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**The Rt. Hon. Kevin Hollinrake MP**  
**Parliamentary Under Secretary of State (Minister for Small Business, Consumers and Labour Markets)**  
**House of Commons**  
**London**  
**SW1A 0AA**

By post and email to [hollingrakek@parliament.uk](mailto:hollingrakek@parliament.uk)

Tuesday, 7<sup>th</sup> March 2023

### **Further Royal Mail Price Rises**

Dear Under Secretary of State,

Further to our discussion at the IRC meeting earlier today, I am writing again on behalf of our 500+ members, greetings card retailers and publishers, in one of Britain's biggest world-leading creative industries worth over £1.5bn<sup>1</sup>. You may also recall our correspondence last November about the ongoing Royal Mail strikes, the proposed move to 5 day a week delivery, and our concern about the impact to consumer and business.

As discussed today, Royal Mail's announcement of a further, above inflation, increase in the price of a 1<sup>st</sup> class stamp is very disappointing. Particularly following on from a period of strikes that has had such a detrimental effect on Letters delivery, significantly reducing the amount of Christmas cards posted in 2022.

We note how closely Royal Mail's announcement has followed the government's decision last year to uphold the 6 day-a-week letter delivery Universal Service Obligation (USO). Royal Mail's latest price increases could appear to represent an attempt to force through their desired changes.

Due to Royal Mail's monopolistic position on Letters delivery, Royal Mail has always had the potential to maximise profits most rapidly by removing as many Letter products as possible from the price caps associated with their USO.

It could be construed that Royal Mail's new management team have embarked on a deliberate strategy to raise Letter prices, safe in the knowledge UK consumers have no alternative, until First Class post, in particular, becomes unsustainable. This entirely engineered outcome could then be used to say 'demand no longer exists', freeing Royal Mail from further USO obligations, and increasing Royal Mail's profits at the expense of the British public.

It is against this context that many of our members are wondering if the regulator could have done more to safeguard against this situation. We ask government to consider the benefits to the country of a more robust stance in relation to these price rises.

In our letter of 21/11/22, we highlighted the significant research demonstrating the disproportionate emotional attachment the British public have to the postal service, and how it

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<sup>1</sup> GCA Market Report 2021 (published Sept 22). Single cards only, figure excludes boxed and packed cards.

helps shape our sense of national collective identity<sup>2</sup>. We note the various economic challenges our country currently faces and would reiterate our belief that the downsides of what might feel to some like a further 'backwards step' are reason enough to encourage further government intervention.

Additionally, we would also ask you consider the British public may find the distinction between Royal Mail's stance and the 'British Establishment' less readily obvious at the present time, purely because of the considerable marketing spend underway to promote Royal Mail's latest stamps celebrating our new King. To some of our members, it feels cynical to put a cost-of-living-beating increase through at the same time as launching a range intended to draw the whole country together.

We trust you will recognise our concerns and look forward to hearing your thoughts. Please do advise if there is further related information you require from us.

Yours sincerely,

**Amanda Fergusson**  
CEO, Greeting Card Association

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<sup>2</sup> Not least, [Review of postal users' needs: 2020 report \(ofcom.org.uk\)](https://www.ofcom.gov.uk/consult/condocs/postal/postal_users_needs_2020/postal_users_needs_2020.pdf)