

## Your response

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<p><b>Question 1: Do you agree that we have identified the correct aims, supporting principles and features of the USO? Do you consider that these should continue to be respected as far as possible when assessing potential changes to the USO?</b></p>	<p>It would help to answer this question if your consultation document actually had a section Titled AIMS. As it is it is hard to decipher what your aims actually are.</p> <p>You say you want to keep a quality USO but all your proposals hack it to pieces.</p>
<p><b>Question 2: Do you agree with our assessment of the direction of change in postal needs of residential (including vulnerable) users and SMEs? Are there other factors relevant to their future demand which we have not considered?</b></p>	<p>Whilst you have identified key trends you have failed to consider the market in an holistic way. Yes ordinary letters less than 100g are down but online deliveries of large letters and parcels are up and Royal Mail has failed to capitalise on this. If you want to offer a 6 day service for parcels you can also do it for letters.</p>
<p><b>Question 3: Do you agree with our assessment of the bulk mail market? Are there other factors relevant to its future evolution which we have not considered?</b></p>	<p>This is about the only area where you are correct. The bulk mail market will continue to diminish</p>
<p><b>Question 4: Are there specific events/changes that could trigger a significant change in demand for large mail users, including public services?</b></p>	<p>I suspect that electronic communication will continue to replace bulk communication by letter for all bulk mail users although the NHS seems very wedded to communication by letter for reasons of confidentiality and they need a service that is universal, daily and quick.</p>
<p><b>Question 5: Do you agree with our proposed approach to estimating the financial burden of the USO?</b></p>	<p>Financial predictions are rarely accurate and should not determine the USO. There are few case where future planning by accountants have given the desired outcomes. Rather the USO should determine the cost of postage.</p>
<p><b>Question 6: Do you agree with our considerations regarding the unfairness of the financial burden of the USO?</b></p>	<p>Whilst the Royal Mail does bear some unfair costs due to the USO it also has benefits. These could be improved if Tracked services which many small business want (and ebay almost insists upon) were also exempt from VAT. Other carriers might protest that it gives the Royal Mail</p>

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	<p>an unfair advantage but in reality the extra business RM would pick up would help subsidise its USO.</p>
<p><b>Question 7: Do you agree with our considerations regarding the impact of the financial burden of the USO?</b></p>	<p>I do agree that without change the USO in its current form is unsustainable. My argument is that not enough creative thinking has been done to counteract this such as my suggestion that tracked services should be exempt from Vat in the same way that the standard service is. After all in the new era of online shopping the tracked service is the new standard service.</p>
<p><b>Question 8: Do you agree with our analysis of the different options available to change the USO and the impact of those changes on residential (including vulnerable) users, SMEs and bulk mail users? If not, please explain why and set out any option(s) which we have not considered.</b></p>	<p>I think all your options are flawed and degrade the USO to such an extent that RM will still have substantial extra costs but will be out competed by other providers who do not have those cost. If you follow any of your proposals you will be coming back in 5 years time to dilute them still further.</p>
<p><b>Question 9: Which option(s) do you consider would be most appropriate to address the challenges we have identified, while also ensuring that users' needs are adequately met?</b></p>	<p>As I have made clear none of the proposals you suggest meet my needs as a small business. The vast majority of my orders go out in large letter format. I currently use 1<sup>st</sup> class post with 75% of packages being under 100g and most of the rest under 250g. I send 800-1000 packages a year. My customers expect to get delivery the next day as if it was AMAZON because that is the standard that has been set by the largest online marketplace. RM has to compete with this if it wants to stay in business. Customers complain about excessive delivery charges and VAT on delivery charges does not help. I have looked at other couriers but despite its faults RM still gives the most cost effective next day service. However if the USO is diluted I might as well use the other couriers 3 day service which is much cheaper so RM would loose out.</p>
<p><b>Question 10: Do you have any other views about how the USO should evolve to meet users' needs?</b></p>	<p>I believe that by focussing on old fashioned 100g letters and small/medium parcels alone OFCOM and RM are missing the potential of the Large Letter Market. A lot of</p>

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	<p>EBAY traders and other small businesses use other couriers 3 day parcel service for these packages because it provides tracking. If tracking became standard for all RM services under the USO and as a result could be VAT exempt RM would greatly increase its share of the large letter/very small parcel market. Indeed I suggest that a new category of Very small/micro parcel is introduced pitched between large letter and Small parcel for domestic deliveries only. The weight could be up to 750g and dimensions just a bit bigger than current large letter. 35mm x 240mm x 500mm (or longer) would still fit through a modern domestic letterbox. This would attract a lot of interest from online trader and small businesses sending out smaller items that do not merit the size or weight classification of small parcel. As I have said before the VAT exempt status would not be unfair competition it would be compensation for the USO.</p> <p>Although letters, large letters and parcel do require different handling machinery and space I find it hard to stomach that RM is pushing so hard to maintain 6 day a week parcels delivery and is prepared to offer a poorer service for letters and large letters. The delivery costs and logistics for both are very similar now that even our local Posties in an urban area use a van rather than bicycle to move around the delivery area.</p> <p>Although it is outside the scope of this consultation I must also express my frustration at the scaling back of collection times from post boxes. All our street boxes are now 9am collection (7am) on Saturday. This does not encourage their use and means first class is now effectively 2 days anyway. The few boxes that do still have an afternoon collection are now collected progressively earlier (most before 5pm and the latest serving a business estate now 5.30pm rather than 6pm) so that I have had to move forward the deadline for same day delivery. Sometimes I don't think RM has a clue about being a customer focussed business.</p>

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