

Your response

Question	Your response
<p>Question 3.1: Do you consider that Ofcom’s overall regulatory approach remains appropriate for regulating postal services over the 5-year period (2022-2027)? If not, please explain the areas where you think changes should be made, with supporting evidence.</p>	<p>Confidential? – N</p> <p>The Delivery Group does not believe the current regulatory approach is suitable for the needs of the postal market going forward.</p> <p>The existing regulatory regime:</p> <ul style="list-style-type: none"> - does not adequately constrain RM’s pricing and non-pricing behaviour - does not provide incentive for RM to improve efficiency; - does not give sufficient encouragement for RM to offer high quality services - does not sufficiently enable the development of effective competition;
<p>Question 4.1: Do you consider that Ofcom’s current approach to financial sustainability and efficiency of the universal postal service will remain appropriate going forward? If not, please explain what changes you think should be made, with supporting evidence.</p>	<p>Confidential? – N</p> <p>We strongly believe Ofcom should introduce some form of regulatory requirement for efficiency improvement. If RM has the potential to achieve better efficiency improvement, the regulatory regime should require that improvement to be made; if not, postal consumers are denied the benefits available. It seems clear to TDG that Ofcom should introduce new regulatory measures that will require RM to achieve the potential efficiency gains.</p> <p>Since 2017 Ofcom’s reports have shown evidence of a failure to improve efficiency. We believe if efficiency targets were set by Ofcom then RM would have to improve. As a direct result RM would be required to add focus on this area this would then reduce overheads and would ensure large increase in prices are no longer required due to cost saving with efficiency improvements</p>
<p>Question 5.1: Do you consider Ofcom’s approach to the safeguard cap and ensuring affordability will remain appropriate going forward? If not, please explain what changes</p>	<p>Confidential? – N</p> <p>We do not see sufficient evidence that the current regulatory structure has acted to ensure that RM has behaved in a way that has benefitted UK postal users. Instead, RM</p>

you think should be made, with supporting evidence.

has implemented large annual price increases on access mail that have suppressed the use of mail. The cost of Business Mail has increased on average at almost 6% year on year since 2016 and always above the rate of inflation. It is worth noting TDG had the same opinion in the last review of the regulations. Ofcom advises that letter volumes and revenue have continued to decline since 2011, as customers increasingly move towards digital communications - **It is TDG's strong belief that the lack of price control and above inflation price rises are contributing to the decline in letter volumes and the move to digital media. If price increases continue at the current rate it is our belief that the financial stability of the USO is at risk of becoming financially unviable as the current unregulated price increases are having a continued significant reduction on mail volumes from all areas of the mail industry.**

It is Ofcom's primary statutory duty under PSA 2011 (financially sustainable provision of the USO) to ensure the stability of the USO is achieved and is not at risk of being failed. The current pricing increases are contributing to the lack of stability in the market.

Question 5.2: Do you consider Ofcom's approach to the regulation of residential and business redirections services will remain appropriate going forward? If not, please explain what changes you think should be made, with supporting evidence.

Confidential? – Y

Question 5.3: Do you consider Ofcom's approach to regulating quality of service for key USO services remains appropriate going forward? If not, please explain what changes you think should be made, with supporting evidence.

Confidential? – N

Quality of service over the last 12 months has been hampered by Covid however we as a company have continued to ensure we have invested in our QoS for our clients - along with all other businesses regardless of sector. In March 2020 RM advised due to the impact of social distancing and absence they were able to enact a 'disruptive event' which Ofcom and ourselves agreed with at the time due to the unprecedented impact Covid had on everyone.

	<p>We are now over 12 months since this disruptive event was declared and we have seen very little improvement in QoS and there has still not been any confirmation of the planned end date. We feel Ofcom should be pushing RM to end the disruptive event and hold them to account for the minimal improvements since May 2020. Ofcom need to put in to place timing restrictions on any future 'disruptive events' or outline the criteria to end such an event going forward.</p>
<p>Question 5.4: Do you consider Ofcom's approach to regulating USO services, including access requirements, Special Delivery Guaranteed by 1pm, Signed For and Meter mail will remain appropriate going forward? If not, please explain what changes you think should be made, with supporting evidence.</p>	<p>Confidential? – N</p> <p>We believe that USO and Access should be linked as the mail volumes from access mail support the financial long term future of the USO.</p> <p>As volumes decline it is important that access contract holders have a very strong voice in the development of new mail services.</p>
<p>Question 6.1: Do you think the parcels market is working well for all senders and receivers of parcels (such as online shoppers, marketplace sellers and/or small retailers)? If not, please explain what changes you think should be made, with supporting evidence.</p>	<p>Confidential? – N</p> <p>We believe the parcel market is operating well for the senders and receivers of parcels with good levels of customer satisfaction. There is a wide choice of service and strong and healthy competition on pricing in the various areas of the parcel sector. The exception been the less than 1.5kg lightweight sector where RM dominate the market, mainly because of their letter delivery network which allows them to deliver on the back of normal letter traffic. Giving Access Contract Holders the same access as RM retail would provide increased competition.</p> <p>We feel further regulation would add very limited value to the consumer and could even drive up costs. We do however see the benefit of a tracked product being introduced in the access market but Royal Mail have been reluctant to support this.</p>
<p>Question 6.2: What is the nature and extent of detriment (if any) that consumers may suffer in the C2X or B2C segments of the parcels market? Please provide your views with supporting evidence.</p>	<p>Confidential? – Y</p>

<p>Question 6.3: How effective are the existing consumer protection measures for users of parcel services, in particular CP 3? Is a change in regulation needed to protect users of postal services (as senders and recipients) and if so, what measures? Please provide your views with supporting evidence.</p>	<p>Confidential? – N</p> <p>Given the relationship between businesses and parcel carriers and the high level of competition in the market the end consumer is well served to in terms of general protections and general customer service. In the age of social media performance shortfalls are quickly highlighted forcing businesses to react accordingly.</p> <p>Royal Mail like all parcel carrier is subject to CP3.2.</p>
<p>Question 6.4: Are there any changes to the universal service obligations required for parcels, such as including tracking for First/Second Class services? If so, please provide your views with supporting evidence.</p>	<p>Confidential? – Y</p>
<p>Question 6.5: Do you have any other comments on Ofcom’s approach to regulating parcels? If so, please provide your views with supporting evidence.</p>	<p>Confidential? – N</p> <p>We feel the existing approach Ofcom is taking to parcel regulation is sufficient.</p> <p>However we would like Ofcom to decide whether other carriers of parcels should contribute to the recovery of Ofcom and CAB costs. E.g Amazon Logistics who have a growing presence in the parcel delivery sector.</p>
<p>Question 7.1: Does the current scope of access regulation remain appropriate or should this be changed and, if so, how and why? Please provide your views with supporting evidence.</p>	<p>Confidential? – N</p> <p>We would welcome Ofcom to consider whether additional access points to the Royal Mail network could be given to allow for more competition where RM are dominant.</p> <p>It is also felt that there is not always a level playing field between RM Retail and Access contract holders when using the same service e.g entry standards differ for the same product causing confusion with clients who use both services.</p>
<p>Question 7.2: How well is our approach to access price regulation working in supporting access-based competition? Are there any improvements or changes that we should</p>	<p>Confidential? – Y</p>

make? If so, please provide your views with supporting evidence.

Question 7.3: Is our current approach to access regulation working well in delivering fair, reasonable and not unduly discriminatory terms of access, and are there any changes we should make? If so, please provide your views with supporting evidence.

Confidential? – N

We believe the current level of access regulations does not go far enough. Pricing is solely controlled by RM with little or input from the Access contract holders.

Changes to the Access contract price plans are of real concern and if RM's intention to reduce price plans is achieved competition will be stifled.

Changes to the actual Access contract relating to notice periods will add in cost to our business and enable RM to make changes that only benefit themselves commercially. Because these changes are decided by RM with limited or little consultation, no account is taken of the cost in implementing these changes making it even more difficult to maintain commercial rates of return on investments.