



Waste not, want not

From discarded packaging and faulty items, to old store fitouts and unsold stock – retail businesses produce a lot of waste. Here's how some retailers are tackling the problem.

By Heather McIlvaine

"We worked out...that we could recover the vast majority of hangers and return them to suppliers for reuse," says Mark Gandur, co-founder and director of TIC Group.

One of the inescapable facts of modern life is just how disposable everyday objects have become. Few products are made to last a lifetime, since trends in furniture, beauty and electronics change as rapidly as skinny jeans gave way to high rise denim. But while this 'out with the old, in with the new' mentality is driving retail sales, it has also created a massive waste problem.

According to the 2016 *State of Waste* report by MRA Consulting Group, Australians generate around 50 million tonnes of waste each year. This equates to about two tonnes per person – the approximate weight of a Ford Taurus. And yet more people are discarding more items every year. Between 1996 and 2015, the population rose by 28 per cent, while waste increased by 170 per cent.

It's hard to say how much waste is created in retail alone, but the commercial and industrial sector, which includes retail, generated 17.1 million tonnes of waste in 2013-14. By 2020, the sector is expected to produce 29

million tonnes of waste. And although an increasing proportion of this is being recycled, more than 40 per cent still ends up in landfill.

This figure is far from ideal. Not only does it take years for some items to break down, potentially leaching heavy metals and other toxins into the ground in the process, it's also a dead end for all the energy, labour and raw materials that go into the manufacturing of these products, which can never be recovered.

But momentum is building towards more sustainable business practices, thanks in particular to younger, environmentally-conscious consumers. Many retailers are now taking steps to minimise the amount of waste they generate in the first place, not just responsibly dispose of it.

Closing the loop

When it comes to reducing waste in retail, product packaging is an obvious place to start. Single-use plastic bags have become a four-letter word in recent years, and consumers have long

been critical of excessive packaging on everything from beauty products to toys.

However, far less attention has been paid to the packaging that is discarded before products even appear on the shop floor. Many retailers receive new shipments every week, comprising dozens of cardboard boxes, held together with metres of shrink wrap and filled with hundreds of items individually-wrapped in plastic.

"The biggest area where you find waste in stores is still inbound packaging," says Mark Gandur, co-founder and director of the TIC Group.

Stock wasn't always shipped this way, but over the years, in pursuit of cost savings and efficiency, retailers started looking for ways to reduce the amount of time staff needed to display new inventory. Suppliers started using more packaging, which meant items were essentially display-ready as soon as they arrived in store.

According to Gandur, however, many retailers are no longer entirely comfortable with this trade-off.

"At the end of the day, retailers are also consumers. There's a keen awareness of the cost and environmental impact associated with packaging," he says.

"What we're trying to do over time is introduce reusable packaging. Why not have collapsible boxes that can be reused?"

In this way, TIC Group wants to do for packaging what it did for garment hangers in 1989, create a closed-loop supply chain.

"Before we came along, garment hangers were disposable. They went into bins in the back of stores in huge quantities and ended up in landfill," Gandur recalls.

"What we worked out was that we could recover the vast majority of hangers and return them to suppliers for reuse. We could do it more economically than manufacturing new hangers every time and reduce waste and be environmentally responsible."

Today, he says, the vast majority of Australian retailers, including Big W, Myer, David Jones, Kmart, Target, Country Road Group and Bonds, receive apparel shipments on hangers supplied by TIC Group, and the landfill issue is almost non-existent.

The company has since broadened its scope to recycle everything from security tags to mattresses and store fit-outs. It also manages reverse logistics. But Gandur concedes some items are nearly impossible to reuse.

"Waste in store fixtures is a big problem because of customisation," he says. "We go through a process where we see what can be retained for other stores, what stock is definitely redundant and what can be sold. The rest is sent to scrap metal merchants and timber merchants."

Gandur adds that some high-end electronics suppliers would rather destroy returned or recalled products than send them to second-tier retail markets, in order to maintain brand integrity.

"My gut tells me the vast majority of items go back through the supply chain and have a second life," he says. "The minority would go to destruction."

If it's broke, fix it

But even if Gandur is right, and most returns go back through the supply chain, they can still cause a lot of retail waste. Many items are returned because they are perceived as faulty, and, rather than being repaired or even assessed, they are simply discarded and replaced.

"I've seen everything from an ice cream maker that had a sticker across

the power button that kept it from turning on, to a chainsaw with the safety trigger engaged, so someone thought it didn't work," says Dion Stojavljevic, former general manager of market development and innovation at Solvup.

That's where Solvup comes in. The platform gives retailers access to product warranty information, troubleshooting, authorised repair agents for various manufacturers and tracking information to make the repair process simpler and more transparent for customers and staff.

JB Hi-Fi and The Good Guys were the first major retailers to adopt the technology after it launched in 2015. And Stojavljevic explains the consumer electronics space is particularly well-suited to repairing faulty products,

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give them a new one. It's an environmental disaster and people are paying a huge cost."

Stojavljevic believes that shortening the time it takes to complete repairs and providing

updates throughout the process will increase consumer willingness to repair rather than replace faulty items. However, he concedes retailers must also overcome other obstacles, including an ingrained mindset about the logic of repairing relatively low-cost products.

"As consumers, we're trained that items are throwaway. You're not going to repair a \$7 kettle, it's not economical," he says.

"Even lawn mowers have become disposable items, as the cost has come down. I remember my dad had his lawn



Bonds is one of the many Australian retailers that receive shipments of reusable hangers supplied by TIC Group.

due to the complexity and value of the items. But in the past, the customer experience has often been lacking.

"A lot of times, the repair would take more than 30 days, but the manufacturer thought it was seven days. So the customer would end up going to the retailer and saying, 'This is unacceptable, I want my TV back,'" he says.

"And because the salesperson wanted to satisfy the customer, they would just

mower for 25-plus years, he serviced it himself and it never failed."

To change mindsets requires education, but financial incentives could help. In 2016, Sweden cut its value-added tax in half for repairing items like refrigerators and bikes. Stojavljevic says the Australian government should do something similar.

"I think a lot of retailers believe in [repairs], but they're nervous to go ▶



Reclaimed wood from the scaffolding of the Sydney Harbour Bridge and wooden barrels from the Hunter Valley were used in the Lush store fit-out in QVB, Sydney.

first, which is where legislation will help," he says. "There's a massive opportunity for the government to invest in the sector, give tax advantages to make repairs more economical and encourage the manufacture and distribution of higher quality products."

Stojisavljevic points out there's another reason retailers should make it easy to repair faulty items.

"If you can fix a customer's problem, it's the best opportunity to earn loyalty."

As good as new

One of the most visible signs of the retail industry's waste problem is excess stock. Sometimes buyers simply bank on the wrong trend taking off, or a brand redesigns its packaging, but whatever the reason, retailers often find themselves with unsold goods on their hands.

The first step is typically to discount inventory in-store, but if items still don't sell, retailers may turn to the exhaust market. This involves selling items through third-party channels like DFO, Catch or Brands Exclusive, shipping them overseas, storing them indefinitely, or sending to landfill. Nothing screams 'waste' like brand new goods being thrown in the trash.

In recent years, however, retailers have had another option: Good360. The non-profit organisation matches retailers with excess stock to charities looking for donations.

Good360 managing director Allison Coventry describes it as 'Ebay for charities'.

Since launching in Australia in 2015, Good360 has received \$30 million worth of goods from more than 100 retail partners – including Big W, L'Oreal, Lush and Winc – and offered items free-of-charge to 600 registered charities across the country.

Donations run the gamut from health, beauty, homewares, toys, fashion and consumer electronics products.

"Retailers are never going to get it 100 per cent right in terms of planning and buying; they're always going to have something left on the sales cycle. What they do with it is the question," Coventry tells Inside Retail.

Last December, Big W set an important example for the industry with its decision to donate 400,000 brand new items to Good360 rather than let them go to waste.

"We want to help Australian families across the country and at the same time be responsible for how we manage our excess inventory," says the statement from Big W managing director, David Walker.

As RMIT University fashion lecturer Jo Cramer points out, "Retailers are in a really powerful and empowered position to communicate back to manufacturers, suppliers, designers and customers how to respond to waste." ■

Why buy when you can rent?

MUD Jeans is a Dutch denim brand with a uniquely sustainable business model. Instead of selling jeans, it leases them. Customers pay a one-time member fee of €20, then €7.50 per month for 12 months. At the end of the year, they can keep the jeans at no additional cost, swap them for a new pair and continue paying €7.50 per month or return the jeans and receive a €10 voucher.

The concept means customers can always wear the latest styles, without feeling guilty about the longevity of their purchase. MUD Jeans resells used jeans as 'vintage' and shreds and blends worn out jeans with virgin cotton to make new denim yarn.

The lost art of mending

Patagonia has long hosted pop-up events, where customers can bring used items for repair or exchange. Now it has taken the concept online. The US-based outdoor retailer in 2017 launched Worn Wear, a website based on the Yerdle Recommence platform.

On the site, customers trade in used items at their local Patagonia store and receive a voucher for up to 50 per cent of the resale value. Patagonia takes care of washing and listing the items online, making it easy for customers to browse and buy secondhand items. The retailer also hosts Worn Wear events, where people can learn how to patch gear, re-waterproof shells and fix zippers.