

Retail supply chain distributes cost savings from improved packaging

A Case Study from the book industry

This Case Study demonstrates the economic and environmental benefits of improving the packaging and handling efficiency of goods from warehouse to store, to reduce waste throughout the supply chain. Initially launched as a pilot scheme, Securicor Omega Express (SOE), a distribution company, worked in partnership with its customer Macmillan Distribution Ltd, a book distributor, to design a custom-built, re-usable tote box to replace the need for cardboard cartons. As a result, Waterstone's, a book retailer, no longer has to deal with waste cardboard, and has increased the speed of handling goods and eliminated waste storage and disposal costs. The benefits of the new box, identified during the initial trial, were spread across the retail supply chain and included:

- ✓ **Elimination of the need for 21 720 cardboard cartons, with annual savings of £7 000 and 15 tonnes of waste**
- ✓ **An estimated 95% reduction in paper packaging used as in-fill**
- ✓ **Reduction in stock rejected on delivery through transit damage**
- ✓ **Reduced cost of compliance with the packaging waste regulations**



Background on the Supply Chain Partners

The book industry supply chain featured is made up of three partners, each playing a role in providing books to the consumer. Macmillan Distribution Ltd is part of a global publishing group that provides a sales and distribution service for books, CDs and other goods. The group operates two distribution centres at Swansea and Basingstoke. SOE specialises in business to business express delivery, including book publishing, home shopping and financial services. With over 9 000 staff at 150 locations, the company handles more than 200 000 parcels every day. Waterstone's is a leading specialist bookseller with 200 high street and campus stores and is part of the HMV Media Group. SOE is the distribution link between Macmillan and Waterstone's.



Working Together Brings Benefits

The transport of goods from a distribution warehouse to a retail store is an operation that has traditionally involved considerable logistics planning, manual handling of goods and cardboard packaging materials. The need to minimise any damage to stock while in transit is an essential part of the process. With the introduction of the packaging waste regulations in 1997, many retailers and suppliers were faced with increased operating costs associated with the volume of cardboard packaging waste produced from the transit of goods.

The partnership commissioned the Omega box from a specialist manufacturer to overcome the cost and waste implications of one-trip cardboard cartons, while protecting the goods from transit damage. The tote comprises a durable, polypropylene box with an integral lid, folding walls and built-in handles that ensure handling in an upright position.

Building on the Success of the Trial

The pilot scheme involved 3 000 Omega boxes, replacing 21 720 cardboard cartons, and has undoubtedly been successful. It has resulted in less damage to stock in transit, a reduction in cardboard use and improved cleanliness and efficiency in the workplace. The partners have expanded the scheme and are taking it forward to other retailers and suppliers.

“ The success of the pilot scheme has led to 96 000 Omega boxes being introduced, replacing over 5 million cardboard boxes from 2001 onwards. We estimate annual cost savings of approximately £1.5 million for our partners through reduced purchase and disposal costs of cardboard and removal of 3 500 tonnes of waste. ”

Mick Green, General Manager, Securicor Omega Express

“ [The pilot scheme] was easy, efficient and cost-effective. ”

Robin Myles, Health & Safety Manager, Waterstone's

Host Companies:

Securicor Omega Express,
Macmillan Distribution Ltd,
Waterstone's



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