

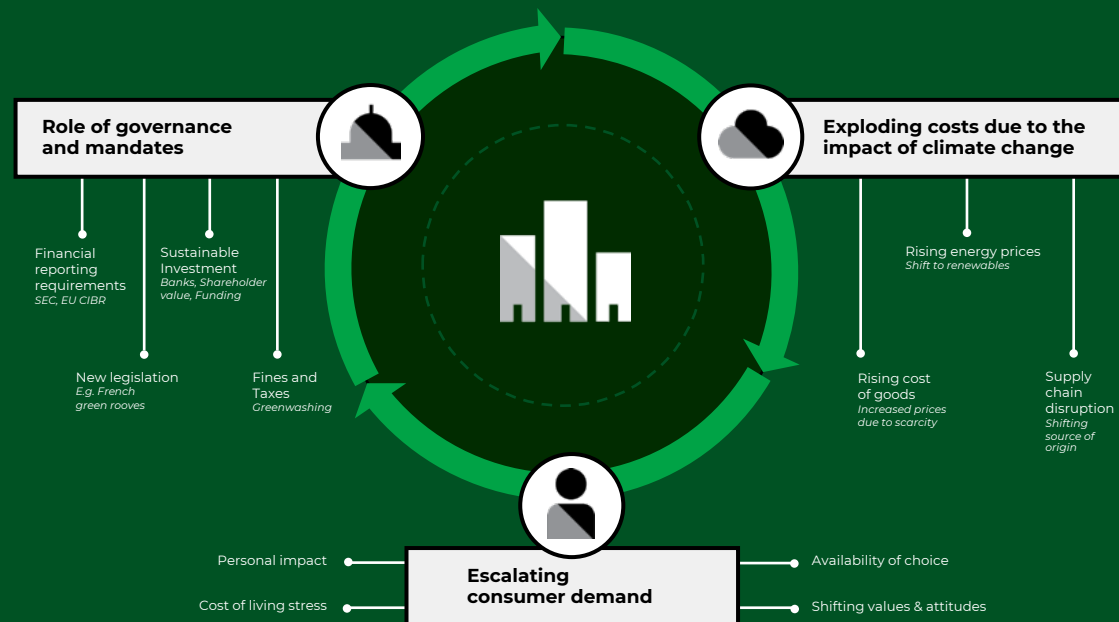
Retailer Playbook

The changing climate of Sustainability

How RETAILERS can lead the way in shaping CPG's green revolution



Retailers can drive the force of sustainable change in CPG



Positive consumer sentiment toward sustainability has been growing for more than a decade, but the impact of purchasing preferences has yet to inspire a green revolution within the retail industry.

Two rapidly emerging drivers of change - governance and cost, are about to change all that.

Extreme weather events and the impact of the changing climate have created a business ecosystem where existing business models and their supply chains will be challenged. Stricter governance and mandates will propel the shift to more sustainable business models more quickly and purposefully than growing consumer sentiment has been able to.

Retailers are in a unique position to spearhead industry change, to transform their own operations; act as collaborative partners and act as guardians on sustainable best practices for all to follow

It's a journey, but help suppliers take that first step.

Retailer playbook

Consumers want to be more sustainable but if it's not accessible it's hard to act.

Retailers can spearhead change through the supply chain bringing industry players together to drive a sustainable transformation.

With inflationary pressures continuing, retailers must balance **value** with **values**. Affordable prices have been the competitive battlefield in recent times, but it is sustainability will be the new front where proactive retailers can lead the industry to a new norm.



1

Take a public stand on sustainability not only by pledges but action.

2

Get the full view on where your business truly is on its sustainable journey.

3

Drive transformation change by offering more advantages trading terms to brands that meet your sustainable targets.

4

Raise the profile of sustainability in-store. Reward sustainable behavior to help shoppers make sustainable choices

5

Invest in Sustainable Private label – a natural fit to ease existing consumer barriers.

6

Take a stand: delist unsustainable products

7

Invest in the sustainable innovation and technology. Bring sustainable technology into your business models

1. Take a public stand

74% of consumers state they are more likely to choose a retailer based on their sustainability target or pledge (33% very likely).

A number of retailers around the world have been at the forefront of creating sustainable change within the CPG industry but pledges don't mean anything unless there is verifiable measurement against achieving goals.

86% of consumers trust the sustainability efforts/ claims/ endorsements of retailers

With growing concerns around “green lighting”, “green rinsing” and “green crowding”, authenticity and verifiable action against goals is going to be increasingly pivotal.

Increasing regulatory requirements will only expedite the transition of pledges into real action.

While no organization will be 100% sustainable in the near term, setting realistic goals are reporting accurately on progress without changing the goal posts will be critical to winning shopper trust.

Green lighting

Greenlighting occurs when company communications spotlight a particularly green feature of its operations or products, however small, in order to draw attention away from environmentally damaging activities being conducted elsewhere.

Green rinsing

Green rinsing refers to when a company regularly changes its ESG targets before they are achieved.

Green crowding

Green crowding is when a NFP (not for profit) industry group which sets targets or pledges for sustainable progress, but hiding in the group occurs (e.g. more members are added with no change in group targets) and association action moves at the speed of the slowest adopter

2. Get the full view

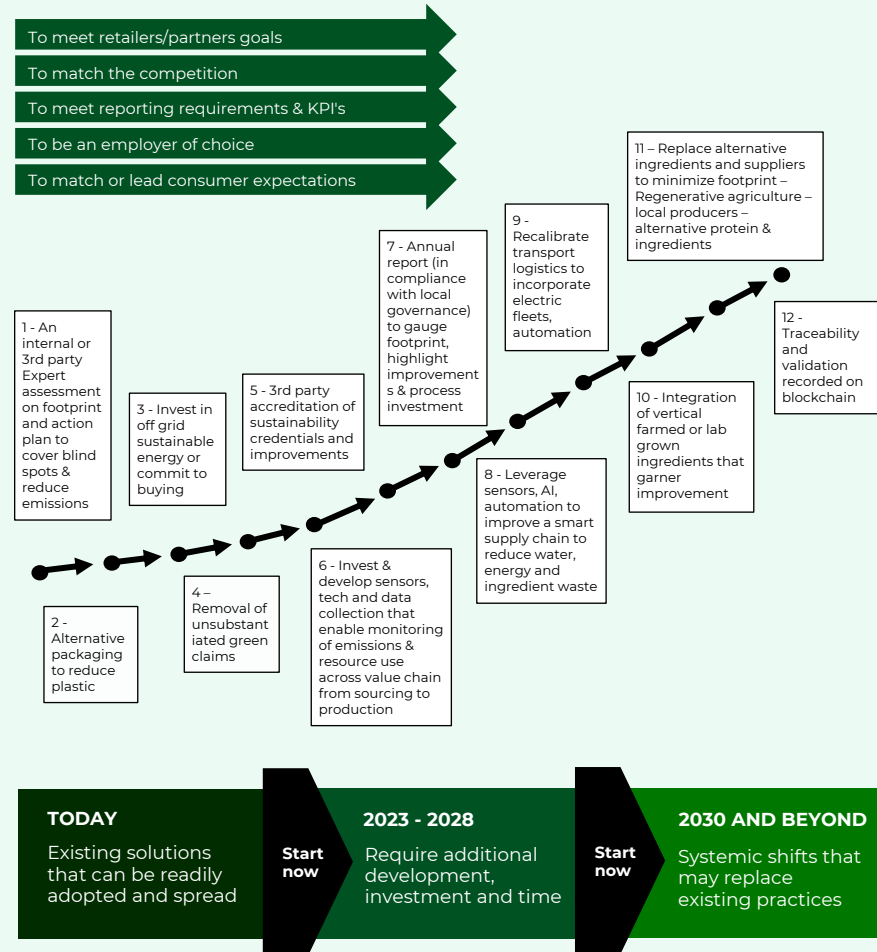
76% of consumers believe it is extremely/very important that companies take initiative to reduce their environmental footprint?

It's not a matter of **if** your stores need to become sustainable but when regulations will be enforced on you to make sustainability mandatory.

Start with the easy wins that you can implement or put in place today such as actions towards reduced food waste, local sourcing, reduce plastic, switching to renewable energy.

What immediate actions can be taking in the short-term vs what are the initiatives that need longer term planning and additional investment. Expect a strategic pivot away from costly, unreliable global supply chains towards regional/local supply which is reliable, secure and national. These initiatives will not only strengthen retailer equity but also make private label equity more distinct from branded offerings.

Be they short or longer-term plans – if retailers can start today to showcase to customers the full view of their sustainability journey, customers will build trust in retailers to lead the way.



3. Drive transformational change

79% of consumers are more likely to choose a retailer that offer a wide assortment of sustainable products

Retailers can help brands make sustainability an easy choice for shoppers by being:

- **More availability:** increasing the assortment and ranging of sustainable options on shelf
- **More affordable:** offering better promotional slots to sustainable brands with additional trade support
- **More visible:** Bringing attention to sustainable options in store via optimal display and shelf talkers helping sustainable brands to communicate their credentials and providing avenues to share additional information online

By working collaboratively with suppliers to increase the sustainable offerings available, retailers can drive shopper conversion to more sustainable lifestyle choices in an affordable and accessible way.

Spotlight: WRAP, Asda & Unilever: United Kingdom



Global NGO WRAP is working with UK Plastics Pact members, Asda and Unilever, in a world-first research project to understand how to change the ingrained shopping habits which might be preventing customers from using refill stations and reusable packaging as part of their regular weekly shop.

[Read more](#)



We know that customers want to do their bit to reduce their carbon footprint and we are always working with them and our partners such as Unilever on new ways to make refill as hassle free and also as cost effective as possible.

Removing price as a barrier to purchase is essential to persuade shoppers to embrace refill and our Greener at Asda Price promise ensures that all loose products are sold at the same price or less per kg than packaged equivalents

Susan Thomas, Asda Senior Director, Sustainable Commercial Activities

4. Raise the profile of sustainability in-store

44% of consumers are very likely to choose a retailer if offered rewards/incentives for sustainable choices like reduced waste/recycling

Reward sustainable behavior to help shoppers make sustainable choices, be that via loyalty points, discounts, or support of environmental charities

- Create sustainable aisles to facilitate easier shopping journeys e.g., Health food aisles
- Remove all single-use plastics and all plastic shopping bags and replace them with only sustainable alternatives
- Create the transparency that consumers seek via climate labeling and information kiosks
- Incentivize shoppers with “green delivery” windows for online orders
- Invest in the “circular economy” – as a depot for reuse, recycle initiatives for the reduction/reinvention of food waste; support of charitable donations
- Create refill stations as viable and cost-effective alternatives to single-use plastic

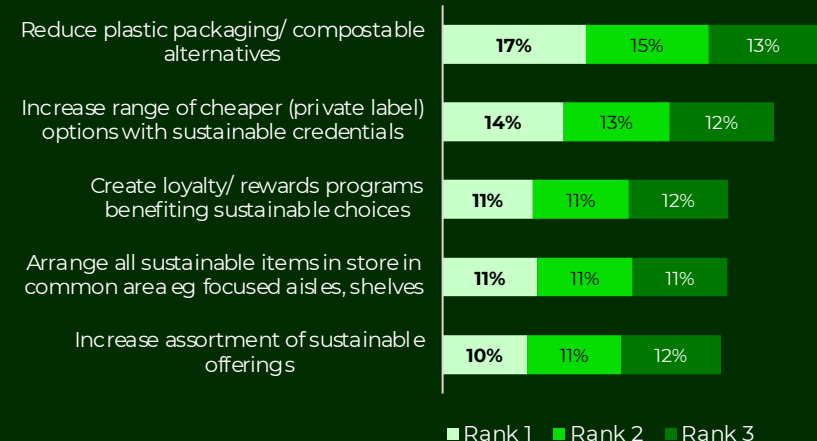
Spotlight: REWE



German supermarket chain REWE ran an unusual promotion: instead of cutting prices, it advertised CO2e* discounts using the familiar promo tags. The retailer showed how much CO2e customers could save for a selection of products.

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Top options to help consumers be more sustainable



5. Invest in sustainable private label

40% of consumers rank having a larger range of affordable sustainable options like. private label as one of the top ways retailers can help them be more sustainable

As the cost-of-living crisis continues around the world, affordability ranks as the most important criterion when shoppers are choosing a brand. As inflation shows no sign of abating, discounter stores and private label continue to increase in market share.

But shoppers are conflicted. They want to live more sustainable lives, but their wallets continue to be squeezed.

While sustainable options historically have always come at a price premium, sustainable private label is in the unique position to fill the gap - being able to offer a more affordable alternative while also meeting these consumer needs for sustainable alternatives. Private label has the opportunity to shine to win consumer trust by meeting both the need for value and values.



Amazon Aware - United States

Amazon Aware launched a collection of clothing, beauty, bed & bath, and household products dedicated to using recycled or sustainable materials without sacrificing quality or over inflating their price. Products are part of the Climate Pledge Friendly (CPF) and are continually measured by their carbon footprint. Each item in this collection has been certified by third-party organizations with no input from Amazon.

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Sainsbury Own Label Refillable Handwash – UK

Sainsbury's has announced the launch of its own-brand 1L refillable handwash pouches. The pouches are estimated to save a total of 28 tons of plastic every year and are 35% lower in cost compared to the equivalent bottles, meaning customers can expect a high-quality product which is also great value.

[Read more](#)



Tesco Plant based tea bags - UK

Tesco is set to launch plant-based tea bags to allow shoppers to compost these items through kerbside food waste collections. To overcome any recycling confusion, the leading retailer will also be clearly labelling information on the correct way to compost tea bags in a food waste caddy across its newly designed packets of tea.

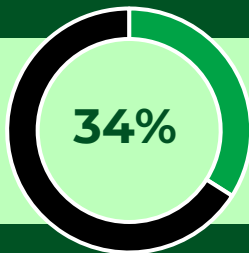
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6. Take a stand: delist unsustainable products

24% of consumers want retailers to help them be more sustainable by delisting brands that are not sustainable.

In December 2022, the European Union reached an agreement to ban importing products including coffee, cocoa, and soy in cases deemed to contribute to deforestation. This new European regulation signals the growing momentum that companies around the world will be legislated to make more sustainable throughout the supply chain

Retailers have the ability, power, and responsibility for which brands are stocked in their stores. While the implementation of legislation such as the EU deforestation law will take some time to roll out retailers can prioritize brands with sustainable credentials which will not only win shoppers' favor but also propel industry momentum to a more sustainable CPG world even before it is mandated.



of consumers are VERY likely to choose a retailer than only stocks brands with legitimate sustainable credentials



7. Invest in the sustainable innovation and technology

78% believe companies should be mandated to show full transparency of their supply chain so shoppers can make informed choices

Be it supply chain logistics; regenerative agriculture, drone delivery; renewable energy, in store vertical farms, electric delivery vans; or supermarket apps that let shoppers track their footprint; technology will be the enabler behind sustainable transition.

Sensors will play a pivotal part of the journey to accurately capture data to firstly understand your environmental footprint today which will feed the algorithms behind digital twins.

Digital twins are quickly gaining traction as a way for companies to test alternative scenarios and assess potential improvements/ implications across the full business operations into account climate and other situational considerations with give create transparency and visibility of the full supply chain from the point of origin all the way to the consumer.

Retailers must invest in sustainable technology if they want to even line up at the starting block!



Spotlight: M&S Innovation Challenge

Marks & Spencer (M&S) has launched its first innovation challenge in the environmental sustainability space, pledging to trial emerging solutions in its stores and agricultural supply chains. M&S is seeking tech-based solutions which make processes more efficient across the upstream value chain. Solutions should deliver co-benefits across the fields of energy efficiency, material efficiency, waste reduction, emissions reduction, animal welfare and biodiversity support.

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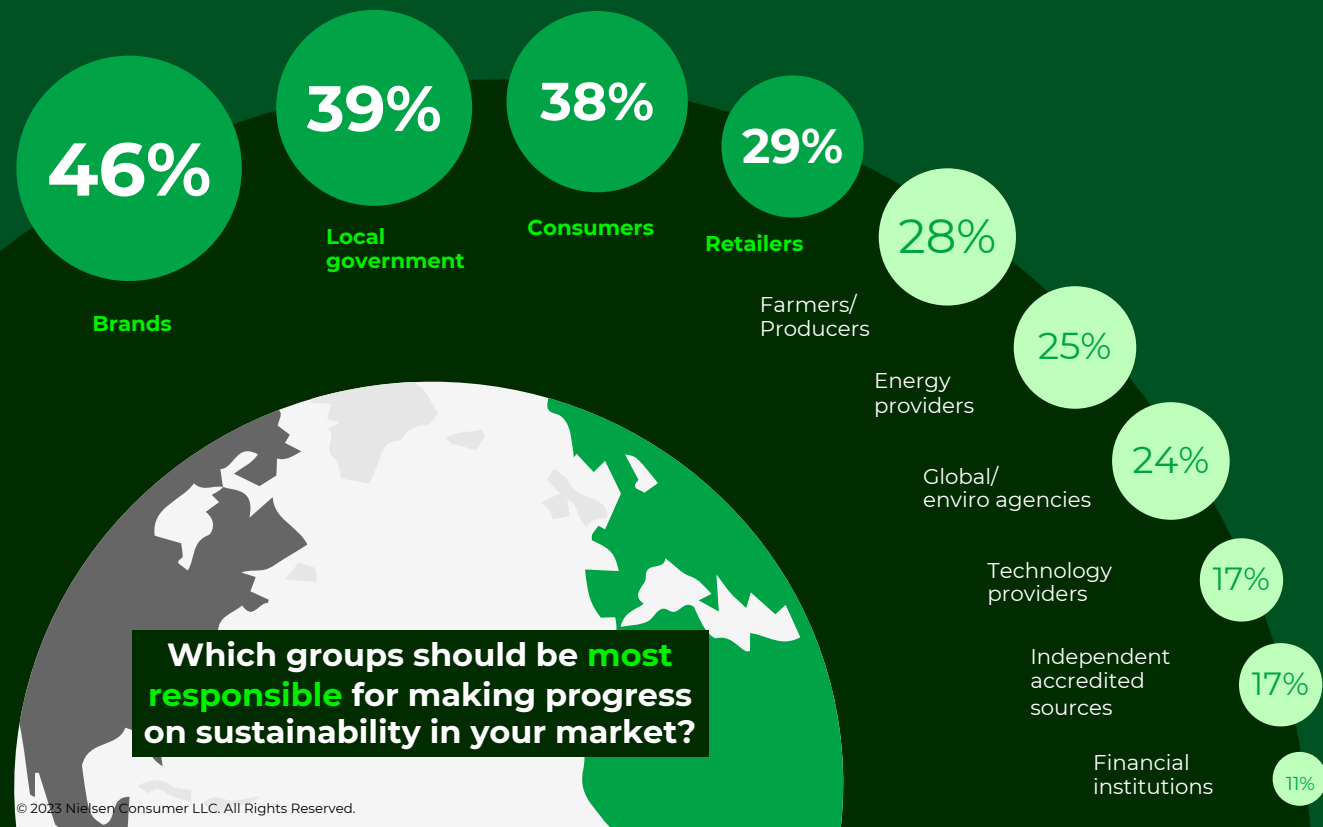
Spotlight: Tesco

Tesco is partnering with five of its largest field veg suppliers to launch the UK's biggest ever commercial roll-out of low-carbon fertiliser, which will contribute to boosting the UK's food security, while also reducing greenhouse gas emissions in its supply chain. The roll-out is expected to reduce GHG emissions by up to 20%* in the first year alone, at no extra cost to farmers

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Consumers hold brands most responsible for progressing sustainability, but retailers as “the house” of brands have a key facilitation role.



Brands, retailers, and producers need to be very clear on the expectation from consumers in sustainable progress.

Consumers have signaled that they see brands as playing the leading role toward sustainable practices and although they have named local governments and their fellow consumers as well, the responses place a focus on industry action with retailers, producers, and energy providers all doing their bit.

The risks of not meeting these expectations range from an erosion of brand equity, to a weakened relationship, to a complete switch to another brand or store.

Spearhead what the future of sustainable retailing will look like?

Supermarket APP lets shoppers track the impact of their basket - [Read](#)

Vertical farming produce and in-store hydroponics - [Read](#)

Shoppers are rewarded loyalty points for choosing more sustainable products - [Read](#)

Electric vehicle delivery fleets - [Read](#)

Vastly different range and assortment
– More vegetarian, organic, local offerings - [Read](#)

Dedicated space for electric car charging - [Read](#)

Reduction in food waste - [Read](#)

Climate labelling on products - [Read](#)

Off grid energy – solar panels on roofs and parking - [Read](#)

No plastic, bring your own containers - [Read](#)



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