

POSTCOMM ZONAL PRICING WORKSHOP

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Agenda

- **Importance of mail to the publishing industry**
- **Impact of proposed zonal pricing structure**
- **Consequences for the publishing industry**
- **Condition 21, Paragraph 19**

Importance of mail to the publishing industry



- **PPA is the trade body for UK magazine publishers**
- **Representing consumer, business and customer magazines**
- **Introduction of Presstream**
- **Publishers have developed circulation strategies & plans around business models that critically reflect these services and rates**
- **There has been considerable growth of magazine traffic through the mail.....**
- **.....in fact, magazines are the only category of Royal Mail's business still enjoying significant growth**



Impact of proposed zonal pricing structure

- **Would seriously threaten viability of some publisher business models**
- **Input sought from cross-section of publishers**
- **Feedback to date indicates substantial increases - over 20% is not uncommon**
- **Many of these increases (although not exclusively) are due to removal of profile pricing discounts**
- **Replacement with zonal discounts clearly does not compensate**
- **Surcharge in zone D also appears to have an adverse effect**

Consequences for the publishing industry



- **Publishers will be forced into reassessing their strategies**
- **Business magazines – final nail in the coffin?**
- **Customer magazines – redirection of marketing spend?**
- **Consumer magazines – lost growth opportunity?**

Condition 21, Paragraph 19 criteria



- **Revenue neutrality**
- **Cost-reflectivity**
- **Unreasonable changes for users**
- **....and a fourth issue....**
- **Possible creation of dead zones**





In conclusion

