



Project praxpack

# RETURN OF REUSABLE SHIPPING PACKAGING

General Situation and  
Outlook from the Perspective of RePack

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# 1 Return concepts for reusable shipping packaging

On the one hand, return logistics is the main cost driver for reusable systems (cf. Zimmermann and Rödiger 2021), and on the other hand – as it was also revealed in the pilot tests carried out (Avocadostore 2020; Tchibo 2020; Otto 2020) – there is also a connection between the choice of return channels and the return rate, which in turn influences the environmental performance of the reusable system.

Currently, two return systems are found in practice:

1. return shipment as a parcel (via CEP service providers)
2. return shipment as a letter (via letterboxes, postal service providers).

In the case of return shipment as a parcel, the empty reusable packaging is returned as a "normal" parcel. This can be done via parcel shops and similar or by handing it in directly to the parcel delivery service. The costs correspond to those of "normal" parcel delivery or the cost agreements between the sender (online retailer) and the CEP service provider. Examples of returnable systems that use this return route are the MemoBox (cf. Zimmermann and Falkenstein 2021b) or the Foxbox (cf. Zimmermann and Falkenstein 2021a). One conceivable optimisation for return shipments via CEP service providers is their collection/bundling/pooling, in combination with correspondingly reduced costs. Corresponding possibilities for the return shipment of reusable shipping bags were examined with RePack in dialogue with DHL (see section **Fehler! Verweisquelle konnte nicht gefunden werden.**).

Compared to return shipping via CEP service providers, return shipping as a letter generally has cost advantages. However, this type of return shipment is only possible for packaging that is suitable for letterboxes; flexible packaging and small-format packaging in particular are suitable for this purpose. RePack is an example of reusable packaging that uses this return route.

A third conceivable return channel, but one that has not yet been tested in practice, is represented by places of basic public supply such as supermarkets, drugstores, etc.

## 1.1 Exploring possibilities of (bundled) return shipping of RePacks via CEP service providers

Several discussions were held between CEP service providers and RePack, as well as RePack and Ökopol, to explore the possibilities of (bundled) return shipping of RePacks via CEP service providers.

For example, RePack and CEP service providers discussed the extent to which service points would be suitable for organising the return of RePacks.

So far, the statement has been made that shops of CEP service providers should not be burdened with take-back boxes due to the typical limitation of available sales space. Rather, as a first step, the empty returns would have to be seen as normal parcels.

For the use of parcel networks, a challenge lies in the internationality. In the world of CEP service providers, there is no universal international agreement - similar to the world postal agreement from the letter networks - via which all returns from all countries can be covered with a standardised returns label already integrated into the RePack.

The label would have to be set up for all CEP service providers in Europe or national networks would have to be set up in a way that there are German RePacks with a DHL return label, French RePacks with a La Poste return label and Swedish RePacks with a PostNord return label. However, the

retailers would then have to be meticulous to ensure that the RePacks always end up in the right countries and that there are no misdirected shipments to other countries. In addition, important scale effects are lost with many national cycles.

A theoretically feasible option would be for retailers to simply enclose the return labels and instruct the customers to process both product returns and empty returns with this label. This in turn results in even smaller cycles, not only at the national level, but also at the retailer level. In this case, all RePacks would go back to the retailer and there would no longer be any central logistics. The question needs to be examined whether these cycles can sufficiently increase in scale so that the costs become comparable with letter postage.

## **1.2 Cooperation with postal service provider: RePack x La Poste (France)**

### **1.2.1 Initial situation**

The returned RePacks have so far all been returned to Tallinn/Estonia. The distance Berlin-Tallinn is 1,500 km, which means that each RePack has to travel 3,000 km for each cycle. If a return is accepted from Frankfurt am Main, for example, this distance increases by another 1,000 km. Although Swiss Post works in a highly consolidated manner, the transport-related CO<sub>2</sub> emissions are in great need of optimisation due to the long transport distances (cf. environmental assessments of reusable shipping systems in Zimmermann and Bliklen 2020a, 2020b).

Currently, it can be assumed that the letterbox system will continue to be the return channel of choice for reusable shipping bags such as RePacks until reusable packaging has reached a certain level of significance at which it becomes worthwhile to set up a separate infrastructure, for example via alternative return points such as parcel shops, supermarkets, reverse vending machines, etc. The pilot trial at OTTO is currently underway.

The pilot test at OTTO in particular suggests that the widespread availability and convenience of letterboxes has a significant influence on the empty return rate<sup>1</sup>.

It has already been explored to what extent European postal companies are able to redirect RePacks to a regional address so that they only have to travel a fraction of the Tallinn distance. Since RePacks are used internationally, it is important that the standardised address label does not have to be changed. In addition to Ireland, France's La Poste, for example, is able to present such a redirection economically. Discussions with Deutsche Post have not yet led to any results. Moreover, a significant mailing volume is needed before such an effort is worthwhile. La Poste was willing to run a trial with a minimum volume of 15,000 RePacks.

### **1.2.2 Project**

With the French La Poste, the possibility has been created to redirect RePacks dropped into French letterboxes to a French address within France. For this purpose, the original letter label with the address Tallinn does not have to be changed.

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<sup>1</sup> Cf. evaluation of the pilot tests. At Avocadostore and Tchibo, for example, over 70% of the customers who had had their goods returned actually returned their Repack, but only around 35% of OTTO customers. OTTO had explicitly instructed its customers to return their RePack to one of the Hermes parcel shops, of which there are only 16,000 in Germany - as opposed to 111,000 letterboxes.

At the beginning of 2021, a working group was formed that set up the "La Poste" project with pilot partners in weekly meetings.

### **1.2.3 Pilot partners**

A sufficient number of large online retailers had to be recruited in order to be able to launch the project. The pilot partners were granted a discount of €1 per RePack and cycle for all RePacks that reached a French mailbox nationally.

The following retailers were finally chosen as pilot partners:

- Volcom
- ba&sh
- Blissim
- Gunther Paris
- Sporeo
- Masama
- Memoires d'Océanes
- Picture Organic
- Fjord Lifestyle
- Nomads Surfing
- Looking for Wild
- Hopaal
- Twin Flame

### **1.2.4 Economic consideration**

In order to attract sufficient pilot partners, the offer was made as attractive as possible. Pilot partners are granted a discount of €1 per RePack and cycle for all Repacks that take the La Poste redirection via French letterboxes. All international repacks will be invoiced normally.

### **1.2.5 Returns and processing**

The redirection is made by La Poste to a La Poste warehouse in France. The RePacks are scanned so that statistics can be kept on French and international returns. The direct scan in France also ensures timely delivery of the Reward Mail, which can take up to 2 weeks in the case of a return to Tallinn. The collected RePacks are grouped together on pallets and transported further.

With the help of the API, La Poste and fulfilment service providers can collect entire containers (pallets or boxes) together with their contents (the RePacks) and transfer them to RePack. The coding of the RePacks will be converted to the GS1 standard GRAI, which can also be applied to the containers.

At the beginning of the project, cleaning and processing was not carried out by La Poste, but by the usual fulfilment partner in Tallinn, as a French fulfilment partner could not initially be found. In terms of sustainability, this approach is similar to direct return to Tallinn, but the primary purpose of the pilot is to prove that national redirections basically work. In the second step, the processing is also to take place in France.

As of 30.07.21, approximately 5,000 RePacks had been sent by French traders, of which approximately 2,500 were recorded as French returns.

### **1.2.6 Outlook**

The principle feasibility of redirection for returns within the existing RePack system was proven in the pilot test with La Poste.

La Poste is interested in taking over the processing and redistribution to online retailers.

After evaluating the pilot test, it will be examined whether and under what conditions the procedure can also be transferred to Deutsche Post and other European postal companies. Preliminary talks are already underway.

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