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Despite growing challenges from competitors, e-mail, and mobile phone messaging, **Royal Mail Group** seldom fails to deliver in the UK. The state-owned company delivers about 84 million letters and other items daily to some 27 million addresses in the UK through its main unit, **Royal Mail**. **Royal Mail's Parcelforce Worldwide** unit provides express delivery services, primarily in the UK but also, through alliances, elsewhere in Europe and around the world. **Royal Mail Group** maintains a retail presence through its **Post Office** unit, which oversees more than 14,600 postal services outlets. In addition, **Royal Mail Group** offers logistics services. All these operations are facing new challenges now that the UK postal market has been opened to competition. But the company has shown itself able to carry on against any emerging rivals. **Royal Mail Group** has delivered itself from a tough financial situation, which saw it losing £1 million a day in 2002, into profitable conditions with modernization and streamlining, which included reducing deliveries from twice daily to once a day. And despite the seeming truism that more people prefer to click the "send" button in Outlook over handing off letters to a box, mail volume has been growing in the UK, further licking challenges to **Royal Mail's** bottom line.

All Competitors



Top Competitors

	Deutsche Post	TNT N.V.
2007 Sales (mil.)	\$97,289.6	\$15,977.0
1-Year Sales Growth	16.4%	--
Net Income (mil.)	\$2,774.5 (2007)	\$867.4 (2006)
1-Year Net Income Growth	(7.8%)	--
2007 Employees	536,350	161,000
1-Year Employee Growth	5.7%	296.8%

Royal Mail Group Key Numbers

2008 Sales (mil.) (Year-end March)	\$18,720.6
1-Year Sales Growth	2.3%
2008 Net Income (mil.)	\$269.2
Employees	198,724
1-Year Employee Growth	(2.8%)

Royal Mail Group Brands

	Royal Mail is their letters and packages business, covering the whole of the UK for their one-price-goes-anywhere universal service.
	Post Office Ltd is a separate company within and part of the Royal Mail Group that runs 14,300 Post Office® branches across the country. They are the largest retail and financial services chain in the UK - bigger than all of the UK's banks and building societies put together.
	Parcelforce Worldwide is their express parcels business. They deliver around 150,000 parcels a day to customers.
	General Logistics Systems is their European parcels business and Parcelforce Worldwide is its UK partner. Based at GLS head office in the Netherlands, it has 14,500 employees.

Royal Mail Briefing Papers



Group Executive Team

Adam Crozier - Chief Executive, Royal Mail Group



Adam is also on the boards of Camelot, the National Lottery operator, and Debenhams plc. He is a member of the President's Committee of the CBI.

[Bio](#)



Stephen Agar - Managing Director, Royal Mail Wholesale



Stephen is a Barrister who started his career in the Government Legal Service before moving to Racal Electronics plc. He joined Royal Mail in 1991 and previous roles with Royal Mail include Business Strategy Director in Royal Mail's Marketing Division and Regulatory Affairs Director.

[Bio](#)



Alan Cook CBE- Managing Director, Post Office Ltd



He is a member of the Council at the Institute of Financial Services, a Chartered Insurer, a Fellow of the Royal Society of Arts, a Fellow of the Chartered Institute of Management and a freeman of the City of London.

[Bio](#)



Robin Dargue – Group CIO and Technology Director



Robin Dargue joined Royal Mail as Group CIO and Technology Director in November 2007 from the world's leading drinks business Diageo plc, where he was Chief Information Officer and Business Process Director.

[Bio](#)



Ian Duncan - Group Finance Director



Ian Duncan was appointed as Finance Director of Royal Mail Group in September 2006. He joined from Westinghouse Electric Company based in the USA, where he had been Chief Financial Officer since 1999. Prior to joining Westinghouse, Ian was Corporate Finance Director at British Nuclear Fuels plc.

[Bio](#)



Jonathan Evans OBE– Company Secretary



He is a trustee of the Royal Mail Pension Plan and Chairman of the Royal Mail Senior Executive Pension Plan, and a member of the GLS Supervisory Board.

[Bio](#)



Mary Fagan – Corporate & Government Affairs Director



A respected senior City and Industrial journalist, Mary's previous roles included Deputy City Editor of the Sunday Telegraph, industrial correspondent for the Independent and city reporter at the Evening Standard.

[Bio](#)



Mark Higson – Managing Director, Royal Mail Letters

Mark joined from BPB, the worlds leading plasterboard manufacturer, where he was divisional Chief Executive and Group Operations Director. Prior to BPB, he held senior positions at Courtaulds Plc, including CEO at its UK Coatings division. He has also worked at HJ Heinz and British Aerospace.

[Bio](#)



Alex Smith – Group Director of Strategy



Alex joined Royal Mail in 2004. He is responsible for helping the Group develop and deliver its strategy. Prior to joining Royal Mail, Alex was a consultant with McKinsey & Company from 1987 until 2004 in the UK and East Asia. During that time he served clients across a range of industries on questions of strategy, organization and operations. Latterly, during five years in Asia, he focused on Corporate Finance particularly in the financial institutions sector.



[Bio](#)

David Smith - Managing Director, Parcelforce Worldwide



David joined Royal Mail Group in 2002, initially as Finance Director of Royal Mail's Business Sales division before taking up his role as Finance Director of Parcelforce Worldwide in January 2003.

[Bio](#)



What makes Royal Mail unique?

The Group reaches everyone in the UK through trusted mails, Post Office® and parcels businesses. They also employ almost 193,000 people in the UK. That's almost 1% of the working population. Every working day their offices collect, process and deliver around 84 million items to 27 million addresses at some of the lowest prices in Europe. Each week they serve 28 million customers through their network of some 14,300 Post Office® branches and deliver some 337 million parcels a year through Parcelforce Worldwide and General Logistics Systems. With over 370 years of experience, Royal Mail may have the infrastructure and know-how, but they also have to change to meet the challenges ahead.

Royal Mail is going through changes

Royal Mail Group plc is a public limited company wholly owned by the Government. They became a plc on 26 March 2001 under the Postal Services Act 2000. Since then they've undergone a huge transformation, turning losses of more than £1 million a day into a £537 million profit from operations in 2004-05. And they are delivering their best quality of service on record with world-class performance. This success has given them a base to meet the challenge of full competition in the UK mail market from 1 January 2006. The Group lost some key contracts since this change and gained some new customers, and they are still determined to compete successfully in the open market – but in order to do so they need a fair regulatory regime and the ability to invest in the modernization of our business.

Three key challenges ahead

Royal Mail now faces three key challenges as they look to a tough future. **Their business is all about their people.** Royal Mail believes they're the reason why the Letters business quality of service results are the best they've ever been. It's their hard work and dedication that will take Royal Mail's business forward through this next stage of unprecedented change. The Group needs to continue developing and improving their relationship with their people. Royal Mail needs to ensure that their people have the right incentives to continue delivering consistent service to customers. That's why The Group wants them to have a stake in the company. **Royal Mail's technology currently lags** behind that of their competitors. They need to spend around £2 billion on modernizing the company, renewing their premises and equipment. **Royal Mail's pension scheme has an accounting deficit** of over £4 billion. They need to make sufficient money to meet their obligations to the hundreds of thousands of members of the scheme.

The Publication Scheme

To help their customers get hold of the information they need about all aspects of Royal Mail Group's business, the company has created a Publication Scheme. This scheme sets out published information about the company's business, products and services and where customers can get hold of it. The scheme complies with the [Freedom of Information Act 2000](#) and has been approved by the government's [Information Commissioner](#).

[Introduction to the Scheme](#)

[Download the Scheme in pdf.](#)



1F: ROYAL MAIL COMPETES ACROSS FIVE APPLICATIONS

	ALTERNATIVES FOR CUSTOMERS	EXAMPLE COMPETITORS
ADVERTISING	<ul style="list-style-type: none"> Direct mail Internet (including email, search, banners) TV/Cinema/Radio Press Outdoor 	
TRANSACTIONAL COMMUNICATION	<ul style="list-style-type: none"> Transactional mail Online, email and secure money management applications Text (SMS) Telephone 	
PERSONAL MESSAGING	<ul style="list-style-type: none"> Telephone (mobile and fixed line) Email Social networking, instant messaging and other internet-based applications Online C2B (e.g., complaints or enquiries) 	
FULFILMENT SERVICES	<ul style="list-style-type: none"> B2B express services B2C express services Postal fulfilment 	
PUBLISHING DELIVERY	<ul style="list-style-type: none"> Postal subscription Local delivery network Online subscription Newsstand networks 	

Source: Company websites

Competition in postal services – [Download Royal Mail Strategy in pdf.](#)

All of Royal Mail Group's business units now operate in a competitive marketplace. Their domestic and European parcels businesses Parcelforce Worldwide and General Logistics Systems (GLS) have been operating in an open market since their inception. Post Office Ltd, due to the reduction in income from benefit payments and a significant and continuing decrease in Government use, has developed new revenue streams from financial services products, its HomePhone and directory enquiries services. These products are, however, in direct competition with services offered by banks, insurance and telephony companies, as are many of the services it has traditionally offered - bill payments, renewal of car tax discs and travel services. The postal market changed forever on 1 January 2006, since when Royal Mail has been facing full competition. Royal Mail however has faced competition via 'Downstream Access' (DSA) agreements with companies since February 2004. DSA allows competitors to collect and sort mailings of 4,000 items or more, before handing them over to Royal Mail via their mail centers. Their postmen and women then deliver these items the 'final mile' and last year (2007) Royal Mail delivered over one billion DSA items. This current financial year (2008) Royal Mail expects rivals to handle up to three billion letters. With the average daily postbag containing 84 million items, that amounts to about one in seven letters. The European Commission came forward with a third postal directive in the end of 2006, which would fully open the postal market across the European Union by 2009 as envisaged in the second directive. The new directive also provided an opportunity to address the problems arising from differential rates of market opening in the EU. One issue is access to an incumbent postal operator's local delivery network. In the UK Royal Mail is required to grant access and competitors are gaining market share as a result. European competitors are opposed to granting Royal Mail equivalent rights in their home markets. Another key issue will be the maintenance of the 'universal service'. Liberalization and maintenance of the universal service are compatible but should be understood as 'everyday, everywhere' services used by domestic consumers, namely pre-paid single items. Bulk mail services used by a smaller number of large volume customers would be in the competitive market. Royal Mail's vision remains to be demonstrably the best and most trusted mail company in the world. Royal Mail can compete if they are allowed to operate on a level playing field, in the UK and the EU as a whole. Fundamentally, their business needs to be strong so that Royal Mail can take on the competition and win. Success in the future will be based on their transformation from a monopoly operator to a modern, ambitious business that can thrive in a competitive market.

The Innovation Lab

MIX UP SOME CREATIVITY

It's often difficult to find the time and space you need to really think through new business ideas



Royal Mail Group set up the **Innovation Lab** to provide the people, tools and space their customers and their staff need to unlock business-changing ideas. Whether you're brainstorming a new concept or developing an existing business idea getting out of the office and into the lab enables you to hammer



it out and test it from all angles. The Lab is set in the grounds of Coton House Learning & Development centre and contains different work zones for brainstorming, planning and presentation. Extensive recreational facilities (including a gym, pitch & put, tennis courts and 2 bars) are also available, in case your 'big idea' comes after a good game of pool. The Lab is also used by a number of other companies to release potential and, ultimately, to make a real and positive difference to their businesses. Brainstorming rooms themed around game playing and puzzles, a strategic planning forum and a rest and presentation area are all designed to get you thinking creatively and without restriction. The Lab team regularly runs events online and off site too, choosing the most suitable physical or virtual environment for each event. Using creative play and discovery, you'll be guided through the challenge you're facing, the relevant facts, problems that are getting in the way, your ideas, solutions and how to implement them. And all in an engaging and fun way. You might build your new business plan in Lego, or spray your marketing strategy on the wall as graffiti. Or perhaps you'll be hit by your *Eureka!* moment while you're playing pinball.

[Book the Lab](#)

[Contact the Lab](#)

