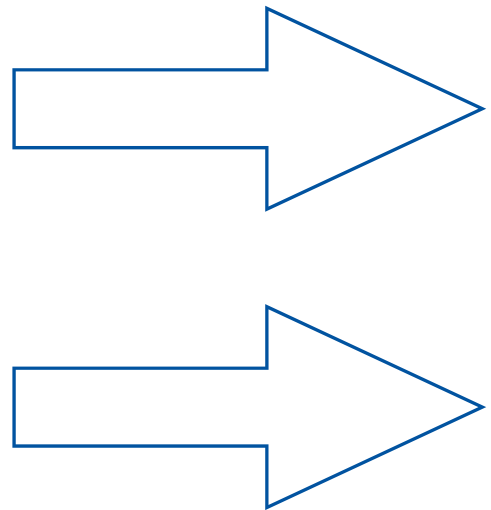


The Truth About Green

Survey results highlight how mailers can protect the environment – and their industry.



EXECUTIVE SUMMARY

Everything we do – including the production and distribution of mail – has an impact on our environment. And that is of growing concern for consumers.

The first *DM News/Pitney Bowes* survey on direct mail and the environment, however, suggests that consumers greatly overestimate the environmental impact of mail. Not surprisingly, these misperceptions have sparked interest in new regulations that could ultimately do more harm than good.

The survey shows consumers value mail, but feel that mailers have a responsibility to prudently and proactively create more eco-friendly mail. Fortunately, when you explore the best practices in this space, you find that taking action is not only good for consumers and the environment – it can be good for your profits, too.

This White Paper sheds light on current consumer perceptions, and provides mailers seven practical steps to becoming more environmentally responsible.

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MAIL & THE ENVIRONMENT

Since the first Earth Day in 1970, interest in the environment and green initiatives has greatly accelerated. During this same time, the volume of mail delivered in the United States has more than doubled. When you put the two together, it's easy to understand why 75% of Americans believe that unsolicited mail is a major environmental problem.

Mail does affect our ecosystem, and the recent confirmation that human activities impact global warming and climate change has increased this awareness within public, government and business circles. Environmentalists report, for example, that over 100 million trees and 28 billion gallons of water are used each year in producing the paper used for direct mail.¹

Researchers, however, have found a tremendous gap between consumer perception and market reality. The *DM News*/Pitney Bowes study captured data from 1,000 Americans through online surveys conducted in November, 2007. Findings show, for example, that consumers greatly overestimate how much of today's municipal waste is caused by mail. While half of adults thought that advertising mail counted for 53% of the country's municipal waste, the EPA reports that the actual figure is 2%.

% Municipal Waste Attributable to Mail

Perception	Reality
53%	2%

With global warming and greenhouse gases in the news, concerns over CO2 emissions are also rising. And again, consumers have the same misperceptions on the environmental impact of mail – ranking mail as one of the top contributors while scientific data proves otherwise.

Activities that Generate the Most CO2

Perception	Reality ²
1. New compact car	1. TV, DVD and cable box
2. Older-model refrigerator	2. An 8-minute shower
3. Mail creation and delivery	3. Clothes dryer
4. Clothes dryer	4. Older-model refrigerator
5. Newer-model refrigerator	5. New compact car
6. An 8-minute shower	6. Newer-model refrigerator
7. TV, DVD and cable box	7. Mail creation and delivery

One of the factors contributing to this misguided view may be the physical nature of mail. Unlike other energy consumers, such as automobiles, computers and microwaves, mail is discarded on a daily basis. "When you take a shower or operate a washing machine, you can't really put your hands on how much energy is being expended," notes Paul Robbertz, VP of Environmental Health and Safety at Pitney Bowes. "But when you physically touch something, it has more of an impact."

Another factor may be the sheer size of the mail industry. With over 100 billion pieces of direct mail sent every year, mail supports \$900 billion in economic activity and over nine million jobs. While there is no doubt that Americans receive a significant amount of unsolicited mail, consumers note that they do appreciate a wide range of mail they receive. They also report that mail makes a difference in their attitudes – and behaviors.

Mail Produces Life-Changing Connections

- 43.9% used a new business for the first time
- 33% contributed to a non-profit for the first time.
- 30.5% renewed a relationship with a business
- 19.1% renewed a relationship with a non-profit

¹ Ecofuture.com, Basic Facts

² National Geographic, Green Guide; EPA; TerraPass

WHEN MISPERCEPTION BECOMES LEGISLATION

If consumers are misinformed about the environmental impact of mail but still value the role mail plays in their lives, should mailers be concerned? In a word, yes.

By early 2008, seven states had already slated do-not-mail legislative agendas, including Hawaii, Michigan, New York, North Carolina, Rhode Island, Vermont and Washington.³ Some expect that number could reach 25 by year end, continuing a recent trend of heightened focus on mail and the environment.

States Considering Do-Not-Mail Legislation

2005	3
2006	4
2007	15

To date, none of these legislative proposals have passed. But the trend has certainly been noticed within the industry. Over the past year, for example, the Direct Marketing Association has launched a major campaign to encourage recycling while also educating mailers on steps they can take to be good corporate citizens. The DMA has also begun to incorporate environmental commitments into their membership requirements.

Clearly, however, the responsibility for educating the public and improving mail practices cannot be borne by industry associations. Each and every mailer needs to step up to the table to address both the misperceptions and the realities. Mail may not be the worst offender, but there are many ways companies can embed environmental stewardship into their day-to-day operations.

Fortunately, consumers are open to hearing more. According to the *DM News/Pitney Bowes* study, people consider a broad range of factors when making decisions, including the environment, convenience and cost. In most cases they said their opinion of direct mail would improve if mailers took eco-friendly actions in the future. Details on seven of these practical steps are highlighted below.

SEVEN PRACTICES THAT ARE GOOD FOR THE ENVIRONMENT, GOOD FOR THE INDUSTRY AND GOOD FOR YOUR BUSINESS

1. Eliminate undeliverable mail.

As much as 30% of all mail sent today contains an address error, including missing information, outdated information, wrong ZIP Codes or invalid street data. Much of this poorly addressed mail is delivered, often due to the local knowledge of individual mail carriers. However, billions upon billions of letters are returned or simply discarded because they are Undeliverable as Addressed.

Undeliverable as Addressed mail costs the Postal Service \$1.9 billion a year, but the cost to mailers and the environment could be even greater. Some estimate that returned mail costs companies \$3.00 or more per piece in added processing. In terms of the environment, the waste and resource consumption incurred in paper, production output, trucking and recycling or disposal of undeliverable mail is significant.

Know how to reach me.

60.7% of consumers said they would be more likely to do business with companies that keep undeliverable mail to a minimum.

As is often the case, the necessary steps represent a win-win for all involved parties and a number of firms have reported bottom-line savings totaling hundreds of thousands of dollars. Simple steps to address this issue head on include:

- **Real-time Address Validation.** Data entry accounts for approximately 40% of data quality problems. But keeping bad address data out of your databases can be easily accomplished, whether addresses are keyed in by customer service reps, order entry clerks, sales professionals or even customers themselves. Today, you can integrate software that captures, corrects and verifies address data in real-time – effectively dealing with this issue before it becomes a problem.
- **Closed-loop Address Management Practices.** Even with stronger data entry, customers move (17% annually) and some addresses simply change (including over 650,000 ZIP +4 changes every year.) Prior to mailing, you should be using a move update solution that interfaces directly with the USPS® NCOALink® data. Afterwards, you can capture additional updates on the back-end through Intelligent Mail® and OneCode ACS™. These updates, including the corrections made by CASS™, Delivery Point Validation databases and other data cleansing tools, also need to work their way back to the original data sources or the cycle will continue.

³ Entrepreneur.com, Talk of Do-not-Mail Getting Louder, December 1, 2007

2. Reduce, reuse, recycle.

In 2006, a record 53.4 percent of the paper consumed in the US was recovered for recycling.⁴ Consumers are doing their part on the home front, and they expect the same from the companies with which they do business.

Show me you care.

75.7% of consumers think better about mail that is printed on recycled paper.

The direct mail pundit Ethan Boldt summarizes the impact of recycling as follows: “Buying paper with high post-consumer recycled content helps reduce global warming pollution, saves forests, conserves water, reduces emission of toxic pollutants, supports municipal recycling collection programs and diverts usable materials from incinerators and landfills.”

Paying attention to paper stocks and questioning your suppliers is a logical first step, and implementing and expanding on recycling programs for both white and mixed paper should be an integral part of every operation.

But you may find additional opportunities in mail piece design as well. Some high-quality print jobs, for example, call for virgin sheets. But even in high-end packages, many of the components such as lift notes, envelopes, brochures and letters could be printed on recycled paper stocks. Other decisions, such as choosing lighter weight paper, can reduce the cost as well as the environmental impact of trucking and delivering mail. Overall, mailers may be wise to adopt the “Green 15” – a set of 15 baseline environmental practices suggested by the DMA.

3. Minimize unwanted mail.

Even the most gung-ho mailer has to admit that consumers receive a large volume of unsolicited and unwanted marketing mail. In the past, the volume of mail sent has been in many ways dictated by economic realities. Unlike email – which costs little to transmit – mailers must pay for paper, production and postage. As such, prudent mailers would only send mail when the consumer interest exceeded the cost.

When less is more.

80.9% of consumers would be more likely to do business with companies that systematically reduce unwanted mail.

As data quality software improves, however, it has become possible for mailers to target far more effectively – increasing response, boosting profits and decreasing the amount of unwanted mail.

- Through data integration, you can create a single view of your customers and gain a greater understanding of a customer’s specific needs.
- Customer data quality solutions can help you eliminate duplicate mailings to the same person or household.
- Advances in modeling and targeting have been significant, including the rapid growth in location intelligence, which allows you to gain insights into a person’s demographics, attitudes and behaviors based on their specific street address.

Eliminating unwanted mail has been a rallying point for environmentalists, but mailers, consumers and the environment are actually all on the same page. When a letter is tossed aside because it not well targeted, no one benefits.

4. Consolidate mailings.

When a company sends out three separate mailings to the same individual in the same week, that impacts the environment. There’s three times the trucking expense, three times the CO2 emissions, plus added paper as well.

Saving more than trees.

Turning three communications into a single two-ounce mailing cuts postage costs by over 54%.

Mailers can learn from the best practices applied by many banks and telcos who practice “householding” – that is, combining multiple communications into a single envelope. Today’s customer data quality and data integration solutions allow you to create a high-definition view of your customers. Parsing, standardization and matching algorithms make it easier to unify account data so you can then link members of the same household. On the production floor, print stream engineering gives you the flexibility to modify and combine the print-ready files created by your existing applications – without disrupting your underlying operations or mission-critical systems.

⁴American Forest and Paper Association

5. Design more efficient operations.

While the term “carbon footprint” is still relatively new in the United States, mailers across Europe have been taking active steps to reduce the amount of CO2 emissions associated with their mail operations. These programs involve looking at ways to reduce the amount of energy consumed by vehicles and buildings, as well as addressing the type and source of that energy. When it comes to mail, everything from the productivity of your equipment to the types of inks and varnishes used can make a difference.

Output counts, too.

63.1% of consumers would welcome steps taken by mailers to reduce CO2 emissions.

Opportunities to reduce CO2 emissions can be found throughout the life cycle of mail, from raw material sourcing, paper manufacturing and mail list preparation to mail piece design, print production, sorting, transportation and recycling. Around the world, mailers are taking steps to reduce their carbon footprint, including:

- Switching to electric delivery trucks
- Recycling print and ink cartridges
- Encouraging employees to carpool
- Printing materials closer to their end delivery point
- Incorporating solar power and energy reductions into building design

6. Achieve more with your transaction mail.

Transaction mail – bills, statements and notifications – represent an untapped resource when it comes to environmental stewardship. Consider the facts: each month, more than 95% of transaction documents are opened and read, far more than any other type of direct response effort.⁵ The average customer reviews these documents for up to three minutes, which is more attention than any other form of communication including television advertisements.⁶ And while customers may be inundated with as many as 3,000 advertising messages a day⁷, most consumers will receive less than 12 transaction mailings in a month – making each one even more valuable to those interested in building stronger customer relationships.

The power of relevance.

51.9% of consumers have a problem with mail only when it contains no useful information.

Making better use of these transactional documents has proven to be a win-win for customers, businesses and the environment. With today’s TransPromo technologies, many firms are adding promotional messages to their bills and statements based on highly targeted customer intelligence. These activities provide value in three ways:

- Increases the relevance of existing communications, which increases the value of mail in terms of your customers’ lives.
- Printing “onserts” directly on statements reduces your reliance on pre-printed inserts – saving on paper.
- The effectiveness of TransPromo as a tool to sell products and services can allow you to eliminate other more wasteful efforts.

7. Go certifiably green.

The environmental impact of mail – while greatly overestimated – still leaves room for improvement, and this issue has become one of the hottest topics in production mail. At the 2008 Mailcom Conference, for example, there is an entire track dedicated to going green, with several environmentally-oriented workshops.

A seal of approval.

64.7% of consumers said companies certified as eco-friendly would likely get more of their business.

Already, environmentally-oriented organizations are advocating that consumers only do business with companies who are actively engaged in sound practices. Third-party assessments can help you benchmark your current operations and assist you in setting a plan of action. Promoting your eco-friendly practices to customers and prospects can be a smart way to build good will and customer loyalty.

⁵ Irongate Digital Solutions, TransPromo Overview, www.irongatedigital.co.uk

⁶ Group 1 Software, Inc., 2004 Research Study

⁷ David Shenk, *Data Smog: Surviving the Information Glut*

NO ONE PROFITS FROM WASTE

The first *DM News*/Pitney Bowes survey on direct mail and the environment questioned consumers on a broad range of topics.⁸ The key takeaways can be summarized in three points:

- Consumers are concerned about the environment and believe conservation is important.
- While consumers value mail, they significantly overestimate its environmental impact.
- Customers would think more highly of direct mail if companies took a more eco-friendly approach.

These points are important because across the country, state legislators are considering new do-not-mail laws that, if passed, could greatly limit mailers' ability to connect with customers and prospects. This is clearly a time when mailers can, and should, take action.

No one profits from waste. The seven best practices highlighted above demonstrate that many of the initiatives that are good for the environment are also good for customers and company profits. By taking appropriate steps now, mailers can protect the environment – and their industry.

As the global mailstream leader, Pitney Bowes has taken an active role in identifying new opportunities and in engineering practical, win-win solutions. We invite you to do your part.

To learn more about Pitney Bowes and the broad range of mailstream solutions we provide, please visit www.pb.com.

⁸ For more details, see the December 17, 2007 issue of *DM News*



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