



The market is open
The regulator's perspective

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Postcomm

Who we are, what we do...

- **Who we are...**

- Postcomm – the Postal Services Commission – is the independent regulator for the postal market. We were set up by the Postal Services Act 2000 and are classified as a non-ministerial government department.

- **What we do...**

- Our job is to make sure licensed postal operators – including Royal Mail – meet the needs of their customers throughout the UK.

- **We do this by...**

- Protecting the universal service
- Licensing postal operators
- Introducing competition into mail services
- Regulating Royal Mail
- Advising the Government on the Post Office network



The liberalised postal market...

- Full market opening 1 January 2006
- 18 licensed operators
- Other operators competing through 'access' agreements with Royal Mail
- April to August 2007: 'access' volumes were 19% of all regulated letters
- Royal Mail still dominant over the 'final mile' as it delivers 99% of all regulated letters
- There are delivery networks outside of the area of regulated addressed letters

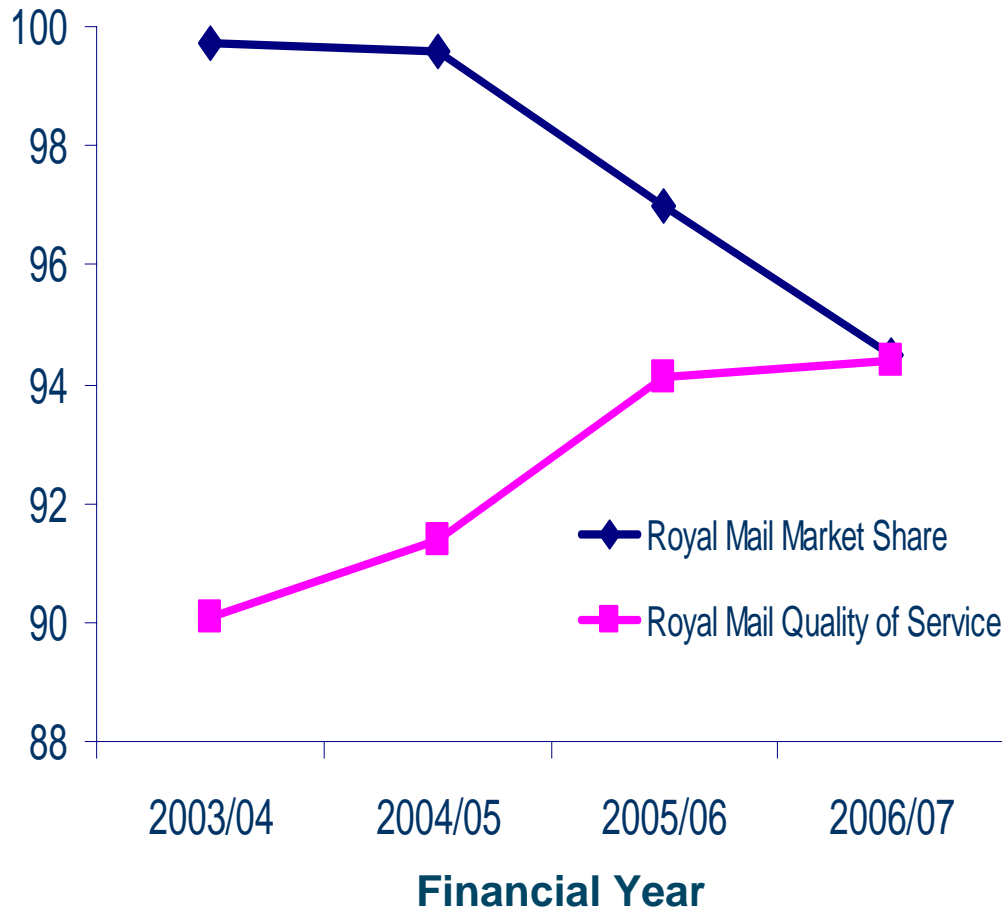


Some significant improvements for customers...

- **Increase in number of customers who say choice has improved**
 - Large mailers: better services and competitive prices
 - Small mailers: quality of service improvements
 - ‘Intelligent shopping’
- **Service performance has increased across all operators**
- **Survey shows higher awareness of alternatives and choice has expanded to SMEs**



Royal Mail is responding...



New products...

- Royal Mail Heavyweight
- Royal Mail Tracked
- Cleanmail Advanced

New pricing structures...

- Pricing in Proportion
- Channel Pricing
- Zonal Pricing?

Modernisation...

And the market is itself evolving...

- **Addressed mail market volumes down 2% on last year.**
- **Direct Mail / Transactional mail have been declining**
- **Fulfilment / periodicals growing fast**
- **New business models emerging**
- **Media substitution v. convergence**
- **Environmental concerns**



Looking ahead...

- **Secure Universal Service to every door**
- **Choice, innovation and value for customers**
- **Successful, efficient and customer focused Royal Mail benefits the industry as a whole**



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