

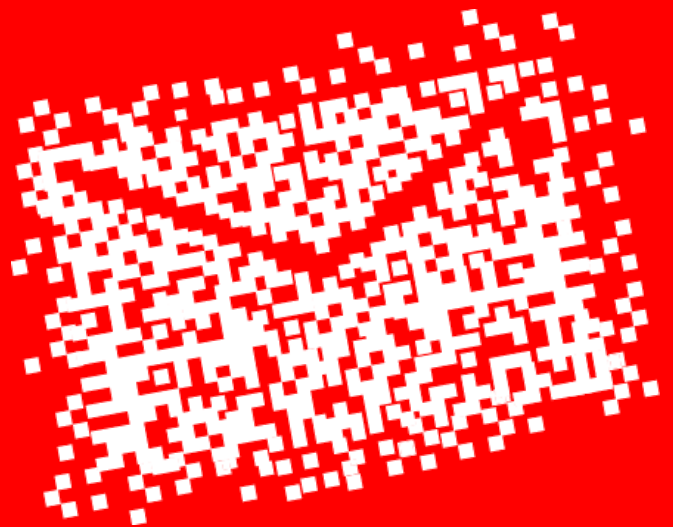
Mailmark[®] Migration

A Joint Royal Mail Retail & Network Access Consultation

Responses kindly requested by:

5pm Friday 7th August 2015

to mailmark@royalmail.com



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Summary

The Mailmark® option for machine-readable mail was successfully launched in March 2014. Based on take-up and industry feedback we anticipate that at least 70% of machine-readable Bulk Mail¹ will migrate to use the Mailmark option by the end of 2016.

Actions taken to date to support Migration to the Mailmark option

In September 2014 we gave notice of a range of activities that customers had told us would make Mailmark migration easier. We announced:

- a 1% price differential between the Mailmark option and CBC/Barcode options effective from January 2015;
- an increased price differential of up to 5% from January 2016;
- the launch of an Investment in Change scheme to cover some of the adoption incurred by producers of mail.

The Mailmark option is the easiest machine readable variant to access from a mailpiece design perspective. The Mailmark specification only recommends a number of mailpiece design features which are instead mandatory for access to OCR and CBC/Barcode product variants. Given the advantages of the Mailmark option, we told the industry in September 2014 that our aim was to continue to support the CBC/Barcode option until the end of December 2016.

Simplifying the product portfolios

Customers pay a lower price for the Mailmark option compared to OCR and Barcode/CBC. In addition, we offer free, on-line Mailmark performance reporting. We therefore believe there is no need to maintain a more expensive, second barcode option that doesn't offer reporting and would like to simplify our product portfolios by removing the older Network Access Sorted CBC and Retail Sorted & Unsorted Barcode options² from January 2017. We understand that may be a significant change and so we would welcome your views before finalising any plans.

Consultation timescales

We kindly ask that you provide us with your responses to our consultation questions by 5pm on Friday 7th August 2015 to mailmark@royalmail.com. Please also provide a completed coversheet which can be found alongside this document on our www.royalmail.com/mailmark website.

¹ Network Access National & Zonal Sorted service options and Retail Sorted & Unsorted services.

² A full list of the service options that would be retired can be found in Annex One



Simplifying the product portfolios

Royal Mail Mailmark is a technologically advanced alternative machine readable option for mail to the legacy Optical Character Recognition (OCR) and Customer Barcode (CBC in Network Access and Barcode in Retail) product variants. It is Royal Mail's strategic objective to maintain and promote the medium of mail and the Mailmark option supports that objective by providing transparency of mailing performance to all members of the supply chain through free, on-line Mailmark reporting. Ultimately Mailmark could be the only option for machine-readable mail as it will offer more (e.g. reporting and associated insight) for a lower price and because barcoding technology is increasingly simple to adopt. We would welcome your thoughts as to our proposals below.

Please note that this is likely to be the first in a series of consultations as Royal Mail seeks to drive innovation using the Mailmark technology platform.

We propose to simplify our product portfolios by retiring the legacy Network Access Sorted CBC and Retail Sorted & Unsorted Barcode options from January 2016 for new customers and in January 2017 for all existing customers. We believe that full migration from the CBC/Barcode options to the Mailmark option is possible over the course of the next 18 months (on top of the 8 since our September announcement). Customer adoption of the Mailmark option to date has taken anywhere between 4 weeks and several months and migration has become quicker as time goes on owing to a growing market awareness and understanding as well as availability of Mailmark software.

Benefit for you

We acknowledge that change of this scale may bring some challenges but believe that a simplified portfolio will allow the printers of mail to run a minimal, optimal number of processes. We believe that providing a clear timeline now gives the industry sufficient time (on top of the 8 months that have elapsed since our initial announcement) to migrate all CBC/Barcode mail to the Mailmark option.

Retiring the Barcode/CBC options in January 2017 also places a limit on the length of time that a customer would be paying the higher CBC/Barcode option price which could be up to 5% more than the Mailmark option from January 2016.

We expect the Barcode/CBC product variant volumes to decline as customers and the Mailing Industry create ways to drive value from the reports and data that the Mailmark option provides.

Your potential concerns

We understand that any change carries a potential financial cost. If you are a producer of mail then we hope that you are already signed up for the [Investment in Change Scheme](#)³ that offers up to £50,000 for making the necessary changes to use the Mailmark option.

If you are a Mail Originator and your Mail Producer is not charging you to migrate your mailings to use the Mailmark option, then the earlier you migrate to the Mailmark option the earlier you will be able to realise financial savings over continuing on a more expensive product.

If you are a Mail Originator and your Mail Producer is charging you please remember that the price differential between the Mailmark option and Barcode/CBC will increase by anything up to 5% from January 2016. A charge of c. 1% may effectively make the move to the Mailmark option cost neutral this year but, once migrated you will be guaranteed to be paying the lowest possible price from January 2016; this could be up to a 5% saving over Barcode/CBC.

We understand that traditionally there were concerns about the application of a barcode to mailpieces; especially in marketing applications such as Direct Mail where this may affect response rates. We don't believe this is an ongoing concern now that over 90% of machine-readable Bulk Mail carries either a Barcode/CBC or Mailmark barcode. And with the range of 2D Mailmark barcodes available it's possible to use one that has a smaller, larger or similar footprint to the existing CBC/Barcode.

At this stage we don't envisage simplifying the product portfolios further by withdrawing OCR. OCR is in natural decline - it accounts for less than 10% of machine readable Bulk Mail volumes currently - and we believe that full migration to Mailmark is possible and indeed may happen naturally, over the course of the next 30 months.

Consultation Questions - Proposal to simplify the product portfolios

- 1a. Does our proposal to cease to offer the Barcode/CBC option in January 2016 to new customers seem reasonable given our proposal to retire it a year later?
- 1b. Does our proposal to simplify the product portfolios by the withdrawal of the Barcode/CBC option in January 2017 offer a reasonable timeframe for this change?
- 1c. What challenges would the withdrawal of the Barcode/CBC options in January 2017 pose for you/your company and what support would you need from Royal Mail to overcome them?

General Consultation Question

- 2a. Please provide any other comments as to how Royal Mail could support your full migration (i.e. of all machine readable mail) to the Mailmark option by January 2018?
- 2b. If you already have plans to migrate your mailings to the Mailmark option when do you think this will be? Answering this question will help us plan our support for you.

³ Please follow link or visit royalmail.com/Mailmark for full Terms & Conditions



Responses, Potential Timescales & Coversheet

Responses

Please send responses to this consultation and a completed coversheet by 5pm on Friday 7th August 2015 either by email to:

mailmark@royalmail.com

or by post to:

The Mailmark Team
1st Floor
1 Broadgate
LONDON
EC2M 2QS

Timescales

Potential Dates	Activity
29 th May to 7 th August 2015	Consultation
Mid October 2015	Publication of Decision and earliest possible contractual notice to remove Barcode/CBC option
End October 2015	Wider Mailmark price differential over Barcode/CBC announced as part of Tariff 2016
January 2016	Tariff 2016, wider Mailmark price differential over Barcode/CBC takes effect. CBC/Barcode only available to existing customers.
January 2017	CBC/Barcode options retired

Coversheet

For us to formally consider your response **please provide a completed coversheet** with your response. A version of the coversheet that can be saved, completed and returned can be found on our www.royalmail.com/mailmark website alongside a copy of this consultation.

Annex One – Full list of CBC/Barcode options that would be retired

Network Access - National		Network Access - Zonal	
dvb	70__ letters advmail cbc tray n prm	zg9	70__ letters advmail cbc tray z prm
dsk	70__ letters cbc tray n prm	zdu	70__ letters cbc tray z prm
dvh	70__ letters rsp ent cbc tray n prm	zgf	70__ letters rsp ent cbc tray z prm
dvn	70__ letters rsp int cbc tray n prm	zgl	70__ letters rsp int cbc tray z prm
duh	70__ letters advmail cbc bags n	zfq	70__ letters advmail cbc bags z
dww	70__ letters advmail cbc tray n	zh2	70__ letters advmail cbc tray z
ds5	70__ letters cbc bags n	zd5	70__ letters cbc bags z
dvt	70__ letters cbc tray n	zgs	70__ letters cbc tray z
dun	70__ letters rsp ent cbc bags n	zfw	70__ letters rsp ent cbc bags z
dw9	70__ letters rsp ent cbc tray n	zh8	70__ letters rsp ent cbc tray z
dut	70__ letters rsp int cbc bags n	zg3	70__ letters rsp int cbc bags z
dw6	70__ letters rsp int cbc tray n	zh5	70__ letters rsp int cbc tray z
Retail - Sorted		Retail - Unsorted	
AUU	ADV MAIL LO SORT 1C BARCODE	CL1	BUSINESS MAIL UNSORTED 1C BARCODE
AVR	ADV MAIL LO SORT 2C BARCODE	CL2	BUSINESS MAIL UNSORTED 2C BARCODE
AVX	ADV MAIL LO SORT ECONOMY BARCODE	CLE	ADV MAIL UNSORTED 1C BARCODE
MXM	BUSINESS MAIL LO SORT 1C BARCODE	CLG	ADV MAIL UNSORTED 2C BARCODE
MXN	BUSINESS MAIL LO SORT 2C BARCODE		
MXO	BUSINESS MAIL LO SORT ECONOMY BARCODE		
MYB	SUS ADV MAIL ENT LO SORT 1C BARCODE		
MYC	SUS ADV MAIL ENT LO SORT 2C BARCODE		
MYD	SUS ADV MAIL ENT LO SORT ECONOMY BARCODE		
MYT	SUS ADV MAIL INT LO SORT 1C BARCODE		
MYU	SUS ADV MAIL INT LO SORT 2C BARCODE		
MYV	SUS ADV MAIL INT LO SORT ECONOMY BARCODE		



