

Data Publishers Association

*Delivering Sustainable Directories:*

A Study of the  
economic and social role of  
B2C Directories and their environmental footprint

# Table of Contents

Introduction	3
Executive Summary	4
<b>Chapter One:</b> Directories - a brief history	6
<b>Chapter Two:</b> Directories in Society	8
<b>Chapter Three:</b> Directories - life-cycle environmental footprint	15
<b>Chapter Four:</b> Directories-reducing the footprint	20
<b>Chapter Five:</b> The Policy Challenge	23



# Introduction

Business to Consumer directories (B2C for short) – containing in their simplest form alphabetical lists of local businesses or services and their phone number – have been in existence almost since the dawn of the telephone age. In the UK, B2C directories delivered free to all consumers have been available for the last 35 years.

For UK consumers, B2C directories are a user-friendly way of finding the service they want; for UK businesses, directories provide an extremely effective source of business or sales leads. However as Internet search engines have proliferated and directory publishers have themselves developed online directories, some have questioned whether the familiar paper versions are becoming obsolete, or whether they unnecessarily damage the environment and contribute to climate change by consuming precious woodland natural resources, and ending up in landfill sites.

The Data Publishers Association (DPA) has produced this paper to consider these questions and to discuss the challenges that now exist for policy makers to ensure printed directories continue to benefit the UK economy on the one hand, while minimising their environmental footprint on the other. After a brief history of directories in **Chapter One**, **Chapter Two** looks at the role played by B2C directories in the economy and wider society, including their future in the Internet age. **Chapter Three** is an examination of the life-cycle environmental footprint left by the production, distribution and end use of directories, **Chapter Four** looks at the steps directory publishers are taking to minimise their environmental impact, including a number of case studies. **Chapter Five** looks at the options now available to UK policy-makers in the light of the Government's Waste Strategy which is designed to radically increase recycling and reuse of waste currently going to landfill.

The DPA exists to promote the interests of all companies operating in the directory and data publishing and search sector and to advance best practice in a sector which today contributes well over £1bn to the UK economy.



# Executive Summary

- The history of business-to-consumer (B2C) directories can be traced back before the invention of the telephone in the 1880s to lists of London city merchants 200 years ago. Whilst residential directories have existed in the UK for 130 years, B2C directories were first trialled in the 1950s and 1960s and became a national product with the roll out of the GPO's 'Yellow Pages' in 1973.
- Today there are three national B2C directory publishers: BT, Thomson Local and Yell plus local publisher KCOM (Kingston Communications), and a myriad of very local directories around the country.
- In its latest report on the sector – 'Classified Directory Advertising Services' – the Competition Commission (CC) found that UK Directory providers operate in a 'two-sided market', in which it is critical to attract both users and advertisers to their directories. For a directory to be successful it must build up a critical mass of user demand to ensure it is attractive to advertisers and *vice versa*. The CC found this feature applied nationally to Yell, BT and Thomson Local, and regionally to KCOM and Trinity Mirror (the last of whom are no longer active in the market).
- The Internet and mobile technology can be expected to gradually reduce the need for written directories in the future. But so far at least, the Internet appears to have complemented rather than replaced the printed directory – an analogy being TV complementing the radio, rather than the railway replacing the canal. It appears that for a significant section of the population (for some socially excluded groups this can be the majority), the free, home-delivered printed directory remains the principal way to find vital local goods and services.
- It is obviously difficult to conclusively measure the real value of B2C directories to the UK economy, even less to society as a whole. However it is possible to identify some key themes:
  1. B2C directories are well used by consumers: independent research for Yell found that Yellow Pages are used around 1 billion times a year, which if scaled up by using the CC's market share calculations we can estimate that directories produced by BT, KCOM, Thomson Local, and Yell are used 1.33 billion times a year or on average once every 16 days by every man, woman in child in the country.
  2. This high customer usage explains the continuing importance advertisers place on the directory medium to reach consumers, accounting for over 12per cent of total UK advertising spend – still greater than Internet advertising spending.
  3. B2C directories remain successful despite the challenge of the Internet – explained by the fact that the Internet and printed directories complement each other, and because both computer ownership and broadband penetration rates vary by socio-economic group, income and demography.



4. B2C directories provide a number of other useful auxiliary functions such as communicating public information to parts of society that are otherwise difficult to reach – a ‘Heineken Effect’.

- B2C directories have an obvious environmental footprint, but overall paper consumption, and energy and distribution impacts are significantly lower than for comparable industries such as newspapers, direct mail and magazines.
- The relatively good (and improving) recycling performance for B2C directories partly reflects the efforts made by publishers, local authorities and Government-funded organisations such as WRAP. Compared to other domestic waste, the need to divert old directories from landfill appears to be a relatively small part of the overall problem. The progressive trend in recycling old directories coupled with progress throughout the directory life-cycle, have combined to significantly lessen the environmental footprint of B2C directories.
- Throughout the developed world there is an understandable desire amongst directory publishers and their industry organisations to reduce the environmental footprint of printed directories. Despite the UK’s historically poor record in overall waste recycling compared to other countries, there is no evidence that the performance of UK directory publishers is behind that of its European and US equivalents.
- The question now for policymakers and publishers is whether more should be done to reduce the footprint still further. The Government’s 2007 Waste Strategy rightly focuses on the need to reduce landfill by focusing on recycling and reuse. The Waste Strategy sets ambitious targets for recycling and composting of household waste – at least 40 per cent by 2010, 45 per cent by 2015 and 50 per cent by 2020. It also set targets of 70 per cent by 2013 for key parts of the paper industry such as direct mail and magazines.
- Although a much smaller user of paper than newspapers, direct mail and magazines; B2C directories must also play their part. Recycling/reuse rates for printed directories are already high – an aggregate figure of over 69 per cent and very close to the Government’s 2013 targets for comparable sectors.
- This relative success, coupled with the important role played by B2C directories in the wider economy, suggests that immediate Government intervention – such as a national mandatory opt-out scheme – is unnecessary. Directory publishers will continue to improve their overall environmental performance, and in particular focus on working with local authorities and with consumers to further improve recycling rates. By doing so, potentially damaging interventions will be unnecessary.
- B2C directory’s environmental footprint is negligible compared to other similar sectors. This footprint has been reduced over time due to the efforts of B2C directory publishers, central and local government partners, and end consumers. It is vital these efforts are maintained, so that the economic and social benefits of B2C directories continue to be delivered sustainably.



# Chapter One: Directories - a brief history

- 1.1 The first telephone directory, a single page covering 50 subscribers in New Haven, Connecticut, was issued on February 21, 1878, just two years after Alexander Graham Bell was awarded the US patent for the invention of the telephone. The first British telephone directory was published two years later but the story really begins on 15 May 1886 when the Chicago Directory Company under 21-year old Reuben Hamilton Donnelly produced the first business to consumer (B2C) directory featuring business names and phone numbers logically categorised into the types of products and services provided. One hundred and eighteen years later the R H Donnelly company is still producing directories, or 'yellow pages' as they are universally known in the US. According to legend, in 1883 a printer working on a standard telephone directory ran out of white paper and used yellow paper instead.
- 1.2 Business directories in Europe pre-date invention of the telephone by 200 years. Samuel Lee produced a 120-page directory of the Merchants of the City of London as long ago as 1677. In the late 18th Century, a Copenhagen merchant, Hans Holck, was the first publisher of the Danish directory "Vejviseren", taken over in 1863 by the Krak family, still a leading directory brand in Denmark today. Sébastien Bottin, a French administrator and statistician born in 1764, began publishing a trade directory known as the 'Almanach-Bottin' in 1819 which in 1857 merged with the 'Annuaire Général du Commerce' to become the 'Annuaire du Commerce Didot-Bottin'. The 'Bottin' lives on in France – shorthand for a telephone directory.
- 1.3 Across Europe alphabetical lists of telephone subscribers are often referred to as 'white pages', to distinguish them from the 'yellow pages' in which subscribers are classified according to trade. 'Yellow Pages', 'Pages Jaunes', 'Gelbe Seiten' and their equivalents in other languages proliferate. For example, the German market has a diverse directory sector with over 150 publishers, of whom the various partners of DeTeMedien GmbH are responsible for 106 different editions of the 'GelbeSeiten', a German registered trademark, and 250 further editions of the local 'GelbeSeiten'.
- 1.4 In Britain the first phone books covering London contained no numbers at all, just names with callers put through by the operator. Helpfully the first phone books even contained hints on telephone etiquette. Decades were to pass in Britain before the Hull Corporation produced the very first classified business and services directory in 1954: 'Golden Pages' to celebrate its Golden Jubilee, Hull Corporation produced Golden Pages, a real Yellow Pages forerunner printed on gold paper and distributed with a classified business section with free entries and paid advertisements. Twelve years later the General Post Office (GPO) – forerunner of today's BT – published a classified section called Yellow Pages (licensing the US-owned brand) in its Brighton telephone directory and in 1973 the idea was rolled-out across the UK.
- 1.5 The GPO became British Telecommunications (BT) in 1981 and its Yellow Pages faced its first serious competition the same year when the first Thomson Local appeared in 1981 produced by Thomson which until 1980 had had a contract with the GPO to sell its Yellow Pages advertising. In 1984 Mrs Thatcher's Government privatised BT and Yellow Pages operated as a separately identified business within the BT Group.
- 1.6 In 1987 the Hull City Telephone Department became Kingston Communications plc, though still 100 per cent owned by the Council. Kingston was the first to produce a colour business directory in 1996, and the same

year saw the launch of the first online service, Yell.co.uk (later Yell.com), by Yellow Pages. The Yellow Pages business was renamed 'Yell' in 2000 ahead of its sale by BT to venture capitalists in 2001, and its flotation on the London Stock Exchange in 2003. After a one year 'no competition' clause expired, BT re-entered the B2C directory market in October 2002 by including a classified advertising section in its existing A-Z directory, 'The Phone Book', adding a classified section to the traditional alphabetical domestic and business listings. At the same time, BT decided to distribute a copy of the Phone Book to all households and businesses in the UK, rather than just to its own customers.

- 1.7 Thomson Local has historically been the second-largest B2C directory provider after Yell. Since August 2000 it has been owned by SEAT Pagine Gialle, a leading European publisher of telephone directories, and the leading Italian directory provider. Thomson Local publishes 174 Thomson Local directories, covering about 85 per cent of all homes and businesses in England, Scotland and Wales. Generally, its directories have a smaller geographic footprint than Yell's and it positions its product as a more 'local' directory. Thomson Local publishes other database products and services, including an Internet-based classified directory service, ThomsonLocal.com.
- 1.8 Today there are 3 national B2C directory publishers: BT, Thomson Local and Yell plus local publishers such as KCOM and other smaller, localised operations. In December 2006 the Competition Commission (CC) calculated that the three national directory publishers together account for 98 per cent of revenues for classified directory advertising services (CDAS).<sup>1</sup> In its report, the (CC) concluded that the directories produced by the three national publishers together with KCOM and the other smaller localised publishers formed a separate product market for the provision of advertising services in major printed classified directories, with characteristics (see Chapter Two on page 8) that included strong brand image, high levels of usage and comprehensive business listings. The CC's view was that other media such as online directories and Internet advertising were not part of this relevant product market.<sup>2</sup>
- 1.9 The Competition Commission also pointed to a defining feature of the directories market. UK Directory providers operate in a 'two-sided market', in which it is critical to attract both users and advertisers to their directories. For a directory to be successful it must build up a critical mass of user demand to ensure it is attractive to advertisers and vice versa. Once secured this 'virtuous circle' enables a directory to be more attractive to new advertisers and users than a competitor with less usage and less advertising whose offer, in terms of price, quality and service, may otherwise be the same. This feature, according to the CC applies nationally to Yell, BT and Thomson Local, and regionally to KCOM and Trinity Mirror.<sup>3</sup>

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<sup>1</sup> Competition Commission: 'Classified Directory Advertising Services market investigation', December 2006, p5

<sup>2</sup> Ibid, p7

<sup>3</sup> Ibid, p7. NB Trinity Mirror is no longer active in the market.

# Chapter Two: Directories in Society

## 2.1 Introduction

2.1.1 Business to Consumer ('B2C') printed directories have established themselves as a ubiquitous presence in UK homes in the 35 years since the national roll-out of Yellow Pages. Their utility in connecting buyers and sellers in the local and national economy is undoubted. However in the Internet age and with increased environmental concerns about paper use and landfill, directories have been accused by some of being a form of junk mail. This Chapter examines the role of printed directories in the economy and in society as a whole, compares directories with other media and asks whether in particular their role is being usurped by Internet and mobile technology.

## 2.2 Directories in the national economy

2.2.1 Following a reference from the Office of Fair Trading, the Competition Commission undertook a 'market investigation' into Classified Directory Advertising Services (CDAS), reporting in December 2006. The Competition Commission (CC) began its investigation by determining that to be included in the definition of CDAS a publication must meet the following criteria:<sup>4</sup>

- i) It is a printed publication (i.e. not online)
- ii) It is a directory that shows a broad range of suppliers of goods and services classified by reference to the goods or services supplied (therefore not newspapers/magazines, local reference guides or alphabetical supplier lists)
- iii) It contains advertisements, including paid-for enhanced entries
- iv) It is distributed wholly or mainly to consumers (so not business to business and not sold in retail outlets)
- v) It covers a broad range of goods and services

2.2.2 The CC Report followed similar reports in 1996 and 2001 in focusing on competition in the CDAS market, and its 2006 findings provide a comprehensive and contemporary state of the CDAS market that help to demonstrate the role of B2C directories in the economy.

2.2.3 The CC found that the directory publications of 36 companies matched its CDAS criteria, but that only Yell's 'Yellow Pages', Thomson Local's 'Thomson Local', BT's 'Phone Book' had high national usage and strong brand images. In addition, KCOM's 'Hull Colour Pages' and Trinity Mirror's 'The One' were found to have high usage in their distribution areas and were comparable to the directories provided by Yell, Thomson Local, and BT. The Report estimated that Yell has between 75 and 80 per cent of the UK advertising revenues for major CDAS; Thomson Local and BT between 10 and 15 per cent each and KCOM and Trinity Mirror up to 1 per cent each.<sup>5</sup>

2.2.4 Critically the CC found that CDAS performed a unique role in the economy; determining that while local newspaper advertising was historically its closest alternative, such advertising tended to fulfil different

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<sup>4</sup> Competition Commission: 'Note on the Scope of the Reference', April 2005

<sup>5</sup> NB: Trinity Mirror is no longer active in the market.

functions from directory advertising (for example, recruitment and sales of cars), was much more expensive on an annualised basis and few advertisers switched between classified directories and newspapers. But perhaps the most counter-intuitive CC finding was that whilst usage of the Internet for directory-equivalent searches had increased over the previous five years, CDAS revenues had actually increased over the same period.<sup>6</sup>

## 2.3 The Challenge of the Internet

- 2.3.1** The CC Report concluded that so far (up to the end of 2006) there had been limited levels of switching between classified directories and the Internet. The major directory publishers had continued to grow revenues in many of the classifications where the Internet appeared to be a very suitable advertising medium (for example, financial services and insurance). This, the CC decided, suggested that the Internet was used more as a complement than as a substitute to directory advertising.
- 2.3.2** According to recent Ofcom research, Internet access at home has more than doubled in under a decade from 30 per cent in 2000 to 65 per cent in 2007, and 71 per cent of the population now have Internet access at least somewhere in their daily lives. Increasingly, Internet access is broadband. In 2003 the UK was ranked seventh in the number of broadband connections per head. Since 2003 the UK has moved to fifth place with now 55 per cent of all households enjoying a broadband connection, overtaking the USA on the way, ahead of most of the other large European countries and with a penetration level similar to 'earlier adopters' such as Japan.<sup>7</sup>
- 2.3.3** So how do we explain the CC's conclusion that B2C directories remain successful? Why wouldn't a householder looking for a plumber use Google on their iPhone, or a small business automatically search Yahoo! for an accountant? The CC's findings appear to be backed up by directory publishers' own research. Thomson Local found in 2007 that 12.4m people in Britain had used the Thomson Local in the last 4 weeks, and 21.6m people in the previous 12 months.<sup>8</sup> Yell estimate that the Yellow Pages is used around a billion times a year.<sup>9</sup>
- 2.3.4** Various theories exist for why the Internet appears to complement rather than replace B2C directories. For example, one theory is that the headline broadband penetration figures hide significant demographic and social-economic variation; secondly (as the CC posited) the Internet and printed directories do different things. In many circumstances directories can be quicker and more convenient than the Internet.
- 2.3.5** As we have seen, over 70 per cent of the population have some access to the Internet but this access is by no means uniform. Perhaps unsurprisingly, younger people are more likely to have home broadband access than the elderly. Amongst 15-24 year olds and 45-64 year olds the proportion with access to broadband is 59 per cent, amongst 25-44 years olds the figure is as high as 65 per cent but for the so-called 'silver surfers' the figures are significantly lower. One third of 64-74 year olds have home broadband access falling to just 16 per cent of the over-75s. Similar variations can be found between socio-economic divisions: put simply the higher the social class the more likely a household is to have home broadband, ranging from penetration figures of 69 per cent for ABs to 34 per cent for DEs. The figures are even starker when income is taken into account: for households with an annual income of up to £11,500 home broadband access stands at 24 per cent compared to 80 per cent for households with an income over £30,000.<sup>10</sup>
- 2.3.6** For those with a visual, hearing or mobility impairment, broadband access figures are still significantly less than the average at 27 per cent, 34 per cent, and 29 per cent respectively. In total, nearly 10 million

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<sup>6</sup> Op Cit: 'Classified Directory Advertising Services market investigation', p6

<sup>7</sup> Ofcom: 'The Consumer Experience' Research Report, 20 November 2007, p25

<sup>8</sup> NRS Research on behalf of Thomson Local annual to June 2007 (Total Great Britain)

<sup>9</sup> Independent research carried out on behalf of Yell

<sup>10</sup> Op Cit, 'The Consumer Experience' Research Report, p26

households in Great Britain still don't have internet access at home.<sup>11</sup> It appears that for a significant section of the population (for some socially excluded groups this can be the majority), the free, home-delivered printed directory remains the principal way to find vital local goods and services.

- 2.3.7** Another common assumption is that most small businesses not only have their own websites that can be accessed from online search engines, but that employees of such businesses have online access at work. Government figures show that 99 per cent of the 4.3 million businesses in the UK at the start of 2005 were 'small businesses', defined as having fewer than 50 employees.<sup>12</sup> KCOM estimate that less than 25 per cent of their advertisers have a website, with many sole traders running their business from Pay-as-you-go mobile phones.<sup>13</sup> Thomson Local found that for around 70 per cent of businesses on their database there was no evidence of a website and that 69 per cent of their advertisers employ less than 5 people.<sup>14</sup>
- 2.3.8** Yell has calculated that its market-leading Yellow Pages helps generate revenues for businesses appearing in the directory equal to £67 billion per year. It found that in 2007, 102,000 of the 250,000 known UK SMEs advertised solely through the Yellow Pages.<sup>15</sup>
- 2.3.9** Printed directories are used in thousands of small businesses across the country, many of which do not have easy Internet access. For countless car mechanics, hairdressers, cafes and lorry drivers for example, printed directories are almost the only way to access goods and services at work.
- 2.3.10** The second reason why the Internet – and in particular online search engines – appears to complement rather than replace printed directories is functionality. Advertisers appear to have concluded that the two media do different things. For example a printed directory might be a good place to start for a consumer looking for a local restaurant, but the same consumer might then search the Internet for an online review. Similarly, if there is a domestic emergency such as a leaking pipe, a consumer is likely to reach for a printed directory rather than switch on the PC.
- 2.3.11** One directory publisher suggests trying the 'plumber in Doncaster' test: using a local Doncaster directory to find a local plumber is likely to be much quicker and more successful than using Google to complete the same search. On Google the search generates over 70,000 results but the first page consists entirely of links to online directories such '192.com' and 'upmystreet.com' – and not a single phone number for a plumber.
- 2.3.12** For obvious reasons a printed directory requires no power, no computer hardware and no Internet connection or landline. Armed with a torch, a directory and a mobile phone the householder in an emergency can find the service they need. In the serious floods of Summer 2007, KCOM received over 3,000 requests for additional printed directories in a matter of days.<sup>16</sup>
- 2.3.13** For many consumers, the Internet or a printed directory is not a binary choice. Experienced industry executives believe that many end users use online directories or Internet search engines in the office but printed directories at evenings and weekends, particularly in homes where their children might be using the broadband connection to log on to YouTube and FaceBook. While this evidence may be anecdotal, it is backed up by seemingly counter-intuitive 2007 research carried out on behalf of Yell that showed that 54 per cent of respondents who had broadband had used Yellow Pages in the previous 12 months, compared to 46 per cent of those who did not have a broadband connection at home.<sup>17</sup> Thomson Local commissioned research in 2006 that found that many consumers use print, search engines AND online

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<sup>11</sup> Office of National Statistics: '2007 National Statistics Omnibus Survey' August 2007, p1

<sup>12</sup> Department for Business, Enterprise and Regulatory Reform Enterprise Directorate Analytical Unit

<sup>13</sup> KCOM figures

<sup>14</sup> Thomson Local internal statistics

<sup>15</sup> Yell research

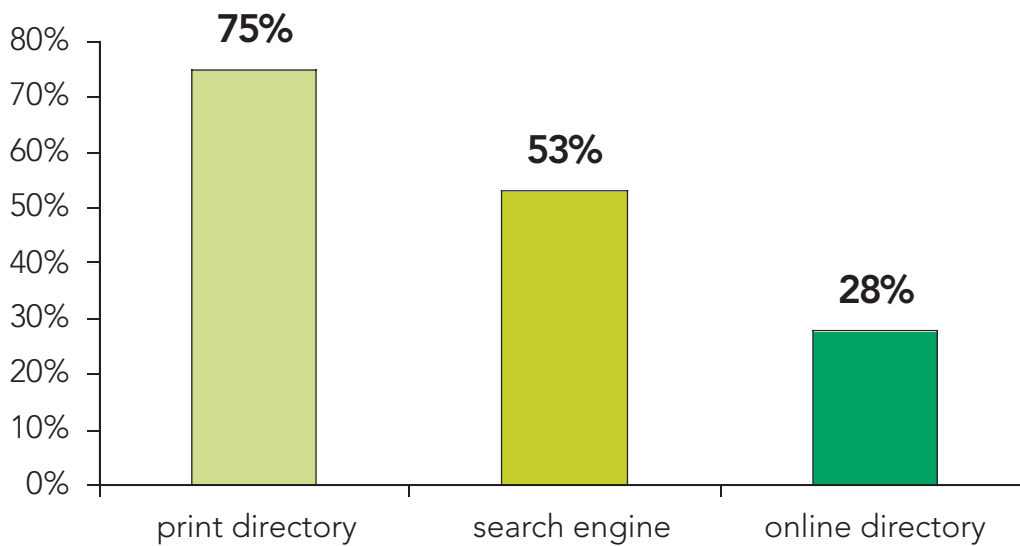
<sup>16</sup> KCOM figures

<sup>17</sup> TGI research on behalf of Yell, October 2007

directories to look up business contact details; half used both print and search engines and 28 per cent used both print and online directories (see Figure 1 below):

**Figure 1: Finding local business contact details**<sup>18</sup>

The % of users who used each method of finding business contacts



Source: BMRB 2006

**2.3.14** Yell's and Thomson Local's research is consistent with recent US research by Knowledge Networks that found that nearly two-thirds of the adult US population that shopped online in a given month also used a Yellow Pages directory in the same period. The same research also found that Yellow Pages users were 7 per cent more likely to have used the Internet to shop in the past 30 days than the average adult.<sup>19</sup>

**2.3.15** The Competition Commission and directory publishers themselves conclude that – so far at least – advertisers have not migrated from directories to the Internet. Instead, the Internet has provided another medium with which to communicate with potential customers. Because directories retain high usage figures – for example KCOM have found that Hull Colour Pages is used by 85 per cent of the local population – it would be irrational for local or national advertisers to withdraw from directories.<sup>20</sup>

**2.3.16** The latest figures from the Advertising Yearbook (published after the CC Report) appear to confirm this trend of complementary media. As Figure 2 shows, spending on Internet advertising has risen as spending on directories has remained stable or increased.

<sup>18</sup> BMRB research commissioned by Thomson Local, 2007

<sup>19</sup> Knowledge Networks Press Release: 'Print Yellow Pages Shown as Key Resource Among Online Shoppers', 7 April 2007

<sup>20</sup> KCOM User Survey, August 2007

**Figure 2: The Advertising Statistics Year Book 2007<sup>21</sup>**

TABLE2: Total advertising expenditure by media sector at current prices £m

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
National Newspapers	1650	1824	1991	2252	2062	1930	1902	1974	1912	1914
Regional Newspapers	2238	2390	2483	2762	2834	2878	2962	3132	2994	2782
Consumer Magazines	660	709	727	750	779	785	784	819	827	812
Business & Professional	1106	1209	1195	1270	1202	1088	1048	1082	1064	1016
Directories	737	780	831	868	959	990	1029	1075	1131	1174
Press Production Costs	577	620	650	702	669	643	634	660	652	647
<b>TOTAL PRESS</b>	<b>6967</b>	<b>7531</b>	<b>7877</b>	<b>8604</b>	<b>8504</b>	<b>8314</b>	<b>8359</b>	<b>8742</b>	<b>8581</b>	<b>8346</b>
Television	3704	4029	4321	4646	4147	4341	4378	4653	4820	4594
Direct Mail	1635	1666	1876	2049	2228	2378	2467	2469	2371	2322
Outdoor & Transport	545	613	649	810	788	816	914	986	1043	1084
Radio	393	460	516	593	541	547	584	606	579	534
Cinema	88	97	123	128	164	180	180	192	188	188
Internet	8	19	51	153	166	197	465	825	1367	2016
<b>TOTAL</b>	<b>13340</b>	<b>14415</b>	<b>15412</b>	<b>16984</b>	<b>16537</b>	<b>16772</b>	<b>17348</b>	<b>18472</b>	<b>18948</b>	<b>19083</b>

[Note: TV, outdoor, radio, cinema and direct mail data include production costs. Internet excludes production costs. Press production costs are shown separately.]

TABLE4: Total advertising expenditure, percentage of total %

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
National Newspapers	12.4	12.7	12.9	13.3	12.5	11.5	11.0	10.7	10.1	10.0
Regional Newspapers	16.8	16.6	16.1	16.3	17.1	17.2	17.1	17.0	15.8	14.6
Consumer Magazines	4.9	4.9	4.7	4.4	4.7	4.7	4.5	4.4	4.4	4.3
Business & Professional	8.3	8.4	7.8	7.5	7.3	6.5	6.0	5.9	5.6	5.3
Directories	5.5	5.4	5.4	5.1	5.8	5.9	5.9	5.8	6.0	6.2
Press Production Costs	4.3	4.3	4.2	4.1	4.0	3.8	3.7	3.6	3.4	3.4
<b>TOTAL PRESS</b>	<b>52.2</b>	<b>52.2</b>	<b>51.1</b>	<b>50.9</b>	<b>51.4</b>	<b>49.6</b>	<b>48.2</b>	<b>47.3</b>	<b>45.3</b>	<b>43.7</b>
Television	27.8	28.0	28.0	27.4	25.1	25.9	25.2	25.2	25.4	24.1
Direct Mail	12.3	11.6	12.2	12.1	13.5	14.2	14.2	13.4	12.5	12.2
Outdoor & Transport	4.1	4.3	4.2	4.8	4.8	4.9	5.3	5.3	5.5	5.7
Radio	2.9	3.2	3.3	3.5	3.3	3.3	3.4	3.3	3.1	2.8
Cinema	0.7	0.7	0.8	0.8	1.00	1.1	1.0	1.0	1.0	1.0
Internet	0.1	0.1	0.3	0.9	1.00	1.2	2.7	4.5	7.2	10.6
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: The Advertisers Statistics Yearbook 2007

<sup>21</sup> 'Advertisers Statistics Yearbook 2007'

## 2.4 Directories' wider role

- 2.4.1 There are other ways to measure the value of printed directories to society. As well as permanent staff, Thomson Local Directories and its distribution contractors offer casual employment to more than 26,000 unskilled workers in local communities on a casual basis each year. For Yell the corresponding figure is between 30 and 40,000. Across Europe, the European Association of Directory Publishers (EADP) estimates that around 130 companies directly employ 43,500 people strictly for directory publishing activities.<sup>22</sup>
- 2.4.2 Another important distinguisher between printed directories and other forms of unaddressed mail such as a pizza flyer or minicab card is the 'useful numbers' section and information pages at the front of directories. These are one of the few guaranteed ways to provide households with public service information irrespective of the end user's age, socio-economic position or speed of Internet connection – what we might term a 'Heineken Effect'.
- 2.4.3 For example Yellow Pages contains a section called 'Essential Information' which includes telephone numbers of helplines and emergency services; an area guide to shopping, entertainment and travel, with maps; and 'Consumer Information', explaining consumer rights when making a purchase and sources of consumer help and advice. At the beginning of some classifications, Yell includes general information produced in conjunction with the Department for Business about, for example, choosing a solicitor. KCOM's Colour Pages includes local tourist board information, free ads for local charities, Hull Community Wardens, local helplines, and three pages on how and where to recycle.
- 2.4.4 Similarly, when NHS Direct was launched in 2004 Thomson Local directories in England included a 60-page self-help guide produced in collaboration with NHS Direct, as well as improving access to health information, raised awareness of the new service. Thomson Local also carry additional content about the local area such as School League Tables, Council Tax Bands and Property Prices alongside community listings – all in a bespoke local category. The Phone Book from BT contains a comprehensive 24-page Guide to Public Services in some of its editions published on behalf of Government Offices. Yellow Pages has also carried a 60-page guide for consumers produced in conjunction with Which?

## 2.5 Summary

- 2.5.1 It is obviously difficult to conclusively measure the real value of B2C directories to the UK economy, even less to society as a whole. However we can identify some key themes.
- First, B2C directories are well used by consumers: Yell's independent research shows that Yellow Pages is used around 1 billion times a year, which if scaled up by using the CC's market share calculations for the whole sector, we can estimate that directories produced by BT, KCOM, Thomson Local and Yell are used 1.33 billion times a year or on average once every 16 days by every man, woman in child in the country.
  - Second, this high customer usage explains the continuing importance advertisers place on the directory medium to reach consumers, accounting for over 12 per cent of total UK advertising spend – still greater than Internet advertising spending.

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<sup>22</sup> European Association of Directory Producers website, April 2008

- Third, that B2C directories have continued to be successful despite the challenge of the Internet – explained by the fact that the Internet and printed directories tend to complement each other, and because broadband penetration rates vary by socio-economic group, income and demography.
- Fourth, that B2C directories provide a number of other useful auxiliary functions such as communicating public information to parts of society that are otherwise difficult to reach – a ‘Heineken Effect’.

# Chapter Three:

## Life-cycle Environmental footprint

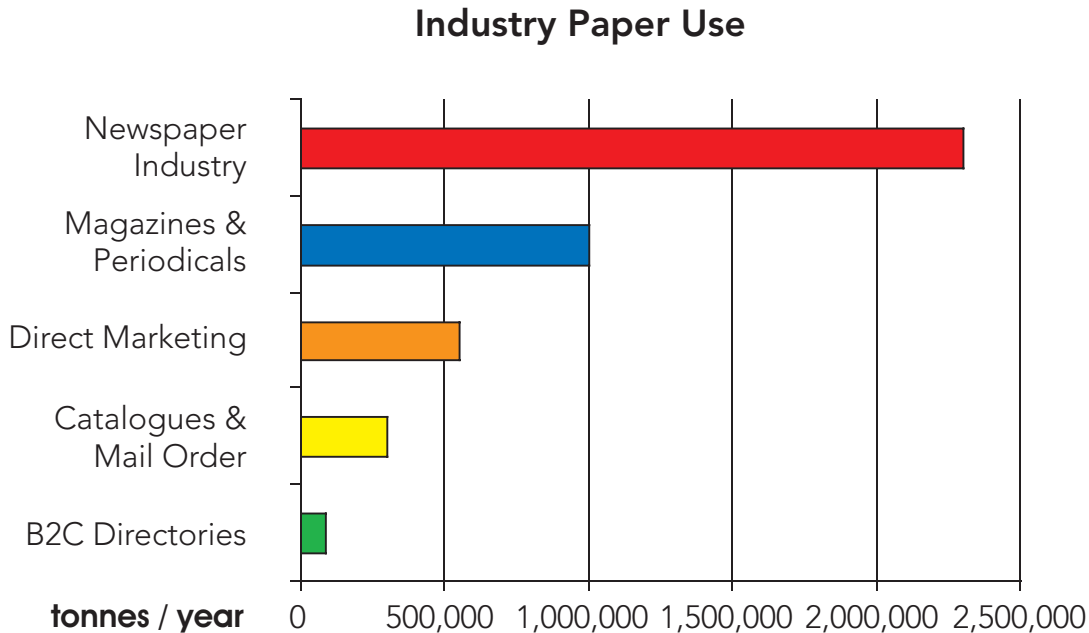
### 3.1 Introduction

3.1.1 By definition printed directories consume paper. As public concern over the environment has risen in a way that would have been impossible to foresee when B2C directories were rolled out nationally in 1973, it is perhaps unsurprising that directories have been accused of wasting precious woodland resources at one end of the life-cycle, and contributing to landfill – and therefore climate change – at the other. This Chapter examines the 'forest floor to front door' life-cycle of a directory in detail, and compares this environmental footprint with other industries.

### 3.2 Paper

3.2.1 The UK directories sector uses just under 90,000 tonnes of paper per year. This (see figure 3 below) is significantly less than other paper-based industries such as newspapers (2,300,000 tonnes), magazines and periodicals (1,000,000 tonnes) and direct marketing (c. 550,000 tonnes). This is also less than catalogue directories.<sup>23</sup>

Figure 3: UK comparative paper use



<sup>23</sup> Directory totals from BT, KCOM, Thomson Local and Yell and are for gross figures. Other figures are from 2008/ WRAP, 2008/ CPI / Newspaper Society / Waste Watch/PPA/DMA

- 3.2.2** Figure 3 shows that while directory paper consumption is significant, it is dwarfed by that of other related sectors. It is beyond the scope of this paper to calculate the relevant benefits to the UK economy or society of directories compared to, for example, newspapers or catalogues. However in this context it is interesting to note the relative paper consumption of directories compared to direct marketing – which according to Government figures totals 16 billion items a year in the UK<sup>24</sup> – and with free newspapers.
- 3.2.3** According to the green campaign ‘Project Freesheet’, there are 42 million free newspapers being printed every day in 53 different countries. The campaign also points out that a free newspaper is designed to have a life of 20 minutes, which compares unfavourably to the once-a-year annual lifespan B2C directory.<sup>25</sup>
- 3.2.4** The paper for UK B2C directories comes from a relatively narrow range of sources. For example currently 48 per cent of Yell’s directories are made from the offcuts, sawmill waste and thinnings from the Scandinavian timber industry with the remaining 52 per cent coming from recycled fibre (RCF). The Scandinavian forests are managed under the Programme for the Endorsement of Forest Certification (PEFC) that gives assurance that all wood is from legal and non- controversial sources, sustainably managed and with exacting legislation controls which comply with ISO 14001 for their environmental management systems. Thomson Local, BT and KCOM also source their paper from Scandinavian suppliers, and again from renewable sources.<sup>26</sup>
- 3.2.5** RCF content levels vary across the directory industry from around 30 per cent to 60 per cent but here directory publishers point to a dilemma. There is a balance to be struck between the level of RCF, paper strength, opacity and grammage. The paper has to be fit for purpose, but each situation has to be assessed individually - there is no ‘one size fits all’ answer. For example, if there is limited availability of waste paper, increased RCF levels could result in a requirement to import fibre, itself involving an environmental impact.
- 3.2.6** It is also important to stress that virgin pulp is often no less sustainable than recycled pulp. The trees from which the industry’s virgin fibre are sourced are managed on a sustainable basis with at least one tree replanted for every tree felled. This virgin material tends to be sourced from within a comparatively short distance of the paper mills, has not had to pass through the energy-intensive recycling process, and so has a low carbon footprint (see case study overleaf). Trees used in this way take about 100 years to grow; and are thinned after 30 years and then again at 60 years, and absorb carbon and support local eco-systems throughout their lives. The reality is that healthy, sustainable forests where trees are cut down and replanted in cycle, and managed under PEFC or similar schemes do not have a significant environmental cost – in fact the opposite is true.

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<sup>24</sup> Defra: ‘Waste Strategy for England 2007’, 24 May 2007, p7

<sup>25</sup> Project Freesheet website, April 2008

<sup>26</sup> Data from BT, KCOM, Thomson Local and Yell

### Case Study: StoraEnso, Varkaus, Finland

StoraEnso is a paper supplier used by Thomson Local and by BT. StoraEnso has a well-established environmental strategy, built around sustainability.

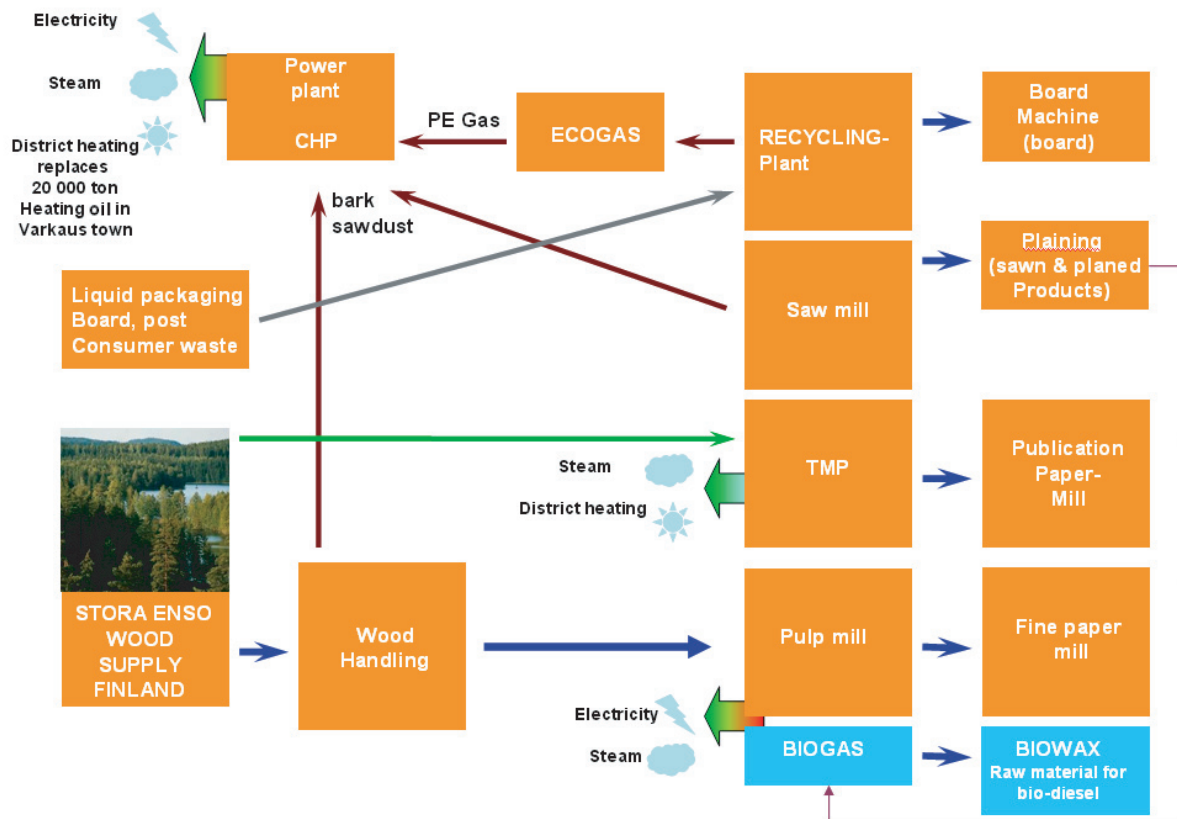
**Material sourcing:** all offcuts & trimmings used in the paper production process are sourced from within 100 km of the mill itself. This minimises transportation costs and enables more controlled forest management.

**Energy:** the mill itself is self-sustaining. Surplus energy is diverted to the local grid, and contributes to Varkaus town's supply.

**BioFuels:** StoraEnso processes waste products such as black liquor, bark & logging residues via a dedicated plant (at the mill site) to produce biofuels. This energy then contributes to meeting the energy requirements of the mill.

**Waste hot water:** this is utilised by a local company involved in commercial sturgeon farming. The supply of hot water from the mill significantly reduces the energy requirements of the farming operation.

## Integration of wood & wood residues



### 3.3 Production and distribution

- 3.3.1** The sourcing of materials, and production and distribution of new directories necessarily involves carbon and therefore an environmental footprint. However efficiencies have been made by directory publishers – for cost as well as environmental reasons – and directories’ once-a-year delivery pattern minimises the environmental cost of production and delivery. For this reason, the energy consumption involved in, for example, producing a daily newspaper far exceeds that involved in directory production.
- 3.3.2** Thomson Local has, for example, undertaken an efficiency review that serves to reduce economic and environmental costs. A move to in-house, rather than out-sourced distribution has allowed more control over logistics, and reduced wastage. A review of distribution has minimised car miles and all distributors are asked to return excess books and packaging waste. Yell has moved from four distribution companies to one, and BT has similarly improved data and distribution processes to reduce waste, minimise damaged copies and surplus books allowing for lower stock levels. The simple expedient of changing pallet sizes has allowed more directories to be carried by each lorry, so reducing lorry miles. Yell is currently undertaking a pilot study designed to avoid road miles in which the same lorries that deliver paper can also distribute newly printed directories.
- 3.3.3** UK directory publishers have all moved to reduce the weight of paper used which reduces paper use at one end of the life-cycle, cuts carbon use in distribution, and means there is less to recycle at the end of a directory’s life. BT has reduced the weight of the text paper used to make its Phone Book saving 10 per cent of paper usage (around 3,000 tonnes), as well as design changes in the book itself that have reduced paper use. Yell has reduced the weight of text paper to 34gsm from 36gsm, while in 2007 Thomson Local re-launched its print product & part of the re-design, Thomson Local made the switch from yellow tinted paper to non tinted paper - removing 7000 tonnes of ink from the printing process.<sup>27</sup>

### 3.4 Recycling

- 3.4.1** Yell research has found that the Yellow Pages represents around 0.124 per cent of an average household’s waste.<sup>28</sup> If we apply the Competition Commission’s market share calculations, the whole B2C sector therefore accounts for 0.165 per cent of average household refuse. Nevertheless 90,000 tonnes of paper a year equates to potentially methane-producing landfill. That’s why recycling is so important, and here the picture is encouraging. Almost all local authorities now have recycling schemes – offering either kerbside collection or bring bank schemes.
- 3.4.2** Very recent BT research carried out in March 2008 found that there has been a 35 per cent increase in the proportion of Phone Book users who had recycled or reused (e.g. passed to a friend) their old Phone Book after receipt of the new one, since similar research was undertaken in 2004.<sup>29</sup> Yell have also found that household recycling rates have improved significantly in recent years, reporting a 66 per cent increase in user recycling since 1999. KCOM and Thomson Local report similar progress.
- 3.4.3** Of course, these recycling trends mirror progress in society as a whole as environmental awareness increases, but directory publishers have played their part for example by prominently displaying the ‘Recycle Now’ logo, or working with local authorities to increase awareness, and with paper mills to make recycling easier. It is instructive to examine recycling rates in other comparable sectors, and with recycling

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<sup>27</sup> Data from BT, KCOM, Thomson Local and Yell, 2008

<sup>28</sup> Calculation based on Yell, Defra and ONS figures, 2007

<sup>29</sup> Data from BT, KCOM, Thomson Local and Yell, 2008

rates as a whole. According to the Government's 'Waste Strategy for England' published in May 2007, overall recycling and composting of waste in England quadrupled between 1996-97 and 2005-2006 but still stands at only 27 per cent, behind many other European countries and well below the directory recycling rates.<sup>30</sup>

## 3.5 Summary

- 3.5.1** B2C directories involve a significant environmental footprint but overall paper consumption, and energy and distribution impacts are lower than for comparable industries such as newspapers, direct mail and magazines. In addition, the paper used by UK B2C directory publishers – a combination of RCF and virgin material from Scandinavian sustainably-managed forests – can not be considered to constitute a significant environmental footprint.
- 3.5.2** As discussed above and in Chapter Four (below) the better recycling performance for directories partly reflects the efforts made by publishers and local authorities. It may also be because directories' once-a-year frequency and their sheer bulk make recycling an old directory an easier and more obvious 'lifestyle choice', compared to recycling every item of direct mail that arrives through the letterbox. Certainly more can be done to improve directory recycling rates – a theme explored in Chapter Five (below) but it is important to consider the imperative of recycling directories in context: compared to other domestic waste, old directories appear to be a relatively small part of the overall problem. The progressive trend in recycling old directories coupled with progress throughout the directory life-cycle, have combined to significantly lessen the environmental footprint of B2C directories.

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<sup>30</sup> Op Cit, 'Waste Strategy for England 2007', p2

# Chapter Four: Reducing the Footprint

## 4.1 Introduction

4.1.1 As we have seen, directory publishing inevitably involves an environmental footprint, although this is lower than comparable industries – particularly given relative economic and social benefits – and perhaps lower than might be imagined given the sheer bulk of a directory. But given the need to move towards a low-carbon, and low-methane, economy, this Chapter looks at what steps UK directory publishers have taken, and are planning to take, to reduce their environmental impact.

## 4.2 Raising awareness

4.2.1 Ultimately the decision on whether or not an old directory is recycled is made by the householder rather than the publisher. But what publishers can do is first, to work with local authorities and others to make recycling as easy as possible; and second, to raise awareness amongst the general public of the need to recycle. Publishers know they have an environmental obligation to increase awareness of the need to recycle. For example, since 2001 Yell has run the Directory Recycling Scheme, which supports local authorities in the UK in campaigns urging people to return their old Yellow Pages to collection banks. The scheme, which gives financial support for servicing the recycling banks and transport, involves a freephone helpline and information on the web for the public to find their nearest collection bank.

### **Case Study: Yellow Woods Challenge**

*Under Yell's 'Yellow Woods Challenge' children bring old Yellow Pages to school for recycling and those collecting the most directories per pupil win cash prizes. For every pound awarded to schools by Yellow Pages, a matching pound is given to the Woodland Trust's 'Tree for All' campaign to plant 12 million trees over the next five years. Directories collected are taken to recycling companies and processed into tissue paper and packaging materials. Schools compete to win cash prizes from a total prize fund of £36,000. The school within a local area that collects the most Yellow Pages per pupil wins £300 and all schools are entered in the UK Finals for a chance to win the top prize of £2,000. The aims of the Challenge are to:*

- *recycle old Yellow Pages directories and reduce demands on landfill;*
- *educate children about the importance of recycling and conservation;*
- *support the Woodland Trust, the leading woodland conservation charity.*

*Yellow Woods Challenge is eye-catching and its results impressive. Since its launch in 2002, 382 Challenges have been run by local authorities, 8,585 schools and more than 2 million schoolchildren have taken part and more than 2 million directories have been recycled by schools and turned into new products including animal bedding, egg boxes, cardboard, insulation materials and newsprint.*

### 4.3 Reducing the footprint across the sector

- 4.3.1 In tackling climate change, companies need to embed environmental awareness across the organisation – not just in the PR department. All directory publishers have some form of environmental policy in place and experience suggests that these are most successful when a) senior management from Chief Executive down are seen to take the issue seriously and b) all staff are involved and able to contribute to environmental initiatives.

#### **Case Study: KCOM's Environmental Strategy**

*KCOM (Kingston Communications) have looked beyond just directory recycling targets and introduced an environmental strategy that covers the whole company from the Board down, and involves all staff. The strategy begins with measuring the company's significant environmental impacts which, unsurprisingly, relate to waste and energy consumption. These impacts are then managed and monitored with the company as a whole committed to reducing, reusing and recycling waste wherever possible; and reducing energy consumption and overall CO2 emissions through reduction programmes and considering appropriate offsetting for unavoidable emissions.*

*In 2007/08 the company's environmental key performance indicators (KPIs) are to:*

- ↘ *Reduce CO2 emissions per employee 5per cent below 06/07 levels*
- ↘ *Reduce waste going to landfill per employee 5per cent below 06/07 levels*
- ↘ *Increase waste recycled per employee 5per cent above 06/07 levels*

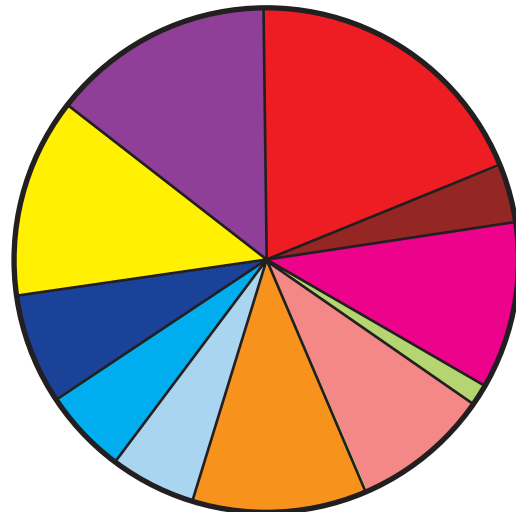
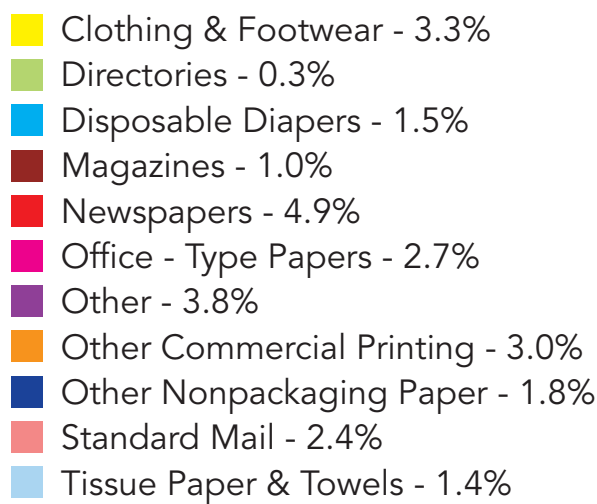
*KCOM's environmental management system is certified under the ISO14001 international standard.*

### 4.4 International comparisons

- 4.4.1 Global concern about the environmental footprint of all industries including directories is growing. In the United States the industry trade body, the Yellow Pages Association (YPA) has launched a separate initiative 'Yellow is Green': with a website dedicated to promoting (and celebrating) environmental improvements in the sector. The YPA and its member companies encourage consumers to recycle old phone books, which are then used to produce insulation, ceiling tiles, paper towels, grocery bags, pet bedding and cereal boxes.
- 4.4.2 The YPA quotes U.S. Environmental Protection Agency figures that show that Yellow Pages directories represent 0.3 per cent of the municipal solid waste stream. This is still a significant figure but compares favourably with mail and newspapers at 2.4 per cent and 4.9 per cent, respectively (see figure 5 on page 22). Yellow Pages publishers in the US are pursuing partnerships with local community groups, offering recycling programs and community environmental awareness activities to promote the recycling of old directories.

**Figure5: US municipal waste proportions** <sup>31</sup>

## NONDURABLE PRODUCTS GENERATED IN THE MUNICIPAL WASTE STREAM



Source: Municipal Solid Waste in the United States, 2005 Facts and Figures, U.S. Environmental Protection Agency\*

**4.4.3** In January 2008 the Yellow Pages Association together with the Association of Directory Publishers adopted Joint Environmental Guidelines recommending that all member directory publishers adopt flexible directory distribution policies. The YPA has committed the industry to continuing to work with national environmental groups and other interested parties to ensure that implementation of the Guidelines happens in a clear and transparent manner.

**4.4.4** The European Association of Directory Producers (EADP) undertakes an annual statistical survey, which in 2007 showed that its estimate of total paper consumption for directories (both residential and B2C) had fallen from 674,250 tons in 2004 to 566,000 in 2006. Conversely, the proportion of recycled fibre in all directories (including B2B) fell from 42 per cent in 2004 to 35 per cent in 2006 – the reverse of the trend in the UK. EADP is signatory to the ‘European Declaration on Paper Recycling’ covering all European paper-using industries. The aim of the declaration is to raise the proportion of paper and board recycled from 55.4 per cent in 2005 to 66 per cent by 2010.<sup>32</sup>

## 4.5 Summary

**4.5.1** Throughout the developed world there is an understandable desire amongst directory publishers and their industry organisations to reduce the environmental footprint of printed directories and their wider operations. RCF proportions are inching up at one end of the life-cycle and at the other end, partly because of awareness campaigns supported by the publishers themselves, rates for the recycling of old directories are increasing too. Despite the UK’s historically poor record in overall waste recycling compared to other countries, there is no evidence that the performance of UK directory publishers is behind that of its European and US equivalents. The question now for policymakers and publishers is whether more could and should be done to reduce the footprint still further.

<sup>31</sup> YPA website quoting US Environmental Protection Agency figures, 2005

<sup>32</sup> European Association of Directory Producers website, April 2008

# Chapter Five: The Policy Challenge

## 5.1 Introduction

5.1.1 Having considered the role played by B2C printed directories, the benefits they bring to the economy and wider society, and their environmental footprint, this Chapter examines what happens next. What more should directory publishers do to reduce the impact of directory production on the environment? Should Government intervene to force further change in production and distribution and increase recycling rates above current levels?

## 5.2 The Government's Waste Strategy

5.2.1 The Government's Waste Strategy published in May 2007 by the Department for Environment, Food & Rural Affairs (DEFRA) is the cornerstone of current Government policy; "Each year, we generate about 100 million tonnes of waste from households, commerce and industry. Most of this ends up in landfill where the biodegradable part generates methane (a potent greenhouse gas) while valuable energy is used in extracting and processing new raw materials."<sup>33</sup> The Waste Strategy set ambitious targets for recycling and composting of household waste – at least 40 per cent by 2010, 45 per cent by 2015 and 50 per cent by 2020; and for the recovery of municipal waste – 53 per cent by 2010, 67 per cent by 2015 and 75 per cent by 2020.<sup>34</sup>

5.2.2 Recycling and reuse is almost universally seen as making a valuable contribution to climate change. The Waste & Resources Action Programme (WRAP) the Government-funded company dedicated to helping individuals, businesses and local authorities to reduce waste and recycle is unequivocal in its advice to Government; "Recycling is good for the environment, saves energy, reduces raw material extraction and combats climate change."<sup>35</sup> WRAP's 2007 report, 'The Environmental Benefits of Recycling' found that current UK levels of recycling for paper/cardboard, glass, plastics, aluminium and steel saves between 10-15 million tonnes of CO2 equivalents per year compared to applying the current mix of landfill and incineration with energy recovery to the same materials. The difference, WRAP calculates is equivalent to taking 3.5 million cars off UK roads.<sup>36</sup>

5.2.3 The Waste Strategy identifies key waste materials where it believes diversion from landfill could realise significant environmental benefits: paper, food, glass, aluminium, wood, plastic and textiles. With regard to paper, the Government pledges to establish with the paper industry an agreement with 'challenging targets' to reduce paper waste and increase paper recycling. This would incorporate and develop existing agreements for newspapers, magazines and direct mail but extended to office papers, free newspapers, catalogues and directories.<sup>37</sup>

5.2.4 The Government has already concluded voluntary producer responsibility agreements to promote, in particular, increased recycling of newspapers, magazines and direct mail with the Newspaper Publishers Association (NPA), the Periodical Publishers Association (PPA) and the Direct Marketing Association (DMA) respectively. These three waste streams are estimated to amount to about 3.6 million tonnes (which would equate to about 14 per cent of total household waste). All three aim to increase recycling with targets for

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<sup>33</sup> Op Cit, 'Waste Strategy for England 2007', p1

<sup>34</sup> Ibid, p2

<sup>35</sup> WRAP: 'The Environmental Benefits of Recycling', 5 March 2007, p1

<sup>36</sup> Ibid, p1

<sup>37</sup> Op Cit, 'Waste Strategy for England 2007', p5

either recycled content or amount of waste recycled (see figure 6 below)

**5.2.5** Taking the example of direct mail, this is estimated by DEFRA to account for approximately 550,000 tonnes of the household waste stream of which 181,500 tonnes is addressed direct mail with the remaining 368,500 tonnes being unaddressed direct marketing material. The Waste Strategy reports that since the DMA signed its voluntary producer agreement in 2003 there has been a drop of around 5 per cent in the amount of addressed direct mail, partly through the promotion of the Mailing Preference Service (MPS). But volumes of unaddressed mail which are not covered by the MPS are increasing at a rate of 1–2 per cent per year.<sup>38</sup>

**5.2.6** As a result DEFRA has asked the DMA to develop an opt-out service for unaddressed mail along the lines of the MPS to improve the targeting of this marketing material, and to consider whether an opt-in system would be an appropriate mechanism to further reduce ‘unnecessary’ direct mail – the latter is being resisted by the direct marketing industry. In the latest edition of ‘Green Matters’, the DMA’s in-house magazine, the Environment Minister Joan Ruddock MP is quoted as saying: “..if the industry does not like the opt-in approach, it needs to seize the opportunity to develop better ones. It is still the case that too much direct mail is simply thrown away. Better targeting should be an imperative for the industry.”<sup>39</sup>

**Figure 6: Waste Strategy for England Paper Industry Targets**

%	Now	2006	2007	2008	2009	2010	2011	2013
Newsprint	80.6	70						
Direct Mail	13				55			70
Magazines	41		50			60		70

Note: For newspapers, the percentages relate to recycled fibre content. For direct mail and magazines, they relate to the level of recycling. Source: Defra<sup>40</sup>

### 5.3 The Directory Industry

**5.3.1** Given this apparent progress, the question is whether the Data Publishers Association (DPA) should follow suit and allow the Government to intervene in setting new recycling targets, perhaps in conjunction with a household opt-out scheme designed to reduce use. In fact there are a number of reasons why this approach would be both unnecessary and damaging.

**5.3.2** We saw in Chapter 3 that if we apply the Competition Commission’s market share calculations, the whole B2C sector accounts for just 0.165 per cent of average household refuse.

**5.3.3** Of course progress towards greater recycling and reuse is necessary even in this small slice of the overall waste problem. But here again the record is strong. When the current recycling and reuse rates reported in the customer research of BT, KCOM, Thomson Local and Yell<sup>41</sup> are compared with the tonnage of paper used by each directory publisher, an overall industry recycling rate of 69.2 per cent can be calculated. This is just 0.8 per cent below the target levels for 2013 agreed by Defra for the direct mail and magazine industries (see figure 7 on page 25).

<sup>38</sup> Op Cit, ‘Waste Strategy for England 2007’, Full Report, p63

<sup>39</sup> Joan Ruddock MP quoted in Green Matters, DMA, March 2008

<sup>40</sup> Op Cit, ‘Waste Strategy for England 2007’, Full Report, p63

<sup>41</sup> Recycling figures from BT, KCOM, Thomson Local and Yell 2007 or 2008

**Figure 7: Waste Strategy for England paper industry targets compared to current directory recycling rates.**

	Now	2006	2007	2008	2009	2010	2011	2013
Newsprint	80.6	70						
Direct Mail	13				55			70
Magazines	41		50			60		70
B2C Directories	69.2							

Note: For newsprint, the numbers relate to recycled fibre content. For direct mail, directories and magazines, they relate to the level of recycling. Source: Defra, market research by directory publishers and market share figures calculated by the Competition Commission

- 5.3.4** Therefore there is a strong likelihood that recycling rates for old directories will reach or exceed 70 per cent before 2013. On this basis there appears to be little need for Government intervention, other than in maintaining pressure on publishers, local authorities and the general public to recycle old directories wherever possible. All four directory publishers currently operate voluntary opt-out schemes enabling householders who no longer wish to receive a B2C directory to stop future deliveries. However, given the high directory recycling rates compared to magazines and direct mail (and indeed it is unclear what proportion of newsprint is recycled<sup>42</sup>), the case for a Government-organised or DPA-organised mandatory opt-out scheme appears limited.
- 5.3.5** Another important reason for policy makers to be cautious in proposing mandatory opt-out (or opt-in) is the specific characteristics of the directories market, explored at the end of Chapter One. This is what the Competition Commission described as a ‘two-sided market’, in which it is critical to attract both users and advertisers to their directories. For a directory to be successful it must build up a critical mass of user demand to ensure it is attractive to advertisers and vice versa – a ‘virtuous circle’.<sup>43</sup>
- 5.3.6** Directory publishers are naturally concerned that a mandatory opt-out or opt-in scheme could upset the two-sided B2C market, and lead to a flight of a large number of advertisers. Given the high (and growing) recycling rates already occurring for old directories, directory publishers argue that working with local authorities, with Defra and WRAP, and with directory end users to encourage recycling is a far better way to continue to reduce the environmental footprint of their product – and help the Government deliver its Waste Strategy.
- 5.3.7** Finally, as argued in Chapter Two, B2C directory publishers make a persuasive case that their product is different from unaddressed direct mail, and therefore a national opt-out scheme is less appropriate. As the Competition Commission found, the UK market for CDAS is characterised by strong brand image, high levels of usage and comprehensive business listings. Customer satisfaction rates remain high, and directories have continued to thrive alongside the Internet. Put simply, B2C directories are wanted by consumers.
- 5.3.8** Directory publishers cannot be complacent. The sector must play its part in reducing its environmental footprint and continuing to improve recycling rates where possible. Should these rates begin to falter and fail to reach the 70 per cent target set by Government for comparable paper industries there would be a much stronger case for Defra to intervene. To ensure this does not happen, the DPA could, for example,

<sup>42</sup> Defra does not maintain records of newsprint waste but officials told the author that their estimate of the tonnage of waste generated by the UK circulation of the Metro plus the three London freesheets (London Lite, The London Paper and City AM) is about 20,000 tonnes annually.

<sup>43</sup> Op Cit: ‘Classified Directory Advertising Services market investigation’, p7

play a useful role in monitoring aggregate recycling rates across the sector and providing regular progress reports to Government within the Waste Strategy policy framework. Directory publishers themselves should continue to investigate the potential to increase RCF, taking into account both the technological capability of print and paper suppliers, together with the availability of waste paper in the local marketplace, to remove any requirement for imports. Publishers can also promote recycling in conjunction with stakeholder groups, reduce energy consumption and transport requirements and share best practice.

- 5.3.9** As its Waste Strategy has shown, Government has an important catalysing role to play, both in encouraging action from industry, encouraging local authorities to bring forward recycling facilities and maximise local awareness, and in facilitating partnership between directory publishers, authorities and other stakeholders. As the Stern Review concluded; *"The world does not need to choose between averting climate change and promoting growth and development."*<sup>44</sup> B2C Directories play an important role in the economy by bringing businesses and customers together but in so doing, an environmental footprint is inevitably created. It is up to directory publishers, local authorities and consumers to continue to reduce this footprint.

## **5.4 Summary**

- 5.4.1** The Government's 2007 Waste Strategy rightly focuses on the need to reduce landfill by focusing on recycling and reuse – an approach backed by WRAP research. The Waste Strategy set ambitious targets for recycling and composting of household waste – at least 40 per cent by 2010, 45 per cent by 2015 and 50 per cent by 2020. It also set targets of 70 per cent by 2013 for key parts of the paper industry such as direct mail and magazines. Although a much smaller user of paper than newspapers, direct mail and magazines, B2C directories must also play their part. Recycling rates for printed directories are already high and close to the Government's 2013 targets for comparable sectors. Publishers have a strong sustainability track record. The challenge is to continue this success, and ensure that economically damaging interventions can be avoided.

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<sup>44</sup> HM Treasury: 'Stern Review: The Economics of Climate Change', Executive Summary, 2006 p8

