

POST

Impressions

Issue No. 17

News and views from ONEPOST
– Independent postal advice and management

Business customers are **disenchanted** with Royal Mail

According to a recent study from British Chambers of Commerce (BCC), business customers are deserting Royal Mail and most firms do not find the postal group an efficient postal organisation to work with.

The survey (conducted for The Times) canvassed the views of nearly 1,000 businesses throughout the country about their use of Royal Mail and their experience of the organisation.

- 68% stated that they did not find the postal group a professional, efficient organisation to do business with
- 55% stated that Royal Mail was less reliable than it was five years ago, with only 8% believing that it had improved
- 41% believe that, compared with five years ago, they use Royal Mail less than previously

David Frost (Director General of the BCC) said ... "with large numbers of businesses using Royal Mail less than in previous years, it is clear that a lot has to be done to regain the confidence of the business community. It is also clear that that competitors are not making the inroads they would probably have expected, given the dissatisfaction with the service Royal Mail provide"

This point is well made particularly considering that in answer to the survey question "Are you planning to use a competitor to Royal Mail in the future?" nearly 31% answered 'Yes' with the remaining 69% responding with a 'No'.

Contributors



Eric Austin

Eric is one of our original consultants who is a regular contributor to our newsletters. He is a Regional Committee Member of Postwatch South East and sits on the DMA Postal & Distribution Council. He operates as an independent Direct Marketing Consultant and has significant experience in the financial services sector.

Graham Cooper

Graham has worked in the mailing industry for over 30 years, and has been involved in planning and executing some of the UK's largest direct mail projects. As head of the British List Brokers Association, Graham was one of the shadow Board that set up the Direct Marketing Association, an organisation on whose Board he served for 4 years. He still represents the industry on the DMA Postal & Distribution Council as well as contributing to Postcomm (the industry regulator) activities.

Paul Fulton

Paul describes himself as a "long-term" participant in direct marketing as agency account director, consultant and copywriter, and is also a regular contributor to our newsletters.

Luan Wise

Luan has both agency and client side marketing experience for a variety of clients both UK and International. She is an IDM member and manages/edits each edition of Post Impressions.

Welcome to Issue 17 of Post Impressions

As we reach our third anniversary, ONEPOST continues to expand and I'm pleased to welcome a number of the new members to the ONEPOST team this year. Guy Smith, Steve Travi and Sue Humphries have joined in sales roles. Suzanne Bishop joins as Head of Finance; Graham Noble, Jonathan Cambourne and Alex Leake in data processing and Martin Evans as Service Delivery Manager.

Alongside current government reviews taking place, we continue to strive for innovative changes in the postal market, and I hope that our newsletter delivers news and views of interest to you.

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

Kind regards,



Graham Cooper
Managing Director

Contact US



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Less news is **better news** for direct mail



We often read about the somewhat tarnished image associated with direct mail. So it's pleasing to note that, according to the Advertising Standards Authority (ASA) annual report, direct mail has moved down the league table to fifth place (from fourth in 2006).

The 2007 rankings reveal television as the most complained about advertising medium (9,915) but internet advertising now takes second place (2,867) overtaking the national press (2,165) which ranks third. Posters (1,835) and direct mail (1,623) are the fourth and fifth most complained about media respectively.

However, this doesn't tell the whole story as there is a slight increase in the actual number of complaints about direct mail ... up to 1,623 from 1,592 last year. But it does look like an improving situation when you bear in mind that direct mail complaints in 2005 were recorded as 2,293.

The ASA report goes on to reveal that the 'fastest growing' advertising medium for complaints is... 'text messaging'... up to 257 from last year's level of just 41.

Unsurprisingly e-mail complaints have almost doubled to 501 and, perhaps as a sign of the times, facsimile complaints have reduced from 53 to 18 in 2007!

For direct mail we only hope that increased targeting of appropriate offers is, at last, beginning to make an impact and that consumers will become more accepting of what remains as a highly effective communication channel.

DID YOU KNOW?

In a break with convention, Royal Mail have just released (June 10th) six new commemorative stamps marking the 50th anniversary of the Hammer Horror and Carry On films.

Featuring six original film posters, including Dracula, The Curse of Frankenstein and Carry On Screaming. And of course Christopher Lee appears – making history as one of the first non-royals to be portrayed on a British stamp.

The use of living non-royals is at odds with the 1924 Royal Mail policy that they can only appear if they are part of a larger group – such as the 2005 Ashes-winning England cricket team.

Are **you** being served



Most of us will recall the disruption caused as a result of the Royal Mail industrial action during the second half of last year. In some cases the consequences are still being felt, which is not surprising when you consider that more than 625,000 working days were lost to industrial action during the period 4th June and 2nd December 2007.

Clearly this affected the resultant Royal Mail quality of service performance for their financial year 2007/2008. In turn, the mailing industry would naturally then look towards compensation payments with communications not arriving in line with campaign expectations.

However, Royal Mail has now submitted to Postcomm its application for suspension of the Bulk Mail Compensation Scheme and adjustment to the C-factor for the year 2007/08. (For more information regarding these schemes, please see Page 7.)

At a lively 'Open Meeting' hosted by Postcomm on 14th May various representations were made by selected speakers who were generally against

Royal Mail obtaining the suspension of compensation schemes. Postcomm are now considering all the views put forward and will make a decision on the 2007/2008 application in July this year.

To add another twist Royal Mail has also submitted for further suspensions to apply for the period 2008/2009. Postcomm are consulting on this during June, with a view to making a decision in July, taking on board stakeholder views.

The financial implications for Royal Mail are quite significant with bulk mail compensation calculated at around £79m and a further £81m at risk against the 'C-factor'. We will keep you posted on this one ... as it unravels during the summer.

WINNERS

Thanks to all who entered our survey in issue 15, the following five people were drawn at random and will each shortly receive a case of champagne to enjoy. Congratulations!

Barry Carter, Wolters Kluwer

Becky Baber, Response One

Chris Jones, Findlay Publications

John Trickett, DM Print

Tracy Jarvis, Access Accounting

Universal service slips from profit into loss



Royal Mail has recently published its preliminary statement (unaudited) for the financial year ending 31st March 2008.

By Royal Mail's own admission, it has been a tough and challenging year which has resulted in overall operating profits reducing to £135m ... which is down 53% from the previous year. Other highlights include:

- Group external revenues up by 2.3% to £9.3 billion
- Royal Mail letters registering a loss of £3 million
- Universal service made an estimated loss of £100 million

Naturally we are concerned that the universal service (daily deliveries and collections at uniform prices) has moved for the first time ever to a loss so we welcome comments from Adam Crozier, Chief Executive of Royal Mail who said "The universal service is a huge asset for Royal Mail and for the nation as a whole. It is part of the fabric of our society and is vitally important both to social cohesion and to the UK economy"

Within the preliminary statement, Royal Mail mentions that they have a vision to achieve a high quality, efficient universal service. Again, this is a welcome message from Royal Mail and we certainly share their belief that the current independent review of the UK postal market is very timely and will be an excellent opportunity for a meaningful debate about how to preserve and nurture the universal service.

Looking forward... many difficult challenges lay ahead for the group, but it is encouraging to see that Royal Mail are now implementing plans to modernise the letters business and continuing to make investment in the area of new technology and providing innovative solutions.

Yes you...

Mr Smith



For those of us old enough to remember the excitement of the first computer printers used for broadscale mailing in the late '70s and early 80s, the memories of thinking up even more weird and wonderful ways of getting the recipients name and address into the copy may have faded by now.

"And yes you, Mr Smith, may already be imagining that brand new car parked outside the Smith house at 33 Arcacia Avenue..."

Thankful personalisation has moved on a bit. But it is still important to recognise why it was such a hit then and why it continues to be a central strength in direct mail letter writing.

Good sales people know it, and Drayton Bird argues it should be fundamental to all advertising – the "nod factor". Get a prospect to agree to something you are saying and it is then easier to get them to agree to your next point, and the one after that.

With good, relevant data, you can demonstrate you know something about the recipient as an individual and you

understand their requirements. "As an architect..." "As a mother of small children..." Ah... here comes the nod. Yes, that's me.

But personalisation is not just data driven. No matter how much we recognise (logically) that this is a mass produced item sent to thousands of people using computers and machines, emotionally letters are still sent from one individual to another. The delight of a Jane Austen heroine receiving a letter from her suitor is still deep within our psyche.

And this must be recognised in the creative process. A private correspondent knows exactly who their reader is. Anybody writing a sales letter also needs to know just that. Picture a specific customer and write to them as an individual. After all, it is another form of personalisation. Show you understand them and answer their question "what's in it for me?" and success is yours.

And if you have lots of different target groups in a mailing, try not to cover everything in the same letter: write different texts for them. Or at least test it. The extra effort could well be worth it.

More operators, **more choice**



As our readers may recall, earlier this year (see issue number 14) we wrote about changes that would make it simpler and cheaper for non universal service operators to apply for a licence as a UK postal operator.

After a quiet period it's encouraging to see that Postcomm has recently granted a number of new licences, making 21 operators now in the licensed area (that is mail weighing up to 350g and costing up to £1).

The new regime is certainly designed to encourage more operators, so this is a welcome development.

Competition has already forced the industry to sharpen up with their products and services and new companies usually bring with them fresh ideas together with innovative approach to the mailing sector.

ONEPOST are continually talking to many of the operators to ensure the very best independent postal advice and savings.

Royal Mail **Compensation Scheme**

As we mention on Page 4, there are two components within the current Royal Mail Compensation Scheme:

- **Bulk Mail Compensation Scheme:** If Royal Mail fails to meet its licence targets for bulk products by 1% or more, it pays back to bulk customers 1% of their spending for each 1% it fails its targets, to a maximum of 5%
- **C-factor:** If Royal Mail fails to meet its other licence targets by 1% or more, the revenue that it is allowed to earn the following year is reduced by up to 5% (customers receive a reduction in prices the following year.)



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