

The market which isn't delivering

How the parcels market is failing consumers

**citizens
advice**

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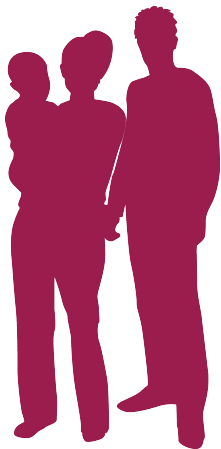
Summary

The parcels market is an increasingly essential part of modern life - enabling the e-retail boom which has revolutionised the way we shop.

We found that **94% of consumers have received at least one parcel which they ordered online in the last 12 months.**

This can be because people can't access physical stores, because it's cheaper, or because it's a convenient option that fits with their busy lives.

While the majority of parcels are delivered successfully, **we found that 6 in 10 (59%) online shoppers have experienced at least one problem with parcel delivery in the last 12 months.**



People experience problems at all stages of the parcels customer journey. This can make it difficult for them to realise the full benefits of online retail and parcel delivery.

These problems have real impacts on people's lives. We estimate that **UK consumers have lost at least £85 million because of parcel problems in the last year.**

People also **spend an average of 2.1 hours trying to fix parcel problems**, and often experience stress or anxiety because their delivery went wrong. **Over half of people who tried to address their most recent parcel problem experienced further problems.**

These problems aren't isolated instances of bad practice. Their scale indicates this vital market isn't working properly. **We're asking the Competition and Markets Authority to review the parcels market** to make sure it is working in the interests of the consumers it serves.

Consumers experience problems at every stage of the customer journey



Consumers need better delivery information when ordering online



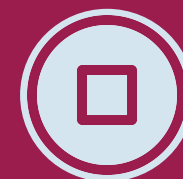
More than half experience problems with delivery



These problems impact people's lives



It's too hard for consumers to fix problems



Not all consumers can return items when they want to

Parcel delivery matters

Parcel deliveries from online shopping have grown dramatically over the past decade. In the UK, consumers received 2.5 billion parcels - an 11% increase on the previous year.

We found that **94% of consumers have received at least 1 parcel for online shopping in the last 12 months.**

This reflects the increasingly central role parcel delivery plays in the consumer experience of retail markets.

The growth of online shopping means people can shop at a time and place that suits them. It also has the potential to help address existing inequalities in access to consumer markets based on price, location and physical accessibility of shops.

"I get everything sent via parcel now. I need the delivery process to be reliable because I rely on it so much."

We know that disabled consumers in particular are more likely to be reliant on online shopping. For instance, 1 in 5 disabled people said that they shop online because they can't gain access to physical shops. Disabled consumers also told us that interacting with retail staff can be challenging, while some people with mental health problems find that a busy retail environment can heighten their levels of stress and anxiety.

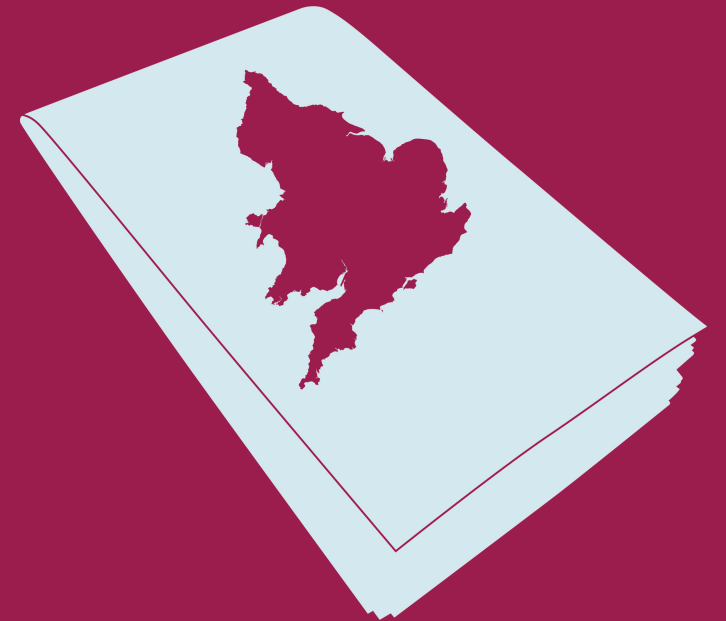
Although disabled consumers rely more heavily on parcel delivery, they are not the only people adversely affected by problems with parcel delivery.

As the watchdog for postal consumers, Citizens Advice has worked to understand how this increasingly important market is working for all consumers.

This report uses new and existing research to map the consumer experience of parcel delivery and establish where the market isn't serving people who rely on it. Our research explores all the stages at which consumers interact with the parcels market.



We mapped the parcels
customer journey. Here's
what we found



The parcels customer journey

There are 4 distinct stages of the customer journey in the parcel delivery market.

We order something online and choose a delivery option. We then have it delivered to our homes, our workplace or to an access point where we can collect it. In a majority of cases, this is the extent of the customer journey in the parcels market.

However, there can be 2 more stages. Firstly, something could go wrong with the delivery - our research shows that this is common, with 6 out of 10 (59%) online shoppers experiencing a problem in the last 12 months. In this case, consumers need to contact someone to find out what to do next and, if necessary, lodge a complaint in order to access some form of redress.

Finally, people need to return items to retailers for a variety of reasons. It could be that the product is wrong, or that having seen or tried it for the first time the consumer changes their mind.

At each stage of the customer journey, we look at how people interact with the parcels market and what goes wrong. While these problems can appear relatively minor in isolation, taking the journey as a whole suggests this market is not working in the interests of the consumers it serves.



Ordering and organising parcel delivery



Delivery to home or external access point



Complaint or contact when something goes wrong



Returning unwanted items to the retailer using parcel delivery companies

Ordering

The parcels customer journey begins when someone orders a product from a retailer's website.

When ordering, people need to receive information about the delivery of their items. This helps them choose whether to make a purchase, and also informs their expectations of the delivery process itself.

Our survey found that the information provided isn't always sufficient to meet consumer needs.

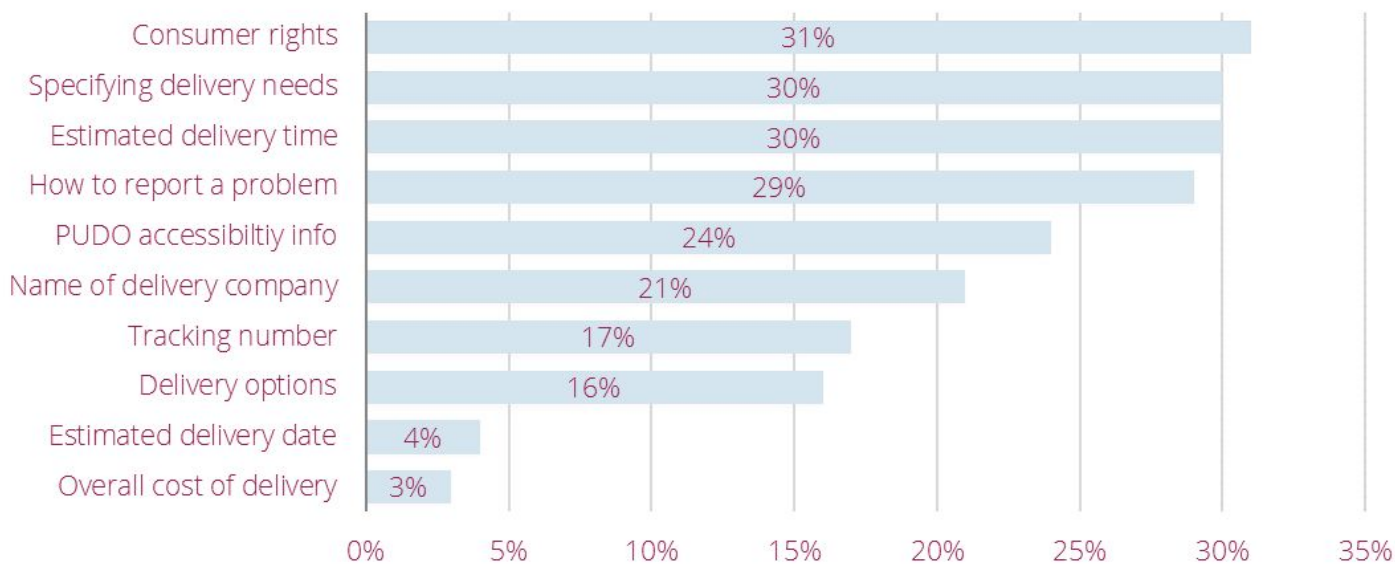
While almost everyone receives basic information about delivery cost and date, it's **less common for people to receive information about consumer rights, whether they can specify additional needs and how to report a problem.**

Poor information provision can lead to further problems later in the customer journey. If people don't know they can specify delivery needs these needs mightn't be met, while information about consumer rights and reporting a problem are necessary for people to address any delivery problems that occur.

1 in 3

online shoppers who wanted to receive information about consumer rights didn't receive it

% of consumers who did not receive this information



Spotlight on: location surcharging

There are additional problems while placing an order for specific groups of people.

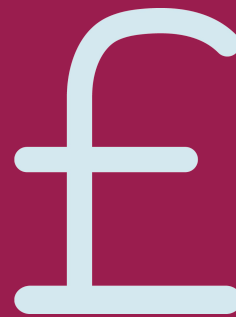
We know from previous research by Citizens Advice Scotland that **people in Scotland and Northern Ireland often face delivery surcharges of up to 51% because of their location.**¹ These charges don't accurately reflect the extra costs associated with delivery to those consumers.

This research also found that more than half of consumers in surcharged areas were either frequently or always put off shopping online by the extra cost. This prevents these consumers from fully realising the potential benefits of online retail.

Our new research finds that **most people living in Scotland and Northern Ireland didn't receive any information about location surcharging** when they last organised a parcel delivery for an online shopping purchase.

We don't think that anyone should be unfairly penalised for where they live. But if surcharging is to occur, people need to know about it before they make purchase decisions.

Location	Average surcharge above England and Wales standard
Central Scottish Highlands	30%
Northern Ireland	41%
Rural Scottish Highlands	43%
Scottish Islands	Up to 51%



Only **1 in 3** online shoppers in **Northern Ireland** and **Scotland** say they receive information about location surcharging

Delivery

Having a parcel delivered is the most important stage of the customer journey. It's when most people interact directly with the service provided by parcel delivery companies for the first time.

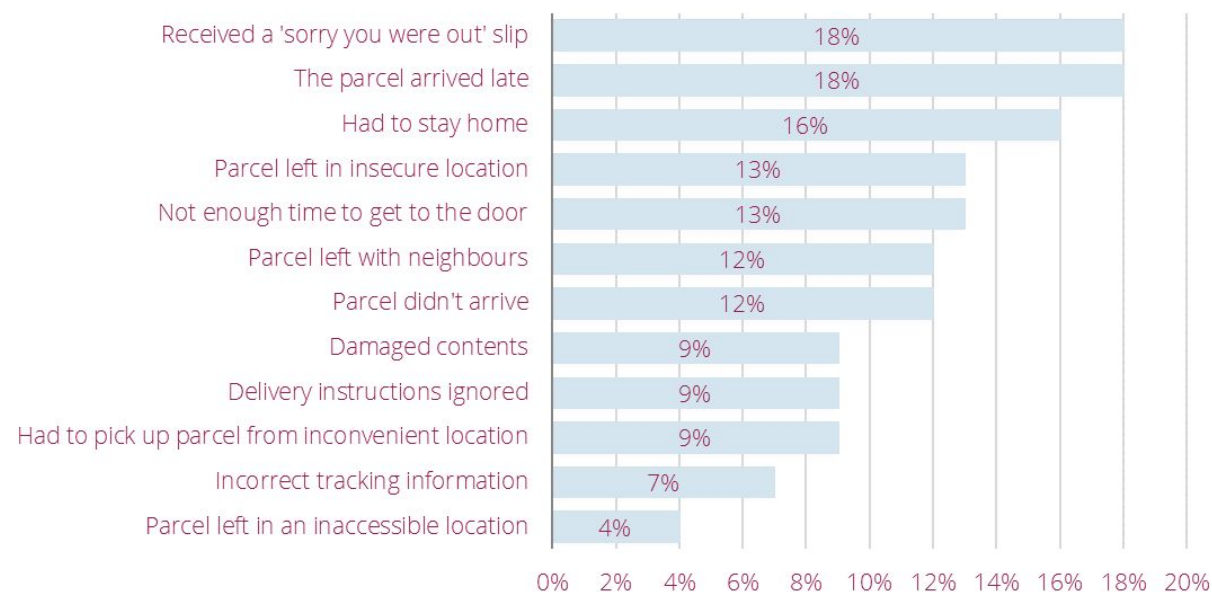
We found that the **majority of online shoppers had experienced a problem in the last year**. The most common issues people experienced were **receiving a 'sorry you were out' slip when people were at home, and their parcel arriving late**. This affected 1 in 5 consumers who had a problem.

Having problems with a parcel delivery impacts people's lives. Not receiving a parcel even though you're at home is frustrating. The **1 in 6 online shoppers had to stay at home to receive a parcel** may have had to take time off work and potentially lost earnings.

People shouldn't be experiencing this many issues, this frequently. Parcel delivery is a service people have paid for - either directly through a delivery charge, or indirectly through the cost of their retail purchase.

We know that people rely on parcel delivery to get the best products and the cheapest deals online, **so it's concerning that people aren't getting the delivery service they've paid for**.

Delivery problems experienced by online shoppers



6 in 10 online shoppers experienced a **problem in the last 12 months**

1 in 5 online shoppers received a 'sorry you were out slip despite being at home



Delivery problems

Almost all online shoppers who experienced a delivery problem felt it impacted them in some way.

We found that some people face financial loss because of their parcel problem, with **1 in 10 (10%) incurring financial costs**. The average spend on travel or fuel costs spent on trying to resolve the problem was £10.30.

People were most likely to feel inconvenienced and annoyed by the issue. This includes attempts to resolve the problem, which can be even more difficult for consumers.

Online shoppers also experience emotional impacts because of parcel delivery issues. For instance, **1 in 6 (16%) online shoppers felt stressed or anxious because of their parcel problem**.

When things go wrong, there are practical impacts as well, with **1 in 5 (21%) online shoppers losing time due to their problem**. The average time lost was 2.1 hours.

We estimate that UK consumers have lost at least £85 million because of parcel problems in the last year.⁴

The number of problems people are experiencing, coupled with the impact this is having on people's lives is concerning.

That's why we're looking into why the parcels market isn't working well for consumers.

"I was so upset by this point I knew I had to do something...there had just been too many things going wrong."

"It did cost me to phone them. [It was] a number that is probably 08, one of the expensive numbers, because I then got a big bill in my phone for a number that I'd called [trying to sort out my issue]."

4 in 5

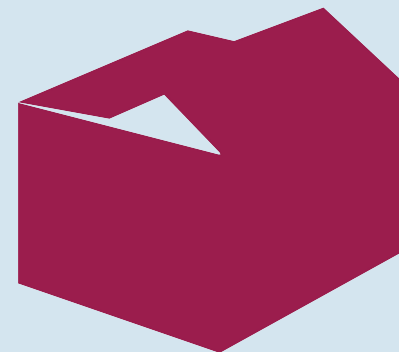
online shoppers said the problem impacted them in some way

1 in 10

online shoppers experienced a financial cost

1 in 6

online shoppers experienced stress or anxiety to the problem with their parcel



Spotlight on: disabled people

For many disabled people, having goods delivered to their home is the most suitable option, or the only option for them.

Many disabled consumers shop online because they face barriers when shopping in physical stores. They may struggle to gain access to physical shops, or they may find it hard to interact with staff. However, disabled people are more likely than non-disabled consumers to have delivery problems, with 2 in 3 experiencing an issue in the last year.

Disabled people face a number of barriers when getting parcels delivered. They may miss a delivery because they're not given enough time to get to the door. The parcel could also be left in a location which they can't get to.

"I heard the buzzer go, looked out, I could see the van in the middle of the road... I've got one, two flights of stairs and two doors, by the time I got down, he'd driven off and there was just a card and that probably happens with 5 or 6 out of 10 deliveries."

The impacts of these problems are harmful for disabled consumers. For example, stress or anxiety caused by a parcel delivery issue can worsen existing health conditions.

These problems occur because disabled people aren't able to tell delivery companies about their accessibility needs. This means that the delivery driver doesn't have the information they need to make reasonable adjustments, such as waiting longer at the door.

We've found a simple solution to this problem. Parcel companies should allow disabled consumers to specify their accessibility needs and pass this information onto the delivery driver.

We're pleased that 6 parcel companies have agreed to our pledge to find a way to make improvements within the next 12 months.

However this is only one solution to one problem. While this would make a huge difference to disabled consumers, all consumers would benefit from a well functioning parcels market.

4 in 10

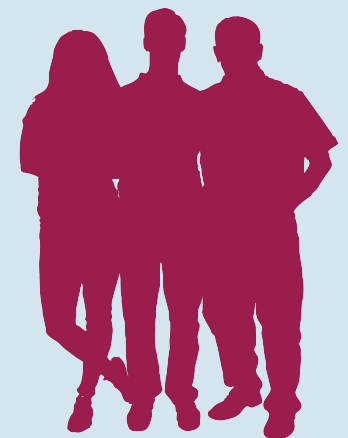
online shoppers whose disability affects them a lot, shop online at least once a week

1 in 5

disabled consumers shop online because they can't gain physical access to shops

2 in 3

disabled consumers had a problem in the last year

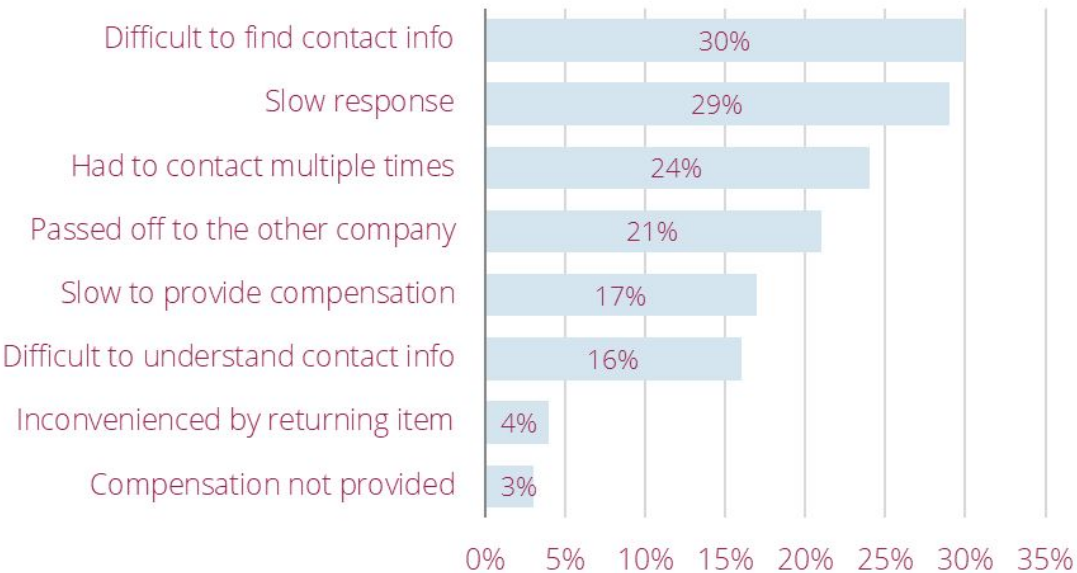


Complaints

When things go wrong with a parcel delivery, there should be a quick, straightforward process for people to address their problem, with redress where appropriate. **Our research finds that many people encounter additional issues when they take action to try and resolve their parcel delivery problems.** Research by Citizens Advice Scotland found that some consumers don't take action because they complained before and it wasn't worth it, while others said they were too busy or didn't have the time.⁵

When we interviewed people about their experiences of parcel complaints, they told us these problems led to uncertainty, unexpected effort and additional time spent. Some people also incurred financial losses because of poor complaints processes. These losses included costs associated with making telephone calls (average cost of £8.30) and lost earnings due to time spent trying to resolve the problem (£23.50).

Complaints problems, % of people who experienced a parcel problem



6 in 10 people **didn't take any action** when they experienced their most recent parcel delivery problem

.....

More than half of people who took action **experienced additional issues**

.....

Only 1 in 3 people who contacted the delivery company were **satisfied with how they addressed the problem**

"With the postal operator, if no one's responding to you or there's no one to actually speak to, you can't even have that discussion, and get it to a resolution. It just drags on and on and on"



Complaints - retailers or delivery companies?

A key driver of complaints problems is the consumer relationship with retailers and delivery companies. Consumer rights legislation states that it's the retailer's responsibility to ensure parcels are delivered, and consumers are advised to go to the retailer if they have a problem.

While most people do complain to the retailer, a significant minority contact the delivery company instead. It can be confusing to know who to contact, especially if the problem is perceived to be with the delivery company, like when a driver leaves the parcel somewhere insecure. Additionally, consumers are rarely informed of their consumer rights when making an online purchase for delivery.

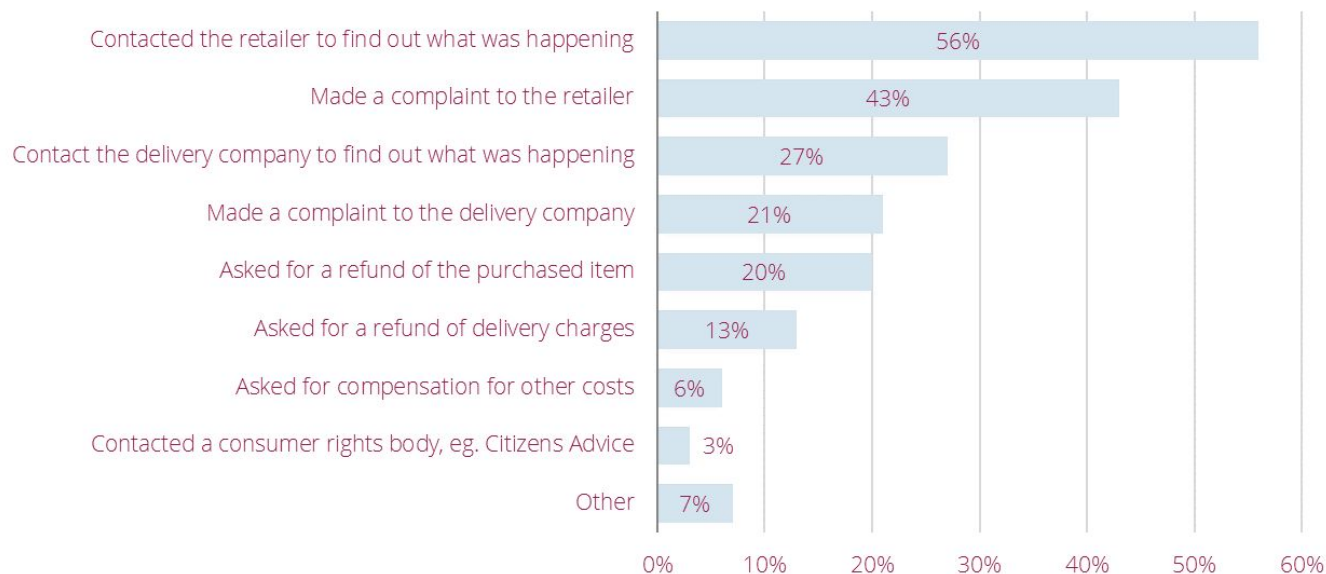
Most people who contact the delivery company speak to the retailer as well. This suggests that delivery companies are rarely able to resolve issues on their own, despite many of them having their own customer service centres and apps. We know from our consumer interviews that this confusion can lead to the complaints problems many people experience.

3 in 4 people who took action chose to contact or complain to **the retailer**

1 in 4 people who took action chose to contact or complain to **the delivery company**

1 in 5 people spoke to **both the retailer and the delivery company** when trying to resolve their issue

Actions taken in response to a delivery problem



"I contacted the retailer and they were telling me to contact [the delivery company] and [the delivery company] told me to contact the retailer. I was just asking for me to have direct communication...I was getting confused and quite sick of going from one person to the other"

Returns

Returning unwanted items is a vital part of the parcels customer journey for many people. The Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 provide consumers the right to return items they no longer want (for any reason) up to 14 days from when the goods were received.

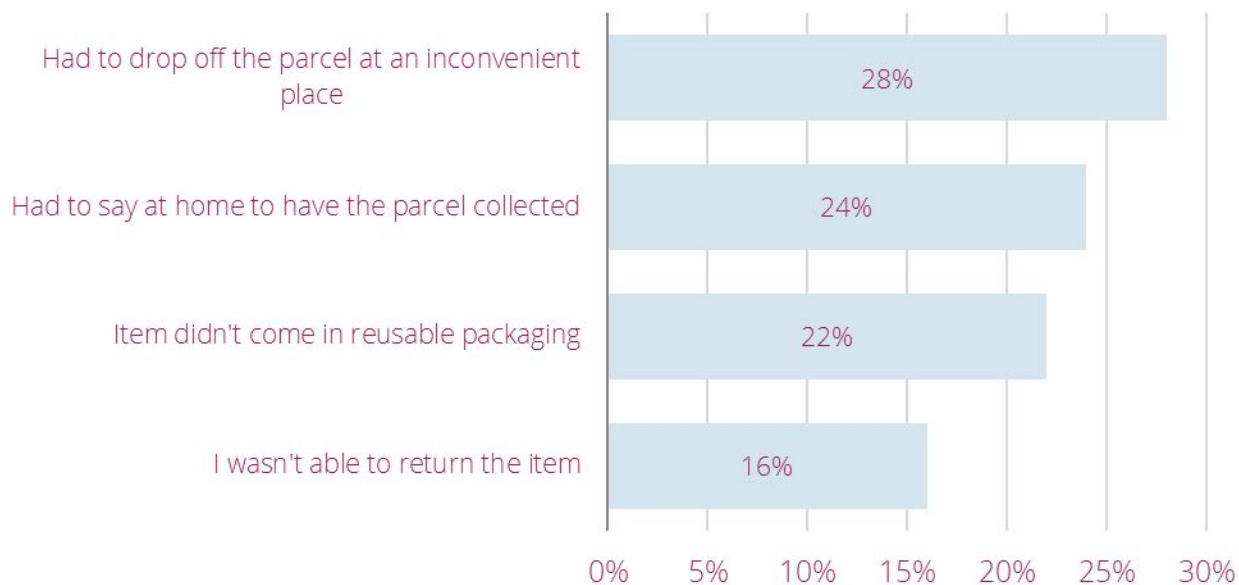
More than half (53%) of online shoppers have returned a parcel to a retailer in the last 12 months.

Despite its importance, many still find the returns process difficult. **More than 1 in 10 (14%) online shoppers have to drop off returns at an inconvenient place or time.** A similar proportion (12%) had to stay home specifically to have the return collected.



Half of online shoppers had their refund either delayed or denied because of their most recent returns problem.

Most recent returns problems



Returns and external drop off points

More than **2 in 5 (42%) online shoppers haven't returned something because there wasn't a convenient time or place to do so.**

We've previously argued that increased use of parcel pick up drop off points (PUDOs) to make the returns process easier for consumers.²

When retailers and parcel carriers offer PUDO return options, consumers can choose from a range of drop off locations with opening hours that fit in with their schedules. Earlier this year, we found that around **1 in 2 (54%) people who have used PUDOs to send or return parcels told us that the reason they did so was because there was one near their home.**³

However, this option isn't commonly used. When we audited the returns pages of top online retailers in the UK, we found that only **23 of the 39 offer PUDO returns to consumers.**

Increased use of PUDOs can help to address some of the problems consumers experience when returning parcels to online retailers.

We'll work with parcel delivery companies and retailers to promote the use of PUDOs for online shopping returns.

Conclusions



Parcels market structure

One potential explanation for the problems we see in parcel delivery is the structure of the market.

Parcel delivery is unusual. While the market provides a vital service to consumers receiving goods, those consumers aren't their customers. Instead, they are contracted by parcel senders, who are typically online retailers.

The contracts between delivery companies and retailers limit consumer choice about their delivery. Because retailers decide which company delivers the parcel, most people aren't made aware of who will deliver their parcel until their online purchase is complete. This means that consumers aren't able to choose the company they prefer, or avoid a company they've had a bad experience with previously.

This relationship also creates confusion for people when they need to contact someone about their parcel. While consumer law states that it's the retailer's responsibility to ensure parcels are delivered, many parcel delivery companies now try to 'own' parts of the customer relationship by directly interacting with consumers about delivery by email, SMS or mobile applications.

How contractual relationships between consumers, parcel delivery companies and retailers influences the parcel delivery problems we find this report is an area for further work for Citizens Advice, and should be explored through a CMA-led review of the parcel delivery market.

Next steps

As the statutory advocate for postal consumers, we want to see a parcels market that works for consumers.

The research presented in this report suggests this isn't currently the case.

The majority of online shoppers have experienced a parcel delivery problem in the last 12 months, with varying impacts. We also know that people experience problems at every stage of the customer journey - every point of contact with the market.

These problems aren't isolated instances of bad practice. Their scale indicates that they reflect a vital market that isn't working in the interests of the consumers it serves.

We'll continue to work with industry to address the problems we see. In particular, we'll continue our ongoing work on equal access to parcel delivery for disabled people and best practice complaints handling.

However, the scale of the issue requires a broader solution. To ensure that people get the service they pay for from parcel delivery, we're asking for a systematic evaluation of how the market works.

Given the complexity of parcel delivery, and the overlap with online retail, we recommend that the Competition and Markets Authority (CMA) should review the parcel delivery market.

Recommendation

The CMA should investigate the parcel delivery market to understand:

- 1) Why it isn't working in the interests of consumers**
- 2) How this can be fixed**

Research method

This report is based on the following original research.

Nationally representative surveys

In August 2019, Opinium ran a survey of 5,006 across the UK. Data were weighted to be representative of the UK population. In September 2019, we followed up the survey with some targeted questions on Opinium's omnibus survey that reached 2,000 respondents across the UK. Both surveys included boosts to allow analysis of parcel delivery in each nation of the UK.

Qualitative interviews

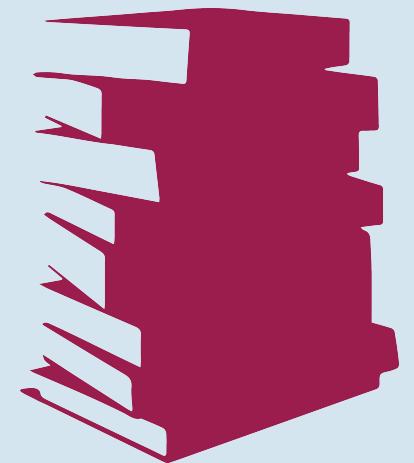
The survey was supplemented by targeted research projects. We commissioned Britain Thinks to conduct video interviews with 23 disabled people about parcel delivery and Verve to carry out 30 interviews with a range of people about parcels complaints processes.

Desk research

We also systematically assessed the delivery and returns options offered by big online retailers.

References

- 1 - Citizens Advice Scotland, [The Postcode Penalty: Delivering Solutions](#), December 2017.
- 2 - Rachel White, [The Case for PUDOs](#), in *IMRG Blog*, August 2019.
- 3 - Citizens Advice, [Supply and Use of Parcel Pick Up Drop Off Points in Great Britain](#), July 2019.
- 4 - We estimate that UK consumers spent £85 million because of parcel delivery problems in the last year. 5% of survey respondents spent money resolving a parcel problem that occurred within the last 6 months. On average, they spent £15.50 each. 5% of the UK adult population is 2.75 million people. $2.75 \text{ million} * £15.50 = £42.5 \text{ million}$. UK consumers spent £42.5 million in the last 6 months as a result of their most recent problem. Extending this over the course of a year gives £85 million spent by consumers resolving parcel problems in the past year.
- 5 - Citizens Advice Scotland), *Utilities Tracker Survey: 2019*, Forthcoming



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