



26 June 2023

Royal Mail Wholesale
185 Farringdon Road
London
EC1A 1AA

ACCESS LETTER PRICE CHANGES

Dear Customer,

Today, we publish new prices for the Access Letters Contract (ALC) that will come into effect from 2 October 2023.

We have carefully considered the price changes. As you know there are high fixed costs associated with running the USO network and the USO limits the fixed costs that we can remove from our operation. The price changes we are making seek to ensure the Universal Service (and in turn our Access services) can be delivered in a financially sustainable way.

We are very much aware that it continues to be a difficult environment for UK businesses against a backdrop of high inflation and an uncertain economic climate. Royal Mail is itself adversely impacted by this tough business environment, driven by macro-economic trends such as exceptionally high inflation, continual structural decline in addressed letter volumes, plus the unwinding of the extremely high volumes of parcels we saw during the height of the COVID-19 pandemic. This has all contributed to an adjusted operating loss of £419 million for 2022/23.

We have summarised the key price changes for you below and enclosed the formal change notice. You can find all the new prices at www.royalmailwholesale.com/pricing.

Letters price changes

We are increasing our prices for letter products by a blended average of 12.7% (including the already announced increase for Subscription Mail which still takes effect in January 2024), which is circa 1.4% above the prevailing RPI inflation figure.

For Business Mail Letters, we are increasing our prices by an average of 13.6% and Large Letters by an average of 10%. By using our D+2 Mailmark services, customers that post Access 70 Mailmark letters in trays will see a 6.454p per item increase whereas if they post Access 70 (manual) in trays the increase is 7.730p per item.

Advertising Mail prices are increasing by an average of circa 10.7% for Letters and 10% for Large Letters. In previous years we have sought to keep the increases to Advertising Mail as low as possible, including in 2022 when prevailing inflation rates were already extremely high. However, like some other media owners, we are having to increase our advertising prices due to pressures of high inflation and the impact of the slowing economy. A customer using Access 70 Mailmark Letters in trays will see a 2.654p per item increase.

Customers in increasing numbers are choosing to move mail to our Mailmark Economy product which gives customers greater choice with a wider delivery window for a lower price. It has consistently achieved its service targets through the difficult Covid and Industrial Relations periods. Customers taking advantage of the Economy service will receive lower price increases than customers using the equivalent standard services. From 2 October 2023:

- Mailmark Advertising Mail Letters will have a 2.494p per item price differential between standard and Economy. Customers switching from the standard D+2 Advertising Mail Access 70 Mailmark service today, to the Economy option from 2 October would see a 1% increase when posted in trays; and
- Mailmark Business Mail Letters will have a 4.558p per item price differential between standard and Economy. Customers switching from the standard D+2 Business Mail Access 70 Mailmark service today, to the Economy option from 2 October would see a 5% increase when posted in trays.

For several successive tariffs we have been closing the price gap between Access 70 and Access 1400 services, signalling to customers that, as Royal Mail restructures its operation to highly automatable mail, the benefits we receive from 1400 sortation continues to reduce. Additionally, a move from a 1400 service to 70 service may help customers achieve the required container fills to enable them to move from bags to trays and enjoy the associated discount. It should also help to increase average container fill which customers have fed back is a benefit to the mail supply chain. With this in mind, effective from 2 October 2023, we have removed the 0.1p difference between an Access 70 and Access 1400 Letter and equalised the pricing. We have reduced the price differential between Access 70 and Access 1400 Large Letters by minimising price increases for Access 70 Large Letters. In parallel with these changes, we are consulting with customers on proposals to withdraw OCR and 1400 sortation services effective from 1 April 2024.

Zonal prices

From 2 October 2023, we are also changing the zonal prices for Access Letters as part of our ongoing activity to ensure zonal prices are in line with the actual cost of serving the different zones. For illustrative purposes, the table below shows the D+2 Mailmark prices for Advertising and Business Mail letter items posted in trays for each valid zone:

Mailmark	Zonal Price Plan Access Charges for Letter format items posted in trays			
	<i>Urban</i>	<i>Suburban</i>	<i>Rural</i>	<i>London</i>
Business Mail	-5.65%	-0.85%	8.13%	5.98%
Advertising Mail	-5.65%	-0.85%	8.13%	5.98%
Mailmark	Zonal Price Plan Access Charges for Access Large Letters 0-100g posted in trays			
	<i>Urban</i>	<i>Suburban</i>	<i>Rural</i>	<i>London</i>
Business Mail	-5.68%	-1.99%	8.10%	8.55%
Advertising Mail	-5.68%	-1.99%	8.10%	8.55%

We have also published the zonal and regional prices for our Magazine Subscription service on our website to take effect from January 2024.

Tray discount for Letters

Trays are a more efficient container for Royal Mail to process mail, meaning our costs are lower, and we are keen to encourage more mailing items in trays. From 2 October 2023, we will be increasing the discount for each Letter item presented in a tray from 0.5p to 0.8p, and for Large Letters from 1.5p to 2.0p.

Finally, I would like to take this opportunity to thank you for your business. We are working hard to provide the highest possible levels of service and value to you and your customers in difficult circumstances and thank you for your patience and understanding during these challenging times. Your Account Director will be in touch to discuss the any queries you may have in relation to the price changes.

Yours sincerely



Tim Cable
Wholesale Products Director
Royal Mail Wholesale

**ACCESS LETTERS CONTRACT CHANGE NOTICE: NUMBER 096
CHANGES AFFECTING ALL PRICE PLANS**

DATE: 26 JUNE 2023

This notice applies to you 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 185 Farringdon Road, London, EC1A 1AA.

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(d) of the General Access Terms and Conditions to change the Access Charges with effect from **2 October 2023**, details of which can be found on our Website, www.royalmailwholesale.com/pricing.

Yours sincerely,



Tim Cable
Wholesale Products Director
Royal Mail Wholesale