


About the mail market and competition

- **Royal Mail provides the UK's 'universal postal service'**, which includes the one-price-goes-anywhere stamp, as well as collections and deliveries of mail for almost every UK address, each working day.
- **The UK addressed mail market in the "licensed area" (mail weighing less than 350g and costing less than £1 to post) was worth £6.6 billion in 2007-08.** In 2007-08 volumes have declined again by 2%, compared to 2006/07. (Source: Postcomm, with data from Royal Mail, based on Royal Mail volumes including access, regulated mail and non-regulated mail. Excludes Door-to-Door and International.)
- **Businesses send about 87% of all mail** in the UK licensed postal market - about 60% to consumers and 27% to other businesses. (Source: Royal Mail.) The largest 500 companies account for 50% of mail volumes, making the UK postal market highly concentrated. (Source: UBS Investment research paper, *Will liberalisation end 'monopoly' returns?* 21 July 2006)
- **Consumers post 13% of mail** in the licensed area – about 10% to other households and 3% to businesses. (Source: Royal Mail.)
- **Twenty two licensed operators** can now provide mail services: Citipost AMP, City Link Post, CMS, DHL Express, DHL Global Mail (UK) Limited, Document Outsourcing Limited, DX Network Services, FedEx, Intercity Communications, LDS Cambridge Ltd, Lynx Mail, The Mailing House Group, Peoplepost Limited, Post 123, Racer, Royal Mail, Scotpost, Secure Mail Services, Secured Mail, TNT Post UK, UK Mail and Zip Mail Ltd.
- **Royal Mail still dominates the postal market**, delivering 99% of volume in the addressed letters market (items weighing less than 350g and costing less than £1 to post) in 2007-08. (Source: Royal Mail.)
- **Several companies have signed "access" agreements** with Royal Mail, allowing mail they have collected and sorted to be fed into Royal Mail's network for final delivery. Royal Mail made 4 billion



access deliveries in 2007-08, compared to 2.4 billion the year before. (Source: Postcomm, with data from Royal Mail measured from revenue-derived volumes.)

- **In 2007-08, new operators delivered nearly 26 million items** providing collection, sorting and delivery. (Source: Postcomm.) This is a 15 percent decrease from 2006-07. However, Postcomm is aware that some established operators are trialling end-to-end solutions in limited geographical areas and some new operators are setting up local delivery networks.
- **Home shopping has seen continued growth** driven by internet sales. Fulfillment traffic is expected to drive market innovation, as customers demand new services and “e-tailers” provide tailored delivery services.
- **Direct mail volumes** have been in decline since a peak in 2003. In 2007 Royal Mail reports that volumes fell by 7.4 percent to 4.65 billion items.

Useful links

- **www.psc.gov.uk** – Postcomm’s website, for further information on all aspects of the postal market, including UK and international market reports

Please contact Postcomm for a full list of titles available in this series.

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Postcomm is the independent regulator for postal services in the UK. This is one of a series of fact sheets designed to provide background information on key issues in the postal services sector. Contact us at 6 Hercules Road, London, SE1 7DB. **Tel** 020 7593 2100, **Email** info@psc.gov.uk

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