

STATES OF JERSEY



CENTRAL MARKET SUB-POST OFFICE FACILITY: SOCIAL AND ECONOMIC STUDY OF CLOSURE (P.90/2010) – COMMENTS

**Presented to the States on 19th July 2010
by the Minister for Treasury and Resources**

STATES GREFFE

COMMENTS

The Minister for Treasury and Resources has requested Jersey Post to explain the social, cultural and economic impact of closing the Market Sub-Post Office. The company has prepared the report as attached. This identifies the social, cultural and economic impact of closing the current facility and how Jersey Post has developed its services to meet the needs of its customers.

The Markets are a significant asset held by the States in addition to being one of the higher-profile buildings on the Island as a whole. Substantial investment is being made to the structure and fabric of the Central Market with the refurbishment works to the roof nearing completion and the floor to be tackled in the near future. The future success of the Markets is of great importance to all Islanders.

Accordingly, Property Holdings have already commissioned a professional study of the Markets to review their operation, efficiency and opportunities. This review is wide ranging and will consider the appropriate mix of tenants in the Markets.

Jersey Post is required to take a commercial approach to running its business, at the same time looking to ensure that it reshapes the provision of services to meet the demands of its customers.

In the case of the Sub-Post Office network they accept that the “traditional model” of dedicated “Post Office” counters is no longer viable, either commercially or in meeting customers’ future needs.

Jersey Post has already introduced a number of automated “Post and Pay” kiosks where customers can post letters and parcels and pay their utility bills without the need to go to a “Post Office.”

The research study referred to in P.90/2010 has already been undertaken by Jersey Post: it is unnecessary to commission a further unfunded review.

There is a clear requirement for Jersey Post to meet its customers’ needs. It has considered the social, cultural and economic impact of closing the Sub-Post Office in the Market. It would be inappropriate for the Assembly to involve itself in the detail of these commercial and operational decisions.

Central Market Sub-Post Office Facility

Social, Cultural and Economic Appraisal of Closure

July 2010

Executive Summary

Island Analysis was commissioned to undertake a social, cultural and economic appraisal of the closure of the Central Market Sub Post Office and the opening of an office in the Homemaker Don Street Store.

The findings of this appraisal are that:

- Despite the closure, Islanders and, in particular, St Helier residents will continue to be well served with post office counter services. Indeed, the overall service will be enhanced with longer opening times in two of the offices.
- The Central Market is a very popular and vibrant location for both residents and visitors alike and a major credit to Jersey. The real success of the location over many years is the range/diversity of shops under one roof with no single business dominating the area. Therefore, while the closure of the sub-post office will be noticed and will inevitably have some impact, the Market traders' strength in numbers and diversity will remain their unique selling point and attraction. Indeed, it could well be the case that a new operator within the Central Market could generate increased activity and interest in the future.
- The closure will have no impact on the post office network generally. Some customers who have regularly used the Central Market Sub Post Office may find it inconvenient to use an alternative office but it needs to be stressed that the new Don Street office is approximately 200 metres away and that there is nothing to stop Jersey Post providing automated stamp vending machines or other such facilities in the Central Market area in the future.

Background

It is fact that post offices generally worldwide are having to come to terms with a ongoing decline in the use of the mail service and the services traditionally available over the counter.

In the Royal Mail Annual Report for the year ended March 2010, it was reported that the average daily mail bag now contains 7.3% less mail than a year ago - the steepest fall since volumes peaked in 2005.

This is not unique. All other major postal operators around the world expect volumes to decline further. The United States Postmaster General announced in April that the U.S. Postal Service had seen a reduction of 47 billion letters over the past four years. Without major changes, he indicated that the operation could face a \$200 billion cumulative loss over the next 10 years.

Postcomm (The UK postal regulator) announced in May that it proposed to introduce a full package of measures intended to give the Royal Mail greater commercial freedom in other parts of the market that had become more competitive. Postcomm stressed that the market had changed dramatically and that mail volumes had fallen by 15% over the last four years with considerable switching to e-mail.

It is also true that many of the 'traditional' services provided over the post office counter are now being substituted by other processes. While many of these functions are still being carried out over the counter, fewer transactions are taking place due to alternative methods by which customers could undertake their transaction. This is not unique to any specific postal administration.

These global issues are also being experienced by Jersey Post when it reported in 2009 that mail volumes had dropped by 13% following a 5% fall in the previous year. The Chairman announced that

the next three years would be critical for both Jersey Post and the postal service in the Island. Consequently, a full review of existing operations was essential and that the streamlining of existing services would have to take place.

As part of that streamlining process, it was announced in April that the Central Market Sub Post Office would close at the end of June and that services would be moved to the Co-Op Homemaker Store in Don Street.

In a press statement issued at the time, the Managing Director of Postal Business said the move would enable the company to deliver improved access to postal services to the town community in the most efficient way possible.

He stated that the location of a sub-post office had to be made on a firm commercial footing. By moving Central Market Sub Post Office services to the Homemaker store, Jersey Post would be able to expand opening hours and improve access to its varied retail services which included banking, bill payments, foreign exchange and Moneygram. The Co-Op was an established commercial partner of Jersey Post with eight sub-post offices located island-wide in its stores.

The new in-store sub-post office would comprise three counters and would be located on the ground floor. It would be open six-days a week, including Thursday afternoons. In a further development to improve access to postal services in the town centre, the Post Office in Broad Street would open half-an-hour earlier, six days a week, from 8am. These changes were part of a wider retail strategy to improve efficiencies due to continuing decline in demand, whilst making sure these valuable services were still provided.

Following on from this announcement, the States of Jersey was asked to decide whether they were of the opinion to note that 1,922 petitioners wished that the sub post office in the Central Market to remain open. The Minister for Treasury and Resources as representative of the shareholders in Jersey Post would be asked to take the necessary steps to request Jersey Post to reconsider its position relating to the presence of a sub post office facility in the Central Market.

The States are now being asked:

- to request the Council of Ministers to commission a report which would examine the social economic and cultural impacts on the closure of the sub post office and to present the report to Jersey Post and all States members in order that they can consider its findings and recommendations before the final decision was made as to whether or not the sub post office in the Central market should close, and
- To request the Minister for Treasury and Resources, following publication of the report to launch a proposition asking for the States Assembly to debate whether or not they consider that the sub post office in the Central Market should close so that the Minister could inform Jersey Post accordingly.

As a result of the extensive research that Island Analysis had undertaken on behalf of Jersey Post during the past two years, the Company was invited to provide an independent appraisal which addressed the social, cultural and economic implications of the closure of Central Market Sub Post Office.

This appraisal is therefore based on the relevant research findings that have been accumulated over the past two years (quantitative and qualitative) and set against the overall economic conditions that currently prevail both globally and specifically within the postal market.

Key Conclusions relevant to the Central Market Sub Post Office Closure

The following conclusions are relevant to the Central Market Sub Post Office closure:

- Whenever there is an announcement made with regard to the closure of any sub post office, there is always a negative reaction received from the general public. This is very understandable because of the high regard that the postal service has amongst the community generally which very much looks at the Post Office as a 'social' service rather than a 'commercial' operation.
- Such concern is always heightened if the office had been in the same (and sometimes historic) location for many years and the quality of service received had always been very personable (both strengths of the Central Market Office).
- Businesses adjacent to or located near to busy post offices also benefit from the passing footfall.
- The density of Jersey's sub post office network very much matches the population density/distribution within the Island.
- While the Island has an aging population, a third of the population is under 30 and nearly 50% are aged between 30 and 60. Under 30 year olds now rarely use the postal service and the 30s to 60s are less inclined to do so now than in the past.
- It is well reported and obvious that many of the traditional services operated by the post office are now on the decline. With every new generation, this decline will grow as new technology becomes available. The decline is impacting on all post office outlets as electronic processes replace manual transactions. Therefore, a rationalisation of services is an inevitable outcome.
- Post office opening times are an issue with the general public. Longer opening times are now in place at Broad Street and Don Street.
- Because of pressure on the Broad Street Post Office, many people preferred to use the nearest alternative office (i.e. Central Market) to avoid queuing particularly during a short lunchtime break.
- Many older people liked the ambiance of the Central Market sub post office and preferred using this office when purchasing other goods in the Market.
- Visitors to the island were generally aware of Jersey Post services and had no difficulty in accessing these services. However, the range of service used was very limited. The sending of postcards is on the decline.
- Overseas workers were well aware of and very satisfied with the services provided by Jersey Post.

The Importance of Island's Demographic Profile

Research both in 2008 and 2009 has clearly highlighted that the use of Jersey Post services as a whole varies enormously depending upon the age of residents.

While Jersey is experiencing an increase in the numbers of people who are over 60, it also has a young population with the peak age group currently being 30 to 39 years age group. In terms of actual numbers in each age group the profile is different as compared with Guernsey (Figure 1).

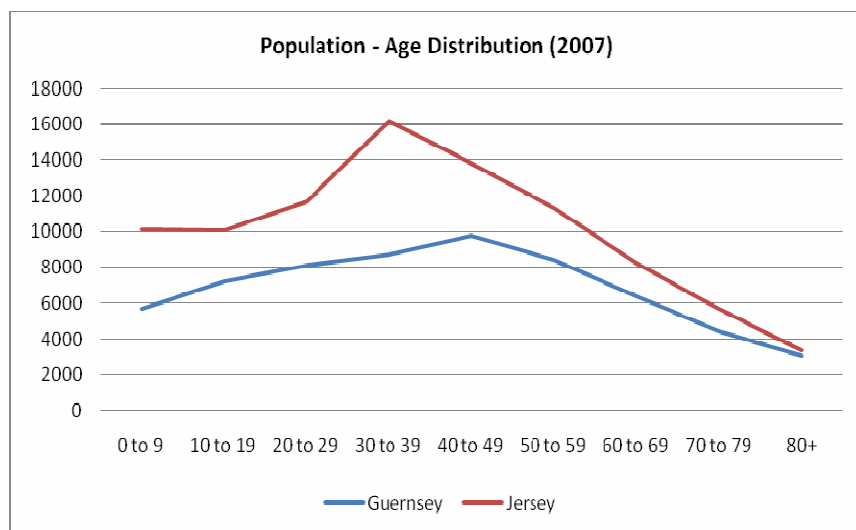


Figure 1

Over a third of Jersey's population is under 30 years of age. 20% are over 60, and just under 50% are aged between 30 and 60.

It should also be noted that Jersey's population peak has only shifted ten years (20 to 29 age group to 30 to 39 age group) over a thirty-year time span (Figure 2). In Guernsey and the UK, during the same time period (thirty years), the shift has been thirty years from 0 to 19 age group to 40 to 49 age group.

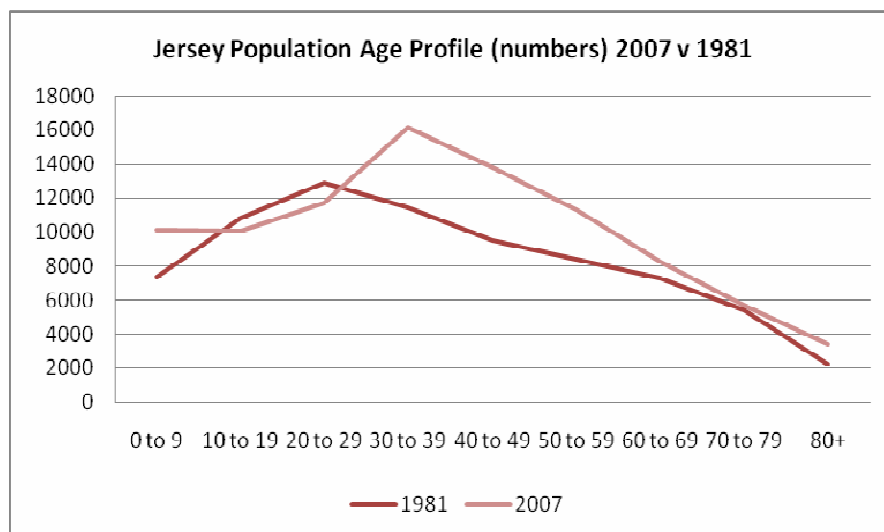


Figure 2

Post Office Density

Currently, there are twenty-one sub post offices in Jersey and one main (Crown) office. In terms of the number of residents per post office, the following chart illustrates how Jersey compares with other small island jurisdictions (Table 1).

	Area (km)	Population '000	Post Offices (No)	sq Km/Post Office	No. of people per PO
Jersey	116	91	22	5.3	4,136
Guernsey	78	65	11	7.1	5,900
Isle of Man	588	80	29	20.2	2,758
Bermuda	53	64	14	3.8	4,571
Cayman	262	45	18	15	2,500
Bahamas	10,070	331	62	162	5,338
Malta	316	405	52	6	7,784

Table 1 (Source UPU 2008 and updated where there are known changes)

As can be seen from this table, Jersey is reasonably well served in terms of the number of residents per post office as compared with similar jurisdictions. It should be noted that the ratio in the Isle of Man is significantly lower but this island is considerably larger than Jersey with a greater number of smaller communities spread over greater distances.

As far as the Cayman Islands are concerned, the postal administration covers three islands and there are no household delivery services in the island but, instead, a post box service located at central locations.

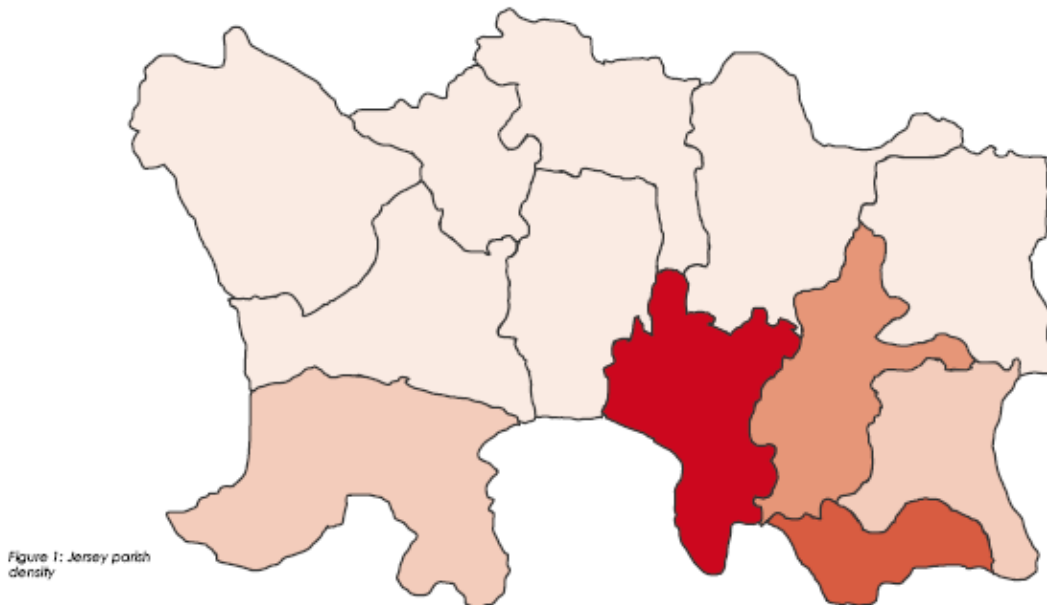
As far as Guernsey is concerned, Guernsey Post significantly reduced the number of sub offices during the 1980s from 19 down to 11. It was also one of the first administrations to introduce postal services within supermarkets and at other well used locations.

Post Office Location

In both commercial and social terms, the location of post offices in relation to population density is very important.

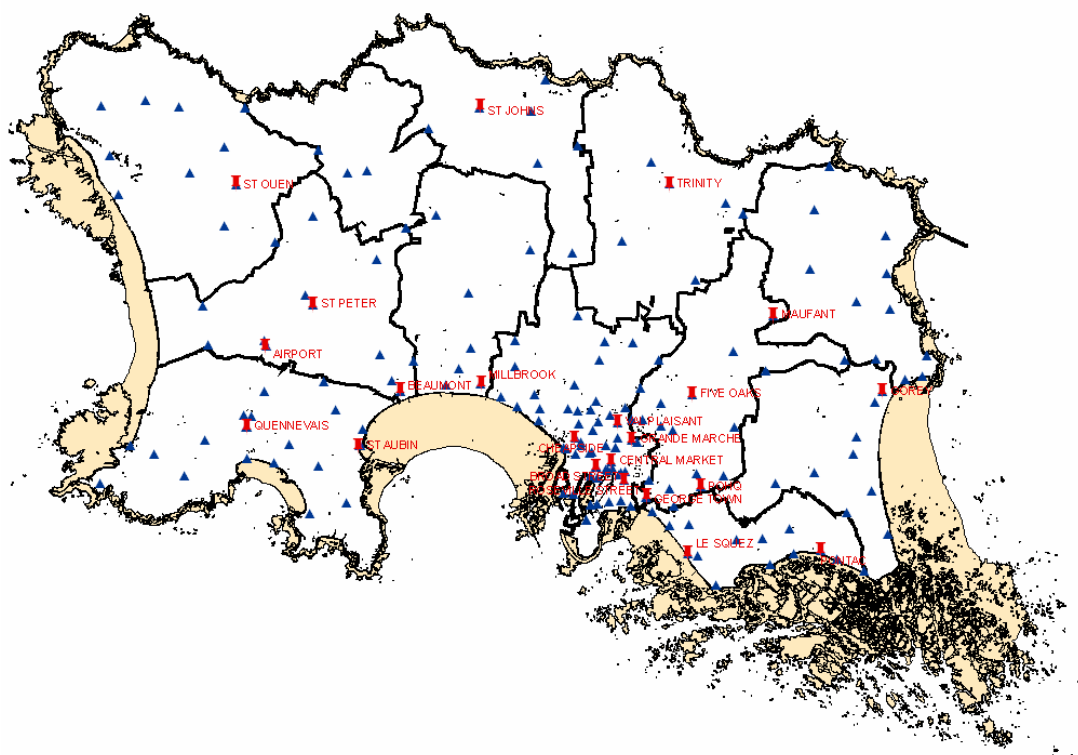
Jersey's population is very heavily concentrated in the south and south east of the Island. The following map shows the extremes of density by parish with the most densely populated parishes being St Helier, St Clement and St Saviour.

Population Density by Parish

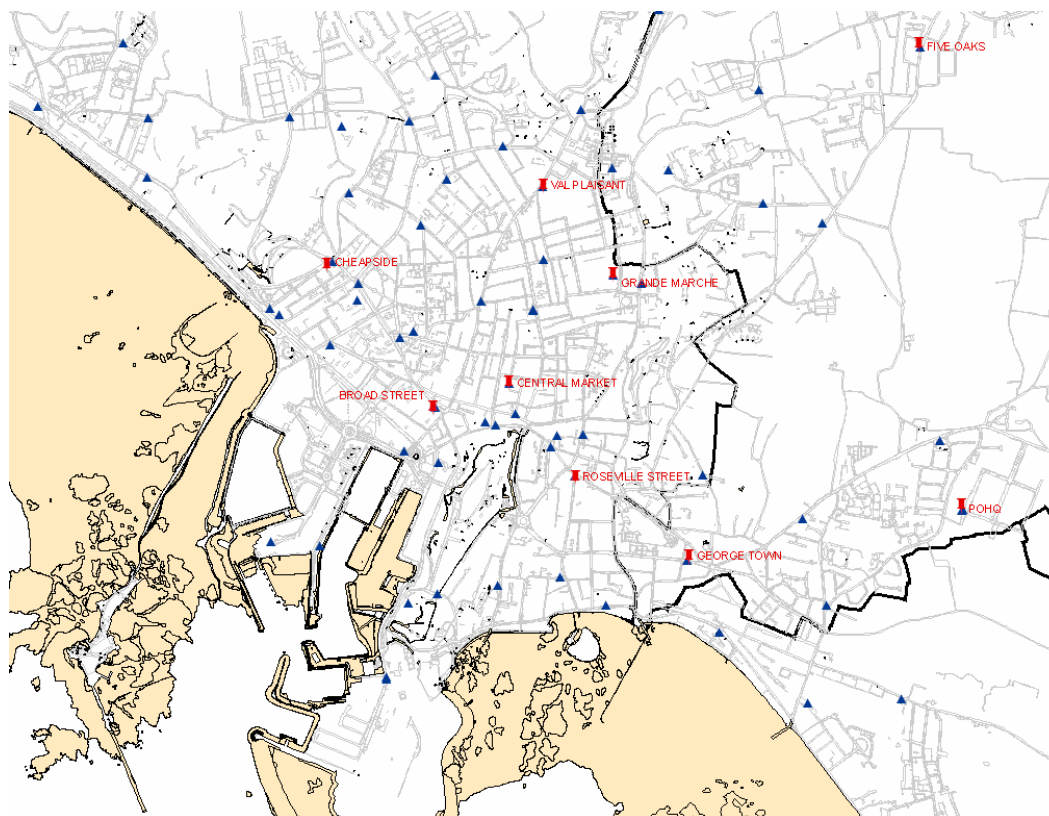


St Helier has a density in excess of 2,500 people per square kilometre. The density in St Clement is in excess of 1,500 and in St Saviour around 1,500 residents per square kilometre. The majority of other parishes are below or well below 500 residents per square kilometre. PO locations are set out below.

Post Office Locations Island-wide



Post Office Locations – St Helier (prior to opening of Don Street)



These location maps show that 50% of the sub office network is located in the three most densely populated parishes.

Post Office Usage

In 2009, research showed that only one in six residents (15%) indicated that they used Jersey Post counter services at least weekly, slightly fewer than in 2008 when one in five residents (21%) stated that they used the counter services at least once a week. Just over half of respondents (56%) said that they used the services once or twice a month (45% in 2008) with the remaining 29% (34% in 2008) using the counter services only very occasionally. A majority of under 30s fell into this latter category.

By far the greatest reason for using the Jersey Post counter service was for 'traditional' postal transactions.

While there was only very small percentage of residents who felt that, taking into account the size of the Island, there were now too many offices, the vast majority of respondents indicated that the number and distribution were about right (71%). A very similar response was obtained in 2008. One in five was of the opinion that there should be more post office locations.

There was an overwhelming view that accessing the Jersey Post's office network was very easy (49%) or easy (42%) (Figure 3). This compares with 45% and 44% respectively in 2008.

The remaining 9% (11% in 2008) who indicated that access was not very easy/difficult/very difficult mainly lived/used offices in the north and east of the Island. As in 2008, parking difficulties and opening hours (lunchtime and late afternoon closure) were cited as the main problem areas.

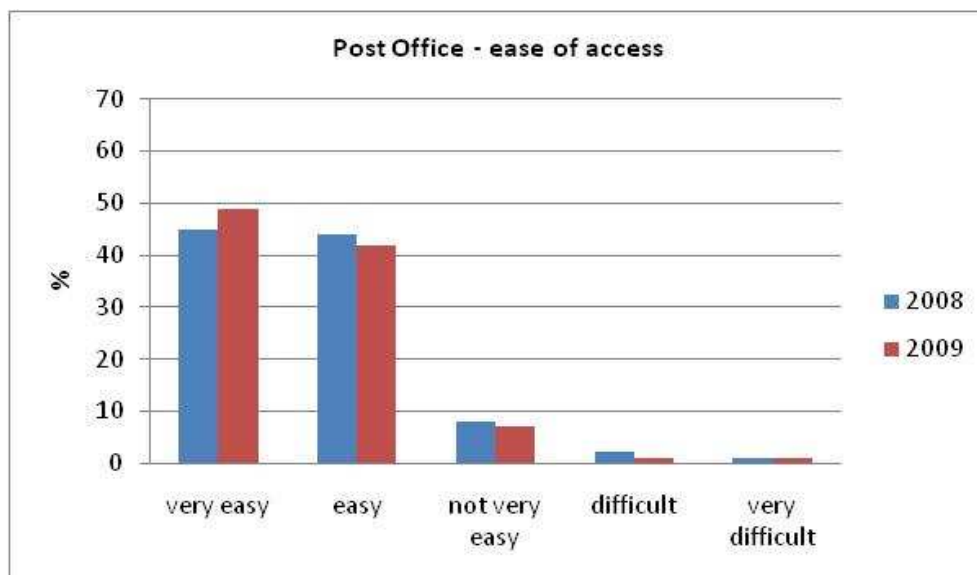


Figure 3

Loyalty to the Postal Service

Loyalty to the 'traditional' postal service and to the 'postie' is high in all jurisdictions. In addition, sub post offices have always been looked upon as part of the structure/fabric of the local community. However, use of the service (particularly the 'traditional' postal services) is declining but, if for commercial and economic reasons the postal administration seeks to rationalise its services to offset a decline in business, there is always an emotive response from the public.

Jersey residents have the same 'loyalty' towards Jersey Post and when there was an announcement that there is to be a closure, then there was an immediate adverse reaction to change. Likewise, when there was an announcement in Guernsey (2004) that Guernsey Post wished to close one of its sub offices (L'Islet), there was an immediate petition started asking the company to reconsider its decision. The outcome of this example was for Guernsey Post to defer the closure.

Such a reaction will always place the postal administration in a very difficult position. It is not a social service, nor is it there to support other businesses in the immediate area. However, public perception as to what the postal service stands for is different. The reaction to the closure of the Central Market Sub Post Office is predictable and will occur again if other closures elsewhere are announced.

Changing Consumer Needs

The most important issues which relate to the postal service are changing social (lifestyle) habits. To obtain a better understanding of how these habits impact on Jersey Post services and its sub post office structure (including the Central Market office), a series of six focus group sessions were held in 2009 to ascertain the views of residents drawn from different age categories and economic status and occupations. The three age ranges were under 30s, 30 to 60 age group, and over 60 age group.

To assist in clearly identifying social issues relevant to the level of usage of various functions/services directly or indirectly related to Jersey Post operations, the following colour code was used to show the level of activity as expressed by the focus group participants.



very high high medium low very low

Main private communication

under30 30 to 60 60 plus



paying bills

under30 30 to 60 60 plus



product/service enquiries

under30 30 to 60 60 plus



Postal Services used	under30	30 to 60	60 plus
parcel service	Orange	Orange	Yellow
Broad Street office	Green	Orange	Green
sub post offices network	Blue	Yellow	Orange
JP website	Yellow	Yellow	Blue

What was abundantly clear from these sessions was the immense difference between age groups in terms of their usage of the postal system and its network.

The fundamental point is that the postal service is now rarely used by the under 30s (a third of the population). Those aged between 30 and 60 are using the service less than they did and it is only those over 60 who still heavily rely on traditional means of communication (e.g. letter writing) and on traditional functions relating to financial transactions (e.g. payment of bills by cheque).

On the positive side, the increasing use of the internet to purchase (and sell) products has resulted in a significant growth in parcel and packet business as well as freight generally.

Some key observations drawn from the sessions were as follows:

- Inconvenience and time it takes to write a letter was cited as the main reasons why very few wrote letters.
- speed of contact was now very important indeed. Mobiles were the main form of communication.
- Instantaneous information from the internet was now the norm. The over 60s were very much more confident in using the internet.
- The increasing cost of cards added to the cost of postage was reducing the attraction of sending Christmas cards.
- Greater confidence in online banking and the increasing use of direct debit was eroding the reliance on the postal system. This was not the case for the over 60s.
- The opening up of the telecoms market in the Island had resulted in many more 'deals' being available. This was particularly important in the growth of texting.
- There was very little usage of the postal services the younger the person was. Indeed, some of the very young participants indicated that they had hardly ever been in a post office.
- Ebay was very popular with young people.
- Awareness of Ship2me was strong and the service was generally considered to be good/excellent idea – However, it would encourage more UK shopping.
- There was increasing confidence to buy online among the older community.
- Lack of product choice available on the Island was resulting in more shopping now physically being done in the UK. Products were also generally cheaper.

In terms of Jersey Post services, the following trends were recorded.

Post Office Counter Services - general

- It was very clear that the sub post office network was far more popular with the over 60s than with any other age group. However, this age group tended not to use the Broad Street office as other offices.
- There was a decreasing awareness of post office services (particularly counter services) the younger the person was. Indeed, very few people under 30 years of age seemed to use the Island's postal services and they rarely visited a post office apart from currency exchange and mobile top ups.
- However, loyalty towards Jersey Post amongst the over 60s was very strong indeed.
- While the opening times of sub offices were not an issue with those who were not working/retired, it was a real problem with many 30 to 60 year olds who found it frustrating that offices were not open into the evenings and some offices not open at lunchtimes or in the afternoon. This was more important an issue if the sub office was located within a supermarket which was open into the evening.
- There was a strong voice of opinion particularly from those aged over 60, that there were too many products 'on sale' at the sub offices which tended to 'clutter' the counter areas. This age group felt that only services which Jersey Post 'traditionally' provided should be available over the counter.
- There was a consensus view from all age groups that Jersey Post branding could be a lot stronger at all the post offices. However, at many of these locations, Jersey Post had to 'compete' with the mass of signage directly associated with the premises that the sub office was located within.
- While all age groups apart from the under 30s used a range of post office counter services, the foreign exchange facility was extremely popular with all age groups but particularly with those between 30 and 60. Very favourable comment was made concerning the exchange rates that appeared on the website which was fixed throughout that day over the post office counters.
- As far as financial services available through the post office counter service were concerned, the view primarily from the 30 to 60 age group was that banks were more efficient than post offices in providing financial services. Increasingly, financial services were being undertaken online although this was not generally the case for the over 60 age group. The post office counter network was not geared up enough in terms of security, confidentiality, etc to compete with the clearing banks.
- There was little feedback from the under 30s age group over what new services should be provided over the post office counter. However, 'Smart' top-up debit cards for foreign travel would be welcomed by the majority who took part in the focus group session.
- There was a fair degree of realism amongst many focus group members concerning the long term prospects of keeping all sub offices open in the future (this realism was less strongly felt within the over 60 age group). The use of online facilities and the decline in the use of the post generally were cited as real problems for Jersey Post.

- There was increasing usage of the Jersey Post website. The most popular reasons for usage were for the currency converter and tracking parcels. However, comment was made about the possibility of buying more post office services online. Ability to print and pay for labels/stamps online (particularly for parcels) to save queuing was a suggestion made.
- There was a view that it was important that new services should be introduced which should appeal to the younger generation. However, focus group members were hard pushed to think what those services could be. There were suggestions about a savings scheme for young people.

Relevant Comments on Post Offices

- Broad Street was an important office for those who worked in St Helier. However, queuing was a real issue in that there never seemed to be enough counters open particularly at lunchtimes. **(This issue has now been addressed by Jersey Post.)** Many could only go to the post office during their lunch hour but resented having to queue for long periods. Therefore, these people tended to go to the nearest office which usually was the Central Market office.
- Longer opening hours were suggested for Broad Street. A number of focus group members lived and worked in St Helier and it was frustrating for them not to be able to go to an office after work. **(This issue has now been now been addressed by Jersey Post.)**
- A lack of parking was a real concern in the collection of parcels at Commercial Street. This was most strongly felt by the over 60 age group. However, there was praise for the staff who manned the parcel collection point.
- The sub office structure was well regarded.
- The Post Office Headquarters counter service was a popular location with a number of focus group participants particularly those living in the eastern part of the Island. While parking was a problem it was convenient to 'pop in and out'.

Products available through the Sub Post Office Network

To a greater extent than in 2008, the vast majority of respondents to quantitative research in 2009 were 'not very concerned' or 'not concerned at all' that counter services were being used for non 'traditional type' postal services. However, there was some comment made by older age groups that queuing was an issue as so many products could now be purchased over the counter (Figure 4).

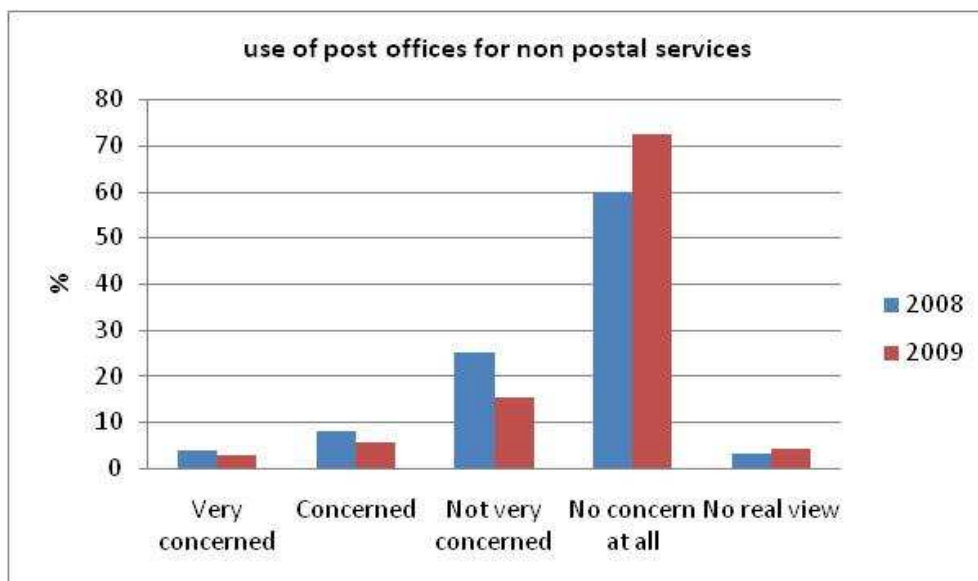


Figure 4

As far as how well Jersey Post promoted its counter services, two out of three respondents (64%) indicated that these services were promoted 'fairly well' or 'very well indeed'. This is an improvement over 2008 when a percentage figure of 57% was recorded (Figure 5).

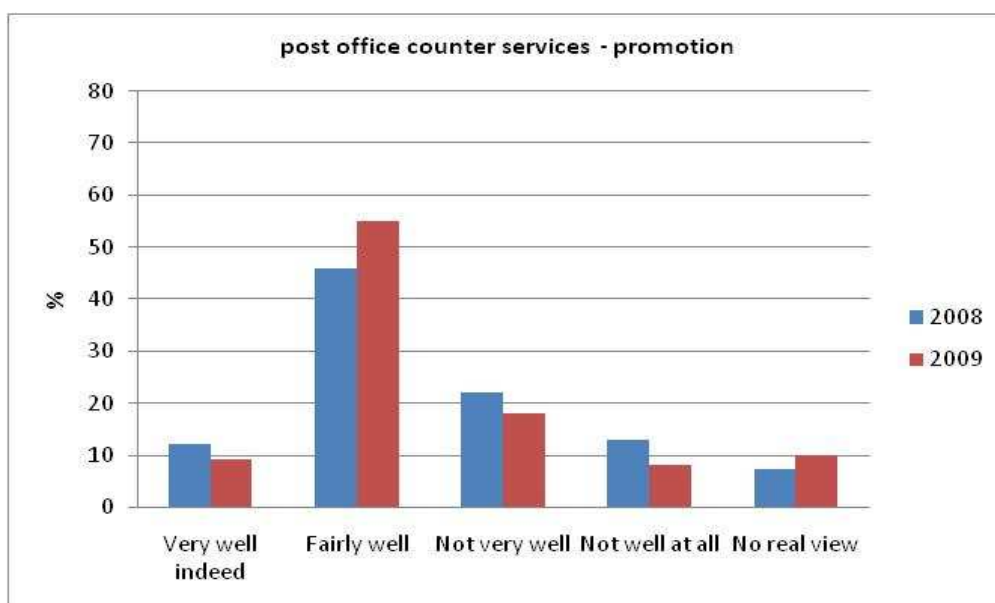


Figure 5

Overseas Workers and Visitors

Qualitative work was undertaken with a small group (50) of overseas workers to ascertain the level of awareness of Jersey Post services. This research revealed that usage of Jersey post services was very high and that the post office network was easy to access (Figures 6 and 7).

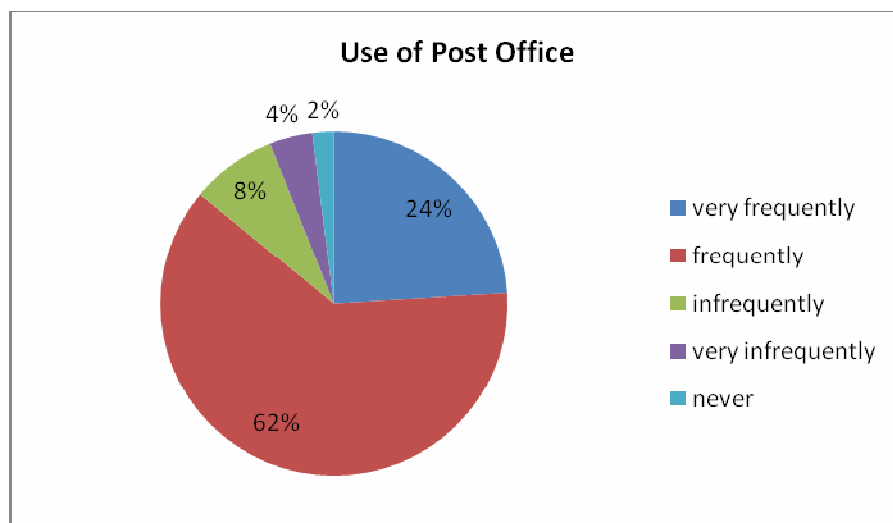


Figure 6

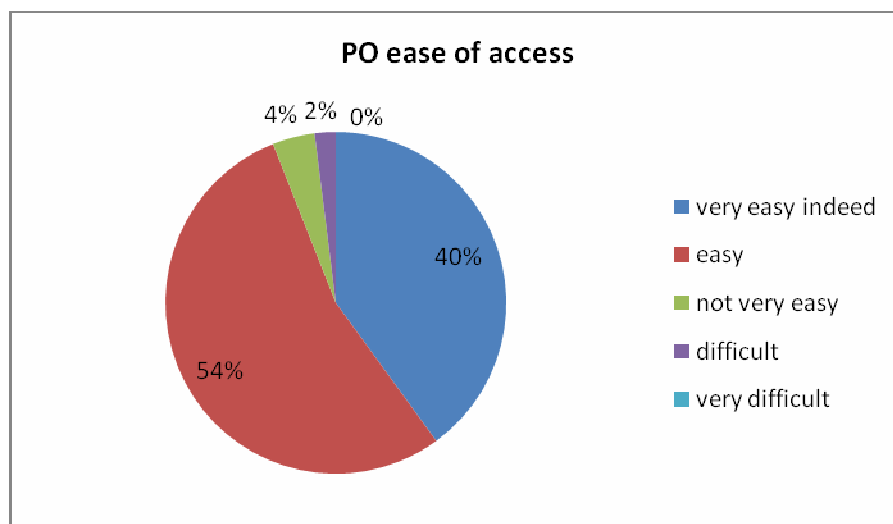


Figure 7

The main postal services used by overseas workers were sending letters and parcels, sending money abroad, and commission free currency exchange.

A small sample of 50 visitors was interviewed. These visitors generally tended to only use the postal service for sending letters, postcards and parcels. There was some use of the currency exchange service.