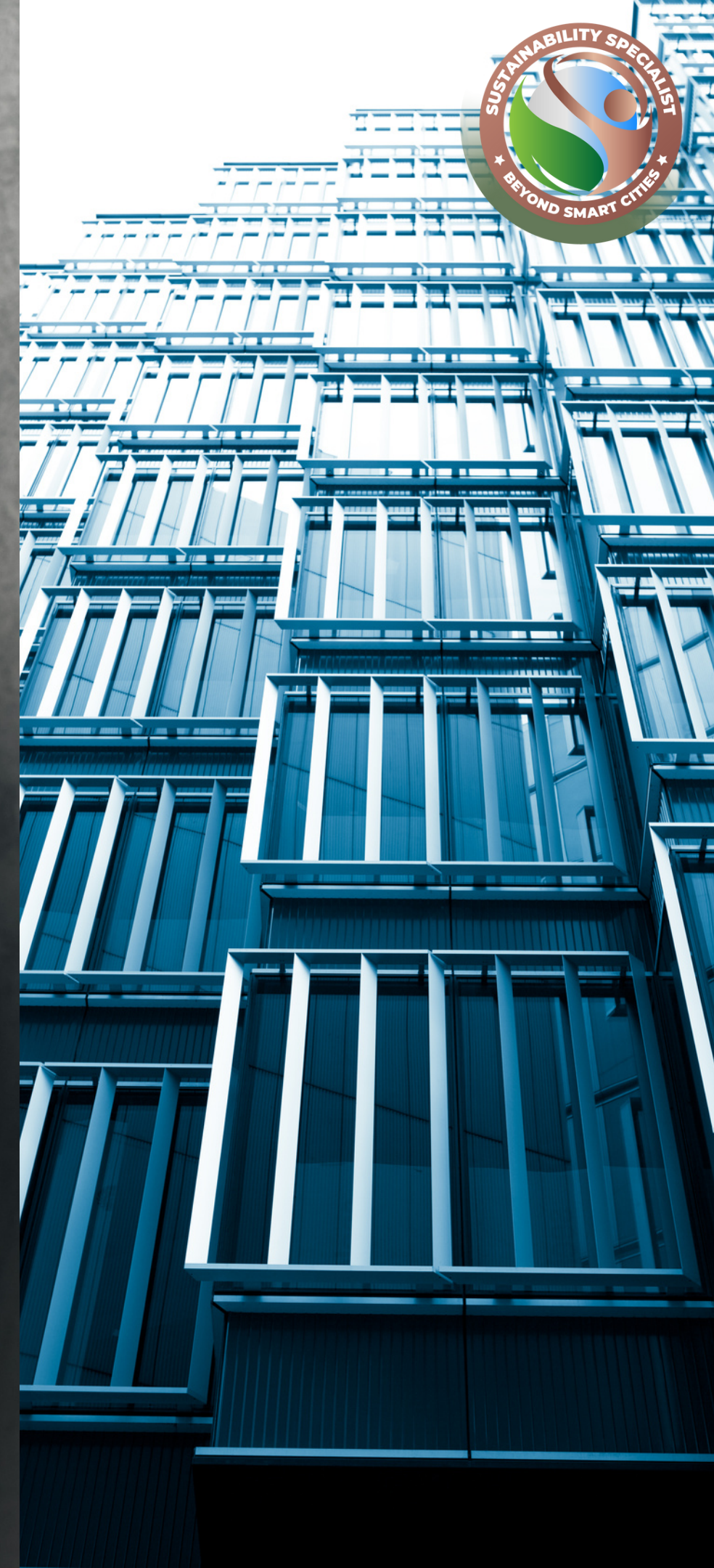


Advanced Sustainable Retailing Training

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LECTURE 4:

4. Achieving the Circular Economy Through Reduce, Reuse, and Recycle

Sustainability has emerged as one of the most critical issues facing retailers. Retailers' sustainability initiatives reduce the negative impact of products on both people and the environment throughout the supply chain, which continues to be a top consumer demand.



Learning Objectives

- Brief Introduction
- Sustainability: Concept, Definition, and Application in Retailing
- Retailing and Sustainable Supply Chain Management
- Achieving the Circular Economy Through Reduce, Reuse, and Recycle
- Retailers' Role in Facilitating the Circular Economy



Introduction to Sustainable Retailing

- For retailers, sustainability is a competitive imperative that goes beyond simply portraying themselves as good corporate citizens. First, sustainability can help differentiate the brand from its competitors, improve brand equity, build customer loyalty, and attract younger consumers.
- Second, there are increased regulations on environmental and other sustainability-related practises. Retailers mitigate business risk through increased regulatory compliance and reduce liability by strengthening the sustainability of their supply chain.
- Third, sustainability practises aid retailers in attracting capital by meeting requirements from institutional investors with specific ESG requirements.
- Fourth, sustainability helps businesses expand margins by cutting fixed and variable costs through waste reduction, energy savings, lower packaging and transportation costs, lower inventory and warehousing costs, reducing employee turnover, and mitigating healthcare costs.
- Among retailers, 51% state cost savings as their main objective for adopting sustainability goals.



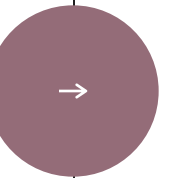
Sustainability: Concept, Definition, and Application in Retailing





Sustainability: Concept, Definition, and Application in Retailing

- Sustainability as a set of ideas, attitudes, intentions, and behaviours that involve the strategic consideration of economic, environmental, and social resources for the success of current and future generations
- Stated differently, a sustainability-oriented retailer, while considering the long run, goes beyond just economics to include environmental and social considerations for current and future generations. Sustainability for businesses is often referred to as the triple bottom line (TBL or 3BL) or the 3 P's, which refer to a company's consideration of economic performance [profit] as well as environmental impact [planet] and social impact [people].
- Sustainability goes beyond environmental stewardship to also embrace the "people" component. Sustainability addresses the working conditions and well-being of employees, the impact of sourcing decisions on inequalities in society, and opportunities for underrepresented segments of society.
- Sustainability efforts to raise living wages, make sure workers are safe, and treat everyone fairly apply not only to the retailer's direct employees but also to those who work for partners in the retailer's supply chain. The considerations of stakeholders such as local communities and society at large reflect the broadening definition of sustainability.





Sustainability in Retail



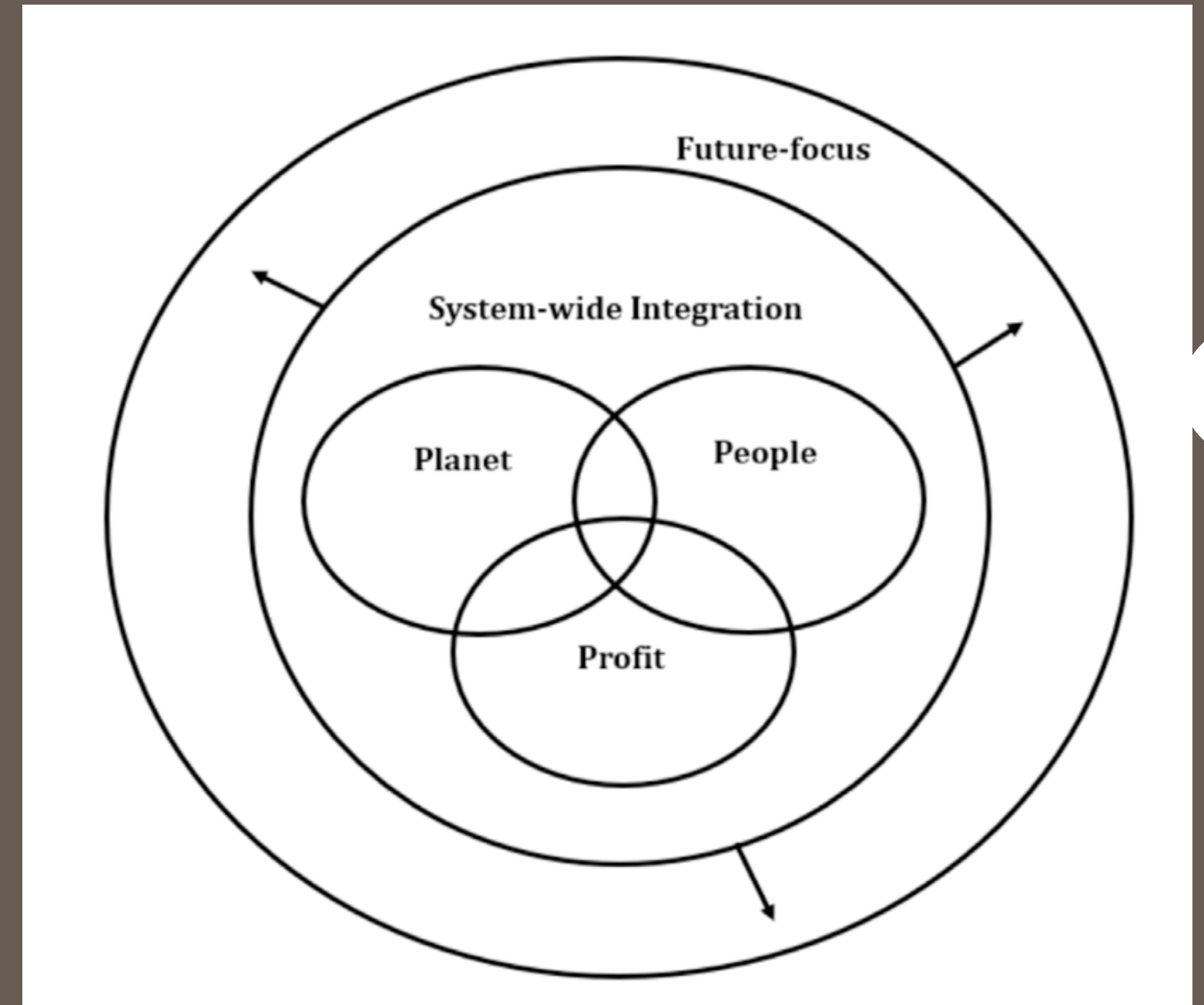
Conceptually, sustainability goes beyond corporate responsibility initiatives or philanthropic activities that some retailers have promoted for decades. Early corporate social responsibility initiatives that focused on social issues were primarily grounded in ethics and moral philosophy. Sustainability initiatives that arose later focused on environmental issues grounded in physical science.

Over time, these projects have merged and grown to include social welfare issues as well as environmental ones. Today, the concept of sustainability embodies environmental, ethical/moral, and social issues. In terms of definition and scope, we view sustainability as going beyond CSR initiatives alone. We also intend to circumscribe the unique and central position of retailers—among manufacturers, wholesalers, customers, and consumers—that can be leveraged to provide long-term benefits for the environment and society at large, as well as retailers' financial performance.



A framework for conceptualizing and assessing sustainability

A notable feature of Fig. 1 is to assess the joint emphasis on the economic (profit), social (people), and environmental (planet) impact of supply chain activities with an eye toward their long-term future impact.



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