

Royal Mail Wholesale

A Proposal to Amend the Access Indicium

A Decision by Royal Mail Wholesale

23rd May 2012

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Section 1 - Introduction

- 1.1 On 2nd February 2012, Royal Mail invited all Royal Mail Wholesale (RMW) customers to comment on a proposal to amend the Access Indicum, seeking customer views on a couple of design options and other considerations associated with a change of artwork for the pre-printed Indicum.
- 1.2 The reason for the consultation with RMW customers is that the proposal could mean a change to the design templates of the Access Indicum as provided in the Access Agreement(s) and any such change would require agreement from the contract holder, not to be unreasonably withheld.
- 1.3 28 responses to the consultation were received by the third week of March, with comments from a wide variety of customers including contract holders, agency customers, originating posting customers of operators, envelope manufacturers and other trade bodies. This document sets out our final proposal to our contract holders, after taking all the responses into consideration.

Section 2 – Background – Reasons to Change

- 2.1 Customers of an Access Agreement are required to print a pre-approved Access Indicum in a pre-determined area of each mailing item prior to handover to Royal Mail for onward delivery of the item in order to identify that the items are recognised Access items (as opposed to other mail streams or mail which has entered Royal Mail's network in error) and who Royal Mail should bill for the mailing items.
- 2.2 The Access Indicum is an area 75mm x 40mm in the top right face of a mailing item designated for the identification to Royal Mail of an authorised Access contract holder and the appropriate Royal Mail service. It comprises two elements: a Customer Indicator and a Royal Mail Indicator. It is applied by the customer to their Access mailing items as set out in Schedule 3 of the Access Agreement.
- 2.3 In July 2011, Royal Mail expressed its intention to all customers to print a 'Delivered by Royal Mail' mark, measuring 37mm x 40mm, on all UK letter items that were passed through Royal Mail's automated processing machines with effect from mid September 2011. It was an initiative designed to give recognition to the dedication of Royal Mail's postmen and postwomen who do a fantastic job in delivering mail to 29 million addresses across the UK six days a week. However, we did not implement the proposal in September as intended due to the immediate concerns raised by some customers of the position of the mark on their envelope designs, including the potential of the proposed positioning to adversely impact the message being delivered on the envelope, and of the implementation timeline being too short to change envelope stocks.

- 2.4 Royal Mail put the initiative on hold and took time between September and November to engage with a wide cross-section of posting customers and key trade bodies to gain their feedback on alternative ways in which Royal Mail could meet its objective and at the same time address customers' concerns. This proposal to include the 'Delivered By Royal Mail' mark into the Access Indicum is the most popular alternative which works for customers as well as meeting Royal Mail's objective to give recognition to the sterling work of its postmen and postwomen in delivering the nation's mail.
- 2.5 The proposal was carefully considered to specifically address the concerns raised about applying additional postage impressions to the envelope than had already been pre-determined. In the consultation, we included two design options. These were illustrative examples, not to scale, of how the 'Delivered by Royal Mail' mark could be included in an area of the mailing item that is already contractually designated for postal purposes:
- In option one, we proposed up to a 23mm extension in length of the Access Indicum area in order for the customer to print the 'Delivered by Royal Mail' mark to the left of the existing approved impressions.
 - In option two, we proposed to replace the current design of the Royal Mail Indicator with the 'Delivered by Royal Mail' design in order to remain within the pre-agreed dimensions of the Access Indicum and not take up any more space than is currently designated for postage impressions on Access mailing items.
- 2.6 In response to customers' concerns on the notice period previously provided for the 'Delivered by Royal Mail' initiative, we expressly raised the question of what would be an acceptable timeline to implement any proposed re-design of the Access Indicum.

Section 3 – Responses to the consultation

- 3.1 This next section of the document is split into two parts, A and B, and summarises the responses that Royal Mail received and the consideration that we have given to them. Part A documents the responses to the specific proposals of the consultation, and part B documents customers' questions.

Part A – Responses to the consultation proposals

- 3.2 In total, 28 responses were received from a wide variety of customers and trade bodies. More than half of the respondents were supportive of the proposal to include the 'Delivered by Royal Mail' mark in the Access Indicum. A summary of their responses can be found below.

3.3 Consultation Question 1

Which of the design options do you think would work best on your Access mailing items and why? What improvements, if any, would you propose to the above designs?

The response totals are as follows:

Question 1 - Indicia design totals				
Option 1	Option 2	Neither	No Preference	
1	14	1	12	

- 3.4 14 customers support Royal Mail's proposal to change the Access Indicium to the design 'option 2' which replaces the 'S and fan of letters' mark with the 'Delivered by Royal Mail' mark and keeps within the area on the envelope already designated for postal impressions. Only one customer supported design 'option 1' but did not explain their preference. 12 customers did not express a preference, and only one customer said that they would not accept either.

Customers commented that the new design seemed more sensible than the current design and it would mean more to the public, describing exactly the role that Royal Mail plays in the mail service. This comment is particularly pertinent in a postal market where other postal operators deliver mail direct to the public without using Royal Mail.

- 3.5 Some customers and envelope manufacturers suggested an improvement to design option 2. They expressed their concern that the proposed 'Delivered by Royal Mail' indicia design as depicted would be too detailed for the flexographic print process, a process used to print approximately 90% of all envelopes used in the UK, and would fail to retain a consistently clear and legible image over long print runs. Clearly, Royal Mail would not wish to risk sub-standard print quality impacting on the brand of the customer, the printer or Royal Mail. We have since tested the artwork on two separate print runs of envelopes to better understand the issue and refine the design. As a result, we have amended the design of the mark to improve the quality of the image for flexographic printing to ensure that any artwork issued to customers is suitable for use.
- 3.6 In light of these facts, we have decided to progress with option 2.

3.7 *Consultation Question 2:*

What do you think the appropriate period should be for implementation – 3 months or 6 months?

The response totals are as follows:

Question 2 - Implementation period totals		
3 months	6 months	No preference
0	16	12

- 3.8 16 customers indicated that although they could migrate most mailings in three months, they would prefer a six months' implementation period in order to manage the necessary changes to their pre-printed stationery in an effective, cost efficient manner. 12 customers did not choose either option – some said that six months would be a minimum requirement as their envelope purchasing requirements can cover up to twelve months supply on some envelope sizes and so requested a 'grace period' to allow the handover of the old design until such time as all stock had been used up; others withheld their decision because they had queries regarding the implementation costs and timeline.
- 3.9 Customer feedback to this consultation indicates that a period of time is required for customers to manage the introduction of the new design in a controlled and cost effective manner, advising that advertising mailings would be able to apply the new design as soon as it was available but regular mailings such as statement mailings would require a longer period of time to allow for natural exhaustion of stationery stock.
- 3.10 In light of these facts, Royal Mail will accept Access mailing items with either the current 'S block' indicia design or the new indicia design up until the end of December 2012. On an exceptional basis we will consider individual requests for a short extension to this deadline should any particular customer face an insurmountable problem in complying with it.

Part B – Questions on the consultation proposals

- 3.11 This section summarises customers' comments and answers their questions on how the changeover of the designs would work in practise.

3.12 *Why is Royal Mail asserting that no other party is involved in delivering Access mail?*

One postal operator expressed concern that the words 'Delivered by Royal Mail' are mis-representative of the mailing process for Access items claiming that its postal operatives also play a part in delivering the items. It is true that for Access mailing items, other postal operators are involved in the 'mailing' process including collecting, sorting and handing over the mail to Royal Mail but nobody other than Royal Mail's postal workers actually make the final delivery of the Access mailing items to the recipients.

3.13 *Can the border outline of the 'box' that encloses the 'Delivered by Royal Mail' mark be removed?*

One customer asked if they could print the 'Delivered by Royal Mail' mark without the border. Royal Mail's machines recognise an image in the Access Indicium area of the envelope and require a 'defined region of interest' in order to capture the Royal Mail image separate from the image of the Customer Indicator. Unfortunately, the border sets the boundaries for this 'defined region of interest' and we have been advised that it is, therefore, an essential requirement of any design in order for Royal Mail to process the mailing items as efficiently as possible.

3.14 *Can the Access Indicium be printed in a different colour other than black?*

One customer asked if they could print the design in a different colour e.g. blue. The Royal Mail machines do not recognise 'colour' as such; they are able to detect a region of interest by the contrast of the ink against the background. The strongest contrast is black ink against a white or light colour background and so Royal Mail asks customers to print the indicator in black or a dark colour onto a light background.

3.15 *Other marketing channels (such as email or SMS) do not require the delivering companies' brands to be displayed on the communication – why should mail be different?*

One customer expressed their disagreement with the principle of applying a Royal Mail postal impression on mail that they have chosen to be handed over for delivery via another postal operator, comparing the wholesale mail service to other media channels such as email and SMS which do not use the delivering companies' brands in the communication. However, unlike other industries, Royal Mail manages enquiries and complaints from recipients of mail items relating to the delivery of the mail item – regardless of the postal operator used for the upstream activity – if the item is delivered by Royal Mail. As other operators increasingly deliver mail to consumers, the proposed new design 'Delivered by Royal Mail' provides clarity to recipients and avoids any potential confusion in the minds of the public occurring over mail delivery issues.

3.16 *Will Royal Mail fund the cost of the re-design for customers?*

Three customers commented that they see no value in the change of the design of the Royal Mail Access Indicator, and believe it is either a marketing exercise by Royal Mail which has nothing to do with the postal service it delivers for customers or an internal issue to Royal Mail. As such they believe Royal Mail should fund the cost to customers of amending artwork and replacing stationery stock.

The postage impression in the top right corner of a mailing item has always defined Royal Mail in the mark, whether that be more overt with the name 'Royal Mail' as used by business customers sending mailing items via Royal Mail Retail or via another intellectual property image of Royal Mail, like the 'S + fan of letters' as currently used on Access mail. Access customers are therefore required to undertake the printing of the postage mark on their mailing items. In doing this, customers acknowledge that the postal mark can be reasonably changed from time to time by Royal Mail, and Royal Mail acknowledges that any such change will require a reasonable period of time for customers to change over. Royal Mail will ensure a sufficient grace period in any change of design based on the feedback of the large majority of customers but it will not fund the cost of customers' artwork or stationery requirements.

Section 4 – Alternative Proposals for the Access Indicum

4.1 The scope of the consultation on the Access Indicum was to consider two alternative design options for placement of the 'Delivered by Royal Mail' mark in the area of the envelope/outer already agreed by Access customers for use of postal impressions. Some customers used the opportunity to submit alternative proposals on the application and purpose of the Access Indicum. This is outside the scope of the consultation but Royal Mail details these proposals in this section and the consideration that we have given to them.

4.2 **Can the Royal Mail Access Indicator and the Customer Access Indicator switch positions in the Access Indicum?**

One customer asked if there could be an option for the positioning of the two indicators that make up the complete Access Indicum to be reversed. They proposed that customers could leave a space for the delivery mark to be printed on by their chosen operator so it would still arrive into Royal Mail with the two elements pre-printed on the items. They believe that this would facilitate a multi-operator environment, enabling other postal operators to print the 'Delivered by Royal Mail' mark on mailing items that they will be handing over as Access mail to Royal Mail for final delivery.

Royal Mail Response: this proposal is too costly for Royal Mail to implement. The Customer Indicator in the top right corner of the envelope would need to be set up in all of Royal Mail's processing machines for them to be able to identify and read it. This involves a set up cost for each machine across all mail centres and extensive 'training' of the software in the machines to identify and certify the image. Any amendment to a design would have to go through the same process which can take months. While these costs are manageable for a single Royal Mail Indicator, if we were to move to an environment with multiple designs in the top right corner of the envelope then this proposal would be unworkable. One reason that Royal Mail makes changes to its own indicators (Retail or Wholesale) so infrequently is because of this complexity, cost and the potential disruption that it causes to the processing of mailing items. The technical constraints therefore make this proposal impracticable for Royal Mail.

4.3 **"One Customer Access Indicator only"**

Two customers indicated a preference to reduce the two elements that make up the Access Indicum i.e. the Customer Indicator and the Royal Mail Indicator, down to one element only. They reasoned that the two elements, most quoting postal operators' names, create confusion for consumers as to who has delivered their mail and that the two separate Indicators distract the consumer from the overall marketing message, which in turn, may reduce response rates from mail and make other media channels more attractive. They suggested that the postal industry should agree on one 'generic' indicator to uniquely identify the Access customer and the Royal Mail licence number e.g. a box containing the Postal Operator name and/or logo + C12345.

Royal Mail Response: we note that there is no evidence to substantiate that the two elements of the Access Indicum has this effect on consumers or mail response rates. Access mail has been operating with two separate elements to the Access Indicum since 2004 without any such complaint of this nature from consumers.

4.4 **"One generic Royal Mail Indicator"**

One customer commented that the current policy on the application of the Access Indicum is restrictive for them because they hold pre-printed stationery stock which limits their flexibility to readily change carriers, set up multi-carriers, use Royal Mail retail services or use another delivery operator. They suggested that Royal Mail should set up an optional 'generic' indicator that is used to identify the posting customer via a licence number and can be used for all Royal Mail services e.g. a box containing the image + C12345.

Royal Mail Response: the Royal Mail Access Indicator indicates to Royal Mail's postal operatives the service level assigned to the mailing items. Access is a next day delivery only. Royal Mail Retail offers at least three different levels of service and hence they have a range of indicators, each depicting the service level required. Given

this is one of the main purposes of the indicator, the option of a 'generic' design without differentiating the service level would not be operationally viable for use throughout Royal Mail's suite of services. Please see our response to the next customer proposal which may be a suitable alternative for customers wishing to increase their flexibility in a multi-operator environment. It is also important that Access mail can be identified from Retail mail so that if it were to enter the network in an unexpected way by error it can be identified.

4.5 **"Make the 'Customer Access Indicator' an optional requirement"**

One customer, who expressed their support of the Royal Mail initiative to recognise the work of Royal Mail's postal workers, did propose an extended option for Access customers not to have to print a 'Customer Access Indicator' if they didn't wish to do so as it seems that Royal Mail can achieve the postal purpose of the Access Indicum just from the Royal Mail Access Indicator. They reasoned that this could also benefit other customers who choose to use their Access carrier's mark rather than their own mark in the Customer Access Indicator block as it provides greater flexibility to change postal carriers or use multi-carriers for their Access mailings.

Royal Mail Response: we agree that we can identify from the Royal Mail Indicator alone who the Access customer is and that this proposal can be made an optional condition of Schedule 3 of the Access Agreement.

4.6 **"Royal Mail to print on their own Access Indicator"**

Four customers suggested that Royal Mail print the mark itself. They advocated that Royal Mail should accept Access mailing items with either no Access Indicum marks or the Customer Access Indicator only, leaving a blank space, the area to be agreed, for Royal Mail to spray on its own postal mark once the mailing items had been accepted by Royal Mail for processing. They believe that Royal Mail has the capability to print the mark and that this proposal would better serve business customers who send mail, allowing them total flexibility on who they use to deliver their mail.

Royal Mail Response: we have considered the operational capabilities to deploy this proposal i.e. accept at handover to Royal Mail Access mailing items with a pre-printed Customer Access Indicator but without any Royal Mail Access Indicator, and for Royal Mail to print the 'Delivered by Royal Mail' mark during processing of the items, the Royal Mail mark to be printed in the same position as displayed currently.

It is not appropriate to provide the detail of our operational capabilities in this document but in summary, the following technical constraints would impact on Royal Mail's ability to collect all revenues due and on operational performance and would ultimately impact on quality of service, leading us to conclude that the proposal is not viable:

- Not all machines within all mail centres who handle Access mail have printing capability;
- Without a Royal Mail Indicator to initially read, the machines lose an ability to orientate the mail for the face of the item which will impact on processing time;
- There is no automated response on the machines to enable them to know which items to 'print' and which to 'not print'. So manual configuration would be required, along with the necessary operational changes;
- One machine type common to most mail centres has an image print height issue and would require operational segregation of letters by envelope height, along with the necessary presentational changes;
- Without a Royal Mail Indicator to read, the machines lose ability to identify and process missorted items appropriately.

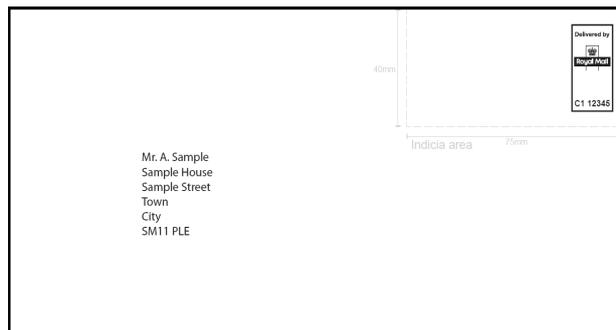
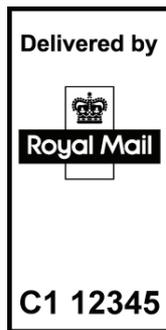
4.7 "No Access Indicium"

One customer suggested an alternative proposal for the Access Indicium to be removed from all mailing items suggesting that the only real purpose was for Royal Mail to be able to identify the Access customer taking responsibility for the mailing items. They proposed that this could be achieved by printing the licence number within the 'Delivery Address' window at the time of printing the mailing items.

Royal Mail Response: this proposal would not address the objective of giving recognition to the dedication of Royal Mail's postmen and postwomen who do a fantastic job in delivering mail to 29 million addresses across the UK six days a week; it would not help us identify those items delivered by Royal Mail such that we can manage queries and complaints relative to Royal Mail deliveries from receiving customers; and our machines would not be able to process the items. Our machines are designed to search for the 'face' of an item from identifying the approved pre-printed image in the top right corner of the item; if they do not see an approved postal mark, the items will be rejected and cause performance failure.

Section 5 – Our Decision

- 5.1 A majority of respondents were supportive of the proposal to include the 'Delivered by Royal Mail' mark in the Access Indicium with a clear preference for design option 2 which replaces the 'S block' with the 'Delivered by Royal Mail' mark. Our decision is to amend the Access Indicium to design option 2 which is to replace the current design of the Royal Mail Indicator with the 'Delivered by Royal Mail' design, as illustrated below:



The artwork for the new design is available for Access contract holders to download from today at www.royalmailwholesale.com (Note that access to artwork for the Access Indicator is by registered nominated user only). In addition, you will find full technical specifications at Annex B, the details of which will be incorporated into the Access User Guide at Section 3 from 23rd June 2012.

- 5.2 In response to a request from some customers to provide greater flexibility to change postal carriers or use multi-carriers for their Access mailings, we shall relax the requirement for the Access Indicum to contain a Customer Access Indicator by making it an optional element of the Access Indicum.
- 5.3 Customer feedback to this consultation indicates that a period of time is required for customers to manage the introduction of the new design in a controlled and cost effective manner. Our decision is to accept Access mailing items with either the current 'S block' design or the new 'Delivered by Royal Mail' design until the end of December 2012. Should any customer have a particular problem in adhering to this deadline depending on the precise circumstances we are willing to consider limited exceptions on an exceptional basis.

Section 6 – Next Steps

- 6.1 Customers who hold a signed Condition 9 Access Agreement with Royal Mail are asked to formalise their agreement to the changes to the Access Indicum as proposed in this decision document.
- 6.2 The contractual amendments required to incorporate these changes are detailed in Annex A, the provisions of which are being brought into effect no later than the 2nd January 2013. Please confirm your company's acceptance of the contractual variations proposed in the Annex to this letter by requesting an authorised signatory of your company **to sign and return two copies** to Jenny Ledger, at Royal Mail Wholesale, 148 Old Street, 4th Floor, London EC1V 9HQ by no later than **6th June 2012**. Upon receipt, we shall sign and date one copy and return it to you.

Annex A – Variation to the Condition 9 Access Agreement

The following variations will apply to the Condition 9 Access Agreement:

Background and Interpretation

This Agreement is supplemental to and varies the terms of the Condition 9 Access Agreement(s) dated the Commencement Date between the Customer and Royal Mail (**C9 Agreement**).

All words and expressions defined and rules of interpretation contained in the C9 Agreement shall have the same meanings in this Agreement unless the context requires otherwise.

Variations

In consideration for the continuation of the Services, the Customer and Royal Mail agree that with effect from no later than the 2nd January 2013 the following variations to the C9 Agreement shall be made:

1. At Schedule 3, the design of the Royal Mail Access Indicator shall change to:



The "Layout" envelope template shall also be updated to reflect the new design.

2. At Schedule 3, the header "Customer Access Indicator" shall have the word 'optional' placed in brackets preceding it, to read as:

"Customer Access Indicator (Optional)"

General

Save as amended by this Agreement, which shall take precedence in relation to the matters to which it relates, the terms of the C9 Agreement shall otherwise remain in full force and effect.

This Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) is governed by and construed in accordance with the law of England and Wales.

The Customer irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this Agreement or its subject matter or formation (including non-contractual disputes or claims).

I am an authorised signatory of the Customer to the C9 Agreement(s) and ACCEPT the variations set out in this Annex above.

Signed by _____).....

Duly authorised for and on behalf of:

Company _____

Print Name _____

Position _____

Date _____

Signed by _____).....

Duly authorised for and on behalf of:

Company **Royal Mail Group Ltd**

Print Name _____

Position _____

Date _____

Annex B – Access User Guide Amendment Notice 24 (UGA 24)

The changes to the Access User Guide will be as follows:

1. At section 3.1, the word “optional” will be put in brackets in the sub-header that currently reads “The approved Customer Access Indicator” to now read as:

“The approved Customer Access Indicator (optional)”

2. At section 3.1, the sub-header that defines the contents of the Royal Mail Access indicator will have the contents list of the current ‘S block’ replaced with the following two bullets:

- The Royal Mail cruciform accompanied by the words ‘Delivered by’;
- The Customer’s unique Licence Number.

3. At section 3.1, the templates depicted at figures 3 and 4 will be amended to reflect the new design as follows:

Figure 3: Indicia Positioning Template Large Design

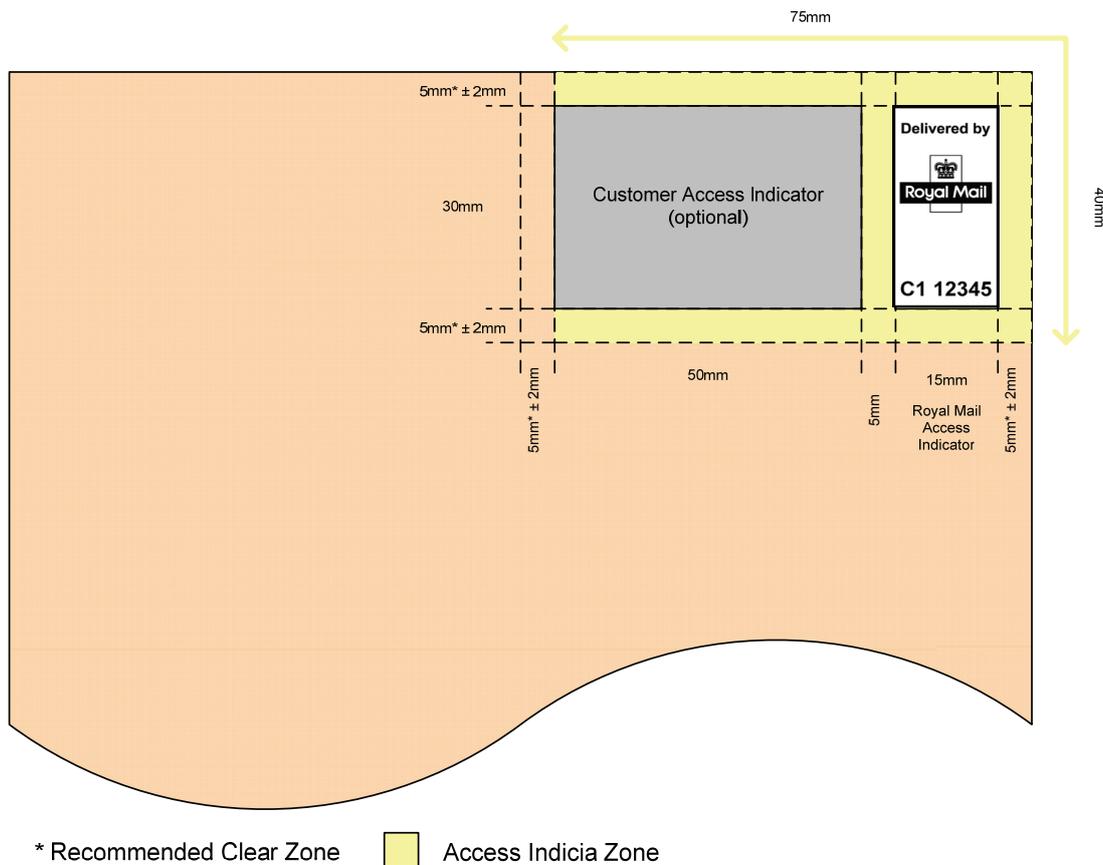
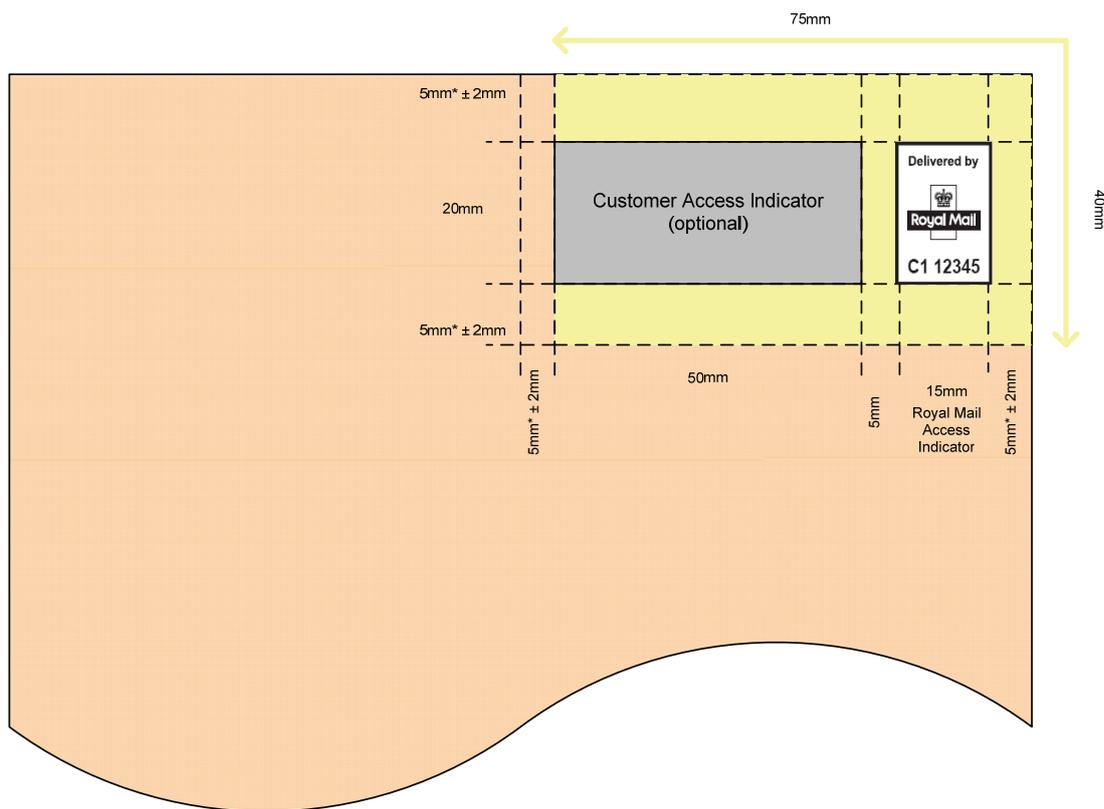


Figure 4: Indicia Positioning Template Small Design



4. At section 3.2, the template depicted at Figure 5 will be updated to reflect the sizes of the new design as follows:

Figure 5: Royal Mail Access Indicia Sizes

Large	Small
<p>30mm tall & 15mm wide</p> 	<p>20mm tall & 15 mm wide</p> 

Timescale

These changes will be incorporated into Access User Guide v10 from 23rd June 2012, but mailing items that use this new design prior to this date will be accepted.