

## Concept paper



# From Boardroom to Till: Selling Sustainability

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## Outline

Food retail has a vital role to play in delivering sustainable development. The size and reach of retailers means they can drive far-reaching change; not just up and down their supply chains but by helping millions of consumers make straightforward, affordable and more sustainable choices (Forum for the Future 2009).

Through the development and dissemination of up-to-date training materials for both large and small retail organisations, PP4SD seeks to achieve the following interconnected goals within the sector:

- Improve staff training and their understanding of sustainable development principles that underpin top level environmental strategies;
- Integrate sustainability into the way retail professionals do business across all staff levels of retail companies;
- Improve the quality of advice provided to customers on environmental issues relating to different products enabling them to make more informed and sustainable choices; and
- Accelerate an overall reduction in the purchase and sale of highly unsustainable goods.

This concept paper outlines the key issues concerning the transition to higher sustainability standards within the retail sector and a cultural shift toward more responsible purchasing behaviour. Specifically, it demonstrates the role of sustainability-literate retail staff in accelerating a move to a more sustainable sector.

This paper highlights the need for better sustainability training of retail staff as a business imperative (section 1) and a responsibility and opportunity (section 2). Finally it looks at evidence that shows better information and education can drive positive change (section 3).

## Acknowledgements

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## 1. Customer Demand and Expectations

Over recent years countless surveys have sought to measure consumer appetite for sustainable goods, to establish the relative importance of products' environmental credentials versus other factors and to gauge public opinion on the current performance of retailers on this agenda.

In the context of staff awareness and understanding of environmental issues, these important questions show gains that could be made by building capacity among staff members. Without in-house expertise of sustainability, retailers restrict their ability to capitalise on the environmental concerns of a significant group of customers. Research carried out by various consumer organisations has found that:

- 70% of consumers want businesses to do more to help them make more informed environmental choices about the products they purchase (Consumer Focus 2009);
- shoppers believe they can make a difference to: personal health (57%), British farming (41%), animal welfare (38%), the local economy (28%), the environment (23%) sustainable fishing (17%) and global warming (11%) (SDC 2011); and
- three out of four people believe protecting the environment to be an important consideration when shopping for food (Which 2010).

Two surveys, carried out in 2008 and 2009 by Ipsos and Consumer Focus respectively, asked customers how well they believed supermarkets were meeting their obligations on environmental and social issues. Only 5% of the surveyed public agreed that retailers are trying to do as much as they can, as fast as they can, to address social and environmental issues (Ipsos 2008). Consumer Focus (2009) found only 20% of consumers thought businesses were doing enough to promote environmentally-friendly options to consumers.

This market research shows that whilst consumers are becoming increasingly attuned to sustainability issues, retailers are failing to keep pace with their expectations.

### Product Parity

For the large majority of consumers, other considerations take precedence over the sourcing and sustainability of products. A survey by the Food Standards Agency ranked factors influencing purchasing behaviour. It found that price (72% respondents gave this as a factor), taste (55%) and sell by date (52%) were the three most dominant factors in consumer thinking. Wider sustainability issues did not feature significantly in consumer choices. (DEFRA 2006)

Similarly, the SDC concluded that successful product shifts "rarely sell on the basis of green or ethical credentials." It found that a product's performance must be the primary focus of marketing, and that a product must be within the expected norms of the relevant market in price, quality or availability before any ethical or environmental benefits act as an added incentive (SDC 2006).

Clearly, informing people of the virtue and sustainability of products which fall short of these wants will be largely futile. For more sustainable purchasing habits to become the norm product parity must be the starting point.



### **Trust: consistency and transparency**

There is a broad consensus that brand trust plays an increasingly important role in purchasing choices in today's economy and that sustainability in particular, features more prominently in inspiring this trust (Ipsos 2008). Research carried out by the Sustainable Development Commission (SDC) has shown business' claims to environmental responsibility are susceptible to public scepticism: "scepticism toward business promoting environmental actions of products was detected across large numbers of the general public questioned" (SDC 2006).

The two key components of brand trust are *consistency* and *transparency*. Consistency means that supply chain decisions and operational changes made on environmental grounds are understood at all levels of staff and are in tune with publicised environmental policies of the company. To achieve such consistency, sustainability must be positioned at the heart of a business and built into its long-term vision of success, not confined to peripheral goodwill products. Company-wide buy-in and staff comprehension of the key issues will ensure credibility in the public eye.

Transparency is the second fundamental competency for the acquisition and maintenance of brand trust. Businesses must be able to provide hard facts and verifiable evidence to support their claims to product and service sustainability credentials (Forum for the Future 2009). The provenance and manufacturing processes behind food production have grown increasingly complicated and opaque to the general public. DEFRA state that "consumers have not had access to adequate consumer information about the origins of the food they buy, how far it has travelled, and the wider environmental and social impacts of food production, processing and transport" (DEFRA 2006), but a sense of change is in the air. Consumers are finding ways to access increasing amounts of information about products, and social media networks are highly efficient global platforms for communication campaigns that can rapidly enhance or destroy a brand's reputation (Stine 2011).

*"Ensuring that sustainability messages are clearly and consistently cascaded down to grass roots employees is essential for a brand to maintain credibility, trust and ensure economic success in the 21<sup>st</sup> century. Sustainability is like any other issue in that it needs communicating in a joined up form, if you start missing bits out, it suddenly falls down."*

Retailer quoted in Ipsos 2008

Clearly, retailers must keep pace with these changes. To ensure new mediums of communication work in their favour, supply chain decisions must be made with full knowledge of the environmental impact of products and underlying sustainability. Issues must be understood by all staff to ensure consistent communication of company policies to the public. Finally, tangible evidence to substantiate commitments

must be widely available. Together, this consistent and transparent performance will demonstrate a company's trustworthiness.

## 2. Responsibility and Ability



Two initiatives focused on improving the transparency of supply chains reveal much about the changing responsibilities of retailers. The SDC recommended DEFRA and the Office for National Statistics regularly publish a breakdown of the destination of consumers' 'Food Pound' (SDC 2011). Similarly, Business in The Community's project 'Plough to Plate' aimed to reconnect farmers with consumers and vice-versa. These initiatives arose to remedy the systemic disconnect between food source and consumers. They recognise the limited public understanding of the journey food has taken before reaching the shop floor.

If decisions around agricultural and manufacturing methods are now largely out of consumers' hands, what standards can they assume are being met and how do they assess if these are accurate?

Research carried out by the SDC reported that "when people act as shoppers, they expect some issues to have been dealt with. They may not be aware that much of the responsibility of choosing society's way out of unsustainability is left to them" (SDC 2006). However, the majority of retailers choose not to choice-edit more environmentally damaging products and do not actively inform customers of the implications of their purchases. Has a situation developed where retailers delegate responsibility to ill-informed consumers who have a misplaced confidence in the processes taking place behind the scenes in a self defeating cycle? What will this mean for retailers when the illusion is revealed, particularly in light of the trust issues discussed above?

Engaging, encouraging and enabling the public to translate their concerns on this agenda into action remains a formidable task (Ipsos 2008). This can only be achieved by showing consumers that their personal choices make a difference to the global issues, providing verifiable facts to tell the story behind products, and ensuring marketing messages are consistent with the organisation's overarching sustainability principles.

Successful retailers will be those that are better at persuading consumers of the benefits of making sustainable choices as the following section will discuss in more detail. At present, only a handful of retailers have realised they can use their knowledge of, and relationship with, their customers to play a key role in facilitating change (Forum for the Future 2007).

### **Opportunities not threats**

Reports are frequently published which detail the potential opportunities accompanying early integration of sustainability objectives into business plans. Improving shareholder value, exceeding customer expectations, building brand value, improving efficiency and building pride, satisfaction and motivation among the workforce are just some of these (SDC 2006).

One such report by 2Degrees, outlines the competencies businesses must exhibit to capitalise on the major growth opportunity environmental sustainability offers. The central message of their research is that traditional responses to issues such as resource scarcity that only focus on limiting exposure to such risks are a missed opportunity. Instead businesses should seize the opportunity to grow through a 'Sustainable Competitive Advantage'. The researchers define leading businesses or 'pathfinders' as "industry-leading organisations who are facing the reality of resource scarcity and the 4<sup>th</sup> economic revolution and gaining an advantage as a result" (2Degrees 2011).

Some negative perceptions of what 'sustainable development' entails for business include rising operational costs, lower profits, more extensive governance and regulations, and other unpredictable, unknown risks. These assumptions are also being challenged from actors outside the environmental sector, with management consultancies re-framing sustainability as an opportunity to innovate, adapt and prosper rather than a restrictive burden which is harmful to business (Accenture / CECP 2011).

Sustainable businesses will increasingly define their success not just by their profitability but also by their ability to predict and meet consumer expectations and deliver social, economic and environmental well-being (DEFRA 2006). Businesses that anticipate this trend and develop and market 'dematerialized' goods and services will have an additional selling point, compatible with shifting customer aspirations and legislative frameworks, and with the maintenance of robust supply chains (DEFRA 2006).

### **3. The Information Gap**

Connecting natural resource use and environmental outcomes to social preferences through clear information is a crucial element of a transition to a more sustainable economy. If consumers cannot transmit their preferences regarding product sustainability standards to producers up the supply chain, an important market signal is lost (OECD 2011). At present, only limited information about the environmental impact of goods is provided. A range of disconnected, overlapping and poorly recognised certification schemes exist side by side while the education of staff on such issues remains close to non-existent. A survey carried out by Which? found that seven in ten people would pay more attention to the environmental impact of goods if the relevant information were more clearly provided (Which 2010).

Whilst it is difficult to measure the impact of verbal communication on sustainability issues between customers and staff, labelling schemes introduced over recent years provide clear evidence that better information can drive changes in purchasing behaviour. The Fairtrade certification scheme is one of the most regularly cited examples to demonstrate this point. Less than ten years after its introduction in 1991, 74% of people surveyed by the SDC recognised the Fairtrade Mark, enabling them to take the standards of this scheme into consideration when shopping (SDC 2011).

Traffic light nutrition labelling introduced across Sainsbury's and Asda's own brand products have also proven powerful influencers of purchasing decisions. For example: "on the introduction of Multiple Traffic Light labelling, against a comparable 12 week period sales of Be Good To Yourself Easy Steam Salmon and Tarragon (mostly green traffic lights) grew 46.1%, while sales of Taste the Difference Moussaka (mostly reds) decreased by 24%" (quoted in Science and Technology Select Committee 2011).

Consumers must have the information to make purchasing decisions according to desired sustainability standard in order to give retailers an incentive to respond to social preferences. In this way better transmission of information along the supply chain will contribute to green growth. While extending and standardising environmental labelling has been hotly debated for years, the importance of equipping staff with the knowledge to educate customers on these issues is often overlooked and is rarely viewed as a priority by the retail sector. So why, when top-level sustainability strategies are already in place, neglect the most effective form of communication – spoken and personal – to pass on this education to customers? PP4SD believes that given the influence that retailers yield, it must become standard practice to educate staff in the policies and the ecological principles of their top-level sustainability strategies.

*"the retailing industry is one of the largest employers in the country, if we can harness our own colleagues to understand what sustainability is about in a very simple and engaging way, we can contribute significantly, helping customers understand what sustainability is about."*

Retailer quoted in Ipsos 2008

### **Conclusions: The Role of Training**

Whichever approach is adopted, experts agree that retailers need to go much further in their attempts to engage with consumers (Ipsos 2008). Whilst some retailers have made significant progress on developing corporate sustainability plans these have failed to filter down to all departments. PP4SD believes the evident difficulties retailers are experiencing in their attempts engage employees on these issues warrants the attention of experts in sustainability training and self-evaluation on the part of retailers to develop a new approach to staff engagement.

Training should therefore not be developed independently of the retailers but as a partnership agreement with as many retailers as possible. PP4SD are therefore pioneering training that unlocks the potential for the retail sector to accelerate the UK's transition to a more sustainable economy.

### **About PP4SD**

PP4SD is a project dedicated to promoting sustainable practice among professionals, through developing and disseminating continuing professional development materials and events that encourage cross-professional dialogue.

PP4SD is a partnership project managed by the following organisations:



See [www.pp4sd.org.uk](http://www.pp4sd.org.uk) for more information.

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