

POST *Impressions*



Issue No. 12

Reviewing the situation – **two years on**

The UK mail market has now been fully open to competition for two years. During that time there has, in line with predictions, been a steady pace of change. However, it is fair to say that the changes themselves have been quite dramatic... if you compare with the previous 150 years when there was effectively no real choice in the provision of postal services!

Against this background, the recent publication of Postcomm's '2007 Competitive Market Review' makes interesting reading. Some key findings include:

- Mail volumes are slightly down by around 2%, compared with last year. However, this still equates to a hefty 21.9 billion items
- There is evidence that some sectors (such as charities, building societies and health) are experiencing a growth in direct mail volumes

- End to end competition has seen a decline of around 4 million items during the last year
- However, mail volumes collected by 'access operators' and delivered by Royal Mail has seen a significant increase in activity and now stands at 2.4 billion items ... which equates to over 11% of total mail volumes

The review goes on to state that the role of the postal sector is fast evolving and that truly integrated campaigns are likely to shape the future use of mail – either as a support medium or stand alone communications. In this regard, the twin drivers of price and quality of service will be pivotal to the growth of the UK mail market.

Such a review would not be complete without recognising the impact of the environment on the mail industry. ONEPOST welcomes the fact that Postcomm intends to monitor developments in this area, and we too will be assessing how new product offerings embrace green issues.

The return of **zonal confusion**



As many of our readers will recall, Royal Mail's application to Postcomm for 'Approval to offer Geographical Zonal Prices for bulk mail services' was rejected back in July this year.

More commonly referred to as 'Zonal Pricing', the proposal refers to the division of the country into 5 specific price zones. These zones are then categorised by how much it costs Royal Mail to deliver to the 10,500 postcode areas across the UK.

The official response from Postcomm was that it was 'minded to reject' the Royal Mail proposals as they were presented. At the heart of this decision was the fact that Postcomm deemed that zonal pricing could result in unreasonable charges for customers and that the notice period proposed by Royal Mail did not allow sufficient time to prepare for the withdrawal of the current geographically uniform prices.

Against this background Royal Mail has acknowledged the operational concerns and has submitted modifications to its proposals. In particular, there is a

concession regarding an extended implementation period from 9 months to 12 months.

Here at ONEPOST, we have studied the new modifications but still consider the proposals to be confusing and not entirely thought through with the customer needs in mind. As such we hope that Royal Mail looks again at the proposals and works with the various industry stakeholders to develop a workable alternative.

DID YOU KNOW?

On 30 August 2007, the Royal Mail Postcode celebrated its 150th anniversary!

It was in 1857 when, faced with London's increasing population, Sir Rowland Hill (inventor of the postage stamp) introduced a scheme to accelerate mail delivery. This divided the capital city into 10 separate postal districts of N, S, E, W, NE, NW, SE, SW, EC, WC.

The public were then asked to add these districts to the bottom of addresses.

Today's postcode system was rolled out in the 1960s and is important today as it ever was.

Keeping you **posted**



According to a 2007 Business Customer Survey (commissioned by Postcomm) the UK addressed mail market was worth around £6.6 billion in 2006/2007.

Of this, businesses generate 87% of mail in the UK market, with mail from businesses to consumers accounting for around 60%, and business to business mail at 27%.

So, undoubtedly, although there is some evidence of a downturn in mail volumes ... the market as a whole remains healthy with plenty of opportunities arising.

This is an annual survey for Postcomm and is highly representative as it categorises views from 1,804 companies who are business mailers themselves. Amongst some of the more interesting findings are:

- 15 per cent of the total sample reported that they are now using multiple mail providers. Among larger mailers this figure rises to 35 per cent
- Nearly half of organisations think that their mail volumes will stay the

same over the next 5 years, with 37 per cent stating that they believe their mail volumes will increase

- More than half of customers believe that competition has improved the choices open to them (up from 38 per cent last year)

Overall, there are some encouraging trends with many companies now genuinely seeing benefit from competition ... in terms of price and service. However, the emergence of alternative communication mediums such as e-mail continues to compete for allocation of budget.

Looking forward to 2008 and beyond, we believe that there is plenty to be optimistic about, but the industry will need to demonstrate more innovation by way of new products and services that can help attract more usage by mailers – both large and small.

Good news for charities

WHY NOT PUT US TO THE TEST



Many charity organisations are very active in the area of direct marketing and have developed sophisticated communication techniques including direct mail.

Charities, perhaps more so than any other business sector, are reliant on creating cost effective campaigns and have long realised that shopping around for the best deal can make an enormous difference in their pursuits of:

- (A) Keeping in touch with existing donors
- (B) Attracting new donors to their cause

As competition in the UK postal market has unfolded, the question of VAT has remained a bit of an obstacle with Royal Mail still holding an unfair advantage over its competitors. Initially this was a problem for organisations such as financial services and charities who are not able to reclaim VAT, so were not really likely to gain much financial advantage by using alternative carriers for their mailing activity.

ONEPOST is pleased to look at the options available for companies in

the charity sector who, to date, may not have realised that real financial benefits are available in what is the most expensive part in the production of a direct mail pack – i.e. postage.

Of course price is not the only factor in seeking change. Increasingly we are finding companies, such as charities, are seeking tailor made services to assist their marketing campaigns. Guaranteed delivery dates can be particularly effective in containing any associated call centre costs.

So, whatever your campaign requirements are – we may be able to help you!

DID YOU KNOW?

Back in 1840 the total volume of post across the UK was 168 million items a year.

Nowadays Royal Mail handles that amount of mail in just two days.

Mail... still the most trusted medium **for bank customers**

The emergence and dramatic growth of new channels, such as e-commerce, to distribute communications has been well documented in recent times. So, it's interesting to read that according to a new survey, mail is still by far the most trusted channel for receiving financial communications.

The study undertaken by the Henley Centre for Royal Mail revealed that 88% of people preferred to receive their bank statements by post, with only 12% preferring statements via online banking only. The survey went on to reveal that 7 out of 10 customers said that mail was the channel trusted most for confidential delivery of information.

According to the survey, posted bank statements are preferred by 68% of customers signed up to internet banking, while balance checking is the most common activity for online banking users and used by 86% of people polled.

Unsurprisingly, many people (67%) stated that it was easier to read and understand bank details from a printed sheet than on a computer screen. More interesting

POSTAL INDUSTRY RECOGNISES ONEPOST

Gaining recognition is always a pleasure – particularly when it's your own industry that makes the recognition!

ONEPOST was a finalist in both the UK Mail Award category of 'Technology' and the Crimson Business Start Up award for 'Innovative Business of the Year' Awards.

Graham Cooper, Managing Director of ONEPOST, says: "We are delighted to be acknowledged by the industry for bringing innovative postal solutions to the market that demonstrate the significant cost savings we can deliver. It has been a difficult few months for the industry overall and these awards recognise the results of our expertise and hard work."

was the fact that 77% preferred to receive details of new products or services information by post.

As we've often reported, mail remains a robust medium and can be particularly cost effective when linked with new mediums ... never forgetting that today's consumers will let you know which one they prefer!



Welcome to Issue 12 of Post Impressions

2007 has been a huge year for postal issues, and as we reach the second anniversary of liberalisation, I'm sure 2008 will be just as eventful.

I'd like to take this opportunity to thank you for your support during 2007 and wish you all the best for the festive season and a very prosperous new year.

As always, if you have any feedback on our newsletter or would like further information on any of the issues, please do not hesitate to contact myself or one of the team.

Kind regards,

Graham Cooper
Managing Director

STOP Press

Postcomm have announced extra flexibility for Royal Mail to increase some retail prices. This allows Royal Mail to raise the price of a second class stamp to 29p by 2010, subject to inflation. Details of the full decision document will be included in the next newsletter.

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