

# A REVISED MARKET OPENING TIMETABLE

A response by WWAV Rapp Collins Group

## INTRODUCTION:

WWAV Rapp Collins Group is Europe's largest direct marketing services company. While providing a diverse range of services, our core offering is the creation of marketing communications programmes for blue chip companies such as Lloyds TSB, British Gas, Garnier and fundraising organisations including NSPCC, Cancer Research UK and WWF. Key to these programmes is the use of direct mail as both a customer acquisition and retention tool.

As a major user of the mail medium WWAV has taken great interest in matters relating to the Royal Mail and, naturally, plans for the liberalisation of postal services throughout Europe.

## THE REVISED MARKET OPENING TIMETABLE:

WWAV Rapp Collins Group broadly supports Postcomm's proposal that full market opening should be brought forward to January 1, 2006.

In its near monopoly position Royal Mail has never matched the customer centric approach of its major bulk mail customers, lacking innovation and flexibility. We believe the advent of greater competition, quicker, can only act as a spur to Royal Mail as well as giving customers more choice and, hopefully, more innovative products and services.

## THE UNIVERSAL SERVICE:

WWAV Rapp Collins Group believes, like Postcomm, that the universal service should be preserved. It does, however, take a differing view on the scope of the universal service as outlined in the Postcomm proposals.

WWAV notes that Postcomm is proposing that Mailsort 1400 should become the generic universal service product for bulk mailers. In this instance we agree with Royal Mail that all bulk mail products should be excluded from the definition of universal service. If Royal Mail is to compete effectively, not just with other postal operators but with other media channels, we believe it should have the discretion to price on a non-geographically uniform basis (often referred to as "zonal pricing").

## MEDIA FRAGMENTATION AND THE IMPORTANCE OF FLEXIBILITY

We believe that price flexibility is going to be key in a liberalised postal services sector and key to mail competing against rival media.

Given this, we firmly believe that Postcomm, as a broad principle, should regulate against the backdrop of appreciating that the issue is not just about postal operator competing against postal operator, but media channel competing against media channel.

Bulk mail is key to the development of the postal services market and key to the continued prosperity of the Royal Mail. Given this, we will only have a flourishing mail market if the direct mail medium competes better with other media.

Much has been written about the threat of new media to the mail medium. Yet just as important is the overall media fragmentation that has taken place over the last decade or so. It needs to be appreciated that direct mail is just one option for clients within a direct marketing environment that embraces all media. Cost efficiency is key. The development of niche cable and satellite stations, for example, has made the use of direct response TV commercials much more economically feasible.

Other media are constantly striving to offer advertisers new ways of using their routes to market. If direct mail is to flourish it needs to do the same and to compete better with other media.

Clearly price is one area where flexibility will be vital – hence our belief that Royal Mail should be given maximum flexibility. If, for example, Royal Mail sees one particular sector begin to move away from using mail, it must have the flexibility to entice them back in – not doing deals to undermine rival operators but to compete more effectively against other media channels.

***Key to the development of the market will be how Postcomm strikes the balance between allowing price flexibility and avoiding “unfair discrimination” and “predatory pricing.”***

## CONCLUSION:

WWAV Rapp Collins Group appreciates the difficulty Postcomm faces in trying to facilitate and encourage greater competition while not unduly constraining Royal Mail. However, since bulk mail is key to the overall health of the postal services sector we firmly believe that a vibrant market is only achievable if everyone recognises that mail needs to compete better against other media channels.

For this to happen we need not only greater competition but a more customer focussed, innovative Royal Mail and a regulatory regime that gives it the necessary commercial flexibility to compete on a level playing field with other media.

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