

POST Impressions

WINTER NEWSLETTER 2006 Issue No.7



COFFEE AND SAVINGS



The Future For Mail Distribution Choices

A year ago – getting ready for the deregulation of the UK post – I don't think any of us could have imagined where we would be today.

Well from a location point of view we are now nicely situated in brand new offices in Portishead.

From a business point of view we are now busier than ever. The idea of a simple, easy-to-use, highly cost-effective answer to the complexities of the new postal market has such a basic appeal, that many companies have taken to using our services.

From large-scale mailers seeking to save substantial sums, to smaller, regular mailers who can benefit from our – already extensive – experience and plan their mailings more effectively. And given the number of new

clients joining us, it became very clear to us a few months ago that we needed more staff to handle the business and to spread the word even more and, therefore, some new premises to fit them all in.

We decided that we wanted to stay in the Bristol area and take advantage of the good communication links provided by the motorway network.

So we have moved to recently completed offices a couple of miles from Junction 19 of the M5.

WHAT WE SAID A YEAR AGO

"We believe that changes in the postal environment will impact considerably on client mailings and budgets unless proper methods and systems are implemented."

DON'T FORGET,

that ONEPOST is a truly independent source of advice for all companies looking to maximise the value they get for their postal budget in the open post services market.

Simply, we're here to make life easier for you. We're constantly in touch with the latest developments and have built a team that has unrivalled experience and understanding of postal management issues.

The actual move went very well and, without seeming to break step, we were up and running straightaway, and it's very much business as usual.

Of course, one of the first things we did was make sure there was good coffee on tap so we'd be delighted to offer you a cup or two, and perhaps discuss how we can save you money on your mailing postage.

Creating a **fair** marketplace...

Back in the Spring, in 'Post Impressions' (Issue 4), we said that Postcomm had announced that it was proposing a fine of £2.16m and issued an enforcement order on Royal Mail as it concluded that it had not put in place adequate measures within its wholesale and retail divisions to prevent it

obtaining an unfair advantage over its competitors. Simply, this situation means that the retail arm could use information obtained by the wholesale section to attract mailing business unfairly.

On 12 July, Postcomm reduced the fine to £1m following consideration

of representations from Royal Mail. Postcomm had also proposed imposing a final order to make Royal Mail change its procedures. However, Royal Mail has now taken steps to remedy the contraventions and the order has now been removed. This is a welcome development and another example of the twin effect of regulatory pressure and market conditions forcing Royal Mail to improve procedures and also create a fair trading environment. ONEPOST welcomes these developments as the newly liberalised mail market is currently witnessing increased activity in the area of 'downstream access'. So, it's also pleasing to hear that Postcomm has requested that Royal Mail voluntarily provide undertakings to ensure continued compliance.



...and a **level** playing field

We have previously featured articles regarding the position on Value Added Tax (VAT) in the postal services market. As this is such an important issue we will continue to keep you informed via our regular publications.

By way of reminder, Royal Mail has historically been exempt from VAT. However, this exemption does not apply to any other licensed postal operator in the UK.

ONEPOST, like many other industry commentators believes this to be an unfair position and is distorting competition in the UK postal market. Effectively, companies who cannot reclaim VAT – such as financial services and charities – are somewhat disadvantaged.

Unfortunately, the area of VAT is indeed a complex issue! And, although Postcomm share our view that this anomaly should be

removed, it is not within their remit to make legislative changes. Such decisions are made by the HM Treasury. To make things even more complex there is an EU Directive document looking at the whole area of VAT.

All the indications suggest that there will be no solution to this situation before the end of 2007 at the earliest. However, it is encouraging to note that there are still cost

efficient ways to mitigate this position. If your business appears to be hampered by VAT on postal services please do contact us, we will be delighted to discuss and identify alternative methods of a truly cost effective postal distribution service.



Direct Mail... **The Facts!**

Many of you will have seen the adverse and somewhat one sided debate regarding the so called 'Junk Mail Avalanche' published in various media articles as well as an airing on BBC Breakfast TV back in September.

Clearly there are some operators who still tend to 'blanket mail' millions of consumers across the UK. But on the whole, thanks to the introduction of sophisticated targeting techniques and the embracing of innovative technology, the medium of direct mail continues to flourish in difficult trading conditions.

The 'junk mail' debate has raged now for several years ... and is likely to continue for the foreseeable future. As an interesting aside, the term 'junk mail' should not be seen as particularly derisory. According to a Research Report (CRAM International Ltd.) published in March 2004, UK consumers tend to categorise a lot of their mailings as 'junk mail', but they do further divide this into 'good junk' (welcome) and 'bad junk' (not welcome). Thinking this through, and bearing in mind it is consumer-based findings, there must be some truth in this consumer behaviour. Direct Mail to the UK public has led to purchases of £27.1 billion each year.

The media coverage also highlighted the heavy users of direct mail in the UK.

As to be expected, the financial services sector feature prominently. But, as Eric Austin, Direct Marketing Consultant and Chair of the DMA Financial Services

Council says, "Direct Mail is a robust medium and is still an effective distribution channel in 2006. Significant results can be achieved by integrated marketing techniques such as an e-mail teaser with direct mail follow up."

Eric expects direct mail volumes to stabilise now. "We have seen real evidence of targeting techniques which has affected activity over the past few years and, of course, the emergence of new media channels. Providing mailers operate within a strategic approach, where they can measure effectiveness and profitability, then I see no reason why direct mail can't continue to flourish."

We must not forget that the consumer has choices regarding how they want to be contacted. So, if they have simply had enough of the so called 'avalanche' then there is an opportunity to register their details on the Mailing Preference Service run by the Direct Marketing Association (DMA).

In summary, we can see why the media coverage will continue to err on the negative side, yet it's very pleasing to see the direct mail industry responding with innovative and interesting mailings – relevant to the target audience. Additionally – and not often reported – is the responsible position taken by the industry (via the DMA) who have a voluntary agreement with the Government to ensure that an increasing amount of direct marketing material goes to recycling.

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Magazine goes for **SQUARE Deal**

Sqm Magazine is a leading journal for estate agents. Proudly branding itself the "modern estate agency magazine for the modern estate agent", it takes a high class approach to news, views and in-depth profiles of people in the business.

The same attitude is taken to how the magazine appears, with quality photography and good design giving the whole publication a really stylish feel.

Recently to enhance this further, the designers gave a modern, new look to the magazine and developed an interesting square format – reflecting the

origins of its name, the abbreviation for Square Metre.

Under this year's new Pricing in Proportion charges this obviously had an impact if it was to be sent just through Royal Mail.

Sqm decided to ask ONEPOST if they could help. Through our usual analysis of their regular mailing list and some careful thought as to the appropriate carriers, the impact of the new format on the postage budget was not nearly as bad as it might have been.

Interviewed for the December issue, Graham Cooper, ONEPOST Managing

Director, took the opportunity to spread the word to the *Sqm* readership: "Estate agents are amongst many businesses that rely on efficient and targeted direct mail to market products. The benefits to be gained by reviewing mail distribution options are not to be dismissed lightly. However, it's inevitable that, with increased choice comes an element of confusion and uncertainty, and that's why we set up ONEPOST to help guide mailers through the process."

In summing up, Cooper offers some food for thought with which it's difficult to argue: "You wouldn't put up with only one choice of supplier for any of the other vital services that support your business – why do so for post?"

INTERNATIONAL

Don't let your ONEPOST price benefits stop at the Channel

- ONEPOST now offers international services
- So the same benefits are now available from Aberdeen to Zanzibar
- One simple process and one complete price worldwide
- Simplified postal administration: single report and invoice for both UK and international
- FREE no-obligation analysis – just send us a sample mailing file or international breakdown

Contact ONEPOST

Our team of experts can be contacted at:

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The future for postage prices is altogether brighter