

Topic:
II Sustainable Supply Chain Management

Title:
Selling Sustainable Products – Best Practice in the Nordic Retail Sector

Authors:
KIRSTEN SCHMIDT, Aalborg University, Denmark.
CECILIA SOLÉR, Center for Consumer Science, University of Gothenburg, Sweden
HANNE MØLLER, Østfoldforskning, Norway

Contact Author: kirstens@plan.aau.dk

This is a presentation.

KEYWORDS: RETAIL, STRATEGY, COMMUNICATION

ABSTRACT

The retail sector is the link between the consumers and the supply chain and large retailers can have a major influence in the supply chain also in relation to sustainable development. A Nordic survey reveals that supermarket chains and other retailers have undertaken the challenge to promote sustainable development and “ethical”/third-party labelled products towards the consumers as well as towards their suppliers – but with different strategies and scales. Examples of such strategies are:

- The complete store, e.g. 100% ecologic stores
- The store/chain as a guarantor for sustainable development with extended use of codes of conduct in the supply chain. The effort may or may not be visible for the customers in the stores
- The store/chain focuses on a special selection of sustainable products as a part of their product range. Such products can be – but are not always – private labels
- The store/chain has a few sustainable products to test the market and plans to broaden the range if consumers react positively
- The store/chain has a few sustainable products as a kind of risk management of their brand and no expectations to broaden the range

Some core elements seem to be relevant in forming a strategy: use of private labels; range; marketing and exposure which underlines the role of the retail sector as a bridge-builder between consumers and suppliers. In relation to supply chains, especially branding and range are highly relevant as strategies as made operational by setting up requirements to suppliers. Retailers with own brands are very keen to protect their brands but also to develop the brand with new trends and features. For some retailers the driving forces for sustainable development are internal – the store/chain *want* it to be a part of their business but consumers may influence the scale of the effort. For others, the effort lasts as long as the consumers ask for it. Internally driven retailers seem to be rather stable in their relations with suppliers and less inclined to base their range of ethical products on offers and best buy.

The presentation will present different types of strategies used by Nordic retailers and discuss the implications for the supply chains. One aspect is whether the retailer makes the choice on behalf of the consumers by incorporating basic requirements to the whole product range or let the consumers have a choice in the store between products with different ethical profiles.

Another aspect is the type of communication used in marketing sustainable products. Sustainable products are often more expensive than conventional products indicating that consumers buy not only based on function and quality but in some cases also on the good stories related to the i.e. the production of the products. This too has some implications in the supply chain. For example on how the retailers cooperate with NGO's and other organisations to create momentum and credibility in their relations with suppliers and the societies where the suppliers are located. These relations are set up and nurtured over time.