

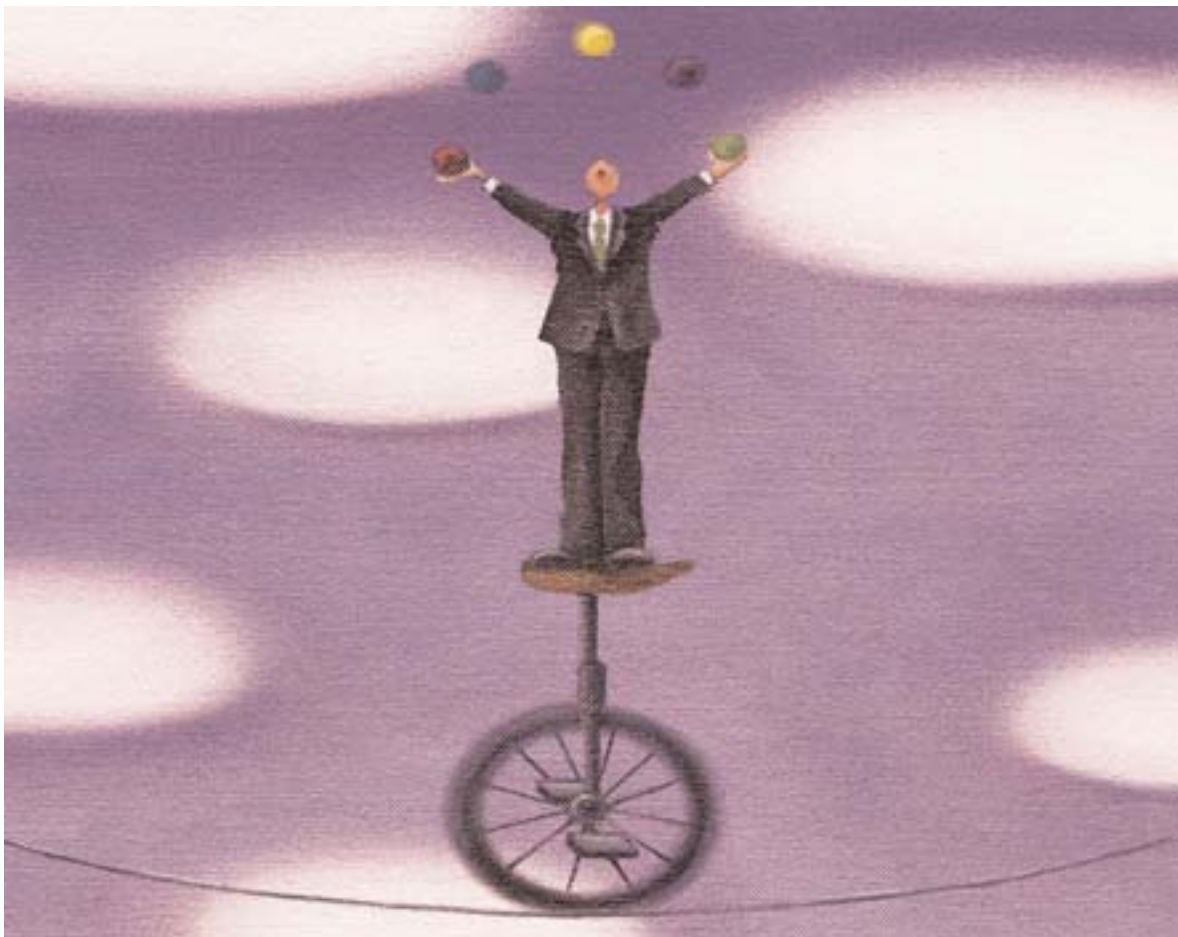
POST

Impressions

WINTER NEWSLETTER 2005 Issue No.3



AWARD FOR INNOVATION



ONEPOST has been named runner-up in the Innovation category of the prestigious UK Mail Awards, which recognise and celebrate best practice across the entire UK mail logistics chain.

The award for Innovation celebrates new ideas and initiatives which have been encouraged and developed in the face of a deregulated postal system, and the ONEPOST entry focused on our specially developed IT system and consultancy service, which allows us to analyse the various mail options offered by the different carriers and help mailers get the best possible value from their postal budgets.

Graham Cooper, Managing Director, said:

"This is a great achievement for ONEPOST considering the business is at such an early stage, and is recognition of the sheer hard work put in by the whole team to launch the business and make it a success. We look forward to seeing what next year will bring."

EASY ACCESS VIA ONEPOST

With the arrival of a fully liberated market the 'access arrangements' to Royal Mail's delivery network is seen as a key factor in the opening of the UK postal market.

The majority of alternative delivery activity is currently being generated from the various access deals struck by the new operators with Royal Mail. It is almost inevitable that more 'access deals' will be struck during 2006 and, as you would expect, the ONEPOST team will be carefully monitoring developments; to ensure we achieve best deals for our customers.

'Access arrangements' allow the new operators to negotiate terms with Royal Mail. Access to the Royal Mail delivery network requires the new company to collect and sort mail, before feeding it into Royal Mail's system for that 'final mile' delivery.

It is indeed encouraging to note that 'access' volumes have been steadily rising and that over 90 million letters a month are now being handled by this means.

Another real benefit of 'access deals' is the arrival of new products that can help you target your mail to arrive on specific days of the week and, in some cases, a 'track and trace' service that allows you to have more control over your campaigns.

So, with more 'access arrangements' creating more competitive activity in 2006 and beyond, ONEPOST can help you understand the process and make the necessary steps to make your mail ready for this exciting opportunity.

Optimistic Pessimism

2006 should be the year of seismic change within the UK postal services marketplace. Yet we slowly edge to 2006 with a great degree of uncertainty. So rather it being a year of hope and change it could be a year of fear and concern. I hope it is the former, I think it will be the latter. The final scenario depends on the key drivers within the UK postal market for 2006, which are: Market opening (regulatory change); Price Control 2006 (regulatory control); Introduction of PIP (regulatory decision); Mail User Confidence and Consumer perception.

Full market opening will herald the introduction of many new niche players, operating services within towns/cities or within specific groups. Such new players will be very fleet of foot and entrepreneurial, yet they will be saddled down by burdensome regulatory intervention through the common operational code of practice and mail integrity code practice. Both codes are obviously needed to ensure mail user confidence but has the regulator gone too far in inflicting administrative regulatory burden. We could have at least 20 of these new players, next year.

Price control looks a mess. It is designed as a proxy for competition but is unfortunately being used as a financial solution to Royal Mail's pension deficit. The proposed levels of price increase of 6.2% for consumers and business, for 2006, send out all the wrong signals.

The introduction of PIP could serve as a boost for the industry, if mailers have tested and got the right format in place by August. It's a very big "if".

Next year, should see a recovery in mail volumes and in particular direct mail volumes, which has declined in 2005, for the first time in over a decade. The recovery in volumes will be fuelled by increased traffic through new operators and users testing alternatives.

Perhaps the biggest cause for concern next year is mail user confidence in the medium. Users supported competition because it promised choice, innovation and downward pressure on pricing. Yet we still have Royal Mail prices increasing. In fact the combination of price control and PIP will force prices well over inflation. Although the new entrants are stimulating the market and offering a range of attractive options for clients, the



David Robottom of D&S Consultants discusses the coming changes in the mail marketplace.

market still depends on a healthy, efficient Royal Mail. Clients do not have elastic budgets and mail could suffer in the media budget fight, within organisations. In addition recent horror stories of mail dumping do absolutely nothing for the medium. Everyone involved in the postal services industry has a responsibility to promote the medium to ensure consumer and client trust and confidence, in mail.

2006 A YEAR OF CHOICE

Can you afford not to change?

1 January 2006 will be seen as a landmark day in the history of UK postal industry.

Yes, the UK postal market is now open to full competition. ONEPOST welcomes the arrival of competition, as we believe that a competitive market place will offer customers greater choice and better, more efficient services.

More importantly – according to Postcomm's

2005 Business Customer Survey – 8 out of 10 Business Customers share our views that the competitive market will force prices down, improve choice and improve Royal Mail's own quality of service.

And yet, in the same survey, the majority of businesses are unaware of when the market becomes liberated and who the alternative providers are. Surprisingly this position has not improved much during the last year.

Clearly, ONEPOST is playing a major role here – but there is still much to be done. We can help mailers (large, medium and small) begin to understand what the competitive market means and which of the new postal carriers are suitable for a particular mailing.

The directors have already been working on postal deregulation issues for several years and

ONEPOST itself has already helped many mailers gain financial and service advantages as the market has moved towards full liberalisation. And, that we are truly independent and very much a market leader in the provision of a whole range of services – all of which are designed to help maximise postage budgets and improve quality of service.

Don't let choice generate confusion.

We're here to help you make the right choices by securing the best possible deal on your mailing activity. We truly enjoy helping your business grow by realising financial gain or utilising innovative new postal products that are now available!

Remember, there is a FREE Audit of your mailing data available now.

Licensed to Mail

It is encouraging to note that there are already 15 licensed operators in the UK mail market. ONEPOST carefully monitors developments in this area and we have established strong working relationships with many of the new entrants.

As competition unfolds, the question of dealing with reputable suppliers will become increasingly important. We will only ever deal with licensed operators and this is a key part of our strategy.

In our experience, this is a market where both price and service are of equal importance, so another welcome development is that Postcomm has recently published details of new licensing arrangements that are designed to encourage new operators – but ensuring that customers continue to have confidence in the market. These new licenses will require each operator to provide information about its own quality of service performance.

These new licenses will be issued for a 10-year rolling period. Again, this is an encouraging move and will create a fairer trading environment through to 2016, when the Royal Mail licence is also due for renewal.

MAKING AN IMPACT IN THE INDUSTRY!

ONEPOST at the The Direct Marketing Show

In its short existence, ONEPOST has created a real impact in the market, but there is still much to be done. Informing people and creating awareness are key parts of our strategy. We've got a great offering... so why not let everyone have the chance to learn more and get more from their postal budget.

With this in mind we recently exhibited our services at the NEC, Birmingham as part of the Direct Marketing Show. It certainly turned out to be hectic few days and the volume and quality of enquiries were encouraging.

We took away a few important messages. Not least that mailers do need help with the changing postal landscape and that they are receptive to change, providing there are credible alternative providers.

As Graham Cooper the Managing Director says "It was a rewarding few days and a great way to see so many people who have some knowledge about the UK postal market and are now happy to consider speaking to someone who can help them achieve the best deals available on the market".

With 2006 set to be a year where there is increasing competition and choice, you can expect to see more of us around the country. We will continue to communicate and publicise our services via Post Impressions and other literature, and if you require more information at any time, please contact us via one of the ways shown on the back cover, or visit our website.... www.onepost.co.uk

DON'T FORGET, PRICING IN PROPORTION IS COMING... SOON

We featured Pricing in Proportion (PIP) in the last issue of Post Impressions. Since then there has been significant interest in this Royal Mail initiative, which is scheduled for introduction on 21 August 2006.

Without doubt this is a significant change to UK postal pricing and there is widespread confusion about what it means and what steps mailers might have to take.

To help with the education process required and we are very pleased to announce that ONEPOST are sponsoring a half-day seminar on PIP hosted by the DMA on Thursday, 26 January. For more details visit www.dma.org.uk.

Here at ONEPOST we are carefully monitoring this situation and we are happy to discuss your own particular circumstances to ensure you maximise opportunities when PIP is introduced later this year. But don't wait, there may well be practical steps you can take now, so do please contact us.

Maintaining the Universal Service

Royal Mail is charged with the provision of a 'universal service' for UK postings. This means that Royal Mail are obliged to guarantee one delivery of mail to every UK household and business six days a week.

And the good news is that Royal Mail will still be required to maintain the universal postal service when the market fully opens to competition from January 2006.

Within the Royal Mail licence there are some stated (and agreed exceptions) to this provision, but it is one of the Postcomm regulator's top objectives to protect the

universal service. This means that everyone, no matter where they live, will continue to enjoy an affordable delivery 6 days a week.

Not all products are included within the current definitions – and it is thought that these definitions may well change over time as postal users' requirements change – but bulk mail products such as Mailsort 1400 and Cleanmail (1st and 2nd class) together with priority and non-priority mail services are currently defined within the scope of the universal service. As such, this whole area is included within the current Price Control Review, which is scheduled for implementation in April 2006.

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Breaking News...

As we prepare to close for press, ONEPOST can announce that two new clients will be using their service on a regular basis.



Incom Telecommunications, based in Manchester (Tel. 0161 935 1000), are a major supplier of Telecoms equipment to the corporate and public sector marketplace. From their north-west based national distribution centre, they regularly mail their extensive customer database bringing latest details of their range of products. Called in to advise on their postal requirements, **ONEPOST** quickly identified savings of 10% in their postal costs.

REED
LEARNING



One of the UK's largest supplier of learning courses, Reed mail significant numbers of catalogues on a monthly basis. Challenged to find savings for Reed, **ONEPOST** achieved their client's requirements by using a combination of four carriers. Commercial Director Tim Norman commented, "This has been one of most complex projects to date, but, with the cooperation of the client's mailing house, a four carrier option has delivered significant savings to the client. **ONEPOST** manage the despatch of the catalogues as well as managing the relationships with the carriers. Our client just receives one invoice."

Postal increases...

On the 7th December 2005, Postcomm published its final proposals for regulating Royal Mail's prices and quality of service.

As a result it looks likely that the price of 1st and 2nd class stamps are to increase from April 2006.

- 1st class from 30p to 32p
- 2nd class from 21p to 22p

These proposals also outline a price control right through to 2010, when 1st class stamps could well be as much as 36p.

ONEPOST will be scrutinising these proposals, which cover a whole range of areas including efficiency savings, quality of service and regulation of 'access'.

We very much support Postcomm with their desire to create a truly competitive mail market where there is a highly efficient Royal Mail. It will be interesting to see what effect these proposals have against that stated objective.

There is a three month consultation period, so we will be keeping all our customers and readers up to date with these most important developments.

DID YOU KNOW?

The UK mail market was worth about £6.5 billion pounds in the financial year 2004/2005. And the indications are that this is set to steadily grow over the coming years.

Postcomm (the regulator) have now issued 15 long-term licences to provide mailing services in the UK postal market.

Royal Mail recently announced (November 2005) that they have increased operating profits to £159 million in the first half of 2005/2006. This represents a 20.5% increase.

ONEPOST will be sponsoring a half day DMA Seminar in London on Pricing in Proportion. For more details visit www.dma.org.uk

Postwatch is a consumer watchdog for postal affairs. It is an independent organisation and not attached to Royal Mail or part of the Government.

Postwatch was set up to ensure that post offices, Parcelforce, Royal Mail and any other competing postal provider provide the best service possible to all their customers.

Twenty-eight million people visit post offices at least once a week. On average we send 100 letters and receive over 5 times that amount from social and business mail each year.

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The future for postage prices is altogether brighter