



August 2023

Delivering for small and micro businesses

The parcel experience
after EU Exit in 2023



Contents

1. Executive summary	4
2. About us	7
3. Background and purpose	10
4. Receiving parcels and goods	13
5. Buying goods and supplies	16
6. Sending parcels	23
7. Conclusion	29



1. Executive summary

The Consumer Council commissioned independent research to identify and quantify the EU Exit related issues affecting small and micro businesses¹ receiving parcels, buying goods and supplies, and sending parcels.

This report highlights the key findings from research carried out throughout 2022/23 with a representative sample of 911 small and micro businesses across Northern Ireland that operate in three sectors:

- 1 Production and construction
- 2 Retail, wholesale and distribution
- 3 Services

Additionally, in-depth interviews with 15 small and micro businesses took place in February 2023 across the same sectors.

The report discusses four key themes which consist of receiving parcels, buying goods and supplies, sending parcels and business support.

The small and micro business key findings for each theme show that:

Receiving parcels and goods

- The majority (82%) have received parcels in the last month.
- Over four in ten (43%) receive up to 10 parcels per month.
- Over half (55%) are receiving goods from Great Britain (GB).
- One in four (25%) are receiving goods from the European Union (EU).
- Nearly six in ten (58%) receive parcels that are delivered by Royal Mail.

Buying goods and supplies

- Over a third (37%) say they have experienced an increase in the cost of goods bought from suppliers which they believe has been caused by EU Exit.
- Three in ten (30%) say they have experienced delivery delays for supplies coming from GB which they believe has been caused by EU Exit.
- Over one in four (28%) say they have experienced an increase in the delivery price charged by suppliers which they believe has been caused by EU Exit.
- One in five (20%) say they have experienced an increase in the delivery price charged by parcel operators which they believe has been caused by EU Exit.
- 15% say they have experienced GB suppliers no longer delivering to Northern Ireland.
- 6% say they have experienced EU suppliers no longer delivering to Northern Ireland which they believe has been caused by EU Exit.

Please note that the proportion of small and micro businesses experiencing each issue has reduced over time (See Figure 2).

Of those that have experienced the no longer supplying Northern Ireland issue:

- Over half (54%) say it was caused by too much paperwork.
- Nearly a quarter (23%) say it relates to new rules or regulations meaning the supplier is unable to send to Northern Ireland.
- Nearly a quarter (23%) say there are additional costs which are too high to absorb.
- One in ten (10%) say the courier or parcel operator would not transport the item.

¹ A micro business is defined as having 1 to 9 employees and a small business has 10 to 49 employees.

Sending parcels

- Half send parcels to GB (50%), over one third send parcels to Republic of Ireland (ROI) (34%) and nearly one in ten (9%) send parcels to other EU locations.
- The majority (71%) send parcels with Royal Mail.
- Nearly one in ten (8%) say they experience problems with sending parcels which are largely customs related to parcels going to GB, ROI and the EU.

Business support

- Over four in ten (43%) say they would benefit from information around the rules for parcels sent between Northern Ireland and GB, and the EU.
- Three in five (60%) would like to obtain this information from online hubs and webpages, over a third (36%) would like guidance by email and one in four (25%) would like online video how to guides.
- Over half (53%) believe government agencies in Northern Ireland are best placed to do this.

The research shows that small and micro businesses require the smooth movement of parcels to and from Northern Ireland and GB, and the EU so they can operate efficiently and effectively. We will continue to provide insight into the small and micro business experience when they receive and send parcels from GB and the EU.



2. About us

The Consumer Council was established in April 1985 as a non-departmental public body (NDPB) under the General Consumer Council (Northern Ireland) Order 1984 (The Order). We operate under the Department for the Economy (DfE) on behalf of the Northern Ireland Executive.

Our vision is to protect and empower consumers in Northern Ireland by ensuring the legislation and regulation for consumer protection works effectively for consumers here.

Our mission is to be the trusted go-to organisation for Northern Ireland consumers, working with governments and stakeholders to inform policy and decision making, using our research, insight and expertise to deliver positive outcomes for consumers.

We have statutory duties in relation to consumer affairs, energy, postal services, transport, water and sewerage, and food accessibility. These include responding to enquiries, investigating complaints, carrying out independent research, educating and empowering consumers, and advising government on matters relating to consumer affairs.

With regards to postal services, the Consumers, Estate Agents and Redress (CEAR) Act 2007 and the Office of Communication's regulatory conditions for Royal Mail, as the universal service provider, provide the Consumer Council with statutory responsibility for representing postal consumers in Northern Ireland.

Our work focuses on carrying out research, influencing policy, providing advice and information, and investigating complaints made by consumers in vulnerable circumstances, and gives us information gathering and investigation powers to help fulfil this statutory function. Our investigation powers also include issues relating to the number and location of post offices across Northern Ireland.

Our non-statutory functions educate and empower consumers against unfair or discriminatory practices in any market including financial services. We are also a designated super-complaints body under the Enterprise Act 2002 and the Financial Services and Markets Act 2013.

As an insight-led evidence based organisation, we:

- Provide consumers with expert advice and confidential guidance.
- Engage with government, regulators and consumer bodies to influence public policy.
- Empower consumers with the information and tools to build confidence and knowledge.
- Investigate and resolve consumer complaints under statutory and non-statutory functions.
- Undertake best practice research to identify and quantify emerging risks to consumers.
- Campaign for market reform as an advocate for consumer choice and protection.

We have responsibilities under the Rural Needs Act 2016 and Section 75 of the Northern Ireland Act 1998 to ensure government policies recognise consumer needs in rural areas and promote equality of opportunity and good relations across a range of equality categories.

We represent and campaign on behalf of all Northern Ireland citizens, in particular those in vulnerable circumstances, and pay particular regard to consumers:

- who are disabled or have long term health conditions
- who are of pensionable age
- who are on low incomes
- who live in rural areas

We use a set of eight guiding principles developed by the United Nations to assess where the consumer interest lies, and develop and communicate our policies, interventions and support. These provide an agreed framework through which we approach regulatory and policy work.

Figure 1: Consumer Principles



Access

Can people get the goods and services they need or want?



Choice

Is there any?



Safety

Are the goods or services dangerous to health, welfare or sustainability?



Information

Is it accessible, accurate and useful?



Fairness

Are some or all consumers unfairly discriminated against?



Representation

Do consumers have a say in how goods or services are provided?



Redress

If things go wrong, is there a system for making them right?



Education

Are consumers aware of their rights and responsibilities?

The principles ensure we apply a consistent approach across our statutory and non-statutory functions, and in all our engagement with consumers and stakeholders. They serve to protect consumers, setting out the minimum standards expected from markets when delivering products or services in Northern Ireland.

3. Background and purpose

Background

Our stakeholder engagement activity in 2022 identified several parcel related issues that were affecting small and micro businesses. These included parcels being mishandled when items were sent to the EU which led to parcels being returned or the intended recipient being incorrectly asked to pay customs related fees. While we have tracked the consumer experience through research on similar issues there was limited research insight into how EU Exit is affecting small and micro businesses across Northern Ireland that use parcel services.

In this context, the Consumer Council commissioned independent quantitative and qualitative research to gather evidence on the small and micro business experience. The key purpose was to identify and quantify the issues affecting this group when receiving parcels, buying goods and supplies, and sending parcels in 2022/23. This report presents the key findings from our research in this area.

Post & Parcels – The Windsor Framework Agreement

In February 2023 the UK government published the Windsor Framework Agreement². Alongside this, it published documents related to parcel services and how it feels the agreement will allow for the smooth movement of parcels between Northern Ireland and GB. The UK government explained it will consult and work with business on implementing any changes required³.

While our research was largely carried out before the Windsor Framework Agreement, it provides invaluable insight into the small and micro business experience of parcels services and how they have been affected by EU Exit.

Purpose

This report outlines the key findings from independent quantitative research that took place in September 2022, November 2022 and March 2023.

At least 300 small and micro businesses took part in each survey⁴. Different businesses were interviewed across each survey. Overall,

911 small and micro businesses took part in the research. The sample was representative of the following three sectors:

- 1 Production and construction
- 2 Retail, wholesale and distribution
- 3 Services

We present the key statistical findings for the final sample (911). However, where relevant we highlight any significant changes in the key findings across the three surveys.

Alongside the survey findings, we provide further insight from in-depth interviews with 15 small and micro businesses that took place in February 2023⁵.



² UK Government Policy Paper. The Windsor Framework. February 2023

³ UK Government Policy Paper. The Windsor Framework - Parcels sector explainer. February 2023.

⁴ Perceptive Insight. EU Exit Small and Micro Business Parcel Survey. May 2023.

⁵ Cognisense. Impact of EU Exit on EU small and micro businesses in Northern Ireland. March 2023.

The report discusses four key themes which consist of receiving parcels, buying goods and supplies, sending parcels and business support. It provides insight into:

Receiving parcels and goods

- What locations small and micro businesses receive parcels from.
- Which couriers and postal operators are delivering these parcels.

Buying goods and supplies

- The key issues small and micro businesses experience when buying goods and supplies which they believe has been caused by EU Exit.
- Why some suppliers no longer deliver to Northern Ireland and the impact of this on small and micro businesses.

Sending parcels

- The frequency and volume of parcels small and micro businesses send.
- What locations small and micro businesses are sending these parcels to.
- Which couriers and postal operators small and micro businesses are using to send parcels.
- The issues small and micro businesses are experiencing when sending these parcels.

Business support

- The benefit of further information around the rules for parcels sent between Northern Ireland and GB, and the EU.
- The most preferred methods to communicate this information.
- Which organisations should make this information available to small and micro businesses.

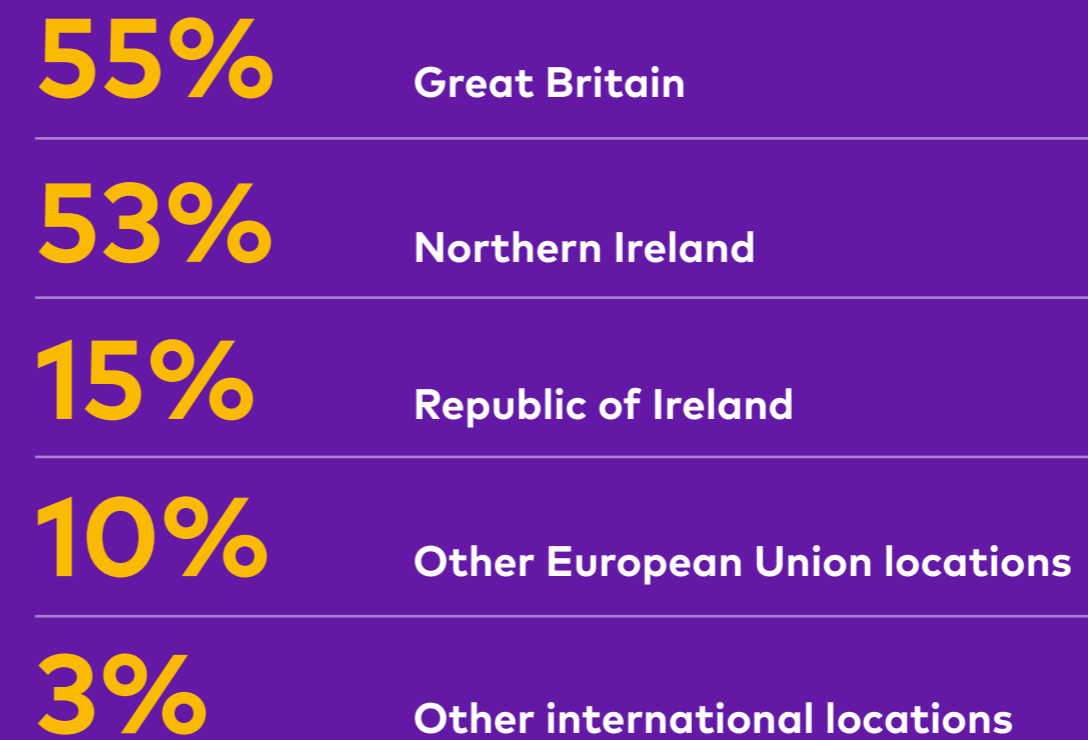
4. Receiving parcels and goods

Parcels are important for small and micro businesses across Northern Ireland to receive goods. One indicator of this is that nearly all businesses (82%) received parcels in the past month⁶ and of these over four in ten (43%) receive up to 10 parcels per month.

Table 1 shows that goods are coming from various destinations within GB and the EU. GB (55%) is where the greatest proportion of goods come from, but an important proportion come from the EU including ROI (25%).

Table 1. Destinations businesses receive goods from

Which of these destinations has your business received goods from in the last 12 months? (Base: 911)



⁶ Question: Approximately, how many parcels has your business received in the past month? Base: 611. Only asked in the November 2022 and March 2023 surveys.

In the November and March survey, the findings show that most businesses that receive parcels from GB, ROI and the EU do so regularly. For instance:

- For the 55%⁷ receiving goods from GB over 8 in 10 receive these monthly.
- For the 15%⁸ receiving goods from ROI nearly 9 in 10 receive these monthly.
- For the 10%⁹ receiving goods from EU over 9 in 10 receive these monthly.

These findings help to underline the importance of various markets to small and micro businesses and the value of ensuring parcels sent to Northern Ireland from GB, ROI and other EU locations move easily between the sender and recipient.

Parcel and postal operators delivering parcels to small and micro businesses

Parcel operators have a key role to play to help ensure parcels move easily between the sender and recipient. Our research offers valuable insight. It shows the wide range of parcel operators delivering parcels (Figure 1) to small and micro businesses across Northern Ireland. It also emphasises the important role of Royal Mail with nearly six in ten (58%) receiving parcels from this operator. DPD is the next most used operator for sending parcels to small and micro businesses.

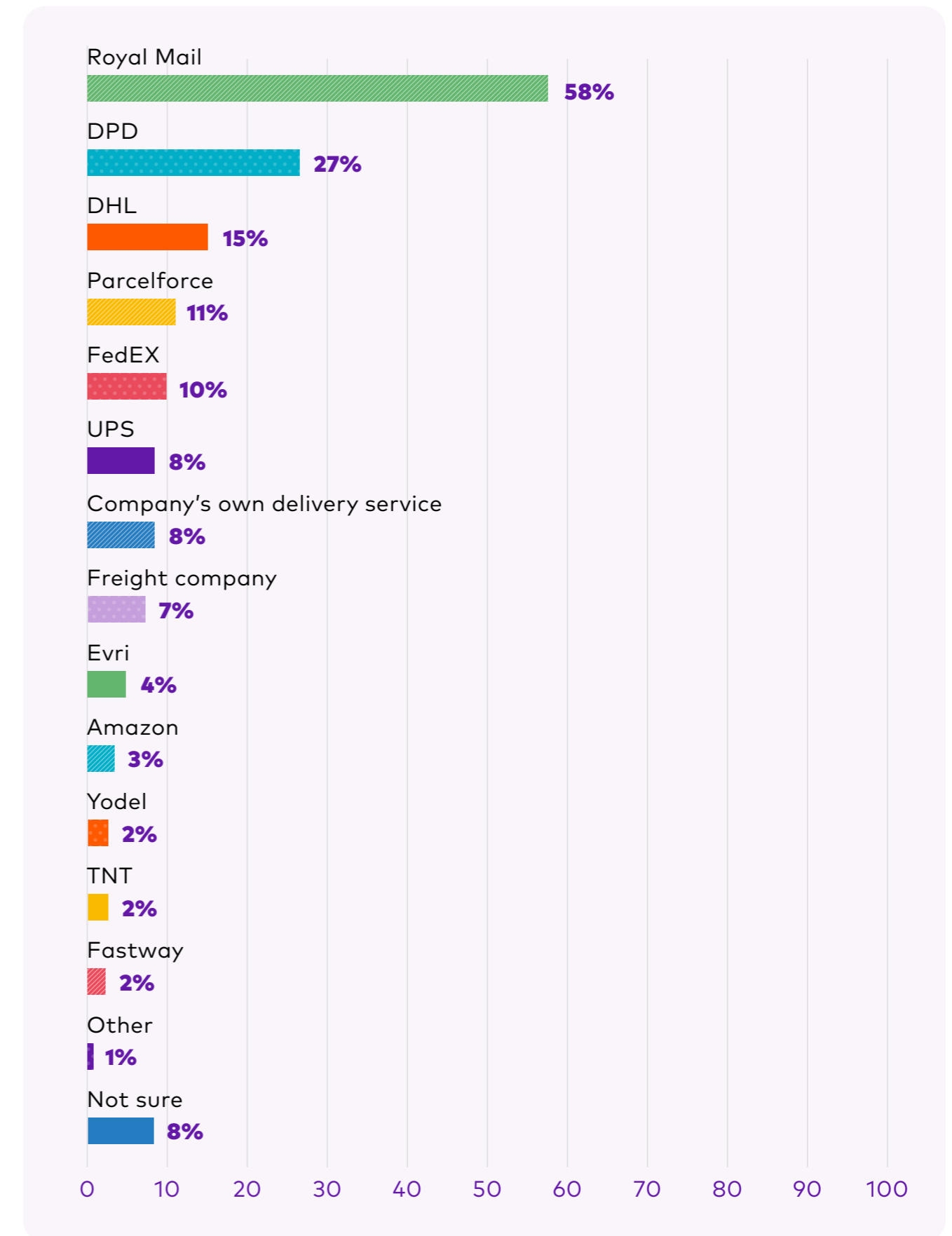


⁷Question: How often does your business receive goods from the following?
– GB (Base: 368)

⁸Question: How often does your business receive goods from the following?
– ROI (Base: 135)

⁹Question: How often does your business receive goods from the following?
– EU (Base: 73)

Figure 1. In the past 12 months which couriers or postal operators did your business receive parcels from? (Base: 911)



5. Buying goods and supplies

Our research identifies the issues small and micro businesses have experienced when buying goods and supplies which they believe is attributed to EU Exit.

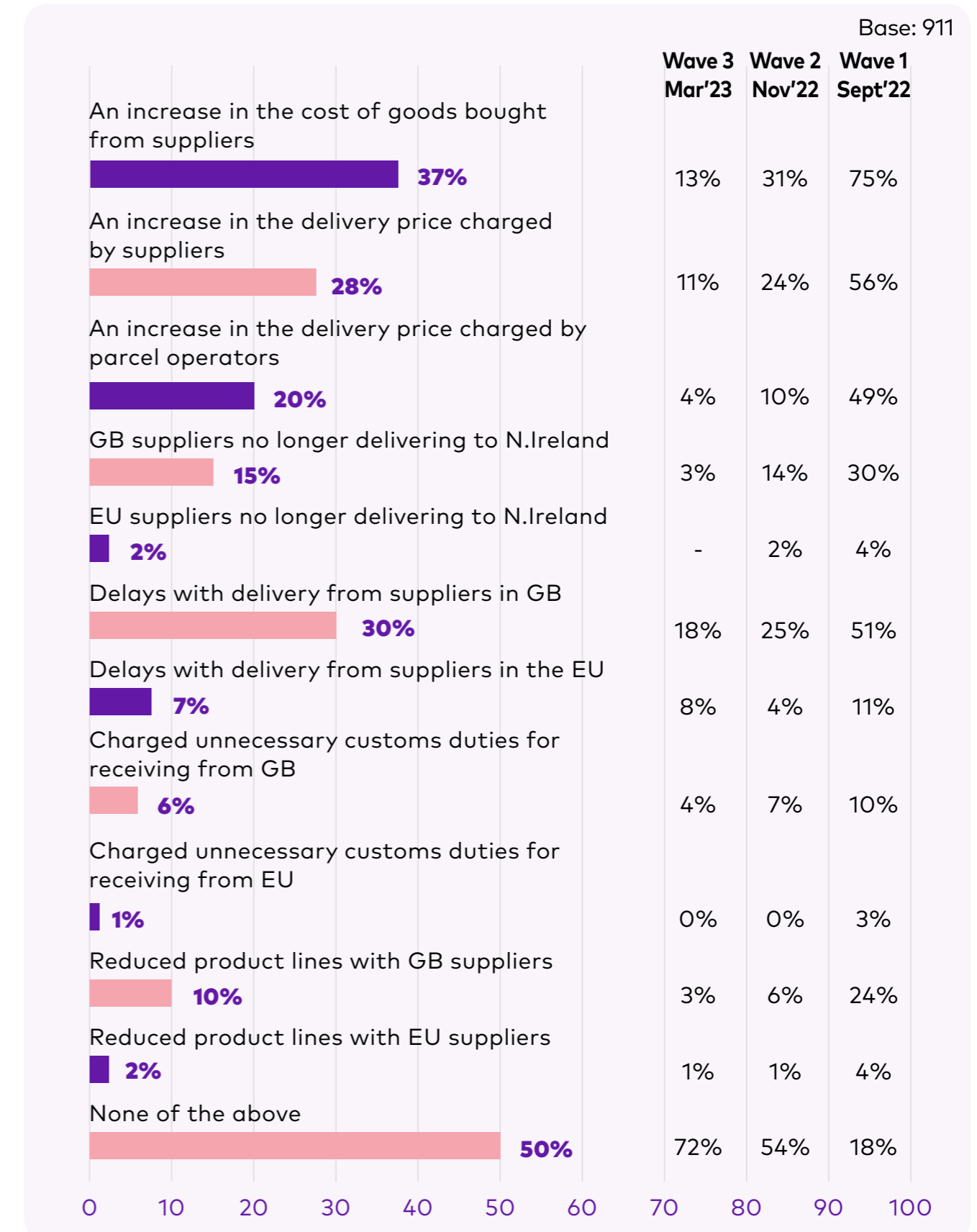
The survey findings show that small and micro businesses experienced a range of issues since January 2021 (Figure 2). The top four issues are:

- An increase in the cost of goods bought from suppliers.
- Delivery delays for supplies coming from GB.
- An increase in the delivery price charged by suppliers.
- An increase in the delivery price charged by parcel operators.

However, it is important to recognise that the proportion of small and micro businesses experiencing each issue has reduced over time as shown by Figure 2 with comparisons for each survey. But the March survey still shows that over one in four (28%) say they were experiencing at least one of these issues.



Figure 2. Over the last 12 months, has your business experienced any of the following which you believe have been caused by the EU Exit (rather than COVID-19)?



The key issues related to GB located suppliers

The top issue faced by small and micro businesses is delivery delays. This was followed by GB suppliers no longer delivering to Northern Ireland, then reduced product lines and being charged unnecessary customs duties for receiving goods from GB (Table 2).

However, the proportion of small and micro businesses experiencing each issue has reduced over time as shown by Table 2 when comparing the proportion affected in each survey.

The in-depth interviews highlight that many businesses had a negative experience with most of the issues relating to receiving parcels from GB. Some feel that delivery delays are caused by increased paperwork and customs requirements. But others suggested there was a lack of understanding around the rules as additional forms were not currently required.

Table 2. Key issues small and micro businesses are experiencing related to GB located suppliers

	Overall (Base: 911)	March 2023 (Base: 309)	November 2022 (Base: 302)	September 2022 (Base: 300)
Delayed delivery from GB suppliers	30%	18%	25%	51%
GB suppliers no longer delivering to NI	15%	3%	14%	30%
Reduced products lines with GB suppliers	10%	3%	6%	24%
Charged unnecessary customs duties for receiving from GB	6%	4%	7%	10%

The key issues related to EU based suppliers

The top issue faced by small and micro businesses is delivery delays. This was followed by EU suppliers no longer delivering to Northern Ireland and reduced product lines. A few had encountered being charged unnecessary customs duties for receiving goods from the EU (Table 3).

The in-depth interviews offer further insight. In one case a business was incorrectly asked to pay customs related fees.

"Have to pay custom clearance of £50 imported from these countries (Italy, France and Sweden)."

- Supplier of Access Ramps for Wheelchairs and related Parts

Again, the proportion of small and micro businesses experiencing each issue has reduced over time as shown by Table 3 with comparisons for each survey. In March 2023 no businesses reported issues with no longer delivering to Northern Ireland or being charged unnecessary customs duties for receiving goods from EU.

Lost work due to delayed shipment... 3 weeks after order, paperwork wasn't correct and had to redo everything.

- Tile Supplier

Working hours have increased to deal with [GB based] suppliers whether the paperwork is required or not. Just a lack of understanding amongst suppliers – don't need these custom forms...

- Retailer

Some of those that took part in the in-depth interviews were also affected by GB suppliers no longer delivering. One business explained:

I attended a show in Birmingham to be told by most businesses they either wouldn't deliver to NI or that there would be a minimum fee on orders of £1000 – standard used to be £250.

Table 3. Key issues small and micro businesses are experiencing related to EU located suppliers

	Overall (Base: 911)	March 2023 (Base: 309)	November 2022 (Base: 302)	September 2022 (Base: 300)
Delayed delivery from EU suppliers	7%	8%	4%	11%
EU suppliers no longer delivering to NI	2%	0%	2%	4%
Reduced products lines with EU suppliers	2%	1%	1%	4%
Charged unnecessary customs duties for receiving from EU	1%	0%	0%	3%

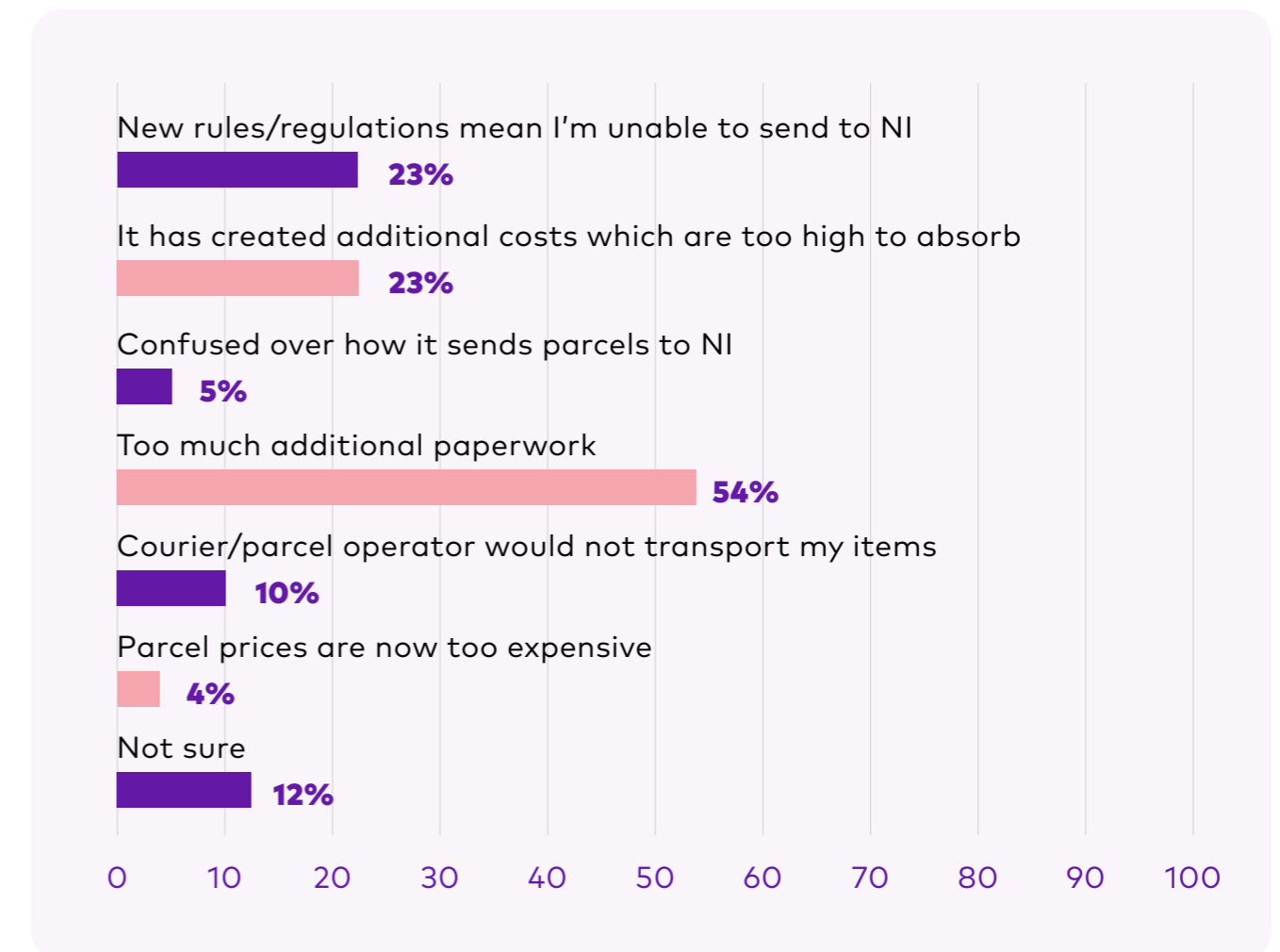
No longer delivering to small and micro businesses

We also explored with small and micro businesses their views on why some suppliers were no longer delivering to Northern Ireland. The survey shows that of those that have experienced this issue:

- Over half (54%) say it was caused by too much paperwork.
- Nearly a quarter (23%) say it relates to new rules or regulations meaning the supplier is unable to send to Northern Ireland.
- Nearly a quarter (23%) say there are additional costs which are too high to absorb.
- One in ten (10%) say the courier or parcel operator would not transport the item.

This suggests there is the need to support suppliers and parcel operators so small and micro businesses have access to the goods they require.

Figure 3. What reason did the supplier provide for no longer delivering? (Base: 142)



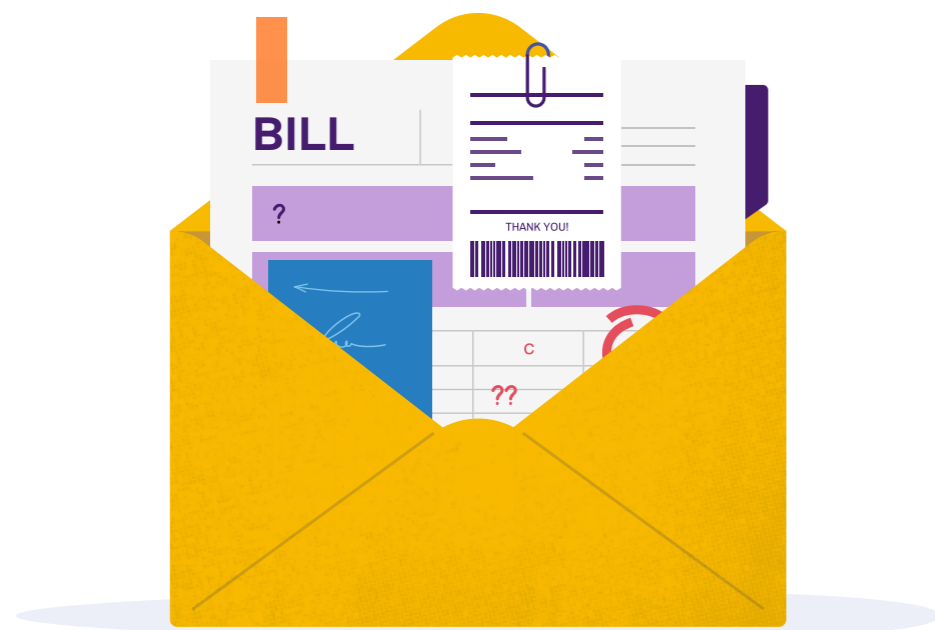
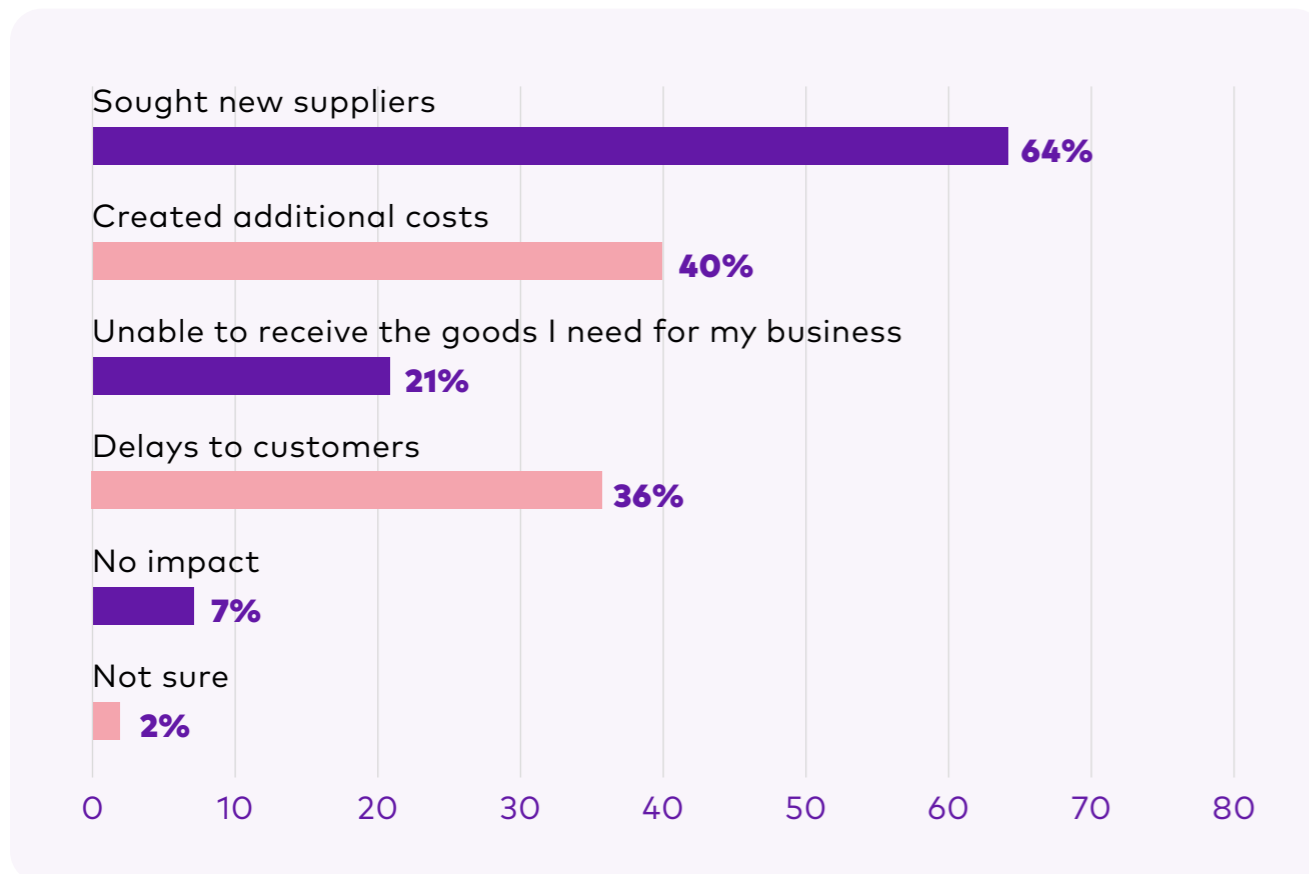
Our research also provides insight into the impact of suppliers no longer delivering (Figure 4). The findings show that of those affected nearly two thirds (64%) sought new suppliers, four in ten (40%) had additional costs and over one third (36%) provided a lower quality of service in the form of delays to their customers. It is important to highlight that only 7% say there was no impact.

The in-depth interviews provide some insight into how businesses work around the difficulties they have experienced. One business explained:

"We buy in bulk to avoid lots of paperwork..., but this means more investment and more exposure."

- Manufacturing and Distribution

Figure 4. What impact did this have on your business? (Base: 142)



6. Sending parcels

Parcels play an important role for small and micro businesses sending items. Our research shows that over the previous 12 months¹¹ nearly two thirds (60%) send parcels and almost half (45%) send parcels monthly.

Small and micro businesses send these parcels to various locations in the UK and the EU. Table 4 shows that outside of Northern Ireland, a significant proportion of small and micro businesses send parcels to GB (50%) and ROI (34%). Additionally, nearly one in ten (9%) send parcels to other EU locations.

These findings underline the importance of ensuring parcels move smoothly when sent by small and micro businesses from Northern Ireland to GB, ROI and to other EU locations.

Table 4. Where parcels are going to

Which of these destinations has your business sent parcels to in the last 12 months? (Base: 530)

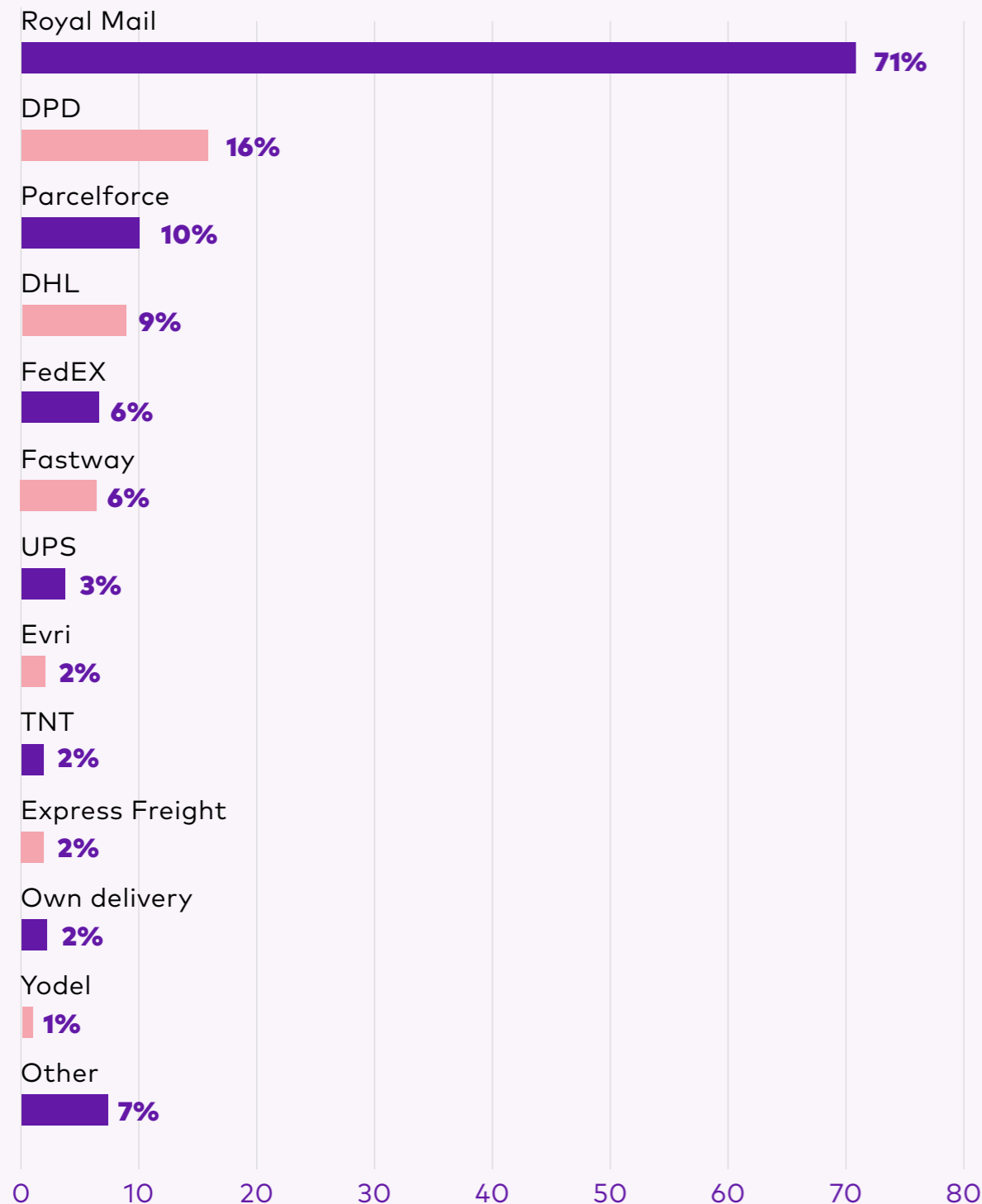
50%	Great Britain
82%	Northern Ireland
34%	Republic of Ireland
9%	Other European Union locations
6%	Other international locations

¹¹ How often, if at all, has your business sent parcels in the past 12 months? (Base: 911)

Parcel and postal operators small and micro businesses use to send parcels

Our research highlights the important role that parcel operators play and shows that Royal Mail (71%) is the most used operator by small and micro businesses across Northern Ireland.

Figure 5: In the past 12 months which couriers or postal operators did your business use to send parcels to customers? (Base: 530)



The key issues

Our research establishes the issues small and micro businesses experienced when sending parcels with nearly one in ten (8%) businesses experiencing problems with sending parcels which they believed had been caused by EU Exit. Those small and micro businesses affected say these are largely customs related issues with:

- Nearly one in five (19%) of those sending parcels to GB encountering what they believe was a customs related issue.
- One in ten (10%) of those sending parcels to ROI encountering what they believe was a customs related issue.
- Two in five (40%) of those sending parcels to the EU encountering what they believe was a customs related issue.

The in-depth interviews offer additional insight. Again, those that took part highlight the issue of complicated paperwork when sending packages to GB, ROI and other EU destinations.

// | **"Pre-Brexit there was no paperwork. It was free for all [No rules or regulations]."** - Garden nursery

Many experienced longer parcel delivery times to various destinations and, to help with customer complaints, businesses had to spend money updating their website to include more realistic delivery timeframes.

// | **"To get something from UK to ROI is a siege. We had to update our websites with lower expectations around timelines."** - Manufacturing and distribution

Some businesses also say they have 'pulled backed' from supplying GB due to increased costs and time-consuming bureaucracy, which has reduced turnover.

// | **"The business has been hit financially as we have to take on a good portion of the cost increase as customers would not be willing to pay the uplift. Impacted profit margin."** - Retailer

Issues were also experienced when sending parcels to ROI. One business explained that:

// | **'[Name of Parcel Operator] informed me that duty would need to be paid [parcel to ROI] but couldn't tell me on which side it needed paid, so I just decided to go over the border ... and sent it from there.'** - Engineering

These findings indicate confusion throughout the parcel journey.

Business support

Many small and micro businesses need support to understand the new landscape around sending and receiving parcels. Our research in September shows a significant proportion of small and micro businesses (43%) would benefit from receiving information and guidance related to parcels sent between Northern Ireland and GB, and the EU. Online resources were the most popular methods for engaging with these businesses, for instance, three in five (60%) would like to obtain this information from online hubs and webpages, over a third (36%) would like guidance by email and one in four (25%) would like online video how to guides (Figure 6).

Various organisations have an important role to play including government departments, couriers and parcel operators, and trade associations and business representative organisations. For instance, over half (53%) believe government agencies in Northern Ireland are best placed to do this. Six in ten (60%) would like to obtain this information from online hubs and webpages, over a third (36%) would like guidance by email and one in four (25%) would like online video how to guides (Figure 7).

The in-depth interviews support the need for clear guidance regarding the rules and regulations for sending and receiving parcels. The findings show that most businesses depend on suppliers to guide them, but many do not have confidence in the supplier's knowledge, as they receive conflicting information.

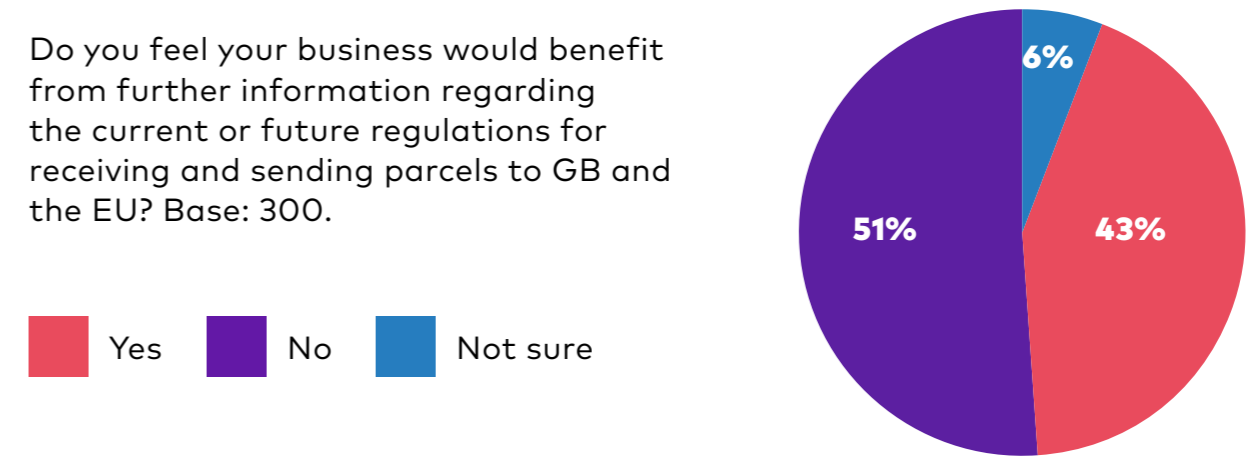
'I don't know the rules ... don't understand them and don't know who does.' - Engineering

'It's a minefield. I tried to look into them myself but the rules and regulations I genuinely don't understand them.' - Audio and Lighting Business

Our research reinforces the need for clear guidance and an understanding of the rules or regulations by all those involved to help ensure the smooth movement of parcels when being sent to and from Northern Ireland.

Figure 6: Business support – those that would benefit and how they would like information (September survey. Base: 300)

Do you feel your business would benefit from further information regarding the current or future regulations for receiving and sending parcels to GB and the EU? Base: 300.



Yes No Not sure

How would you like to receive that information? Base: 130. Those who would benefit from further information.

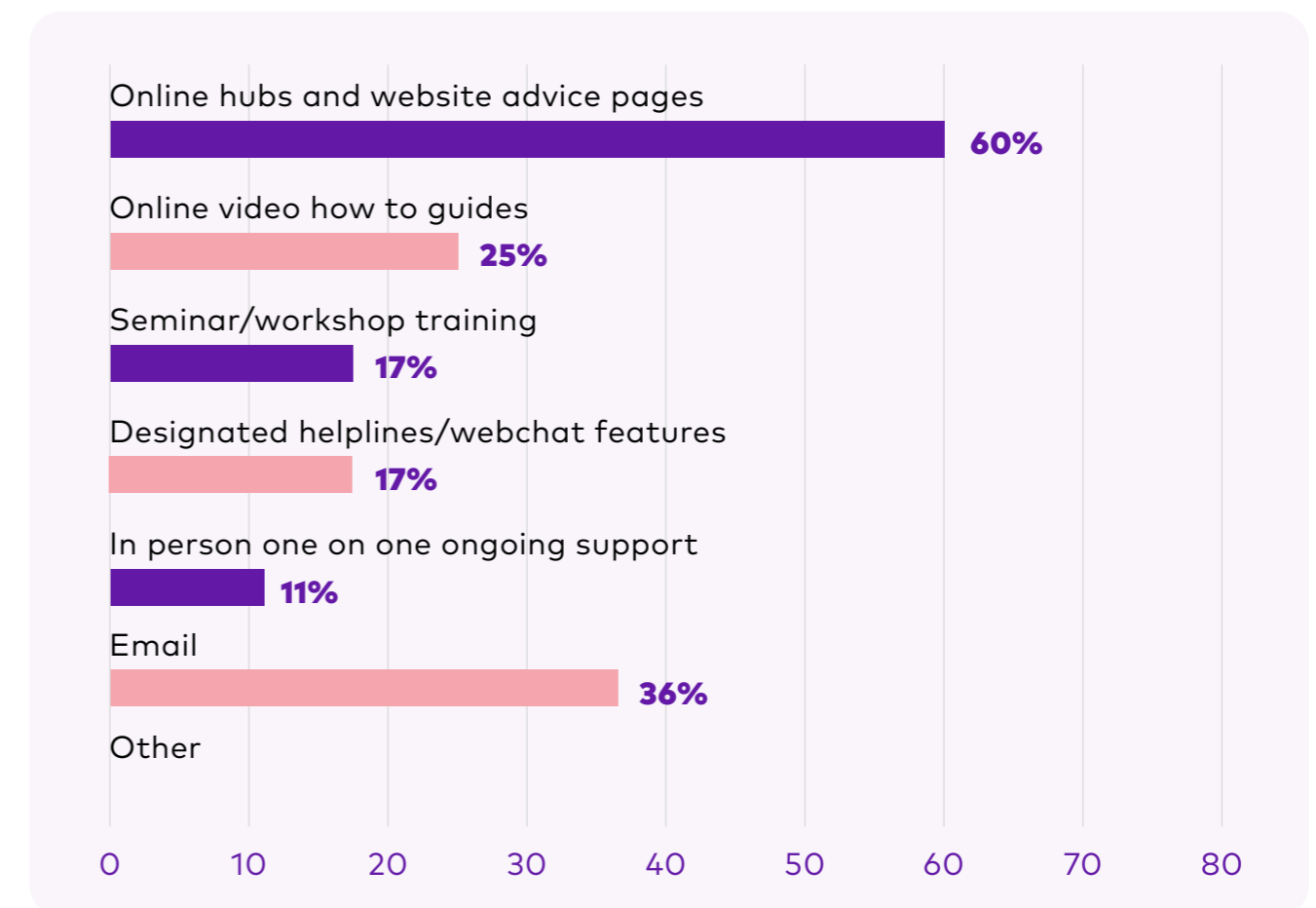
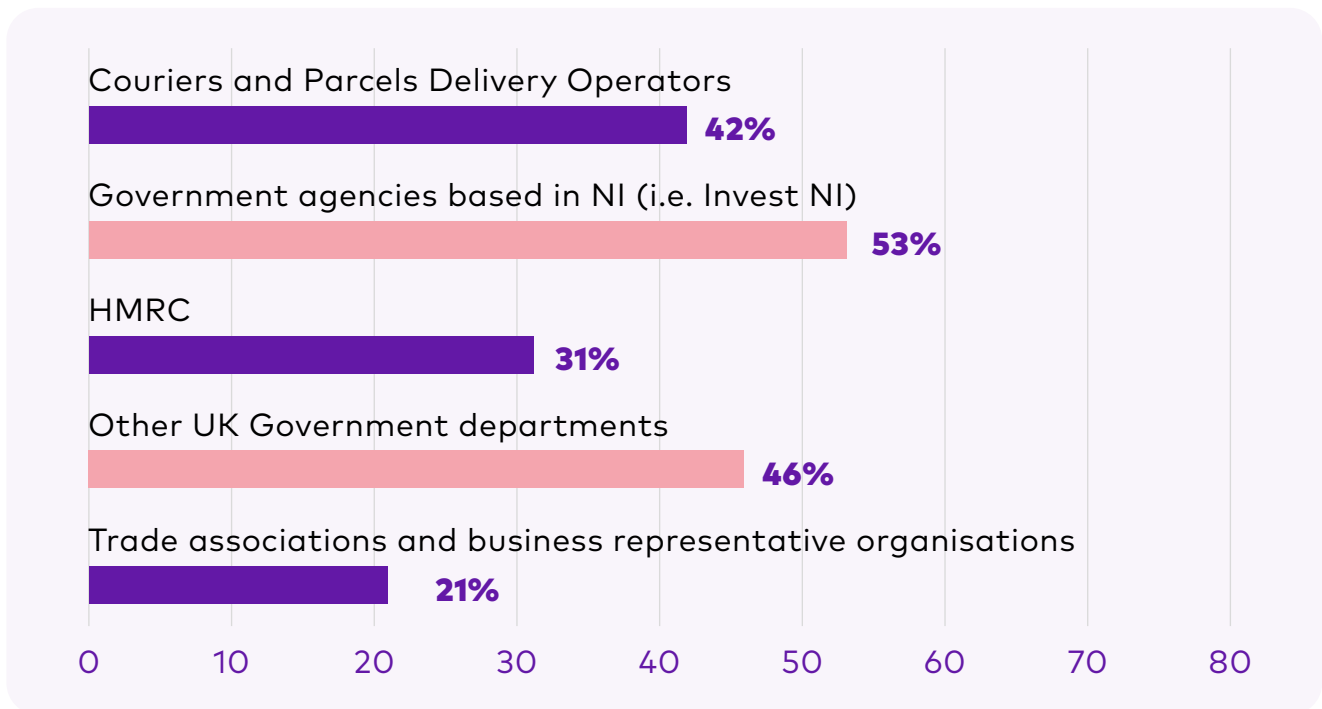


Figure 7: Who do you think is best placed to communicate this information to your business? (September survey. Base: 130)



7. Conclusion

Our research provides insight into small and micro businesses experience when they receive and send parcels from GB and the EU. The findings identify the importance of parcel services to small and micro businesses. This underlines why parcels need to move smoothly to and from Northern Ireland and GB, and the EU. A wide range of parcel operators will have an important role especially Royal Mail.

The future movement of parcels must operate in a way that ensures the issues small and micro businesses have experienced which they believe have been caused by EU Exit are addressed.

The findings identify the issues small and micro businesses experience which they believe has been caused by EU Exit. The top issues include:

- An increase in the cost of goods bought from suppliers.
- An increase in the delivery price charged by suppliers.
- An increase in the delivery price charged by parcel operators.
- Delayed delivery for goods coming from GB and EU.

Since January 2021, small and micro businesses have also experienced GB and EU suppliers no longer delivering to Northern Ireland. Most issues relate to GB suppliers. However, this issue has reduced significantly over time. But those that experienced no longer supplying problems can provide valuable insight as they say it was caused by too much paperwork, new rules or regulations meaning the suppliers were unable to send to Northern Ireland and additional costs were too high to absorb.

Some small and micro businesses also experience problems with sending parcels which are largely customs related. Indeed, they experience these issues when sending parcels to GB, ROI and EU destinations.

There is a desire from many small and micro businesses to receive clear guidance on the rules or regulations when receiving and sending parcels. All those involved in moving parcels will benefit from clear guidance to ensure the smooth movement of parcels to various destinations.

The findings underline the importance of ensuring the smooth movement of parcels going to and from Northern Ireland operates so that small and micro businesses do not experience problems and ensures existing issues are addressed. The findings highlight the significance role of all those involved throughout the parcel journey including the vital role parcel operators play. The Consumer Council will work collaboratively with relevant stakeholders and continue to provide insight into the small and micro business experience.





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