

Advanced Sustainable Retailing Training

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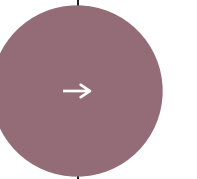
LECTURE 5:

5. Retailing and Sustainable Supply Chain Management

NEXT →



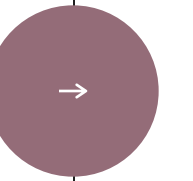
Retailing and Sustainable Supply Chain Management





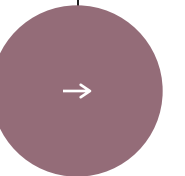
Learning Objectives

- Brief Introduction
- Sustainable supply chain management
- Closed-loop sustainable retail supply chain (the circular economy).





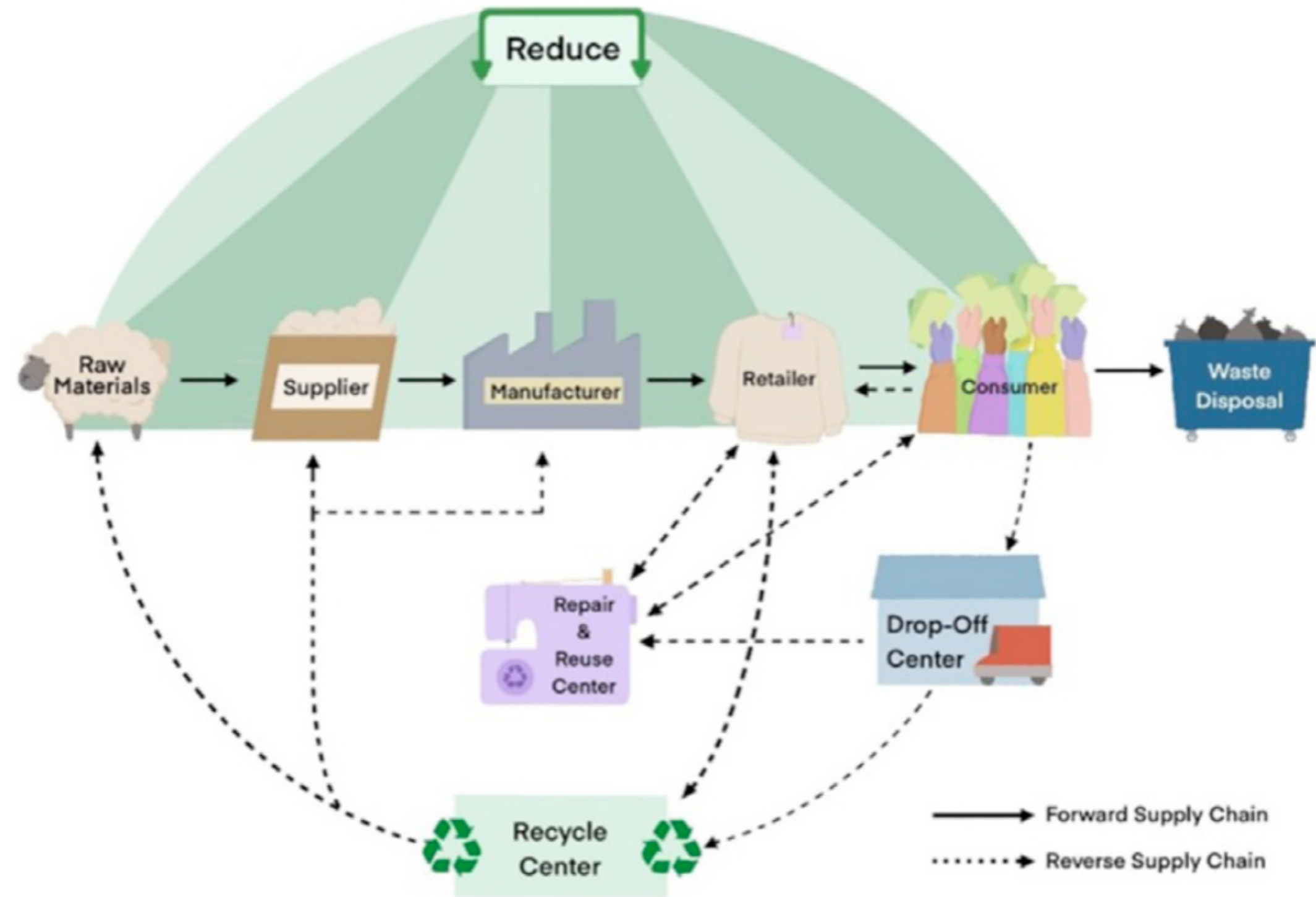
Sustainable supply chain management, or SSCM, is defined as "the management of material, information, and capital flows as well as cooperation among companies along the supply chain while taking goals from all three dimensions of sustainable development, i.e., economic, environmental, and social, into account, which are derived from customer and stakeholder requirements". SSCM aims to maximise supply chain productivity and social welfare while minimising environmental impact. Initially, sustainable supply chain management focused on reducing environmental impact; in recent years, there has been an increasing emphasis on the social impact of SSCM.



SSCM is closely associated with the concept of circular economy, an idea rooted in the ancient concept of "circle of life," which recognises that when something perishes, it gives rise to something new. Applied to a supply chain, the concept of a circular economy contrasts the traditional, unidirectional flow of materials and products from a consumer to the end consumer (also called the forward supply chain) with a bidirectional flow of materials and products amongst members of the supply chain. Specifically, a circular economy emphasises "closing the loop" by incorporating a reverse supply chain along with the traditional forward supply chain, where the reverse supply chain enables the reverse flow of materials among channel members in such a way that materials are reused or recycled wherever possible.



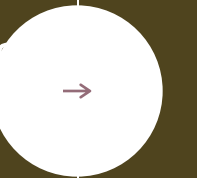
Closed-loop sustainable retail supply chain (the circular economy).





Closed-loop sustainable retail supply chain (the circular economy).

- Figure 2 depicts a cyclic clothing economy. Forward supply chain lines are solid in Fig. 2. The garment industry's forward supply chain must reduce non-renewable inputs, new raw materials, pollution, and waste to follow the circular economy.
- The dotted lines in Fig. 2 show the clothing industry's reverse supply chain, which aims to recycle clothing material. To reuse garments, companies are using rental, secondary, and repair services.
- Bidirectional material movement makes a supply chain circular, but other factors matter too. Information flow helps channel members cooperate and creates sustainable practises.
- Allowing a circular economy and two-way movement of materials and knowledge helps the environment and global social justice by reducing social and pay disparities. It can also accelerate human growth by enhancing human health in polluted cultures and labour force health and safety worldwide.





Achieving the Circular Economy Through Reduce, Reuse, and Recycle





- Achieving a circular economy encompasses three principles, or the "three R's": reduce, reuse, and recycle.
- Reduce focuses on reducing inputs like resources, energy, and materials during the manufacturing phase, as well as emissions and waste in the forward supply chain. This includes using new technologies and methods to reduce the negative effects of production and consumption on the environment, people, and society while keeping an eye on financial returns.
- Companies may also change the way their products look to reduce the amount of packaging they need to ship them safely. Tide and Seventh Generation, for example, have made changes to their laundry detergents that make them lighter by reducing the amount of plastic in the packaging and making the detergent more concentrated. Similarly, Modelez committed to eliminating 65,000 metric tonnes of packaging.



- In order for the 3Rs to create a circular economy, both upstream suppliers and downstream consumers must follow them. Retailers can play a key role in promoting and enforcing the 3Rs in the retail supply chain. Retailers can help their suppliers be more environmentally friendly by helping them use fewer raw materials and natural resources (like wood, water, and energy) to make the products they sell.
- Using this type of packaging may encourage buyers to send the material back to the manufacturers. Retailers can also encourage their suppliers to reuse waste, used products, and scrap material to manufacture the product, ultimately reducing the amount of material that ends up in landfills. A critical aspect of this is providing infrastructure, information, and training to suppliers, who often lack these means to implement sustainability initiatives. This is particularly true of small, native, and indigenous suppliers in developing or underdeveloped geographies.

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