

**From:** Kevin Keen [mailto:]  
**Sent:** 10 February 2014 14:47  
**To:** Tim Oldham  
**Subject:** Retail Review FAO Deputy S G Luce

Dear Deputy Luce

**Retail Policy Review**

I refer to your letter of 28<sup>th</sup> November in relation to the above review.

Jersey Post is wholly owned by the States of Jersey and employs almost 400 people. In 2012 our turnover was reduced by £20 million (just under a third) and our profit before tax reduced by 53% to £1.3 million. The key reason for this reduction was the withdrawal of Low Value Consignment Relief in April 2012 although the company also continues to have to deal with the challenge of falling letter volumes in our core delivery operation.

Jersey Post's retail business consists of 21 post offices which are mainly operated under franchise style arrangements with other retailers as part of our universal service obligation. Although the network provides a valuable public service it is unfortunately loss making. We continue to seek ways to minimise these losses without reducing the size of the network and therefore the access of islanders to these services. Strategies to reduce losses in our retail network include introducing new products and service and maximising the use of space especially at our Broad Street site.

Although as noted above letter volumes continue to decline to our considerable detriment there has been substantial growth in parcel traffic which has been to the benefit of our business. In 2012 the volume of parcels and packets delivered by Jersey Post increased by 28% and although the increase in 2013 was not so great it was still in double digits. This is all the more credible given the reduction in inward DVD and CD traffic due to digital substitution by services such as iTunes. It should be noted that Jersey Post does not have a monopoly on parcel delivery in the Island.

Given our insight into the volume of parcels and coming into the Island and the variety of the items being purchased, Jersey Post identified an opportunity to grow local parcel deliveries and in 2013 introduced new lower pricing aimed at stimulating this volume. We also worked with Webreality on the ShopJersey.je project , again with the objective of growing local parcel delivery volumes. We were influenced by the research provided by Webreality and Island Analysis in relation to the size and growth prospects for retailers prepared to sell online. The listing site at [www.shopjersey.je](http://www.shopjersey.je) attracted over 100 local retailers selling online very quickly which we believe shows the potential.

We did see substantial growth of local parcel deliveries in 2013 but this was from a barely measurable base and still represents only a tiny fraction of the parcels we handle. Towards the end of 2013 we became aware of a number of initiatives aimed at offering consumers the opportunity to buy locally and online. We expect that a number of others will be established in 2014 which is why at this stage we have not pursued further development of Shopjersey.je . We will however be doing our best to support the growth of local retailers selling online both on and off Island throughout 2014 using our extensive delivery network and relationships with other postal organisations around the world.

Yours sincerely  
Kevin Keen

**Kevin Keen**  
**Chief Executive Officer**  
Jersey Post