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9th February 2011

**CONDITION 7 NOTIFICATION:
Launch of Retail's Royal Mail Advertising Mail[®] product**

Dear Philip,

I am writing to notify you that we plan to introduce a new sorted bulk mail product specifically for advertisers, called Royal Mail Advertising Mail[®], as part of the 2011 Royal Mail Tariff on 9th May 2011. In a climate where marketing budgets are being squeezed and mail is increasingly competing with alternative media, Advertising Mail[™] will keep the price increase for direct mail close to RPI.

The Tariff for Advertising Mail[™] is related to the Business Mail Tariff that we plan to announce on 14th March following Postcomm's decision on price control and confirmation of Royal Mail Wholesale's prices. Indicative prices will be made available on 17th February 2011.

Advertising Mail[™] will have 3 standards of service; 1st, 2nd and 3rd class and these are identical to the standards of service currently available for Mailsort[®].

Advertising Mail[™] will have the same compensation arrangements as Mailsort[®] and will be included in the Bulk Mail Compensation Scheme.

Advertising Mail[™] is only available for advertising mail content. Royal Mail will undertake robust verification procedures to ensure items sent using Advertising Mail[™] contain only advertising content. We define Advertising as a largely uniform message to all addresses with the purpose of promoting the sale or use of products or services; or to encourage contribution to, or support of, a cause.

In order to access the product customers must cleanse their address data to the standards set out for users of the Entry-level Sustainable Mail[®] product. Advertising Mail[™] will be available for letter and large letter formats and customers can choose to sort their items according to the 70, 120 or 1400 versions of the Mailsort[®] Database. Advertising Mail[™] will not be available with a 700 way sortation as this is increasingly incompatible with Royal Mail's operational pipeline¹. Items posted

¹ In keeping with the decision not to offer Advertising Mail[™] with a 700 way sortation Royal Mail will cease to offer Sustainable Mail with Mailsort 700 on a date not before 30th September 2011. As Sustainable Mail was not offered with Mailsort 700 on 31st March 2006 this notification is not considered a change captured by Condition 21 (3). In any event Royal Mail will work closely with Sustainable 700 customers to migrate them

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using the 70 or 120 way sortation must be either OCR or CBC readable and customers must meet the specification for the chosen variant as set out in the Mailsort® User Guide.

Advertising Mail™ is a new standalone product but, owing to the fact that it shares the same operational specification as Mailsort® can be considered substantially similar to Mailsort®. Advertising Mail™ will be the core advertising offering for direct mailers with further savings available with Sustainable Mail. **Annex 1** presents a comparison between Mailsort®, Advertising Mail™ and Sustainable Mail®.

Table 1 shows how the availability of Advertising Mail™ with other Royal Mail offers.

Table 1 Availability of Advertising Mail™ with other Royal Mail offers

	Class		
	1 st	2 nd	3 rd
Sustainable Mail	Available	Available	Available
First Time User	Not available	Not available	Available
Tailor Made Incentives	Available	Not available	Available
Mailsort Light Main stage	Available	Available	Available
Mailsort Light light stage	Not available	Not available	Available
Volume Related Discounts	Available	Available	Available
Short-term promotions (e.g. Royal Mail Sale)	Not available	Not available	Available
Term contracts	Available	Available	Available

Source: Royal Mail Regulated Commercial

Advertising Mail™ will operate in the D+1 and D+2 (and later) pre-sorted Letter and Large Letter markets. Annex 2 sets out Royal Mail's view of the anticipated regulatory status of Advertising Mail™.

Full details of Advertising Mail™, including full Terms & Conditions, will be made available in due course starting with a [webpage](#) on the 10th February 2011. A copy of this letter has been copied to Consumer Focus and will be published within four working days.

Yours sincerely,



Mark Waples
Head of Regulation and Compliance

to the most appropriate service. Sustainable Mail will not be available with Mailsort 70,120 or 1400 from 9th May 2011.; it will only be available with Advertising Mail variants of 70, 120 and 1400.

Annex 1: 'Substantially Similar' comparison of Mailsort[®], Advertising Mail[™] and Sustainable Mail[®] 'entry level'

	Mailsort	Advertising Mail [™]	Sustainable Mail [®] 'entry level'
Class	First, second and third class	First, second and third class	First, second and third class
Format	Letter, Large Letter, Packet	Letter and Large Letter only	Letter and Large Letter only
Minimum Volume	4,000 Letters 1,000 Large Letters 1,000 Packets	4,000 Letters 1,000 Large Letters	4,000 Letters 1,000 Large Letters
Maximum Volume	None	None	None
Sortation	1400, 700, 120 and 70-way sortation options available	1400, 120 and 70-way sortation options only	1400, 700, 120 and 70-way sortation options available
Machinability	Manual (1400 sortation) Machineable (all other sortations)	Manual (1400 sortation) Machineable (all other sortations)	Manual (1400 sortation) Machineable (all other sortations)
Weight range	0-2kg	0-750g	0-750g
Handover	Standard Business Collections (non-Agency drivers) nationwide	Standard Business Collections (non-Agency drivers) nationwide	Standard Business Collections (non-Agency drivers) nationwide
Presentation	Poly-wrap or paper envelopes Bags or Trays	Poly-wrap or paper envelopes Bags or Trays	Paper envelopes adhering to PAS2020 standards only. Bags or Trays
Billing	Through OBA Sales Orders or Posting Cheques	Through OBA /SAP only (via Confirmed Sales Orders)	Through OBA /SAP only (via Confirmed Sales Orders)
Scope of the product	All Letter, Large Letter and Packet mail	Letter and Large Letter mail with advertising content only, defined as '... a largely uniform message to all addressees, with the purpose of promoting the sale or use of products or services, or to encourage contribution to, or support of, a cause'	Letter and Large Letter mail with advertising content only, defined as '...a largely uniform message to all addressees, with the purpose of promoting the sale or use of products or services, or to encourage contribution to, or support of, a cause'
Processes / activities	Sample of mail checked for correct format	Sample of mail checked for correct format. Confirmation of advertising content	'Seeds' in mailing addressed to Royal Mail verification site where adherence to physical specs verified. Confirmation of advertising content
Data requirements	No data requirements	Customer mailing list must be checked against internal and external suppression files 30 days prior to mailing	Customer mailing list must be checked against internal and external suppression files 30 days prior to mailing

Annex 2: Advertising Mail™ , price control baskets, Access equivalent products and headroom

Product	Variant	Service speed	Price Control	Access equivalent product	Headroom
Advertising Mail™	70	1	Basket B	N/A	N/A
		2	Headroom control	Wholesale Advertising Mail™ 70	3p
		3	Basket B	N/A	N/A
	120	1	Basket B	N/A	N/A
		2	Headroom control	Wholesale Advertising Mail™ 120	3p
		3	None	N/A	N/A
	1400 Letter format Direct	1	Basket B	N/A	N/A
		2	Headroom control	Wholesale Advertising Mail™ 1400 Letter	3p
		3	Basket B	N/A	N/A
	1400 Letter format Residue	1	Basket B	N/A	N/A
		2	Headroom control	Wholesale Advertising Mail™ 120 Letter	3p
		3	Basket B	N/A	N/A
	1400 Large Letter format Direct	1	Basket B	N/A	N/A
		2	Headroom control	Wholesale Advertising Mail™ 1400 Large Letter	5.5p
		3	Basket B	N/A	N/A
	1400 Large Letter format Residue	1	Basket B	N/A	N/A
		2	Headroom control	Wholesale Advertising Mail™ 120 Large Letter	5.5p
		3	Basket B	N/A	N/A

Product	Variant	Service speed	Price Control	Access equivalent product	Headroom
Advertising Mail™ and Entry level Sustainable Mail®	70	1	Basket B	N/A	N/A
		2	Headroom control	Wholesale Advertising Mail™ 70 with Entry level Responsible Mail	3p
		3	Basket B	N/A	N/A
	120	1	Basket B	N/A	N/A
		2	Headroom control	Wholesale Advertising Mail™ 120 with Entry level Responsible Mail	3p
		3	None	N/A	N/A
	1400 Letter format Direct	1	Basket B	N/A	N/A
		2	Headroom control	Wholesale Advertising Mail™ 1400 Letter with Entry level Responsible Mail	3p
		3	Basket B	N/A	N/A
	1400 Letter format Residue	1	Basket B	N/A	N/A
		2	Headroom control	Wholesale Advertising Mail™ 120 Letter with Entry level Responsible Mail	3p
		3	Basket B	N/A	N/A
	1400 Large Letter format Direct	1	Basket B	N/A	N/A
		2	Headroom control	Wholesale Advertising Mail™ 1400 Large Letter with Entry level Responsible Mail	5.5p
		3	Basket B	N/A	N/A
	1400 Large Letter format Residue	1	Basket B	N/A	N/A
		2	Headroom control	Wholesale Advertising Mail™ 120 Large Letter with Entry level Responsible Mail	5.5p
		3	Basket B	N/A	N/A

Product	Variant	Service speed	Price Control	Access equivalent product	Headroom
Advertising Mail™ and Intermediate level Sustainable Mail®	70	1	Basket B	N/A	N/A
		2	Headroom control	Wholesale Advertising Mail™ 70 with Intermediate level Responsible Mail	3p
		3	Basket B	N/A	N/A
	120	1	Basket B	N/A	N/A
		2	Headroom control	Wholesale Advertising Mail™ 120 with Intermediate level Responsible Mail	3p
		3	None	N/A	N/A
	1400 Letter format Direct	1	Basket B	N/A	N/A
		2	Headroom control	Wholesale Advertising Mail™ 1400 Letter with Intermediate level Responsible Mail	3p
		3	Basket B	N/A	N/A
	1400 Letter format Residue	1	Basket B	N/A	N/A
		2	Headroom control	Wholesale Advertising Mail™ 120 Letter with Intermediate level Responsible Mail	3p
		3	Basket B	N/A	N/A
	1400 Large Letter format Direct	1	Basket B	N/A	N/A
		2	Headroom control	Wholesale Advertising Mail™ 1400 Large Letter with Intermediate level Responsible Mail	5.5p
		3	Basket B	N/A	N/A
	1400 Large Letter format Residue	1	Basket B	N/A	N/A
		2	Headroom control	Wholesale Advertising Mail™ 120 Large Letter with Intermediate level Responsible Mail	5.5p
		3	Basket B	N/A	N/A