

Your response

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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?	Confidential? N Not just “as far as possible” every effort should be made to respect the guiding principles of the USO, and the legal requirements of the Act.
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?	Confidential? N I do not have a view on residential users, my concerns are related to SME's and higher volume senders, either franking or account/Access users.
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?	Confidential? N I would question the claims made by Royal Mail that customers are increasingly interested in using slower services for delivery of their mail, which it argues is demonstrated by the migration of other mail streams to Royal Mail's Economy Access Service (which is said to now be more than 50% of all Access mail). In addition to bulk mail users' single piece and franking channel users do not accept this claim and would argue the opposing view that the real reason for this down-trading is the fact that quality of service is now so chronically poor, customers are opting to use a cheaper product when the service quality for the higher priced service is not being delivered. As a result, in practice there is little or no difference in the service quality they receive. Additionally, the above inflation and multiple price hikes levied on their customers by RM since 2019 has forced the shift to less expensive but slower services for the delivery of mail. This is particularly the case for those sending mail rather than parcels.

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Question 4: Are there specific events/changes that could trigger a significant change in demand for large mail users, including public services?	<p>Confidential? N</p> <p>Continued price hikes will speed up the migration to digital. Continued poor quality of service will also make post less viable, particularly to business customers.</p>
Question 5: Do you agree with our proposed approach to estimating the financial burden of the USO?	<p>Confidential? N</p> <p>I have issues with the range of potential savings. The scope is too large, a 3-day service is expected to save between £150m and £600m, the scope is too wide. The financial burden that RM experiences are largely due to inefficiencies and industrial relations failures. It has also been exacerbated by above inflation rises in letter prices for stamps, account, franked and Access mail, particularly since 2019. I cannot understand the RM thinking that these price increases, (and terrible quality of service) wouldn't usher the migration to electronic substitution. RM have believed they can get away with these price increases because letter senders have little choice, therefore are inelastic. The same above inflation price increases have not been applied to the parcel channel because they are elastic, i.e. there is plenty of choice. This cannot be allowed to continue, and a regulatory environment needs to govern all price increases and this needs to be linked to any proposed changes to the USO particularly in number of delivery days and quality of service.</p>
Question 6: Do you agree with our considerations regarding the unfairness of the financial burden of the USO?	<p>Confidential? N</p> <p>No, I do not agree with this statement. The "USO financial burden" has been brought about by RM inefficiencies, industrial action, and management failures, not the USO in my view. How can a special dividend and share buyback of £400m implemented in Jan 2022 be considered a good idea, just as we were coming out of Covid.</p>
Question 7: Do you agree with our considerations regarding the impact of the financial burden of the USO?	<p>Confidential? N</p> <p>As per answer above.</p>

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<p>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.</p>	<p>Confidential? N</p> <p>The analysis in effect comes to one solution in my view (when logistical, legal, and political objections are taken into consideration). That is reduce the time taken to delivery letters. I understand that to have a 3-day service (2nd Class) and possibly a next day premium service is probably the way to achieve this outcome.</p>
<p>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?</p>	<p>Confidential? N</p> <p>Monday should be the day removed from letter deliveries if it must go to 5-days. On point 9.22 I find it difficult to believe that recipients would not engage with letters at the weekend, and I would challenge the veracity of this statement.</p> <p>The German approach could possibly be looked at as it seems to be the least disruptive. Deutsche Post has the universal service mandate in Germany. A recent change to legislation recommitted to a six-day-a-week letter service but reduced the standard letter service from delivery within a day to three days. It also allowed a new next-day premium service to be introduced.</p> <p>Other regulated utilities have a linked ability for the provider to increase prices with achievement of service quality and efficiency improvement. Ofcom must consider such an approach to letters.</p>
<p>Question 10: Do you have any other views about how the USO should evolve to meet users' needs?</p>	<p>Confidential? N</p> <p>Any changes to delivery targets and number of days delivered must have stronger Ofcom regulation so that we have confidence in RM QoS and know that above inflation price increases of letters and large letters are in the past. All pricing must be at CPI or below. Letter senders are paying for RM failures, parcel senders are not.</p> <p>Post is complementary tool to digital platforms and systems; I'm surprised this has not been mentioned.</p>

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