

**Greeting Card Association response to Ofcom's Call for input: Review of postal regulation – pricing and affordability**  
1st December 2025

Dear Ofcom,

It's the Greeting Card Association: the voice of a **£1.53bn sector** representing publishers, retailers, suppliers and others in the uniquely British tradition of sending and receiving cards. At this time of year our members are operationalising for Christmas, a peak period of trade that significantly contributes to the UK's financial and emotional prosperity, so we're keeping our submission to your Call For Input focused to this letter because we want to be direct and ensure we land a fantastic Christmas for UK consumers and businesses.

Our core message is simple: **We are concerned about the clear threat to our industry, customers, GCA members and UK postal service by the proposed weakening of affordability controls.** Before weakening Second Class affordability protections in a monopoly letters market, Ofcom needs **up-to-date evidence, a clear affordability method, and a future-facing plan for "social post"** that aligns with your statutory duties and government policy.

We are also offering **two practical ideas** that would help Ofcom protect affordability, quality and participation while reducing the need for repeated crisis interventions.

For the purposes of this document, **"social post"** means cards, letters and other postal items sent between private individuals primarily for personal, social or emotional reasons - for example to celebrate occasions, maintain relationships, offer support or reduce loneliness - rather than for commercial, transactional, marketing or statutory purposes.

### **1. Why this decision matters now**

For letters and cards, Royal Mail is effectively the sole route for customers.<sup>1</sup> In that context, removing or loosening the Second Class price cap is hard to reconcile with Ofcom's duty to further the interests of consumers where there is little or no effective competition. We believe this approach is also misaligned to numerous other examples of UK precedence for capping prices charged by monopoly providers - with these caps applying to the general customer base, not narrowly-defined "economically disadvantaged" groups [See appendix 1]. If the cap is removed, it is not clear what would stop prices drifting towards monopoly levels.

You are exploring reduced protections at a time when:

- Alternate-day Second Class delivery is not yet fully rolled out or evaluated.
- Royal Mail efficiency programmes are ongoing.
- IDS's latest results show Royal Mail profits and letters revenues have improved materially relative to earlier baselines.<sup>2</sup>

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<sup>1</sup> GCA Consultation Response, 10th April 2025.

<sup>2</sup> International Distributions Services plc 2024–25 results, 8 September 2025.

Taken together, this suggests that Ofcom’s financial assessment of the work needed to return Royal Mail to >5% profitability is now out of date. Moving ahead on affordability in this context risks further eroding participation and confidence before the “new normal” for costs, quality and demand is known.

**Our perspective:** A short pause to refresh the financial baseline and re-run options where needed gives Ofcom increased consultee confidence and collaboration; a more robust footing with Parliament and reduces the risk of having to revisit decisions later once the above is better understood.

## 2. Why this matters to the greeting cards industry

**a) Cards, affordability and Government missions:** Greeting cards are both structurally resilient and socially vital; they should not be collateral damage from reforms primarily aimed at more digitised letter categories. A postal affordability framework that prices out card senders conflicts with live government priorities:

- i) Growth & SME prosperity.**<sup>3</sup> SMEs and cultural industries are positioned as “growth engines”.<sup>4</sup> Greeting cards are a high-SME, high-employment ecosystem. Pricing out card senders shrinks orders, tightens cash flow, risks jobs and curbs investment across thousands of micro-businesses and regional supply chains.
- ii) Creative Industries leadership.** Cards monetise UK design and illustration talent at scale, supporting creators’ revenues, export potential and IP development.<sup>5</sup> Suppressed social post cuts across the Creative Industries growth agenda.
- iii) Regional and high street resilience.** Independent card retailers, printers and finishers are disproportionately based outside London and the South East.<sup>6</sup> Eroding affordability pulls demand out of local economies.
- iv) Social connection & loneliness.** Nearly 800 million cards are exchanged each year (think of them like 800mn kisses and hugs zipping around the country) and 93% of the UK population buys into the category.<sup>7</sup> Cards are consistently cited as “more British than tea”.<sup>8</sup> Card sending supports DCMS priorities on loneliness and connection, particularly for older and less-digital people.<sup>9</sup>
- v) Digital transition done fairly.** As public services digitise, maintaining a reliable, affordable analogue route is part of a fair transition; otherwise the costs of change fall on those least able to adapt.<sup>10</sup>

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<sup>3</sup> “Growth is the number one mission of this government.” Invest 2035 (Industrial Strategy) foreword.

<sup>4</sup> Business Growth Service and “Backing your Business” SME plan.

<sup>5</sup> Creative Industries as a core growth lever. Culture Secretary Lisa Nandy; Creative Industries Sector Plan (2025), joint DBT/DCMS.

<sup>6</sup> Place-based growth & devolution via King’s Speech; Autumn 2024 business rates and high street measures.

<sup>7</sup> UKG Incidence Check 2025.

<sup>8</sup> PG Buzz > Kantar, FMCG World Panel, May 2025: 92% of customers buy greeting cards vs 83% who buy tea and 91% who buy toothpaste.

<sup>9</sup> Digital Inclusion Action Plan (DSIT, 2025).

<sup>10</sup> Digital Inclusion Action Plan (DSIT, 2025).

**Our perspective:** Anchoring postal decisions in this pro-growth, pro-SME, pro-connection context allows Ofcom to demonstrate it is advancing government missions, not cutting across them, while still meeting its duties to ensure a financially sustainable universal service.

**b) Evidence of harm and why card SME's can't pass costs on to consumers:** Ofcom's own materials and our sector's data tell a consistent story:

- **Service dissatisfaction and perceived poor value**
  - Royal Mail has repeatedly missed quality-of-service targets, leading to escalating enforcement and fines, yet performance remains below target.<sup>11</sup>
  - More people are now dissatisfied than satisfied with the cost of post, largely because prices have risen while reliability has fallen.<sup>12</sup>
  - The core sentiment is simple: people feel they are paying more and getting less.
  
- **Rising price sensitivity and changed behaviour**
  - Around two-thirds of users say they are sending fewer letters because of postage cost, up from 60% in 2022/23.<sup>13</sup>
  - Since 2019, First Class stamp prices have risen 143% (from £0.70 to £1.70) and Second Class by 54%, while greeting card prices have risen only 17%.<sup>14</sup>
  - 78% of people have noticed the increasing cost of stamps and 61% report buying fewer cards as a result.<sup>15</sup>
  - Use of First Class “most of the time” is falling; use of Second Class “all of the time” is rising. People trade down and, increasingly, opt out of sending entirely.<sup>16</sup>
  - When Royal Mail has been allowed to put stamp prices up and given regulatory breathing space, letter volumes have started falling faster<sup>17</sup> - and that worries us.
  
- **Why card businesses can't just pass costs on**
  - In greeting cards, the customer experiences the **card + stamp as a single price point**. Once that bundle tips over their comfort line, consumers do not simply pay more; they send fewer or no cards [Appendix 2].
  - Ofcom's own work identifies a **psychological tipping point around £1** for First Class; a similar effect applies to the whole bundle.<sup>18</sup> With the average UK card at about £1.95, now barely more than a First Class stamp, each postage rise

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<sup>11</sup> Ofcom, Call for input: Review of postal regulation – pricing and affordability (2025), Sections 2 and 5; Ofcom, Quality of Service decision and financial penalty (2025).

<sup>12</sup> Ofcom, Residential Postal Tracker 2024–25 (cost satisfaction and affordability).

<sup>13</sup> Ofcom, Call for input: Review of postal regulation; Ofcom, Residential Postal Tracker 2024–25

<sup>14</sup> UKG OnePulse, March 2025.

<sup>15</sup> UKG Incidence Check 2025 & UKG OnePulse, March 2025.

<sup>16</sup> Ofcom's Post Monitoring Report 2023–24

<sup>17</sup> International Distributions Services plc 2024–25 results, 8 September 2025.

<sup>18</sup> Ofcom, *Residential Postal Affordability Research* (Jigsaw Research, 2023), p. 8, key findings section (paras around 205–208).

consumes more of the perceived value and risks pushing people out of the act of sending [Appendix 2].

This is also why there is a strong case, under Questions 5.1 and 5.2, to rethink how price regulation and access pricing work for letters. GCA market reports show card retail prices are flat or falling in real terms because we cannot raise end-customer prices without destroying demand, while Royal Mail has sharply increased stamp prices but reduced parcel tariffs, despite an overlapping cost base.<sup>19</sup> This pattern raises legitimate questions about cost allocation between letters and parcels and the robustness of current access and margin-squeeze rules.

**Our perspective:** Recognising these dynamics allows Ofcom to maintain or strengthen safeguard protections on key social-post products (including greeting cards); ensure access and margin-squeeze rules support fair competition and do not disadvantage letter-centric SMEs; and still give Royal Mail strong incentives to be efficient and innovative in parcels, without relying on above-inflation increases on a shrinking, socially important letters market.

### 3. Why affordability controls matter

- a) **Controls on a monopoly operator:** Royal Mail remains, in practice, a monopoly provider for stamped social post and most universal service letters. If Ofcom removes or relaxes the Second Class safeguard cap, it must still be able to show Parliament and consumers how monopolistic price rises will be prevented in future.
- b) **What counts as “affordable” and for whom?** We are concerned that “universal affordability” is quietly being narrowed to “targeted discounts for some vulnerable users” via a sender-only relief model. That is not a minor tweak; it fundamentally changes the meaning of affordability and risks allowing general prices to rise while “affordability” is claimed through a narrow scheme.

**Our perspective:** If Ofcom intends to narrow affordability away from a universal baseline, we see two risks:

- First, it would make Ofcom a regulatory outlier - misaligned with its own telecoms regulation and approaches taken by other UK regulators [Appendix 1], where universal or segment-wide price protections are the norm, with **targeted help added on top**.
- Second, Ofcom should confirm whether such a narrowing is lawful without primary legislation and seek clarity **before** relying on it as the foundation for major regulatory change. We expect this clarity will frame how the consultation moves forward in terms of stakeholder contribution.

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<sup>19</sup> UKG Incidence Check 2025.

Without a robust affordability baseline and clear legal footing, the removal of a price cap in a monopoly market risks uncontested, above-inflation price rises that only become visible once harm is entrenched.

- c) Targeted Discounts and the sender/recipient catch 22:** We support a simple, dignity-preserving discount for low-income and older users. But a sender-only scheme carries a crucial design risk: the person paying for the stamp and the person who benefits most from the card are often different.

Many eligible recipients (older adults, people on Pension Credit, those who are digitally unconfident) do not send much mail themselves but receive high volumes of greeting cards. If the discount applies only to eligible senders, non-eligible family and friends still bear the full price and, as Ofcom's evidence shows, many will simply send fewer cards because of cost.<sup>20</sup> The outcome is perverse: a scheme intended to promote inclusion could reduce contact with exactly the citizens it is meant to support.

We first highlighted this sender/recipient "catch-22" in our answer to Question 14 of Ofcom's 2024 pricing consultation response.<sup>21</sup> We would welcome further dialogue on design options that avoid this trap.

**Our perspective:** Targeted discounts are a necessary but not sufficient tool. On their own, they: i) do not constrain Royal Mail's overall pricing power in a monopoly market; ii) risk damaging participation for non-eligible senders (who pay full price); and iii) could generate negative headlines about "lonely pensioners left out" if poorly designed. Any move away from a price cap therefore must be accompanied by a broader mechanism that governs Royal Mail's pricing behaviour for all users, not just those on a discount.

- d) Seasonal pinch points and participation:** At seasonal peaks (especially Christmas), price sensitivity is most acute, decisions are last-minute, and reliability matters most. This is also a time when loneliness risk is highest for older people.<sup>22</sup> Ofcom has itself recognised these affordability pinch points<sup>23</sup>, noting that Christmas is a period when more consumers may experience affordability challenges because of the increased number of cards and parcels sent, and that some respondents already report cutting back on the number of Christmas cards they send and downgrading to Second Class.

**Our perspective:** Any relaxation of protections must therefore be demonstrably compatible with maintaining participation at these culturally important moments - for both social and political reasons.

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<sup>20</sup> Ofcom, Call for input: Review of postal regulation – pricing and affordability (2025), para 3.41; Ofcom, Residential Postal Tracker 2024–25; Ofcom, Call for input – pricing and affordability (2025), Section 3; Jigsaw Research, Post affordability: benefits recipients' perspective on a potential targeted discount scheme (2025).

<sup>21</sup> GCA response to Ofcom's 2024 pricing consultation

<sup>22</sup> Age UK, December 2024.

<sup>23</sup> Review of Second Class Safeguard Caps 2024

#### 4. Evidence and method: what is needed before any cap change

Ofcom itself notes in this Call for Input that “there is no single approach to affordability that can be definitive about whether the price of a good or service is affordable or not.<sup>24</sup> Yet removal or relaxation of the Second Class cap is being considered. The potential scale of the changes mean that it is critical to understand impact first **before** making material changes, not retrospectively.

We suggest that no material change to the Second Class safeguard should proceed until at least the following are in place:

- **A transparent affordability framework and metrics:** bringing together clear, published indicators that capture effects on different segments of postal users - including low-income, older and disabled users - and on card-sending behaviour.
- **Published elasticity estimates:** for the impact of price increases and/or reduced service performance on volumes and sending behaviour.
- **An explicit price-quality link:** An explicit link between price and service: so post users are not penalised by poor service and increasing prices.
- **Independent review and a short public pilot:** external scrutiny of the method and inputs, plus a trial of fixed price postal delivery for cards with results published publicly.

**Our perspective:** A clear affordability framework, tested through a short pilot, would give Ofcom credible evidence to justify either maintaining or adjusting caps and make its decisions easier to explain to Parliament and other stakeholders.

#### 5. Designing a future-fit postal service > Two viable solutions

We understand that as government digitises, some letter categories will decline. But social post, (cards and personal letters), remains resilient when it is simple, predictable and affordable. Protecting that requires two complementary strands.

##### a) A Three-Part Postal Safeguard (behaviour-linked incentives)

Right now, the system can drift into “managed decline”: prices rise, volumes fall faster and Royal Mail’s letters revenue barely changes - classic monopoly dynamics. We suggest a different approach in which regulation stops rewarding decline and instead ties fines and regulatory relief to three controllable levers:

1. **On-time delivery (service).** Miss quality-of-service targets > existing fines apply.
2. **Stamp prices vs inflation (affordability).** If prices rise above an agreed threshold (e.g. RPI + 5%) *and* QoS is missed > fines escalate (e.g. 5–20% of letters revenue).

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<sup>24</sup> Ofcom, Call for input: Review of postal regulation – pricing and affordability (2025), para 3.41.

3. **Rate of letters volume decline (participation).** If prices rise above that threshold, QoS is missed *and* stamped USO letter volumes fall faster than a 10-year trend > fines become uncapped with a clear minimum.

Because institutional mail will naturally fall as the state digitises, this safeguard would focus on USO/social post volumes, but fines would be based on **all letters revenue** so the incentives are strong enough to matter.

#### **Our perspective:**

- This offers a **clear alternative to a simple price-cap mechanism** in a monopoly market: a behaviour-based test that bites only when Royal Mail over-prices, under-delivers and accelerates user loss.
- It provides a test that is easy to explain: *no over-charging, no under-performance, no unnecessary loss of users.*
- It allows Ofcom to show it is actively protecting affordability, quality and usage **without renationalisation** or day-to-day **micromanagement** of prices.
- It is legally robust and targeted: focused on **harmful conduct** rather than structural digitisation. When prices are reasonable, service is good and participation is stable, the safeguard does not interfere.
- By resetting incentives now, Ofcom can move from “managing decline” to **incentivising sustainability**, reducing the need for repeated crisis consultations.

We would be delighted to walk your team through this concept in more detail and hear your views ahead of next year’s consultation.

#### **b) A clear “Card Post” guardrail**

We propose a simple, well-publicised price ceiling for card post (e.g. standard greeting cards) tied to quality-of-service. This would:

- Provide predictability for households and SMEs;
- Reduce volatility around a high-SME, high-social-value format; and
- Protect participation in a category that directly supports government aims on growth, creativity and social connection.

There is international precedent for format-specific protections (e.g. postcard or card tariffs in the USA, Netherlands Germany and Australia).<sup>25</sup> This is not an exotic idea.

**6. Our consolidated asks:** To keep things clear, we are asking Ofcom to:

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<sup>25</sup> International examples of format-specific tariffs: USA domestic postcard rate lower than First Class letter; German postcard have their own tariff; The Netherlands has "December stamps" - sold at a reduced rate for a limited time during the holiday season. Australia has differing prices for postcards and Christmas/greeting cards alongside small/large letter prices.

**1. Clarify the legal basis for narrowing “affordability”.** Confirm whether a shift from a universal affordability duty to targeted relief alone is lawful without primary legislation, and pause any developments that rely on a narrowed definition until clarified.

**2. Refresh the Royal Mail financial baseline.** Publish how the financial baseline was updated prior to consultation; if it moved materially, re-run the options appraisal before any relaxation of safeguards.

**3. Publish a short Policy Compatibility Statement.** Show how proposals align with Government priorities on growth, SMEs, the Creative Industries and social connection/loneliness, with quantified impacts and mitigations.

**4. Adopt “no cap change without method and pilot”.** Publish the affordability method, elasticity analysis, distributional impacts and price–quality link; obtain independent review; and run a short public pilot before any material cap change.

**5. Keep Second Class genuinely affordable and link price to service.** Maintain at least a real-terms safeguard cap and condition any rises on transparent QoS delivery.

**6. Fix the sender/recipient design.** Ensure any targeted discount adds to, rather than replaces, a universal baseline so non-eligible senders can still afford to post to eligible recipients.

**7. Build a future-fit postal service for growth.** Recognise greeting cards as a distinct postal format and develop the Card Post guardrail and Three Part Postal Safeguard as tools to protect participation and support government missions.

### **Process and next steps**

In a monopoly letters market for cards, Ofcom’s duty of care requires a balance between operator viability and participation, confidence and social value. Given this is the third consultation round in c.two years, we would welcome greater transparency on how stakeholder input has shaped options at each stage and where alternative ideas, such as those set out above, fit into Ofcom’s forward plan.

We remain, as ever, an enthusiastic contributor to what we hope will be an inclusive, good faith process ahead. Prior to the consultation, we would very much welcome the opportunity to:

- explore the Card Post guardrail and Three Part Postal Safeguard with Ofcom officials,
- share additional sector data and behavioural evidence, and
- collaborate on designing a future-facing postal framework that supports both a sustainable universal service and a thriving, socially valuable greeting card market.

Yours sincerely,

[Greeting Card Association](#)

## Appendices:

### Appendix 1:

#### Summary of UK Price-Cap Precedent on “Affordability”

Across UK essential services, regulators have generally interpreted “affordability” as requiring broad, predictable price protections for all users in a given segment, with targeted schemes for vulnerable groups as an additional layer, not a replacement.

- **Post > Ofcom (current model)**

In its 2024 review of Second Class safeguard caps, Ofcom states that the caps are designed to “ensure a basic universal service is available to all at affordable prices” and “ensure that users of postal services, especially vulnerable consumers, are protected from significant price increases.” [www.ofcom.org.uk](http://www.ofcom.org.uk)

→ *This is a universal safeguard cap for everyone using Second Class, justified in part by the needs of vulnerable users and not a targeted scheme in place of universal protection.*

- **Telecoms > Ofcom**

Following its market review, Ofcom required BT to cut and cap line rental prices for all standalone landline customers (a segment heavily made up of older and more vulnerable people), after finding they were not benefiting from competition.

[www.ofcom.org.uk+1](http://www.ofcom.org.uk+1)

→ *Protection is applied to the whole at-risk segment, rather than only to customers who can individually prove low income or vulnerability.*

- **Energy > Ofgem**

The Ofgem Default Tariff Price Cap limits the maximum unit rates and standing charges suppliers can levy on default (standard variable) tariffs, so that “people on default tariffs pay a fair price for their energy, and suppliers can cover their costs.” [Ofgem+2Ofgem+2](#)

→ *This cap is automatic and universal for all households on default tariffs. Separate, targeted help (Warm Home Discount, etc.) sits on top; it does not replace the cap.*

- **Water > Ofwat**

Through the PR24 price review, Ofwat sets price controls that limit what companies can charge their customers for 2025 - 2030, explicitly aiming “to protect the interests of current and future customers.” [Ofwat+1](#)

→ *Again, this is a broad, system-wide control; any social tariffs for vulnerable groups are additional.*

- **High-cost Credit > FCA**

Parliament required the FCA to introduce a price cap on high-cost short-term credit “to protect consumers from excessive charges”. The FCA implemented caps on daily

interest (0.8%), default fees and total cost for all users of these loans. [FCA+1](#)  
→ Protection applies across the product, not just to borrowers who can prove vulnerability.

## Implication for Ofcom’s postal review

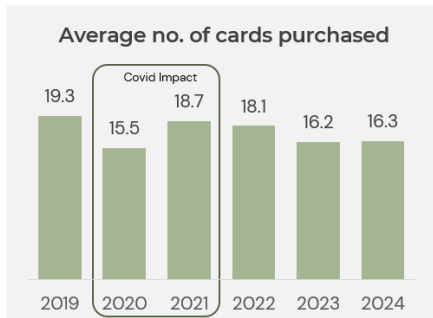
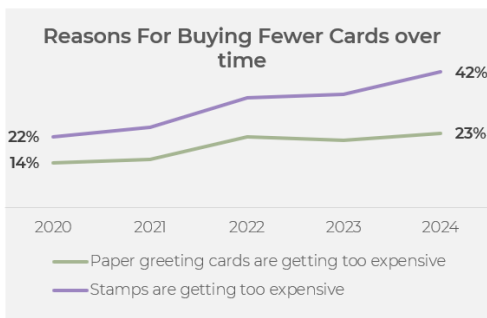
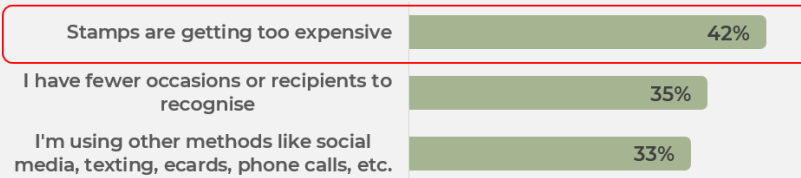
If Ofcom were to remove the universal Second Class safeguard cap and rely instead on a narrowly targeted discount scheme for a limited set of “vulnerable cohorts”, it would be out of line with the wider UK regulatory pattern, where affordability concerns in essential services are addressed by segment-wide price caps plus targeted support, not by abandoning universal protection and confining “affordability” to a small subset of users.

## Appendix 2:



**Price of postage is the number one barrier to card sending. People are reducing the number of cards bought to manage this.**

### Top 3 Reasons For Buying Fewer Cards 2024



Source: UKG Incidence Check