These are exciting times for the Post Office and I am delighted to be able to set out the strategy which will drive us forward over the remainder of this decade.

This marks a key moment in our journey towards a commercially sustainable future. The prize is a thriving business with a strong public purpose focusing more closely on customer need while reducing our reliance on the taxpayer.

The following pages describe how we will get there, building on our approach of growth, modernisation and customer excellence – putting the customer at the heart of our business and ensuring we are there when they want us, whether in our unrivalled branch network, online or on the phone.

Paula Vennells
Chief Executive
Introduction – the journey so far

The Post Office is changing, and changing dramatically. We are transforming our business so that we can continue to meet our customers’ needs and improve the way we serve them.

Our unique branch network will remain at the heart of what we do, maintained at its current size but benefiting from modernisation and longer opening hours.

We are also offering and developing new products – in financial services, mails, telecoms and as a key partner for the delivery of government services.

All of this will put the Post Office on the path to securing financial sustainability in the long term.

There is no better indicator that the Post Office is changing than the experiences of customers in cities, towns and villages across the UK. Hundreds of branches have been transformed since 2012 and the evidence is that these changes are meeting with approval: customer satisfaction with the new branch models runs at 95%.

And we are now able to set out the crucial steps needed to drive forward our transformation, further build our business and ensure we are better placed to meet the demands of changing customer lifestyles.

We are certain this can be achieved – certain because this is a unique business, trusted by millions of people, accessible to all and playing a critical role in connecting communities across the UK.
We are transforming the Post Office so that we can continue to serve the changing needs of our customers.

We will complete the modernisation of our branch network. This, coupled with ambitious plans to grow our business and provide new digital platforms, will put us on the path towards commercial sustainability and reduced reliance on taxpayer subsidy.

We will maintain the branch network at around its current size.

With over 11,500 Post Office branches we have a physical and personal presence in the heart of communities across the UK. No one else comes close to having such a genuinely national footprint. Our strategy comes with a clear commitment – we will maintain the branch network at over 11,500 branches.

We will provide support for around 3,400 crucial community and outreach Post Office branches with a new £20 million programme.

Many of these branches will be the only shop left in the community, providing key services and sometimes acting as a crucial lifeline for vulnerable customers. As a commercial business with a public purpose we are absolutely committed to supporting this element of our network and will invest to help subpostmasters build their businesses.
We are developing what we offer our customers so we make the most of our national reach and the trust in which we are held.

We are developing our role as the number one mails retailer. For example, we want to use our national branch network to provide a quick and easy collect service for online packages.

We are going to expand our range of financial products into new areas to offer simple, fair, transparent products and a credible value for money alternative to high street banks. We will significantly grow our income from financial services and neighbourhood banking by giving our customers what they want and need.

We want Post Office branches to become a one-stop shop for small businesses. One in three SMEs use their local Post Office every week and we want to do more to help them succeed. As thousands of our branches are also small businesses, we are ideally placed to offer this support.

We offer a valued personal touch in an increasingly impersonal digital age. We will remain a key partner for government in the delivery of services. As more government services are accessed online, the Post Office will have a role to play identifying those seeking to make a transaction.

We are also making it easier for our customers, who lead lives that are busier than ever, to use our services.

So we are extending the hours that many Post Office branches are open and modernising their premises so they are easier, more pleasant and faster to use.

Over the past 18 months we have made great progress with over 1,400 branches being modernised in the way they look and work.

More than nine out of ten of customers tell us they like the improvements so we will look to extend them right across our network.

And to ensure our products and services can be accessed around the clock, we are launching a new digital platform.

We are going to be wherever our customers are, whether it is close to home, to work or online.

We remain a publicly owned national business. While the Royal Mail has been privatised, we will not. By increasing our revenue through increased sales, we will be better able to sustain our network and meet our customers’ needs while reducing the taxpayers’ subsidy.

We now have a clear and achievable path to a strong, sustainable business. It is a path which, combined with new ways of working which involve more listening and learning from all those involved in the business, could see us eventually become mutually owned.
Over 570 MPs have had a modernised branch open in their constituency. More than 200 newly modernised branches have been officially opened by their constituency MP.

Here’s a snapshot of the coverage given to Network Transformation.
Jo Swinson MP opens Udingston branch, South Lanarkshire

Dr Therese Coffey MP at Halesworth branch, Suffolk

Dr Stella Creasy MP opens Wood Street branch, Walthamstow

Rt Hon William Hague MP cuts the ribbon at Bedale branch, North Yorkshire

Rt Hon David Laws MP opens Orchard Street branch, Yeovil

Wayne David MP and Jeff Cuthbert AM opens Senghennydd branch, Caerphilly

Rt Hon David Laws MP opens Orchard Street branch, Yeovil
The Post Office Network

With over 11,500 branches, the Post Office has a physical and personal presence across the UK, and is a vital part of communities across the land.

For subpostmasters, trading conditions remain challenging and customer needs are changing. Our aim is to establish a branch network that meets the needs of customers and enables subpostmasters to prosper. We will provide investment and support for subpostmasters to develop their businesses, injecting new energy into the Post Office network.

With thousands of branches already invested in and operating as new Main and Local models, millions of customers are benefitting from longer opening hours and modern branches. Customer and operator satisfaction is high and waiting times are down.

This shows real progress, but we need to continue at pace as our competitors are moving fast. We are therefore widening this investment to improve the customer experience across the network.

We will be investing in the entrepreneurial spirit and passion of subpostmasters to serve their customers – including through a new £20 million programme for around 3,400 Post Office branches that operate the only retail outlet in a community.

Our plans to transform 292 branches in our Crown Post Office network – the branches directly managed by the Post Office – continues at pace, with 46 branches already modernised. These predominantly high street and city centre branches are increasingly important to our growth agenda. The £70 million investment is bringing substantial customer benefits including the wider introduction of self-service options and customer consultation areas.

The Post Office is committed to maintaining a network of over 11,500 branches. Subpostmasters leaving the network as part of this programme will receive increased leavers’ payments, provided we are able to relocate the branch to a suitable retailer nearby.

Our plans for further investment in the network will ensure the Post Office is convenient and accessible to customers and remains at the heart of communities across the UK.
Financial Services

The Post Office’s financial services offer continues to grow, using our position at the heart of communities to offer products that are simple, fair, transparent and value for money with the widest access.

We have almost 3 million financial services customers.

We are an established financial services product provider, with an extensive range of insurance, savings and lending products while we are the number one supplier of travel money. We are proud of the trust that customers place in us and we continue to adapt to meet their demands. This has been exemplified by a number of industry awards we have won, including for our mortgages, savings, credit cards, travel insurance and travel money products.

Our new current account, which we are currently trialling, has also been commended for its transparency, simplicity and value for money.

Financial services is a key growth area for Post Office and we will continue to develop and offer new and innovative products to meet the needs of consumers across the UK, providing support at every stage of their lives.

We will continue to offer facilities for bill payment and utility and pre-paid top-up cards whilst broadening our SME offer. The Post Office will become the one-stop-shop for the management of consumers’ financial needs.

Finally, we see an opportunity to provide lending facilities and develop our mortgage and credit card business. The Post Office is well placed to satisfy the public demand for fair and transparent lending; to support this we have invested in the rollout of 100 specialist mortgage advisers, placed in selected branches across the UK.
At the Post Office we use our nationwide network to offer a range of Royal Mail Group products and services that cannot be equalled. We are the number one mails retailer in the country and are among the largest distributors of National Lottery merchandise with 6,000 outlets offering this service.

The market for parcels continues to grow, and it is vital for us in terms of providing footfall into our branches as well as visits to our website. The mails market is also broad and is applicable to all sections of society.

As part of our strategy, mails and retail will still be central to what we do. But we need to adapt and change as well. With our partners at Royal Mail, with whom we have a long term commercial agreement, we have already launched Click & Collect to take advantage of the growth in e-commerce. It is important that we seize opportunities here as the UK online market is one of the largest and most developed in the world.

During 2013 we launched our Drop & Go service for small business. This is an example of the type of services that will allow us to learn more about our customers’ needs and offer tailored solutions.

Customers will continue to be central to everything that we do and we are committed to offering convenience, competitive prices and flexible payment options while embracing online interaction.

We will provide bespoke solutions for mails needs.
Government Services

At the Post Office we are proud of our record of offering an essential range of services on behalf of government departments.

We offer a variety of DVLA services including the issuing of tax discs and the capture of digital photographs for the renewal of driving licences. The Post Office card account is an essential resource for many people managing their pension or state benefit payments. We also use our branch network to support the work of the Passport Office, the Home Office and some local authorities.

Government services will continue to be important to us in the future. The Post Office will continue to provide access to key services for communities. We know that the world has changed. Government is seeking to provide more services online and we believe we have a unique role to play in this.

We will actively support the Government’s policy of Digital by Default and will use our branch network to assist those people who are not online or lack skills. The Post Office is one of the key providers of identity assurance – which means that even as services move online we will have a role to play in identifying those seeking to make transactions. Those who cannot identify themselves online will be able to do so in a Post Office branch.

We will also seek to address the likely decline in demand for some government services by growing our robust identification verification AEI technology and supporting a digital future.

The government services we deliver provide significant footfall into our branches and this provides us with opportunities for other business areas.
Telecoms

Post Office HomePhone and Broadband services have just under 500,000 residential customers. This makes us one of the largest challenger brands in the UK telecoms market and illustrates how successful we have been as a retailer. We also have a significant portion of the mobile top-up market.

We aim to build on the success that we have had in both these areas. We will deliver a branded mobile service with a pre-pay product coming first before post-pay products around 12 months later. Our mobile offer will be targeted at those who use our branches to top-up and our financial services customers.

We will use our telecoms experience to expand our product base to other home services. We know that we are trusted by our customers, and it is a privilege that we do not take lightly. We know that there is a demand for a trusted provider of utilities, this is an area we believe that we can add genuine value for our customers.

Our telecoms range currently caters for residential customers, we plan to expand this so that we can offer products and services for the small business market. We now have the capability to offer superfast broadband and we will have the ability to package this with other products in the future.

We believe there are significant opportunities for growth in this area. People trust the Post Office and we are familiar to them – this is a significant responsibility but we intend to use it to ensure that we become the natural and convenient choice for householders and small businesses when selecting their providers of home services.
Post Office in Numbers

Network of over 11,500 branches

Over 1,400 conversions to the new models

1 million visitors a week to our website, 30% from mobile devices such as smartphones and tablets

No 1 Travel money provider

34,400 additional opening hours created by opening of new models

Fastest growing UK financial services provider

Customer satisfaction with new models is high at 96%
Clydebank
Main branch,
Dunbartonshire

Before

After

↑99% increase in collections and returns

↑400% increase in international signed for
“We knew we needed to do something to keep up with the demands of our customers. Our previous branch was at the back of a Co-op supermarket, and even though the traffic was relatively high the Post Office facilities were dated and didn’t make for a pleasant customer experience. A branch relocation allowed us to set up our own business in a new modern format with our own retail business. I worked with the Premier Group to install a newsagents and small grocery offering and haven’t looked back since.”

“Transforming our branch is about future proofing our business. We have a large demand for financial services in our branch, and I believe financial services will be just as important as mails in the future.”

“The main model allows us to really compete with others on the high street. The changes take time, but if you put in the effort the rewards are incomparable – I highly recommend Network Transformation to all subpostmasters.”
1400+ customer sessions a week

↑5% increase in fees

**Arrowe Park Local branch, Liverpool**

Before

After
↑50% increase in retail sales

↑133% increase in First Class stamp sales

Case study
Julie Evans

Modernised 23 January 2013

“Network Transformation came at the right time for us – local competition in our area had increased and we knew we had to update our retail business to keep up.”

“The renovation of my branch coupled with the new retail has increased my customer sessions significantly, and I’ve noticed many of my customers use the Post Office services and retail area at the same time. We know that we need to keep promoting our point of difference as a general store and Post Office combined, so our staff and I are always reminding customers of all the different services we offer from mails, to bill payments and e-top ups.”
“I do think the longer opening hours are great, especially for me because I work. And often when I leave work everything is closed, which is no good for me”

“As an eBay customer it’s easy to hand things over on the open-plan counter, from parcels to anything as small as change. This makes visiting the branch a much friendlier experience”

“It’s handy for me, I can walk to the Post Office. If I want a paper or any groceries I can get them here and use the Post Office as well”

“The new layout of the branch means it has a much better queuing system and the design makes the whole business feel really professional. It’s just what our community needs”

“We come here to do our business banking because it’s better for us and more flexible for the hours that we do”
Post Office Limited is registered in England and Wales. Registered number 2154540. Registered Office is 148 Old Street, London EC1V 9HQ. The Post Office, Post Office and the Post Office logo are registered trademarks of Post Office Limited.