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Date: Mon, Jun 21, 2004 2:12 pm
Subject: Competitive Market Review

I have recently been passed Martin Stanley's letter dated 5th of May, which was sent to Carol Woodhead who is MD of Otto UK's delivery network Parcelnet. Decisions on use of Mailing Services are made within the Otto UK Marketing Dept and I have therefore formulated brief answers to your Questionnaire below.

1) i) Very slowly. There have been no benefits to us so far, but hopefully as a large UK Bulk Mail producer we will soon begin to see Price/Service benefits.

iv) Not very responsive.

2) vi) It seems to be focusing them on pricing strategy particularly with regard to the Size Based Pricing proposals.

vii) They have always struggled to provide early info and consult on Pricing/Strategic issues with Bulk Posters. At least there is now a visible consultation process. However it does seem to have caused obstacles in them trying to promote selective products and responding quickly to Seasonal Market needs

viii) Not as far as I am aware.

3) ix) We believe that it will develop more quickly for accessed services and slowly for end to end owing to the difficulties in setting up a UK delivery service.

4) xii) No the issue was the Down Stream pricing agreement.

xiv) Yes but very slow progress has been made.

xv) Not practical for our business.

xvi) Large bulk posters such as ourselves require maximum volume discounts even when posting from multiple sites.

xvii) No Impact

xviii) No Impact

xix) Our preference would be to deal with one supplier covering the UK and offering price advantages recognising our total volume of business and QOS guarantees.

xx) Probably too early.

xxii) Simply to recognise that Large Bulk Mailers are providing the volumes that are underpinning the Royal Mail's provision of a Universal Service.

I trust that these views will be useful in compiling your review.

Regards

Brian Mechen
Promotional Distribution Manager