



Postal Review  
 Ofcom  
 Riverside House  
 2A Southwark Bridge Road  
 London SE1 9HA  
 postalreview@ofcom.org.uk

Consultation title	Call for inputs: Review of postal regulation	Confidential (Y/N)
Full name	[REDACTED]	N
Phone	[REDACTED]	Y
Organization name	Etsy	N
Email address	[REDACTED]	Y
Please indicate how much of your response you want to keep confidential	None	N

Dear Ofcom,

On behalf of Etsy, the global marketplace for unique and creative handmade goods, we welcome the opportunity to express our views about the Ofcom review on postal regulation in light of the impact on online sellers and marketplaces. We would like to offer suggestions for how the regulations should promote competition and improve services for small businesses.

We specifically want to express our concern regarding the proposal to maintain the current restriction preventing Royal Mail from incorporating tracking facilities on First and Second Class USO services.

## Section 7: USO parcels regulation

**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.

### Impact to Small Businesses

Every year, Etsy sellers ship millions of orders via Royal Mail, most of which are very small, lightweight (less than 500g) shipments, and fulfilled from the sellers' homes, not warehouses. Royal Mail offers sellers rates that are competitive with those only available to larger manufacturers and global retailers, which allows these small businesses affordable access to postage in line with their larger competitors. Not having tracking information for sellers to provide to buyers likely places challenges to these small businesses when competing with larger retailers who tend to have more comprehensive fulfillment infrastructure, with high volume contracts and inclusive tracking options.

With a surge in online sales, supply chain interruptions, and COVID-19 pandemic related delays, we believe tracking information is more essential than ever. Small businesses need to be able to offer competitive customer service, shipping transparency, and shipping prices to their customers to help them be competitive. For most small businesses, opting for the lowest cost tracked option upgrades their orders to a higher weight or class, which doubles or triples their shipping cost. Ultimately, a lack of tracking information is hurting small businesses who have to spend more to obtain labels with tracking options.

For illustrative purposes, here is a typical example on cost increases:

Large Letter-Royal Mail 2nd Class stamp -100g- without tracking **costs 0.96GBP**

The most economical option with tracking -Tracked 48- **cost 3.60GBP**

**Extra cost to include tracking: 2.64GBP (275% increase in extra shipping cost)**

Here are a few reasons why Royal Mail tracking information is critical to our buyers and sellers:

- **Buyer visibility:** Buyers want to be able to see the status of their online purchases—from when the carrier receives the item all the way to a delivery confirmation. Theft from doorstep (porch piracy) is a reality in the UK. Citizens Advice reported more than 22,000 visits to its lost and stolen parcels webpage last month (Nov 2021) <sup>1</sup> Recent examples in other markets include 18% of consumers having at least one theft in just the past 4 months in the US <sup>2</sup>. Without tracking information, buyers may not know if they should request a refund or wait for delivery.
- **Financial protection for sellers:** Tracking information helps protect the seller from claims that the parcel was never shipped or delivered. Additionally, shipping Insurance

<sup>1</sup>Source:<https://www.theguardian.com/uk-news/2021/dec/06/porch-piracy-wave-of-doorstep-parcel-thefts-sweeping-uk>)

<sup>2</sup>Source:<https://www.valuepenguin.com/nearly-one-in-five-consumers-experienced-package-theft-since-start-of-quarantine>)

does not typically cover untracked parcels, resulting in financial losses to sellers and buyers.

- **Transparency:** Tracking information may help create trust with buyers as it provides full visibility. We believe this is particularly important for new sellers who are starting their small businesses.
- **Buyer expectations:** Buyers are likely to expect information when making an online purchase. A lack of this tracking information could make Royal Mail a less attractive shipping option for sellers to use when wanting to meet a buyer's expectation. As a result, sellers may be forced to purchase higher cost alternatives.
- **Low cost alternatives to tracking are lacking:** Signature services are not a substitute for tracking information. Customers need to be home to "sign" for the parcels, which is not practical for most customers.
- **Signals from other markets:** Markets like the US where virtually all mail classes have tracking (including small envelopes), have seen seller growth as a result of affordability and increased consumer trust due to the transparency.

We believe that tracking information is critical to the selling and buying experience online. The experience in markets like the United States where the national mail service offers tracking for virtually all mail classes used on Etsy -including small envelopes- has likely signal positive outcomes: we believe tracking information has helped with increased consumer trust due to the transparency for online purchases. We believe this is critical to online seller success that we have made it generally a requirement on the Etsy marketplace in the United States.

### **Proposed Solution**

We urge Ofcom to reconsider not allowing Royal Mail to offer tracking information on lightweight 1st and 2nd class shipments, including letter, large letter and parcel as an option. This will allow small businesses in the UK to access to affordable tracking so that they can fairly compete against larger businesses and fulfill buyer needs regarding parcel delivery. We look forward to your favorable considerations.

<sup>1</sup>Source:<https://www.theguardian.com/uk-news/2021/dec/06/porch-piracy-wave-of-doorstep-parcel-thefts-sweeping-uk>)

<sup>2</sup>Source:<https://www.valuepenguin.com/nearly-one-in-five-consumers-experienced-package-theft-since-start-of-quarantine>)