

## THE BUSINESS CASE FOR PACKAGING SUSTAINABILITY

# Super Retail Group

## Effective engagement to optimise and recycle packaging



# Australian Packaging Covenant

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## Summary

Super Retail Group sells automotive, camping and sporting goods through its own stores in Australia. The proportion of own brand products is increasing, which provides the company with more influence over primary and distribution packaging.

This case study describes two projects that have achieved multiple business benefits through effective engagement with trade partners and contractors. A 'packaging optimisation' project is reducing costs of packaging and transport through light-weighting, reduced air space and increased recycled content. At the same time a proactive waste management plan is increasing waste diversion and reducing waste management costs in stores.

## Lessons from this case study

- Stakeholders are more likely to support a project if they are part of the decision making process from the beginning.
- Outline the benefits in a way that makes sense to each stakeholder by focusing on something that is meaningful to them, such as costs or sales.
- Collect the data that will help you to sell the benefits. Monitor progress and provide regular feedback to keep people motivated.
- Optimise packaging by working collaboratively with suppliers:
  - clearly outline your packaging goals in policies and specifications
  - review packaging early in the procurement process and provide feedback on how it could be improved
  - recognise high-performing suppliers.



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## About the company

Super Retail Group is one of Australia's top ten retail companies with nine brands: Super Cheap Auto, BCF, Rays Outdoors, FCO, Avanti Fitness, Workout World, AMART Sports, Rebel and Goldcross Cycles. The Group also owns Super Retail Commercial, which is the commercial arm and single point of contact for businesses across the nine brands. The company is listed on the Australian Stock Exchange and has over 600 stores and 12,000 employees. An increasing number of products are being sold under one of the Super Retail Group 'own brands', which gives them greater control over product and packaging design.

## Packaging optimisation

### Genesis of the project

The packaging optimisation project aims to reduce air space and change packing methods to reduce the amount of packaging material used. The idea for the project came from the International Operations packaging team in China, who identified it as a way of aligning their expansion of own brand products with the company's obligations under the Australian Packaging Covenant (APC).

When Super Retail Group signed the Covenant in 2008 they felt that they had very little influence on packaging. Their first packaging review, which was undertaken in 2010, prompted them to take a closer look. The optimisation project was initiated to reduce the environmental impacts of packaging while addressing several other business drivers:

- **To reduce product damage**, which occurs in transit when products are packed too loosely, i.e. with too much air space
- **To reduce packaging costs** by increasing the level of recycled content in corrugated board and cartons (recycled fibre is cheaper than virgin material in China)
- **To reduce transport costs** by reducing packaging size (less air space), by using less material (lightweighting) and by ensuring that the packaging is designed to optimise pallet and container utilisation.

### Embedding the APC in procurement

The APC's Sustainable Packaging Guidelines (SPG) are included in the company's Ethical Sourcing Policy (2009) and Sustainable Procurement Policy (2011). These apply to all Team Members, Trade Partners (suppliers) and contractors responsible for purchasing on behalf of the Group.

All new products are now assessed against the SPG as part of the procurement process, which includes the following steps:

- Packaging reviews for new and existing products are conducted by the International Operations and Packaging teams in Australia and China. Some products are also reviewed by merchandising teams
- A packaging specification is sent to the International Operations team in China, who source the product
- The International Operations packaging team liaise closely with Trade Partners to ensure that packaging meets the specification and has been optimised
- The packaging is inspected prior to shipment and after arrival at the Group's distribution centres (DCs) in Australia and NZ. Any suggestions for further



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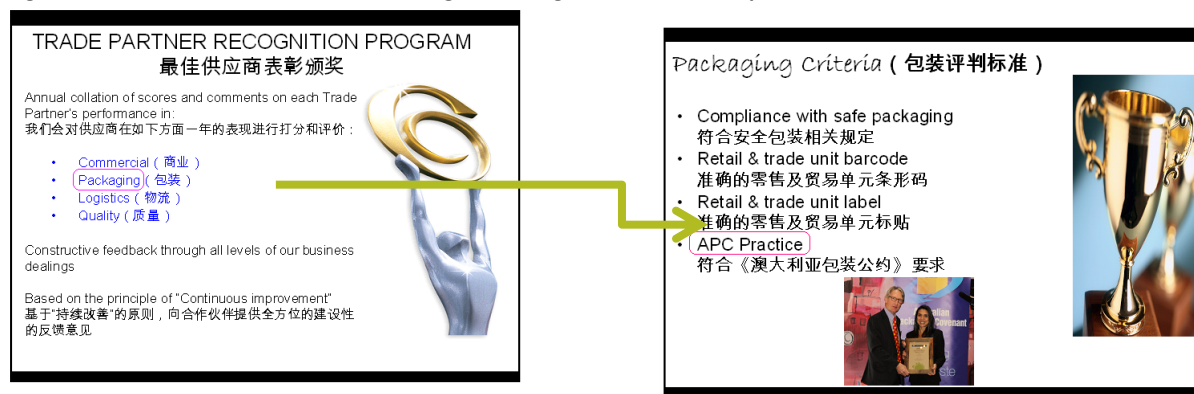
improvement are fed back to the Packaging team in China and the Merchandising teams in Australia.

*“Our International Operations team liaises with the factories to make sure they can deliver. Usually they are happy to because it makes good financial sense for both of us.”*  
Renata Lopes, Sustainability Manager

## Better engagement with Trade Partners

The International Operations team identified an opportunity to better engage with trade Partners and encourage continuous improvement by rewarding them based on their performance. The Trade Partner Recognition program, which was introduced in 2011, is run by the International Operations team to reward Trade Partner performance throughout the year. One of the performance criteria is compliance with the APC (**Figure 1**). Trade Partners with the highest scores are invited to attend their Awards ceremony in China and receive a recognition certificate from the CEO.

**Figure 1: Criteria for the Trade Partner Recognition Program includes ‘APC practice’**



## Outcomes

The project has resulted in a new approach to packaging design that eliminates unnecessary packaging and reduces packaging wherever this is compatible with product protection goals.

The overall space and transport savings have been significant. In 2013 Super Retail Group achieved a 16-17% improvement in pallet and container utilisation and a 7% saving in container space. Given that the company ships around 10,000 containers per year, these improvements not only reduce shipping costs; they also reduce carbon emissions.

An example is shown in **Figure 2**; in this case the packaging was completely eliminated.



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**Figure 2: The Wanderer picnic rollup table and bench set (left) can be folded into a 'suitcase' that becomes its own packaging**



## Recycling in stores

The tender for a new waste contract in 2011 provided the Sustainability Manager with an opportunity to introduce a more proactive recycling program for packaging waste in stores and the distribution centre. A waste management plan (WMP) was developed at the time in collaboration with the new contractor with the objective of increasing the recycling rate by two percentage points each year.

In 2013 the 51.5% recycling target was just missed (by 0.5%). This prompted a renewed effort to work with the waste contractor to improve services and change waste management behaviour in stores:

- Waste surveys were performed to target particular materials for recovery
- Meetings were held with the waste contractor to identify ways that recycling services could be improved, particularly in remote and regional areas
- An on-line training program was developed for staff, covering a range of environmental initiatives including how to recycle.

Improvements in the recycling rate have already been observed. Regular meetings will continue to be held with the waste contractor and internal stakeholders to look for continuous improvement.



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## Selling the benefits of a project to stakeholders: keys to success

- **Create opportunities for open dialogue to ensure that everyone's needs are considered.** Rather than telling people what to do, explain your goal and ask for suggestions on how it can be achieved. This applies to both internal and external stakeholders. The Packaging teams at Super Retail Group talk regularly to their suppliers in China, Australia and NZ and work collaboratively with them to find solutions. They are supportive because cost savings will generally benefit both parties.
- **Communicate the benefits of the project in language that is meaningful to each stakeholder.** At Super Retail Group the Sustainability Manager promotes in-store recycling by explaining the financial benefit, i.e. from fewer pick-ups for waste disposal and a rebate for recyclable materials. The cost savings are also linked to the number of equivalent sales.
- **Maintain motivation and performance by providing regular feedback.** The Sustainability Manager at Super Retail Group sends a report on waste disposal costs and recycling to retail and distribution managers each month, showing the lowest and highest recyclers. EMS meetings are held every quarter. The Board also receives monthly reports on progress against the current environmental initiatives and performance against targets.

