

Ofcom Consultation on Economy Access - CFH Feedback

- **Question 1:** Do CFH agree with Ofcom's proposal to extend the USPA conditions to the new D+5 letters access service?

CFH is concerned that by extending the USPA condition to include the new D+5 service it will devalue the current Access Standard Service where currently all DSA items are delivered next day once handed over to RM. However, we understand that from a business point of view we have little choice but to offer this service to our clients otherwise it is possible we could lose work. The positives we can see with this service being part of the USPA conditions is that it could improve efficiencies within Royal Mail which should eventually lower prices for users.

- **Question 2:** Do CFH agree with Ofcom's proposal to include Royal Mail's new retail economy Mailmark Letter services and their access equivalent in the margin squeeze control?

Yes, CFH agrees with the proposals to include the new retail economy product the margin squeeze tests. Our concern is that Royal Mail will increase the price difference between the current Access Standard Service (to become a "premium service") and Economy Access in order to edge clients towards the Economy service as this will suit Royal Mail's future plans. We believe fixing the margin between the Standard Access Service and the Economy Access Service would be a better model for the pricing control and would reduce the risk of the Standard service being priced uncompetitively. We are concerned that if Access Standard tariffs drift apart from the Economy service then the standard service will become uncompetitive and those clients for whom time sensitivity is important will move to digital communications.

- **Question 3:** Do CFH agree that, if adopted, the proposed changes to the USPA condition should become effective from the date of Ofcom's statement

CFH will initially not be offering this service through our DSA licence as we feel this is not suitable for transactional business mail mailings which in the main are time sensitive. However if a client requires the use of the service then we will have no alternative.

- **Question 4:** Do CFH have any other comments on Ofcom's proposals as set out above or the regulator's proposed amendments to its legal instrument (USPA condition)? Please provide your reasons.

CFH feel this service is not going to be used by many business/transactional mail clients and as usual is only suitable for 'Direct Mail' type mailings. Part of the attraction of the current Standard Access Service is that it is next day delivery after handover, so clients can plan mailings around the door drop date.

Our client base includes NHS Trusts whom send urgent appointments and correspondence which are door drop date critical, plus we have a broad portfolio of financial clients who need to know what day the items are being delivered for financial purposes, and Council mailings that often have urgent correspondence where all recipients need to be informed of critical information on the same day.

As a Transactional Business Mail provider CFH see no need for the Economy Mail Service and feel it will eventually be seen as 'the standard service' and the current 'Standard Service' will be priced out of use and drive clients away from hard copy to digital communications.