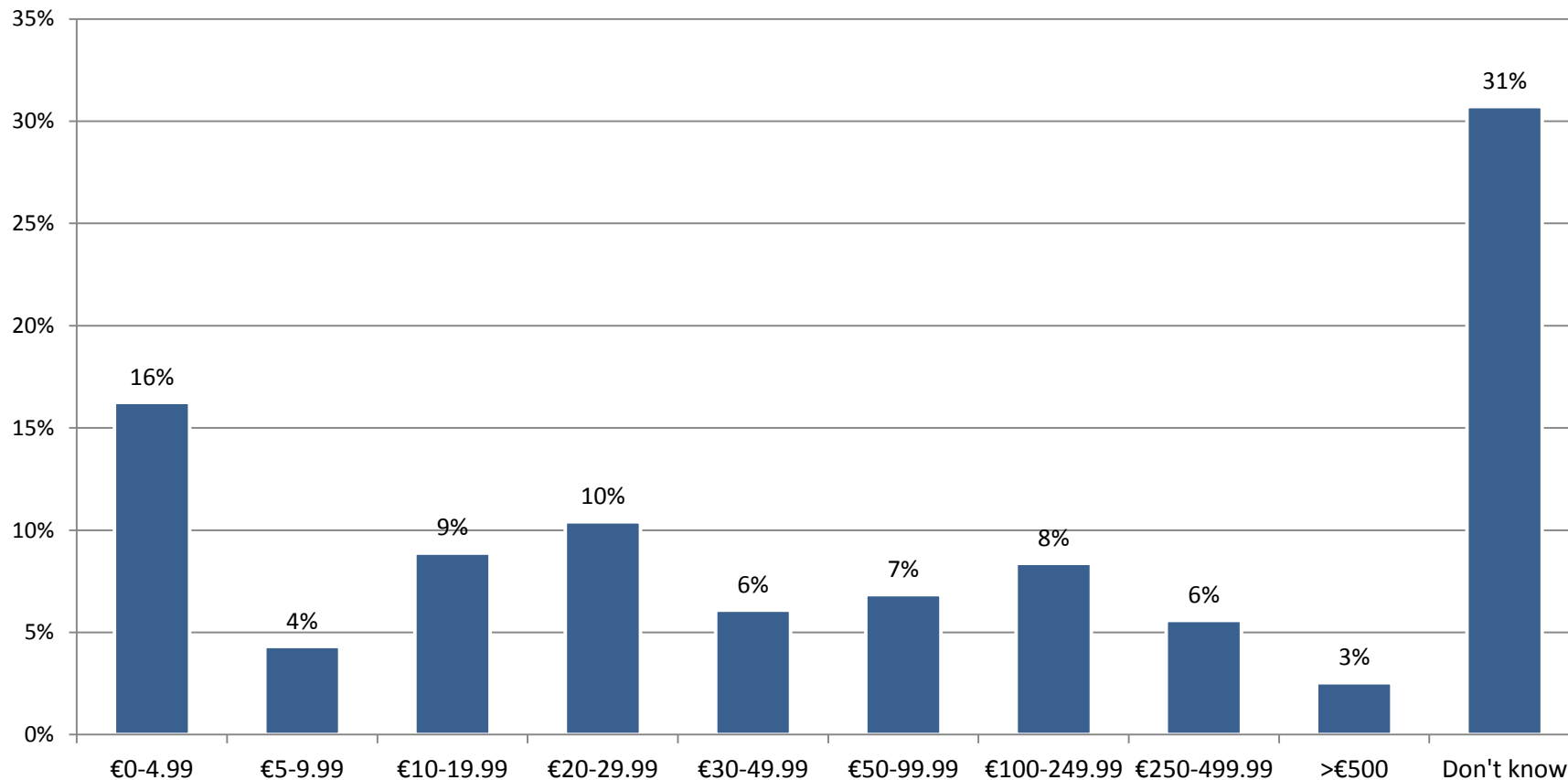
- 0-9 employees
- 10-49 employees
- 50+ employees

Section 1: Letters

Expenditure on Addressed Letters

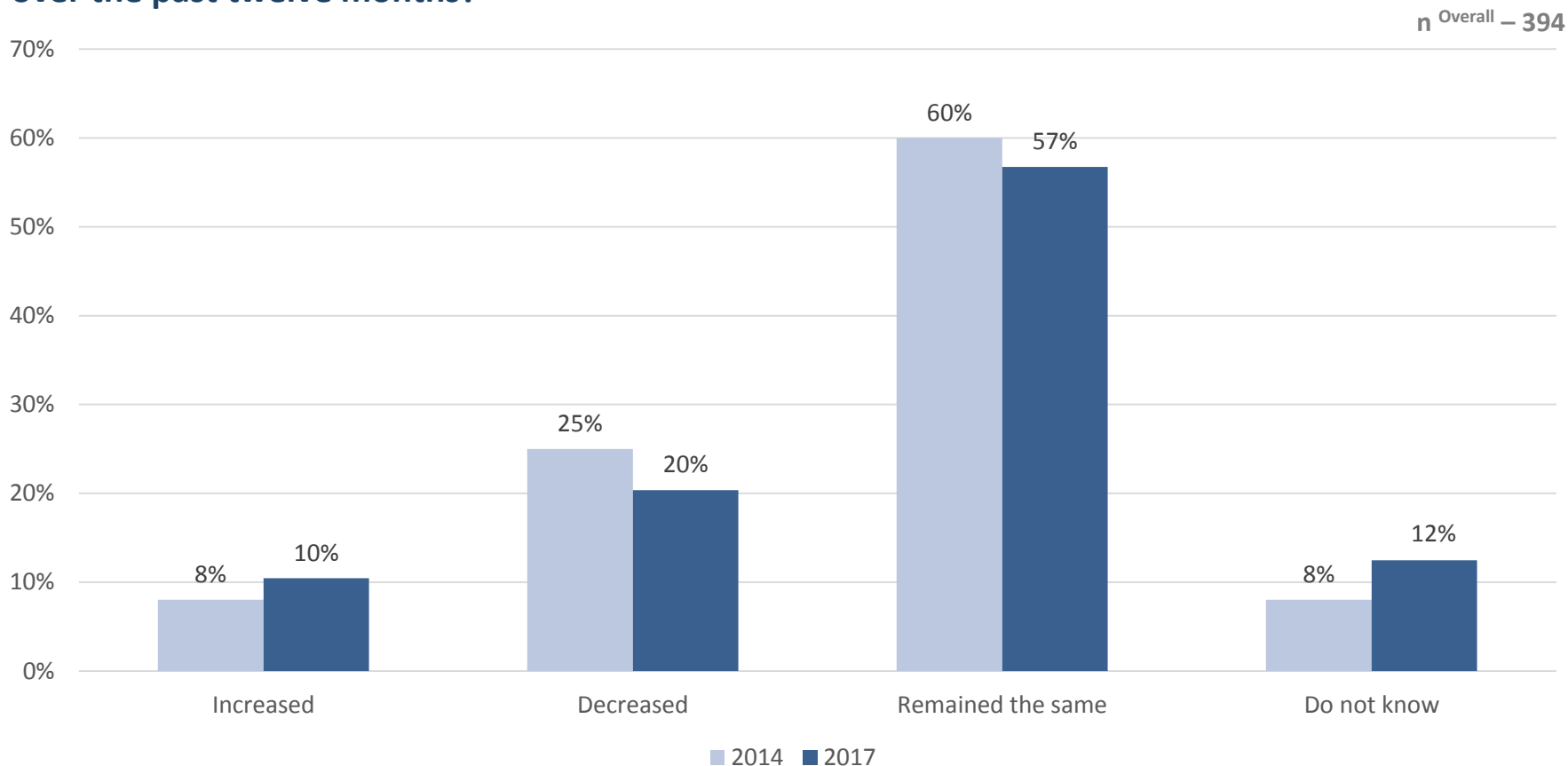
What is the average amount of money spent by your business on postal services during the past twelve months?

n Overall – 394



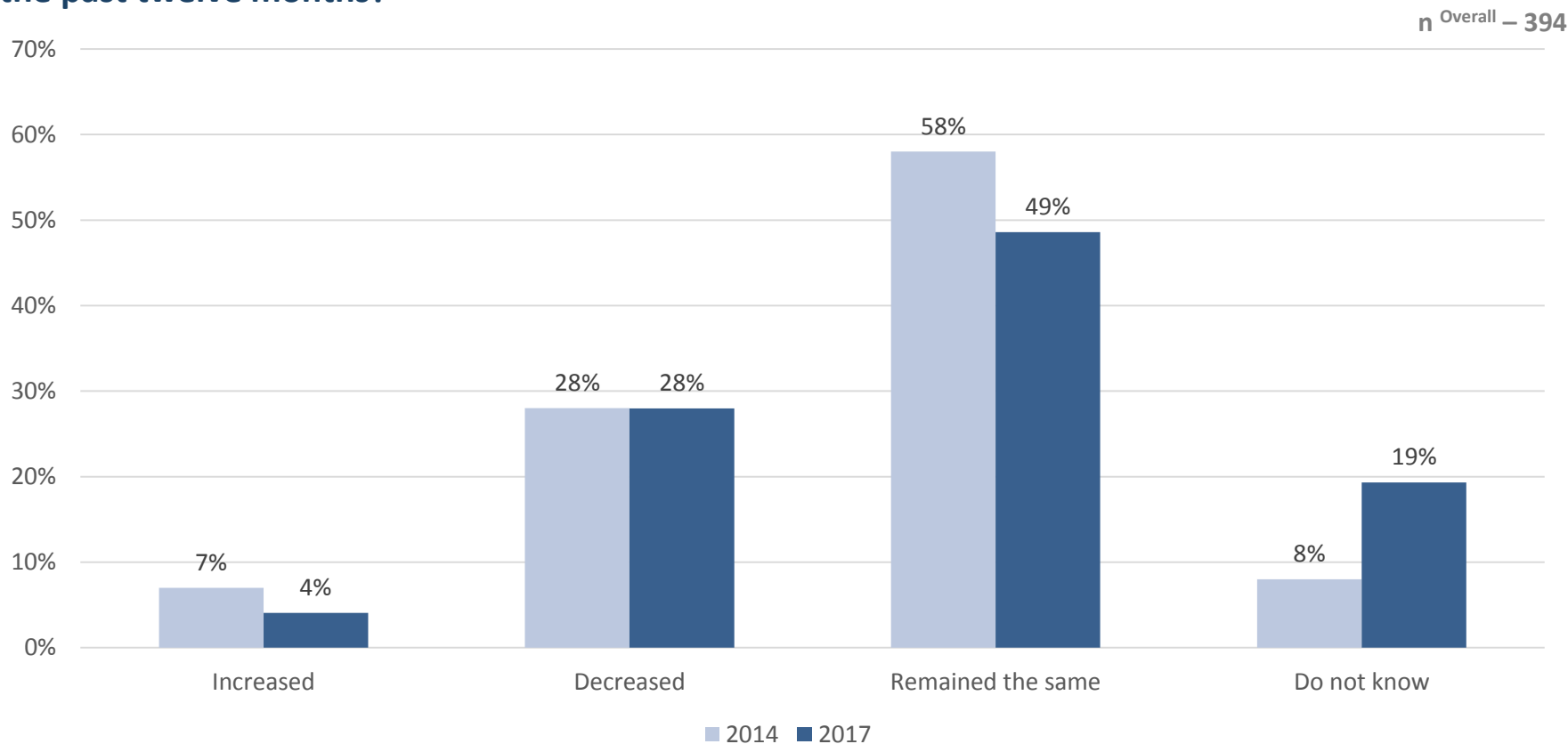
30% of respondents claimed to have spent €30 or more on postal services during the previous twelve months, while 31% were not aware of their expenditure.

Did the number of addressed letters received each week increase, decrease, or remain the same over the past twelve months?



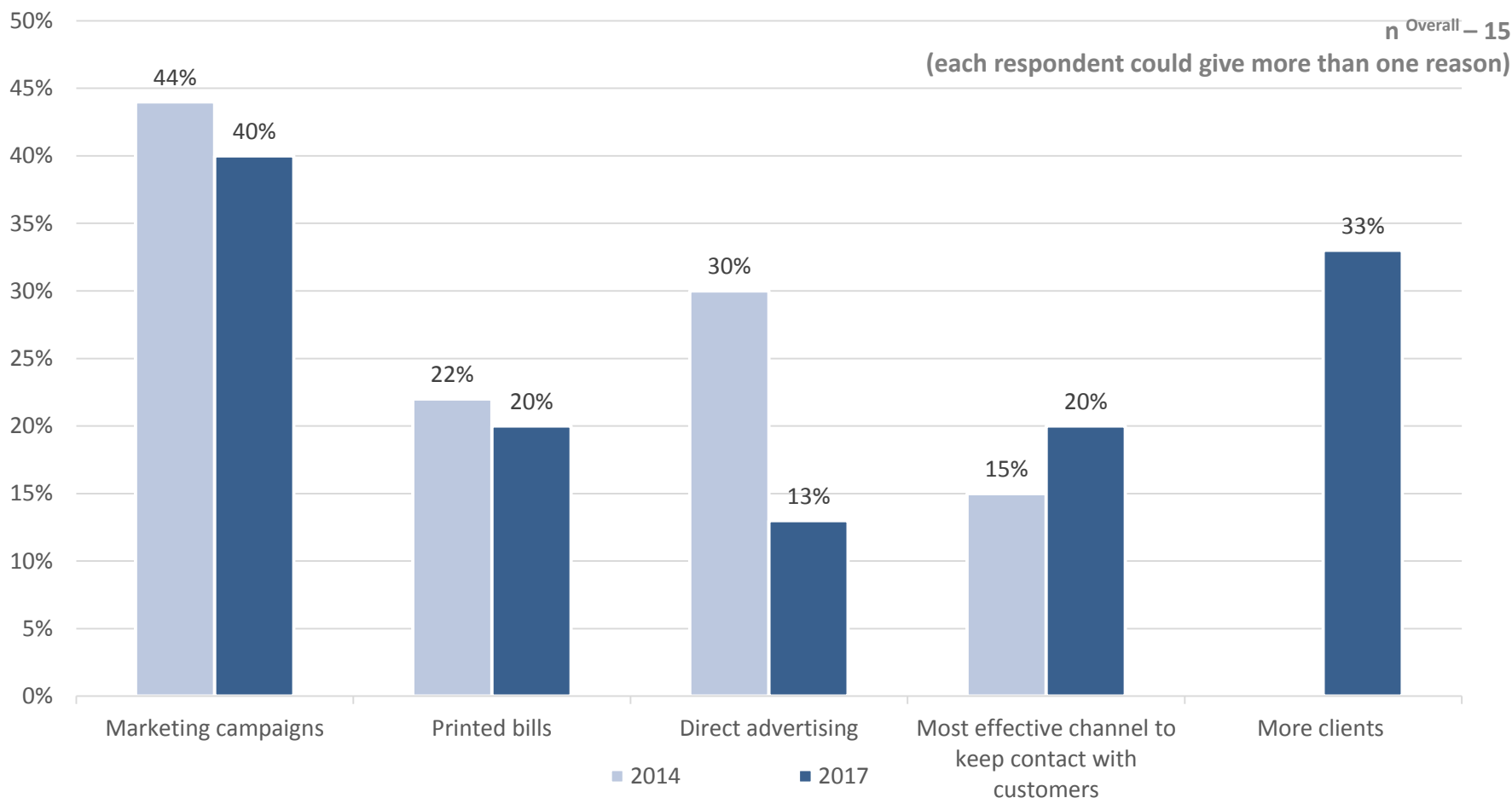
The majority of businesses claimed to have received the same volume of addressed letters, consistent with findings from the 2014 business survey.

Did the number of addressed letters sent each week increase, decrease, or remain the same over the past twelve months?



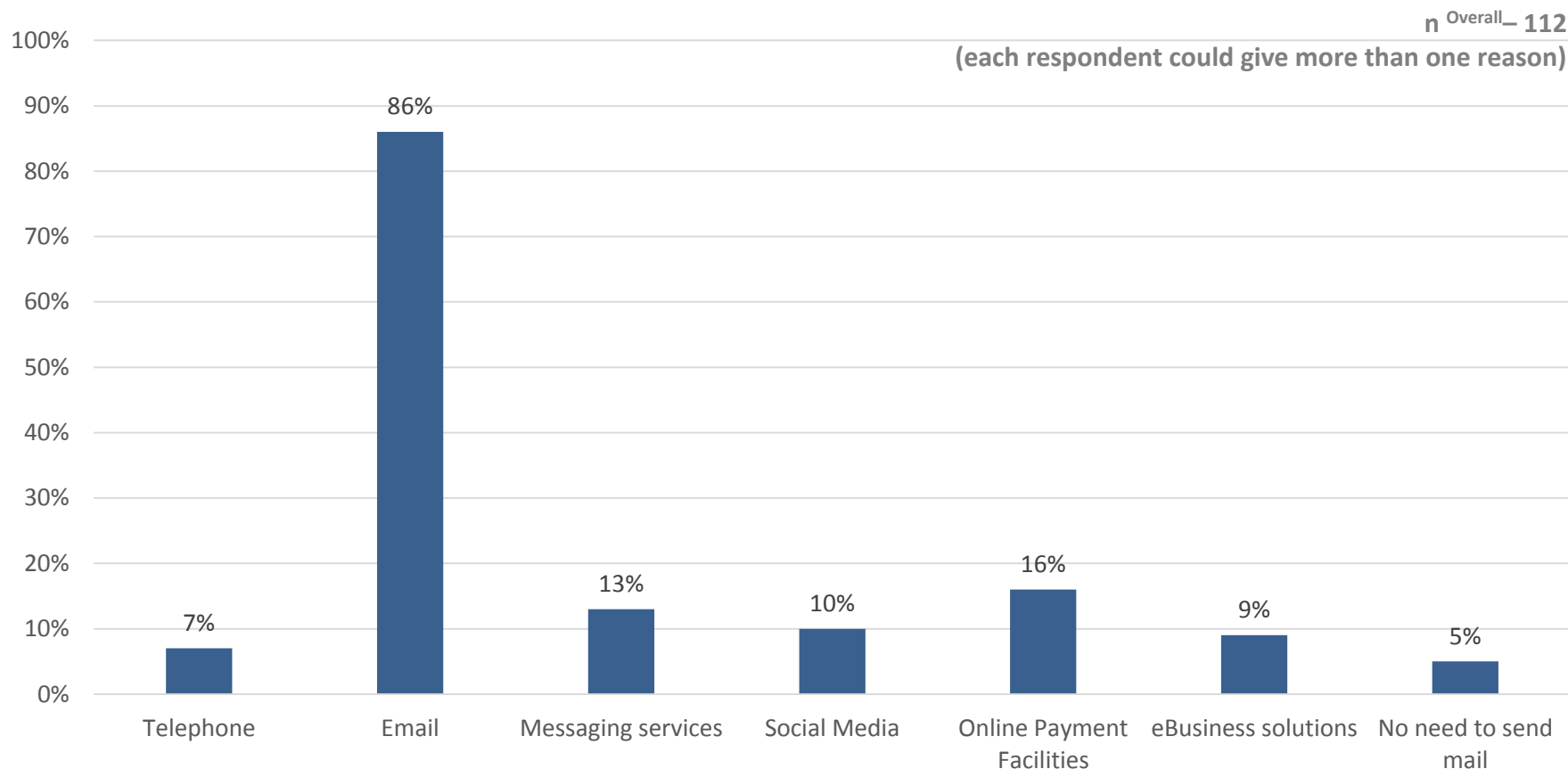
The majority of businesses claim to have sent the same volume of addressed letters.

If there was an increase in the number of addressed letters sent, what are the main reasons?



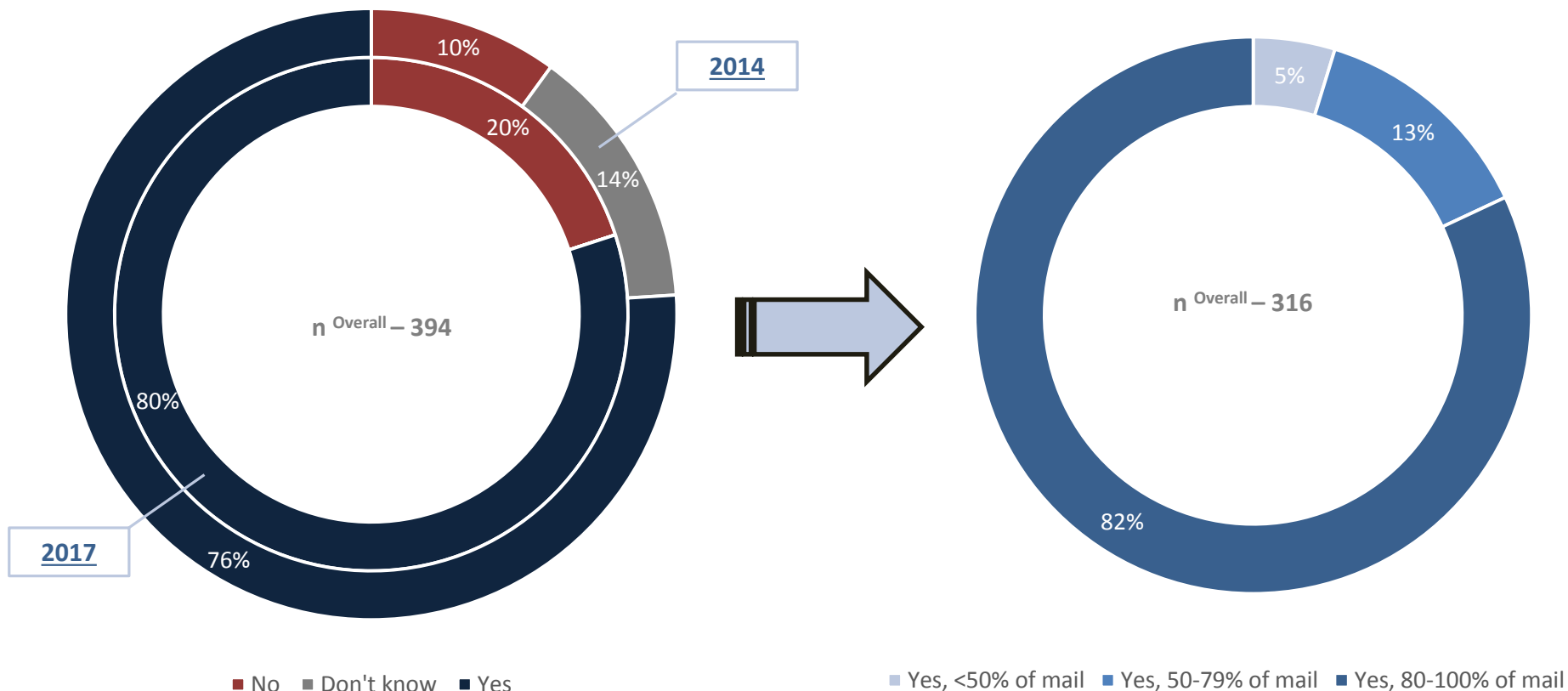
The majority of respondents (40%) indicated marketing campaigns as the reason for an increase in addressed letters. Several respondents also cited having more clients as well as reminders and renewal notices.

If there was an decrease in the number of addressed letters sent, what are the main reasons?



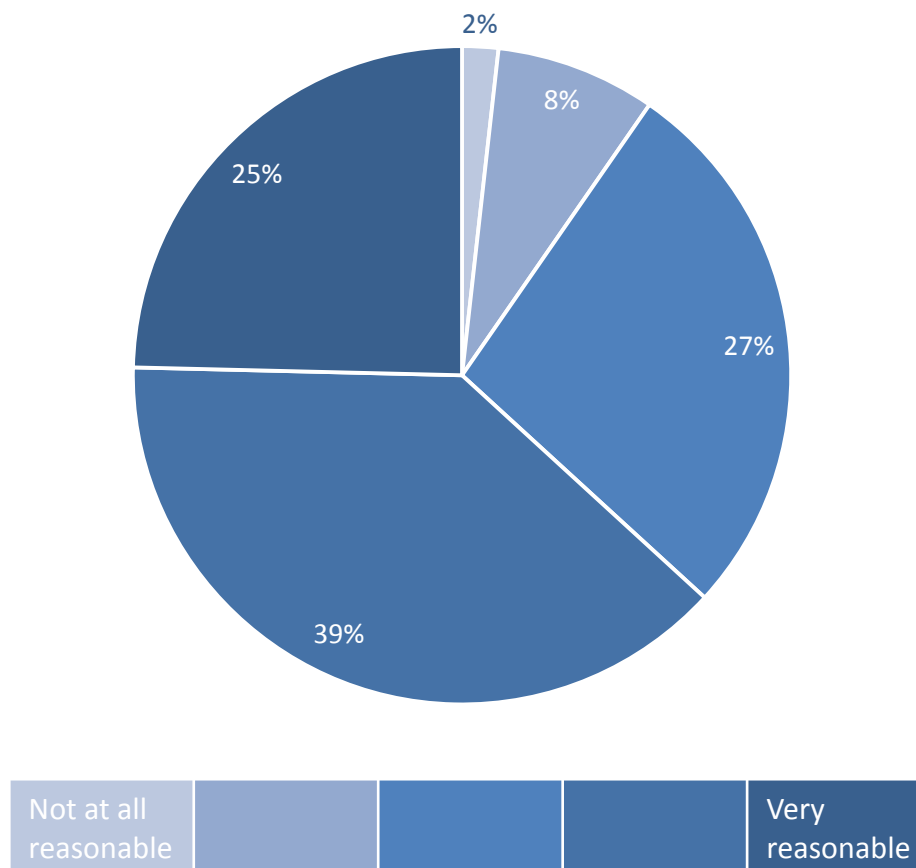
As in the 2014 business survey email remains a popular alternative to letter mail and is cited as the main reason behind decreases in letter mail. Businesses are also shifting to other types of digital solutions (e.g. online payment facilities, messaging services, etc.).

Does the organisation write the post-code when sending a postal article e.g. a letter?



The majority of respondents claimed to write the post-code when sending a postal article, with most respondents writing the post-codes on 80-100% of mail.

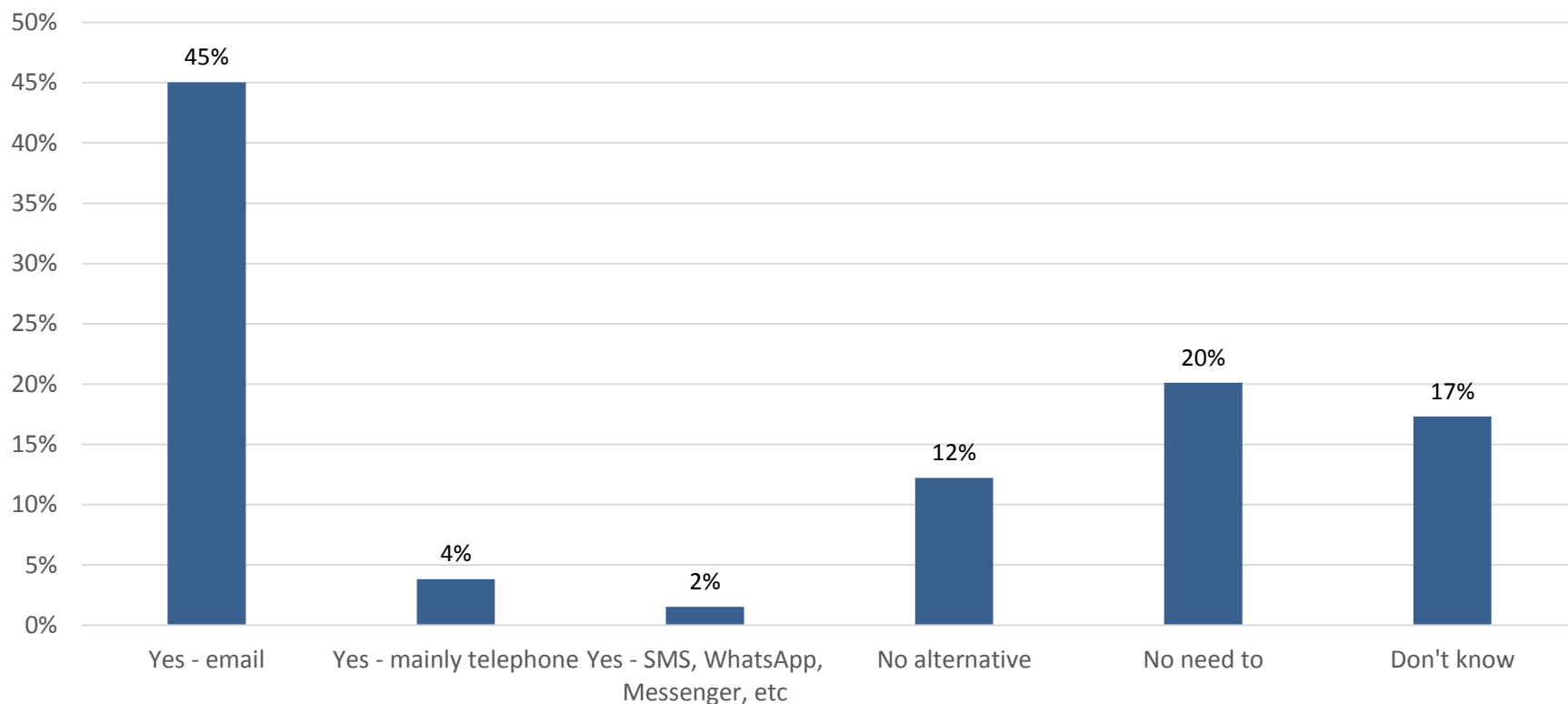
How reasonable does the organisation find the price of letter mail (26c)?



64% of businesses find the current price of letter mail to be reasonable.

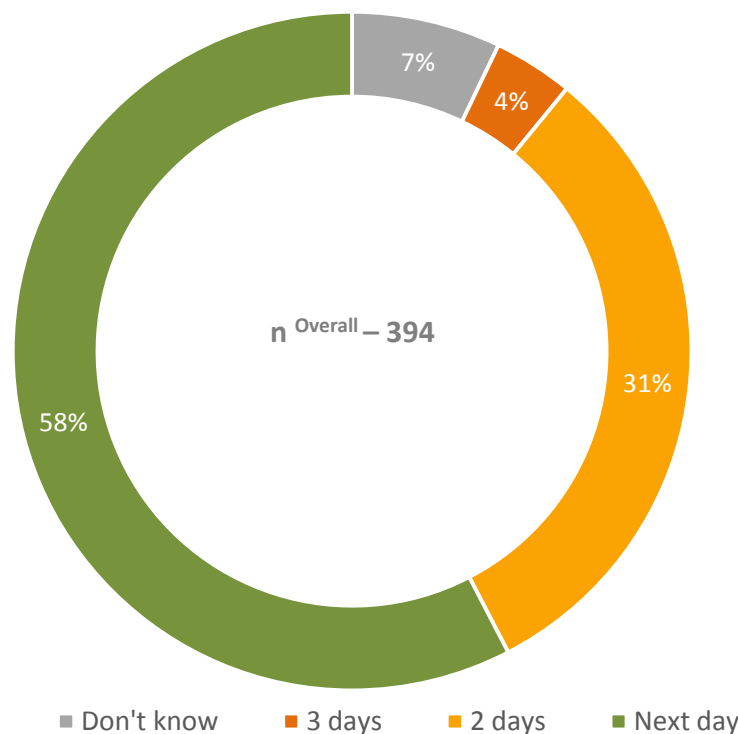
If the price of a 50g addressed letter were to increase by 5-10% (e.g. from 26c to 29c) would you consider switching to non-postal alternatives?

n Overall — 394



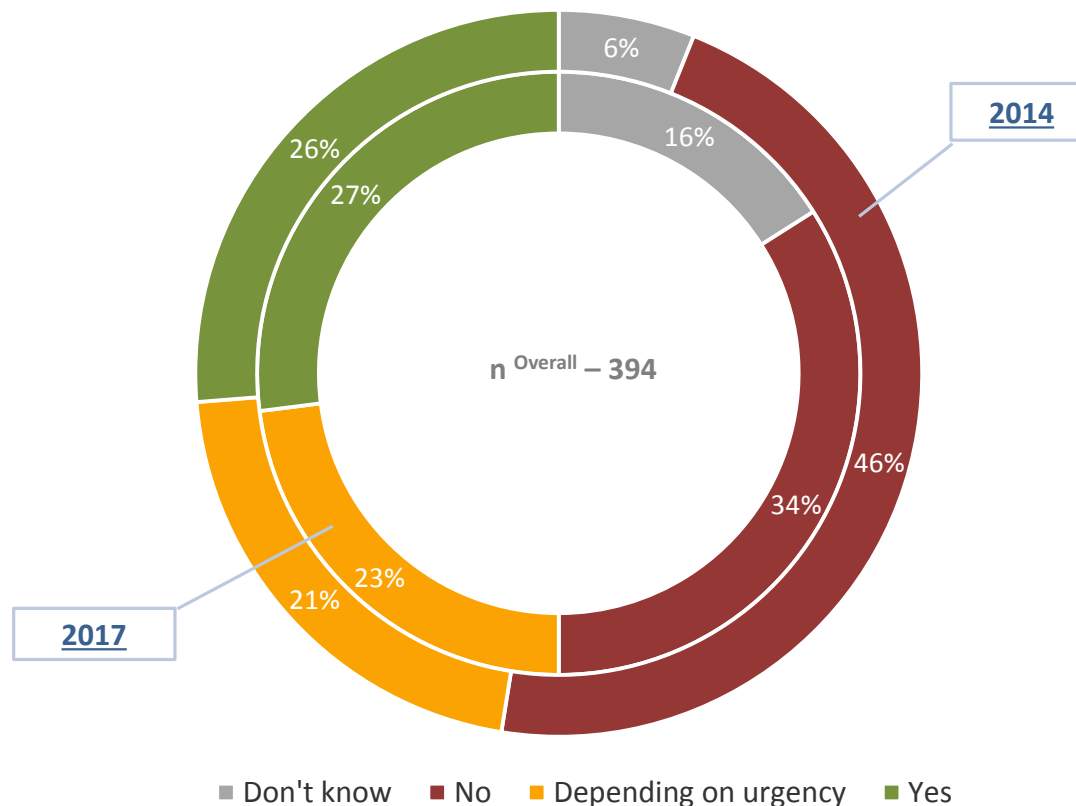
As has already been seen email is a popular alternative to letter mail and is the likeliest substitute in the event of a price increase.

What, in the organisation's opinion, is an acceptable lead-time (in days) from date of posting a letter to actual delivery?



58% of businesses believe that a letter should be delivered by the next day – overall results for businesses mirror households' responses in the 2017 survey results.

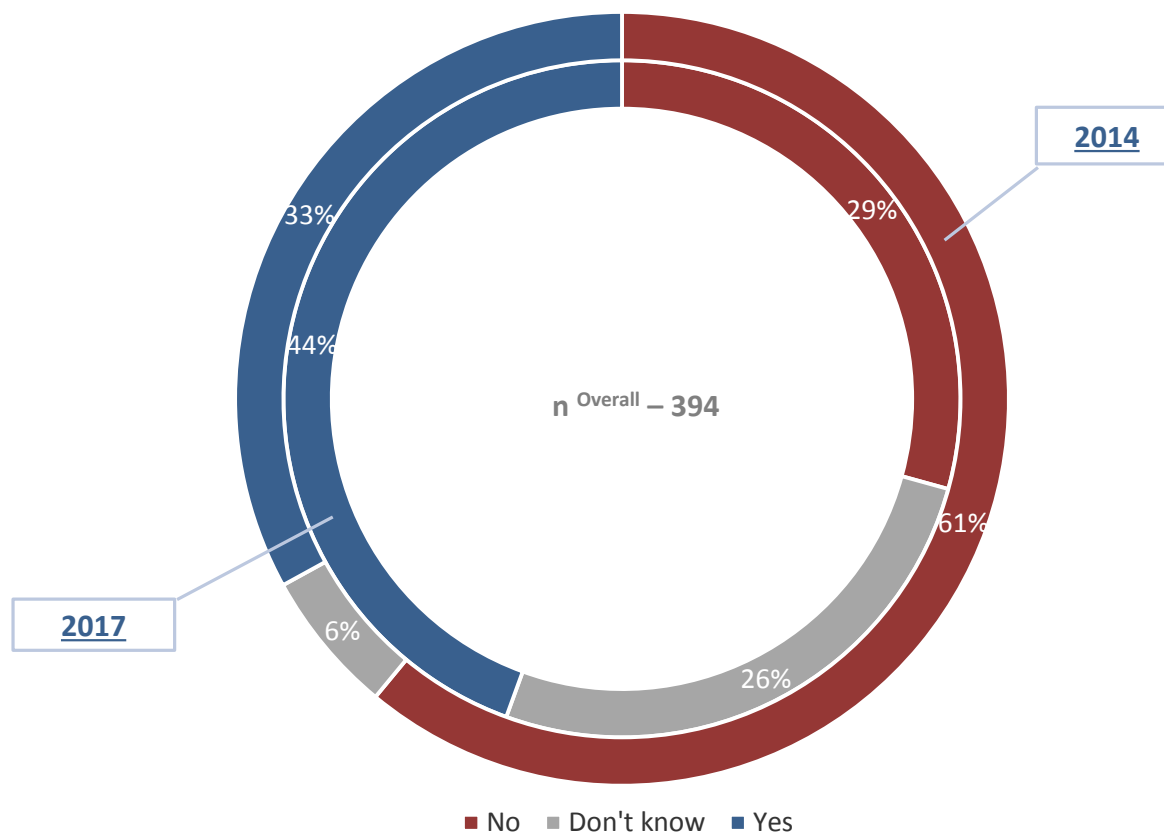
Would the organisation opt for a service which is cheaper/discounted for deferred delivery, whereby a letter is then delivered after 3 days instead of next day?



Results from this round of research show that businesses are more or less consistent with the 2014 Business Survey, with respondents from this sample showing less resistance to a deferred delivery service.

Acceptability of a 5-day Week

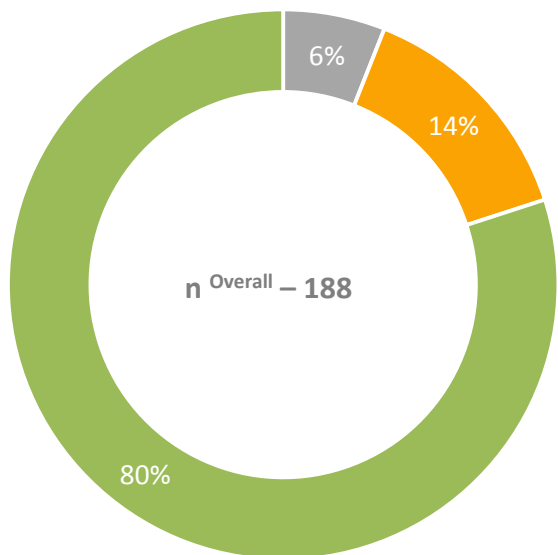
Would 5 days a week for the delivery of postal articles by MaltaPost instead of 6 days a week be acceptable for the organisation?



Since the last business survey in 2014 there has been increased acceptance of a 5-day week, from 33% to 44%.

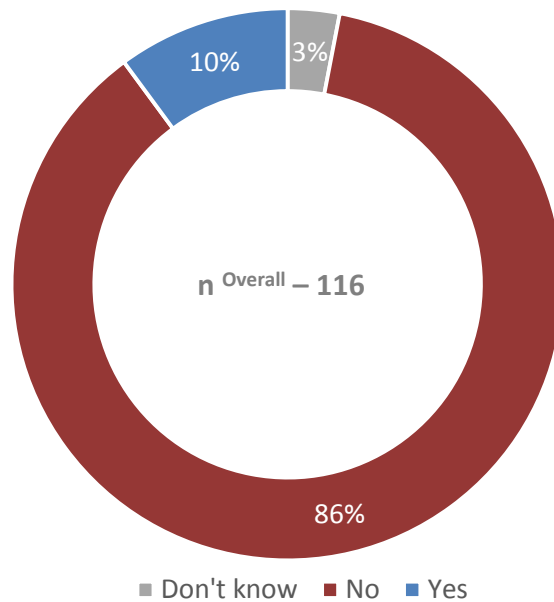
If not, would the organisation find it acceptable to reduce the frequency of deliveries from 6 to 5 days a week in order to maintain current postal prices?

Businesses who did not find a 5-day delivery acceptable were of the same opinion when asked the same question within the context of price.



■ Don't know ■ Monday ■ Saturday

Delivery / Price Trade-off



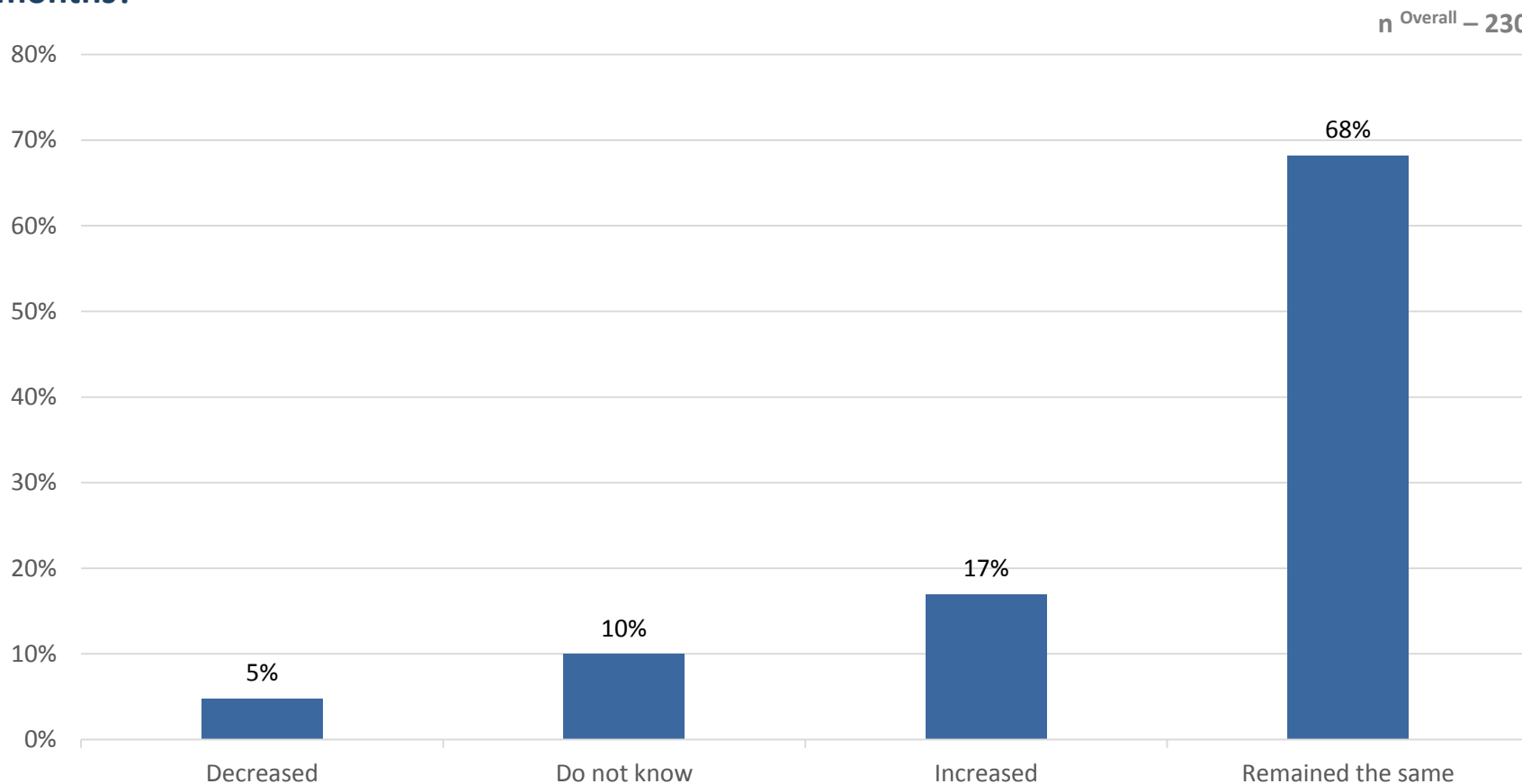
■ Don't know ■ No ■ Yes

Which day of the week would the organisation remove delivery from?

The majority of respondents preferred to remove Saturday from the delivery schedule i.e. delivery would take place between Monday and Friday. In the 2017 survey 69% of households also preferred a Monday-Friday delivery schedule.

Section 2: Parcels

Has the number of parcels received increased, decreased, or remained the same over the past 12 months?



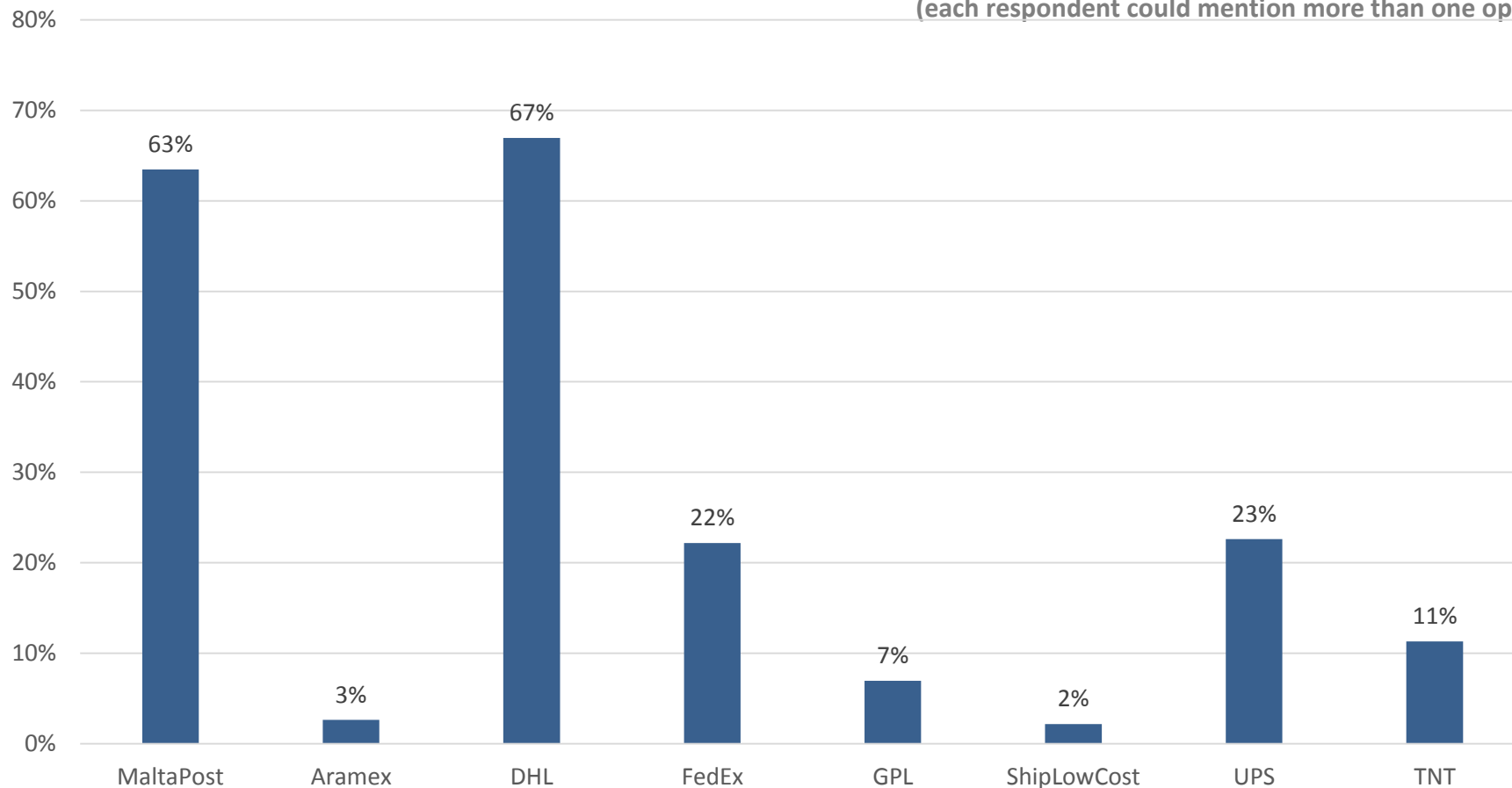
42% of businesses claimed to have received no parcels within the past 12 months. Of the respondents who received parcels, the majority (68%) claimed to have received the same number of parcels in the past 12 months, while 17% claimed to have received more parcels.

Receiving Parcels by Operator

Which operators does the organisation receive parcels from?

n Overall – 230

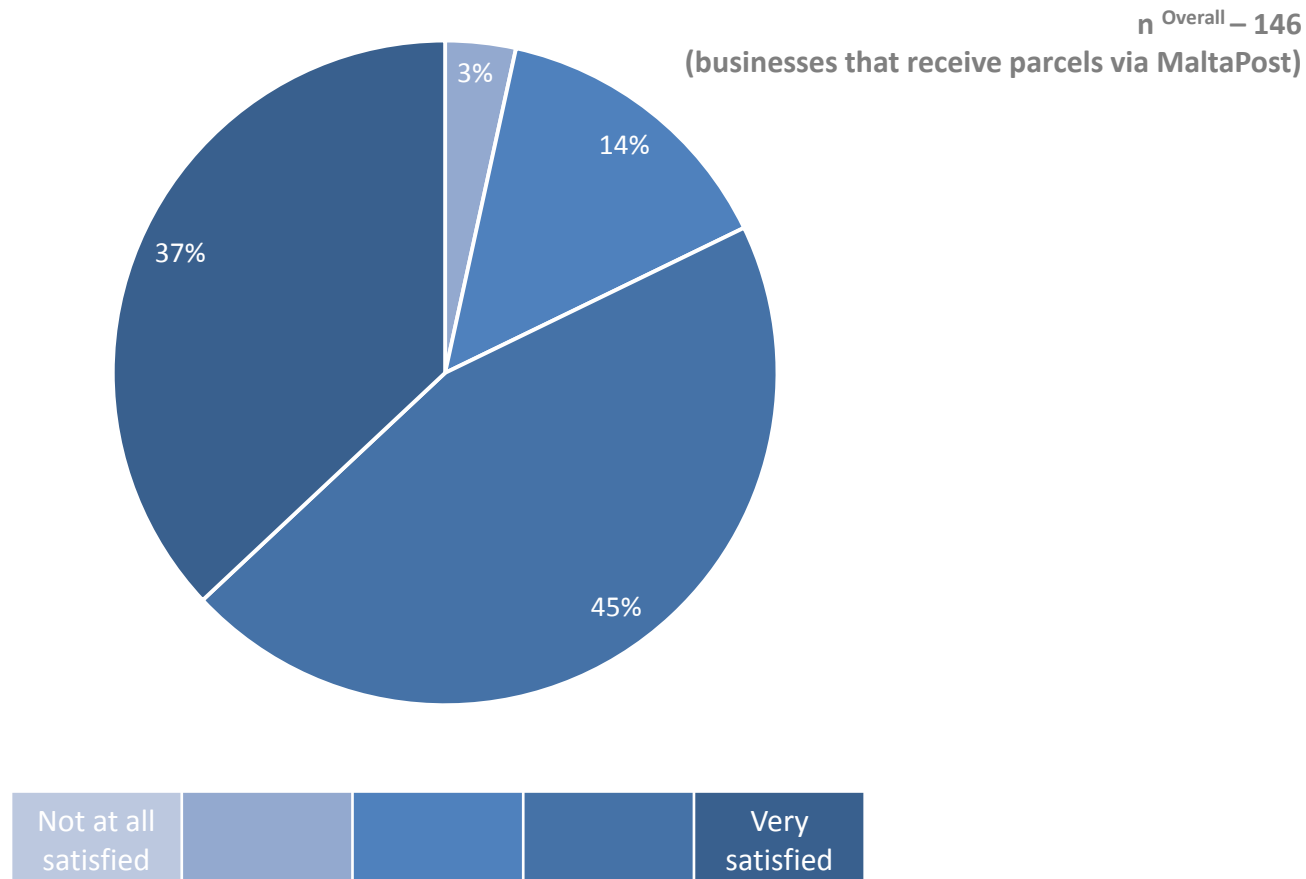
(each respondent could mention more than one operator)



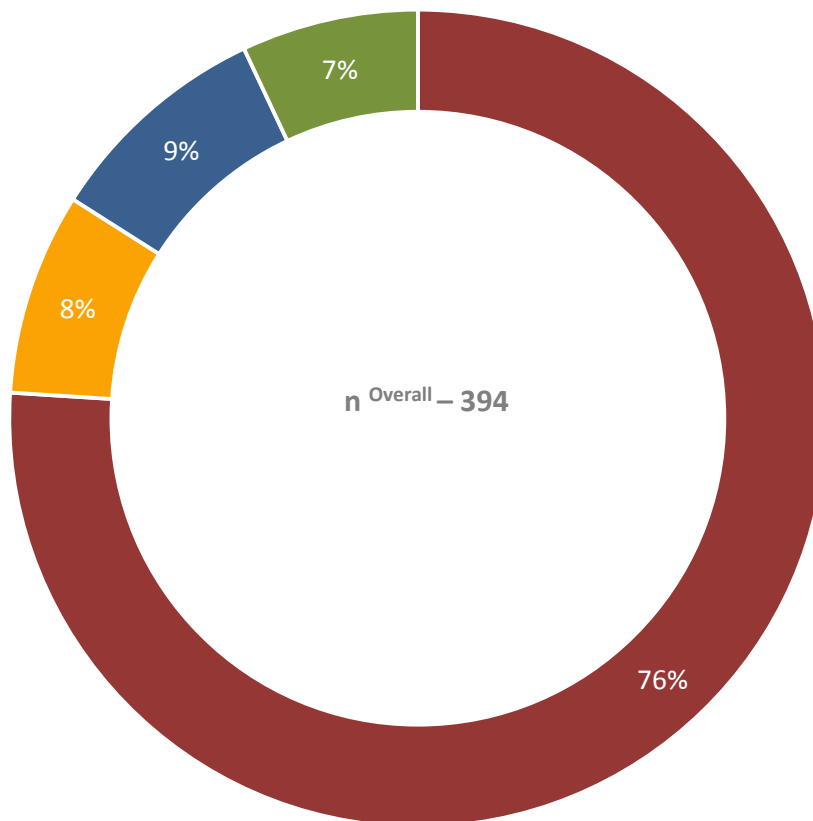
At 67% DHL was the most frequently mentioned operator, followed by MaltaPost and UPS.

Receiving Parcels via MaltaPost

When receiving a parcel how satisfied is the organisation with MaltaPost's parcel service?



82% of businesses who receive parcels via MaltaPost are satisfied with the service.



■ Didn't send parcels

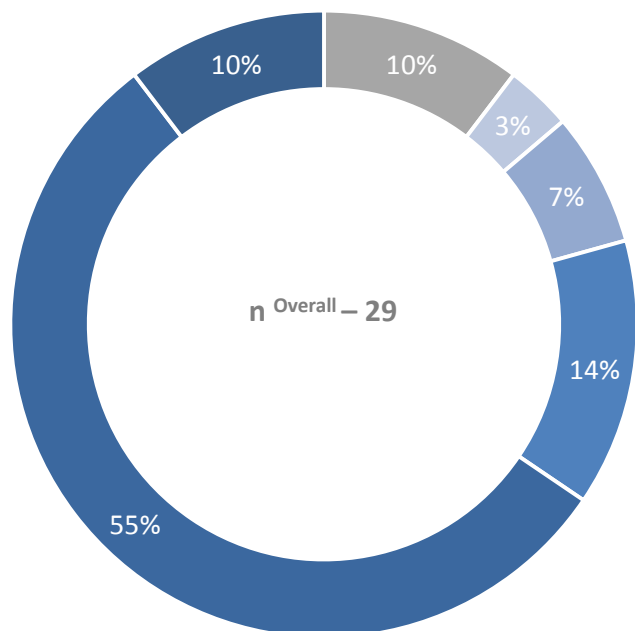
■ MaltaPost only

■ MaltaPost & other operators

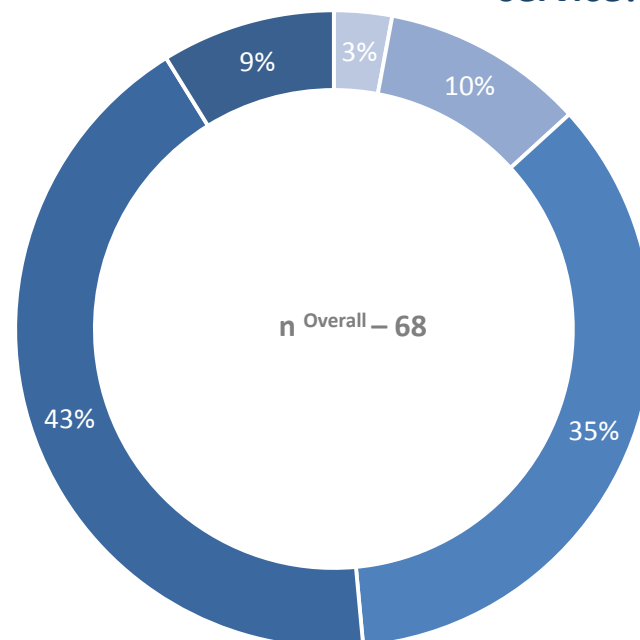
■ Other operators only

MaltaPost's Parcel Service: Prices

How reasonable does the organisation find the price of MaltaPost's domestic parcel service?



How reasonable does the organisation find the price of MaltaPost's cross-border parcel service?

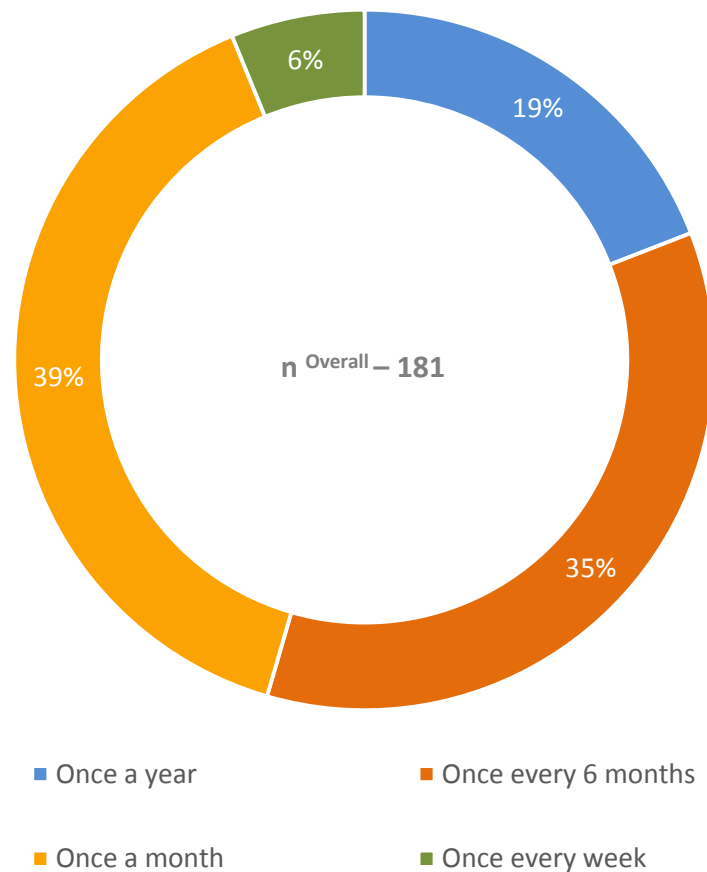
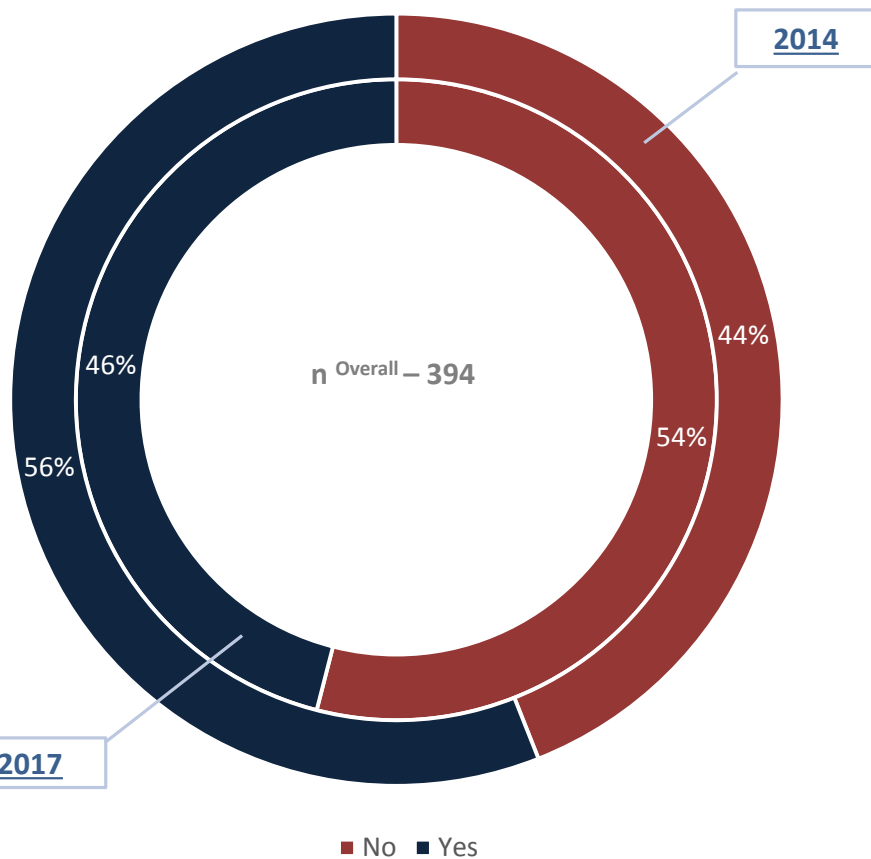


65% of respondents who sent domestic parcels with MaltaPost are satisfied with the price of this service. 52% of respondents who sent cross-border parcels with MaltaPost are satisfied with the price of this service.

Section 3: Registered Mail

MaltaPost's Registered Mail Service

Did the company send registered letters using MaltaPost over the past 12 months?



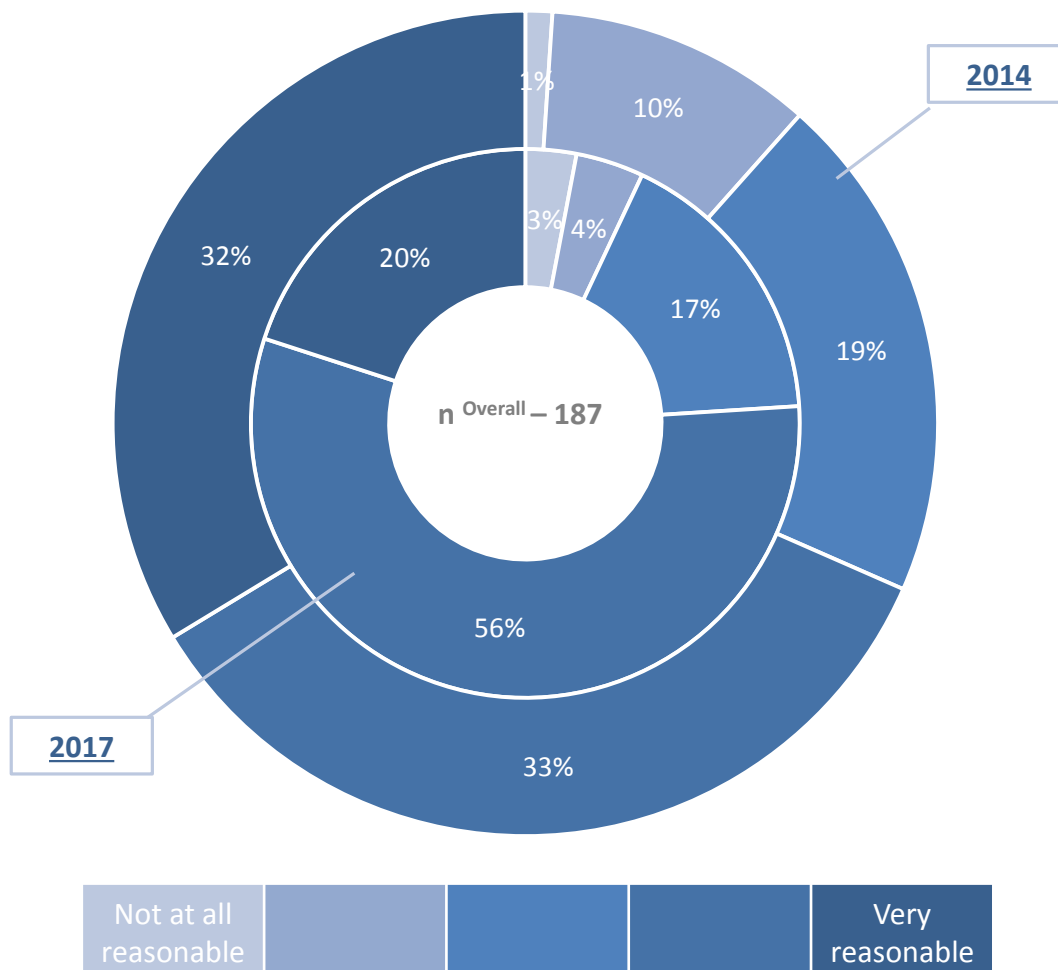
The proportion of businesses making use of MaltaPost's registered mail service has declined since 2014. The majority of businesses who do send registered mail do so on a monthly basis.

MaltaPost's Registered Mail Service: Price

How expensive / reasonable do you find the prices of MaltaPost's registered mail services?

76% of businesses perceive MaltaPost's registered mail tariffs to be reasonable, up from 65% in 2014.

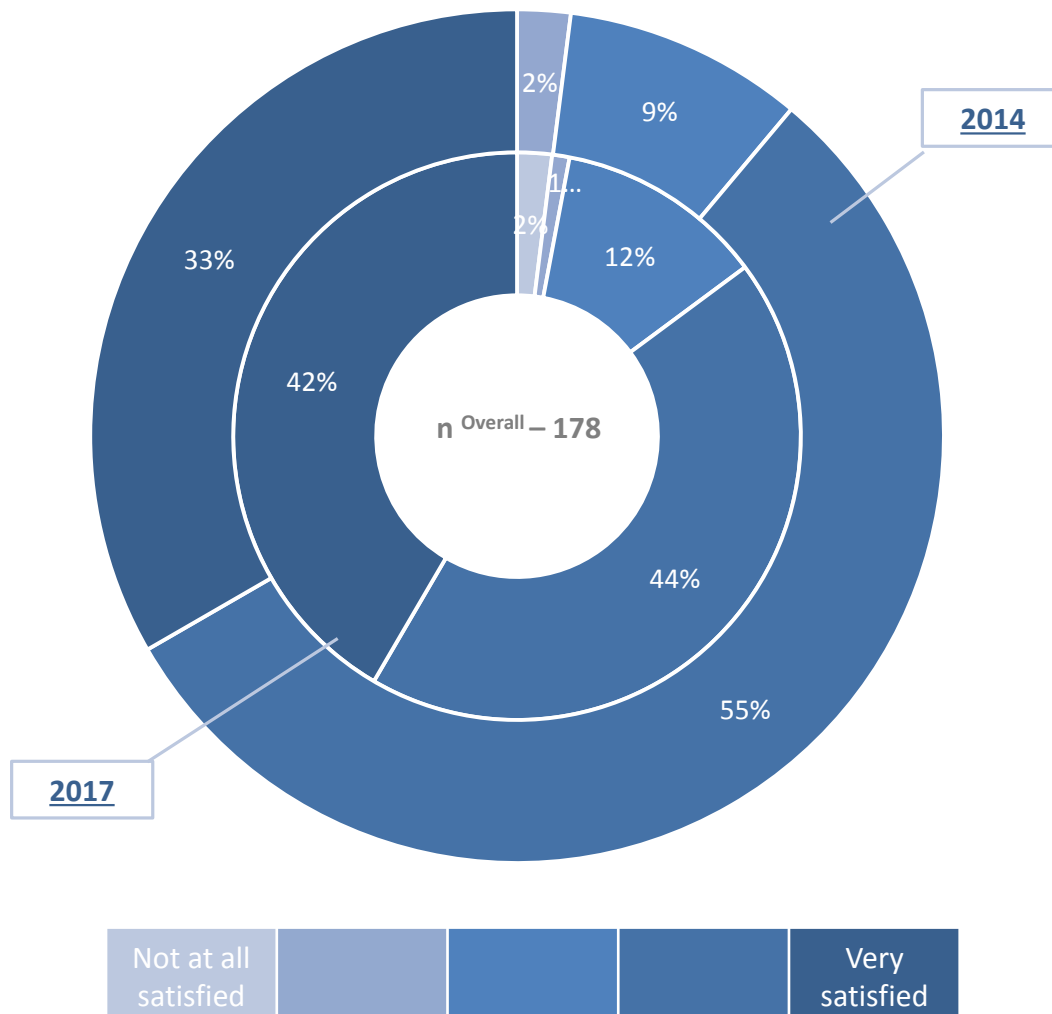
The proportion of businesses who perceive registered mail tariffs as being unreasonable has also decreased, from 11% in 2014 to 7%.



MaltaPost's Registered Mail Service: Overall Satisfaction

How satisfied are you with MaltaPost's registered mail service?

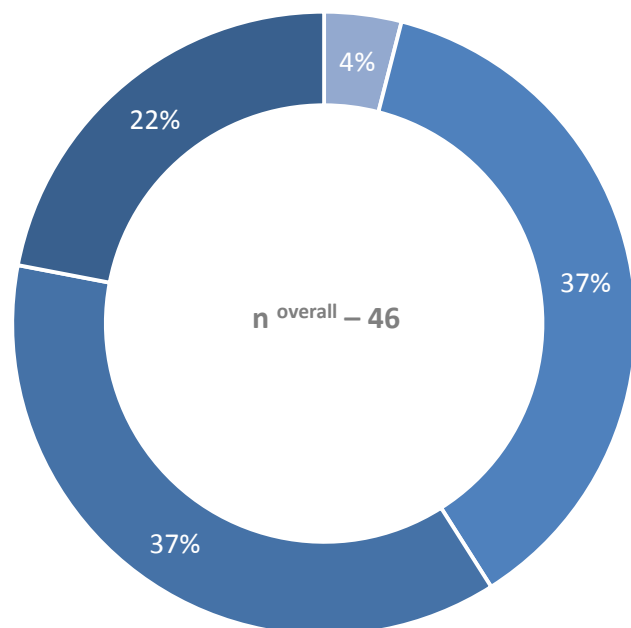
In 2014 business survey the proportion of businesses who claimed to be satisfied with MaltaPost's registered mail service stood at 88%. Since then satisfaction levels have fallen slightly to 86%.



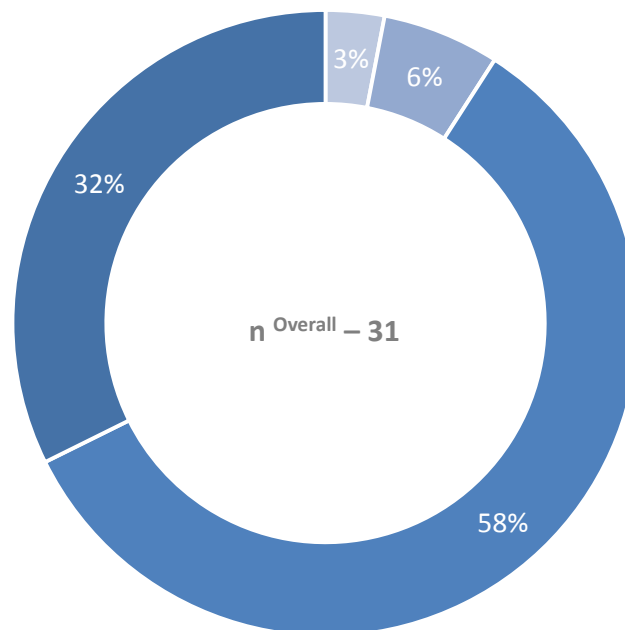
Section 4: MaltaPost's Services

P.O. Box & Business Reply Service

How useful does the organisation find the P.O. Box service provided by MaltaPost?

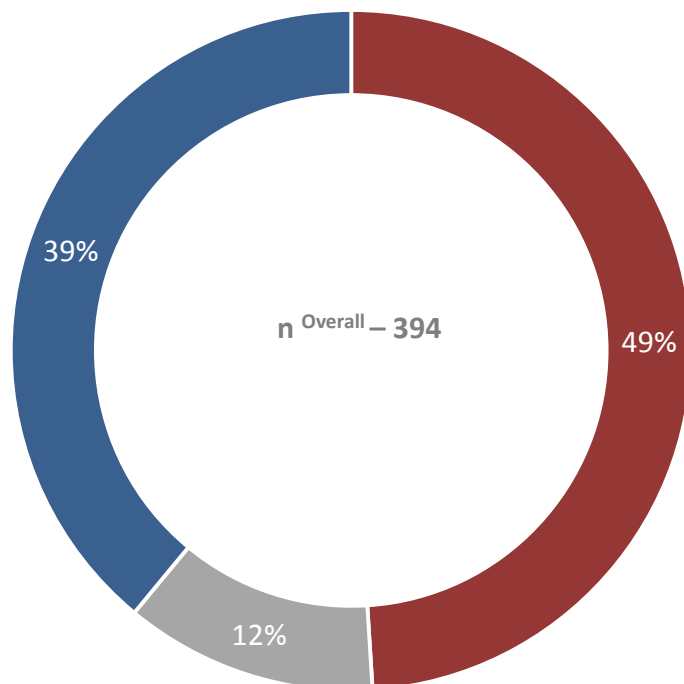


How useful does the organisation find the Business Reply service provided by MaltaPost?

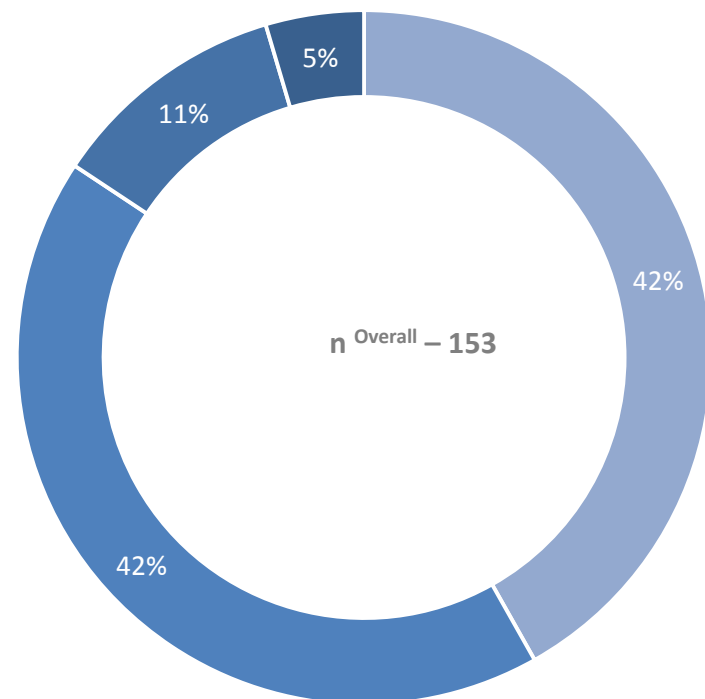


The majority of respondents do not make use of the P.O. Box (88%) and Business Reply Services (92%). 59% of P. O. Box service users find the service useful while 32% of Business Reply Service users consider this service useful.

Has the organisation used MaltaPost's website in the past 12 months?



■ No ■ Don't know ■ Yes

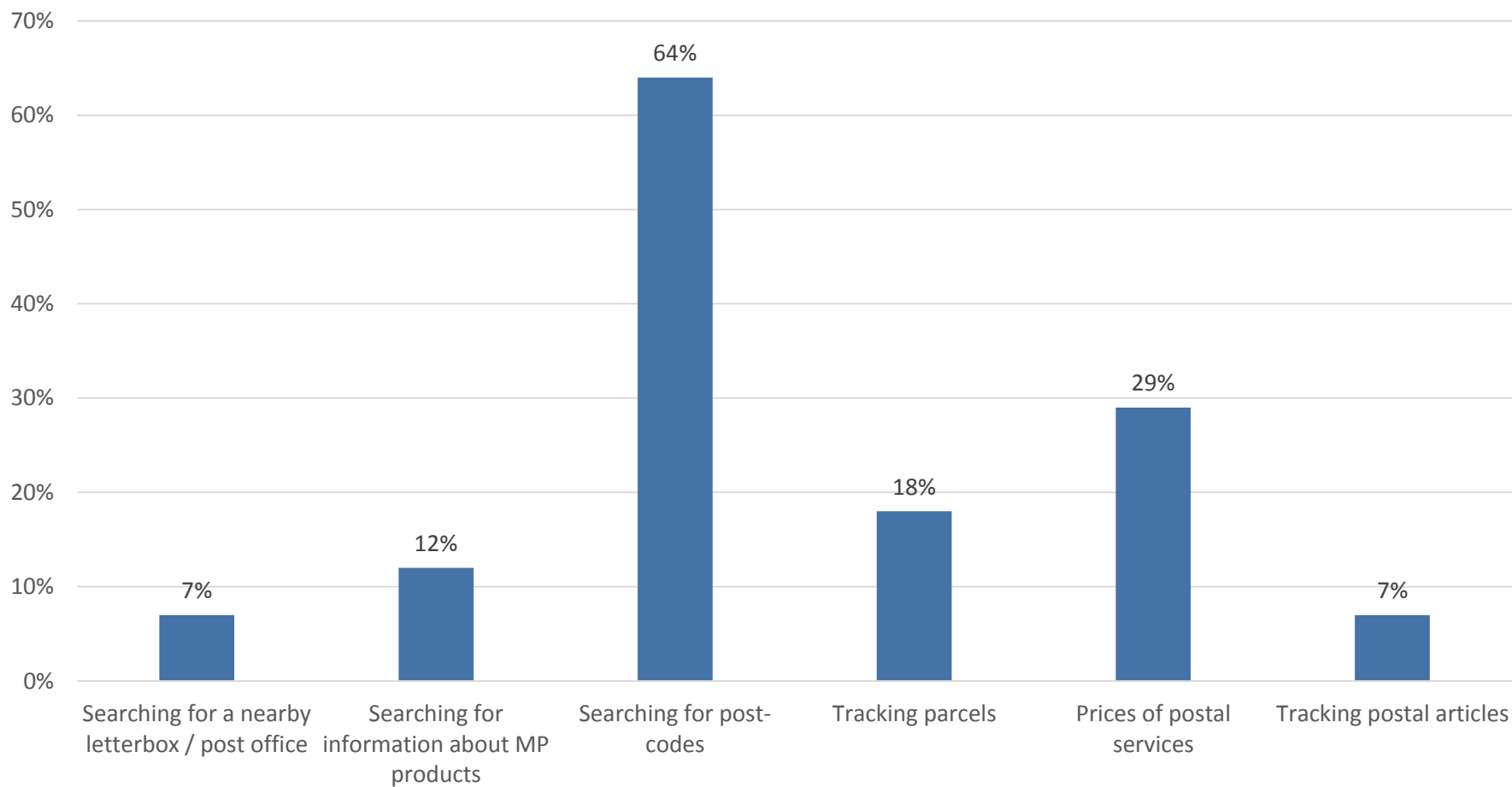


■ Yes, rarely ■ Yes, once every few months
■ Yes, every month ■ Yes, every week

49% of respondents claimed that they did not use MaltaPost's website in the last 12 months. Tallying with the post-code usage rates, the most frequent reason for using MaltaPost's website is searching for post-codes.

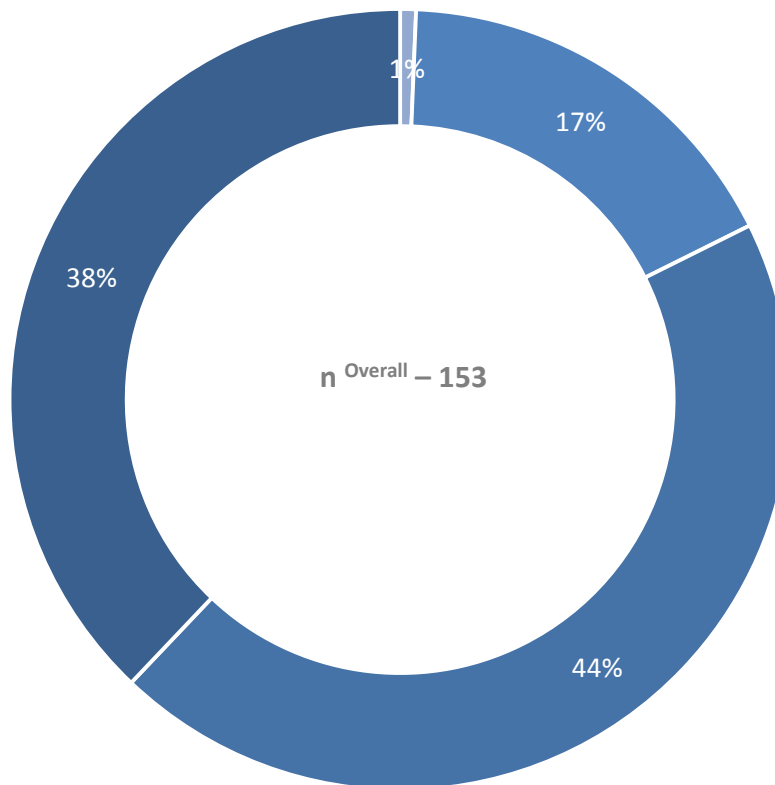
Why did the organisation use MaltaPost's website?

n Overall – 153



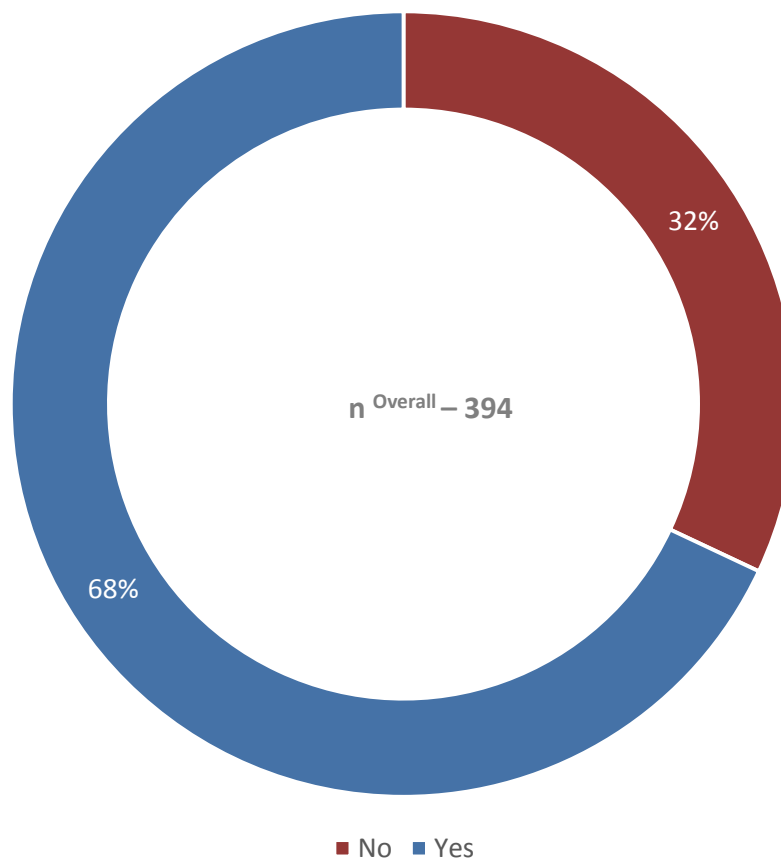
49% of respondents claimed that they did not use MaltaPost's website in the last 12 months. Tallying with the post-code usage rates, the most frequent reason for using MaltaPost's website is searching for post-codes.

How satisfied is the organisation with MaltaPost's website?



82% of respondents are satisfied with MaltaPost's website.

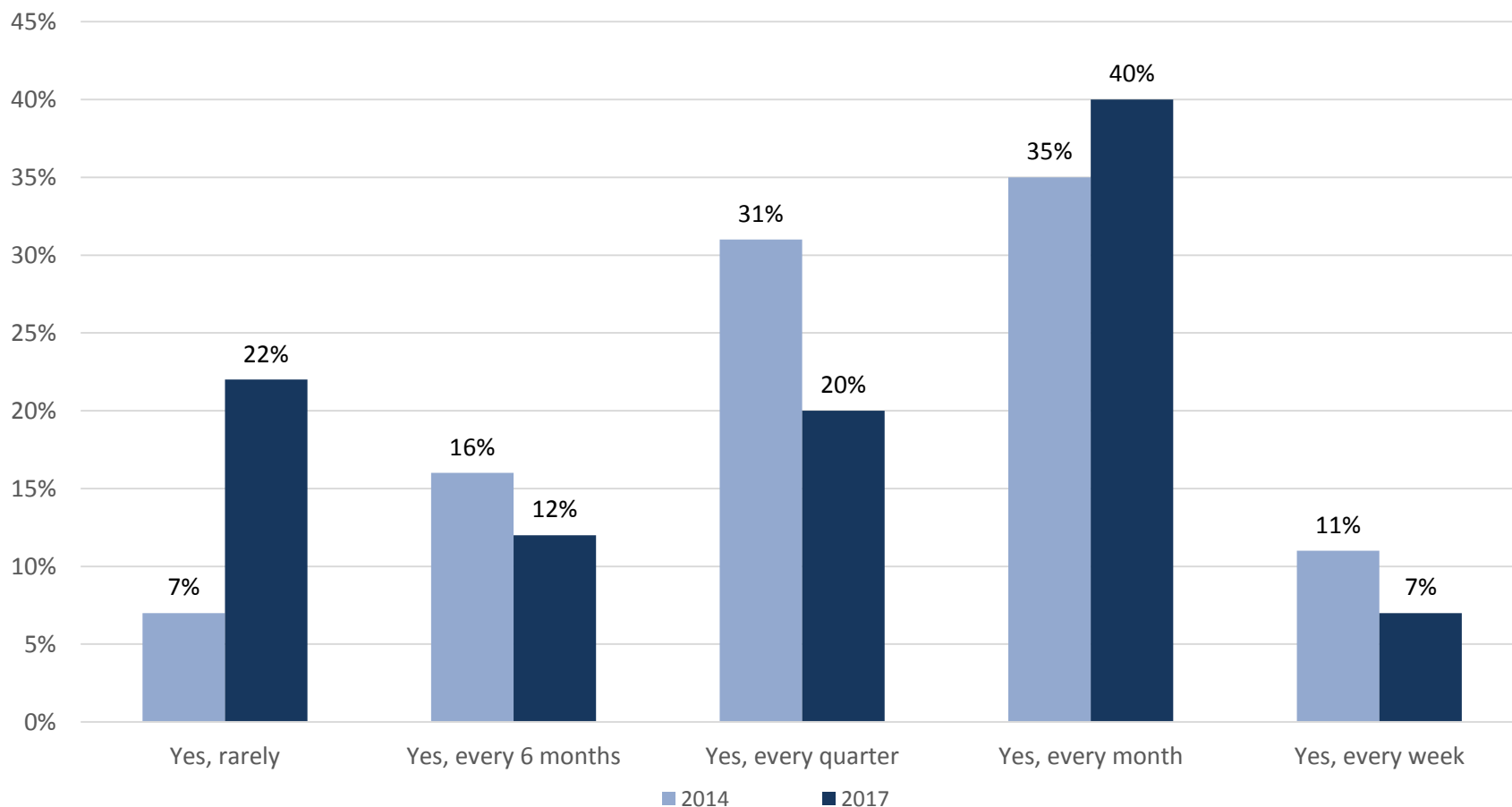
Has the organisation made use of the post office in the last 12 months?



32% of respondents did not visit the post office.

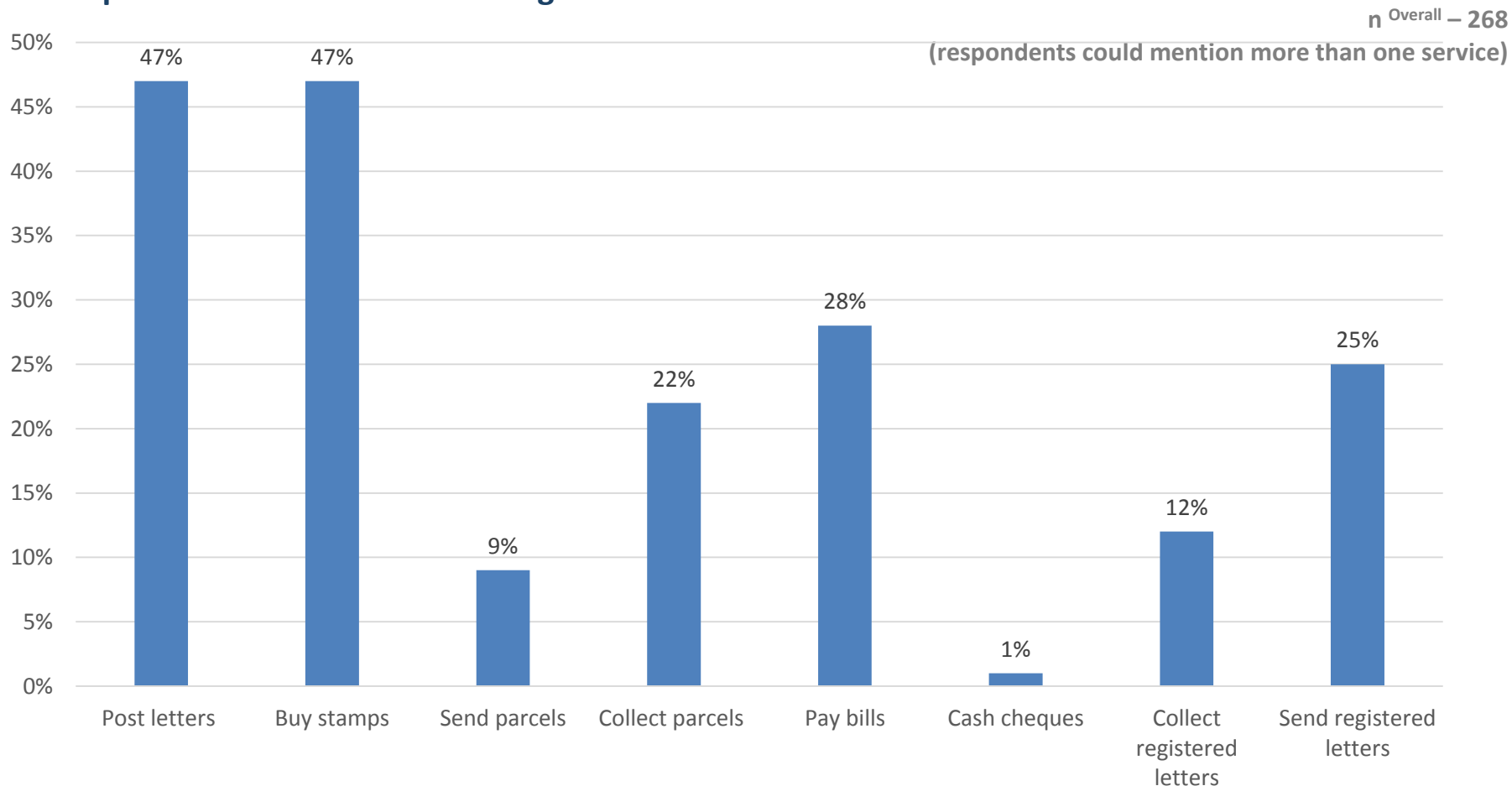
Has the organisation made use of the post office in the last 12 months?

n Overall – 268



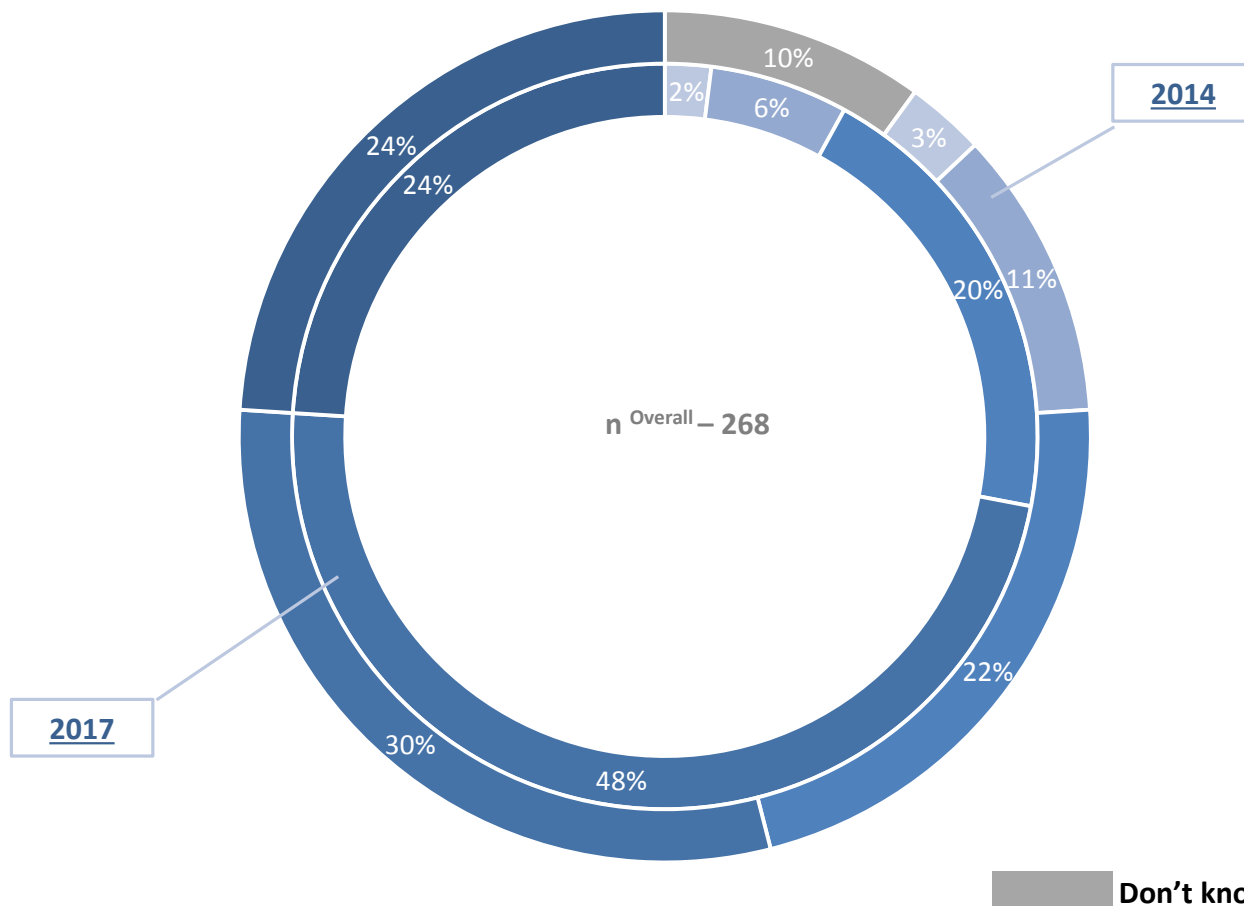
32% of respondents did not visit the post office. Of those respondents who visited the post office the majority did so on a monthly basis.

Which post office services did the organisation make use of?



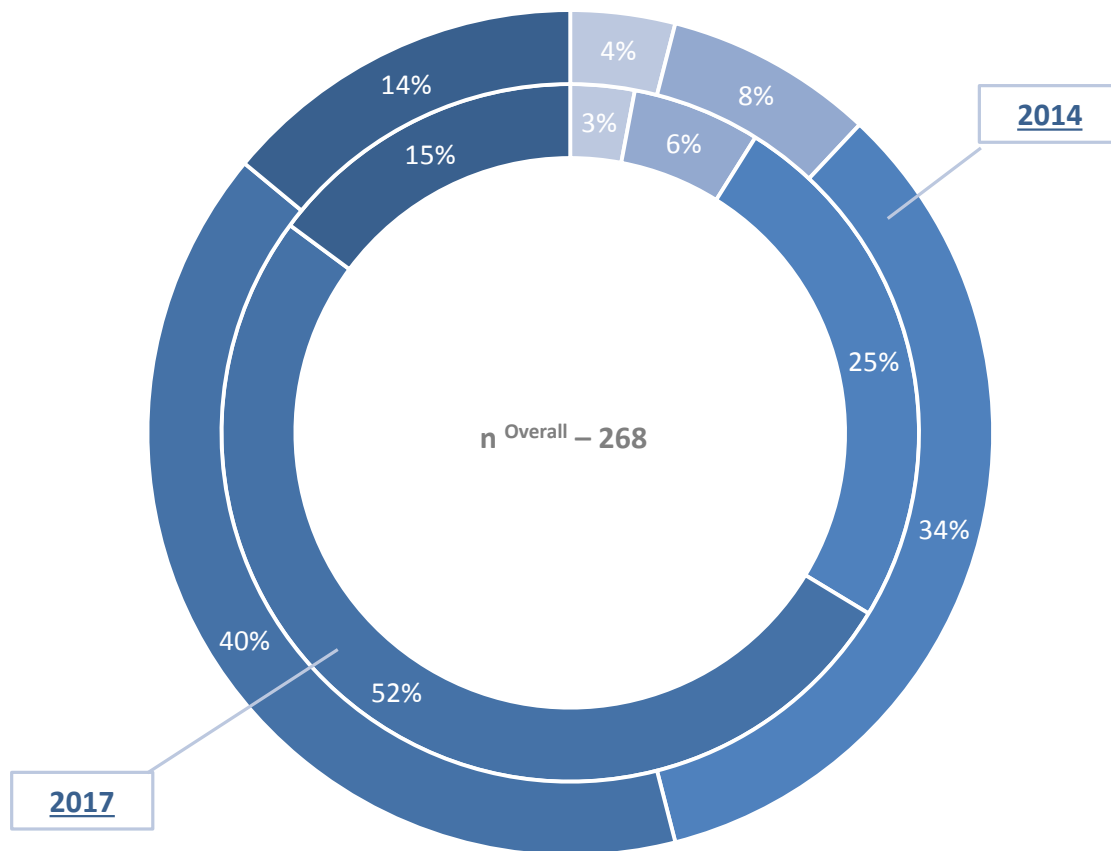
The most demanded services at the post office by businesses relate to postage of letters and buying stamps. Other services mentioned were bulk posting and quote requests.

Is the organisation satisfied with the opening hours of the post office?



72% of business are satisfied with the opening hours of the post office, compared with 54% in 2014.

How reasonable does the organisation find the waiting time at the post office?



67% of business respondents are satisfied with the waiting time [54% in 2014]. Dissatisfaction has fallen from 12% to 9% since 2014.

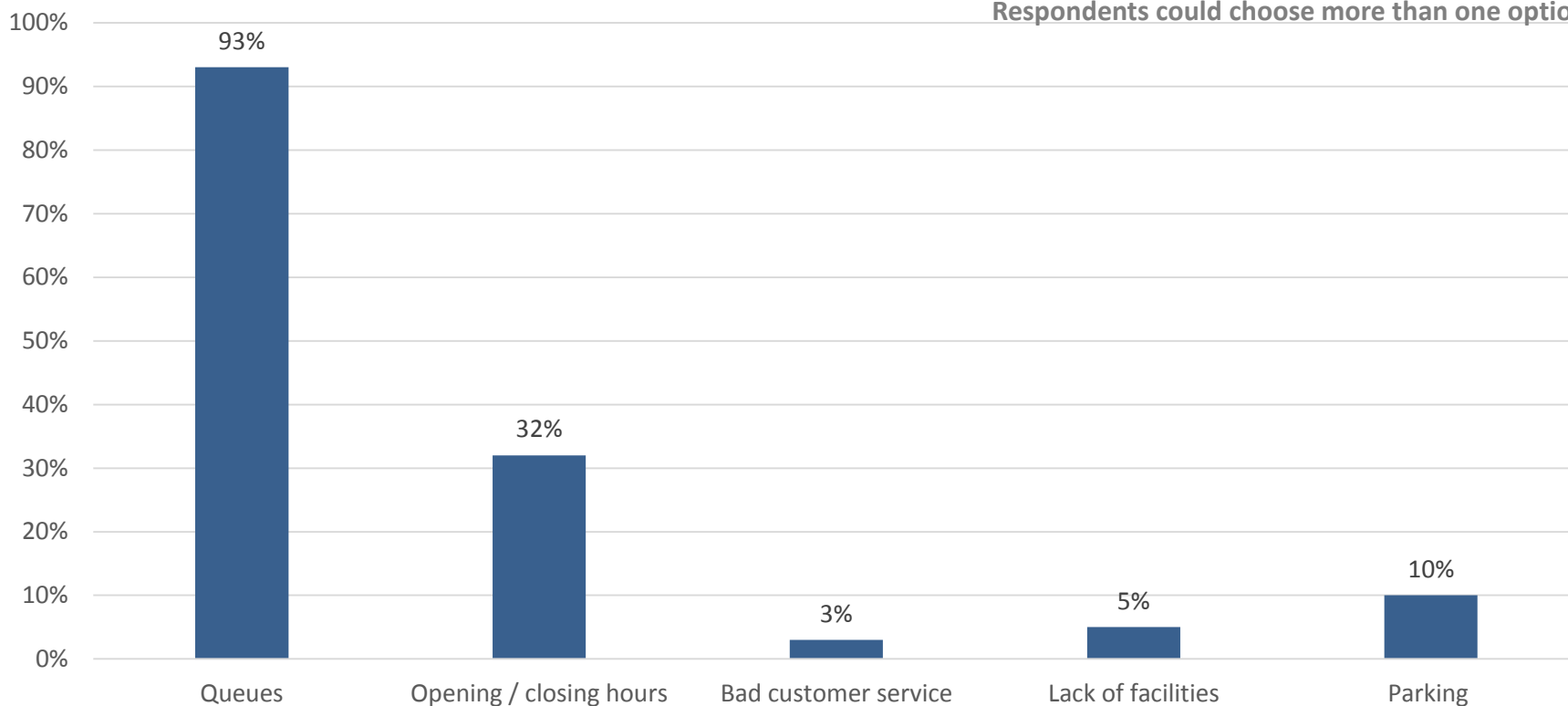
Not at all
satisfied

Very
satisfied

What are the reasons for dissatisfaction with the post office?

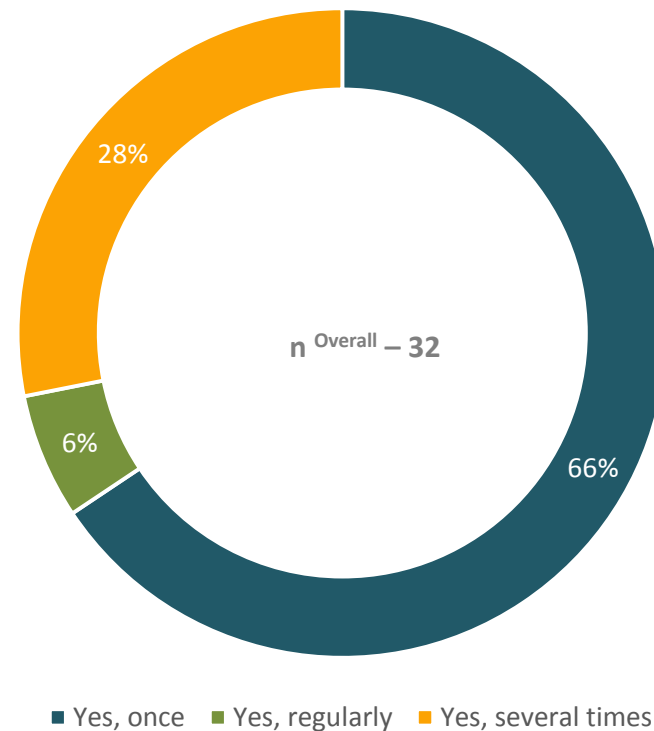
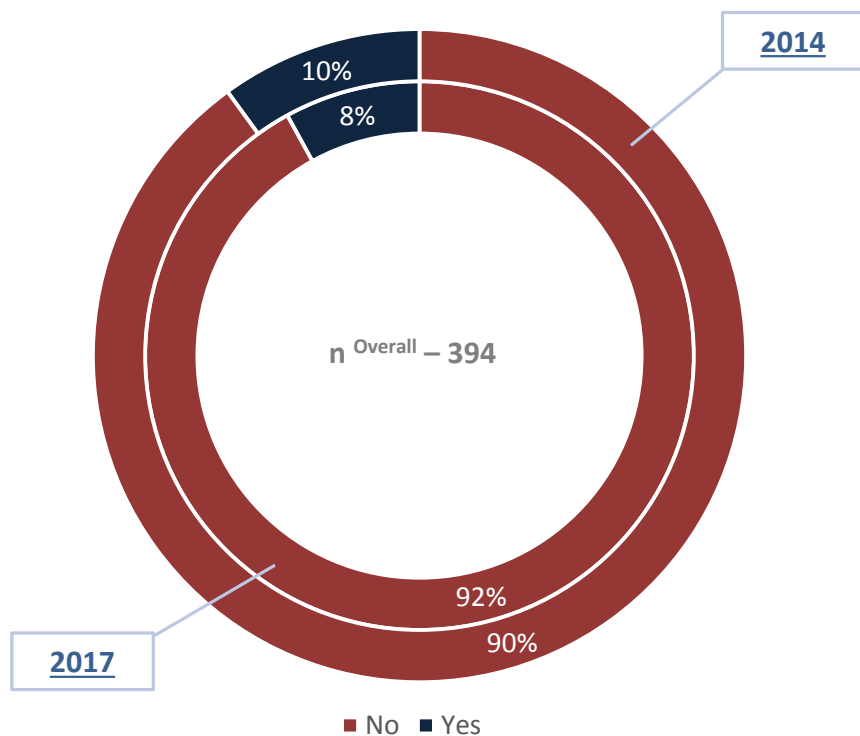
n Overall_ 88

Respondents could choose more than one option



The main reason for dissatisfaction concerned the queues at the post office, followed by the post offices' opening / closing hours. One respondent further registered their dissatisfaction with the practice of there being a single queue for the different services offered by the post office.

In the last 12 months, have you (or any member of your business) personally made a formal complaint to MaltaPost about any aspect of postal services?



8% of the respondents lodged a complaint with MaltaPost, a slight decrease from 10% in 2014. The majority of respondents who made a complaint only did so once.



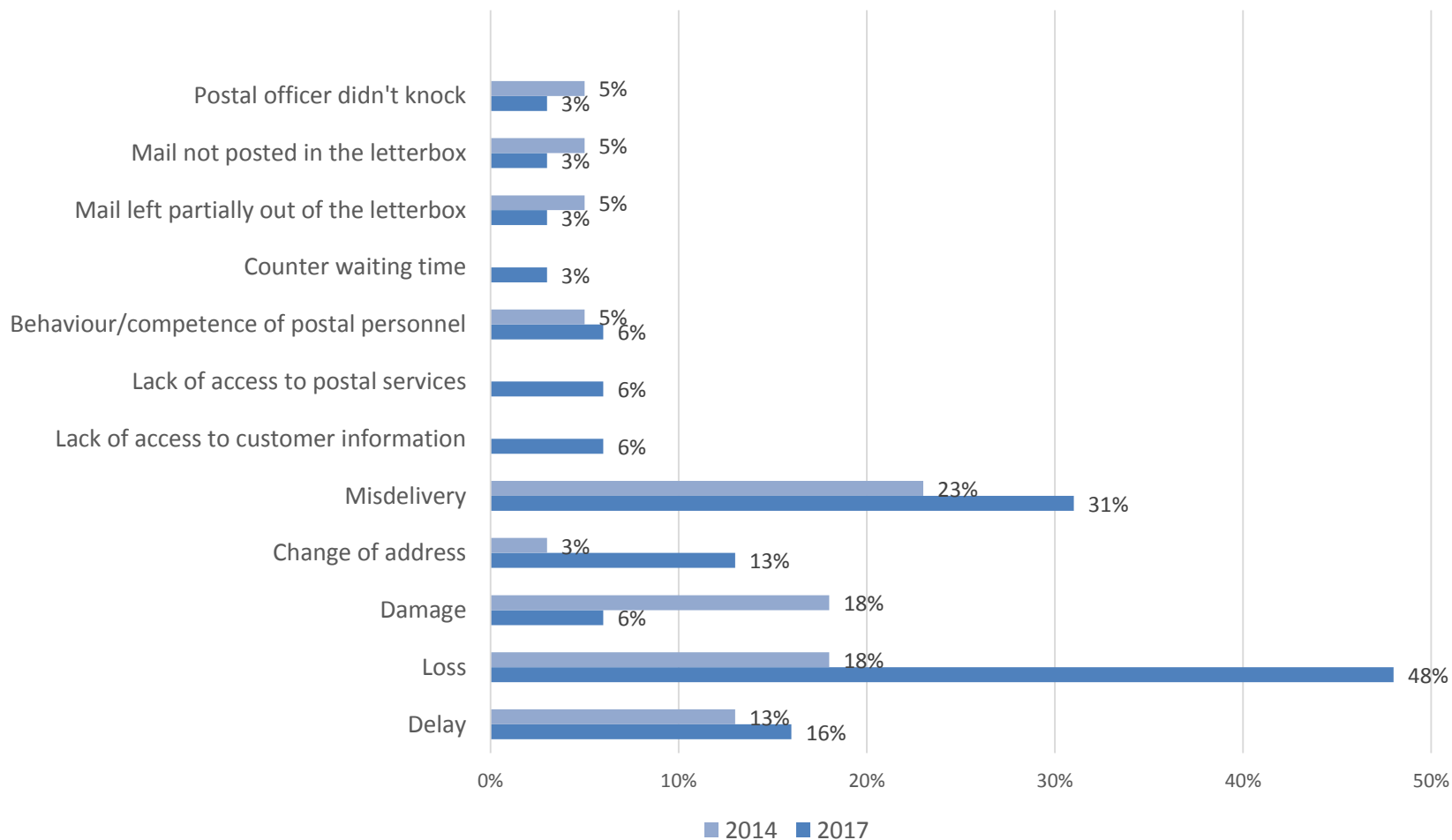
MALTA COMMUNICATIONS AUTHORITY

Reasons for Complaint

What was the complaint about?

n Overall — 32

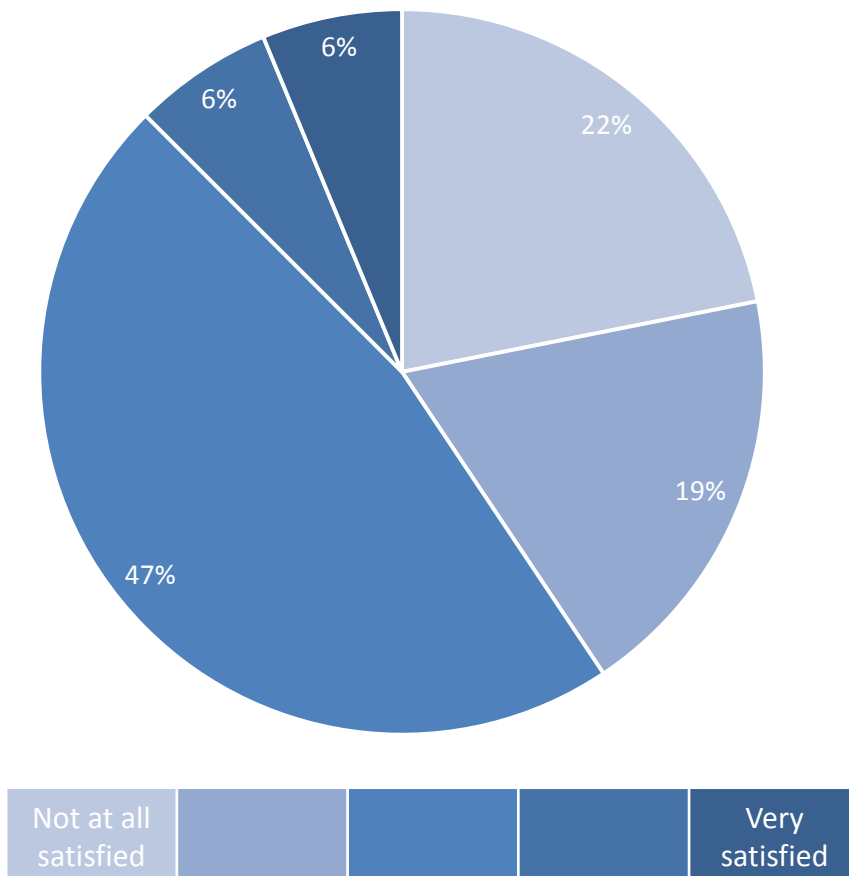
(respondents could give more than one reason)



The most frequent reasons for complaint are loss and misdelivery, both of which have increased since the 2014 business survey.

How satisfied was the organisation with how your complaint was dealt with?

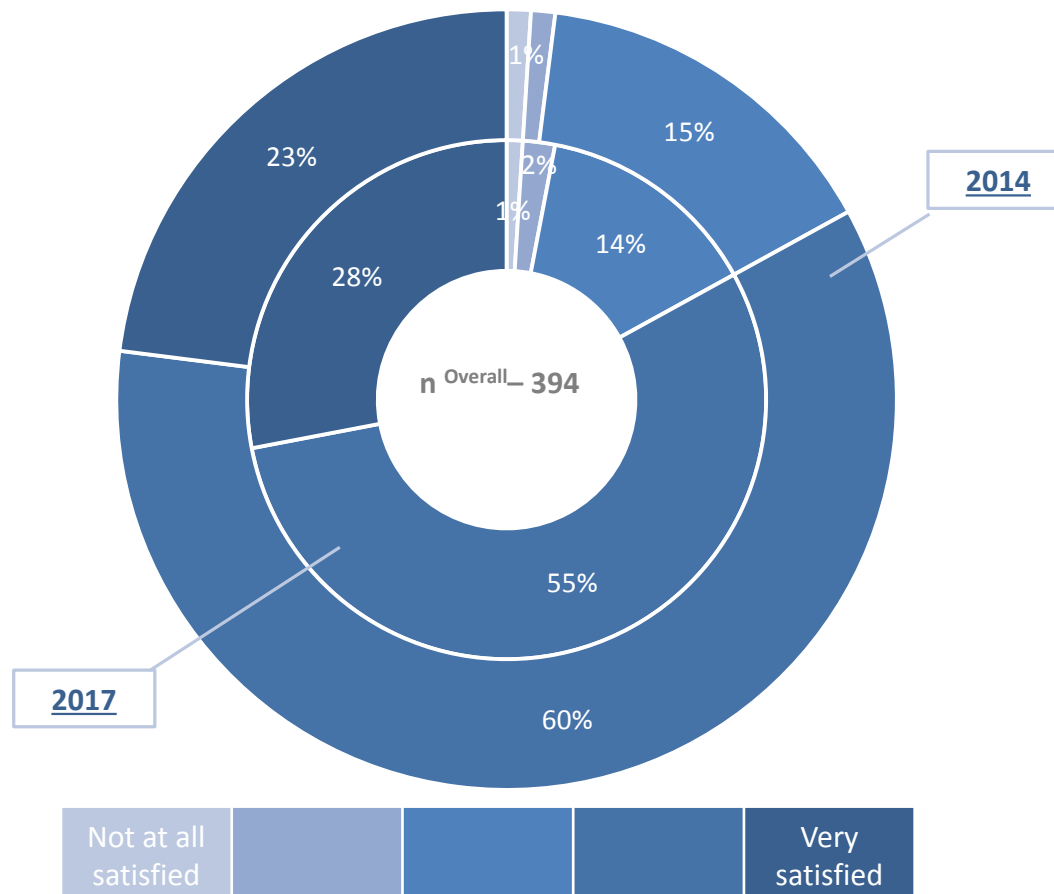
n Overall – 32



12% of respondents were satisfied with the way their complaint was handled. The majority indicated indifference.

Overall Satisfaction with MaltaPost Services

What does the organisation think of the overall quality of postal services provided by MaltaPost?



83% of businesses claimed to be satisfied with the overall quality of postal services provided by MaltaPost, unchanged since the 2014 business survey.

Highlights

- The majority of respondents (31%) were not aware of their **expenditure** on postal services. Respondents who gave an answer tended to spend within the lower brackets, with the majority (16%) claiming to have spent between €0-4.99 in the twelve months preceding the survey.
- Of those respondents who claimed to have sent more letters cited reasons such as **marketing campaigns** (40%) and an **increasing client-base** (33%) as the cause.
- The majority (86%) pointed to **email** as the reason for sending fewer letters, followed by **online payments** (21%) and **eBusiness solutions** (such as websites) and **messaging services** (9% and 13% respectively).
- Participants were also asked about what **lead-time** (in days) from the date of posting a letter to actual delivery they would find acceptable. 58% of respondents claimed that they would find next day delivery (D+1) acceptable.

- 44% of respondents claimed that they would find a **5-day delivery week** acceptable. They were then asked which day, Monday or Saturday, they would prefer to remove delivery from, with 80% opting to remove delivery on Saturday i.e. Monday-Friday delivery schedule.
- 68% of respondents claimed to have visited a **post office** in the 12 months preceding the survey. The main reasons for visiting the post office were to send letters and buy stamps (both 47%).
- 8% of respondents claimed to have made a **complaint** with MaltaPost, with the majority of respondents having lodged a complaint once (as opposed to multiple complaints). Complaints mainly related to loss (48%) and misdelivery (31%).

Medium & Large Businesses

- » Statistics published by NSO in 2016 show that:
 - 85,673 micro enterprises (with 0 - 9 employees) represent **97.4%** of businesses in Malta
 - 1,758 medium businesses (10 – 49 employees) represent **2%** of businesses in Malta
 - 540 large businesses (50+ employees) represent **0.6%** of businesses in Malta
-
- » Further to sample used in the previous slides (representative of the Maltese business community) a further sample was taken:
 - A sample of 172 respondents composed entirely of medium and large businesses. Such businesses tend to make heavier use of postal services and, due to their proportionately small size within the representative sample (2.6%), may not be sufficiently captured within the overall sample.

Medium & Large Sample Distribution

Assess the extent of business satisfaction with the services provided by MaltaPost (USP)

Monitor a number of postal services aspects, namely price levels, quality, access and complaints handling

Provide for better regulatory decisions

Grant Thornton Services Ltd carried out the survey between April and May 2017 on behalf of the MCA

Fieldwork

- Interviews were carried out by telephone lasting around 15 minutes
- The survey respondents were chosen randomly from the Yellow Pages Directory
- Interviews on behalf of the organisation were carried out with those responsible for mail items within the business

Sample

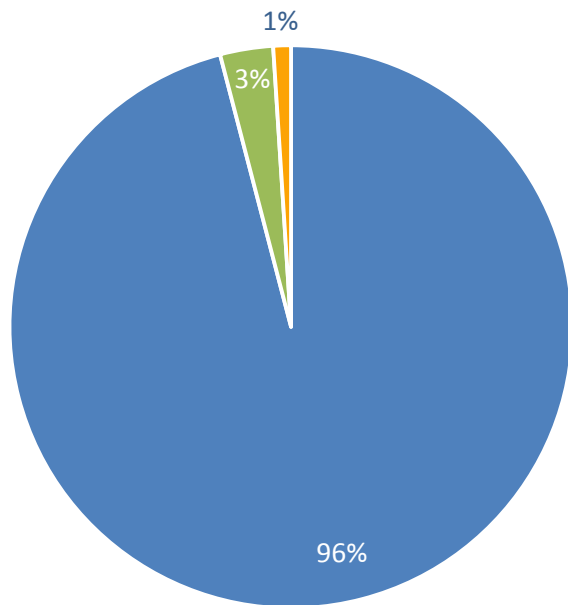
- Sample size was representatively distributed across 7 predefined industries of the business sector in Malta (Source: NACE Codes)
- The interviews were carried out with businesses that have been randomly selected on the basis of this distribution
- To capture more qualitative information on medium to large sized businesses, the 10– 49 and 50+ employee categories were boosted

Responses

- 172 respondents
- Any refusals / incomplete surveys were re-allocated to achieve a net sample of at least 172 interviewees
- Margin of error +/- 4.15% at 95% confidence interval

Sample Distribution

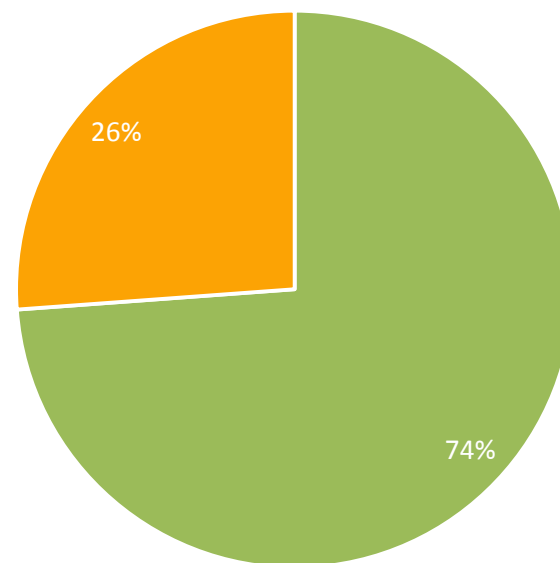
n Overall – 394



The medium and large business sample is composed only of such businesses in order to examine the behaviour of businesses who tend to be heavy users of postal services.

The overall sample reflects the demographic distribution of the Maltese business community.

- 0-9 employees
- 10-49 employees
- 50+ employees

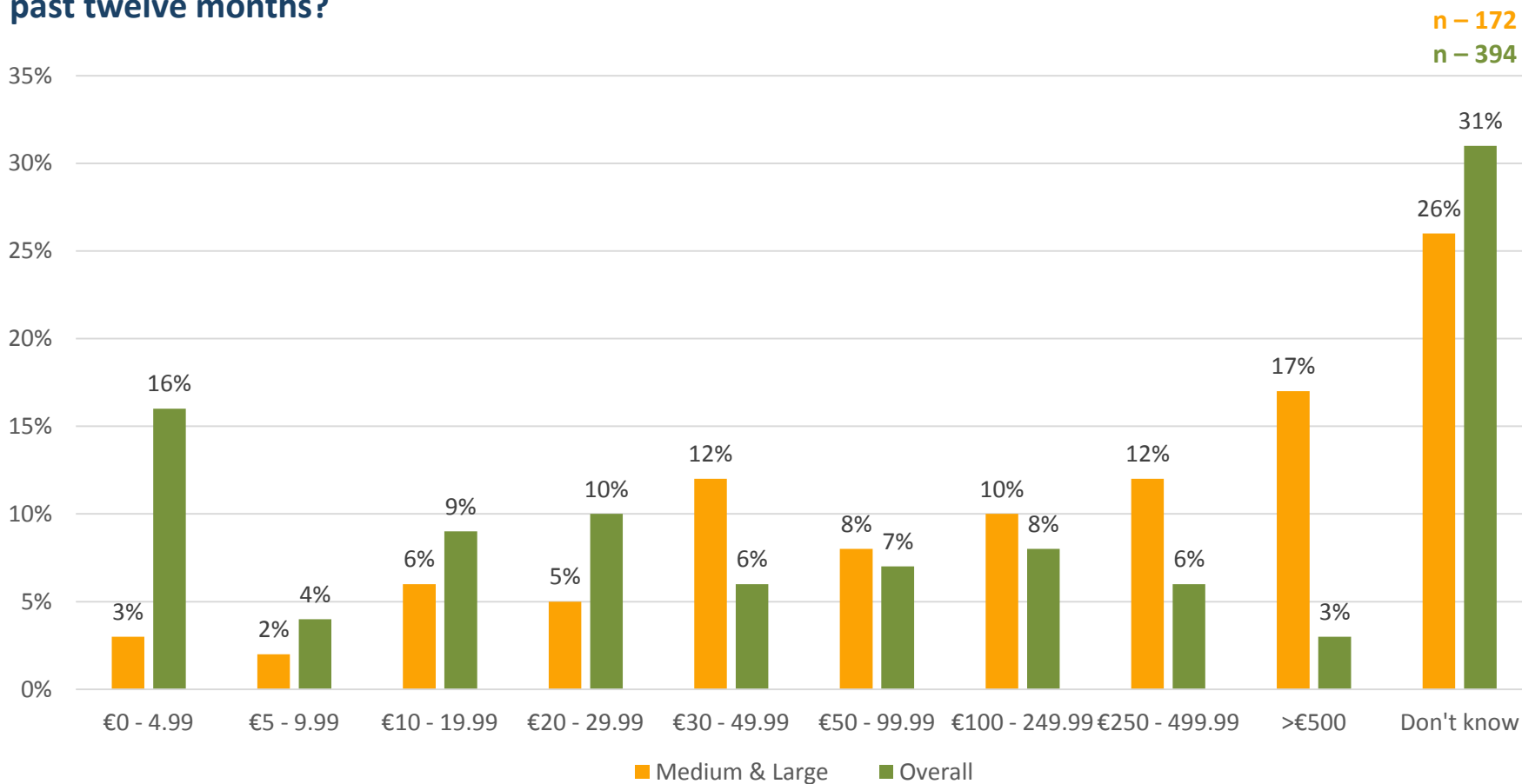


n Medium & Large – 172

Section 1: Letters

Expenditure on Addressed Letters

What is the average amount of money spent by your business on addressed letters during the past twelve months?

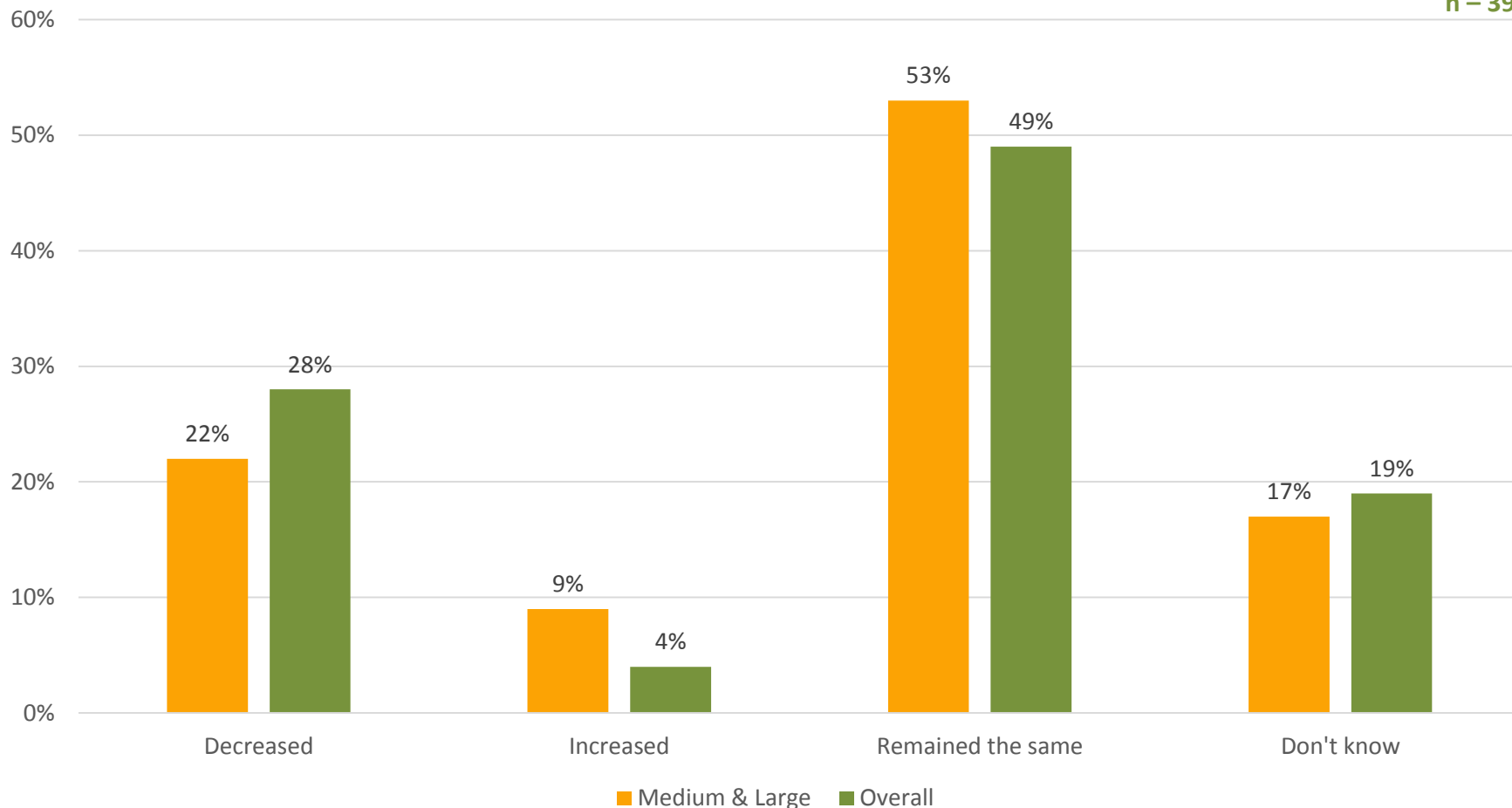


The majority of both samples did not know how much their organisation spent on addressed letters in the last 12 months. The majority of medium to large businesses who replied claimed to have spent over €500.

Did the number of addressed letters sent each week increase, decrease, or remain the same over the past twelve months?

n – 172

n – 394



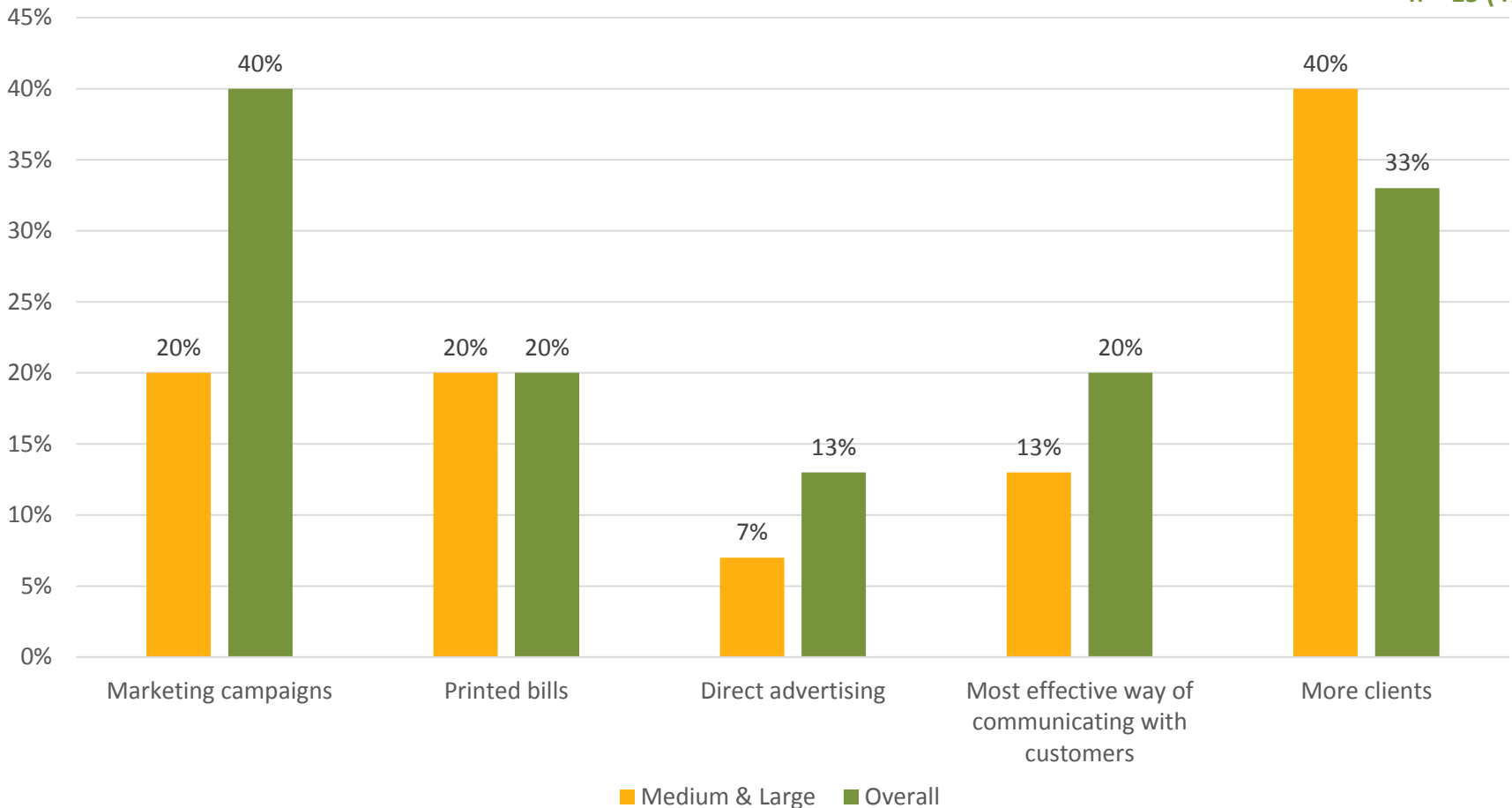
The majority of both samples claimed that they sent the same amount of letters in the 12 months preceding the survey.

Increase in Letters

If there was an increase in the number of addressed letters sent, what are the main reasons?

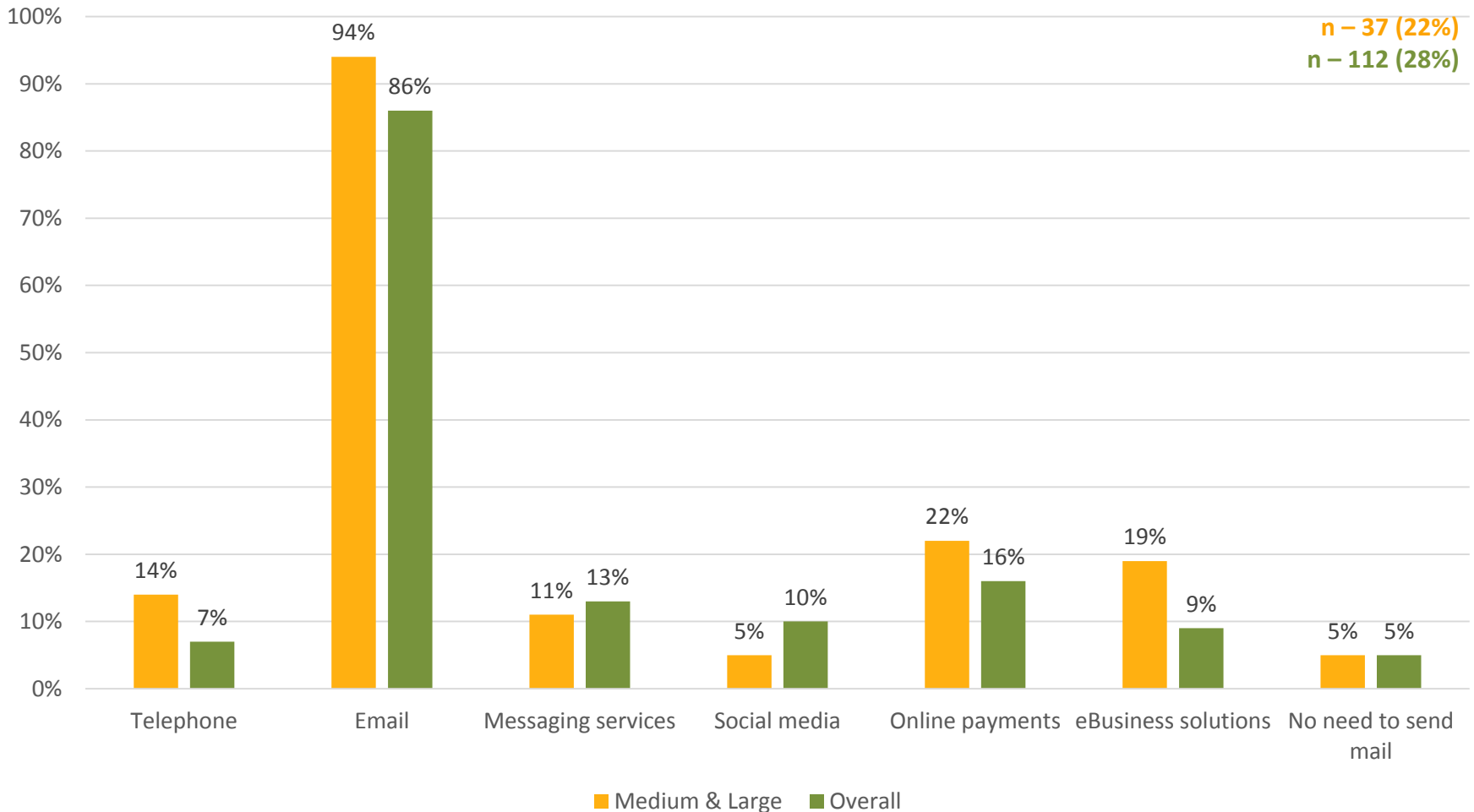
n – 15 (9%)

n – 15 (4%)



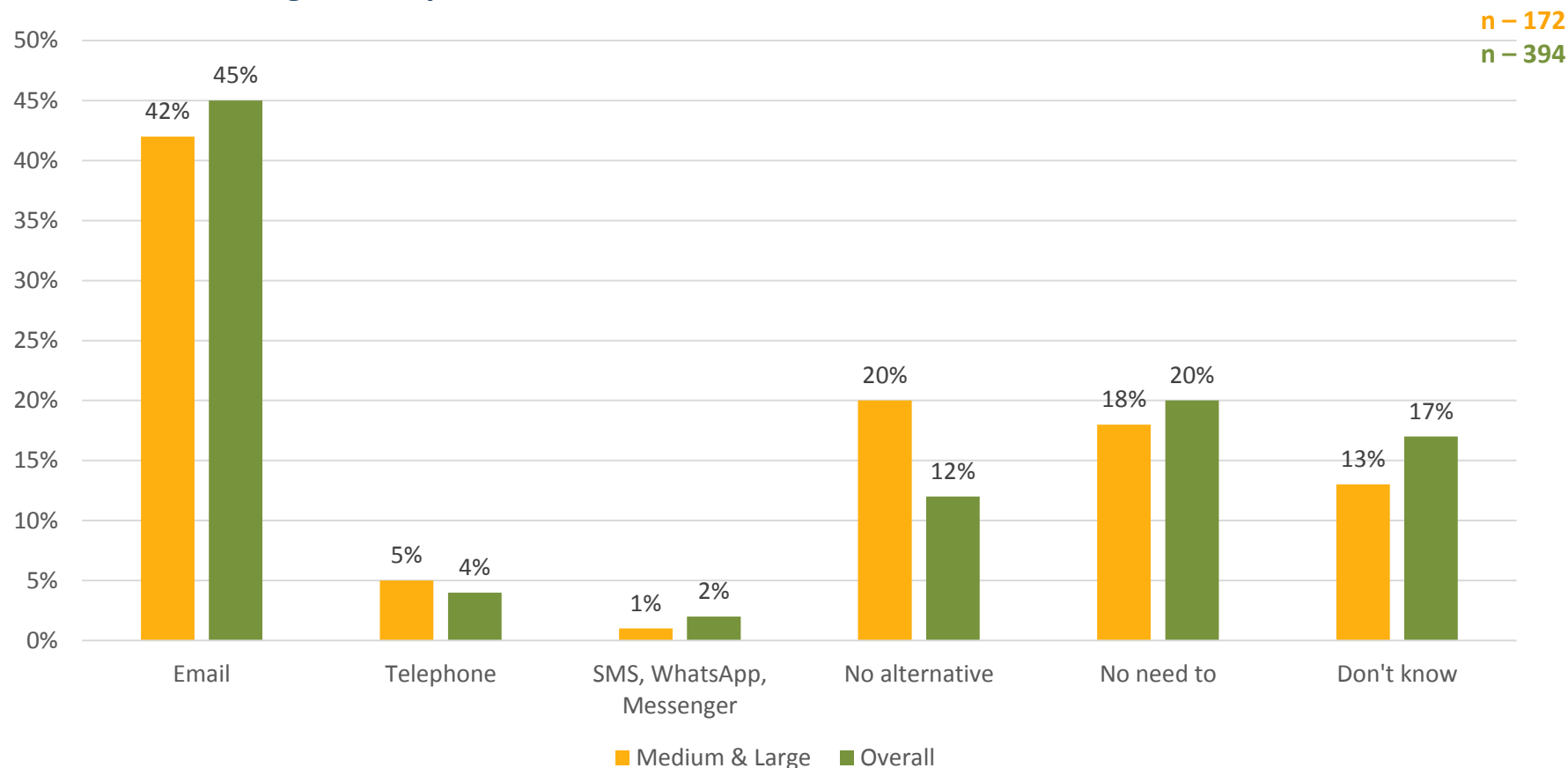
Contrary to the main sample, medium and large businesses indicating increases in the number of letters they sent cited a growing client-base as the main reason.

If there was an decrease in the number of addressed letters sent, what are the main reasons?



Email is a viable alternative for businesses across the board, however medium and large businesses are more likely than respondents from the overall sample to invest in eBusiness solutions and infrastructure.

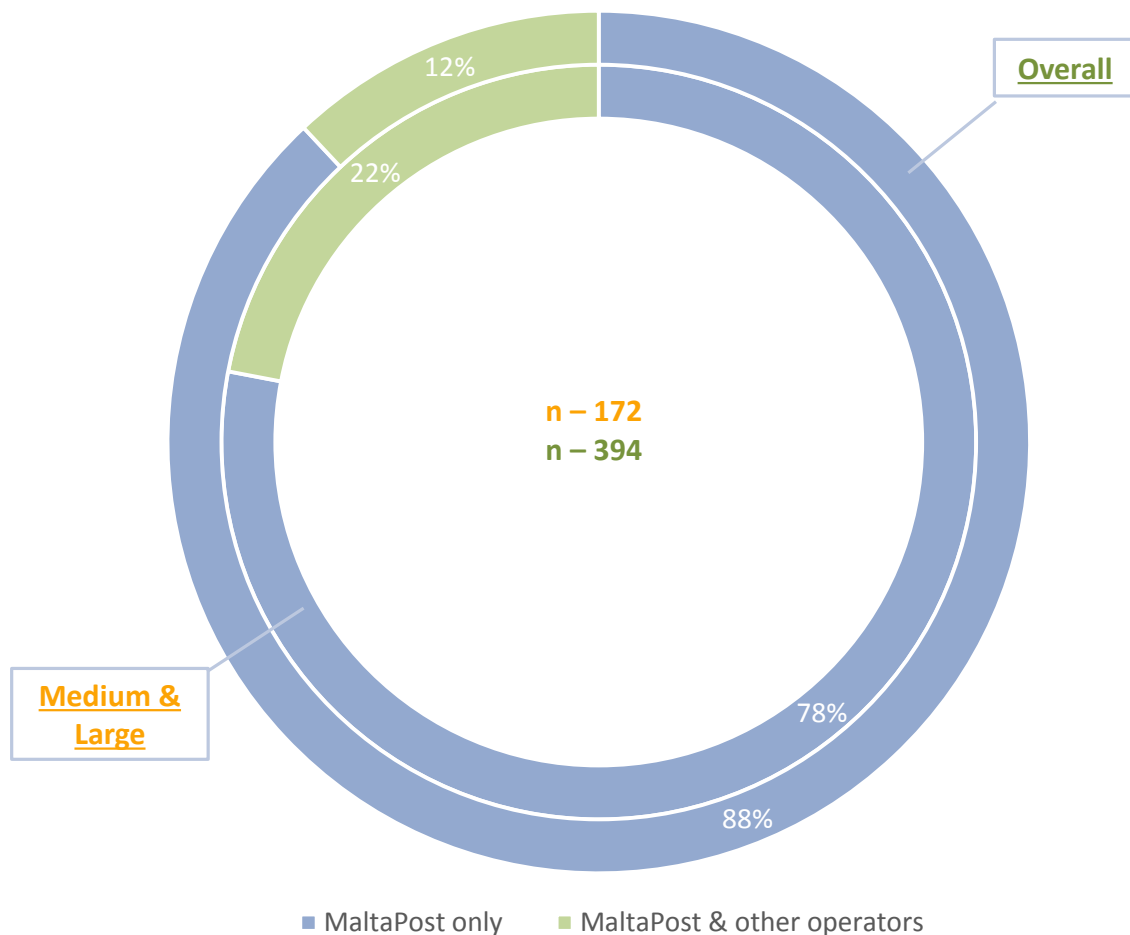
If the price of a 50g addressed letter were to increase by 5% - 10% (e.g. from 26c to 29c) would you consider switching to non-postal alternatives?



The most popular non-postal alternative remains email across both samples. This is also true for consumers, albeit to a lesser extent.

Using Alternative Operators

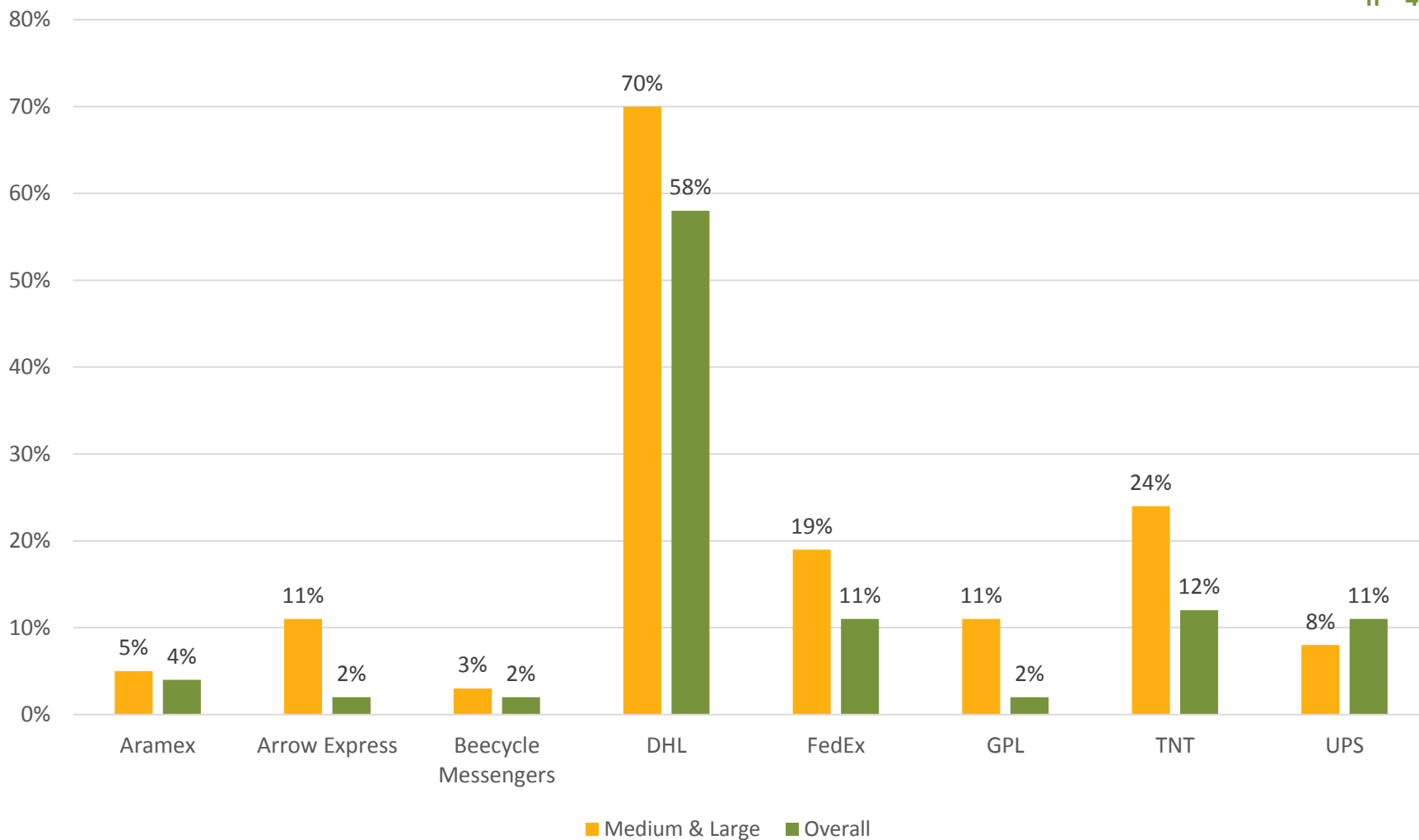
Has the organisation sent a letter using other operators besides MaltaPost in the last 12 months?



Which alternative operators did the organisation use to send letters?

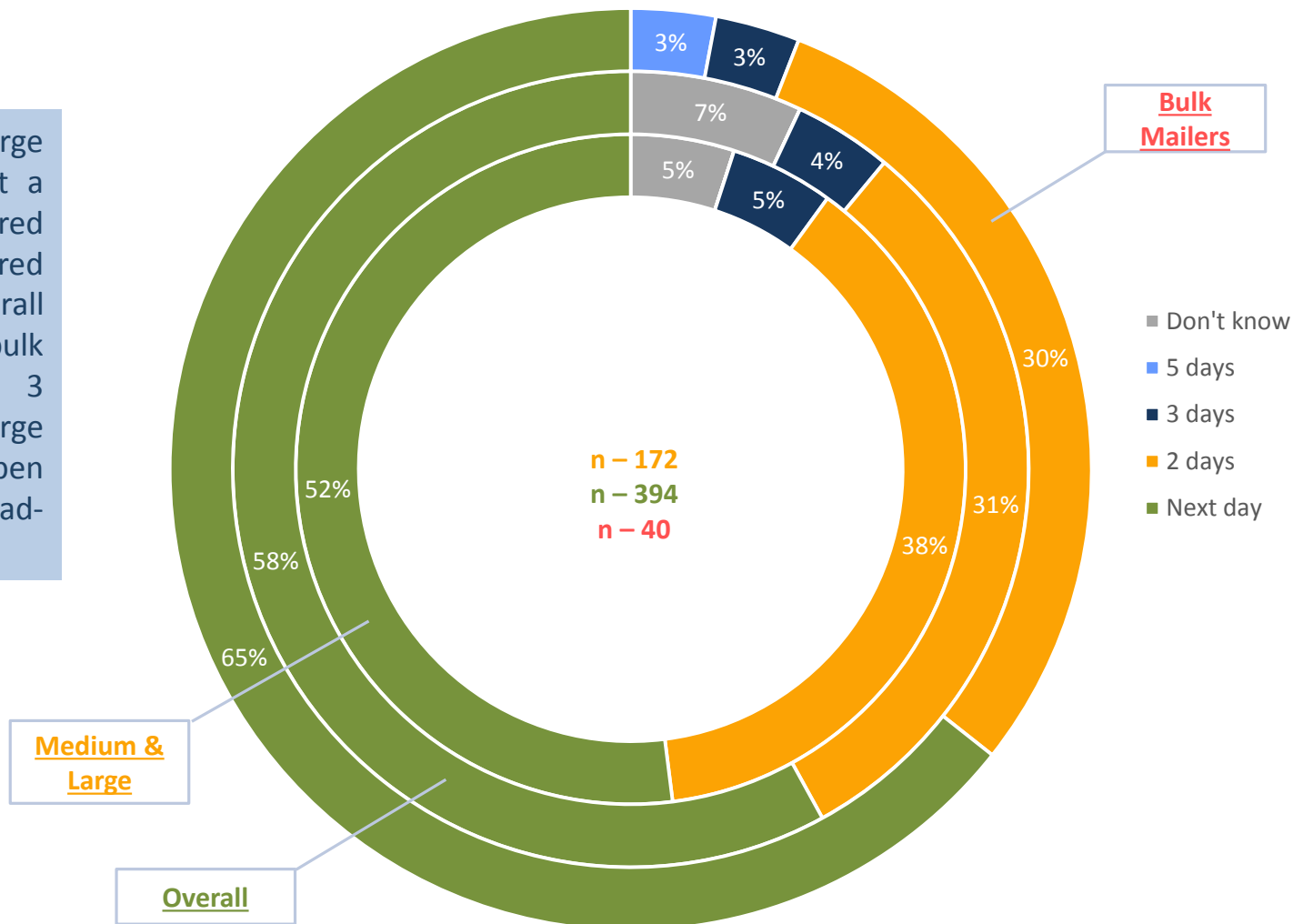
n – 37

n – 47

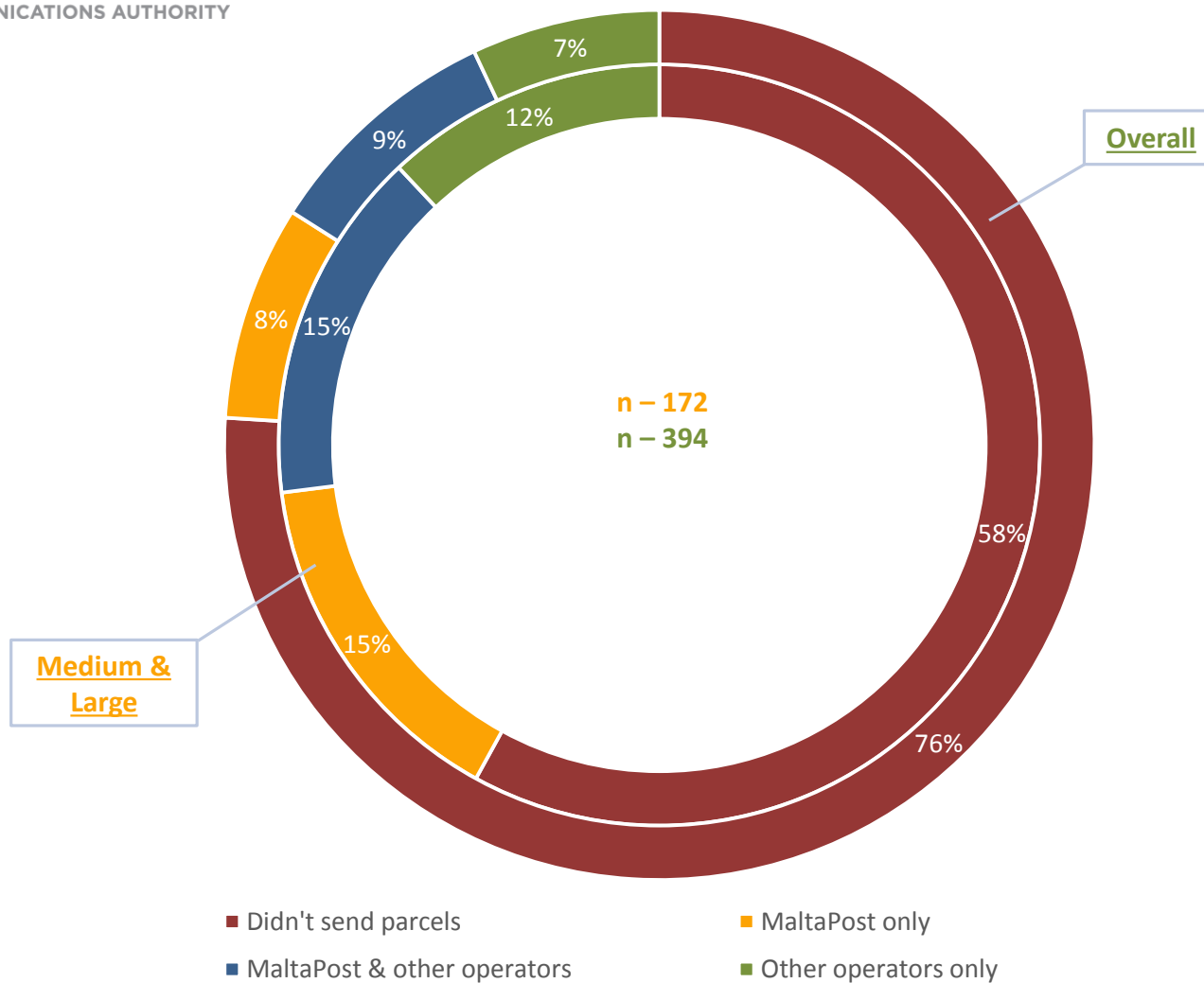


What, in the organisation's opinion, is an acceptable lead-time from date of posting a letter to actual delivery?

52% of medium and large businesses believe that a letter should be delivered by the next day, compared to 58% of the overall sample and 65% of bulk mailers. Out of all 3 samples medium and large businesses are most open to the idea of a 2-day lead-time.



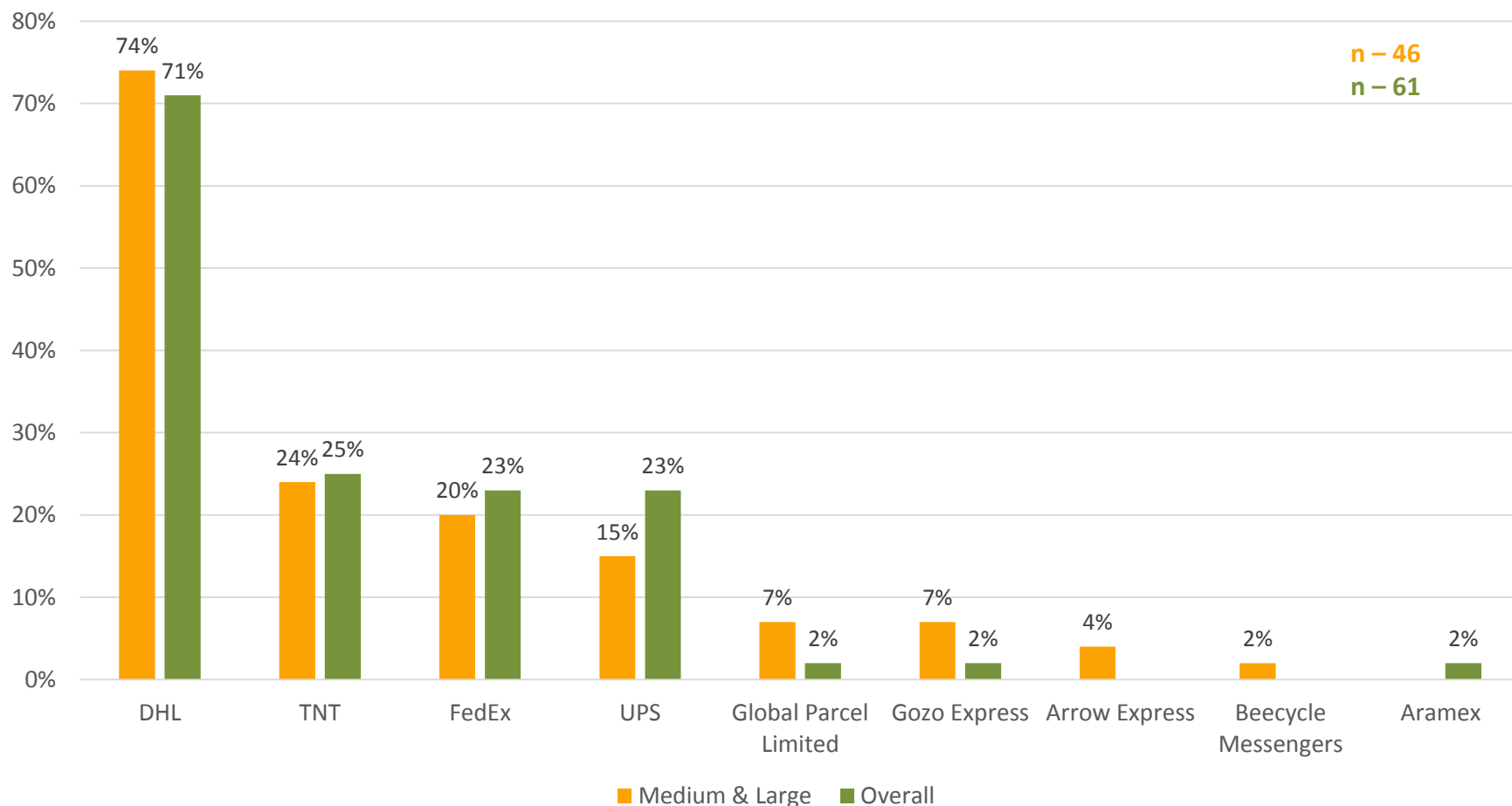
Section 2: Parcels



When compared to the overall sample a higher proportion of medium and large businesses send parcels.

Sending Parcels via Alternative Operators

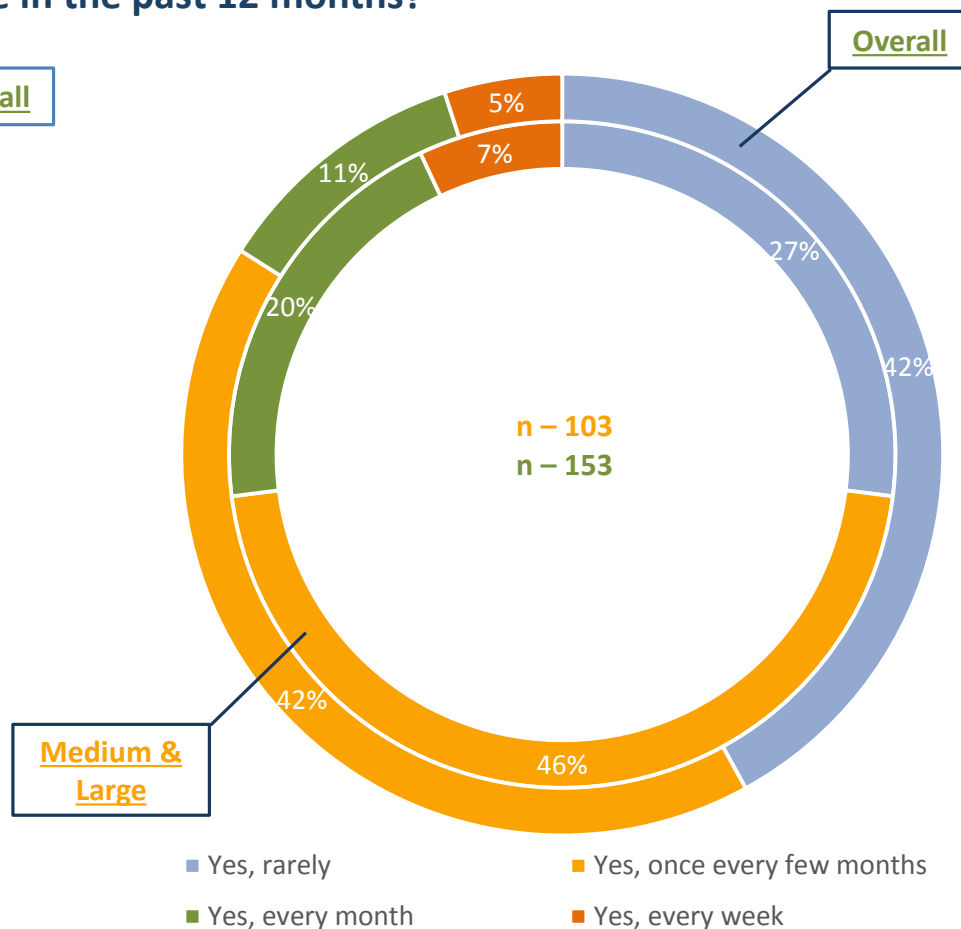
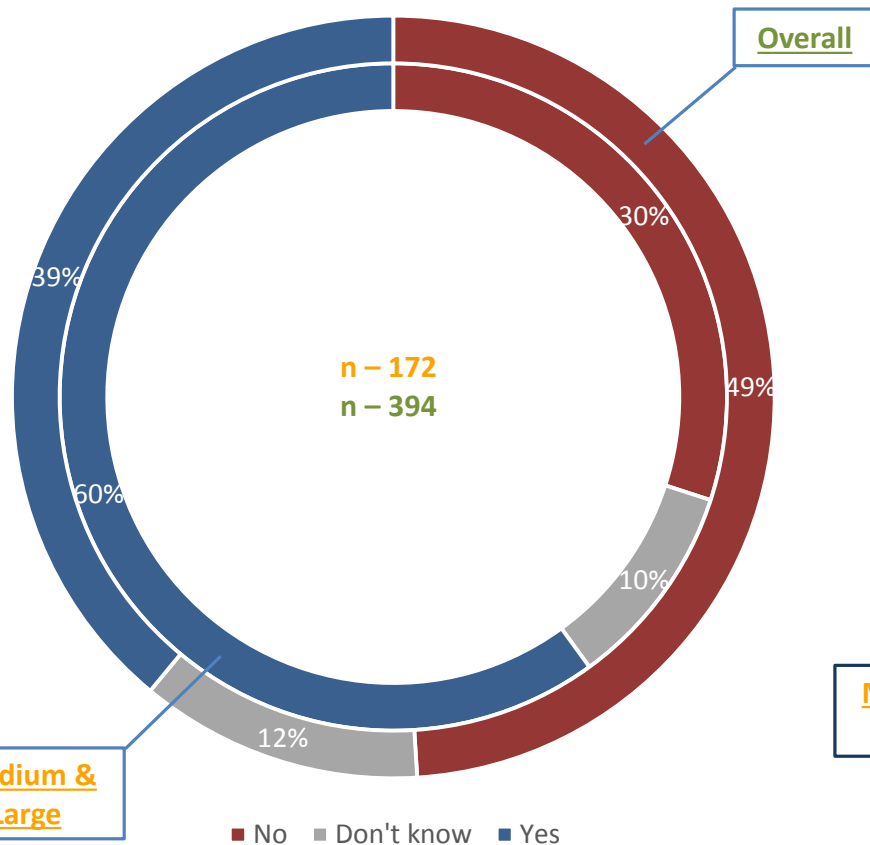
Has the organisation sent a parcel using other operators besides MaltaPost within the last 12 months?



DHL was the operator of choice for the majority of the 46 medium and large businesses who sent parcels via alternative operators.

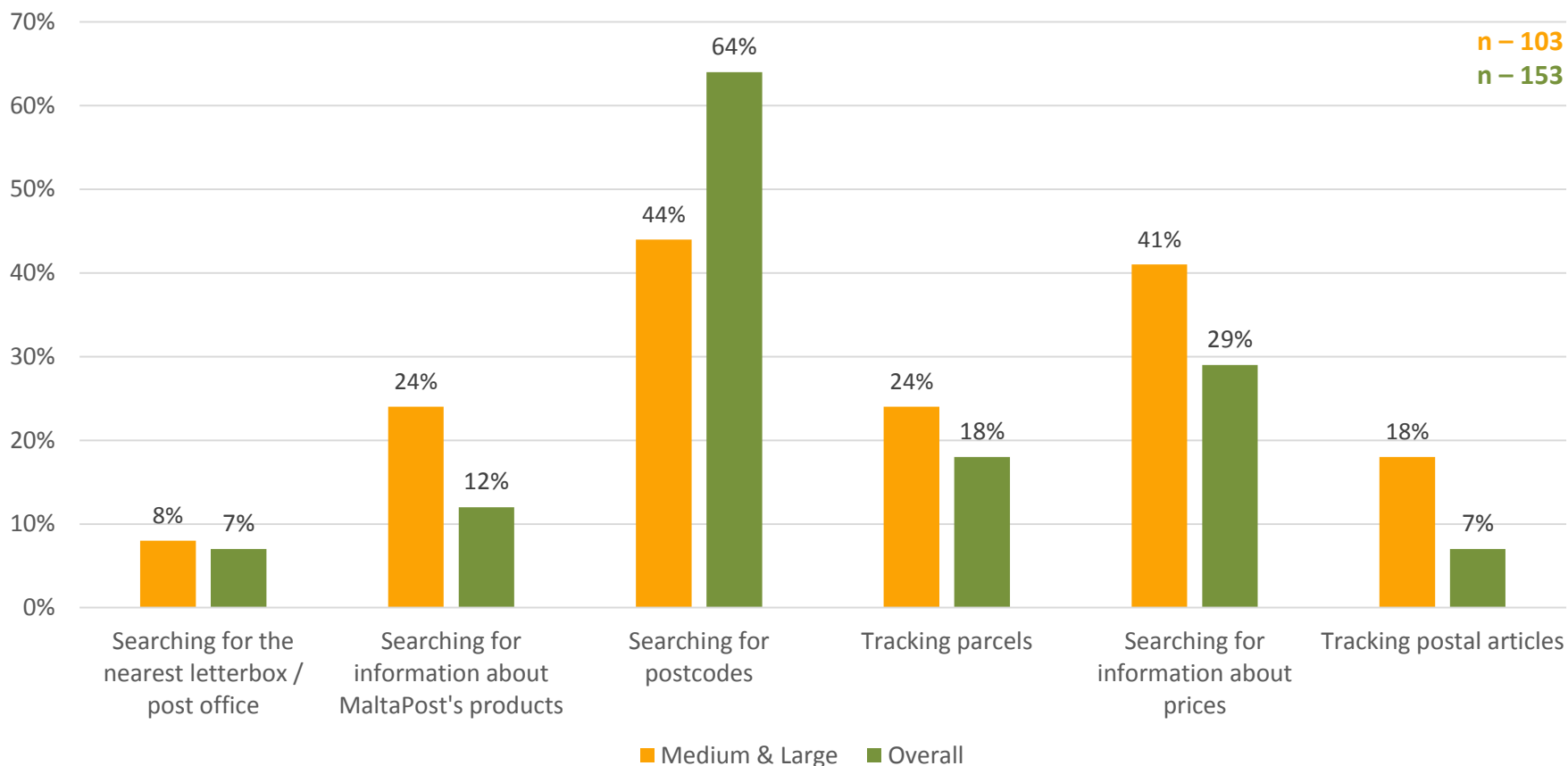
Section 3: MaltaPost's Services

Has the organisation used MaltaPost's website in the past 12 months?



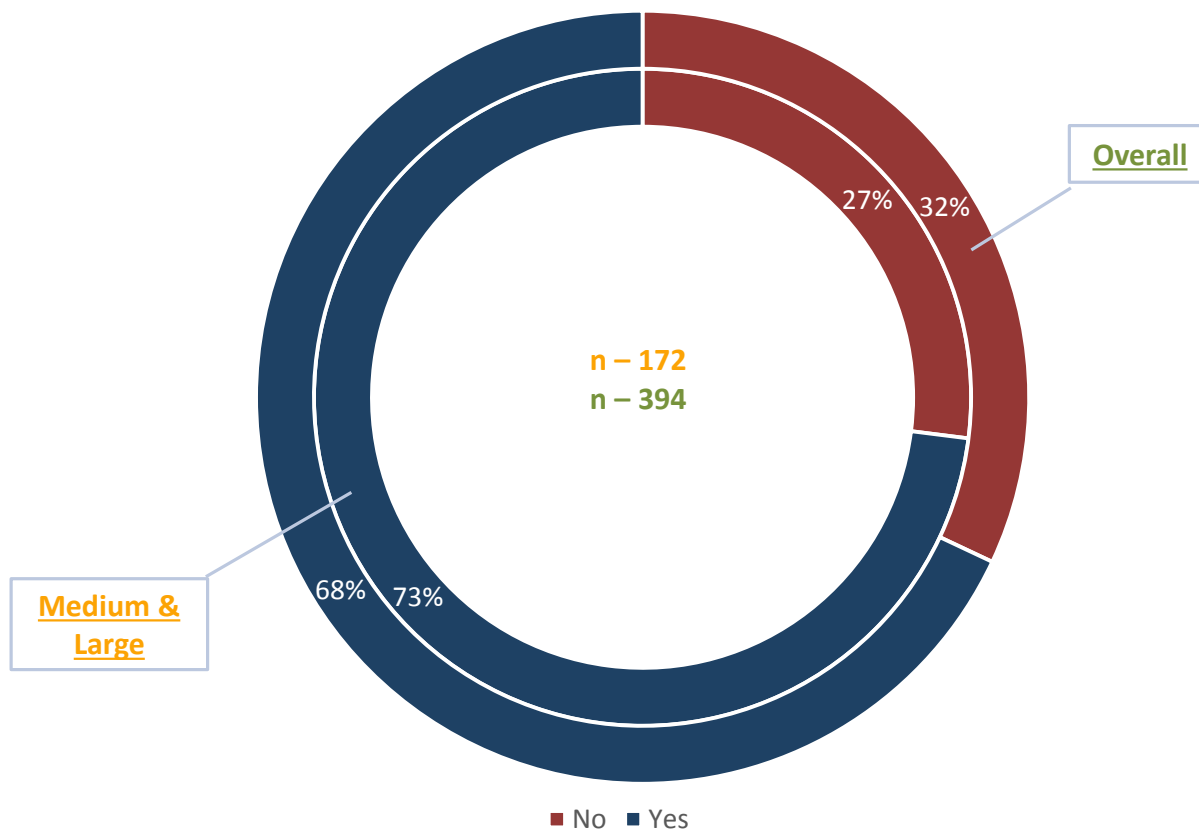
A higher proportion of medium and large businesses make use of the website than respondents from the overall sample, and are more likely to visit the website more often.

What is/are the organisation's main reason(s) for using MaltaPost's website?



Medium and large businesses use the functional aspects of MaltaPost's website, namely tracking and searching for information about prices. Respondents from the overall sample are 20% more likely to use the website to search for post-codes.

Has the organisation made use of the post office in the last 12 months?

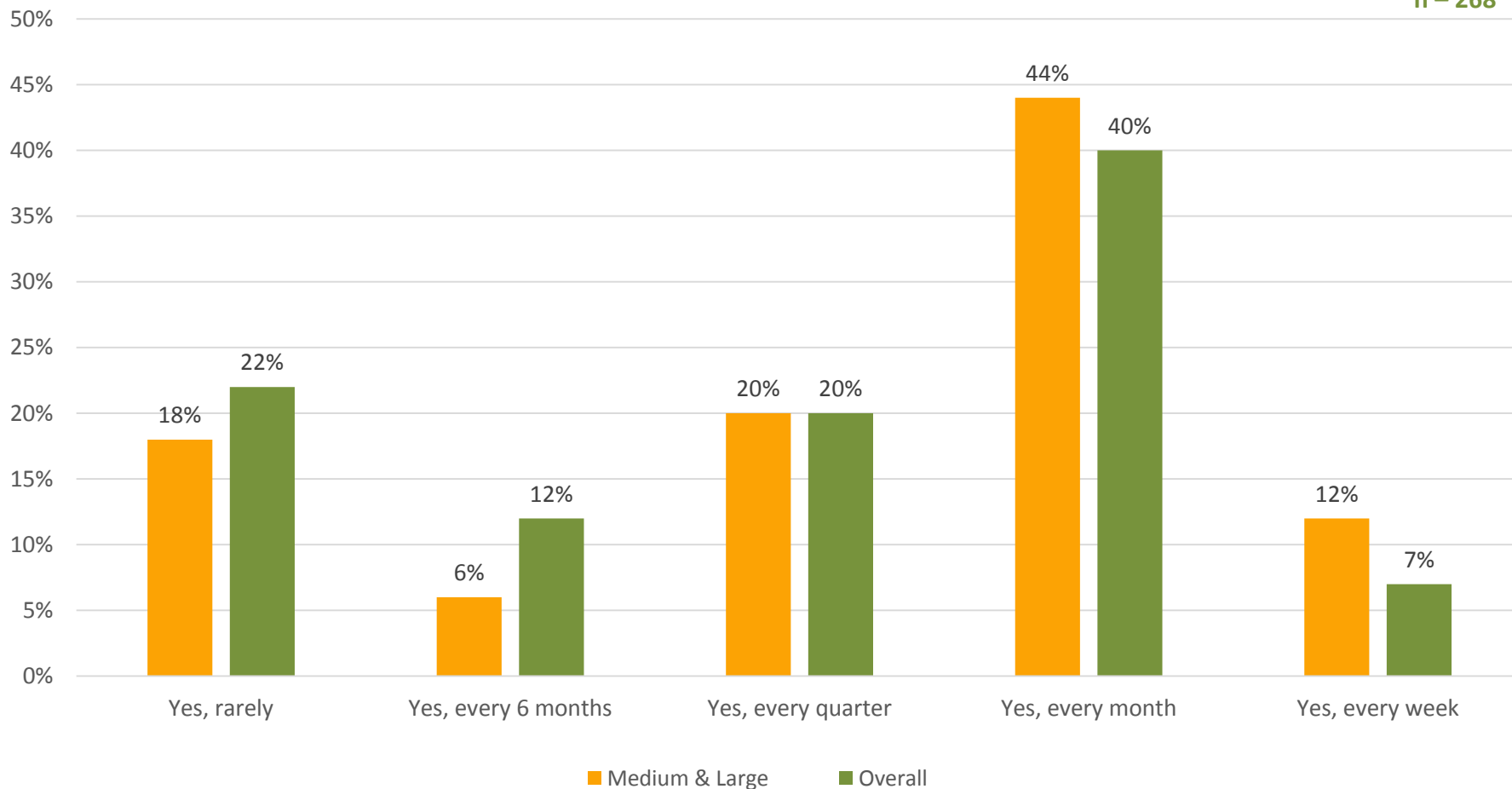


The majority of medium and large businesses visit the post office.

How often did the organisation make use of the post office in the last 12 months?

n – 126

n – 268

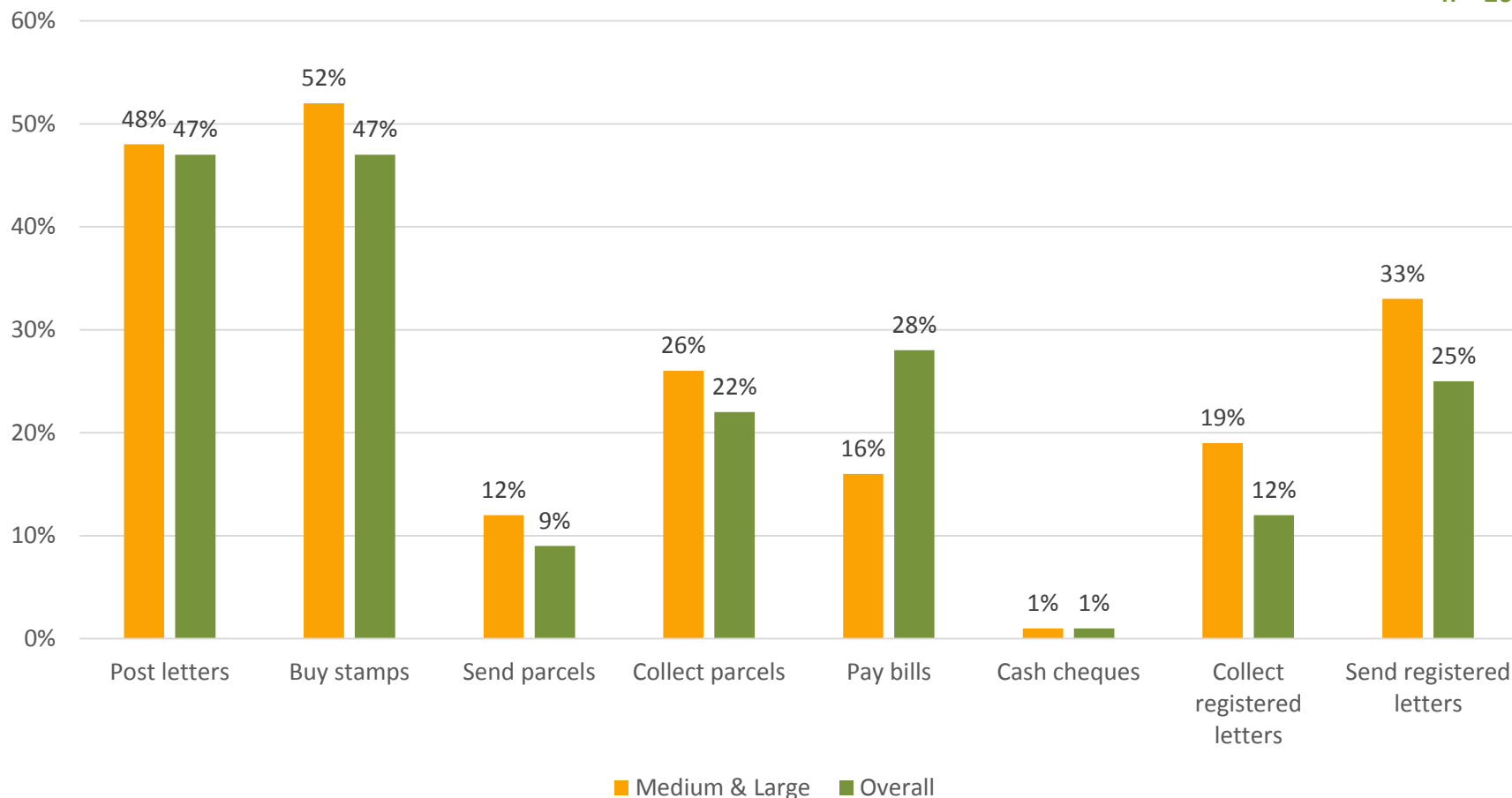


The majority of businesses from either sample visit the post office every month.

Which post office services did the organisation make use of?

n – 126

n – 268



The most demanded services at the post office by businesses across both samples relate to the purchase of stamps and the posting of letters

Highlights

- The majority of respondents from both samples were unaware of their **expenditure** on postal services. Of those who did know larger businesses tended to spend within the higher brackets (17% claimed to have spent over €500) and smaller businesses spending within the lower brackets.
- 9% of respondents from the medium and large business sample claimed to have sent more letters in the 12 months preceding the survey, citing a growing **client-base** (40%). The majority of respondents who claimed to have sent fewer letters within the same period mainly used **email** as a substitute (94%) but were more likely than their overall counterparts to invest in **online payments** (22%) and **eBusiness solutions** (19%).
- Both samples were asked which **non-postal alternatives** they would adopt in the case of a 5-10% price increase. The majority of medium and large businesses, like respondents from the overall sample, would switch to email (42% and 45% respectively).
- When compared to smaller businesses and bulk mailers, large businesses showed greatest openness towards the idea of a **2-day lead-time**, whereby a letter is delivered 2 days after it is posted (as opposed to the current D+1 delivery service offered by MaltaPost).

- Unlike their smaller counterparts larger businesses were more likely to **send a parcel** (42% vs. 24%). Respondents from both samples who did send parcels were similarly and evenly distributed across those who made exclusive or inclusive use of either MaltaPost or alternative operators.
- Larger businesses were more likely to visit **MaltaPost's website** than respondents from the overall sample and were also likely to visit more frequently. Respondents from both samples mainly visited the website to search for **post-codes** and **information about prices**.
- While the majority of both samples visited the **post office** larger businesses were more likely to make use of services related to **parcels** and **registered mail** than respondents from the overall sample. Smaller businesses, on the other hand, were more likely than larger businesses to visit the post office to **pay bills**.