

Dear Chris

The Greeting Card Association (GCA) welcomes the opportunity to respond to the Securing The Universal Postal Service consultation document.

The GCA is the trade association of greeting card publishers, with 460 members representing the largest to the smallest card publishing companies.

The UK has the most successful greeting card industry in the world in terms of the quality of design and the number of cards bought per person. It is an industry worth over £1.3 billion at retail, employing directly and indirectly 100,000 people in the UK. The GCA Greeting Card Market Report 2011 has shown that despite tough retail conditions our industry is healthy and growing.

The greeting card industry has always had a symbiotic relationship with Royal Mail and the reliability and affordability of the post is one of the foundations of our success as an industry. There is no comparable greeting card industry in any other European country.

Although emails and texts have replaced letters as the main form of written social communication, the exception to this is greeting cards in the UK. To date, ecards have not replaced greeting cards here and our research has shown that 70% of the population would feel very disappointed not to receive real cards for birthdays and other special occasions.

Consumers

We are concerned about the affect that uncontrolled price increases will have on social mail. We are especially concerned about vulnerable users of the post especially those on low incomes and the elderly.

Greeting cards are the heart of the post box, the one item of social mail with which the majority of the public still enthusiastically engages. With the average price of a birthday card at £1.33, will the public bear to pay further £1 1st Class to post it?

Second class post is not generally seen as a viable alternative for sending cards except for at Christmas when consumers are mailing in bulk.

The steep price increases we have already seen for 2nd Class stamps could be a factor in the decline of this sector of the market. There is no doubt in our minds that this decline would be further exacerbated by further increases in 2nd Class stamp prices. With the average price for a boxed Christmas card at 22p, will the public pay 45p-55p per card to post these?

Could this be the death of the Christmas card?

SMEs

Small and micro businesses are reliant on Royal Mail and the post to run their businesses. Some 75% of the GCA's membership comprises businesses with fewer than five employees, which are especially vulnerable to rising business

costs. We are concerned that removing price controls on 1st Class stamps will have an extremely adverse affect on SMEs, especially in the present economic climate. We have already seen steep price increases this year and are concerned that deregulation will lead to further escalation in prices.

We agree with the Federation of Small Businesses that 'small businesses are unable to afford regular, large price increases such as those we have seen this year.'

With Royal Mail in a monopoly position on letter post, we see very little incentive for it to keep stamp prices at affordable levels for businesses and consumers.

Ofcom proposes a seven-year term for price control deregulation. With no indication of Royal Mail's pricing policy at this stage, we believe that this is too long a term, and a real gamble when so much is at stake for so many businesses and consumers.

In summary, with approximately half of all cards sent by post, any major stamp price increases represent a major threat to this industry and the jobs it supports in the UK.

We strongly argue against deregulation of price controls and against such a high cap of 45p – 55p on 2nd class post.

If deregulation is unavoidable we strongly argue against a seven-year period in favour of a three-year limit.

Yours sincerely

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Greeting Card Association
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