

VOORBURG 2003

**Mini presentation on the development of a
Corporate Services Price Index (CSPI) for
Courier and Express Delivery Services**

UK OFFICE FOR NATIONAL STATISTICS

Industry (1)

- **door-to-door service for individual customers**
- **delivery of consignments by specified times**
- **consignments can be mail/documents, packages or freight**
- **direct competition with the national post operator in many sectors of the market**
- **enterprises range widely in size and nature of business**

Industry (2)

- **largest multi-nationals: large fleets of vehicles and aircraft; modern computer systems for controlling and tracking deliveries; local and regional networks of depots, sorting and distribution centres**
- **increasing penetration of the market by freight operators and others.**

Industry (3)

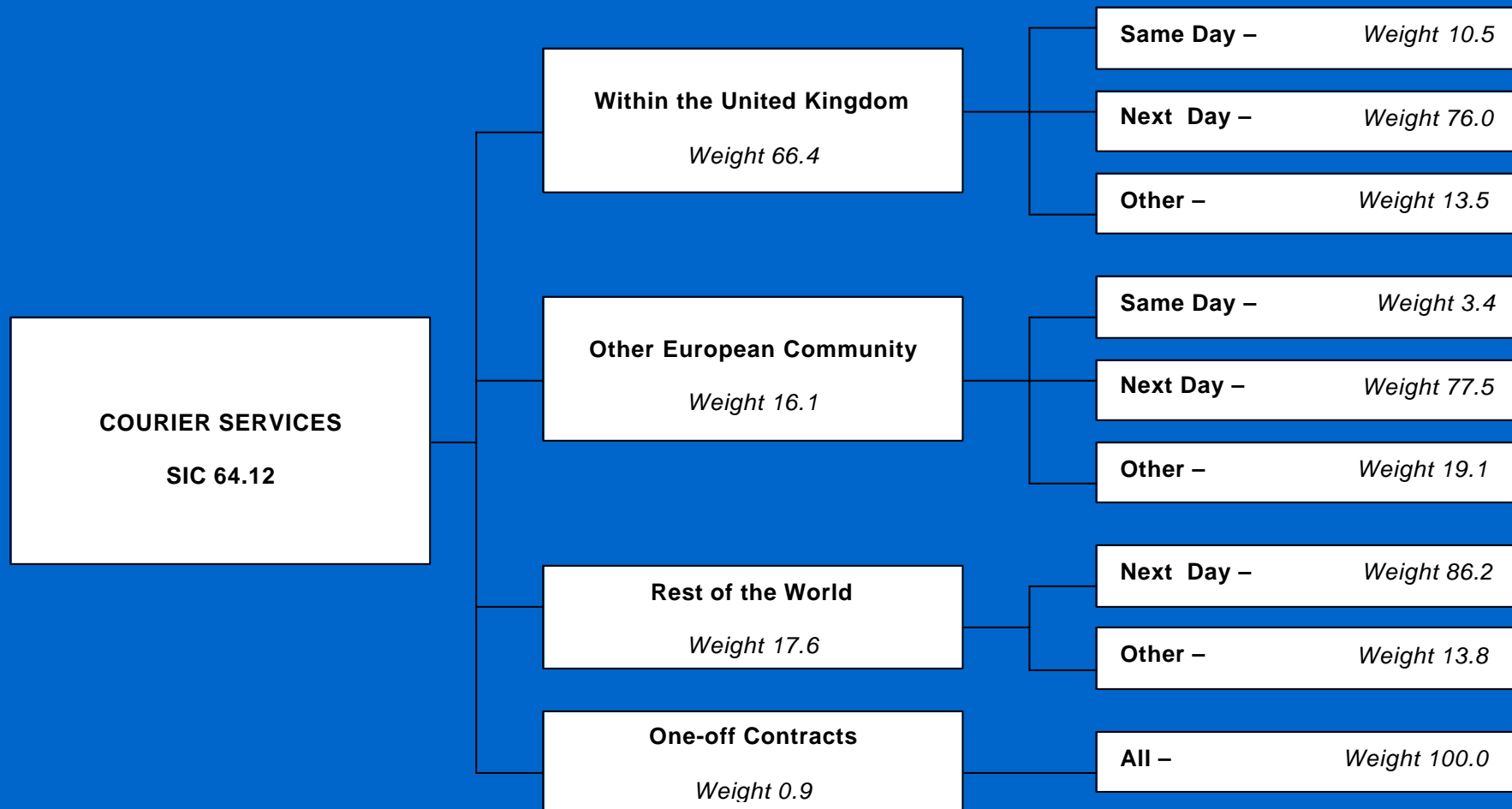
- **international market = key area of growth,**
- **increasing globalisation**
- **environmental issues and infrastructure problems could constrain growth for UK businesses.**

Industry Structure (1)

- **UK's Standard Industrial Classification 1992 (SIC) is 64.12 which includes:**
 - *pick-up, transport and delivery of letters and mail-type parcels and packages by firms other than national post. Either only one kind of transport or more than one mode of transport may be involved and the activity may be carried out with either self-owned (private) transport media or via public transport.*
- **(similar to CPC definition)**

UK OFFICE FOR NATIONAL STATISTICS
CORPORATE SERVICES PRICE INDEX (CSPI) - COURIER SERVICES

Industry structure/price collection framework:



Methodology - Sampling and Recruitment

- **sample (panel) based on business register, stratified by turnover size band**
- **industry dominated by large companies - top 30 generated 60% of all turnover**
- **50 units selected, 37 responding, 140 price quotations in total**
- **sample deteriorated until recent recruitment (2002) exercise boosted the overall numbers to 54 suppliers providing 242 prices**

Methodology - Pricing Mechanisms (1)

- **Key price determining factors:**
 - nature of the consignment (documents parcels or freight)
 - weight of the consignment
 - destination for delivery
 - timing of delivery
- **Discounting common, based on volume of business (some favoured customers obtain reductions of up to 70% below the published tariff)**

Methodology - pricing mechanisms (2)

- **most prices reflect actual transactions**
- **small number submit published tariff rates for a range of services**
- **objective is to collect prices for services that are repeated on a regular basis over a period of time:**
 - **bias towards discounted rates ?**

Methodology - pricing mechanisms (2)

Examples of item specifications:

- **UK Same Day - Consignment up to 1,500kg. from Blackpool to Newport**
- **UK Next Day – Pouch of 10 letters (weight not exceeding 600gm.) Newbury to Birmingham**
- **Rest of World Next Day – 1kg. consignment from UK to United Arab Emirates**

Issues and challenges (1)

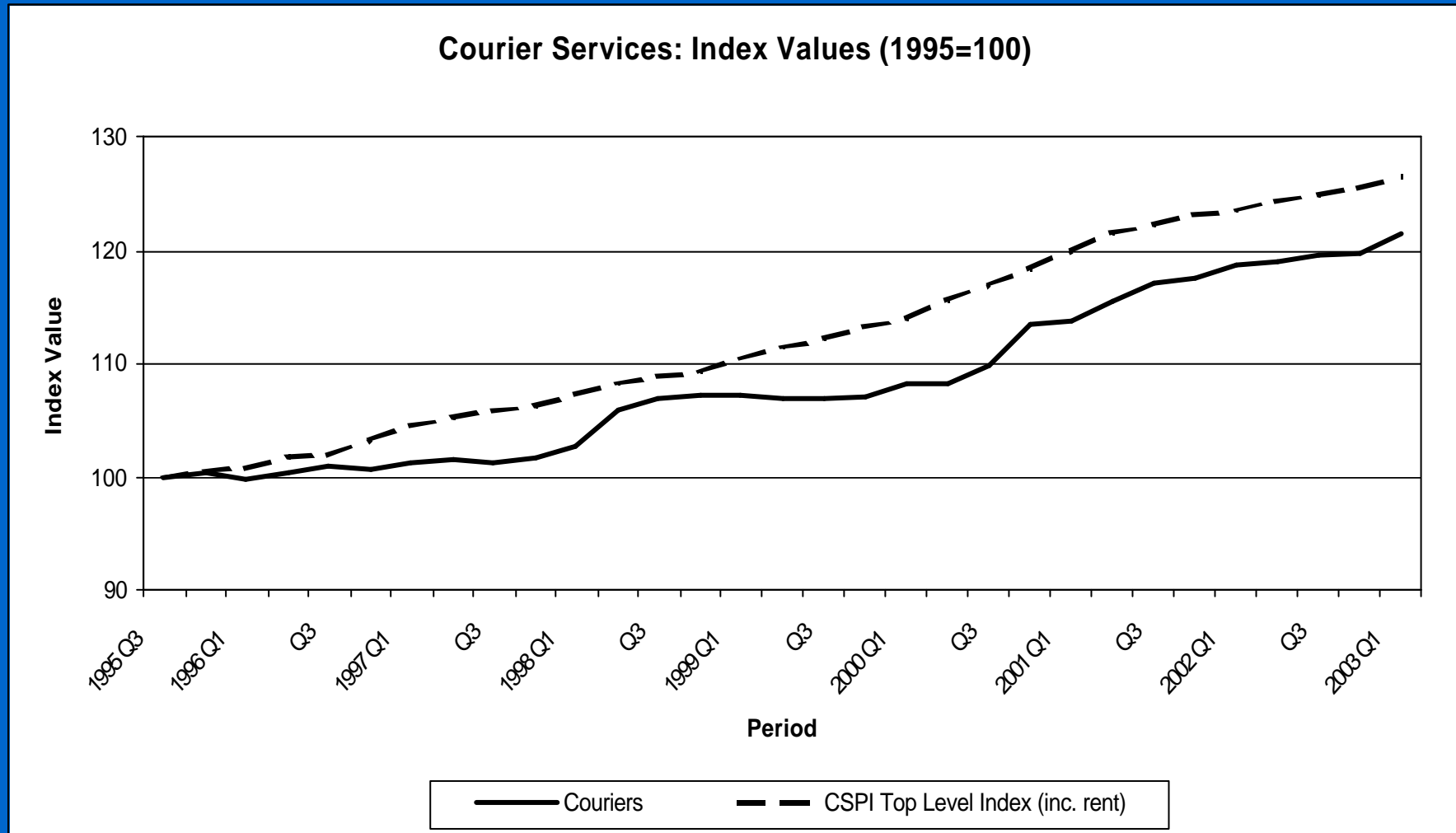
- **Review quality of the individual price specifications to ensure all key factors are included**
- **Gain better understanding of the extent and impact of discounting**
- **Consider whether further categorisation of services by nature of consignment is necessary and practical**

Issues and challenges (2)

- **Extend coverage to include activities of smaller operators (including local messenger services) ?**
- **Constant quality: price effects of changes to more reliable sub-contractors, e.g. for vehicle fleet**

Results (1)

Index movements compared to top-level CSPI



Results (2)

Percentage change on same quarter in previous year compared to top-level CSPI

