

## Reimagining Retail Waste: The Case for Reuse in Supply Chains

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In the current era of cost-consciousness and sustainability scrutiny, retail supply chains face mounting pressure to do more with less—less waste, less cost, and less environmental harm. While retailers have long focused on optimizing last-mile delivery or store operations, one area remains ripe with hidden inefficiencies: the single-use handling of physical retail assets such as garment hangers, corrugated boxes and security tags.

Traditionally viewed as minor operational components, these items often escape strategic focus. Yet their volume and lifecycle cost add up significantly. In response, leading retailers are shifting away from the linear model of "use and dispose" toward a closed-loop reuse system—one that not only reduces waste but also unlocks meaningful savings and ongoing supply chain efficiency. Pact Retail Solutions, a division of Pact Group, is at the forefront of this shift, offering scalable reuse programs that drive value from the factory to retailer's merchandise floor

Every year, billions of garment hangers, EAS (electronic article surveillance) tags, and corrugated boxes are manufactured, shipped once, and discarded after reaching retail stores. This practice results in mounting disposal fees, unnecessary raw material use, and logistical inefficiencies from packaging to in-store labor. Furthermore, rising landfill costs and stricter sustainability regulations are prompting retailers to reevaluate these practices.

The environmental toll is not trivial. Consider the lifecycle of a single plastic hanger: manufactured overseas, shipped with garments to a distribution center, then transported to stores, only to be discarded after a single use. Multiply that by hundreds of millions of units annually, and the material, freight, and labor costs become staggering.

Beyond the environmental costs, there are growing operational pain points. Labor shortages across distribution centers and stores have made manual tasks like tagging, repacking, and disposing of single-use accessories increasingly expensive and error-prone. Meanwhile, consumers and investors are paying closer attention to brand commitments around sustainability—demanding action, not just ambition.

Pact Retail Solutions offers a circular economy solution through a comprehensive reuse system that closes the loop on key retail assets. The program collects used garment hangers, poly boxes, and security tags from retailers, then refurbishes, cleans, and returns them to manufacturers for reuse. This system keeps materials in circulation longer, reduces demand for virgin resources, and minimizes waste.



The result is a win-win: manufacturers receive ready-to-use accessories without procurement delays, and retailers eliminate the need for costly single-use components while demonstrating measurable sustainability performance.

At the heart of Pact's model is a highly coordinated logistics and cleaning network that spans North America and Asia. Retailers partner with Pact to integrate reuse into their existing supply chains without disruption—leveraging Pact's proprietary infrastructure to manage the cleaning, quality control, and redistribution processes.

The transition to reuse yields measurable returns. Case studies from top global retailers partnering with Pact reveal significant results:

- **Cost Savings:** One North American apparel retailer reduced new hanger purchases by over 40% within the first year of adopting Pact's reuse model, resulting in multi-million-dollar annual savings.
- **Carbon Reduction:** By replacing virgin hanger production with refurbished hangers, partners have cut thousands of metric tons of CO<sub>2</sub> annually.
- **Operational Efficiency:** A reuse system reduces the need for store associates to handle and discard materials, freeing up labor for customer-facing tasks and improving store productivity.
- **Brand Alignment:** Retailers can visibly demonstrate sustainability action by highlighting closed-loop reuse in ESG reporting and consumer communications.

Retailers also benefit from reduced packaging waste, decreased shrink through asset tracking systems, and improved forecasting with access to real-time data on reuse cycles.

To support adoption, Pact manages the entire reuse lifecycle from design and implementation to recovery and refurbishment. Store and warehouse teams receive training and onboarding materials, while Pact works closely with partners to customize reuse solutions by region, product type, and operational model.

By demonstrating both environmental and economic benefits, reuse is increasingly seen not as an added complexity, but as a simplification strategy—eliminating redundant procurement and disposal steps from supply chains.

As retailers navigate a volatile market shaped by inflation, labor constraints, and sustainability mandates, they can no longer afford to ignore inefficiencies hiding in plain sight. Reuse programs for core retail assets offer a practical, proven solution—one that delivers both immediate cost reductions and long-term resilience.



Pact Retail Solutions is helping retailers move from intention to implementation, offering not just reusable products, but a holistic system that drives down waste, supports ESG goals, and makes operations leaner and smarter.

For more information and to engage in a conversation around the Circular economy, please contact:

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