

# POST Impressions

SUMMER NEWSLETTER 2007 Issue No. 10



## IT'S YOUR CHOICE, YOUR OPPORTUNITY



In our relatively short existence, since 2005, we've seen a lot of activity and significant changes in the UK postal marketplace. Our presence at the International Direct Marketing Fair (see inside) provided us with a period of reflection on progress made and the challenges that lay ahead.

Firstly, we're proud and delighted that we've been able to help so many of you with maximising your postage budget and for ensuring that your quality of service is maintained or even improved. Increasingly, we're finding that mailers require bespoke solutions for the delivery of their mailings. For example it might be that a client wishes their catalogue to land on a Saturday morning, when people are at home and more receptive to spending time looking through it. By using downstream access, you can secure a 48-hour delivery.

During the past couple of years new operators have arrived offering a vast range of products. This is precisely what competition is about and is very welcome. However, this has led to a raft of price structures adding complexity to the decision making process.

It is important to remember that no two mailings are the same, and therefore no two postal solutions are the same. What might be the best solution at one time may not be the best solution in three or six months' time. Also, what might be the best solution for a lightweight letter at a high volume going B2C is unlikely to be the same for a lower volume, large letter mailing B2B. It is not only the format, weight and volume of the mailing that are key criteria for selecting the best solution, but also the data itself.

Being a truly independent source of advice, **ONEPOST** holds all routing and pricing tables within one piece of software and it's our role to analyse the details and identify the best solutions for your mailings.

## ONEPOST BENEFITS INCLUDE:

Independent advice



Complete software production tool, from data analysis through to output data coding, sequencing and reports for mailing



Sorting, streaming and sourcing most cost effective routing for mail



All relevant documentation supplied including list listings, bag labels and mailing house briefings



Simplified postal administration

**ONEPOST**  
- your very own  
Personal Postal Shopper

Let us shop around for you in the liberalised postal market

ONEPOST is the UK's leading provider of independent postal advice and management – using expert knowledge and specialist software to offer cost-saving postal solutions for sorted UK and international mailings, unsorted post, packets and parcels.

Contact us for **FREE** no-obligation postage cost analysis

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# New safeguards for Postal Address File

**The Postal Address File (PAF) lists details of every postal address and postcode in the UK. It was created over 40 years ago and has always been developed and managed by Royal Mail.**

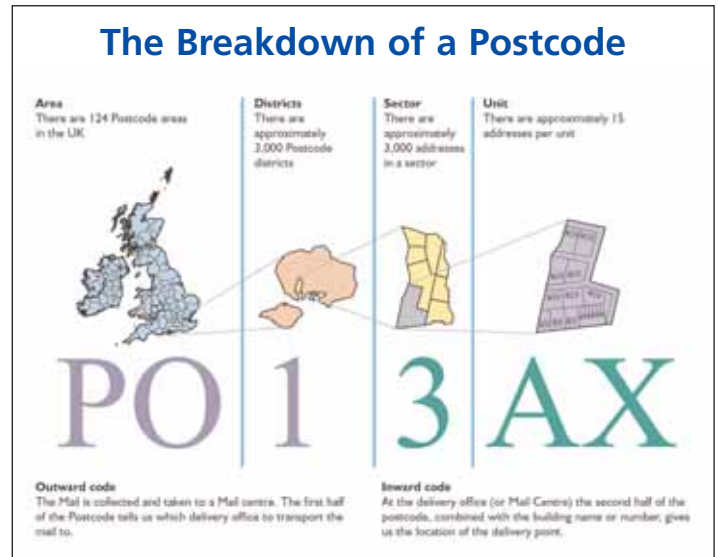
Back in 2006, Postcomm issued a comprehensive consultation document regarding the future management of PAF. The results of this review were recently published, with Postcomm announcing there would be new safeguards to ensure that PAF is maintained properly and available on fair and reasonable terms. This is very welcome news and reflects the importance of PAF which is so important to all postal operators and users alike.

The key issues can be broken down into 4 specific areas:

**Definition of PAF:** The PAF data that Royal Mail must supply is made up of postcode details and any other information needed to allow users to identify specific addresses

**PAF Advisory Board:** Royal Mail has agreed to set up an advisory board, representing users' views, to oversee management of the database

**Ringfencing:** As competition grows in the mail market, and also with other suppliers of similar address data, Royal Mail must ringfence PAF from its other activities, in order to avoid potential conflicts of interest



**Profits:** There is an increasing demand for PAF data from a wide range of organisations. This puts Royal Mail in a very strong position where setting prices is concerned. To make sure of fair pricing, Royal Mail has agreed that any money it makes in excess of an operating profit margin of 8 – 10% will be either returned to customers or reinvested into PAF

Overall, we see this as good news for the industry and its pleasing to note that Royal Mail are already commencing an implementation programme. We shall monitor developments over the coming months.

## Royal Mail delivers... **best ever** customer service

As you will see elsewhere in this edition, we report on some of the less pleasing news in the postal industry. So, it's really encouraging to note that Royal Mail has recently reported on what they describe as a "best ever" year for its customers in terms of quality of service. For the period 2006/2007 they met 11 of its 12 annual performance targets. These included 1st class stamped and metered, 2nd class

stamped and metered, bulk 1st, 2nd and 3rd class deliveries as well as European International delivery.

However, even though all the bulk mail products (mailsort and presstream) met or exceeded their targets, the individual products of 1st and 2nd class response services continued to fall below their targets (by 1.9% and 2.6% respectively).

Royal Mail has re-asserted its claim that the target levels for response services are unrealistic. In the meantime, mailers will be hoping that these products can also benefit from improved performance ... after all, getting that order / response back in a timely fashion is all important to the planning and success of campaigns.

Overall this is really good news and we congratulate Royal Mail on these standards which, going forward, must be maintained. We have always maintained that a truly competitive UK postal marketplace can only really be available with a strong incumbent player – i.e Royal Mail.

# ONEPOST at the International DIRECT MARKETING FAIR

As you will notice... this is our 10th edition of POST IMPRESSIONS. During this time we've developed our business and offerings to a wide ranging audience.

Getting our message across to potential customers is clearly important to us and there's no better way of doing this than face-to-face.

With this in mind we recently exhibited at the International Direct Marketing Fair held at Earls Court early in May. It also turned out to be a good opportunity to talk to some of our existing customers, who took the time to seek us out!

The Show is always well attended and this year was no exception. We were really pleased to see so many people visit our stand. All three days turned out to be hectic, but there were no complaints from Graham Cooper, Managing Director who says "Slowly, but surely, marketers are beginning to understand that the liberalised UK postal market offers money saving opportunities. With mounting pressure on the direct mail medium, it is important that campaigns are well targeted and distributed cost effectively" Graham

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went on to state... "It was surprising that a significant number of visitors still didn't appreciate that around 40% of direct mail expenditure goes towards postage. This educational aspect resulted in us receiving some quality enquiries which we are

currently following up. The good news is that they are likely to be pleasantly surprised with the savings available."

*We will be at ECMOD at Earls Court, London October 24th-25th.*

## The postal market of the future...

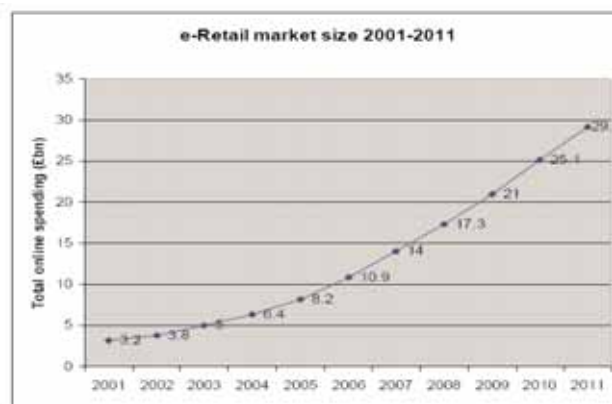
The recent Postcomm forum highlighted the continuing growth of the industry and the inherent benefits of direct mail. It was acknowledged that direct mail activity now forms part of an integrated multi-media campaign for many marketers, and the developments within the industry for day definite delivery has aided this.

Postcomm Chairman Nigel Stapleton said "The key to growing the mail market is to focus on getting more value-added into the product. Adding

value to mail products can enable the sender to generate more revenue or

provide greater satisfaction for the recipient. If adding value makes mail more effective than alternative media, there is no need to keep prices down."

Future growth will also be fuelled by e-retail, which continues to expand. Not only does this provide the postal market with further opportunity for packet and parcel deliveries, but also supports environmental issues by cutting down separate consumer travelling to shopping centres with collective courier deliveries.



Source: Verdict Research, UK e-Retail 2007

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## Challenging times for Royal Mail

Although it is encouraging to see that Royal Mail are improving their overall quality of service. However, it is also true to say that the incumbent player is now entering the most challenging period in its 350 year existence. There are various factors which are making trading conditions difficult in the mail market, not least (for Royal Mail) the loss of some of its biggest corporate clients... who are taking their multi million pound contracts to other carriers.

Equally, the competition is not just coming from new entrants, but also from companies testing and exploiting

new communication methods. The growth of internet retailing is quite phenomenal with an estimated 25 million of us now shopping online and accounting for 10% of all retail sales. This reflects consumer choice in the twenty first century, but it doesn't necessarily mean the demise of mail items, as orders will still need fulfilling and innovations such as ebay will continue to generate mail traffic, albeit more parcels and packets will be posted.

All in all it will be a challenging time for Royal Mail, who must accept that

competition is here and that mailers now have choice. We hope that Royal Mail respond positively and do everything they can to stimulate interest in the mailing medium, which remains robust... particularly as part of integrated multi-media campaigns.



## MAILERS UNHAPPY WITH ROYAL MAIL'S ZONAL PRICING

*The Postcomm consultation on Zonal Pricing closed on 1st June.*

*Early indications suggest that mailers are not happy with the proposals to price for mail based on destinations across the UK. Some have even said that they might consider reducing their use of mail, whilst others have calculated that they will be significantly disadvantaged by these proposals.*

*In fact, on 23rd July Postcomm announced that they propose to reject Royal Mail's zonal pricing application as it does appear to be discriminatory and would lead to unreasonable changes for customers. Postcomm does remain supportive of the principle of cost-reflective pricing if Royal Mail can submit an application that meets regulatory tests.*

## Contact ONEPOST

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