

Your response

Question	Your response
Question 2.1: Do you agree with Ofcom's proposed regulatory approach for regulating postal services over the next 5-year period (2022-2027)? If not, please explain the changes you think should be made, with supporting evidence.	Confidential? – Y / N
Question 3.1: Do you agree with our proposed approach to sustainability of the universal service? Please substantiate your response with reasons and evidence.	Confidential? – Y / N
Question 4.1: Do you agree with our proposal to maintain the historic approach but with the additional requirement on Royal Mail to set and report against a five-year expectation? Please substantiate your response with reasons and evidence.	Confidential? – Y / N
Question 4.2: Do you agree with our proposals in relation to the monitoring and publication of the efficiency expectations prepared by Royal Mail? Please substantiate your response with reasons and evidence. Please substantiate your response with reasons and evidence.	Confidential? – Y / N
Question 5.1: Do you agree with our proposed approach of maintaining the current regulatory safeguards of the safeguard cap, high quality of services standards, and requirements on access to universal services? Please substantiate your response with reasons and evidence.	Confidential? – Y / N
Question 5.2: Do you agree with our proposal to not impose further regulatory requirements on Royal Mail in relation to Redirection pricing, following implementation of its improved	Confidential? – Y / N

<p>Concession Redirection scheme? Please substantiate your response with reasons and evidence.</p>	
<p>Question 5.3: Do you have any further evidence on other issues raised in this section?</p>	<p>Confidential? – Y / N</p>
<p>Question 6.1: Do you agree with our assessment of the parcels market, namely that it is generally working well for consumers, but improvements are needed in relation to complaints handling and meeting disabled consumers’ needs? Please substantiate your response with reasons and evidence.</p>	<p>Confidential? – Y / N</p> <p>We largely agree with the assessment of the market and recommendations for improvements. However, we believe that there is one specific area where further proposals would be justified: facilitating the growth of open parcel shop / locker networks and locations where consumers can receive parcels from any carrier.</p> <p>From our ongoing work in this area of the market we believe that parcel shop and locker networks are beneficial for all parties involved in the online retail value chain and for the environment in reducing the total number of vehicle miles driven per parcel. However, these benefits are only fully achieved when a network satisfies <i>both</i> of the following conditions</p> <ol style="list-style-type: none"> 1. It is OPEN for use to all individuals, parcel carriers and retailers, and 2. It is DENSE enough to achieve convenience and efficiency effects <p>We define dense enough as when the overwhelming majority of consumers in urban areas are within walking distance (c. 0.5km) of parcel shops / lockers serving all of the main B2C carriers from which they regularly receive deliveries. If consumers do not have locations very close to where they live, they are less likely to use them or, if they do use them, they are far more likely to drive to them, undermining the environmental benefits.</p> <p>While parcel shop and locker networks have grown, they are still far short of this density. Furthermore, they are not open, meaning their effective density is lower. This is because consumers typically have to use a location served by a carrier they are generally not free to choose, which is likely not to be the one that is most convenient for them. In our most recent research on this market (Global Parcel Shops and Locker Networks: Market Insight Report, February</p>

2021) we have found that the number of PUDO locations in the UK has increased considerably in the last year, by 31% to 52,000 locations (excluding 6,300 post offices which offer Local Collect). However, the increase has mainly been in networks which are specific to a single carrier, in particular the locker networks of Amazon and InPost, and the UPS and DPD parcel shop networks. Hence at the aggregate level, networks are becoming less open. We estimate that an *open* network of 70,000 parcel shop/locker locations in the UK would reduce the number of delivery trucks on our roads every day by 20,000 from current levels of around 80,000.

There are two ways in which locations can be open to multiple carriers - a location can join more than one network or a network itself can be required to be open to multiple carriers.

We believe that individual locations rarely join more than one network because, in the UK, the networks usually require that their parcel shop locations do not offer other parcel services. For example, Hermes states this explicitly on its website: "To become a Hermes ParcelShop, your store should ... Not offer another parcel service"

(<https://www.myhermes.co.uk/parcelshops/become-a-parcel-shop>) and we understand from our ongoing work in the market that other UK networks have similar terms. However, in other European countries such as Germany, France and the Netherlands, many parcel shops do choose to be members of more than one network (including members of the Hermes network in Germany) which strongly suggests to us that carriers or network operators in these countries do not impose, or are not allowed to impose, such conditions.

We believe that, if they were free to do so, a proportion of UK parcel shops would join multiple networks, as is the case elsewhere in Europe. But open networks serving multiple carriers, and the benefits which derive from them, are only likely to come about if there is a degree of external co-ordination and regulation. We have been involved in two projects which have attempted to create such open networks. The Pick Network in Singapore (where we advised the Singapore Government which has now launched the locker network across its territory) and the Delivering London initiative, led by TfL (where we advised one of the potential network operators in an initiative which has now been

	<p>postponed indefinitely due to the impact of COVID on TfL's finances). In both of these projects, the regulator had clear objectives to mandate that the proposed network must be open in order to maximise the benefits – to consumers in increasing convenience, to retailers in increasing sales as a direct result and to the environment in reducing vehicle miles driven per parcel.</p> <p>We believe that it would be in the interests of consumers and other parties for networks to permit UK parcel shops to join more than one network and for networks to be open to multiple carriers. In light of this, we encourage Ofcom to reconsider its views on this area of the market.</p>
<p>Question 6.2: Do you agree with our assessment of the consumer issues in relation to complaints handling and our proposed guidance? Please substantiate your response with reasons and evidence.</p>	<p>Confidential? – Y / N</p>
<p>Question 6.3: Do you agree with our assessment of the issues faced by disabled consumers in relation to parcel services and our proposed new condition to better meet disabled consumers' needs? Please substantiate your response with reasons and evidence.</p>	<p>Confidential? – Y / N</p>
<p>Question 7.1: Do you agree with our proposal not to include tracking facilities within First and Second Class USO services? Please substantiate your response with reasons and evidence.</p>	<p>Confidential? – Y / N</p>
<p>Question 7.2 Do you have any further evidence or views on other issues relating to USO parcels regulation? Please substantiate your response with reasons and evidence.</p>	<p>Confidential? – Y / N</p>

Question 8.1: Do you agree with our proposals on the scope of access regulation? Please substantiate your response with reasons and evidence.	Confidential? – Y / N
Question 8.2: Do you agree with our proposals on access price regulation? Please substantiate your response with reasons and evidence.	Confidential? – Y / N
Question 8.3: Do you agree with our approach and proposals for the non-price terms of access regulation? Please substantiate your response with reasons and evidence.	Confidential? – Y / N

Please complete this form in full and return to postalreview@ofcom.org.uk