

Direct Marketing Material waste prevention

Report on industry performance Full Year 2009



Report for DEFRA

By Royal Mail and the Direct Marketing Association

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Foreword

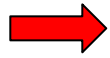
- In 2003, the direct marketing industry agreed to tough voluntary recycling targets set in conjunction with Defra, with the aim of significantly reducing waste material during the subsequent decade.
- We are pleased to report that last year, 76.5 per cent of direct marketing material was recycled - outstripping the 2009 target of 55 per cent as well as the 70 per cent goal for 2013.
- This is no small achievement. Through a combination of education, better targeting techniques, greater availability of kerbside recycling facilities, as well as the combined efforts of Defra's partners including the Direct Marketing Association and Royal Mail to produce initiatives such as PAS2020 and Sustainable® Mail, the entire sector has taken the responsibility of recycling by the scruff of the neck.
- At a time of increasing scrutiny on the environmental performance of business, it is pleasing that paper-based direct marketing is taking the issue seriously and acting in a positive way.
- This is also benefiting businesses who take a more sustainable and targeted approach to direct marketing as it has resulted in improved response rates from consumers since 2003.
- But as encouraging as the statistics in this report are, all stakeholders in the direct marketing industry must continue their efforts to maintain and improve sustainable practices. Defra and industry partners will soon begin meetings to develop a new voluntary agreement to ensure direct marketers continue to make great strides towards a greener future.



Robert Keitch
*Chief of Membership & Brand
Direct Marketing Association*



Mark Thomson
*Media Director
Royal Mail*



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- Industry commitments
- Measurement approach
- Latest recycle rate
- Other industry initiatives
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Report summary

- **The final recycling figures for 2009 show that the Direct Marketing industry has surpassed its end-of-year target of 55% and is now ahead of the 2013 target of 70%.**
- **During 2009, 76.5% of mailed Direct Marketing Material was disposed of into the recycling stream versus landfill.**
 - This figure is based on kerbside disposal only.
 - This figure has a statistical confidence band of +/- 3.8%.
- **When we factor in central-location recycling, the figure rises to 79.5%.**
- **The % recycle rate is only half of the story. In parallel to the growth of recycling, absolute volumes of Direct Marketing Material have fallen sharply since 2003. These two factors have combined to produce a huge decrease in the tonnage of posted direct marketing material going into landfill, down 79% between 2003 and 2009.**

NB Throughout this report, the term 'Direct Marketing Material' is used to refer to: addressed Direct Mail; unaddressed Door Drops; and inserts in free posted newspapers.

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In 2003, the DMA signed an agreement with DEFRA committing the direct marketing industry to hard targets in respect of recycle rates

30% of direct marketing material to be recycled by the end of **2005**

55% by the end of **2009**

70% by the end of **2013**

1. Targets were set in July 2003 following an industry-wide consultation to which Royal Mail contributed.
2. The targets apply to all posted "direct marketing material", covering both addressed items (eg Direct Mail) and unaddressed items (eg leaflets and inserts).
3. Targets apply to England only.

In addition to the recycle-rate target, the DMA made four further commitments

- 1. To actively promote the Mailing Preference Service (MPS)**
- 2. To set in place a producer responsibility scheme for DMA members**
- 3. To promote better targeting of direct mailings, including the wider use of 'suppression'**
- 4. To increase the use of recycled paper**

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Royal Mail and the DMA have committed significant financial resource to putting in place a robust ongoing recycle-rate monitor for 2009 and beyond

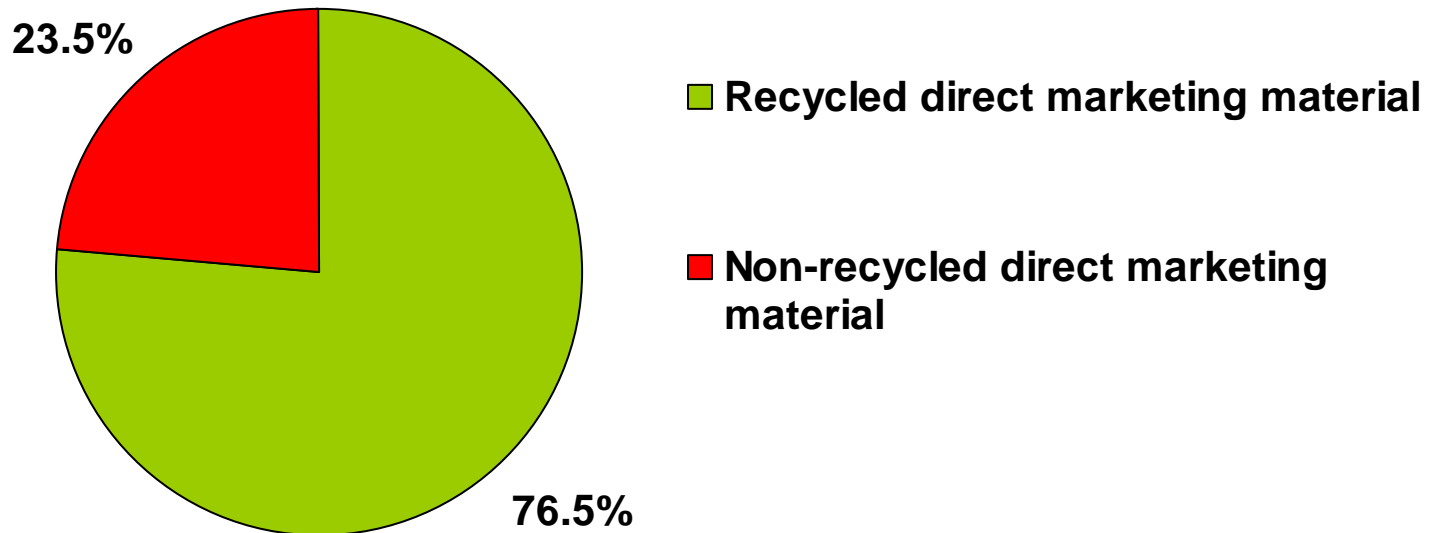
The RM / DMA waste-sort monitor

- **2,263 households sampled during 2009**
- **40 local authorities sampled**
 - Representative of kerbside provision across England, as established by annual audit of English local authority provision*
 - See technical appendix for full details*
- **Quarterly reporting**
 - On rolled six-monthly basis*
- **Research conducted by independent waste-sort specialist, MEL**
- **Additional consumer survey conducted each quarter by Millward Brown**
 - Allowing for quantification of non-kerbside recycling*

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Research by MEL shows that 76.5% of Direct Marketing Material disposed of at kerbside went into the recycling stream during the first six months of 2009

Breakdown by weight of items identified at kerbside as Direct Marketing Material 2009.



Direct Marketing Material is identified in kerbside waste and weighed. The weight identified in recycling bags / boxes is divided into the total weight, giving the raw recycle rate %. This raw number is weighted by MEL to ensure it is representative of English local authorities.

See technical appendix for more details.

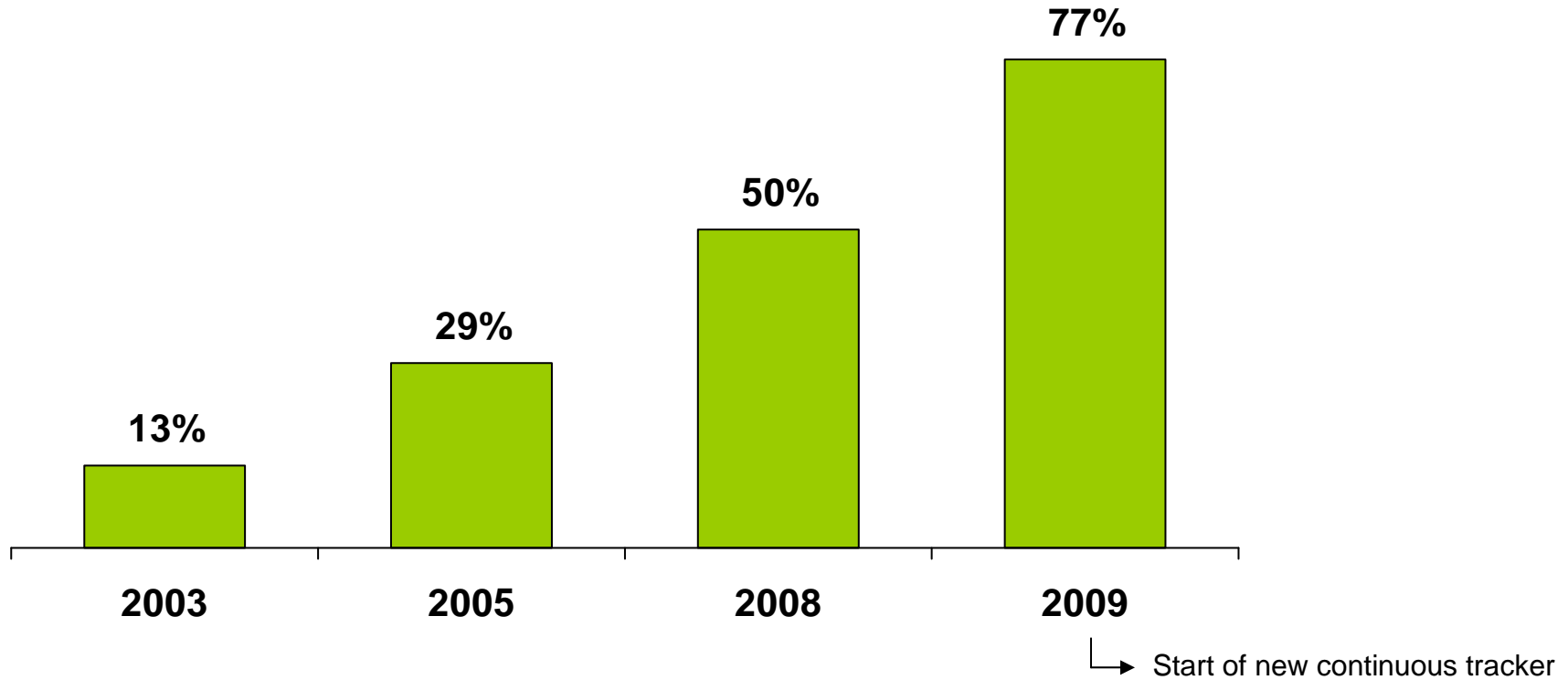
Sample error: +/- 3.8% (including instrument error)

Base: c. 2,263 households, spread across 40 English local authorities (representative of differing levels of provision), 2009

Source: MEL waste-sort monitor 2009

Although previous measures have been far less robust than the current approach, there is definite evidence of an upward trend over the last six years

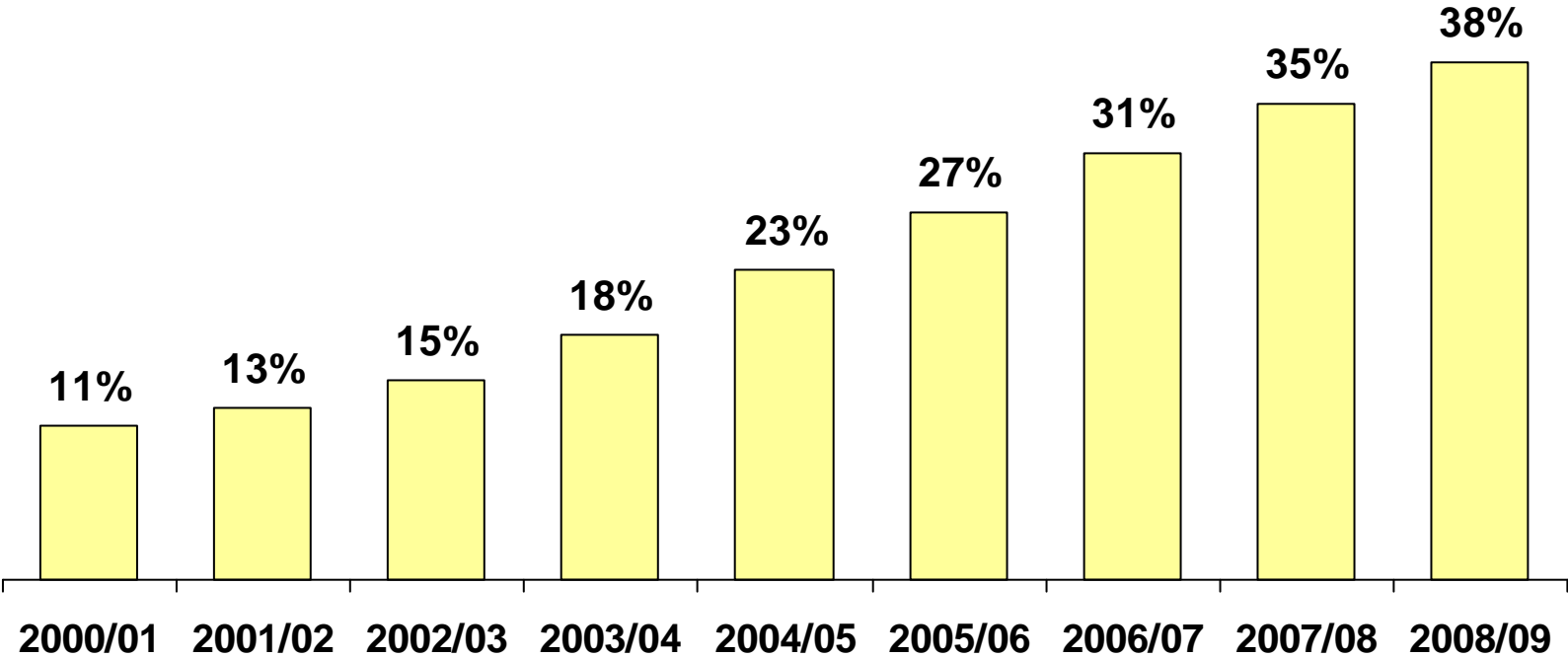
Direct Marketing Material recycle-rate trend, 2003-2009



Sources: 2003 measure, DMA / PIRA research; 2005 measure, DMA research conducted by MEL (based on 2 local authorities); 2008 measure, DMA / Royal Mail research conducted by MEL (based on 2 local authorities); 2009 measure, DMA / Royal Mail research conducted by MEL (based on 40 local authorities)

The increase in Direct Marketing Material recycling reflects a significant behavioural change over recent years, with levels of domestic recycling having more than trebled

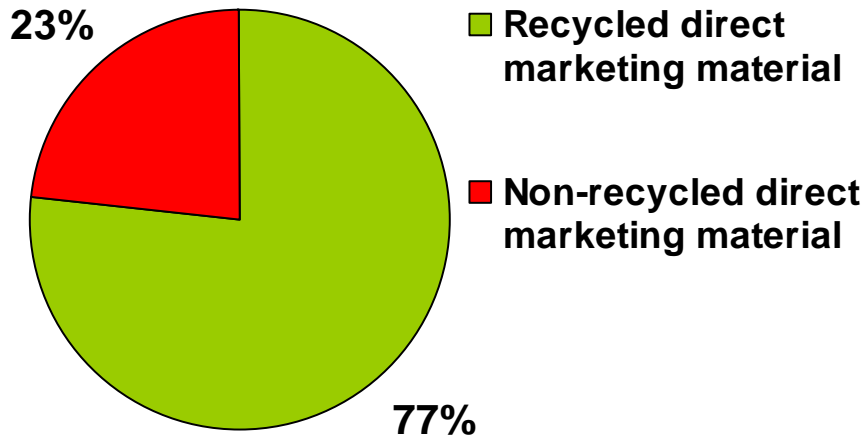
Recycle rate for all household waste (England)



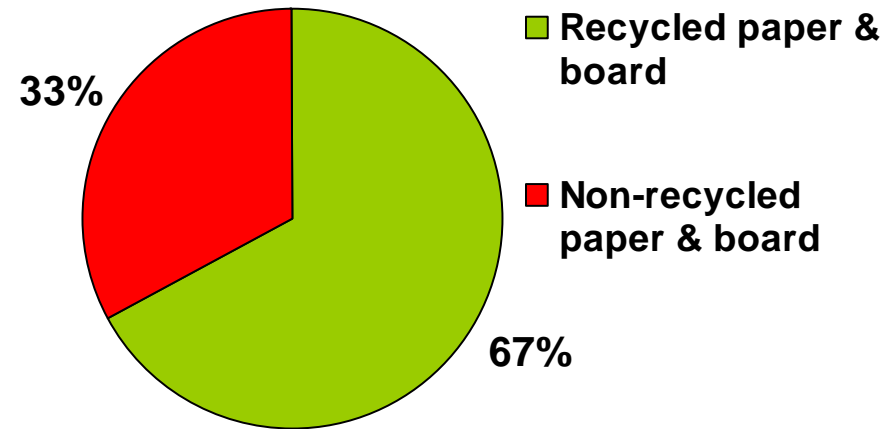
Source: DEFRA, Municipal Waste Management Report, November 2009

CPI data suggest that Direct Marketing Material is outperforming Paper & Board in general when it comes to levels of recycling

Direct Marketing Material recycle rate (2009)



UK total Paper & Board recycle rate (2008)



Source: MEL Waste Sort Monitor 2009

Source: CPI Market Trend Analysis 2008

In order to give an accurate picture of all recycling of Direct Marketing Material, the waste-sort figure (kerbside only) needs to be augmented with data on central-location recycling

What's excluded from the MEL figure

The standard waste-sort approach only captures **kerbside** recycling. Central-location recycling is not captured, so the true recycle rate is potentially under-reported.

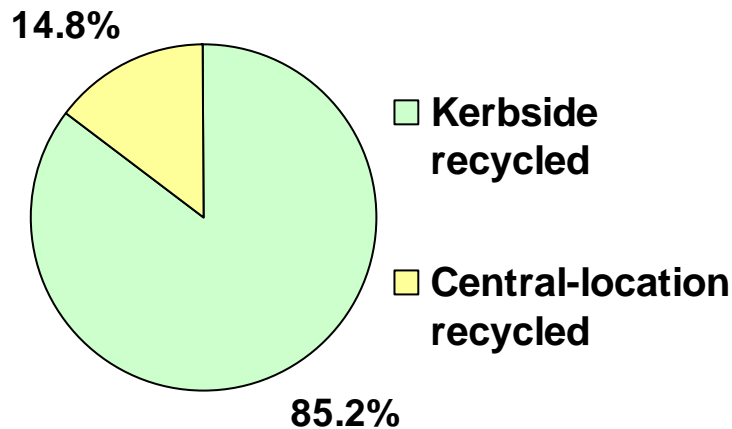
Completing the picture

Royal Mail has put in place a quarterly consumer tracker (500 UK adults per wave, F2F, conducted by Millward Brown), which runs in parallel with the waste-sort monitor.

This study allows us to quantify the percentage of Direct Marketing Material being recycled via **central-location sites**.

When we factor in central-location recycling, the recycle rate figure rises from 76.5% to 79.5%

Ratio of DMM items recycled at kerbside to items recycled at central-location facilities (source: Millward Brown)

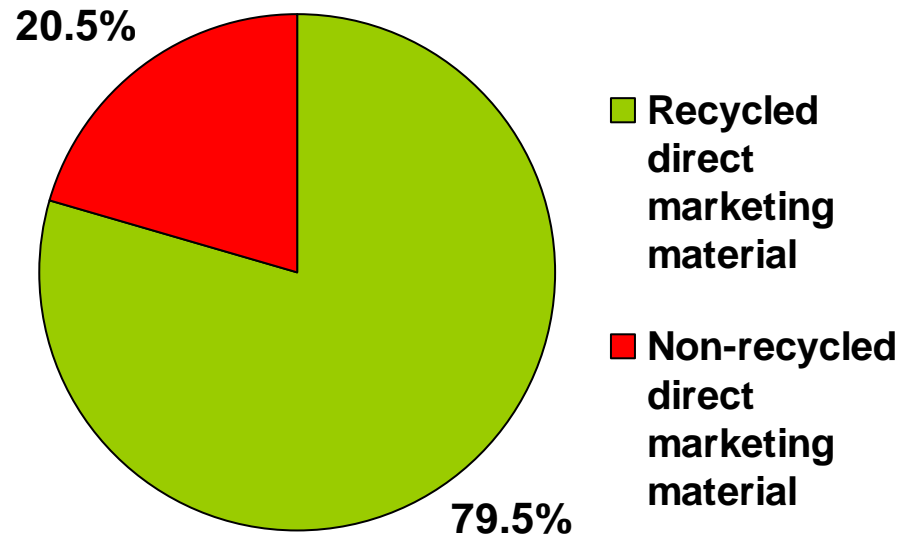


Out of every ten items of Direct Marketing Material you receive in the post, how many do you...?

Base: c. 1,000 UK adults, nationally representative, 2009

Source: Millward Brown environmental consumer tracker 2009

Breakdown of disposed Direct Marketing Material (augmented figure)

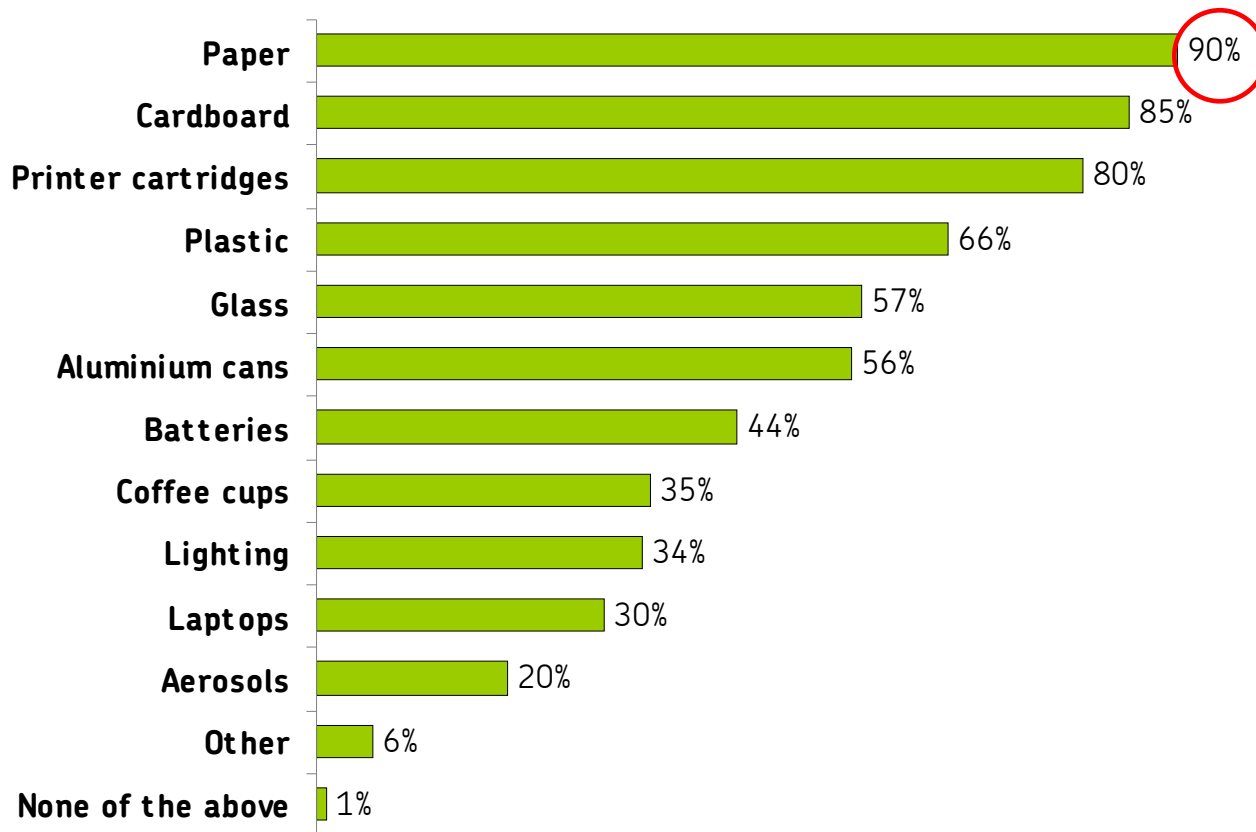


Base: 2,263 households, spread across 40 English local authorities (representative of differing levels of provision) 2009

Source: MEL + Millward Brown

Although this report focuses on household recycling, there is supplementary evidence to show that businesses recycling of paper is now widespread

Items recycled by UK businesses (1-250 employees)



Q. Which, if any, of the following does your company currently recycle?

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The DMA and Royal Mail have been supporting a range of industry initiatives to aid sustainability

- The DMA launched a 'Green Matters' newsletter for members in 2007, giving information and practical advice on environmental responsibility
- A programme of seminars and workshops have been held around the country focusing on environmental issues
- All DMA best-practice guidelines now include a section on the environment and sustainability
- The DMA has worked with BSI to provide reduced-cost ISO 14001 certification for members

PAS 2020 has been developed by the Direct Mail industry to help senders of mail to manage the environmental impact of their activities

- The Publicly Available Specification 2020 (PAS 2020) has been created in partnership with national and local government, major environmental NGOs, industry practitioners, and consumer groups. This steering group was led by the DMA with Royal Mail a founding sponsor.
- Specifically, PAS 2020 focuses on establishing a set of environmental objectives, performance levels and indicators for different environmental aspects of a Direct Marketing campaign.
- The indicators provide an indirect measure of a Direct Marketing campaign's environmental impact on such things as climate change. They can be used by clients and suppliers to demonstrate in real terms a commitment to more responsible business practices.

Royal Mail launched two new sustainable services in 2009, with usage levels already running at over 380m items a year

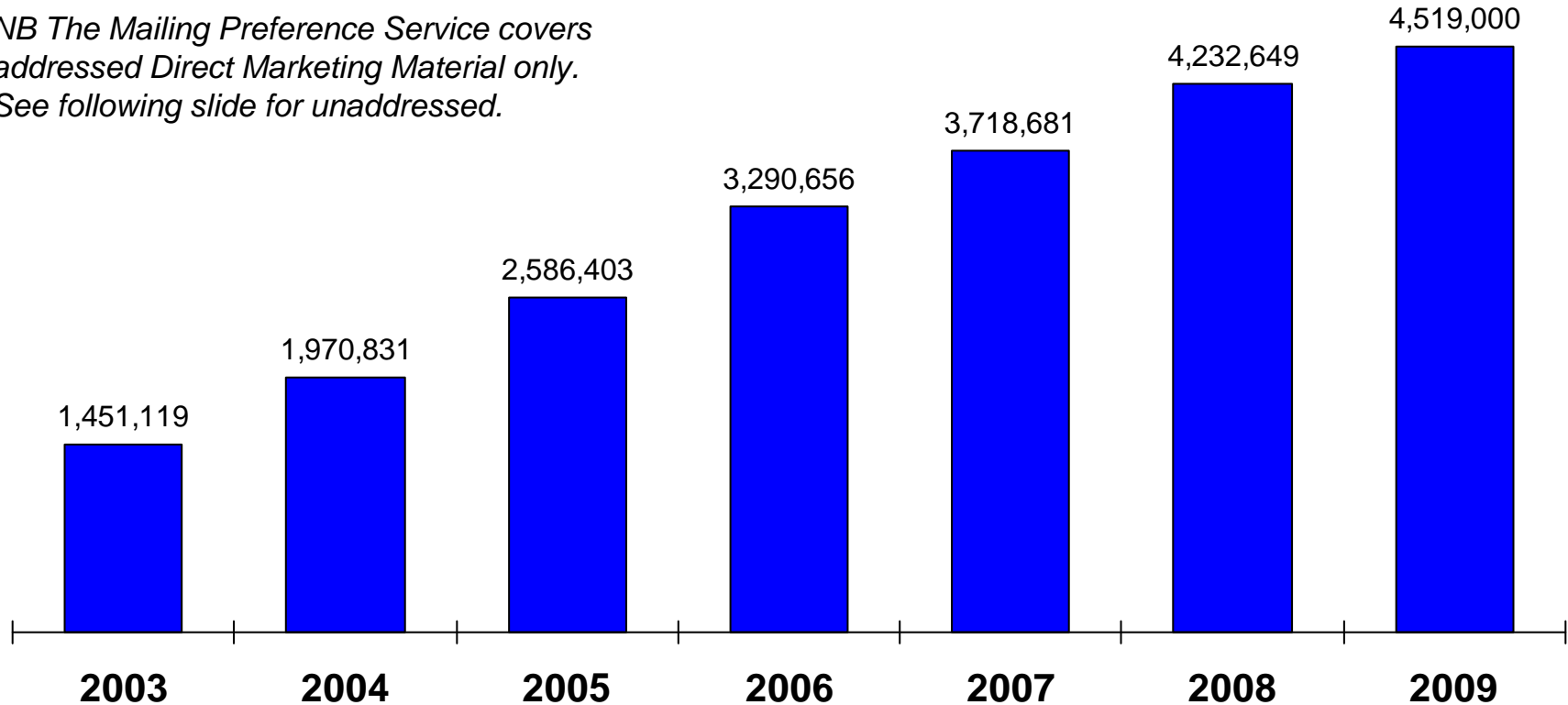
- With 'Sustainable Mail' (available via RM Retail) and 'Responsible Mail (available via RM Wholesale) mailers achieve better prices for producing direct mailings that are better targeted, produced in a sustainable way and easy to recycle. These services are fully aligned to PAS 2020 (see previous slide).
- **384m** items of Direct Mail were sent via these services in the 12 months up to January 2010, equating to over 10% of all Direct Mail.
- Royal Mail has been further driving up improvements in mail quality via the new Royal Mail Mailing House scheme. This scheme, which disbursed over **£5m** in the last 12 months, gives rewards to Mailing Houses which can provide evidence of environmental management systems (ISO14001, etc.)



Over the last six years, the DMA has invested over £3m in the Mailing Preference Service, driving a 211% increase in subscriptions

Trend in MPS subscriptions, 2003-2009

NB The Mailing Preference Service covers addressed Direct Marketing Material only. See following slide for unaddressed.



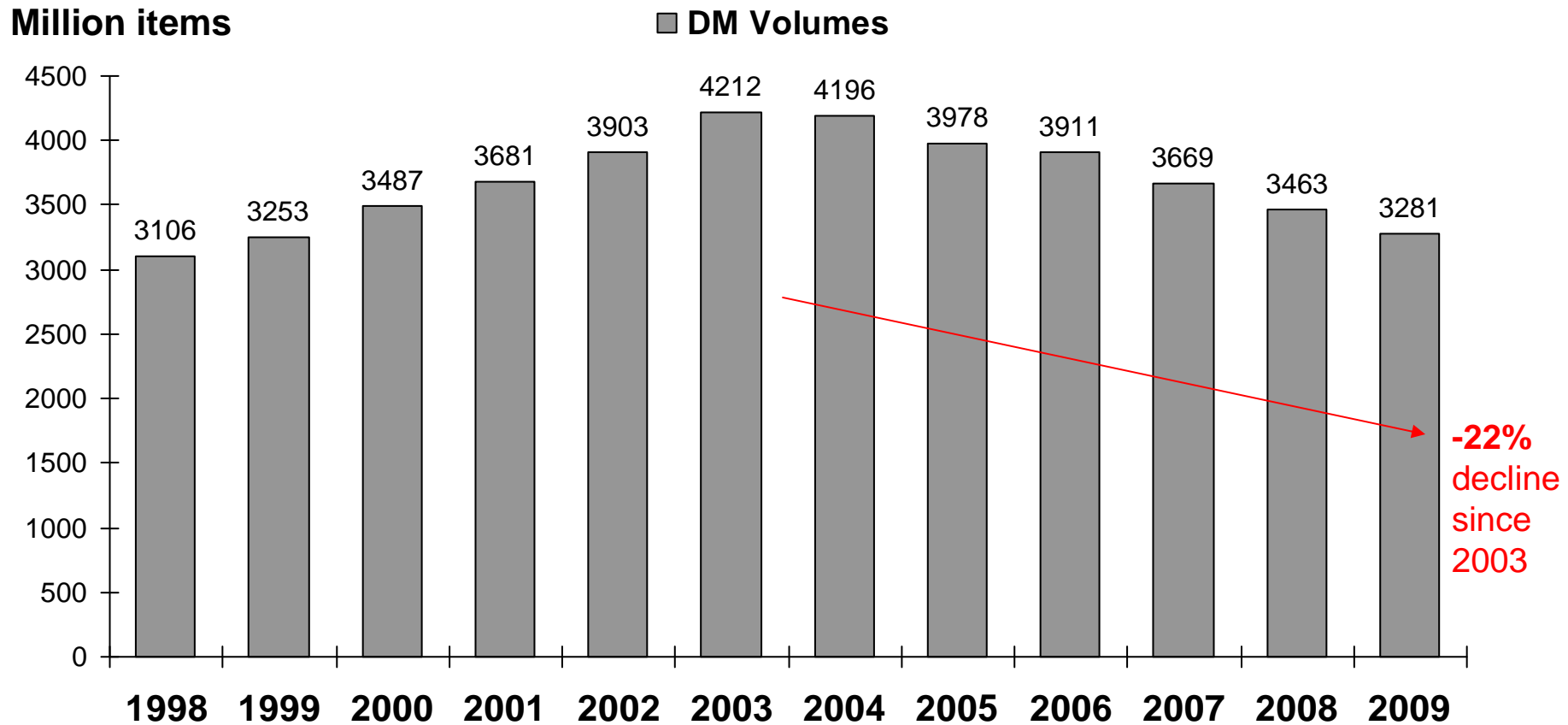
Over 390,000 consumers are now opted out of receiving unaddressed direct marketing material in the post

198,000 UK households have chosen to opt out of receiving unaddressed Direct Marketing Material from Royal Mail by signing up for the Door-2-Door opt out scheme (as of April 2009). This equates to over **390,000** UK adults. (Assuming 1.9 UK adults per household, based on ONS statistics.)

Royal Mail typically receives twice as many requests for information about opting out as join the opt-out scheme itself, with many choosing not to progress when they realise the implications of opting out.

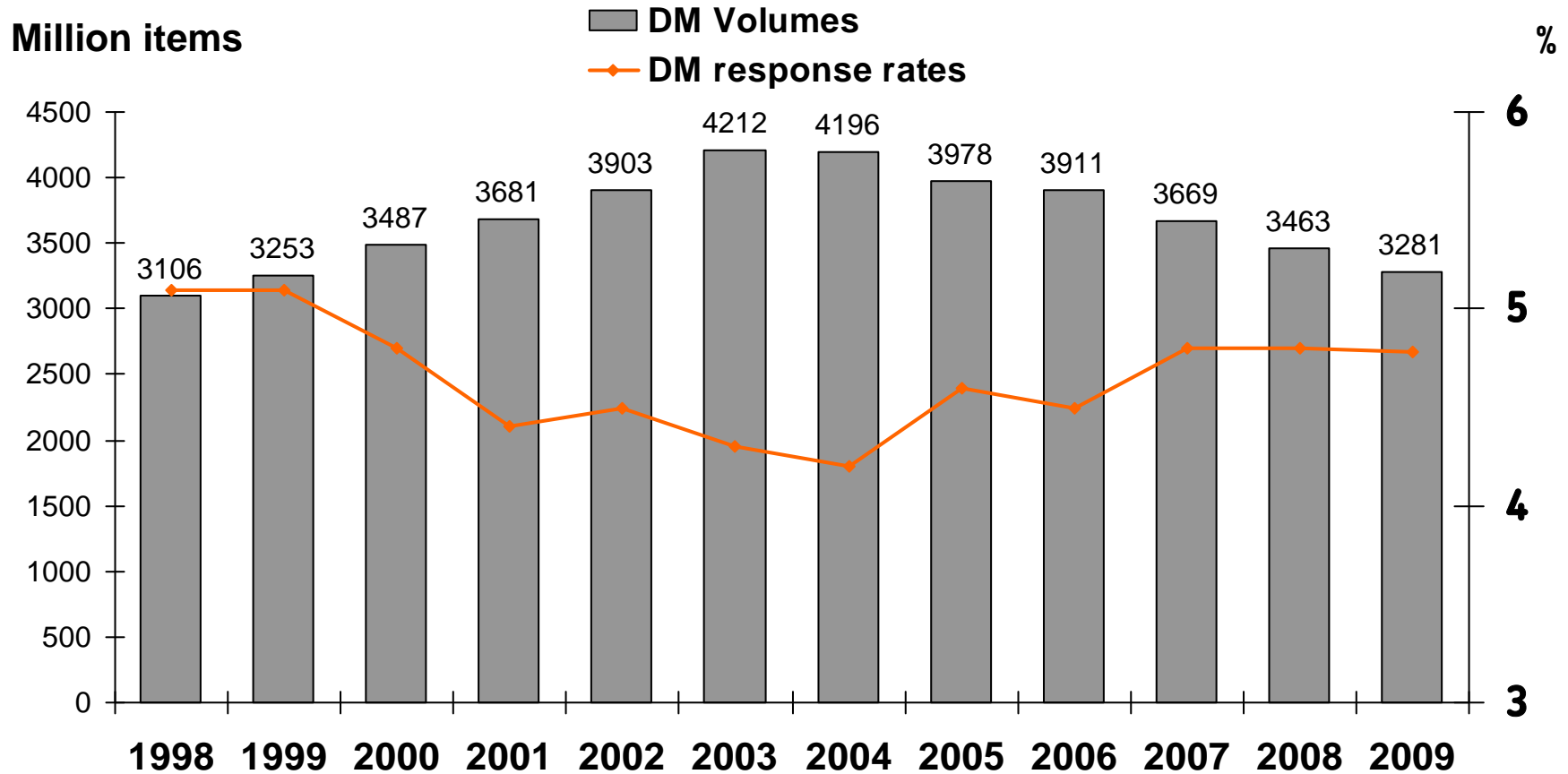
In addition to the above, 1,600 households have signed up for the DMA's separate 'Your Choice' Door Drop opt-out scheme.

Partly as a result of these initiatives, the period since the signing of the 2003 agreement has seen a steady decline in Direct Mail volumes



Source: TNS Consumer Panel (monthly research with c. 1,000 UK adults)
NB Direct Mail only (ie Door Drops excluded)
NB Figures for 2009 representative of Nov 08 -Oct 09

Better targeting has benefited the consumer, as shown by the improvement in Direct Mail response rates since 2003

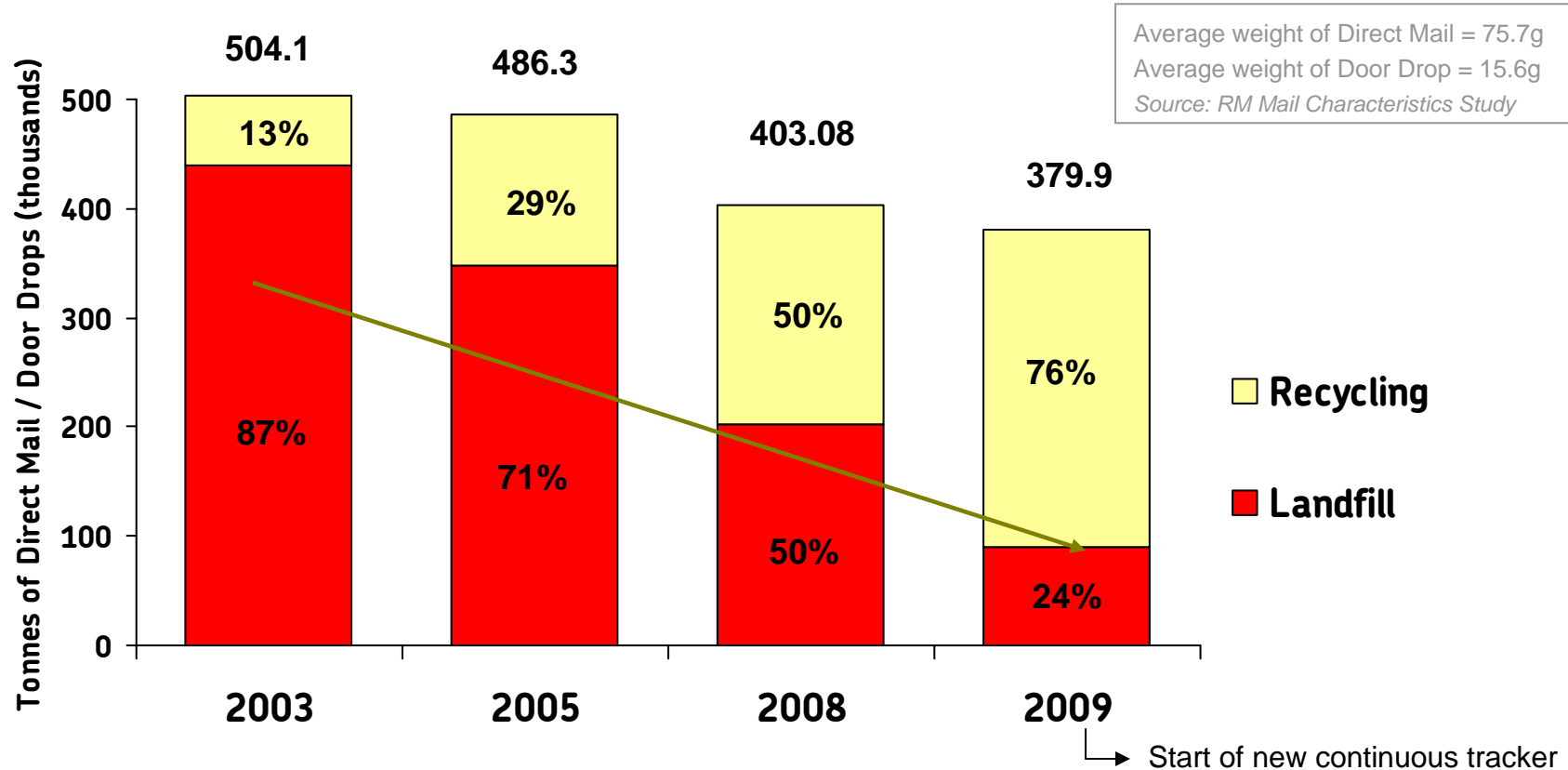


Source: TNS Consumer Panel (monthly research with c. 1,000 UK adults)
 NB Direct Mail only (ie Door Drops excluded)
 NB Figures for 2009 representative of Nov 08-Oct 09

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With fewer items being sent and more being recycled, there has been a dramatic fall in the absolute quantity entering landfill

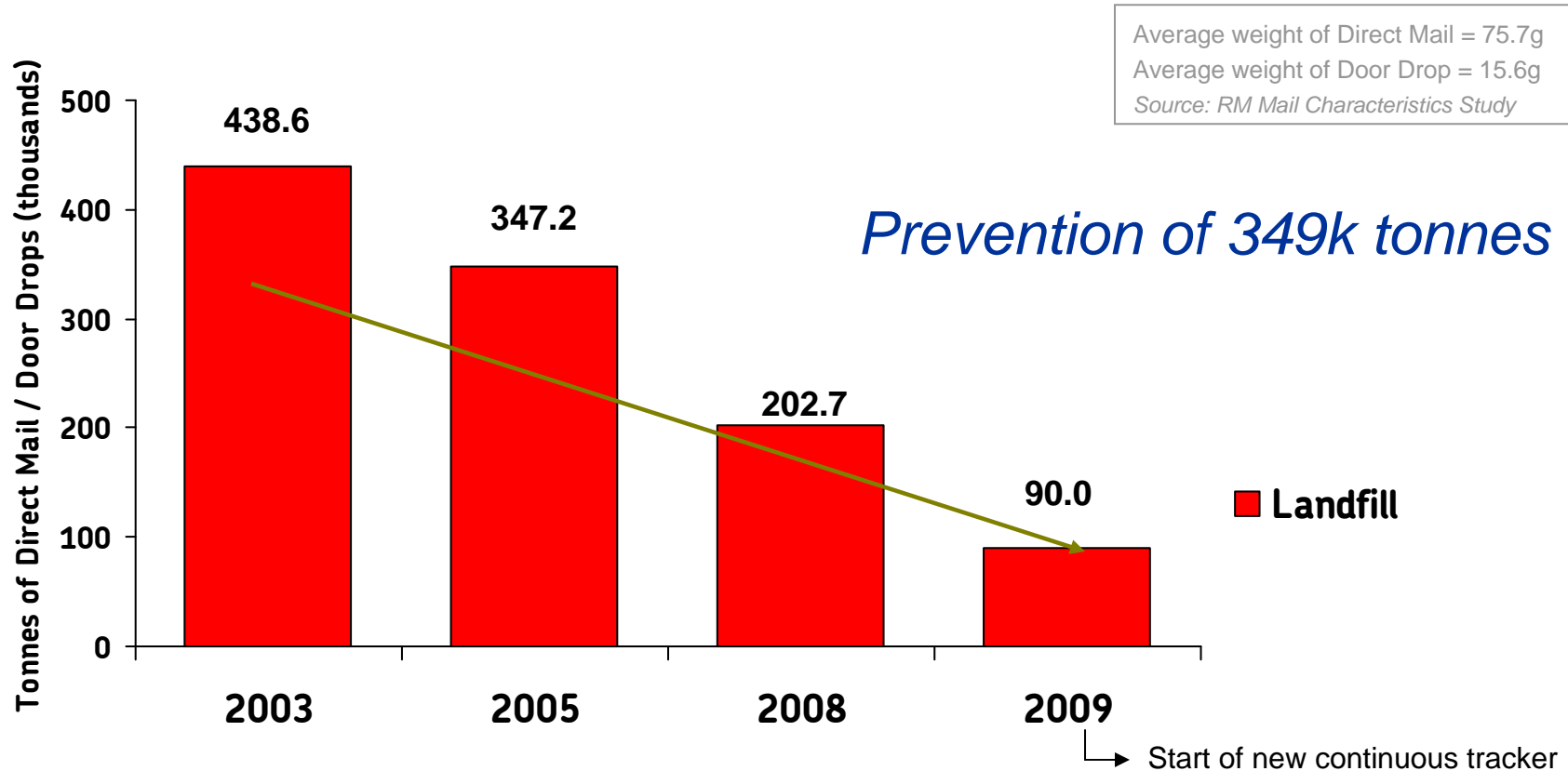
Tonnes (thousands) of mailed direct marketing material, split by mode of disposal



Sources: Direct Mail volumes from TNS consumer panel; Door Drop volumes from DMA Market Size report; volumes are for calendar years except 2009 which shows Nov 08– Oct 09 for DM and a forecast for Door Drop based on current trends. Average weights from Royal Mail MCS ('Mail Characteristics Study'). Recycle rates from latest MEL study and previous DMA measures.

348,600 fewer tonnes of mailed Direct Marketing Material are going into landfill in 2009 than were doing so in 2003, a fall of 79%

Tonnes (thousands) of mailed direct marketing material entering landfill



Sources: Direct Mail volumes from TNS consumer panel; Door Drop volumes from DMA Market Size report; volumes are for calendar years except 2009 which shows Nov 08– Oct 09 for DM and a forecast for Door Drop based on current trends. Average weights from Royal Mail MCS ('Mail Characteristics Study'). Recycle rates from latest MEL study and previous DMA measures.

During 2009, recycling of Direct Marketing Material equated to a saving of 382,698 tonnes of greenhouse gas emissions vs the alternative of landfill disposal

289,920 tonnes of Direct Marketing Material recycled during 2009
(Source: MEL Recycle Rate Study 2009)



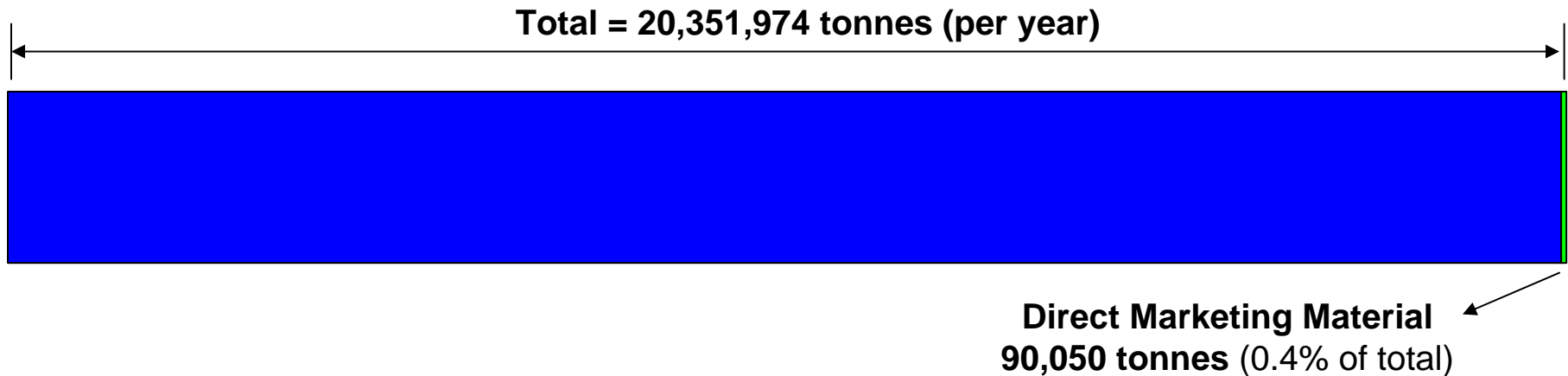
For every **1** tonne of paper recycled rather than incinerated / sent to landfill, **1.32** tonnes of greenhouse gas emissions (in CO2 equivalents) are saved
(Source: WRAP)



382,698 tonnes of greenhouse gas emissions saved in 2009 as a result of Direct Marketing recycling vs landfill

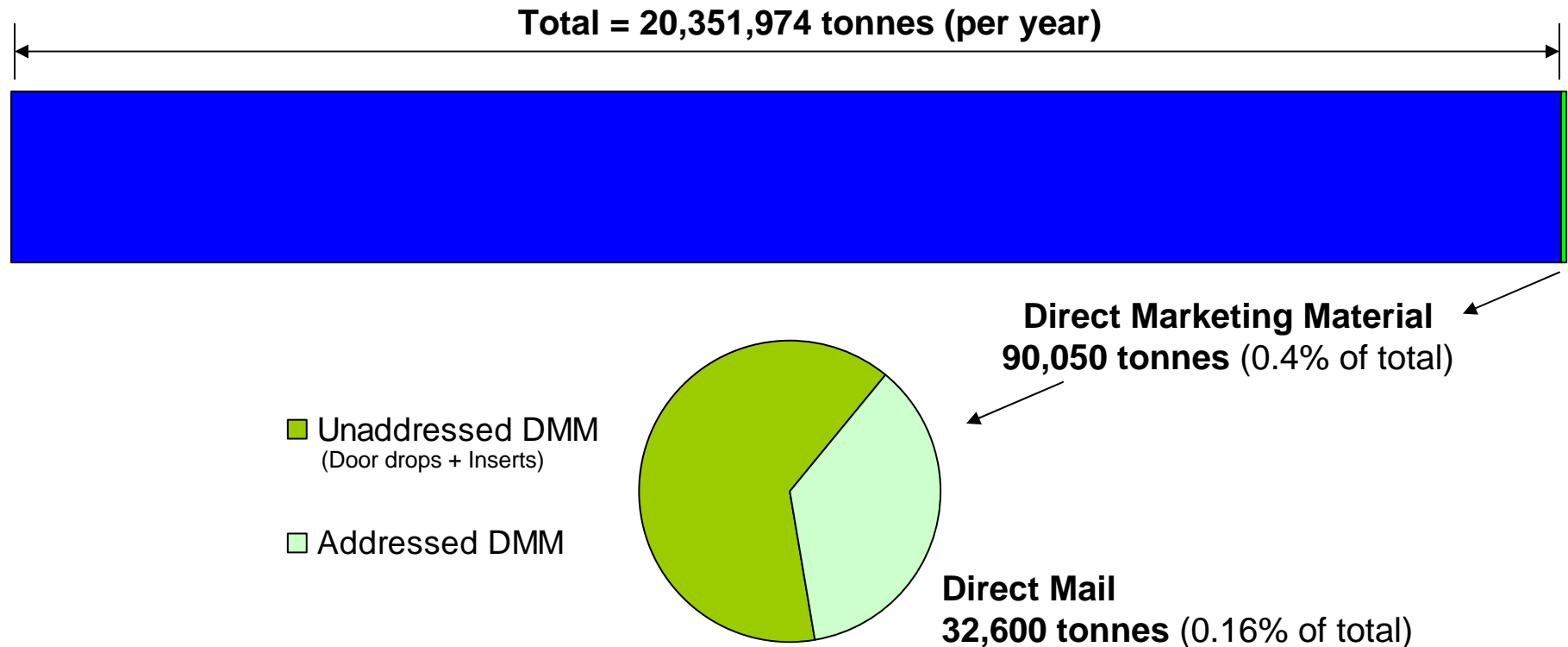
Direct Marketing Material accounts for just 0.4% of all non-recycled household waste

Non-recycled UK household waste



... And only 0.28% of non-recycled household waste is addressed Direct Mail

Non-recycled UK household waste

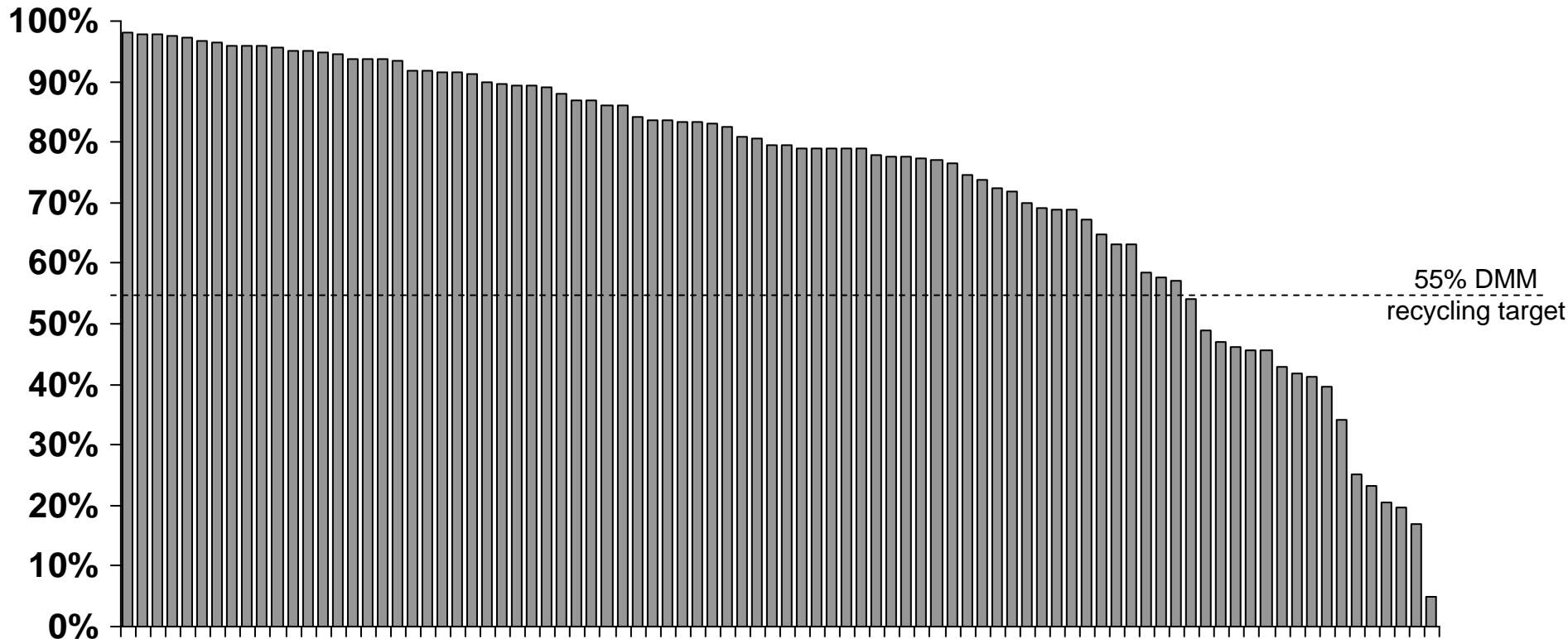


Sources: Total household figures – DEFRA (2008 data); Direct Marketing Material – MEL Waste Sort Monitor (2009) Direct Mail Volumes from TNS consumer panel- Door Drop Volumes from DMA 2009 Market Size report (2009)

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The 2009 recycle rate of 76.5% conceals very wide regional variations, reflecting differing levels of local provision

Recycling of Direct Marketing Material at kerbside, variance by sampling point
%



Base: 40 data points sampled during 2009, comprising c. 1,100 English households, nationally representative 2009

Source: MEL waste-sort monitor 2009

Only 47% of the below-target local authorities accept window envelopes, compared with 73% of the above-target local authorities

Recycling of Direct Marketing Material at kerbside, variance by sampling point %



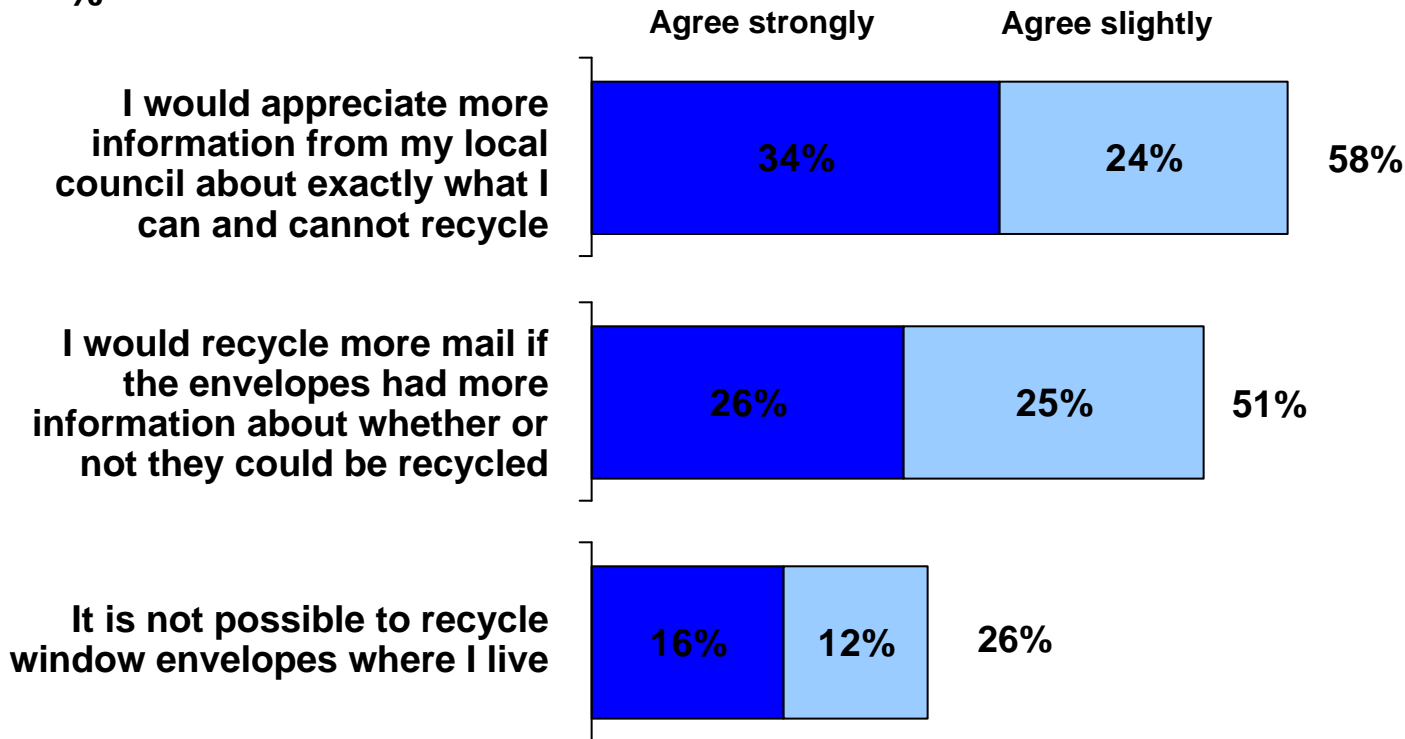
Base: 40 data points sampled during 2009, comprising c. 2,263 English households, nationally representative, 2009

Source: MEL waste-sort monitor 2009 with data overlaid from 2009 WRAP local authority audit

Over half of UK adults say they would appreciate more information from their local authority about exactly what they can and cannot recycle


Agreement with statements

%



Base: c. 1,000 UK adults, nationally representative, 2009

Source: Millward Brown environmental consumer tracker 2009

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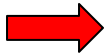
Next steps

Having reached and exceeded the recycle rate targets set out in the 2003 agreement, the Direct Marketing industry is keen to work with DEFRA to continue to improve its environmental record.

The following next steps have been agreed between the industry (represented by the DMA and Royal Mail) and DEFRA:

- 1. Establish a DM environmental working group consisting of representatives from the DM industry, local and national government and other interested parties**
- 2. Agree a new producer responsibility agreement covering direct marketing and the environment with particular emphasis on delivering environmental best practice, for instance:**
 - improving targeting, suppression and recycling to support ongoing waste reduction**
 - promoting better material design and use to support low carbon and low waste outcomes**
 - improving standards across the industry by promoting schemes such as PAS 2020 - an environmental specification for direct marketing**
- 3. To release a new agreement in early 2011.**

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Technical appendix (1)

Summary of waste-sort method

Waste-sort fieldwork and analysis are conducted by MEL, a specialist agency. Waste sorts are conducted by detailed analysis of recycling and residual kerbside collections into pre-agreed categories to identify direct marketing material. The % recycle rate is the weight of direct marketing material identified in recycle bins divided into the total weight of direct marketing material identified.

This approach is in line with previous measures reported by the Direct Marketing industry and reflects how local authorities themselves measure recycling performance. The survey represents all households with access to a kerbside scheme and does not include central-location recycling.

During 2009, 40 local authorities were researched. These were selected to be representative, based on an annual audit of local authority recycling provision. 2,263 households were sampled across the 40 local authorities.

Definition of Direct Mail

The MEL waste-sort survey defines 'direct marketing material' as follows:

Any kind of paper/card advertising or other marketing material sent in the post. This can include (but isn't limited to):

- *Financial offers / applications*
- *Charity mailings*
- *Promotions / Coupons*
- *Customer magazines*
- *Brochures / Catalogues*
- *Leaflets or cards from local companies*
- *Inserts in free newspapers*

Technical appendix (2)

Sampling approach

The survey is sampled to ensure representativeness in terms of:

- a) Geography. Streets were selected from each of the nine government office regions in England. The number of samples taken from each region was proportionately based on the total population of each.
- b) Socio-demographics. Samples representing each of the five major Acorn categories of residential households were taken. The number of samples surveyed for each Acorn category was proportionately related to the frequency of each within the UK. Final results are proportionately weighted to the UK's Acorn profile.
- c) Residual waste schemes. Households have access to different collection schemes for their residual waste, both in terms of collection frequency and containment. Prior to selecting sample targets it was possible to access data on the various schemes operated by individual collection authorities. The sampling framework was set up to resemble the proportion of residents with either weekly or fortnightly collections of residual waste.
- d) Paper recycling schemes. Households also have access to different collection schemes for their paper recycling, both in terms of collection frequency and degree of separation. Prior to selecting sample targets it was possible to access data on the various schemes operated by individual collection authorities. The sampling framework was set up to resemble the proportion of residents with either weekly or fortnightly collections of paper recycling. The proportion of authorities who provide mixed (co-mingled) and separately collected paper based material for recycling was also taken into consideration.

Sample selection

Quotas were set over the four phases for numbers of households proportionately spread over geographic area, Acorn Category and Waste collection regime. Quotas were set to match national figures as closely as was practicable. Geographic and waste collection regime sampling was limited to those LA's who showed interest in taking part in each quarter.

Technical appendix (3)

Geographical representation

During 2009, the following geographical spread was achieved, broadly reflecting national proportions:

Region	No of streets
East Midlands	8
West Midlands	12
East of England	3
London	10
Yorkshire & Humber	6
South East	2

ACORN representation

During 2009, the following ACORN socio-demographic spread of streets was achieved, broadly reflecting national proportions:

ACORN CLASSIFICATION	No of streets	National proportions
1	10	25%
2	6	12%
3	12	27%
4	4	14%
5	9	21%

Technical appendix (4)

Weighting of data

Final results are proportionately weighted to the UK's Acorn profile. Twenty-five households were in the sampling matrix for each street. Applied weightings were based on average weight-per-household-per-week data obtained in the research from samples representing each Acorn Category. These are then weighted according to the proportions of each Acorn relative to the UK as a whole.

Statistical confidence

For the whole of 2009, the MEL methodology delivered a national figure with sample error of +/- 3.8%. This figure takes account of design effect / instrument error. The raw statistical confidence band is +/- 2.9%.

Practical data-gathering issues

In several instances, MEL find that waste has been removed by crews prior to their arrival. These streets are either replaced in the current quarter (where logistically possible) or replaced in the following quarter fieldwork phase. Residents expressing concerns over the removal of waste did not have their containers surveyed and an alternative household was selected.

MEL contact details

For more information on the MEL waste sort, please contact Darren Coss (darren.coss@m-e-l.co.uk). For more information on Direct Mail recycling measurement generally, please contact Chris Edwards (chris.j.edwards@royalmail.com).