

CASE STUDY

National Retailer Implements Eco-Trax Program and Increases Pallet Pricing by 18.8%

Challenge

In the years after the start of the global pandemic, pallet values more than doubled and market pricing was changing at an almost constant pace. During this time, one national retailer had 5.4 million pallets moving through their distribution centers, which they sold to regional pallet recycling companies. Those vendors would pick up trailers full of used pallets and pay the retailer for the usable “cores” in each trailer at an agreed unit price.

Like most recycling agreements, retailers only receive one or two price modifications per year (the retailer discussed in the case study received the two increases seen here in 2021). Unfortunately, prices were climbing on a weekly basis. The procurement team, who was responsible for managing the recycling agreements, did not have the experience and knowledge to understand the market conditions and lacked the capacity to conduct monthly RFPs for all of their facilities.

Solution

The retailer would have benefited from partnering with Eco-Trax to manage all of their supply chain recyclables. A portion of Eco-Trax’s program is pallet management and includes the monitoring of pallet pricing on a market-by-market basis through the company’s monthly Pallet Index™. Armed with the capability, Eco-Trax would have implemented monthly pricing modifications to ensure that each DC received fair market value for their pallets.

While other retailers continued to receive once or twice a year adjustment, they would have received them monthly at each of their DCs. To replicate these capabilities, the retailer would have needed to conduct an RFP every month for each of their DCs and monitor the market to ensure the pricing received was fair and accurate.

Results

The lack of market knowledge, along with limited RFP capabilities, resulted in an unrealized revenue amount of more than \$4.8 million (\$4,876,513). When combined with the average volume increase realized as a result of Eco-Trax program management (see that case study [here](#)), the retailer’s pallet revenue loss increases to over \$9 million (\$9,037,968).

