

How Easy is it to be Green? 04/23/07

By Steve Rowen, Research Analyst

In Paula's article this week, she outlined several of the trends retailers and their suppliers are employing to retain both the dollars and the warm-fuzzy feeling of operating in a more eco-friendly manner.

But here in the United States, those looking to gain the benefits of going "green" need only take a page from the playbook already in use by our colleagues overseas.

In the 1990's, the EU set up an environmental directive known as the WEEE (Waste of Electrical & Electronic Equipment). Adopted in early 2003, the product producer (as well as the distributor) is subsequently made responsible for the cost of product disposal at end of life, settled via levee at the time of sale. The money raised from WEEE levees is used to fund such green initiatives as recycling efforts, while the directive forces companies to know much more about which products they are selling into which European countries.

Also passed in January of 2003, the Restriction of Hazardous Substances (RoHS) outlaws the inclusion of such materials as cadmium, hexavalent chromium, lead, mercury, and polybrominated biphenyl. While these may sound like part of a balanced, nutritious breakfast, you'd be hard pressed to walk far in your office without finding their presence in printers, copiers, laptops, cellphones, appliances - even toys. For example, lead is still used in solder, plastics and cathodes, mercury in batteries and fluorescent lamps, and hexavalent chromium finds its way into coatings and metallized plastics. This creates for a fair amount of complexity for the original equipment manufacturers (OEMs) in both product redesign and the allocation of existing products in the market.

In Germany, levees have additionally been added to ground transportation of goods, essentially taxing each mile traveled as though it were a fuel cost adder. In France, one of the primary eco-concerns is that of packaging to utilize less material (maximizing the use of recycled and recyclable materials) and occupy less shelf space while still remaining visually striking.

"What we're seeing more of today is that retailers are adding sustainability of products to their vendor scorecarding efforts," **says Lorcan Sheehan, SVP of Marketing at Massachusetts-based [ModusLink](#)**. The vendor operates between the contract manufacturer and the logistics provider, offering intelligence for where and how a product should be produced, as well as where it is best sold as part of an overall supply chain outsource process business.

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"We are helping clients to find greener packaging options, and we also help them rationalize their returns processes. For example, if an electronic providers' goods must be sent to China for repair, that may not be the most practical option. These products only have a 3-9 month lifecycle, and there's a lot of money and eco-damage that can be spared by creating an in-region testing and repair capability."

"Another green effect has come about from the recognition of fuel prices in the last 12-18 months. Two years ago it may have made sense to configure in China, but simply due to fuel costs, Mexico is becoming more attractive to many of our clients." Sheehan also notes that due to centralized freight locality, some high tech and electronics manufacturers are beginning to re-evaluate such domestic locations as Nashville, Indianapolis and Louisville for the final configuration of their product. Imagine that?

One final point of interest on this Earth Day week are the efforts being made by consumer and producer alike to reduce carbon dependence. Per the UN's [Kyoto Protocol](#), countries are urged to commit to reducing their emission of carbon dioxide and greenhouse gasses, facing penalties for those who either maintain or increase their current levels. As a result, high technology and computer electronics providers are seeking not only to reduce their carbon dependence, but to also pick up sales dollars by advertising the progress they've made.

"Who has the most green products? Who has the most green supply chain? This is a race that has very commercial realities," says Sheehan, noting that manufacturers are now reporting their green results alongside their financial results. "If the trend continues to develop, we may see labels on the packaging of mp3 players, cell phones and hard drives showing which products consume the least carbon, helping to sway the eco-conscious consumer. We're not there yet, but we're building the functionality to meet that need."