

Your response

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<p>Question 1: Do you agree that we have identified the correct aims, supporting principles and features of the USO? Do you consider that these should continue to be respected as far as possible when assessing potential changes to the USO?</p>	<p>The PPA (Professional Publishers Association), the representative body for specialist publishers in the UK, agrees that Ofcom has identified the correct aims, supporting principles and features to some extent.</p> <p>We wish to emphasise the importance of the postal service promoting economic growth as a vital channel for publishers to conduct businesses.</p> <p>Reliability and timeliness have been mentioned as key features. We agree that these are important for achieving the goal of economic growth. However, it is vitally important that the postal service is both reliable and timely. Specialist publishers' products, that have been paid for by consumers, must arrive and they must arrive on time.</p> <p>Our members report regular occurrences of products arriving late. This compromises the value of the product as often the information in specialist publications is time sensitive. Furthermore, when refunds are requested, it is the publishing businesses that pay the cost of the refund, irrespective of the fact that the cause of delay was with Royal Mail. The PPA recommends that Ofcom engage further with businesses to assess how Royal Mail can be financially accountable for the financial harm caused to publishing businesses as a result of consistent poor performance.</p> <p>In addition to reliability and speed, we believe that affordability should be a priority feature. The PPA's members have experienced year-on-year price increases, with no improvement in quality of service.</p> <p>Finally, we agree with Ofcom's assertion that the postal service facilitates essential interactions between citizens and the state and democratic engagement. We believe that timely, reliable access to our members' content through post is vital to the fulfilment of Royal Mail's obligations to our democracy. Many of our members have spent over 100 years building a relationship of trust with their readers, often as the leading authority in the subject areas they cover. The contribution of specialist journalists to society has been exemplified by Computer</p>

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	<p>Weekly, who applied their expertise in technology to uncover the postmasters scandal. In this instance, specialist publishers served a pivotal role in exposing what has been described as the biggest miscarriage of justice in British history. This shows that access to specialist media through the post is essential for the democratic and cultural health of our society.</p>
<p>Question 2: Do you agree with our assessment of the direction of change in postal needs of residential (including vulnerable) users and SMEs? Are there other factors relevant to their future demand which we have not considered?</p>	<p>The PPA disagrees with Ofcom’s assessment of the direction of change in postal needs of residential users, in particular in relation to that of vulnerable users.</p> <p>We disagree with the assertion from Ofcom that “there is a shift in user preferences towards digital communication channels” as this falsely assumes that digital information services can be an equivalent to print services in every scenario.</p> <p>The PPA wishes to stress the value and importance of access to digital products. However, there are some consumers of print products for whom digital products would be unsuitable. Ofcom would be correct to state that “users’ reliance on postal services remains significant, especially among vulnerable groups with limited internet access, mobility issues, and elderly users”.</p> <p>A significant portion of our members’ customers rely on access to postal products for quality of life. For instance, TV magazines such as Radio Times are particularly popular amongst older, more vulnerable users¹. If access to print subscriptions was lost, they would not necessarily be able to substitute their means of access through digital channels as a significant portion of the over 75s lack sufficient digital skills to use the internet.</p> <p>We would also invite Ofcom to consider the impact of limiting access to print magazines on publishers’ advertising revenue. Both inserts and cover page exposure are advertising products that can only be provided through a physical magazine print product. Therefore, the erosion of print products would have an adverse effect on advertising revenue of publishers.</p>

¹ PAMCo 3 2019 (Jul '18 - Jun '19) data

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<p>Question 3: Do you agree with our assessment of the bulk mail market? Are there other factors relevant to its future evolution which we have not considered?</p>	<p>The PPA does not agree with Ofcom’s assessment of the bulk mail market.</p> <p>Our members report that it is impossible to predict future trends of demand. We know that subscriptions are the biggest area of growth in the specialist publishing sector. Print is a key pillar of the subscriptions offering for many of our members. Therefore, we would not agree with the suggestion from Ofcom that demand will decline in favour of digital products.</p> <p>Additionally, for reasons outlined earlier in this submission (such as lack of suitability of digital products for older audiences and advertising revenue accessed through print) we disagree with the notion that digital publications are a “substitution” for print publications. While Ofcom would be right to conclude that both have value, they cannot be said to be equivalent or substitutions of one another.</p>
<p>Question 4: Are there specific events/changes that could trigger a significant change in demand for large mail users, including public services?</p>	<p>Although the PPA maintains that it is not possible to predict the future trends of demand, we wish to highlight the significance of postal services as a means of access to specialist publishers during the global pandemic. If there was to be a similar event in future, we would anticipate a significant increase of demand and reliance on postal services for specialist publishers and their readers.</p>
<p>Question 5: Do you agree with our proposed approach to estimating the financial burden of the USO?</p>	<p>We disagree that competition can be considered in relation to Royal Mail in this way as they have a monopoly on final mile delivery.</p>
<p>Question 6: Do you agree with our considerations regarding the unfairness of the financial burden of the USO?</p>	<p>The PPA believes that Ofcom must fulfil its duty of a full efficiency assessment of Royal Mail before considering changes to the USO. More recognition on interdependency of shared infrastructure used by Royal Mail to process and deliver parcels and letters end-to-end should have been included in the assessment. Royal Mail are using the same trucks, trains, sorting offices, vans and postal delivery workers to make deliveries of both. We would like to have seen more analysis of each stage of the eco-system, and how USO letters and parcels and</p>

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	<p>non-USO letters and parcels support one another and the financial implications.</p>
<p>Question 7: Do you agree with our considerations regarding the impact of the financial burden of the USO?</p>	<p>We have over-arching concerns in regard to the robustness of the financial modelling used to calculate the burden of the USO. The figures shown, and throughout the report are based on regulator estimates. Although that delivers a valuable snapshot, we would strongly urge that before passing-on cost savings to a commercial business that Ofcom estimates are independently audited and verified using actual Royal Mail figures. It might also help to narrow the wide variation between minimum and maximum savings in your estimated cost-saving figures.</p>
<p>Question 8: Do you agree with our analysis of the different options available to change the USO and the impact of those changes on residential (including vulnerable) users, SMEs and bulk mail users? If not, please explain why and set out any option(s) which we have not considered.</p>	<p>The PPA does not agree with Ofcom’s proposed alternatives.</p> <p>Any reduction in frequency or speed of delivery for letters would harm specialist publishing businesses. Ofcom’s suggestion that specialist publishers could “revise production timelines” is not practical. The production timelines of publishers are agreed with print providers years in advance. Additionally, the information contained within print media is time sensitive and therefore needs to be delivered quickly.</p>
<p>Question 9: Which option(s) do you consider would be most appropriate to address the challenges we have identified, while also ensuring that users’ needs are adequately met?</p>	<p>None of these options are appropriate given the issues outline earlier in this response.</p>
<p>Question 10: Do you have any other views about how the USO should evolve to meet users’ needs?</p>	