



9 October 2019

Royal Mail Wholesale

4th Floor
185 Farringdon Road
London
EC1A 1AA

PRICE CHANGES FOR THE ACCESS LETTERS CONTRACT

Dear Customer,

Today, we publish new prices for the Access Letters Contract that will come into effect from 2 January 2020. This letter is accompanied by a formal contract change notice (number 054). You can find all the new prices at www.royalmailwholesale.com/pricing.

We are firmly committed to ensuring we deliver the highest level of service and competitive prices for customers, whilst maintaining, protecting and investing in the Universal Service. We fully appreciate that the current economic and political climate, combined with increased use of electronic communication, makes for a challenging environment for those operating within the mail industry.

Our new prices for Advertising Mail will help Direct Mail remain competitive in the Media market, with the average increase being in line with RPI at 2.6%. A customer using Access 70 Mailmark in trays will see a 0.336p per item increase.

We are increasing our prices for Business Mail services by an average 5.4%, with below average increases for Mailmark. For example, customers who post Access 70 Mailmark in trays will see a 1.265p per item increase whereas if they post Access 70 (manual) in trays the increase is 1.751p per item. For customers who post Access 70 OCR in trays the increase is 2.345p per item.

We are encouraging customers to use our cheapest and most efficient Mailmark services which provides customers with rich data about the performance of their mail through our network. It also enables us to manage the network and process items more efficiently, resulting in cost savings which we can reflect in the price. So far this financial year, over 82% of mailing items in Access were sent using Mailmark.

We are committed to helping customers keep their postage costs down by taking advantage of some of our other initiatives designed to deliver greater value:

- **For publishers** – We are seeing an increase in customers posting publishing volumes through our Magazine Subscription Mail service, which launched in January 2019. We have already announced new prices for our magazine service to come into force on 2 January 2020. We will announce the prices for 2021 later this year in line with our commitment to provide 12 months' notice, enabling magazine brands to set their subscription rates with confidence.
- **For advertisers** – We have recently announced the permanent launch of the Partially Addressed Mail service, offering customers the potential opportunity to enhance the return on investment from their marketing spend. This service offers a 4p per item discount from Advertising Mail rates.
- **Development of incentives** – We are continuing to develop our incentive portfolio to reward volume commitment, encourage new mail growth and support customers testing new uses of mail. We aim to ensure our incentives continue to evolve to reflect market needs, and we value customer feedback to help this evolution.

Improving the cost alignment of zonal prices

We indicated to you last October that we adjusted the zonal prices as part of an ongoing initiative to ensure they broadly reflect the actual cost of serving the different zones whilst aiming to mitigate against

price shocks for customers. We have again changed the zonal prices as part of this initiative. For illustrative purposes the table below shows the Mailmark prices for Business and Advertising Mail letter items posted in trays for each zone valid from 2 January 2020.

Mailmark	Zonal Price Plan Access Charges for Letter format items posted in trays			
	Urban	Suburban	Rural	London
Business Mail	23.814	25.708	29.614	28.164
Advertising Mail	15.299	17.193	21.099	19.649

Reducing missort charges

As promised, we remain committed to reviewing non-compliance charges for customers. Having seen an improvement in customer performance relating to missorts, we are reducing the missort charges by 1p for Letters and Large Letters.

Increasing the tray discount

Trays are a more efficient container for processing mail and we are keen to encourage more mail in trays, particularly Large Letters up to 10mm thick. From 2 January 2020, the discount will be increased to 1.0p for each Large Letter item.

ASBOF levy


We are changing the Advertising Standards Board of Finance (ASBOF) levy from a fixed-pence average format revenue charge to an actual revenue paid percentage to better reflect customer media spend. The ASBOF levy is the small voluntary fee on Advertising Mail volumes by Royal Mail on behalf of and passed through to the Advertising Standards Authority. For the avoidance of doubt, the sum passed to the Advertising Standards Authority will materially remain the same.

Our commitment to you

Finally, I would like to take this opportunity to thank you personally for your business and give you my assurance that we are committed to delivering the highest levels of service and value to our customers.

Your Account Director will be in touch soon to discuss the any queries you may have in relation to the price changes.

Yours sincerely,



Tim Cable
Wholesale Products Director
Royal Mail Letters



ACCESS LETTERS CONTRACT CHANGE NOTICE: NUMBER 054

Date: 9 OCTOBER 2019

This notice applies if you hold an Access Letters Contract (Contract) with Royal Mail Group Limited, a company registered in England and Wales (number 04138203) with its registered address at 100 Victoria Embankment, London, EC4Y 0HQ.

1 Definitions and interpretation

- 1.1 If a word or expression is defined in this notice, it shall have the meaning given in this notice.
- 1.2 Any words or expressions which are not defined in this notice, but have an initial capital letter, shall have the meanings given to them in the Contract.
- 1.3 All of the rules about how to interpret the Contract shall apply to this notice.

2 Changes to the Contract

- 2.1 We hereby give you notice under clause 13.2.3 of the General Access Terms and Conditions to change the Access Charges with effect from 2 January 2020, details of which can be found on our Website, www.royalmailwholesale.com/pricing.

Yours sincerely,

Tim Cable
Wholesale Products Director
Royal Mail Letters