


## Your response

Question	Your response
<p><b>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.</b></p>	<p>Confidential? – N</p> <p>Pitney Bowes is a global shipping and mailing company that provides technology, logistics, and financial services to SMEs, retail, enterprise, and government clients in the UK and globally. Clients rely on Pitney Bowes to remove the complexity of sending mail and parcels.</p> <p>We acknowledge Ofcom's overall approach for regulating postal services over the next 5-year period (2022-2027). However, we believe uncertain and turbulent times are ahead for the UK economy with further reductions in letter volumes driven by continued e-substitution as seen in other international markets as business are forced to reduce operating costs.</p> <p>Current Bank of England guidance predicts that by April 2022 inflation will hit 7% the highest for over 30-years.</p> <p>To provide more flexibility within the universal service to support consumers and SMEs it is our opinion aspects of the approach must be reviewed prior to the conclusion of the consultation as identified in the responses to the supporting questions.</p>
<p><b>Question 3.1: Do you agree with our proposed approach to sustainability of the universal service? Please substantiate your response with reasons and evidence.</b></p>	<p>Confidential? – N</p> <p>Pitney Bowes supports Ofcom's proposed approach to broadly maintaining the current regulatory framework allowing Royal Mail the commercial flexibility to sustain the USO.</p> <p>However, with declining letter volumes, we are surprised that Ofcom will not support the initiative for Tracked products to be introduced within the USO for Large Letters and Parcels (1<sup>st</sup> and 2<sup>nd</sup>) as Royal Mail competitors all offer fully tracked competitively priced products, where Royal Mail can only offer 'Signed For' a 'Proof of Delivery' product to consumers and SMEs within the universal service unless they opt for the more expensive Special Delivery Guaranteed product.</p> <p>48% of Pitney Bowes clients use a combination of 'Signed For' and Special Delivery Guaranteed products and introducing a competitively priced Tracked (1<sup>st</sup> and 2<sup>nd</sup> class) product within the USO would meet the changing needs of SMEs and consumers.</p>
<p><b>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</b></p>	<p>Confidential? – N</p> <p>Covid-19 and the pandemic has impacted many businesses and consumers over the last 18-months, and it has been well documented in the press that in some areas of the UK the universal service deliveries have been severely disrupted.</p>

<p>expectation? Please substantiate your response with reasons and evidence.</p>	<p>It is therefore essential Royal Mail reports quality of service and efficiency progress annually over the next 5-years as the UK universal service incumbent to provide the public with confidence in the services being provided.</p>
<p><b>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.</b></p>	<p>Confidential? – N</p> <p>In line with paragraph 4.43 Pitney Bowes believes there is value in increasing the level of public understanding and scrutiny of Royal Mail’s efficiency expectations and its progress against them over the next 5-years.</p> <p>It is clear in the short-term letter volumes will continue to decline with further e-substitution becoming accepted by consumers and SMEs as they consider their green credentials and need to reduce costs.</p> <p>Maintaining the USO will be crucial as more emphasis is placed on parcel distribution and the competition increases between parcel operators and e-commerce providers.</p> <p>Only by publishing the efficiency expectations will the public understand the demands of maintaining the universal service longer term.</p>
<p><b>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.</b></p>	<p>Confidential? – N</p> <p>Pitney Bowes agrees maintaining the current safeguard cap is critical as Royal Mail still controls a near-monopoly position in the single piece USO letters market where volumes continue to decline. Since the pandemic Royal Mail’s market share of the single piece small and medium-sized parcel has increased. It is expected that their full 2021/22 financial figure will report consistent parcel growth.</p> <p>To support the continued parcel growth and E-Commerce fulfilment in the UK Royal Mail will need to invest further in new parcel sortation facilities and technology and this should not be at the detriment of the USO letter market pricing with tariffs exceeding the current cap and the consumer price index moving forward.</p> <p>Serving both the letter mail and parcel needs of consumers and SMEs continues to be critical, particularly for those who have difficulty accessing the postal network.</p> <p>We also fully support the current proposals to retain meter mail within the universal service and this will be welcomed by SMEs as many struggle to recover from the pandemic with rising costs in other aspects of their business.</p> <p>Ofcom’s own RUN research demonstrated, of those SME’s making use of metering, “85% considered this method of sending mail to be ‘important’ or ‘very important’ to their business”. This aligns with general research into SMEs usage and importance of postal services</p>

	<p>with the “importance rating for services being regarded as ‘low cost’ has increased from 58% to 70%.</p> <p><a href="https://www.ofcom.org.uk/_data/assets/pdf_file/0022/208219/2019-20-annual-monitoring-update-postal-market.pdf">https://www.ofcom.org.uk/_data/assets/pdf_file/0022/208219/2019-20-annual-monitoring-update-postal-market.pdf</a>)</p>
<p><b>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 Concession Redirection scheme? Please substantiate your response with reasons and evidence.</b></p>	<p>Confidential? – N</p> <p>No Comment</p>
<p><b>Question 5.3: Do you have any further evidence on other issues raised in this section?</b></p>	<p>Confidential? – N</p> <p>Paragraph 5.161 covers the Registered and Insured elements of the Special Delivery Guarantee (SDG) offering. Pitney Bowes believe Ofcom should support Royal Mail’s request to allow registered and insured services to be offered as separate universal service offering to create a ‘level playing field’ with other parcel operators offerings. Consumers and SMEs requiring a fully tracked next day guaranteed service within the universal service have today no option other than to accept the minimum £500 insurance.</p> <p>In researching the cost of Insurance with other alternative leading UK parcel operators via their consumer websites, it is clear to obtain up to £500 of insurance cover as an example, it is necessary to pay a fee of between 3.5% and 4.75% of the value of the goods being shipped. The default basic insurance offered by the alternative carrier for next day services ranges between £20 and £100 which also means Royal Mail’s SDG offering is becoming less competitive in the marketplace for consumers and SMEs.</p> <p>It is acknowledged that consumers have access to competitive offerings from the alternative carriers. However, if Royal Mail cannot compete on a level playing field in the parcel market with a suite of competitive tracked parcel products longer term, maintaining the universal service will become increasingly difficult as transport and inflation costs in the UK reach record levels not seen in the last 30-years.</p>
<p><b>Question 6.1: Do you agree with our assessment of the parcels market, namely that it is generally working well for consumers, but</b></p>	<p>Confidential? – N</p> <p>Pitney Bowes agrees with Ofcom’s assessment that generally the parcel market in the UK is working well with increased competition driving competitive tariffs.</p>

<p><b>improvements are needed in relation to complaints handling and meeting disabled consumers' needs? Please substantiate your response with reasons and evidence.</b></p>	<p>With UK parcel volumes expected to reach 5 billion items per annum during 2022/23 prompted by further on-line e-commerce and market-place growth also driving the volume of returns. It is essential Ofcom ensures all UK parcel operators have robust complaint handling processes that meet the needs of all consumers including those with disabilities and special needs.</p>
<p><b>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.</b></p>	<p>Confidential? – N</p> <p>Hosting several e-commerce shipping solutions Pitney Bowes agrees with the consumer issues in relation to complaints handling and the proposed guidance.</p> <p>Imposing consumer protection conditions on all parcel operators and publishing performance data regularly will also assist consumers and SME's in making informed decisions when choosing their parcel operator based on their quality of service and portfolio of products.</p>
<p><b>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.</b></p>	<p>Confidential? – N</p> <p>Pitney Bowes believes requiring parcel operators to develop and implement their own policies on how they will meet the specific needs of disabled consumers is a positive move. It could deliver significant consumer benefits by reducing the incidence of delivery issues experienced by disabled consumers.</p> <p>As parcel volumes continue to increase the delivery agents are under increased pressure to complete as many deliveries as possible. It is therefore essential a sensible unilateral solution is developed to allow those with disabilities, special needs and potentially the elderly to have sufficient time to answer the door.</p> <p>Many shipping platforms and e-commerce solutions already have fields for special delivery instructions and adding a field or unique symbol to clearly notify the driver on the address label that additional time should be allowed for the recipient to answer the door could benefit senders, recipients, and parcel operators with fewer aborted and second delivery attempts being required.</p> <p>Many fields on standard 6 x 4 shipping label are universally used and Ofcom could influence all UK parcel operators to adopt a standard format for notifying the driver.</p> <p>Sample: -</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.**

Confidential? – N

Pitney Bowes disagrees with Ofcom's proposal not to include tracking services within the available universal services. As indicated in paragraph 2.33 of the Ofcom consultation under 'Changing Needs', Ofcom found a large increase in the use of parcels, and an increased willingness to consider and use alternatives to Royal Mail, especially for SMEs.

Pitney Bowes provides Mailing, Shipping and E-commerce solutions to a broad spectrum of SMEs in the UK and it is our experience SMEs prefer being able to access letter and parcel service via a single carrier/operator to assist with their own business efficiencies and to reduce overall costs.

The Ofcom decision to maintain the current scope of access regulation and not extend it to include tracked products (First or Second Class) for letters, small and medium parcels within the scope of the universal service will continue to impact SMEs. Pitney Bowes believes this item needs to be reassessed prior to the conclusion of the consultation.

Ofcom's reference to qualitative insights from the C2X research that found a perceived preference for Signed For over tracked services. We would argue strongly against this point, particularly given the suspension of requesting a signature from customers during COVID-19. We believe that the rise in importance of tracking in the parcel market as noted in the C2X quantitative attitudinal research validates the arguments set out by the Post Office in its own response that excluding tracking from the USO for the current review period risks "fossilising" the universal service when it needs to remain relevant.

SMEs are either being forced to use Royal Mail's Special Delivery Guaranteed service or transition to multiple mailing, shipping, and e-commerce solutions to satisfy the growth in parcel distribution as on-line purchases and market-place sales continue to increase post the pandemic.

The pandemic has also led to a culture of contactless delivery with parcel operators such as 'Leave in a safe place' where today recipients expect to be able to track the item 'End to End' verse only receiving a 'Proof of Delivery' receipt once delivered.

Today, if consumers and SMEs wish to use Royal Mail and the universal service for convenience for a fully tracked service they need to select 'Specially Delivery' Guaranteed Next Day as there are no other alternatives available within the universal service portfolio of options.

As indicated in the consultation, Royal Mail has a Tracked 24/Tracked 48 online offering that falls outside the universal service. However, for most consumers and SME's this product comes with restrictions where items either need to be taken to a Royal Mail Delivery Office or a

	<p>collection needs to be arranged as these items cannot be inducted via a Post Office Counter.</p> <p>As previously indicated by stakeholders, several marketplace sellers now require a tracked service to be used within their terms of business to sustain client satisfaction and reduce delivery complaints. The ongoing financial sustainability of the universal service is likely to be compromised if a tracked service is not introduced.</p> <p>Moving forward Royal Mail needs to be able to compete with competitive pricing with a tracked product for letters, small and medium parcels (First or Second Class) to ensure these services are accessible to consumers and SME's.</p>
<p><b>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.</b></p>	<p>Confidential? – N</p> <p>No Comment</p>
<p><b>Question 8.1: Do you agree with our proposals on the scope of access regulation? Please substantiate your response with reasons and evidence.</b></p>	<p>Confidential? – N</p> <p>No Comment</p>
<p><b>Question 8.2: Do you agree with our proposals on access price regulation? Please substantiate your response with reasons and evidence.</b></p>	<p>Confidential? – N</p> <p>No Comment</p>
<p><b>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.</b></p>	<p>Confidential? – N</p> <p>No Comment</p>

Please complete this form in full and return to [postalreview@ofcom.org.uk](mailto:postalreview@ofcom.org.uk)