Universal Service in transition: Some Insights on Usage and Preferences of Swiss Households and SMEs

February 6th 2018, 17th Königswinter Postal Seminar
Definition of USO in Switzerland

- **Products**: domestic single and bulk letters up to 1 kg, parcels up to 20 kg, registered mail, newspapers and journals (D+1, D+3)
- **Delivery** on 5 weekdays to all year round inhabited settlements. Exemptions:
  - houses not reachable within 2 minutes from settlement
  - in case of bad road conditions and/or potential danger for delivery staff
- **Network access**: 90% of permanent resident population must be able to reach a post office within 20 minutes from domicile (financial services 30 min.)
- **Self-financing**
Recent Developments in the Swiss Postal Market
Universal Service in Transition I Some Insights on Usage and Preferences of Swiss Households and SMEs
Annette Scherrer, Head of the Postal Section
Behaviour of Swiss Post

- Swiss Post exploit legal scope to avoid costs
  - Exclusion from daily house delivery
    - 0.07% of all-year round inhabited houses (2016)
  - Transition of postal network
    - Closure of 400 to 600 traditional post offices
    - Establishment of 400 to 500 postal agencies
Reaction of Swiss politics

• 32 parliamentarian proposals and inquiries have been handed in by politicians since 2013
• Main Claims:
  – Network access: more regionalization
  – Moratorium on closure of post offices
  – Restriction of exceptions from home delivery
Objective of the survey

• Input to enable a fact based discourse
• Investigate the demand on postal universal services
  – Letter post
  – Parcels
  – Payment transactions
  – Postal network
• Dimensions
  – Satisfaction
  – Usage
  – Preferences
• Private households and SMEs (<250 employees)
Sample design and methodology
Density: city centers – urban clusters – rural areas
Sample design

**Household survey**
- Age (18 – 39, 40 – 64; 65+)
- other socio-economic variables like gender, household size, education etc. recorded only
- Sample size: 6’071 addresses

**SME Survey**
- Size (micro <10; small <50; medium <250)
- Business branches
- Sample size: 6’000 addresses
Methodology

Household survey
• Mixed mode (online/phone)
• Invitation by letter
• 34 questions on usage and satisfaction
• **Conjoint analysis** on preferences

SME survey
• Online interviews only
• 22 questions on usage and satisfaction
• No conjoint analysis
Universal Service in Transition I Some Insights on Usage and Preferences of Swiss Households and SMEs
Annette Scherrer, Head of the Postal Section
Conjoint Analysis

• Statistical method used in market research
• Objective: evaluation of preference orders and relative utilities
• Tradeoff between several hypothetical products with certain number of attributes (e.g.: price, size, design etc.)
• Hypothetical products are determined by a randomized variation of a set of predefined characteristics for each attribute
• For this survey two products have been created
  – Basic letter product
  – Post office
### Basic letter product

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location of delivery</td>
<td><strong>Mail box at residency</strong>&lt;br&gt;P.O. box</td>
</tr>
<tr>
<td>Frequency of delivery</td>
<td>6 days per week&lt;br&gt;5 days per week&lt;br&gt;4 days per week</td>
</tr>
<tr>
<td>Routing time</td>
<td>D+2&lt;br&gt;D+3&lt;br&gt;D+4</td>
</tr>
<tr>
<td>Price</td>
<td>CHF 0.95&lt;br&gt;CHF 0.90&lt;br&gt;&lt;b&gt;CHF 0.85&lt;/b&gt;&lt;br&gt;CHF 0.80</td>
</tr>
<tr>
<td>Attribute</td>
<td>Characteristics</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>---------------------------------------------------</td>
</tr>
<tr>
<td>Opening days</td>
<td>Monday – Friday</td>
</tr>
<tr>
<td></td>
<td>Monday – Saturday</td>
</tr>
<tr>
<td></td>
<td>Monday – Friday (Wednesday closed)</td>
</tr>
<tr>
<td>Opening hours</td>
<td>Normal (8:00 – 12:00;14:00-18:00) Expanded</td>
</tr>
<tr>
<td>Accessibility by public transport or by foot</td>
<td>In 30 minutes</td>
</tr>
<tr>
<td></td>
<td>In 20 minutes</td>
</tr>
<tr>
<td></td>
<td>In 10 minutes</td>
</tr>
<tr>
<td>Availability of financial services</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>No</td>
</tr>
</tbody>
</table>
Results
Conjoint – Basic letter product: relative importance

Location of delivery: 43.6%
Routing time: 19.8%
Price: 18.9%
Frequency of delivery: 17.7%
Location of delivery – utility

![Diagram showing the utility of different types of delivery locations. The x-axis represents the location of delivery (P.O. box vs. mail box at residency), and the y-axis represents the utility score. The graph shows a positive correlation between the type of delivery location and its utility, with P.O. boxes scoring lower and mail boxes at residency scoring higher. The utility score for P.O. box is -79.6, and for mail box at residency is 79.6.](image-url)
Routing time

![Graph showing routing time over different days (D+4, D+3, D+2)]
Frequency of delivery

- 4 days per week
- 5 days per week
- 6 days per week

-100  0  50  100

-100 -50 0 50 100

17.6 14.4

-32
Price

![Price Graph]

Universal Service in Transition | Some Insights on Usage and Preferences of Swiss Households and SMEs
Annette Scherrer, Head of the Postal Section
Conjoint – Post Office: relative importance

- Accessibility: 35.6%
- Opening days: 32.7%
- Financial services: 21.9%
- Opening hours: 9.8%
Opening days

-62.7 -50 -4.4 0 50 58.4

Mo - Fr (We closed)  Mo - Fr  Mo - Sa
Opening hours
Accessibility
Availability of financial services
More results from the survey

- Roughly 60 percent of respondents are highly satisfied by the effective universal service.
- Degree of Satisfaction and usage intensity are higher when using traditional post offices rather than agencies.
- Access points are most commonly used for the purpose of hand in or reception of letters and parcels.
- New alternatives to post offices are not well known.
- Overall level of satisfaction is slightly lower for SMEs.
- Specific services for business customers are not used intensively by SMEs.
Thank you!

The entire study is available in German on:

www.bakom.admin.ch

> Post und Presseförderung > Evaluation > Erhebung zur Postversorgung von Privatpersonen und KMU in der Schweiz