Royal Mail Wholesale

Simplifying the Wholesale product portfolio:

Consultation on withdrawal of OCR, 1400 and 70 Mech Letters and Large Letters and unbarcoded General Large Letter services

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Section 1
Introduction

1.1. We are seeking customer views on the simplification of the Wholesale product portfolio with the aim of improving the efficiency of mail and encouraging more mail to our lowest priced Mailmark service.

1.2. Customer adoption of the Mailmark service is high. Today over 90% of [bulk/access/all} mail is sent as Mailmark and that number continues to grow. As the proportion of Mailmark volume continues to steadily increase, we propose to simplify our product portfolio by retiring Wholesale OCR, 1400 and 70 Mech services, and Retail sorted and unsorted OCR and High Sort services, on 1 April 2024. On the same date, we also propose to withdraw unbarcoded Wholesale General Large Letter (GLL) services. A summary of the services we propose to withdraw are shown in the tables below:

Services to withdraw in April 2024	Access OCR & Retail OCR	Access 1400 & Retail High Sort Direct	Access 70 Mech[1] & Retail High Sort Residue
	Letter	Letter	Letter
	Large Letter	Large Letter	Large Letter
	General Large Letter		General Large Letter

1.3. For the past 18 months we have been engaging with customers and supply chain partners to seek feedback on our plans to amend the product portfolio, including barcoding of all letters and large letters and simplification of the product portfolio.

1.4. Concerns have been raised that some mail is unsuitable to be barcoded for various reasons such as:
- Address resolution – unable to populate postcode in the barcode
- Process, the creation and subsequent application of the barcode
- Technical, the creation of the barcode content and upload of the associated files (eManifest)
- Data, inclusion of a Postcode and DPS in the barcode data string, and the software sortation of files which may have previously been rejected for not meeting minimum 90% DPS accuracy.

We have listened and have no plans to mandate the use of barcodes for all letters and large letters at this time.

1.5. Feedback on our proposals to simplify the product portfolio, by removing OCR and 1400 service options, has generally been positive. We have heard that a simplified product portfolio, geared around the fewest selection codes, will allow printers of mail to run a more optimal number of sortation processes and deliver efficiency improvements such as increased tray fill throughout the mail supply chain.

1.6. Following the proposed removal of OCR, 1400 and some 70 services, the options available from 1st April 2024 would be:

Proposed service suite from 1st April 2024	Access Mailmark & Retail Mailmark	Access 70 Manual & Retail 70 Manual[2]	Access Manual Mailmark
	Letter	Letter	
	Large Letter	Large Letter	
	General Large Letter		General Large Letter

1.7. We understand these changes may still mean a significant change for you and we are keen to receive your views before we finalise our plans. We encourage our customers to send us their views on these proposals by responding to the questions at Annex 1 of this consultation document. This would need to be done by 31st July 2023 via email to mike.griffin@royalmail.com.

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[1] We only propose to withdraw the Access 70 **Mech** service, we would retain the Access 70 **Manual** service options
[2] Retail 70 Manual would be a new Retail service, equivalent to the existing Access 70 Manual service

Section 2
Withdrawing OCR services

2.1 Customers pay a lower price for Mailmark services compared to OCR. The migration of machine readable mail to Mailmark services is almost complete – OCR now accounts for less than 1% of bulk mail volumes.

2.2 From a mailpiece design perspective the Mailmark specification is easier to achieve than OCR; Mailmark only recommends some design features which are mandatory for OCR services. Because of this, we believe that most mail qualifying as machine readable for OCR will have very little difficulty meeting the Mailmark machine readable specification. To complete the migration of machine readable mail to Mailmark services and to simplify the product portfolio we propose to withdraw Wholesale and Retail OCR service options on 1 April 2024.

2.3 We do however acknowledge there may be print and production issues that need to be considered to enable the application of the Mailmark barcode for some mail. We understand that some mail customers may require support where adding Mailmark barcodes presents process or technical challenges such as those outlined in para 1.4 in Section 1. We therefore propose to help customers move to Mailmark by introducing a new Default Postcode option and Mailmark Adjustment amnesty periods when switching mail to Mailmark for the first time[3].

2.4.1. Default Postcode Option:

Default Postcode option is a new feature that Royal Mail is developing and intends to add to the Mailmark specification in November 2023. It would enable customers to print Mailmark barcodes without including a valid postcode. Instead, customers would add to their eManifest and print in their barcodes a newly specified non-geographic postcode. The non-geographic postcode would be recognised by Royal Mail systems so that no Mailmark adjustment charge for incorrect postcode would apply. Instead, a small charge would apply to cover Royal Mail's additional processing costs associated with not having the postcode in the barcode. The Mailmark postage price plus the additional charge would be lower than the price for OCR. Further details of the Default postcode solution and proposed charge will be sent out customers soon.

2.4.2. Mailmark adjustment amnesty for new postings:

We understand that some customers who are switching mail volume into Mailmark for the first time may be nervous about incurring Mailmark adjustment charges. To encourage customers to adopt Mailmark and gain access the lowest priced services we would like to help customers test their use of Mailmark. To ease the transition, we propose a limited time suspension on certain adjustment charges, including the charge for 'Barcode Not Seen', for mail campaigns that are new to Mailmark services or have not used Mailmark services for more than 12 months.

We propose to work out the detail of the amnesty process with customers. Our expectation is the amnesty would apply to the first posting of a particular mailing campaign during a defined grace period. The process would apply to new Mailmark campaigns that are either sent via a newly set up SCID or new Mailmark campaigns sent via a SCID that has been used before. We expect to work out full details of the process with the support of the mailing industry.

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[3] The Default Postcode Option and Mailmark adjustment amnesty for new postings would apply equally to all volume regardless of whether it is switching to Mailmark from OCR, 1400 or 70 services.

Questions

Q1. Would the withdrawal of OCR letter and large letter services on 1 April 2024 pose any operational or systems challenges for you, and if so, what are these and what support would you need from Royal Mail to overcome them?

Q2. Does our proposal to withdraw OCR letter and large letter on 1 April 2024 provide sufficient time for you to make any changes that will be required? Please provide supporting information which includes what changes would be needed and which end clients and volumes would be impacted.

Q3. Please provide any other comments in relation to the withdrawal of OCR services on 1 April 2024.

Section 3
Withdrawing Access 1400 services

3.1 Over recent years we have been discussing with the mail industry the measures we might adopt to improve efficiency in the full end to end mail network. One of the concerns raised by customers is how the number of Standard Selection Codes (SSC) required for pre-sorted services has a direct impact on container fill. A consequence of low container fill can be inefficiency, higher production and network costs and, potentially, higher carbon emissions. In particular, the high number of SSC's required to achieve the 1400 sortation level directly contributes to low volume container fills for some postcode areas. In addition, the future Royal Mail operational design envisages the removal of inward sorting activity from Delivery Offices and into inward Mail Centres. This change will remove the customer workshare benefits we achieve from the 1400 services.

3.2 In recent years the price difference between 1400 and 70 services has reduced to the point where letter prices for 1400 and 70 services are now almost identical. To promote efficiency throughout the mail network, to align services to the future Royal Mail operational structure and to further simplify the product portfolio we propose to withdraw Access 1400 letter and large letter services[4] and Retail High Sort services in April 2024.

3.3 We recognise that not all 1400 letters and large letters will be suitable to be sent as Mailmark, particularly if the item does not meet the Mailmark machine readable specification. Under this proposal we would however encourage customers to adapt their mail to meet the Mailmark specification to obtain the lowest possible postage prices. As with OCR above we propose to support customer migration to Mailmark through the provision of the Mailmark Default Postcode option and the Mailmark adjustment amnesty for new Mailmark postings. See section 2 for further details of these proposals.

3.4 Those customers unable to convert their mail to Mailmark would still have the option of sending their mail via the remaining 70 Manual non barcoded service options, including a new 70 Manual non-barcoded Catalogue service that we plan to introduce. This would provide a direct replacement for the existing 1400 Catalogue service so we continue to offer a service with a pricing structure suited to catalogue marketing efficiency.

3.5 For customers sending letter format items we anticipate that removing the 1400 sortation level is a beneficial change through a reduction in the number of SSCs and improved efficiency in the mail supply chain. Large letter format items that move to 70 Manual non-barcoded services are likely to experience a price increase, although our pricing strategy is to reduce the difference between 1400 and 70 Manual service prices. We also expect for some customers that the reduced number of selections and the opportunity to move production to trays will improve efficiency and enable them to benefit from the Royal Mail tray discounts.

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[4] Please note that Access 1400 General Large Letter and Parcel services will be withdrawn on 31st December 2023 as previously announced.

Questions

Q4. Would the withdrawal of Access 1400 Letter and Large Letter services on 1 April 2024 pose any operational or systems challenges for you, and if so, what are these and what support would you need from Royal Mail to overcome them?

Q5. Does our proposal to withdraw Access 1400 letter and large letter on 1 April 2024 provide sufficient time for you to make any changes that will be required? Please provide supporting information which includes what changes would be needed and which end clients and volumes would be impacted.

Q6. Please provide any other comments in relation to the withdrawal of Access 1400 letter and large letter services on 1st April 2024.

Section 4

Withdrawing Access 70 (Mech) Letter service codes

4.1   Royal Mail Wholesale makes available two sets of service codes for Access 70 Letters. The service codes are used by customers for the purpose of uploading their posting docket in Dockethub. For clarity, there is only a single set of service codes for Access 70 Large Letters.

4.2   The Access 70 Letter service codes are nominally separated into one set for mail that is machineable (70 Mech) and another set for mail that is manual (70 Manual). Royal Mail charges the same postage rate regardless of which set of service codes a customer uses. Following handover to Royal Mail, the Access 70 mail follows the same process regardless of whether it is labelled by the customer as 70 Mech or 70 Manual.

4.3   We don't believe there is any benefit to either customers or Royal Mail in continuing to offer two sets of service codes for Access 70 Letters. We propose to withdraw Access 70 Mech service codes on 1 April 2024 to simplify the product portfolio. Under this proposal the service codes for Access 70 Manual Letters would remain unchanged and customers would be able to continue using these.

Questions

Q7. Would the withdrawal of Access 70 Mech letter service codes on 1 April 2024 pose any operational or systems challenges for you, and if so, what are these and what support would you need from Royal Mail to overcome them?

Q8. Does our proposal to withdraw 70 Mech letter service codes on 1 April 2024 provide sufficient time for you to make any changes that will be required? Please provide supporting information which includes what changes would be needed and which end clients and volumes would be impacted.

Q9. Please provide any other comments in relation to the withdrawal of Access 70 Mech letter service codes on 1st April 2024.

Section 5
Withdrawing non barcoded General Large letter (GLL) services

5.1. The Access General Large Letter service is the Royal Mail Wholesale service for customers sending fulfilment content. Customers who send general correspondence and publications don't normally use General Large Letter services as they are able to obtain preferential postage prices by using our Advertising, Business and Subscription Mail services.

5.2. Royal Mail plans to have every fulfilment item (and the majority of letters and large letters) entering the Royal Mail network identified through use of a barcode. In April 2021 we introduced Manual Mailmark and customers have successfully migrated most Parcels and GLLs to the new barcoded service.

5.3. Following the success of Manual Mailmark, we withdrew Wholesale non-barcoded parcel services in April 2023. The migration of GLL to lower priced Manual Mailmark services is also almost complete; non-barcoded GLL now accounts for 1% of Wholesale GLL volume.

5.4. We announced 12 months ago our intention to barcode all General Large Letter volume entering the Royal Mail network. To complete the journey of barcoding we propose to withdraw non-barcoded GLL services on 1 April 2024. Any GLL volume affected by this change will benefit through the lower price of Manual Mailmark GLL versus non-barcoded GLL.

Questions

Q10. Would the withdrawal of non-barcoded General Large Letter services on 1 April 2024 pose any operational or systems challenges for you, and if so, what are these and what support would you need from Royal Mail to overcome them?

Q11. Does our proposal to withdraw non-barcoded General Large Letter on 1 April 2024 provide sufficient time for you to make any changes that will be required? Please provide supporting information which includes what changes would be needed and which end clients and volumes would be impacted.

Q12. Please provide any other comments in relation to the withdrawal of non-barcoded General Large Letter services on 1 April 2024.

Section 6
Next Steps

We encourage our customers to send us their views on these topics as part of this dialogue by 31 July 2023. Please send your feedback to Mike Griffin (Senior Account Director) at mike.griffin@royalmail.com.

Following the closing date for comments, we will consider the responses with a view to finalising our proposals and sharing these with you in the form of a response document by 15 September 2023. During this period of dialogue, Royal Mail will seek to engage with all customers directly wherever possible to ensure a full understanding of their views.

We look forward to receiving your feedback.

Annex 1
Summary of Questions

Section	Question
2	Q1. Would the withdrawal of OCR letter and large letter services on 1 April 2024 pose any operational or systems challenges for you, and if so, what are these and what support would you need from Royal Mail to overcome them?
	Q2. Does our proposal to withdraw OCR letter and large letter on 1 April 2024 provide sufficient time for you to make any changes that will be required? Please provide supporting information which includes what changes would be needed and which end clients and volumes would be impacted.
	Q3. Please provide any other comments in relation to the withdrawal of OCR services on 1 April 2024.
3	Q4. Would the withdrawal of Access 1400 Letter and Large Letter services on 1 April 2024 pose any operational or systems challenges for you, and if so, what are these and what support would you need from Royal Mail to overcome them?
	Q5. Does our proposal to withdraw Access 1400 letter and large letter on 1 April 2024 provide sufficient time for you to make any changes that will be required? Please provide supporting information which includes what changes would be needed and which end clients and volumes would be impacted.
	Q6. Please provide any other comments in relation to the withdrawal of Access 1400 letter and large letter services on 1st April 2024.
4	Q7. Would the withdrawal of Access 70 Mech letter service codes on 1 April 2024 pose any operational or systems challenges for you, and if so, what are these and what support would you need from Royal Mail to overcome them?
	Q8. Does our proposal to withdraw 70 Mech letter service codes on 1 April 2024 provide sufficient time for you to make any changes that will be required? Please provide supporting information which includes what changes would be needed and which end clients and volumes would be impacted.
	Q9. Please provide any other comments in relation to the withdrawal of Access 70 Mech letter service codes on 1st April 2024.
5	Q10. Would the withdrawal of non-barcoded General Large Letter services on 1 April 2024 pose any operational or systems challenges for you, and if so, what are these and what support would you need from Royal Mail to overcome them?
	Q11. Does our proposal to withdraw non-barcoded General Large Letter on 1 April 2024 provide sufficient time for you to make any changes that will be required? Please provide supporting information which includes what changes would be needed and which end clients and volumes would be impacted.
	Q12. Please provide any other comments in relation to the withdrawal of non-barcoded General Large Letter services on 1 April 2024