

Advanced Sustainable Retailing Training

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LECTURE 6:

6. Retailers' Role in Facilitating the Circular Economy

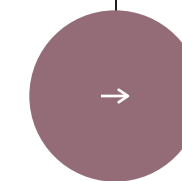
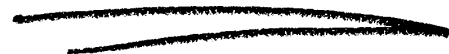


Learning Objectives

- Brief Introduction
- Retailers' Role in Facilitating the Circular Economy
- A framework for achieving sustainable supply chain management in retailing.
- Scaling Sustainable Supply Chains for Systemic Impact

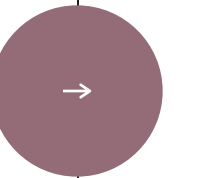


Retailers' Role in Facilitating the Circular Economy



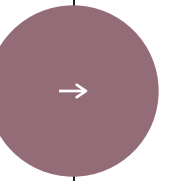


- Retailers are well positioned to take the lead in driving sustainability via the circular economy concept for several reasons. Retailers represent the central and critical linkage between the upstream and downstream actors in a supply chain.
- They can lead and support the supply chain by linking raw material producers, manufacturers, wholesalers, transporters, warehousers, and other elements of the supply chain involved in serving customers.
- The upstream actors include natural resources and resource producers, suppliers (manufacturers, wholesalers, and transportation vendors, among others), technology partners, NGOs, and other constituents that interact with retailers prior to a customer's purchase of a product.
- The downstream actors include customers who purchase the product from a retailer, retailer employees who interact with customers, consumers who consume the products, households and communities where consumption occurs, and potential stakeholders who influence and are influenced by the consumption process.



≡ A framework for achieving sustainable supply chain management in retailing.

	Reduce		Reuse		Recycle		Social Outcomes	
	Consumer	Supplier	Consumer	Supplier	Consumer	Supplier	Consumer	Supplier
Product	Reduce ownership through rental	Design products for high use or with less raw material	Increase duration of product use via repairs	Partner to offer repair services	Offer durable products from recycled material	Use recycled materials in products	Ingredients are less harmful to consumers	Production minimizes toxins to laborers
Package	Offer reduced or no packaging	Innovate product design to eliminate packaging	Packaging is refillable	Design package for reuse	Use packaging that is commonly collected with curbside recycling	Design durable packaging that is readily recycled	Reduce frustration with packaging waste	Reduced or compostable packaging reduces plastic pollution
Price	Lowered usage costs from reduced energy use	Design products to use less energy	Price refills at a discount relative to new purchases	Revise profit model to accommodate increased sales of refills but decrease in new unit sales	Offer discounts or return deposits for collected recyclables	Collaborate with regulators and supply chain partners to incentivize use of recyclables	Support companies using fair labor	Pay fair wage to laborers
Place	Access to second-hand or refurbished goods	Develop partnerships with suppliers to sell returns and damaged goods	Improve access to refills	Alter shelf space to promote refills	Serve as collection center for recycling	Develop a distribution model for collected recyclables	Consumers donate to food banks at checkout	Distribute food and household products to food banks and communities in need
Promotion	Offer alternatives to free products with purchase	Identify promotional items with reduced environmental footprints	Promote reusables through incentives	Alter infrastructure to streamline service when customers bring reusables	Communicate correct recycling policies	Encourage suppliers to add recycling labels to packaging	Communicate practices through certifications	Meet certification standards





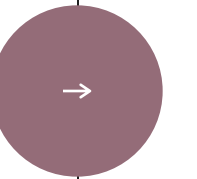
Scaling Sustainable Supply Chains for Systemic Impact

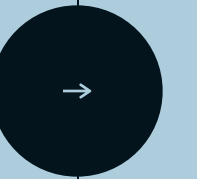
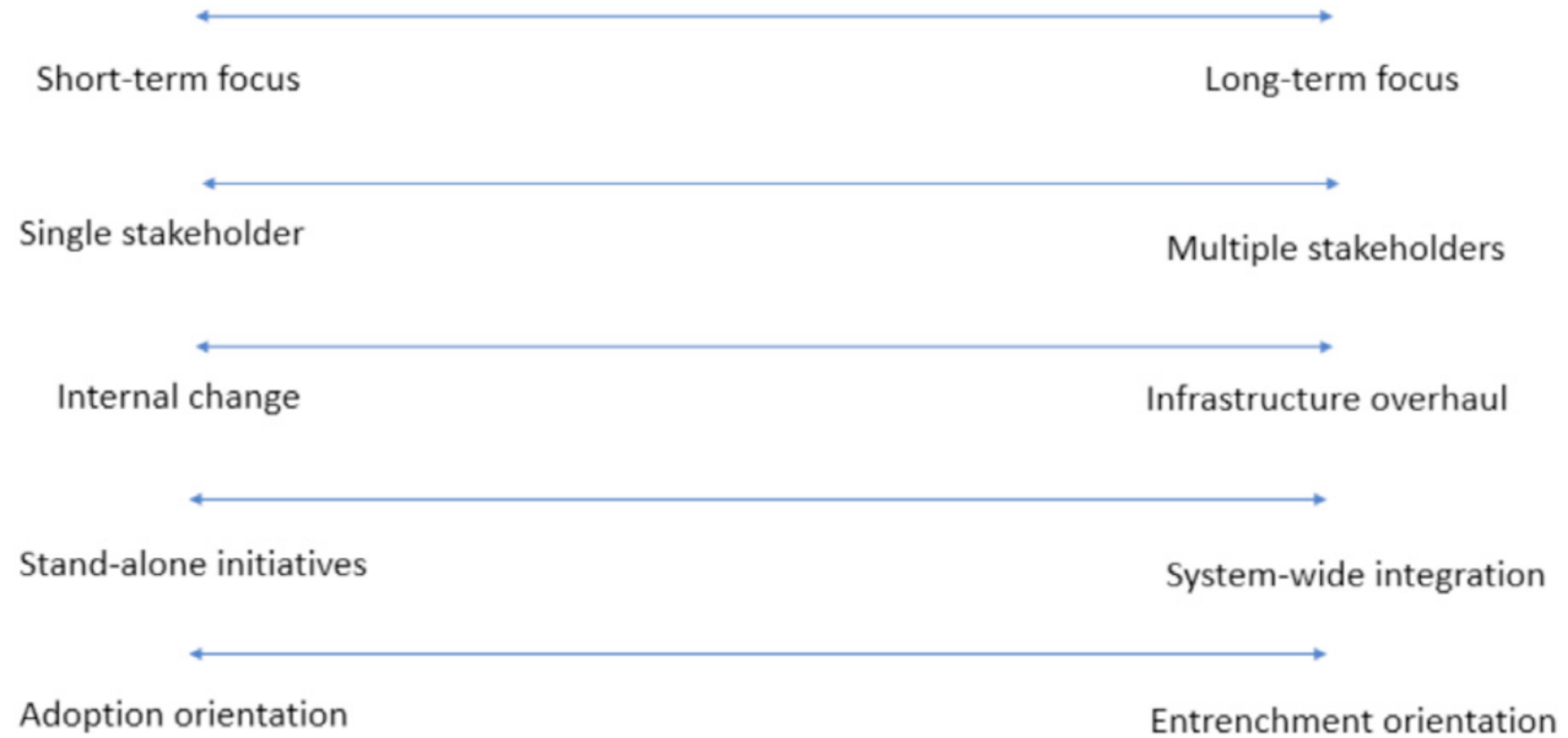




Scaling Sustainable Supply Chains for Systemic Impact

- Most retailers are in the early stages of scaling up their sustainable supply chains, with sustainability viewed as ad hoc, bolt-on solutions with little systematic effort. Retailers must overcome five key impediments to implement a scalable, sustainable supply chain focused on both the 3Rs and social outcomes.
- Fig. 3 shows the five impediments: short-term focus, single stakeholder, internal change, stand-alone initiatives, and adoption orientation. By moving to the right on each of these factors, retailers can achieve scalable, sustainable supply chains and reap the benefits associated with such supply chains, thereby serving as mandates for the increasingly popular C-suite role of Chief Sustainability Officer.







- By adopting an entrenched orientation towards sustainability, retailers can ensure that sustainability initiatives and practises endure within the retail sector and do not become passing fads. This requires a longer-term focus, involving multiple stakeholders, overhauling infrastructure, and focusing on system-wide integration so that sustainability is fully embedded in the retail sector.
- From a leadership point of view, retailers can also change the culture of their industry and organisation to make sustainability a core value. This can make consumers less worried about greenwashing.
- System-wide integration goes hand in hand with an entrenchment orientation. By focusing on a few initiatives, retailers like Patagonia make sure they are consistently carried out and, over time, become ingrained in the supply chain so they don't get thrown out by the latest trend.



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