

Pricing in Proportion

Historically, Royal Mail has based its prices on the weight of letters and packages. But the company has shown that costs are also linked with the size of items. Weight is still relevant, but not the only factor Royal Mail needs to take into account when setting postage prices. Therefore – after extensive consultation with all stakeholders and following detailed discussions with Royal Mail - Postcomm accepted the company's proposal to change the way it sets its prices.

Royal Mail's new pricing regime – "Pricing in Proportion" (PiP) – was launched on 21 August 2006, and applies to most products where format was not already part of the pricing specification, including:

- First and second class mail
- Mailsort 1400
- Walksort
- Presstream
- Response services
- Packetpost.

PiP does not apply to Special Delivery or international mail.

Under PiP, there are three main categories of items:

- **Letter**
 - maximum dimensions: length 240mm; width 165mm; thickness 5mm
 - maximum weight 100g
- **Large Letter**
 - maximum dimensions: length 353mm; width 250mm; thickness 25mm
 - maximum weight 750g
- **Packet**
 - dimensions: length more than 353mm or width more than 250mm or thickness more than 25mm
 - maximum weight: 1kg for second class; none for first class

Postal users will find that the smaller envelope sizes labeled DL or C5 that they are able to buy in supermarkets will be classed as “letters”, as long as the item is less than 5mm thick when ready for posting. Larger envelopes (C4) will be priced as “large letters”, as long as they are less than 25mm thick.

Royal Mail has now – after a ‘grace’ period to allow mail users to get used to the new system – introduced surcharging for stamped items with underpaid postage. Recipients of understamped mail are charged a fee of £1, plus the outstanding postage cost. This makes it important for mail users to make sure they use the correct stamp value, especially where items are large or unusually-shaped.

Useful links

- **www.psc.gov.uk** – Postcomm’s website, for further information on all aspects of the UK mail market, including full details of the PiP consultation.
- **www.royalmail.com** – Royal Mail’s website. Full details of PiP are accessible from the home page

Please contact Postcomm for a full list of titles available in this series.

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Postcomm is the independent regulator for postal services in the UK. This is one of a series of fact sheets designed to provide background information on key issues in the postal services sector. Contact us at 6 Hercules Road, London, SE1 7DB. **Tel** 020 7593 2100, **Email** info@psc.gov.uk

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