

Greentailing (A new revolution in retailing)

By Prasanna Perera, MCIInst.M

Marketing and Management Consultant, Chartered Marketer (CIM UK)



The planet is at stake. In the recent past, we have experienced natural disasters like never before (i.e. earthquakes in New Zealand, China and the deadly tsunami in the Northeast of Japan). Even in Sri Lanka, weather patterns have changed dramatically, with un-seasonal heavy rainfall and rising temperatures, coupled with cold spells.

What is Greentailing?

Greentailing not only involves contributing to saving the environment, but places “conscience retailing” at the forefront of all business activities.

“Greentailing is conscientious retailing built on environmentally sustainable, socially responsible and economically profitable business practices, which explicitly consider the impact of a retailer’s actions on the environment and community, customer perception and behaviour, employees, suppliers and ultimately shareholder returns.” (Stern and Ander)

If we focus on this definition, it is clear that Greentailing involves more than simply carrying “green” products. It often involves substantial supply chain work to meet green standards and ensure that green products can be competitive on the shelf.

Key Elements of Greentailing

According to Stern and Ander, there are a number of ways to be green. However, they believe that thinking green, acting green, selling green and conveying green are the key elements of greentailing.

The four elements

Thinking Green



Many organizations refer to the word “sustainability” in their annual and corporate social responsibility (CSR) reports. Sustainability is how a lot of greentailers sum up their environmental and social green efforts.

“Thinking Green”: Greentailers have a key focal person for green initiatives, with varying responsibilities.

Acting Green

A tangible way to convey greenness is through the infrastructure in which you operate. Several retailers have taken to building stores to optimize energy efficiency. Changing to energy efficient lighting, energy efficient fixtures, and the use of more sustainable building materials is becoming prominent in the world of retailing. Globally, many retailers have begun the process of shifting their vehicle fleet to more natural burning fuels.

Greentailers recognize the importance of reducing unnecessary packaging. One example is the increase in the use of reusable bags, as replacements for plastic bags. In the U.S., sweeping changes in the supply chain resulted in the adoption of “ultra packaging” in the laundry detergent category. Beginning with Unilever’s All Mighty and Wal-Mart, ultra sizes were introduced into the U.S. marketplace. Ultra packaging has been a great environmental achievement, catalyzed by a powerful retailer that forced major changes across the supply chain.

Selling Green

It is not an easy task to understand what constitutes a green product. Many products can be considered green in many ways. Look out for the following words, to describe a green product.

- ✦ Organic: (The only defined green product)
- ✦ Natural: (Presumably comprising organic and / or non-toxic ingredients)
- ✦ Local: (Or locally sourced)
- ✦ Sustainable: (A fashionable word, but highly misinterpreted)
- ✦ Ethically Sourced: (Linked to fair trade)
- ✦ Environmentally-Friendly: (Made with minimal or recycled packaging and does not damage the environment)
- ✦ Non Toxic Materials: (Natural and earth friendly)



- ✚ Carbon Offset: (The product's negative impact has been offset with credits)

There are some definitions and regulations around these terms but most remain loosely defined at best.

Conveying Green

As in the case of individuals, organizations too are receiving wake-up calls relating to the environment and safeguarding it. For a "Greentailer", CSR is communicated through its stores, products and people.

Obviously, a profit-making organization requires a retailer to balance the need to make a profit, while trying to adhere to socially responsible practices.

A good corporate citizen must provide adequate returns to stakeholders, be a good neighbor to its community, a good employer to its people, and offer environmentally-friendly products to the consumer.

Greentailing in Action

Target: - The company measures performance not just by the bottom line, but also on its role in the communities in which it operates. Since 1946, Target has contributed 5% of its annual income to support education, arts and social services. The organization offers a selection of natural, organic and eco-friendly products, has taken steps to eliminate waste and minimizes its carbon footprint. In 2006, Target recycled or refurbished 47,600 broken shopping carts, 2.1 million pounds of broken plastic hangers, 4.3 million pounds of shrink-wrap from distribution centers, and more than 10,000 pounds of rechargeable batteries.

Wal-Mart: - With over 1.3 million employees and over 4,000 U.S. stores, Wal-Mart's commitment in becoming a greentailer has created a tremendous impact.

In 2008, Wal-Mart began using a scorecard system to rate their supplier's progress, on making product packaging more environmentally-friendly. Their goal is to trim packaging materials by 5% by 2013. With over 7,000 trucks in the U.S. alone, Wal-Mart is working with truck manufacturer's to increase logistics efficiency through improved design. By using compact fluorescent bulbs instead of non-compact fluorescent bulbs, they have saved over 47 million

annually. LEDs in refrigerators and freezer cases, have resulted in an estimated 2 to 3 percent energy reduction.

Staples: - Staples is one of the world's leading office supply retailers. It has made significant strides in recycling and reduction of product packaging. Staples has made it easier for customers to recycle by offering a variety of services including consumer electronics and print cartridges. Larger items are recycled for a fee, while smaller items are recycled at no charge.

Message to Retailers

Safeguarding the environment is no longer an option; it is a must. Retailers must consider sustainability seriously, and incorporate CSR in their strategic plans. A stakeholder approach is required, integrating sustainability into the supply chain.

- ✚ Packaging material usage is a key area. Can this be reduced?
- ✚ Baskets and trolleys need to be reused, by repairing and maintaining them.
- ✚ Energy reduction is a must. (Electricity specially).
- ✚ Logistics efficiency must be increased, by careful planning and procurement. This includes working together with key suppliers, setting targets for waste reduction, recycling and energy efficiency.
- ✚ Educating consumers about environmental issues and providing tangible incentives to eco-friendly consumers.

Do not consider sustainability as a cost. It is both a responsibility and a mechanism for increasing profitability through greater efficiency and support of all stakeholders. The time is now. Do not keep postponing. We need a few catalysts in the retailer industry. "Avoid "Greenwashing" by not misleading consumers about an organization's environmentally-friendly practices, products or services." (Author)

References

1. Pooler Jim ; "Retail Strategies," Jaico 2011
2. Thomassen Lars, Lincoln Keith and Aconis Anthony; "Retailization." Kogan Page 2013