

Title:

Mr

Forename:

Zach

Surname:

Thornton

Representing:

Organisation

Organisation (if applicable):

Direct Marketing Association

Email:

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What additional details do you want to keep confidential?:

No

If you want part of your response kept confidential, which parts?:**Ofcom may publish a response summary:**

Yes

I confirm that I have read the declaration:

Yes

Additional comments:

The Direct Marketing Association (DMA) UK Ltd is the largest trade association in the communications sector, representing both users and suppliers of Direct Marketing services. We represent the majority of the major users of postal services - including both Royal Mail itself and its main competitors - and our client membership base represents the largest Royal Mail customer group. We represent all aspects of the supply side of postal services - from mailing houses to consolidators and from agencies to data bureaux - as well as mail users themselves.

All our members use postal services for some aspect of their business and for many it represents a significant part of their business. How the postal market evolves will have a direct impact on both whether their business survives and on the number of people they employ.

When considering the impact of OFCOM's proposals for the future regulation of the market it is important to remember that it is not only Royal Mail's profitability and employees that will be affected. The future of hundreds of other companies - many of them SMEs - and thousands of jobs outside Royal Mail are at stake as well.

We believe that the continued use of post by many businesses is in the balance. Significant price increases over the last few years and the pressure to find ways to reduce cost mean that businesses either have to reduce their volumes or find alternatives. Business users also need some stability to allow them to budget and plan. Adding more uncertainty, for instance, by bringing forward above inflation price increases may result in many businesses deciding to give up on using mail because it is simply too unpredictable.

Individual DMA members will, no doubt, be responding to the detailed proposals in this consultation but the DMA supports competition in the postal market and welcomes necessary regulation that protects fair competition and allows it to grow. We believe that effective competition - both through downstream access and direct delivery - is essential as a means to keep pressure on Royal Mail to improve profitability through efficiency gains and not simply by increasing prices.

Question 1: Do you agree with Ofcom's analysis of the case for intervening as proposed in this section:

Question 2: Do you think that the options of doing nothing and of imposing a price control on the level of Royal Mail's prices are not appropriate or proportionate:

Question 3: Do you agree with our approach to focus on existing Royal Mail zones to develop our response to the threats to end-to-end competition? If not please set out your reasons:

Question 4: Is our proposed approach to the definition of Zones appropriate:

Question 5: Do you agree with our proposals regarding Zonal charges address our competition concerns? If not, please explain why:

Question 6: Do you agree with the proposed weighted average rule? If not, please explain why.:

Question 7: Do you agree with our assessment of and proposed approach towards tolerances and profile surcharges on national contracts? If not what alternative would you propose:

Question 8: Do you agree that it is appropriate to prohibit non-Zonal sub-national pricing plans at this time? If not please state your reasons.:

Question 9:Do you agree that the appropriate measure of cost in relation to our proposals is Zonal FAC by format? If not please state your reasons:

Question 10:Do you agree with our proposal to use historic cost data rather than forecast data? If not please state your reasons.:

Question 11:Do you agree that we should require Royal Mail to use the 2012/13 ZCM, subject to a power for Ofcom to specify by direction that a different model be used? If not please give your reasons.:

Question 12:Do you have a view on the appropriate volumes to use as weights in the weighted average rule? Please provide reasons for your view.:

Question 13:Do you agree that it is appropriate to use format level volumes as the weights in the weighted average rule?? If not please give your reasons.:

Question 14:Do you agree with our proposal that the legal instrument implementing our proposed regulatory changes will come into force six months after the publication of the final Statement on this review? If not please give your reasons.:

Question 15:Do you agree with the proposed scope of our review of the Zonal costing methodology to take place following the publication of our Statement? Are there any other issues that it would be appropriate to consider as part of the review?:

Question 16:Do you consider that there is a need for a structured compliance process with respect to the proposed remedies? If so, why and what would be the value of such a process, if not why not?:

Question 17:If we were to establish a compliance process what form should it take? :

Question 18:Do you consider there is are reasons we should extend the access obligation to the crown dependencies? If so please state your reasons. :

Question 19:Do you agree that our proposals are likely to address the concerns we have identified? Are there ways that Royal Mail could take action which would undermine the effectiveness of our proposals? :

Question 20:Do you agree with our assessment of the impact of our proposals? If not, please explain why. :

Question 21:Do you agree with our proposals, if not please explain why?:

Question 22: does the way in which we have drafted the proposed modified access condition appropriately reflect the proposals and in particular do you find it sufficiently clear? In your response, you should suggest alternative wording if you have drafting concerns.:

Question 23: Which of our proposed two alternative definitions of 'Relevant Postal Services' discussed above do you prefer and what are your reasons for your preference:

Question 24: Do you agree with our proposal to base the concepts related to the concept and definition of 'Zones' on Royal Mail's own methodology (as referred to above)? If not, please explain in detail why.:

Question 25: Do you have any comments on our proposed new concepts and their definitions discussed in this Annex:

Question 26: Do you have any comments on our proposed corrections to the USPA Condition discussed in this Annex that are unrelated to our proposed new remedies in USPA 2.1A, USPA 6A and USPA 6B (and their associated new expressions):

Question 27: Do you agree with our thinking and proposals for the rounding (decimal places) to assess compliance with our proposed new remedies in USPA 6A and USPA 6B? If not, please explain in detail why.: