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# Fairer Deliveries For All: An Action Plan



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## Ministerial Foreword



Consumer fairness is one of my most important priorities. Creating an environment of fairness for consumers engenders trust in business and helps our economy.

Earlier this year, the Scottish Government launched a consultation on creating a new public body to tackle the causes of consumer harm in Scotland. However, creating a new body takes time, and I want to tackle the issues affecting people across Scotland right now.

The difference in how parcels are delivered in rural and remote areas of Scotland is one of those issues. There are many examples where the charges for delivery are excessive, or where delivery is unfairly refused, or where new conditions are imposed only after a consumer has paid for their purchase.

These kinds of practices are unacceptable – especially when internet sales accounted for one in six of total retail sales in the UK in 2017.<sup>1</sup> Whether it's sending presents to loved ones; making sure we get the newest device or technology as soon as it comes out; or securing the supplies to run a successful small business, people in all areas of Scotland deserve to pay a reasonable rate to have their parcels delivered, and to know before they decide to buy what their delivery choices are.

We have long called for unfair delivery practices to end, including launching a statement of principles in 2013, which have been adopted across the United Kingdom. However, we do not have the power to regulate the market. That lies with the UK Government. I will of course continue to work with them to explore what more can be done, and push them to go further where necessary.

However, I also recognise that powers alone are not the answer, and that we can't wait for change to happen either. Instead, we must use the tools we do have to make a difference. As a step towards that, in June the Scottish Government held a roundtable event attended by parcel delivery companies, businesses, consumer groups and regulatory bodies. During that roundtable event we discussed how we could empower consumers and tackle the underlying causes that lead to different treatment for rural and remote areas. This plan is a direct result of that meeting, and the actions it contains began there. I'm grateful to everyone who took part.

Just as collaboration helped us develop these actions, so too must it help us deliver them. We need – and I am confident we will receive – genuine commitment from all those with a part to play. Together, we can create real change that benefits everyone.

**Jamie Hepburn MSP**  
**Minister for Business, Fair Work and Skills**

<sup>1</sup> <https://www.ons.gov.uk/businessindustryandtrade/retailindustry/timeseries/j4mc/drsi>



RURAL SCOTLAND ACCOUNTS FOR 98% OF SCOTLAND'S LAND MASS **BUT ONLY 17% OF THE POPULATION.**



CONSUMERS IN NORTHERN PARTS OF SCOTLAND ARE ASKED TO **PAY AT LEAST 30% MORE**, ON AVERAGE, FOR DELIVERY THAN CONSUMERS ELSEWHERE IN GREAT BRITAIN.



THE PROPORTION OF RETAIL BUSINESSES IN THE UK (WITH 10 OR MORE EMPLOYEES) MAKING E-COMMERCE SALES HAS INCREASED FROM **25.8%** IN 2009 TO **35.8%** IN 2016.



PARCELS VOLUMES GREW BY 12% BETWEEN 2016 AND 2017 TO **2,342 MILLION ITEMS**, REFLECTING THE CONTINUING GROWTH IN E-COMMERCE IN THE UK.



ADDITIONAL DELIVERY COSTS ARE CITED AS THE CAUSE OF **TWO THIRDS** OF ONLINE PURCHASES **ABANDONED AT CHECKOUT.**

## Summary of Actions

1. We will develop an interactive data hub to allow users to measure the fairness of delivery pricing to improve transparency and drive behaviour change.
2. We will develop the Scottish Parcel Delivery Map to understand consumer experiences and target interventions.
3. We will celebrate best practice by retailers and parcel delivery companies.
4. We will work with industry to explore how to increase the impact and reach of the Statement of Principles.
5. We will make it easier for consumers to know and exercise their rights.
6. We will improve the accuracy of postcode classification tools.
7. We will establish the Improving Consumer Outcomes Fund to explore new approaches to tackling long-standing consumer issues, including misleading and unfair delivery charges in rural and remote areas of Scotland.
8. We will shape UK Government action to further strengthen consumer protection to ensure fair and transparent delivery charges for Scottish consumers.

## Introduction

Despite our lack of powers, the Scottish Government has been calling for a solution to unfair delivery practices for a number of years. This is because charging excessive amounts for delivery that do not match actual cost – or refusing to deliver at all – discriminates against those living in rural and remote areas. This can prevent some people in parts of Scotland taking advantage of the digital economy the way that people living in cities and urban areas do. But such practices can also increase hardship and distress for vulnerable people, for example, those who rely on timely delivery of medical supplies. And they can be a barrier to small businesses in rural and remote areas, which in turn can stifle the economic potential of those locations.

That is why this Government is launching *Fair Deliveries For All: An Action Plan*, which demonstrates our commitment to tackling the issue. We recognise that the vast majority of businesses want to treat their consumers well, and the actions in this plan will support those companies. They will also make it easier for consumers to avoid traders that seek to profit through unfair means.

### What will this Action Plan achieve

This Action Plan has four main aims:

- To establish the Scottish Government as a leader in delivering a consumer-centred approach to delivery charges.
- To present a single vision to unite Scottish Government and partners around clear outcomes and actions to benefit consumers.
- To re-build trust in online retailers and parcel delivery companies by designing interventions to highlight good practice and limit bad practice.
- To develop innovative and creative approaches to solving issues around parcel deliveries in rural and remote areas of Scotland.

Eight actions have been developed to deliver these aims and will continue the momentum of tackling unjust delivery costs faced by many in Scotland. These cover a range of areas, from empowering consumers to addressing some of the root causes of unfair practices. Taken together, they represent powerful potential to bring real change.

In developing these actions, we are mindful that there are real and genuine challenges in delivering parcels to remote and rural areas. Difficulties accessing destinations, long distances for drivers to travel, and overall lower delivery volumes are all legitimate considerations for retailers and delivery companies. There is no simple solution that will change these realities.

At the same time, we must also recognise that some charges do not accurately reflect the true costs of delivery – whether that is because rogue traders unfairly raise prices, or because current postcode mapping does not always accurately reflect location information.

The actions in this plan therefore fall into two categories:

- actions to reduce unjustified delivery discrepancies for people across Scotland; and
- actions to reduce justified discrepancies by trying to tackle some of the underlying challenges inherent in rural and remote delivery.

### Progress so far

The Scottish Government and key partners have already undertaken a number of significant actions to address unfair delivery charges. These include:

- The then Minister for Business, Energy, Enterprise and Tourism, Fergus Ewing MSP, chaired Parcel Delivery Summits in Inverness in November 2012 and Edinburgh in February 2013 which involved a range of stakeholders and focused on co-operation across industry, government and regulators.
- Following these summits, Fergus Ewing launched the Statement of Principles for parcel deliveries in November 2013, which the Scottish Government helped to develop along with stakeholders from retail, consumer and courier sectors. It sets out best practice principles for retailers to provide delivery services that meet the needs of their customers.
- The UK Government announced in July 2014 that the Statement of Principles had been adopted across the UK, demonstrating the difference we can make by pushing for change.
- A parcel deliveries meeting was organised by the Scottish Government in August 2017. Key stakeholders discussed how all concerned could work together to find sustainable solutions to excessive delivery charges.
- The Scottish Parliament held a Members' Business Debate in December 2017. The then Minister for Business, Innovation and Energy, Paul Wheelhouse, responded on behalf of the Scottish Government and committed to help find solutions including hosting a roundtable.
- Also in December 2017, Paul Wheelhouse wrote to the UK Consumer Minister asking for UK Government action.
- A Westminster Hall Debate was secured in December 2017 to discuss unfair delivery charges in Scotland.
- The UK Government's Scottish Affairs Committee held a one-off evidence gathering session on parcel delivery charges in February 2018.
- The Advertising Standards Authority (ASA) published a new Enforcement Notice on Advertised Delivery Restrictions and Surcharges for online and distance sellers in April 2018. Online retailers now need to clearly state any parcel delivery surcharges on product pages.
- Citizens Advice Scotland hosted a roundtable with the main parcel delivery services in April 2018. Discussions from this meeting centred around pick up drop off points along with fair and transparent parcel delivery costs for consumers.

- A Parcel Delivery Roundtable<sup>2</sup> was hosted by Paul Wheelhouse in June 2018 to encourage collaborative working to find sustainable solutions to parcel delivery concerns for consumers, parcel delivery companies, and online retailers. One of the actions from this roundtable was the publishing of this Action Plan.
- The Consumer Protection Partnership<sup>3</sup> (CPP) continues its work in reviewing existing evidence on parcel delivery surcharging by launching a ‘one-stop shop’ website - [www.deliverylaw.uk](http://www.deliverylaw.uk) - in June 2018. This website, hosted by Highland Council Trading Standards, brings together, in one place, support for consumers, businesses and specialists seeking advice and support about misleading delivery charge advertising. CPP also reviewed consumer advice on parcel deliveries in June 2018.
- At Prime Minister’s Questions in October 2018 an oral question was raised regarding unfair delivery charges in the Highlands and Islands.

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2 Minutes of the Roundtable can be accessed at <https://www.gov.scot/publications/parcel-delivery-charges-ministerial-roundtable-minutes-june-2018/>

3 The CPP brings together a range of consumer bodies from across the UK and is chaired by the Department for Business, Energy and Industrial Strategy. The Scottish Government is represented on this group. The CPP has agreed work to review existing evidence on parcel delivery surcharging with a view to co-ordinated action by partners to addressing any consumer detriment, as appropriate.

## Actions

### **We will develop an interactive data hub to allow users to measure the fairness of delivery pricing to improve transparency and drive behaviour change**

To address unfairness, we must have an assessment of what it is. It is easy to recognise it in extreme cases. However, the extremes do not represent the whole spectrum of varying delivery charges. At present, there is no definitive research to help identify which price differences are objectively fair. This increases the challenge of driving substantive change, and makes it more difficult for consumers to differentiate between reasonable and unreasonable charges.

The Scottish Government will therefore commission independent econometric research to establish what constitutes a fair delivery charge in remote and rural areas of Scotland. We will use this to develop an easy-to-use online hub that will allow anyone to establish if a delivery price is outwith what should reasonably be expected. This will provide transparency to consumers, retailers and delivery companies, and will ensure that action to drive change is focused on the right solutions to the right problems.

This research will be commissioned in early 2019, and hub development will begin later in the year.

### **We will develop the Scottish Parcel Delivery Map to understand consumer experiences and target interventions**

Our unfairness assessment will be matched by a real-world picture of delivery prices across Scotland. We will develop the Scottish Parcel Delivery Map to allow us to track both discrepancies between and within geographic areas, and to identify where there are significant deviations from either the average or from prices that can be justified. The map will be a powerful tool for pinpointing unfair delivery charge hotspots. As a publicly available resource, it will help regulators, consumers and retailers to pinpoint and target unjustified pricing.

Creation of the map will be driven by those who experience unfair delivery charges first-hand – consumers. We will use Fair Delivery Day, 26 November 2018, to launch a crowdsourcing website to capture experiences and begin the process of analysing and assessing the data alongside other factors, such as population spread and proximity to major roads, to help both policy makers and consumers understand whether charging discrepancies are fair.

We will launch the Scottish Parcel Delivery Map by summer 2019.



## **We will work with industry to explore how to increase the impact and reach of the Statement of Principles**

Eradicating unfairness in the parcel delivery market requires commitment from retailers. To support this, a Steering Group, of which the Scottish Government was a member, developed a Statement of Principles in 2013, which the UK Government subsequently adopted. The principles set out good practice for retailers to follow, which included a principle of objective justification to underpin costs, and clarity for consumers on what to expect upfront.

While these principles served as an important first step in promoting good practice, we acknowledge that we must now do more to drive behaviour change. The principles must be supported by a programme of action to increase awareness of them among retailers, and couriers must also be better supported to adhere to best practice.

The Scottish Government therefore commits to a programme of work to:

- raise awareness of the principles among retailers;
- develop the principles into a simple pledge that retailers can sign up to; and
- explore how the principles can be more usefully applied to parcel couriers.

This programme of work will begin in spring 2019 and progress will be made throughout the remainder of the year.

## **We will celebrate best practice by retailers and parcel delivery companies**

We recognise that consumers and retailers have choices about how they spend their money, and that these choices can also encourage good practice. A key aim of this plan is to empower consumers and small businesses, and to help them to reward those companies that do the right thing and treat people fairly. This will only be possible if there is robust and reliable information available to help consumers and small retailers identify which companies routinely display good delivery practices.

The Scottish Government will publish an annual review to demonstrate the progress being made by us, our CPP partners, retailer and delivery companies to tackle unjustified or misleading delivery charges, highlighting both good and bad practice where appropriate. This will send a strong message to all businesses on the Scottish Government's commitment to tackling rural parcel delivery issues.

The first statement will be published in November 2019.

## **We will make it easier for consumers to know and exercise their rights**

Supporting consumers to identify trustworthy and reputable companies is important, but it will not put an end to unjustified charges or practices. Consumers must have easy access to up-to-date information on their rights, and clear guidance on action to take when things go wrong.

To make it easier for consumers to know their rights we will:

- raise awareness of [www.deliverylaw.uk](http://www.deliverylaw.uk), which supports consumers to know their rights and to make complaints; and
- work with other resolution services to improve the complaint process for consumers who have unreasonable parcel delivery experiences.

## **We will improve the accuracy of postcode classification tools**

There are some differences in pricing and practices between rural and urban areas which can be justified as long as they are transparently explained to consumers. However, some higher prices are caused by misclassifications of easily accessible locations as rural or remote, and this is unacceptable. At present, postcode software often uses only the first half of the postcode to identify locations, which is why some urban areas, such as Paisley, are considered rural, and some areas in Perth are denied delivery altogether because they are considered too rural. Retailers and delivery companies cannot override these classifications, even if they realise they are wrong.

Addressing this issue is a complex task, requiring co-operation from commercial interests. However, the complexity of the task must not deter us from action. We will work with users and providers of postcode classification software to understand the cause of these discrepancies, and act to address them.

We commit to improving postcode accuracy by the end of 2019.

## **We will establish the Improving Consumer Outcomes Fund to explore new approaches to tackling long-standing consumer issues, including misleading and unfair delivery charges in rural and remote areas of Scotland**

Consumer fairness matters because without it, consumers lose trust with businesses and public institutions, which can adversely affect both our economy and society. There are longstanding consumer issues, such as parcel deliveries, which are both the most difficult to solve and most likely to lead to this breakdown in trust. The Scottish Government's new consumer body will be the cornerstone of an approach that seeks to overcome this by proposing practical solutions. To succeed, it must also be supported by a wider commitment to trial new ideas and foster innovation.

The Scottish Government will therefore pilot a new fund – the *Improving Consumer Outcomes Fund* – to test creative and innovative solutions to tackling long-standing and detrimental consumer issues. The parcels problem will be one of the first trials of the fund.

Already, the roundtable in June highlighted a number of options that could be trialled. These include:

- a business-to-business platform to match delivery companies that have spare vehicle capacity with retailers that ship to or from remote and rural areas in Scotland;
- a distribution hub or network of hubs based in the Highlands of Scotland, which retailers, delivery companies and consumers could all access and benefit from; and
- expansion of the Pick Up Drop Off<sup>4</sup> network in Scotland to allow consumers and businesses the flexibility to collect and drop off parcels at more convenient locations and times.

We recognise that each of these has merits and challenges, and that they do not represent the full range of possible solutions. In advance of the fund's launch, we will involve expertise from across Scotland to identify the initiative with the greatest potential to improve parcel deliveries to remote and rural Scotland.

We will launch the Improving Consumer Outcomes Fund during 2019.

<sup>4</sup> A PUDO point is a location, often a local shop, that allows you to either pick up or drop of a parcel that will be collected by a courier service as part of a wider network of PUDO points.

## **We will shape UK Government action to further strengthen consumer protection in relation to fair and transparent delivery charges for Scottish consumers**

We will continue working as a partner in the Consumer Protection Partnership ensuring that Scottish specific needs are heard and acted upon.

However, the power to regulate parcel surcharging lies with Westminster, so we will also continue to apply pressure to the UK Government to deliver much needed fairness in cases where the regime of charges discriminates against communities in Scotland.

## Infographic sources

### **Rural Scotland: Key Facts 2018**

[www.gov.scot/publications/rural-scotland-key-facts-2018/](http://www.gov.scot/publications/rural-scotland-key-facts-2018/)

### **Citizen Advice Scotland, The Postcode Penalty: Delivering Solutions, 2017**

[www.cas.org.uk/postcodepenalty](http://www.cas.org.uk/postcodepenalty)

### **ONS: E-commerce and ICT Activity, 2016**

[www.ons.gov.uk/businessindustryandtrade/itandinternetindustry/datasets/ictactivityofukbusinessesecommerceandictactivity](http://www.ons.gov.uk/businessindustryandtrade/itandinternetindustry/datasets/ictactivityofukbusinessesecommerceandictactivity)

### **OfCom, Communications Market Report, August 2018**

[https://www.ofcom.org.uk/\\_\\_data/assets/pdf\\_file/0022/117256/CMR-2018-narrative-report.pdf](https://www.ofcom.org.uk/__data/assets/pdf_file/0022/117256/CMR-2018-narrative-report.pdf)

### **IMRG UK Consumer Home Delivery Review 2017**

[www.imrg.org/data-and-reports/imrg-reports/imrg-uk-consumer-home-delivery-review-2017/](http://www.imrg.org/data-and-reports/imrg-reports/imrg-uk-consumer-home-delivery-review-2017/)



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