



7 February 2012

Ofcom
Riverside House
2a Southwark Bridge Road
London
SE1 9HA
Attn: Sean O'Hara

100 Victoria Embankment
London
EC4Y 0HQ

Copied to:
Consumer Focus
Fleetbank House
Salisbury Square
LONDON
EC4Y 8JX
Attn: Robert Hammond

Dear Sirs,

**Delivery to Neighbour:
Amendment to Notification to extend trial period**

I am writing to notify Ofcom and Consumer Focus that Royal Mail intends to extend the time period of its on-going trial of Delivery to Neighbour ("the Trial") for a further three months (until 26 May 2012) on the grounds that:

- Customers have welcomed the Trial and find considerable benefit in it, supported by evidence of extremely low levels of consumer complaints and opt-outs from the Trial; and
- in light of this, there is considerable benefit in maintaining a live trial area after the busiest postal time of the year while the trial is formally evaluated and wider use of Delivery to Neighbour arrangements is considered.

Background

Postcomm made a Direction on 29 September 2011 which allowed Royal Mail to make arrangements for a trial of Delivery to Neighbour. As required by the Direction, Royal Mail notified Ofcom and Consumer Focus on 27 October 2011 ("the Notification") that it would start the Trial in certain parts of six delivery areas and this would run from 28 November 2011 until 25 February 2012. The Trial covers c.748,000 delivery addresses served by 1,410 delivery walks made by Royal Mail postmen and women from 21 Royal Mail Delivery Offices and 8 Scale Payment Delivery Offices. Customers who are likely to receive a delivery of mail from the units involved in the Trial may opt-out of the Trial at any time by displaying prominently at their address a sticker which is available free of charge via the website www.royalmail.com or following a telephone call to a dedicated Royal Mail Customer Services phone number.

Performance during the Trial

Key Performance Indicators for the Trial were set out in the Notification, and Royal Mail has been collecting data which will support a full evaluation after the 3 month period ends at the end of this month. Royal Mail customer research is on-going, and Consumer Focus has also commissioned its own research, which is continuing.

Interim Royal Mail performance data have been made available to Ofcom and outlined informally to Consumer Focus. These show that:

- there has been a very small number of customer complaints about the Trial;
- a very low proportion of delivery addresses have chosen to opt out of the Trial; and
- the proportion of items delivered first time is significantly higher in Trial areas than in neighbouring control areas.

The initial indicative results of Royal Mail's customer research are also very positive.

Royal Mail acknowledges, however, that the Trial must be evaluated in line with the Direction and notification, that the three month period has not ended, and there are measures and other evidence which has not yet been fully gathered and assessed, including the views of our postmen and women.

Proposed continuation of Delivery to Neighbour Trial period

In light of the apparently high customer benefit and extremely low levels of customer complaint about the Trial, Royal Mail proposes to continue the arrangements in their current form in the existing Trial areas for a further three months. After 25 February 2012 (the original end date for the Trial), Delivery to Neighbour would continue until Saturday 26 May 2012. This will ensure we continue to provide a service which evidence suggests our customers value.

Royal Mail would nevertheless conduct the evaluation of the Trial based on data from the period until 25 February 2012, as originally planned. This will ensure that relevant Trial data is used and the evaluation is not delayed. If significant issues emerged after 25 February 2012, it would be sensible to include them in a further or final evaluation. However, Royal Mail might choose to stop gathering some data in all locations after 25 February 2012, although we undertake to continue to collect and monitor the number of relevant complaints for the full period.

We also believe it will be useful to have live Delivery to Neighbour areas during the evaluation, in case further questions arise during or after the evaluation and in light of feedback.

Customer information

Royal Mail recognises that both posting and receiving customers in Trial areas need to be informed of the extension of the period of the Trial. We will therefore:

- make a further door-drop to all affected delivery addresses in Trial areas. We intend to do this as soon as possible and in any event before 25 February;
- update posters in Post Offices in trial areas;
- make relevant changes to the Royal Mail website for posting and receiving customers; and

- re-emphasise the information in the next available planned mailing to account customers which is due to be distributed in early March.

We believe these communications and arrangements are appropriate and adequate.

Royal Mail will continue to comply with the requirements set out in the Direction and is committed to working with Ofcom and Consumer Focus to address any issues with the Trial during the extended period.

Yours sincerely,

A handwritten signature in black ink that reads "Simon Oates". The signature is written in a cursive, flowing style.

Simon Oates
Director of Regulatory Strategy