

Supply and Use of Parcel Pick Up Drop Off Points in GB

UK consumers are among the biggest online shoppers in Europe, with 51% saying they prefer to shop online than in store.¹ This has driven a surge in parcel deliveries, with nearly 2.5 billion items delivered to households across the UK in 2017-18 - an increase of 11% on the previous year.²

In most cases, these parcels are delivered successfully. However, around 40 million deliveries to consumers fail on first attempt,³ while a majority of online shoppers report experiencing delivery problems.⁴ This is frustrating for consumers, and failed deliveries make the system more costly, as parcel carriers have to hold the parcel for longer and potentially return a second time to deliver.

One way of addressing this is increased use of pick up and drop off (PUDO) points. **A PUDO point is an external location, often a bank of parcel lockers, convenience store or dedicated parcel shop**, where consumers can send or receive parcels.

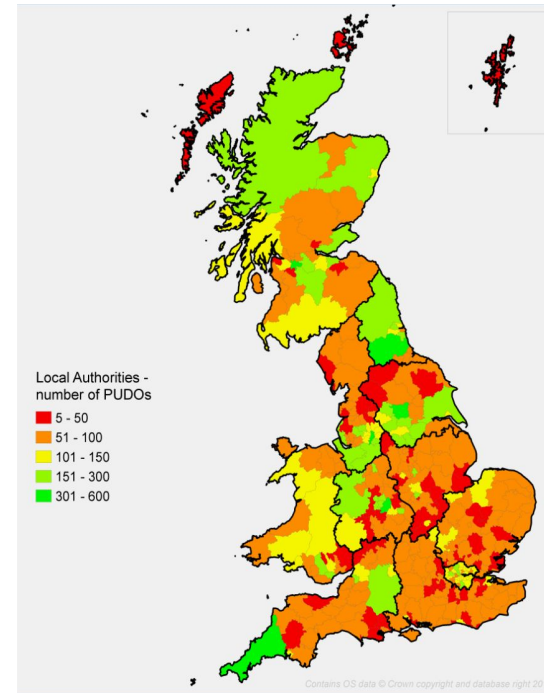
However, PUDO points are not being used to their full potential. Many people have either never heard of them, have not been given the option to use them by retailers, or can't access them.

We will seek to address these issues over the coming year by seeking to:

- **Improve promotion of PUDO points for deliveries and returns by online retailers and incorporate PUDO points into our ongoing consumer education work**
- **Further explore how to address access issues related to the exclusive relationships between parcel carriers, PUDO operators and retailers**
- **Improve PUDO point accessibility for disabled consumers.**

We found that that consumers generally have good access to PUDO points, with more than 40,000 across Britain.

3 in 4 consumers (75%) live within 1 mile of 5 PUDO points, while 9 in 10 (94%) live within 3 miles.



Types of PUDO points

A locker bank is a piece of infrastructure in a public place that consumers can independently access to send or receive parcels (e.g. Amazon Lockers).

A convenience store PUDO is a local retail outlet contracted by parcel carriers to provide consumers with parcel services on its behalf.

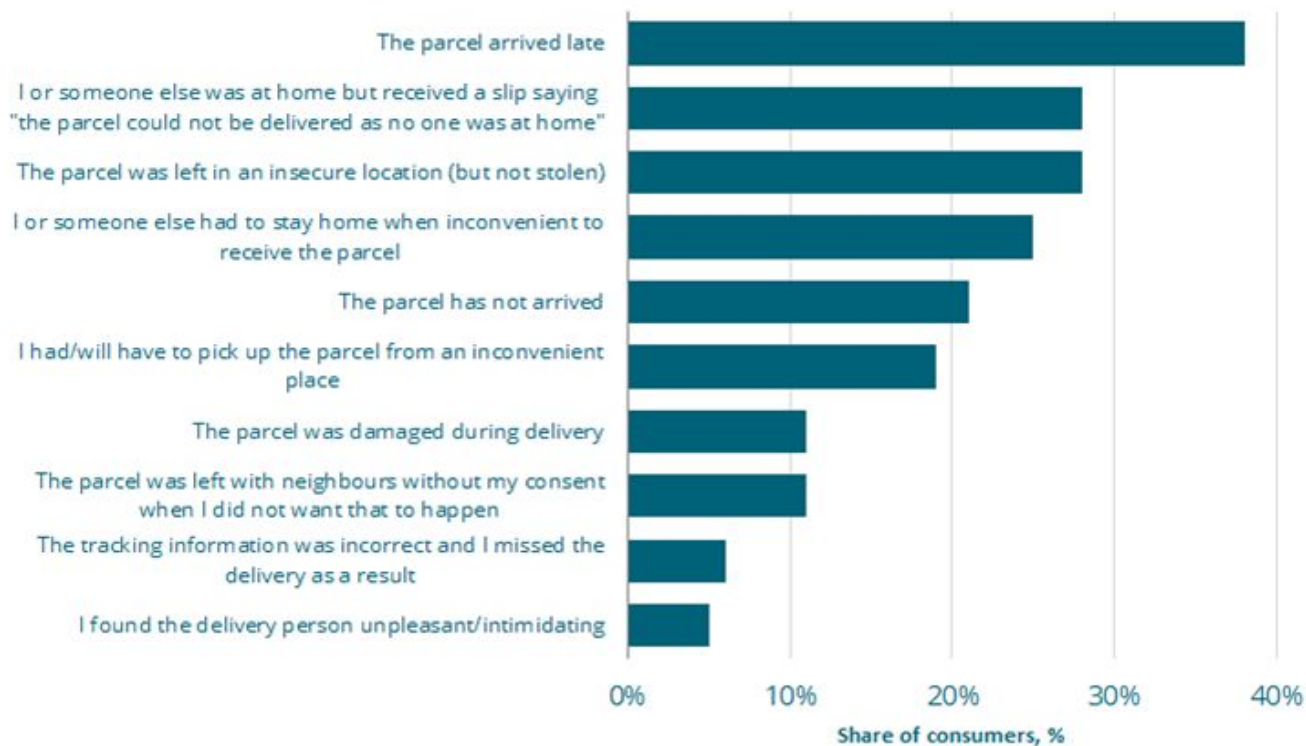
A parcel shop is a business that's primary purpose is to provide consumers with parcel services.

Delivery problems in the UK

Most parcel deliveries are delivered successfully, with 94% of online shoppers reporting a satisfactory or high quality of service⁵ and 83% of parcel sending consumers saying they would use the same service again.⁶

However, previous Citizens Advice research into consumer experience of parcel deliveries found that 7 in 10 (69%) online shoppers experienced at least one delivery problem in the previous 12 months.⁷ Common problems included late, lost and damaged parcels, and problems with the flexibility and convenience of delivery options.

Problems with parcel delivery



Research Method

Unless otherwise referenced, the findings in this report are drawn from three Citizens Advice studies into the supply and use of PUDO points in Great Britain.

Our 2018 report, 'Mapping Parcel Shops'⁸

This report used Geographical Information System (GIS) software to map PUDO points across Great Britain and reported the average distance for consumers to travel to reach PUDO points and geographical differences in access to PUDO points.

The report estimated PUDO locations based on as the crow flies distances using exact coordinates where provided, otherwise they were mapped from population-weighted Lower Super Output Area (LSOA) centroids in England and Wales, and Data Zone centroids in Scotland. The statutory responsibility for postal consumers in Northern Ireland sits with the Consumer Council for Northern Ireland. Therefore this report did not include Northern Ireland.

Quantitative survey research

We commissioned Accent to survey consumers from across Great Britain about their use and experience of PUDO points.

An online survey of representative sample of 4,166 carried out among a representative sample of the population of Great Britain. Minimum quotas were set on age, gender and socioeconomic group.

Desk research

We systematically reviewed the websites of popular online retailers to find out if consumers are being informed about the option to use a PUDO point to receive deliveries.

PUDO points can play a role in addressing these problems

PUDO points can't eliminate all lateness, loss or damage. But they can prevent problems occurring as a result of an unsuccessful delivery to the home.

For example, a parcel might become damaged or lost when it is left on a doorstep because a consumer is out, or the delivery driver might return it to the depot, meaning the consumer has to travel to an inconvenient location to collect it. If a parcel carrier is able to make that delivery to an external PUDO point when the initial attempt fails, these problems would not occur.

PUDO points are also a flexible, convenient delivery options for consumers who are unable to receive deliveries because they aren't at home during the day, and could help to address costly repeat delivery failures.

PUDO points also have the potential to be a convenient first-choice option for sending parcels, and returning unwanted items to retailers. Around 1 in 2 (54%) people who have used parcel shops to send or return parcels told us that the reason they did so was because there was one near their home.

Consumers value PUDO services

We asked consumers to identify the most important things they consider when thinking about parcel deliveries. Respondents were asked to give various attributes an 'importance score' out of 10.

We found people commonly scored attributes associated with PUDO delivery highly. The following proportions of consumers gave a score of above 8 for the identified attributes:

75% for safe and secure storage of parcels

72% for free returns

48% for a wide range of ways to return items

Most obviously, PUDO points provide a safe a secure location for storage and delivery of parcels. However, they also offer an extra option to return items to sellers and, by reducing 'last mile' delivery costs to parcel carriers can support 'free' returns services for consumers.

Consumers who have used PUDO points rate them highly

When we asked people **who have used a PUDO point** to receive a parcel about their delivery habits, we found that they tended to be positive about the experience:

- Nearly 1 in 2 (47%) use PUDO points as their first choice delivery option
- Locker banks were given an average rating of above 9 out of 10 by those who had used them for secure storage, safe access and successful first time delivery, and an average of 8 out of 10 for timely delivery
- Parcel shops were also well-regarded, with consumers who had used them giving an average score above 8 out of 10 the same 4 measures

PUDOs vs home delivery for those who use them

As well as rating them highly, consumers who have used PUDO points compare them favourably to other delivery methods. We asked people to rate the three PUDO options and home delivery on a range of attributes important to their choice of delivery method. The table below reports whether each PUDO option is rated higher than home delivery on each attribute, or not.

Understandably, home delivery rates higher than all PUDO options for convenient location. However, it is consistently out-rated by PUDO options on other attributes.

For example, locker banks are rated higher than the three traditional options on every other attribute. All PUDO types are preferred to traditional options for important attributes like timely delivery and first time delivery success, while 2 out of three PUDO types rate better than home delivery for safe storage and convenient delivery time.

That consumers who use them consider them effective at providing the services they need indicates that PUDO points can be an effective, popular means of addressing the problems consumers experience with parcel delivery.

	Locker bank	Convenience store PUDO	Parcel shop
Timely delivery	✓	✓	✓
Safe storage of parcel	✓	✓	✗
Safe access to location	✓	✗	✗
Convenient time	✓	✓	✗
First time delivery	✓	✓	✓
Value for money	✓	✗	✗
Easy collection	✓	✗	✗
Convenient location	✗	✗	✗

But consumers aren't using PUDOs

Despite the availability and benefits of PUDO points, they are not widely used. 1 in 6 (16%) online shoppers collected a parcel from a PUDO point in a convenience store, while fewer than 1 in 10 collected from a locker bank (6%) or dedicated parcel shop (3%). For comparison, 97% of people have had a parcel delivered to their home.

Similar patterns are evident when consumers send parcels. We found that over half (55%) of consumers send a parcel at least once every 6 months. This includes sending parcels to friends and family, or returning items back to retailers. However, use of PUDO points is uncommon. 4 in 5 (83%) consumers used the Post Office, whereas only 13% used a Royal Mail depot, and 4% used a dedicated parcel shop.

Our research suggests that there are 3 main reasons that consumers don't use PUDO points:

1. Consumers aren't aware of PUDOs or what they do



1 in 5 (19%) consumers who have not used a PUDO said they did not know it was possible to collect parcels from a PUDO point.



Over 1 in 3 (35%) consumers saying that didn't know they could send parcels anywhere other than the Post Office.



Even when consumers did know PUDOs existed, nearly 1 in 5 (17%) said that they didn't know enough to use them

2. Exclusive networks reduce consumer access

Most parcel carriers operate an exclusive PUDO network. This means that they own or contract PUDO infrastructure for their exclusive use. This system includes Royal Mail and their parcel business, Parcelforce Worldwide, who have exclusive access to the roughly 11,500 Post Office branches.

This creates a barrier to consumer access of PUDO points because parcel carriers, in turn, have exclusive contracts with retailers. Consumers wishing to receive a parcel from, or return one to, a retailer must be able to locate and travel to a PUDO point served by the parcel carrier with whom the retailer has a parcel service contract. This can be very difficult if that carrier does not have a PUDO point located conveniently near someone's work or home. In these cases, people may have to travel long distances to access the appropriate PUDO point.

3. Disabled consumers face extra barriers to access

Previous Citizens Advice research mapped the journey taken by disabled consumers accessing postal services.⁹ We found that wide entrances, automatic doors and the presence of someone to help were key features in ensuring consumers with physical disabilities can access external locations for sending and receiving parcels, including post offices and PUDO points.

Recently, Post Office Ltd committed to monitor the accessibility of its branches and provide individual branch accessibility information on its branch finder webpage.¹⁰ While some parcel carriers maintain PUDO point accessibility information online, no carrier has committed to a similar program of work and many PUDO points remain inaccessible for disabled consumers.

PUDO awareness and online retailers

An important way to raise awareness of PUDO points with consumers is for retailers to offer them to online shoppers. Where retailers are not advertising alternatives to home delivery, fixing this could be a simple way to increase public awareness of PUDO points.

To determine the extent to which consumers are currently offered the use of PUDO points when online shopping, we systematically reviewed the websites of the top 50 retailers in the UK. For this review, we used the top 50 list from the RetailWeek *Top 50 UK retailers' online performance* publication.¹¹

We found that major retailers generally either:

- **Do not offer the use of PUDO points, or**
- **Do offer PUDO points but do not prominently advertise them on their websites**

This goes some way to explaining why public awareness of PUDO use is so low. **Retailers should do more to promote the use of PUDOs.**

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Of the top 50 UK retailers do not offer PUDO delivery options for consumers

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of top 21 retailers that do offer PUDOs, do not clearly advertise this on the product page

	PUDOs available	PUDOs advertised on product page	PUDOs advertised at checkout
Number of retailers	21	8	19
% of retailers	42%	16%	38%

Spotlight on Rural PUDOs

Our mapping project found network exclusivity poses a particular problem in rural Britain.

Nearly 1 in 4 people (23%) in rural or remote areas say that there isn't a non-Post Office PUDO point close enough for them to use, further underscoring the reliance of these consumers on the Post Office.

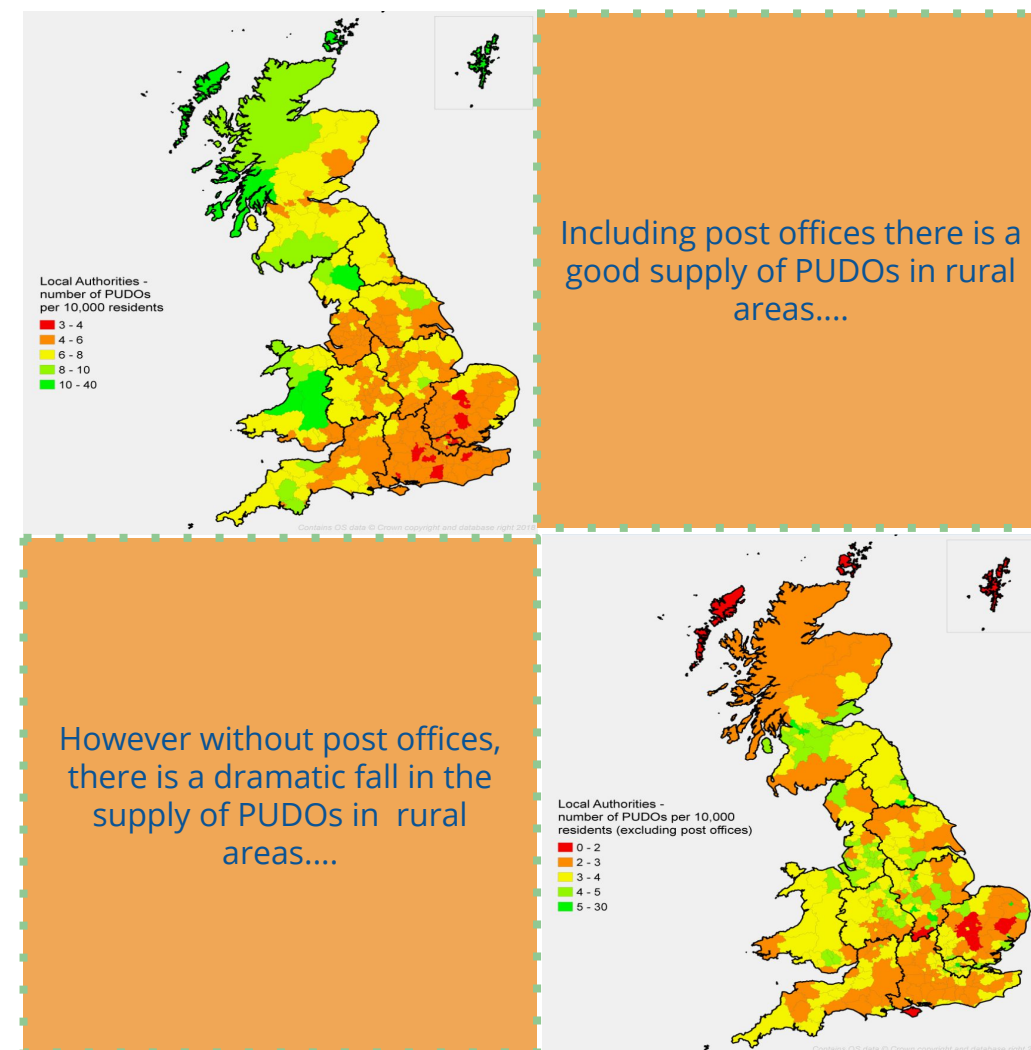
Post office supply in rural areas is underpinned by the Government's access criteria which requires Post Office Ltd to ensure that 95% of the rural population live within 3 miles of their nearest branch¹² and £160m in Government funding to maintain 'last shop in the village' post offices.¹³ There is no similar requirement on other parcel carriers and it is often not commercially viable for them to extend their exclusive PUDO network to rural areas.

The maps to the right show PUDO supply in Great Britain with and without post offices. The top map, which includes post offices, shows more supply in rural areas than the bottom, which excludes post office-based PUDOs.

Consumers in these areas depend on the Post Office network for access to parcel services. Because of Post Office exclusivity, this means access is limited to Royal Mail-owned services.

Because other parcel carriers are unable to access PUDOs in these communities, they are required to do expensive home deliveries. As a result, Citizens Advice Scotland has identified significant 'post code penalties' the Highlands and Islands of Scotland. In these locations, consumers are charged delivery surcharges of up to 500% above standard delivery charges.¹⁴

PUDOs and non-post office PUDOs per 10,000 residents



Next steps

In the next year Citizens Advice will be conducting more research and advocacy to address the barriers to consumer use of PUDO points identified in this report. We look forward to engaging with parcel carriers, retailers and other key stakeholders to create a parcel delivery market that works for all consumers.

We will work to raise awareness of PUDOs by working with online retailers to ensure that PUDO points are advertised clearly as a delivery and returns option at the point of sale where they are currently offered, and to promote their use by retailers who do not currently offer a PUDO option. We will also work with parcel carriers to promote consumer awareness of PUDO networks and their rights when using them.

We will seek to address exclusivity issues by engaging with parcel carriers, Post Office and Royal Mail to progress the industry's thinking on exclusive PUDO networks. This will include both Post Office exclusivity and other potential solutions like community delivery hubs. We understand that there is an important interaction between the Post Office exclusivity and the Royal Mail business model that provides for universal access to important mail services. We will work with stakeholders to explore these issues further in the coming year.

We will promote access for disabled consumers by working with parcel carriers to trial solutions for improving accessibility information about PUDOs, allowing disabled consumers to make an informed choice about which PUDO points they can access.

Footnotes

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2. Ofcom, [Annual monitoring update on the postal market](#), 2018, 19.
3. IMRG, [UK Delivery Index Report](#), 2019, 15.
4. Citizens Advice, [Parcel Delivery: Delivery services in the online shopping market](#), 2017, 4.
5. Ibid.
6. Citizens Advice, [Consumer use and experience of parcel sending services](#), 2018, 2.
7. Citizens Advice, [Parcel Delivery: Delivery services in the online shopping market](#), 2017, 4.
8. Citizens Advice, [Mapping Parcel Shops: Understanding consumer access to pick up and drop off locations in Britain](#), 2018, 1.
9. Citizens Advice, [The customer journey: disabled people's access to postal services](#), 2018.
10. Citizens Advice, [Accessibility at post offices](#), 2018, 15.
11. RetailWeek, [Top 50 UK retailers' online performance](#), 2018.
12. Post Office Limited, [The Post Office Network Report 2018](#), 2018, 8.
13. Department for Business, Energy and Industrial Strategy and the Rt Hon Greg Clark MP, [Government pledges to secure future of the Post Office](#), 2017.
14. Citizens Advice Scotland, [The Postcode Penalty: How some online retailers are disadvantaging Scottish Consumers](#), 2014, 3.

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