

Pricing in Proportion

From Monday 21st August the Royal Mail is changing the way its pricing structure works. As with most things there are pros and cons to this change, so we at Warnes have prepared this guide for you in order to help you address the changes and how they will impact on your mailings.

At the moment the cost of sending a mailing piece is directly proportional to its weight. When pricing in proportion (PiP) comes into effect further dimensions will be added to mix in order to determine the cost of sending an item. As well as considering weight; size, length and depth will also determine the cost of sending an item.

The Royal Mail's belief is that smaller, lighter items cost a lot less to send than larger, heavier items. They want their prices to reflect this.

It is important to remember that ALL Royal Mail customers will be affected in this change,

Below is a list of the Royal Mail services that will be affected by PiP and also those that won't.

Services affected:

- First & Second Class (Stamps / PPI / Meters / Response Services)
- Packetpost
- Packetsort 8 and Flatsort 8
- Mailsort 1400 and Flatsort 1400
- Presstream and Walksort

Services unaffected:

- Special Delivery
- Mail Media
- Items weighing over 1kg
- International Contract Services

Some services will be partially affected by PiP. These are:

- Door to Door will take an element of PiP format into account
- Cleanmail, Mailsort 120 and 700 have some price *decreases*

You can divide your mail piece into the following categories:

- **Letters** – Includes items slightly bigger than A5, half the size of A4. This will include most letters, postcards, greetings cards, bills and statements and some brochures and catalogues. 'Letters' will be A5

size, half a sheet of standard A4 paper, 5mm in thickness and 0 -100g in weight.

- **Large Letters** – Larger envelopes up to slightly bigger than A4 size. This will include most brochures, catalogues, company reports, magazines, CDs and DVDs. 'Large letters' will not exceed 353mm x 250mm in size (which is slightly larger than standard A4 paper) and 25mm in thickness. 'Large letters' may contain unfolded sheets of standard A4 paper.
- **Packets** – Anything else outside of these boundaries. This will include VHS cassettes, books, some magazines and catalogues, parts and samples, foodstuffs, prints and posters in cylindrical packaging. 'Packets' will be any item longer than 353mm or wider than 250mm or thicker than 25mm or heavier than 750g. The maximum weight allowed for Second Class items will increase from the current 750g limit to 1kg. The maximum weight allowed for First Class items will remain 20kg.

For the majority of cases you will be able to determine which category your item falls into, by the size. You will however need to consider the weight and thickness as well in some cases.

For example: A C5 envelope weighing 80g that is less than 5mm thick would be classed as a letter. However a C5 sized jiffy bag, weighing the same, but over 5mm thick would be classed as a large letter.

There is plenty of information available from the Royal Mail website to illustrate the new tariffs and exact specification requirements. You can find the link on our 'links' page of the website.

One of the advantages of PiP to the customer is that the original weight allowance on letter items has been raised from 60g to 100g. If you are a company that does a lot of letter mailings (i.e. DL & C5 mailings under 60g) at the moment, then this increase in weight could be of importance to your business. You may want to consider taking advantage of the extra weight allowance by keeping the format of your mailing the same, but putting in extra inserts. If possible combining mailings together into one mail piece will have huge potential cost savings.

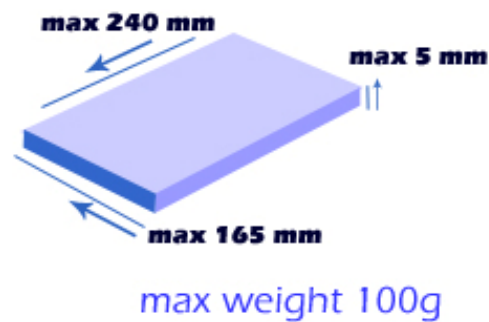
At the same time if your business currently mails using the C4 format, it would be well worth your while to consider opting for a C5 format if possible. Under the new PiP tariff your mailing piece would be classed as a 'large letter' and therefore be more expensive to send than a normal letter. This way you would save money on the postage by converting your mail piece to C5.

If you are a very DM driven business, you may decide that you do not want to change the format of your mail piece. It is then important that you make sure that you are aware of how this will affect your budget, should your mail piece fall into a different category.

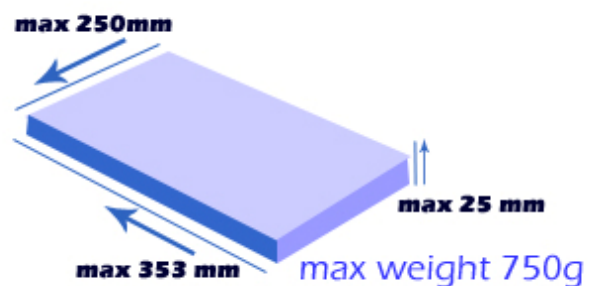
Design will play an important factor as well. Mailing pieces are always becoming more and more creative nowadays; taking full advantage of current printing and cutting technologies available, particularly where the postcard format is concerned. It will be worth bearing in mind that if your design differs from a normal format it may be classified as a large letter. An example of this would be a postcard that had the dimensions 250x160mm. The maximum length for a 'letter' is 245mm. So although the item would be extremely light, the extra length would put it into the large letter category.

Below are some illustrations of the guidelines that need to be adhered to when considering a mailing format.

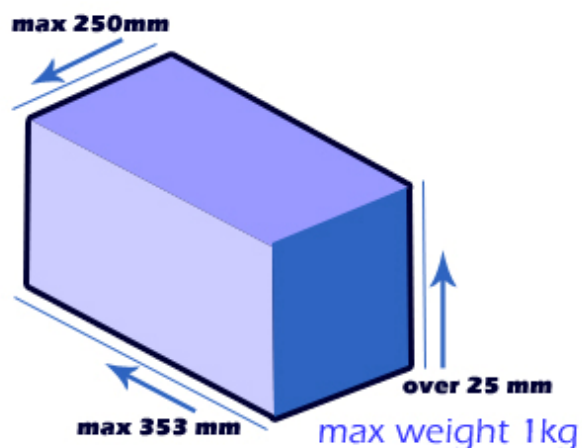
Letter



Large Letter



packet



As your mailings and business needs are no doubt different to that of other businesses, for us to help you in the most productive way we would ask you to contact us so that we may discuss your own individual requirements and

offer you the best impartial advice. We hope you have found this guide helpful.