

# **Sustainable Retailing, just a click away?**

Identifying the drivers and constraints of sustainable retailing  
comparing the in-store and online approach

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Thesis for the fulfilment of the  
Master of Science in Environmental Management and Policy  
Lund, Sweden, May 2020



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Published in 2020 by IIEEE, Lund University, P.O. Box 196, S-221 00 LUND, Sweden,  
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ISSN 1401-9191

## **Acknowledgements**

The past two years have been a very challenging but interesting experience and would not have been possible without the support of a lot of people. Thank you to my supervisor, Lucie, for being so supportive throughout this thesis writing process. Thank you for encouraging me and helping me find solutions when I felt like I had reached a dead end. I would also like to thank Matthias Lehner for taking time to discuss my thesis topic and helping me design my research questions. I would also like to thank Beatrice and Birgitta for being so kind, understanding and supportive these 2 years. Thank you to the interviewees for taking the time to speak to me and helping support this study.

Thank you to my batch 25 family for all the fikas, late nights working at institute and a lot more fun memories. A special thanks to a few people who helped make my experience in Lund a lot more memorable. I would like to thank Tamsin and Roohi for all the encouraging chats, Brooklyn nine-nine marathons and trips to Max and Ebbas! Thank you, Andre for reminding me to take breaks and those chill evenings at the house with kladdkaka.

A special thank you to my aunt and uncle. Thank you Zuby and Farrukh uncle, without you I would not have discovered this amazing country and applied to study here. Thank you for all the support and guidance these past few years. Especially in recent months during the pandemic, thank you for taking such good care of me. Tack Ifrah för att du har gjort min thesis pauser kul med UNO matcher och mer. Tack så mycket.

Most importantly, I would like to thank my family. Thank you, Abu and Ammi for all the support and encouragement throughout. Thank you for believing in me and pushing me towards achieving my dreams. Thank you Asfa, for all the help and support especially during this thesis semester.

Thank you, Trish, for being an amazing encouraging friend! I would not have made it this far without your support.

Tack så jätte mycket allihop!

## **Abstract**

Online shopping is becoming more common. Many consumers prefer to order their groceries online rather than visit an actual physical store, as online shopping is a lot more convenient. Another growing trend in the retailing industry is the increasing number of environmentally conscious consumers who are aware of the impact their actions have. Retailers such as ICA and Axfood are investing quite a lot into their online stores. This study looks into the drivers and barriers of sustainable retailing, focusing on the online sector. The study compares the results of what academia says are the drivers and barriers with what the retailer says. A framework was developed on the key findings from the literature as well as one from the findings from the retailers. These frameworks were compared with each other, in order to gain a better understanding. The key findings were the definition of sustainable retailing is subjective, it depends on how retailers interpret it. Another key finding was, the drivers of in-store and online sustainable retailing were similar. However, except for a couple of factors, the barriers were very different between online and sustainable retailing. The study also discusses the important role stakeholders, especially consumers have in driving sustainable change. The study concludes by discussing suggestions for future research. The suggestions include further researching the drivers of sustainable online retailing and studying the different communication techniques used by retailers to convey a message to consumers.

**Keywords:** Sustainable Retailing, Online Retailing, In-store Retailing, Sustainability, Drivers, Barriers

## **Executive Summary**

### **Problem Definition:**

The internet has opened up a whole new platform to shop. Online retailing is becoming increasingly popular. More and more consumers are switching to online retailing, especially recently while the world faced a global pandemic. Many consumers started relying on online retailers for their groceries, as it felt safer than going to the store. Meanwhile, there is a global shift towards being more aware of the situation of the environment and the planet. As a result of this more consumers are environmentally conscious, and regulators pass new legislations in order to reduce the impact on the environment. Consumers have more sustainability related demands now. Businesses have to be aware of this and adapt accordingly. Therefore, understanding the drivers to make such decisions towards being sustainable and the challenges faced in implementing them is crucial.

### **Research Questions and Methodology:**

The aim of this thesis will be to understand what drives retailers to practice sustainable online retailing. The research questions are:

1. What is online sustainable retailing?
2. What are the drivers and barriers for retailers to promote sustainable online retailing?
3. What are the differences between the drivers and barriers sustainable retailing online versus in-store?

The first research question is to understand and identify the definition of sustainable retailing specific to an online context. Second research question is to identify the drivers and barriers retailers have to deal with in order to promote sustainable retailing practices. Lastly, the third research question was formed in order to understand if retailers have to deal with different drivers and barriers for online retailing as compared to in-store sustainable retailing. Retailers need to have an understanding of the drivers and barriers so they can better deal with them.

The study first gathers data from literature such as Journal articles to form the base of the study. Key areas supporting the research questions were studied and a framework was made from the drivers and barriers identified from the literature. The framework is the table 2-1 presented below under the main findings and conclusion. Secondly, data was gathered through interviews with people working at retailing companies. However, due to the COVID-19 pandemic the amount of data collected through interviews was insufficient hence further data was gathered through retailers published reports such as sustainability reports. These key findings from the interviews as well as retailers' reports were analyzed using coding. The findings were used to develop an identical framework as the one mentioned earlier but with the findings from the retailers only.

The study then went on to compare the two frameworks and discuss the key similarities and differences. The idea behind it was to understand the variation between what the literature States and the reality of the situation.

## Main Findings and Conclusion:

	In-store	Online
Drivers	<ul style="list-style-type: none"> <li>• <b>Profitability</b> (Claro, Laban Neto, &amp; de Oliveira Claro, 2013; Hart, Milstein, &amp; Caggiano, 2003; Naidoo &amp; Gasparatos, 2018)</li> <li>• <b>Regulation</b> (Hart et al., 2003; Naidoo &amp; Gasparatos, 2018)</li> <li>• <b>Stakeholder Pressure</b> (Hart et al., 2003; Naidoo &amp; Gasparatos, 2018)</li> <li>• <b>Reducing Impacts</b> (Hart et al., 2003)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Competitive Advantage</b> (Grant, Fernie, &amp; Schulz, 2014; Weber &amp; Badenhorst-Weiss, 2017)</li> <li>• <b>Profitability</b> (Grant et al., 2014)</li> <li>• <b>Regulation</b></li> <li>• <b>Stakeholder Pressure</b></li> <li>• <b>Reducing Impacts</b></li> </ul>
Barriers	<ul style="list-style-type: none"> <li>• <b>Regulation</b> (Chkanikova &amp; Mont, 2015; Danish EPA, 2010)</li> <li>• <b>Cost</b> (Chkanikova &amp; Mont, 2015)</li> <li>• <b>Lack of awareness</b> (Chkanikova &amp; Mont, 2015b; Danish EPA, 2010)</li> <li>• <b>Physical limitations</b> (Edwards, Rosenbaum, Brosdahl, &amp; Hughes, 2018)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Website design</b> (Rudolph, Rosenbloom, &amp; Wagner, 2004)</li> <li>• <b>Logistics</b> (Grant et al., 2014; Xing et al., 2011; Weber &amp; Badenhorst-Weiss, 2017)</li> <li>• <b>Communication</b> (Mpinganjira, 2015; Rudolph et al., 2004; Weber &amp; Badenhorst-Weiss, 2017)</li> </ul>

Table 2-1: Summary of Drivers and Barriers of Sustainable Retailing from the literature

Table 4-1 can be found on the following page.

	In-store	Online
Drivers	<ul style="list-style-type: none"> <li>• Customer demand</li> <li>• Profitability</li> <li>• Regulation</li> <li>• Business model</li> </ul>	<ul style="list-style-type: none"> <li>• Customer demand</li> <li>• Profitability</li> <li>• Regulation</li> <li>• Business model</li> <li>• Competitive advantage</li> </ul>
Barriers	<ul style="list-style-type: none"> <li>• Communication</li> <li>• Business model</li> <li>• Unstable supply</li> </ul>	<ul style="list-style-type: none"> <li>• Communication</li> <li>• Business model</li> <li>• Unstable supply</li> <li>• Lack of customer awareness</li> <li>• Logistical challenges</li> </ul>

*Table 4-1: Summary of Drivers and Barriers of Sustainable Retailing from Interview results.*

Key findings include there is a lack of data on the drivers of online sustainable retailing. Secondly, the definition of sustainable retailing is subjective, each retailing has their own interpretation of the definition. Lastly, there are many drivers and barriers to sustainable retailing both online and in-store. Some drivers of in-store and online are similar but with slightly different implications for the retailer. The barriers, on the other hand, differed quite a bit between online and in-store sustainable retailing.

# Table of Contents

<b>ACKNOWLEDGEMENTS</b> .....	<b>I</b>
<b>ABSTRACT</b> .....	<b>II</b>
<b>EXECUTIVE SUMMARY</b> .....	<b>III</b>
<b>LIST OF FIGURES</b> .....	<b>VIII</b>
<b>LIST OF TABLES</b> .....	<b>IX</b>
<b>1 INTRODUCTION</b> .....	<b>1</b>
1.1 PROBLEM DEFINITION .....	1
1.2 AIM AND RESEARCH QUESTIONS .....	2
1.3 SCOPE AND DELIMITATIONS.....	2
1.4 ETHICAL CONSIDERATIONS .....	3
1.5 AUDIENCE .....	3
1.6 DISPOSITION (OUTLINE).....	3
<b>LITERATURE REVIEW</b> .....	<b>5</b>
1.7 SUPPORTING LITERATURE:.....	5
1.7.1 <i>Online Retailing</i> .....	5
1.7.2 <i>Sustainable Retailing</i> .....	5
1.7.3 <i>Environmental Impacts from Online Retailing</i> .....	6
1.7.4 <i>Methods/ strategies to promote greener choices in-store</i> .....	6
1.7.5 <i>Online communication methods</i> .....	7
1.8 THEORIES, TENTATIVE EXPLANATIONS AND CONCEPTUAL FRAMEWORKS RELEVANT TO SUSTAINABLE RETAILING .....	7
1.8.1 <i>Stakeholders role in Sustainable Retailing</i> .....	7
1.8.2 <i>Drivers in-store</i> .....	8
1.8.3 <i>Barriers in-store</i> .....	10
1.8.4 <i>Drivers Online</i> .....	11
1.8.5 <i>Barriers Online</i> .....	11
1.8.6 <i>Conceptual Framework-Drivers and Barriers of Sustainable Retailing</i> .....	12
<b>2 RESEARCH DESIGN, MATERIALS AND METHODS</b> .....	<b>16</b>
2.1 RESEARCH DESIGN .....	16
2.2 METHODS USED TO COLLECT DATA.....	16
2.3 MATERIALS COLLECTED.....	17
2.4 METHODS USED TO PROCESS INFORMATION .....	17
2.5 ADJUSTMENTS TO THE RESEARCH DESIGN AND METHODS AS A RESULT OF THE COVID-19 PANDEMIC.....	18
<b>3 FINDINGS</b> .....	<b>19</b>
3.1 FINDINGS ABOUT RETAILERS:.....	19
3.1.1 <i>ICA Sustainability Report (ICA Gruppen, 2018):</i> .....	19
3.1.2 <i>Axfood Sustainability Report (Axfood, 2018):</i> .....	20
3.2 FINDINGS FROM INTERVIEWS .....	21
3.2.1 <i>Defining Sustainable Retailing</i> .....	21
3.2.2 <i>Sustainable Retailing practices</i> .....	22
3.2.3 <i>Drivers of Sustainable Retailing</i> .....	22
3.2.4 <i>Barriers of Sustainable Retailing</i> .....	23
3.3 KEY TAKEAWAYS FROM FINDINGS- DRIVERS AND BARRIERS OF SUSTAINABLE RETAILING.....	23
<b>4 DISCUSSION</b> .....	<b>27</b>
4.1 DISCUSSING RESULTS AGAINST WHAT IS ALREADY KNOWN .....	27



4.1.1	<i>Defining Sustainable Retailing</i> .....	27
4.1.2	<i>Drivers of Sustainable Retailing</i> .....	28
4.1.3	<i>Barriers of Sustainable Retailing</i> .....	29
4.1.4	<i>Comparing Results of framework</i> .....	31
4.1.5	<i>Comparing In-store vs Online</i> .....	33
4.2	REFLECTING ON RESULTS OF STUDY:.....	35
4.2.1	<i>Methodological choices:</i> .....	35
4.2.2	<i>Legitimacy:</i> .....	35
4.2.3	<i>Generalizability:</i> .....	35
4.2.4	<i>Impacts of the COVID-19 pandemic</i> .....	35
5	<b>CONCLUSIONS</b> .....	37
5.1	PRACTICAL IMPLICATIONS AND RECOMMENDATIONS FOR NON-ACADEMIC AUDIENCES.....	37
5.2	RECOMMENDATIONS FOR FUTURE RESEARCH.....	38
6	<b>BIBLIOGRAPHY</b> .....	39
	<b>APPENDIX A: INTERVIEW RESPONDENTS</b> .....	47
	<b>APPENDIX B: SAMPLE INTERVIEW GUIDE</b> .....	48

## List of Figures

*Figure 2-1: Conceptual model of translation process of stakeholder demands into market action in a retail Organization.....8*

*Figure 2-2: Sustainable Value Framework..... 9*

*Figure 2-3: Online grocery purchase process and some barriers experienced during each phase.....12*

## **List of Tables**

*Table 2-1: Summary of Drivers and Barriers of Sustainable Retailing .....13*

*Table 4-1: Summary of Drivers and Barriers of Sustainable Retailing from Interview results.....24*



# 1 Introduction

The topic in focus is the promoting sustainable retailing practices online. In recent years, a number of Swedish retailers such as ICA and Axfood have developed an online store. These retailers have tried to promote sustainable retailing in-store. Some retailers in Sweden have used various techniques and communication tools to influence consumers to make better environmental choices in-store. However, as an increasing number of consumers in Sweden shift to purchasing groceries online, it raises the question whether retailers are sustainable choices to consumers to the same extent as they are in-store. Retailers have certain drivers which encourage them to shift towards sustainable retailing, but they may also face some barriers. As online retailing is relatively new and growing in popularity, there is limited information regarding sustainable retailing. In a country where more and more consumers feel *Köpskam*, which is a shame associated with shopping due the negative environmental impacts of the purchase (Ortega & Moynihan, 2019). Hence, it is important for retailers to adapt to more sustainable retailer practices which benefit them and potentially the planet in the long run. Retailers that adapt to more sustainable retailing practices can attract more environmentally conscious consumers and also help in reducing the impact from typical retailing practices.

As the internet has opened up a new platform to shop, retailers have started to shift towards a different approach to sell goods over the years. Research by Priporas et al. (2017) has shown Generation Z, which is the group of people born in and after 1995, are heavy users of technology hence have a different consumer behaviour to previous generations. A major difference is the preference of online retailing versus traditional retailing (Priporas, Stylos, & Fotiadis, 2017). In 2017, online retailing in Europe had an annual turnover of €540 billion (Ecommerce Europe, 2018), and continues growing.

In recent years, there has been a growing trend towards ordering food, specifically groceries, online in Europe (Galante, García López, & Monroe, 2013). In Sweden, in particular, the number of consumers purchasing groceries online is increasing (Sedenius, 2018). Considering this growing trend of online retailing, understanding the drivers towards promoting sustainable retailing online are crucial in furthering the research on sustainable consumption. This thesis was written during the COVID-19 global pandemic. As a result of lockdowns and enforced quarantine, there was a drastic growth in online retailing in the European Union (Eurostat, 2020). Globally, retailers have noticed a shift and increase in the number of purchases made online as compared to in-store purchases (Arcieri, 2020; Baird, 2020; Rattner, 2020; Wood, 2020). A global crisis like this only further proves the growing importance and popularity of online retailing.

## 1.1 Problem Definition

During the preliminary research phase, I started looking into transformation of business models towards being more sustainable at a large Swedish grocery retailer. While doing the pre-liminary research I found that food retailers are trying to encourage consumers to make more environmentally friendly and sustainable choices in stores through various methods. There is a growing trend of online food retailing, which made me curious to see if retailers are able to promote environmentally friendly sustainable choices online like they do in-store. As there is a global shift to move towards more being more aware of environmental challenges and impacts, leading to changes in legislations and consumer demands (Chkanikova & Mont, 2015a). Businesses have to be aware of this and adapt accordingly. Therefore, understanding the drivers to make such decisions towards being sustainable and the challenges faced in implementing them is crucial.

The area of focus is understanding the meaning of sustainable retailing specifically in the context of online retailing. As there is a lot of research on sustainable retailing in-store (Basu & Palazzo, 2008; Lehner, 2015; Whysall, 2008). There still is a lack of a clear definition, specifically in terms of sustainable online retailing. Secondly, there is a difference between how retailers practice sustainable retailing both in-store and online. Retailers can use various methods and techniques to promote more sustainable choices in-store. These include labelling, placement of certain products, offers on certain items (Chang, Hsu, Hsu, & Chen, 2019; Kumar & Polonsky, 2019). There are various drivers such as legislations, consumer demand, etc. (Claro et al., 2013; Naidoo & Gasparatos, 2018) that push retailers to promote such practices. At the same time retailers also have to overcome limitations and challenges in implementing such practices. While such limitations and challenges in-store, for example, may include space and costs (Chkanikova & Mont, 2015a; Edwards et al., 2018), whereas online retailing does not have the limitation of space. Therefore, it is important to understand the differences in defining sustainable retailing and understanding the drivers and challenges of it.

## **1.2 Aim and Research Questions**

The aim of this thesis will be to understand what drives retailers to practice sustainable online retailing.

The research questions are:

1. What is online sustainable retailing?
2. What are the drivers and barriers for retailers to promote sustainable online retailing?
3. What are the differences in drivers and barriers of sustainable retailing online versus in-store?

## **1.3 Scope and Delimitations**

The scope of this study will be grocery retailers with an established online store. The study looks into grocery retailers with an online store operating in Sweden. Sweden was selected as the location of the study as online retailing becomes increasingly popular amongst consumers and more retailers are adopting online stores as well (Sedenius, 2018). The study focuses on ICA and Axfood as they have the largest market shares in Sweden (Delfi, 2018). ICA operates both physical stores as well as an online store. Axfood is a large company which owns many retailers such as Hemköp, Willys, mat.se and middagsfrid.se. Both Hemköp and Willys have physical and online stores. ICA and Axfood are selected as they fit the basic criteria of this study. Other Swedish retailers such as Coop, Citygross and Lidl were excluded due to a lack of online stores and/or lack of access to information in English. Access to information in English was important in order to fully understand the publicly available information. Limitations of this study include a small scope, as many retailers are excluded, this study does not provide an exact representation of sustainable retailing in Sweden. Secondly, due to certain circumstances, the author had a delayed start for the thesis. Hence, resulting in a time constraint in gathering data and writing the study. This was made more difficult due to the on-going global pandemic of COVID-19. As a result of this, the response rate for interviews was low. This will be explained in more detail in section 3.5 Adjustments to the research design and methods as a result of the COVID-19 pandemic. The author of the study is aware of the limitation of having only two interviews, as this is not a full representation of the actual situation. In order to overcome this limitation, grey literature such as published reports by the retailers were used to help gain a better understanding of a retailer's approach to sustainable retailing.

## 1.4 Ethical Considerations

The following study was conducted independently, without any external funding from organizations. The research topic was inspired by a topic listed in a document of suggested research topics provided in a previous course called *Applied Research in Consumption Governance for a Transition to Low-carbon and Resource-efficient Economies*. However, the final research topic presented below was developed by the author.

All interviewees were contacted beforehand and given information regarding the purpose of the study and asked for consent before the interviews were conducted. The interviews were voluntary, and the participants were made aware of the option to not partake or withdraw if they wanted. The interviewees shall remain anonymous in this study. The interviews were recorded and transcribed with permission from the interviewees. The files containing the recording and transcription are saved securely on the author's personal computer. The research design has been reviewed against the criteria for research requiring an ethics board review at Lund University and has been found to not require a statement from the ethics committee.

## 1.5 Audience

The audience of this study is potentially researchers studying sustainable retailing. The main aim of this study is to understand what sustainable retailing is, and what drives retailers to practice sustainable retailing practices. As mentioned in the earlier section, there is a gap in the research regarding sustainable retailing in the online retailing sector. Ideally this research will benefit retailers gain a better understanding on the issue as well as smaller retailers who wish to operate online understand what challenges they may face in the process of becoming a sustainable online retailer. Potentially stakeholders such as suppliers could benefit from understanding the retailer's motivations and understanding of sustainable retailing. The understanding of sustainable retailing can therefore help suppliers cater to retailers demands better.

## 1.6 Disposition (Outline)

*Chapter 1* provides an introduction and background information of the chosen research topic, followed by identifying the research gap within the topic. The aim of the research along with the research questions were also expressed. The scope of this research and the ethical considerations taken for the purpose of this research were discussed as well. Lastly, the targeted audience for the research are identified.

*Chapter 2* presents the literature review that is divided into two parts, that are Supporting Literature and Theories, tentative explanations and conceptual frameworks relevant to Sustainable Retailing. Where the first part looks into a few different aspects, such as online retailing and its environmental impacts, sustainable retailing, the methods/strategies in promoting greener choices in-store and online communication methods. On the other hand, the second part addresses the role stakeholders have in sustainable retailing and the drivers and barriers associated with in-store and online respectively. Finally, a conceptual framework of the drivers and barriers of sustainable retailing is presented.

*Chapter 3* describes the research design, materials and methods. The methodology of this study is discussed. The chapter starts of by discussing research design, following the detailed methodology with the methods used to collect data, the materials collected and analysis method. The section also has the justifications for the methods used as well as any amendments that had to be made.

*Chapter 4* presents the main findings of this study which start with the publicly available data about retailers through reports as well as the findings and analysis from the semi-structured interviews.

*Chapter 5* discusses the findings in terms of key concepts presented in the Literature Review. This section presents the discussion of the key findings. This chapter compares the two frameworks developed in Chapter 2 and Chapter 4 respectively.

*Chapter 6* concludes this study and presents implications and recommendations for the audience as well as suggestions for future research.



## **Literature Review**

### **1.7 Supporting Literature:**

#### **1.7.1 Online Retailing**

Online retailing can be defined as selling through a website in a digital shopping format (Neslin et al., 2006; Wagner, Schramm-Klein, & Steinmann, 2018). Many researchers found that more and more customers prefer the convenience of digital shopping over going to traditional stores. Hence, many retailers found the number of visitors to stores is decreasing (Kapner, 2016; Reinartz, Wiegand, & Imschloss, 2019). The CEO of Rocket Internet said that only because the Internet was not invented, physical stores existed (Reinartz et al., 2019). In Sweden, there are various forms of online retailing from just regular home delivery, click and collect grocery features, as well as weekly recipe boxes (Post, 2017). Nie et al. (2019) found that more and more consumers have a multi-channel retailing behavior called cross-channel purchasing behavior. Cross-channel behavior is when consumers can do research about products as well as compare the price, but eventually end up making the purchase in-store (Nie, Zhong, Yan, & Yang, 2019). Online retailing can include a range of products and services. In recent years, there has been an increase of purchasing groceries online. Between 2016 and 2018 the value of the online grocery shopping doubled (Magana, 2019). In the early years of e-commerce (the early 2000s), a few online grocery stores started but failed (Samet, 2019). Recently, an increasing number of people prefer ordering groceries online. This shift could be because the younger generation is more comfortable using technology. Secondly, the older generation is also shifting to gain the benefits of online grocery shopping such as convenience (Samet, 2019).

#### **1.7.2 Sustainable Retailing**

There are many ways to define sustainable retailing. According to Whysall (2008) sustainable retailing is for retailers to go beyond the retailer-consumer paradox and consider other stakeholders and their concerns as well (Lehner, 2015; Whysall, 2008). Whysall (2008) emphasizes the importance of the role of stakeholders in sustainable retailing, as the stakeholders can influence the retailer's approach to sustainability. Oosterveer et al. (2007) had a different approach which stated that there are many factors that retailers need to understand and consider from sustainable food production to sustainable consumption (Oosterveer et al., 2007 as cited in Lehner, 2015). Retailers have a key position between the upstream and downstream aspects; which is why it is important that retailers can translate and communicate consumer demands to suppliers as well as in-store. Retailers have the potential to influence the production process, as they can pressurize their suppliers to implement more sustainable production methods (Saber & Weber, 2019; Wiese, Zielke, & Toporowski, 2015). However, retailers must successfully identify which factors are the greater concern for stakeholders as it is impossible for retailers to focus on all aspects of sustainability in retailing (Whysall, 2008).

The process of implementing sustainable retailing can be described as managing stakeholder relationships with respect to achieving a common good (Basu & Palazzo, 2008). Lehner (2015) defines sustainable retailing as the adaptation of retailers to the current discussion and the view that the public and other actors hold regarding sustainability. Another term for this current public discussion regarding sustainability is sustainability discourse. This discourse sets out the agenda for what action the actors in the market will take based partially on scientific evidence and partially by individual beliefs (Lehner, 2015). According to Wiese (2015), retailers have the means to influence both social and environmental factors of sustainability. This can be done through the products offered, the type of packaging used and how its transported (Erol, Cakar, Erel, & Sari, 2009; Wiese et al., 2015). Retailers have the potential to influence customers'

consumption behavior through various methods (United Nations Environment Programme, 2003; Durieu, 2003 as cited in Wiese et al., 2015).

### **1.7.3 Environmental Impacts from Online Retailing**

A study in China (Zhao, Wu, Gong, Yang, & Ni, 2019), looked into the environmental benefits of online retailing versus conventional retail trade. The study compared CO<sub>2</sub> emissions from both retailing options. There were conflicting results from existing literature, some researchers found that there were considerable impacts from online retailing (Fan, Xu, Dong, & Wei, 2017; Williams & Tagami, 2002). However, others disagreed and found that generally online retailing is perceived as cost effective and energy saving (Sivaraman, Pacca, Mueller, & Lin, 2007). The reason for the difference was on the context and location. Some cities have a higher carbon footprint compared to others. Secondly, the mode of transport used to ship the goods purchased online had the greatest overall impact. Along with transport, the packaging also had an impact. However, compared to traditional retailing it still has a lower CO<sub>2</sub> footprint (Zhao et al., 2019). Carrillo et al. (2014) studied the environmental implications of online retailing and found that the main benefits of online retailing is the reduction in emissions from individual drivers, decreased inventories and economies of scale when it comes to delivery of packages (Carrillo, Vakharia, & Wang, 2014). Van Loon et al. (2014) conducted a comparative analysis of carbon emissions from online retailing and found that there are multiple factors that influence the emissions. These factors include the basket size, packaging as well as type of consumer trip, i.e. driving only to the grocery store only or stopping by at the store as a part of another journey (Van Loon, Deketele, Dewaele, Mckinnon, & Rutherford, 2014).

### **1.7.4 Methods/strategies to promote greener choices in-store**

There are many methods that retailers can use to promote greener (environmentally friendly) choices in-store. As consumer awareness of the environmental impacts of their choices grows (Bustillo, 2009), retailers like Wal-Mart in the United States started initiatives to show environmental information on labels to encourage people to purchase such options (O'Connell, 2010). Another method is Signaling theory, which refers to situations where sellers and buyers have asymmetric information available. This is when either the sellers or buyers have more information than the other (Boulding & Kirmani, 1993). Reducing the amount of asymmetric information between the two groups involved is core of Signaling theory (Connelly, Certo, Ireland, & Reutzel, 2011).

Research has shown the types of values consumers have affects how likely they are to be influenced on making better environmental choices (Steg, 2016). One of the values is called biospheric values which cause individuals to focus on the impacts their choices have on the environment. Steg (2016) defined different strategies that could be used to motivate consumers to make better environmental choices. Steg's main suggestion is applying strategies which empower consumers to act on biospheric values. One of the methods is changing the costs of items in order to make consumers feel better about themselves because they paid extra for an environmentally friendly product.

A study by Young et al. (2017) studied the different methods used by grocery retailers in the UK to influence consumers' behavior towards reducing food waste (Young, Russell, Robinson, & Kumar Chintakayala, 2017). These methods included publishing information in retailer's magazine and social media pages. 'Sticker Campaign' was another method in which products that accounted for the largest amount of food waste were labelled with a special sticker which contained tips, this was a way to nudge consumers to reduce their food waste. Research has shown that in order to influence consumers behavior such campaigns need to be repeated again

and again over time (Frederiks, Stenner, & Hobman, 2015; Osbaldiston & Schott, 2012; Young et al., 2017).

### **1.7.5 Online communication methods**

There are many different online communication methods that retailers can use to influence consumers behavior online. Over the last few years, companies with an online store have been implementing initiatives that promote better environmental choices to consumers. Amazon.com aims to differentiate between different shipping methods based on their environmental impact. Amazon.com has a patent for this under “environmentally conscious electronic transactions”, the company plans to promote this service to environmentally conscious consumers who are willing to pay more in order to have a lower impact on the environment (Carrillo et al., 2014). Signalling theory can also be applied in an online platform in order to influence consumer behavior (Sigurdsson et al., 2019). Signalling theory can have two different forms online, firstly, quality signals from other consumers (Raafat, Chater, & Frith, 2009). This can be in the form of reviews and ratings showing other consumers experience; the more positive reviews a product has online the more likely another consumer will also purchase it (KPMG, 2017; Xie, Chen, & Wu, 2016). Second form of signalling theory is through authority signals. An example of authority signal could be signage such as an eco-label or label by the grocery store. Trust in the “authority” can lower the uncertainty consumers may have when shopping online (Lobb, Mazzocchi, & Trill, 2007). Sigurdsson et al. (2019) study also found that signage can play an important role in influencing consumer choices online, as consumers selected a certain choice based on the signage on the product.

## **1.8 Theories, tentative explanations and conceptual frameworks relevant to Sustainable Retailing**

### **1.8.1 Stakeholders role in Sustainable Retailing**

Stakeholders play a key role in defining sustainability for retailers (Whysall, 2008). According to Whysall (2008), retailers try to find solutions that maximize the beneficial impacts. Stakeholders can be defined as entities which have an interest in the organization and the means to bring attention to the needs, take action either positive or negative to ensure those needs are met (Foley, 2005). Garvare and Johansson (2010) defined stakeholders based on Foley (2005) as actors not entities who provide the means to support an organization and withdraw that support when expectations are not met, therefore causing a negative impact on the organization (Garvare & Johansson, 2010). Therefore, stakeholders understanding of sustainability influences an organization’s approach towards sustainable retailing (Lehner, 2015). One approach is to describe sustainable retailing as a form of stakeholder management (Basu & Palazzo, 2008).

Change agents play an important role in influencing the interpretation of what is sustainability. Change agents are the sense-makers in the process of translating and implementing sustainability. These sense-makers process sustainability based on the situational context they are in (van der Heijden, Cramer, & Driessen, 2012). The process is influenced by the instruments available to them, the circle of influence surrounding them as well as their functional position (Cramer, Jonker, & Van Der Heijden, 2004). Change agents can be present throughout the retailing organizations, regardless of their formal roles and responsibilities they can play a role in sense-making sustainability (Oosterveer & Spaargaren, 2012). Figure 2-1 below shows the translation process and the role change agents have in it. Retailers are exposed to numerous stakeholder demands to implement sustainability in the retail operation. These demands and expectations are set by stakeholders related to sustainability which the retailers must comply with. These demands and expectations are then processed by change agents who make sense of them internally in a way that works with the retailer. Internally they make sense of these demands

in a way that fits the retail organization. Change agents play an important role in this sensemaking process. The result of this translation process is a number of market actions with which retailers aim to satisfy stakeholder demands while catering to their market. The result of this process are market actions that suit the retailer and also satisfy the stakeholder demands and expectations (Lehner, 2015). The term market action refers to many things from applying for third party certifications such as eco-labels to standardizing sustainability practices.

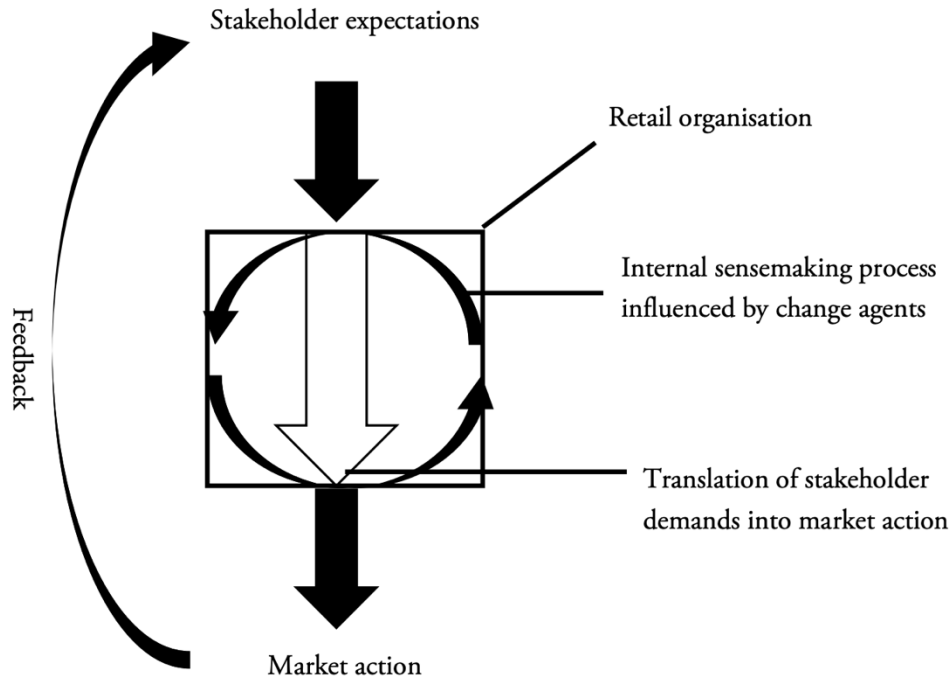


Figure 2-1: Conceptual model of translation process of stakeholder demands into market action in a retail

Organization

Source: Lehner (2015, p. 36)

### 1.8.2 Drivers in-store

There are many different drivers of in-store sustainable retailing. These driving factors can be both internal and external. According to some researchers, customers can be key sustainability drivers in the food retail industry (Claro et al., 2013). A study by Hart, Milstein and Caggiano (2003) discussed four sets of global strategies of sustainability which could be applied to the food retail industry these include irreversible effects on the environment (resource efficiency, pollution prevention), transparency and public pressure, new emerging technologies and increasing global population, each strategy has its own set of drivers (See figure 2-2) (Hart et al., 2003). These drivers are to generate sustainable value and are categorized based on whether the value will be internal or external as well a time frame (today or tomorrow implying future).

One of the strategies presented by Hart et al. (2003) discusses growing profits and reducing risks by preventing pollution. The drivers of this strategy are pollution, consumption and waste. The idea is that by reducing waste and pollution an organization can reduce their costs while reducing the negative impact from their operations. Another strategy suggested by Hart et al. (2003) was referred to as enhancing reputation and legitimacy through product stewardship. The drivers of

this strategy were listed as civil society, transparency, and connectivity. This strategy requires the organization to integrate stakeholder's voices, by increasing interaction with suppliers, government, customers and other external stakeholders. The idea behind this strategy is that by implementing it the organization can improve its image and gain stakeholder's confidence regarding their intentions and activities. The strategy about new emerging or clean technology may not be directly relevant for the case of retailers, however, the drivers towards the strategy could be applied in the case of retailers. The drivers in this case were disruption, clean tech and footprint. This strategy pushes organizations to innovate and invest in newer technologies with a lower footprint or negative environmental impact in other words.

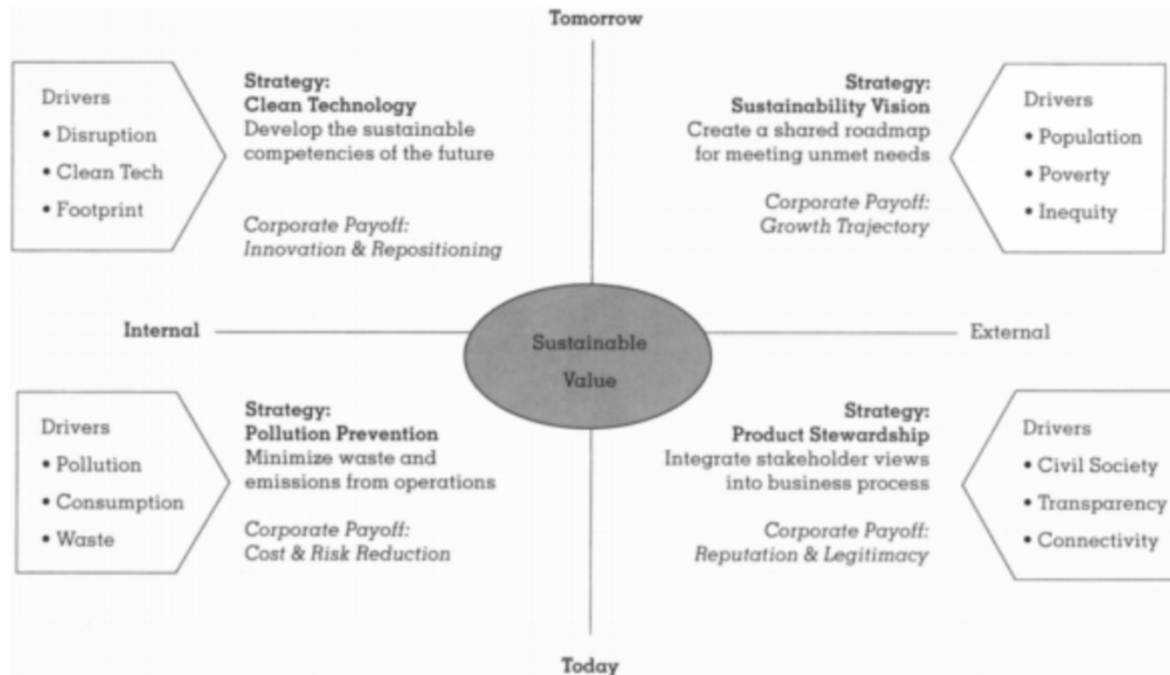


Figure 2-2: Sustainable Value Framework

Source: Hart, Milstein, & Caggiano, (2003, p. 60)

Another study defines drivers of Corporate Environmental Sustainability in three categories which are Profitability, Environmental Policy and Stakeholder Pressure (Naidoo & Gasparatos, 2018). In the case of profitability, Naidoo and Gasparatos (2018) found that investing in environmental sustainability practices can be beneficial for organizations. Research has shown better utilization of resources in the operational processes such as production and transport will reduce costs for the organization. Sustainable retail operations can, therefore lead to cost reduction and increased profitability (Tang, Lai, & Cheng, 2016). Chkanikova and Mont (2011) refer to this concept as long-term economic savings through eco-efficiency. There are many benefits linked to profitability, such as good publicity, increasing market share and achieving competitive advantage (Saha & Darnton, 2005). Iacona (2010) found that companies that consider environmental externalities tend to be more profitable (Iacona, 2010). Research has shown that companies that decrease and eliminate waste by turning it into a new resource, will increase its revenue without having to purchase new resources and assets (DesJardins, 2005).

According to Naidoo and Gasparatos (2018), environmental policy is a driver of environmental sustainability practices in organizations. Environmental policy can include legislations and government policies. Literature has shown that legislations tend to be one of the main motivators pushing companies to adopt sustainability strategies (Azapagic, 2003). As per Weale

(1992), a governmental policy's role is partially to reflect and respond to the wants and preferences of citizens, but its role is also to encourage environmentally conscious behavior and discourage behavior that has a negative impact on the environment (Weale, 1992). Researchers have emphasized the importance of policy makers to formulate appropriate environmental regulations and voluntary measures, as that is the way to improve sustainability practices in the retailing sector (Lai, Cheng, & Tang, 2010). Although regulations and voluntary measures are important, they should not be the only means to change the retailing industry.

Lastly, Naidoo and Gasparatos (2018) discuss the stakeholder pressure as a driver of corporate environmental sustainability. Researchers claim stakeholders both internal (top management) and external (suppliers, media, government) have an important role in driving corporate environmental responsiveness (Naidoo & Gasparatos, 2018; Sandhu, Smallman, Ozanne, & Cullen, 2014). Sandhu et al. (2014) state that the powerful stakeholders can utilize their power to encourage and influence companies to shift towards corporate environmental sustainability. Azapagic and Perdan (2000) discussed various factors associated with stakeholder perceptions that can influence companies to adopt sustainability strategies. The first factor discussed was the cost related to public perception of the business. Secondly, there is an increased awareness amongst the public regarding environmental problems (Azapagic & Perdan, 2000; Naidoo & Gasparatos, 2018). Customers are more conscious of the negative impacts on the environment from their consumption patterns, hence the demand for environmentally friendly products is increasing (Smith & Perks, 2010). This increased awareness has led to an increase in lobbying by pressure groups (Azapagic & Perdan, 2000). Furthermore, Azapagic and Perdan (2000) discuss the increase in the number of shareholders with environmental and ethical credentials. Lastly, there is growing preference in investing in environmentally friendly and ethically responsible companies by more powerful lenders (Azapagic & Perdan, 2000). The growing pressure from various stakeholders such as the government, investors, customers, local community, etc. encourages retailers to operate in a more environmentally friendly manner (Ramanathan, Bentley, & Pang, 2014; Saha & Darnton, 2005). Therefore, it has been stated that if companies ignore or act against stakeholder interests, it would end up in financial trouble (Azapagic & Perdan, 2000; Naidoo & Gasparatos, 2018).

A report studying the overview of sustainability initiatives in European Food Retail sector identified drivers for retailers actions to green food supply chains, which can be argued as a part of sustainable retailing (Chkanikova & Mont, 2011). The report mentioned corporate image and credibility, environmentally conscious consumers, regulatory environment, media support for sustainability and scientific alert on environmental impacts from food products. The report even discussed the opportunity to enter green markets and the long-term economic savings.

### **1.8.3 Barriers in-store**

Researchers have categorized barriers under four categories which include resource factors, market factors, regulatory factors and social factors (Chkanikova et al., 2013; Chkanikova & Mont, 2015a; Hoffman, 2000). These categories were listed to categorize the barriers of sustainable supply chain, some of the barriers also apply to in-store. Firstly, the barriers under regulatory factors include lack of governmental support and lack of clarity in defining sustainability in the retail sector. There is also a lack of standardization of regulations across different countries (Danish EPA, 2010). Resource factors also include various barriers which comprise of cost and limited financial resources. According to Chkanikova and Mont (2015) market factors include barriers related to customer, competitor and industrial association. These barriers include demand for cheaper goods by customers and increased competition from other retailers. Customers tend to have a low willingness to pay for environmentally friendly products. Social factors are about barriers that derive from society, media, public pressure etc. Barriers in social factors include a lack of concern and awareness in sustainability (Chkanikova & Mont,

2015). Another important factor for retailers to consider is the layout of stores since many places have regulations regarding the accessibility (Edwards et al., 2018). Therefore, certain retailers may not have many options to change the layout of the store. The size of the store could also make it difficult to make certain changes that would be more sustainable in the long run. An additional barrier is high cost for the retailer, since getting certifications and investing in “greener” products can be costly (Chkanikova et al., 2013).

#### **1.8.4 Drivers Online**

The drivers for online sustainable retailing are similar to the drivers of in-store sustainable retailing. There was a lack of literature related to online sustainable retailing, there was data on apparel retailing, publishing sustainability disclosure online and drivers of the shift towards online retailing (**not** sustainable retailing). Mura et al. (2019) discussed the various drivers of publishing sustainability related information online. The study just focuses on the drivers of online sustainability discoursed, it could to some extent also relate to the drivers of online sustainable retailing practices. The drivers discussed in the study were categorized into three categories which are external factors, internal factors and a combination of both internal and external (Mura, Longo, Domingues, & Zanni, 2019). External drivers include institutional pressures from the industry they operate in, keeping up with competitors, in other words, Internal drivers included wanting to improve their sustainability practices. Another study conducted in Germany found that customers played a key role in enabling and driving retailers (Grant et al., 2014). Some researchers state gaining a competitive advantage as a driver for retailers (Weber & Badenhorst-Weiss, 2017). As more and more retailers switch to having online platforms, in order to stand out offering a more sustainable range of products or having a better impression on the consumer in terms of sustainability is crucial. There was very limited information specific to online sustainable retailing available in published literature, this shows that there is a gap in the literature regarding the drivers of sustainable online retailing.

#### **1.8.5 Barriers Online**

There are various barriers or challenges to implementing sustainable retailing online. These barriers include website design, although to some extent web design can provide retailers with more flexibility to present their offerings as compared to in-store, but designing a quality website can be tricky. A study conducted in Switzerland found that there are different types of barriers that limit online sustainable retailing. These barriers were categorized into functional and psychological barriers (Rudolph et al., 2004). Functional barriers were further divided in usage, value and risk barriers by Rudolph et al. (2004). Usage barriers refer to the difference in experience between online shopping and in-store. The online shopping experience lacks interaction with sales personnel which limits the amount of communication the retailer can do online (Rudolph et al., 2004). Value refers to the barriers related to the value perceived by consumers from online retailing. Value barriers also include the communication issues discussed earlier under usage barriers (Dennis, Harris, & Sandhu, 2002). For some consumers, interaction with store personnel adds value to their experience. In the case of sustainable retailing in-store personnel can provide consumers with advice and information regarding better environmental choices. This cannot be reflected and implemented online as there are no personnel to interact with hence affecting the level of communication available between the retailer and the consumer. Consumers are also limited in the amount of information available online (Rudolph et al., 2004).

A study by Grant, Fernie, & Schulz (2014) conducted in Germany also identified various barriers with online retailing which would also affect implementing sustainable retailing online. Logistical challenges related to delivery of the goods were a challenge for online retailers (Grant et al., 2014; Xing et al., 2011). Some retailers handled the delivery of their products through

logistics service providers. Therefore, many factors relating to the logistics may be out of the retailer’s control. There are very strict regulations regarding the handling and storing of food, this adds an additional challenge for retailers and the logistics service providers they use in terms of warehousing and transport (Grant et al., 2014). In terms of online sustainable retailing, it can be challenging to implement sustainable practices due to logistical challenges.

Weber and Badenhorst-Weiss (2017) compiled data from various researchers to identify barriers related to online retailing, which are presented in Figure 2-3. This study also lists the quality of the website, ease of use, as well as logistical factors like order fulfillment and delivery (Weber & Badenhorst-Weiss, 2017). The researchers argue that online retailing is intangible as compared to traditional brick and mortar stores. The traditional brick and mortar store experience is seen as more tangible as there are more points to interact with the consumer (Weber & Badenhorst-Weiss, 2017). In the case of sustainable online retailing it is more difficult to nudge consumers to make more sustainable choices. Retailers need to be careful in the way their online platform/ website is designed in order to maximize the quality level of the online experience when compared to in-store (Mpinganjira, 2015).

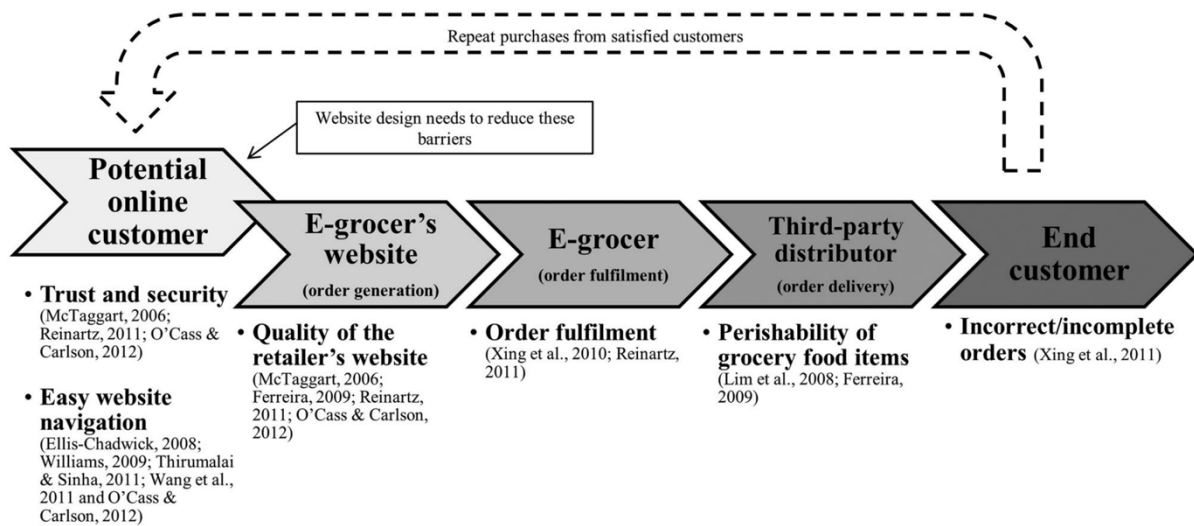


Figure 2-3: Online grocery purchase process and some barriers experienced during each phase

Source: Compiled by Weber and Badenhorst-Weiss (2017, p. 86)

### 1.8.6 Conceptual Framework-Drivers and Barriers of Sustainable Retailing

The framework presented in Table 2-1 comprises of important factors gathered from various academic sources. All sections of this table are based on academic literature with the exception of the drivers of online sustainable retailing. There was a lack of data on online sustainable retailing hence a hypothesis was developed based on the assumption that the drivers of online sustainable retailing would be similar, if not the same as the drivers of in-store sustainable retailing. Although, each of the factors under the drivers and barriers were discussed in detail earlier, the author chose to do a small summary in order to better understand the framework and clarify evidence-based factors and those based on assumptions. Firstly, the table is divided into four parts in-store, online as well as the drivers and barriers of both respectively. The drivers and barriers refer to the aspect of sustainable retailing.



	In-store	Online
Drivers	<ul style="list-style-type: none"> <li>• <b>Profitability</b> (Claro et al., 2013; Hart et al., 2003; Naidoo &amp; Gasparatos, 2018)</li> <li>• <b>Regulation</b> (Hart et al., 2003; Naidoo &amp; Gasparatos, 2018)</li> <li>• <b>Stakeholder Pressure</b> (Hart et al., 2003; Naidoo &amp; Gasparatos, 2018)</li> <li>• <b>Reducing Impacts</b> (Hart et al., 2003)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Competitive Advantage</b> (Grant et al., 2014; Weber &amp; Badenhorst-Weiss, 2017)</li> <li>• <b>Profitability</b> (Grant et al., 2014)</li> <li>• <b>Regulation</b></li> <li>• <b>Stakeholder Pressure</b></li> <li>• <b>Reducing Impacts</b></li> </ul>
Barriers	<ul style="list-style-type: none"> <li>• <b>Regulation</b> (Chkanikova &amp; Mont, 2015; Danish EPA, 2010)</li> <li>• <b>Cost</b> (Chkanikova &amp; Mont, 2015; Chkanikova et al., 2013)</li> <li>• <b>Lack of awareness</b> (Chkanikova &amp; Mont, 2015b; Danish EPA, 2010)</li> <li>• <b>Physical limitations</b> (Edwards et al., 2018)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Website design</b> (Rudolph et al., 2004)</li> <li>• <b>Logistics</b> (Grant et al., 2014; Xing et al., 2011; Weber &amp; Badenhorst-Weiss, 2017)</li> <li>• <b>Communication</b> (Mpinganjira, 2015; Rudolph et al., 2004; Weber &amp; Badenhorst-Weiss, 2017)</li> </ul>

Table 2-1: Summary of Drivers and Barriers of Sustainable Retailing

In terms of barriers, there are various barriers and challenges both in-store and online that retailers must overcome in order to successfully implement sustainable retailing practices. In terms of the in-store barriers many studies were looked at in order to identify these challenging factors. A study by Chkanikova and Mont (2015) helped identify factors such as regulations, costs and lack of awareness. The lack of awareness of negative impacts and the importance of sustainable retailing was surprising. Regulation or lack of in this case was discussed as a barrier since not all countries have strict regulations that encourage retailers to act more sustainably. Secondly, there is also a lack of standardization when it comes to sustainable retailing. This makes it a lot more difficult for retailers to implement a set standard to be followed at all outlets, especially if this retailer has outlets across borders. Cost is another barrier to sustainable in-store retailing as discussed by Chkanikova and Mont (2015). Sustainable or environmentally friendly products can be more expensive to source, which can be a barrier as consumers may not be willing to pay higher prices. Lastly, physical stores have less flexibility in terms of layout and displaying. Stores have physical limitations, such regulations regarding accessibility of shelving (Edwards et al., 2018).

In the case of barriers to sustainable retailing in the online stores, there were three main barriers discussed by researchers. These barriers include website design, logistical challenges and communication. Rudolph et al. (2004) emphasized the importance of website design, as it can affect the consumers experience. There is also a limit on the level of communication possible online when compared to in-store. Some researchers have even stated that online retailing is not tangible (Weber & Badenhorst-Weiss, 2017). Retailers have a challenge in designing websites that are clear and easy to use while also communicating all sustainable retailing practices, which can be done in-store through signage and/or personnel. To some extent the website design and communication challenge are interlinked as they affect the consumers overall experience. In-store consumers can interact with personnel who can guide them to make more sustainable choices, this option does not exist online yet. Another major barrier for online sustainable retailing is the logistics, in terms of storage and delivery of the products (Weber & Badenhorst-Weiss, 2017). Researchers have discussed how logistics are an important part of the overall online retailing experience. Most retailers tend to outsource the delivery to logistical service providers (Grant et al., 2014; Xing et al., 2011). Therefore, many factors affecting the sustainability of the delivery are out of the retailer's control. This therefore makes it very challenging for retailers to implement sustainable retailing practices in their online stores.

There was a lot of available research on the drivers of in-store sustainable retailing. The main drivers identified, which seemed most relevant are profitability, stakeholder pressure, regulation and reducing impacts. These four key drivers were found in various frameworks from different studies. In the case of profitability, researchers mentioned how consumers are becoming more aware of environmental impacts and sustainability, and in order to stay profitable retailers have to adapt sustainable retailing practices (Claro et al., 2013; Hart et al., 2003; Naidoo & Gasparatos, 2018). According to some studies, retailers could increase profits by reducing costs related to resource use. Reducing water consumption, electricity use etc. are not only beneficial financially for retailers but also beneficial for the environment (Hart et al., 2003). This barrier is somewhat related to another barrier discussed by Hart et al. (2003) which is reducing impacts. Reducing impacts was a driver suggested by Hart et al (2003) as it would not only improve the retailer's image in the eyes of consumers but also reduce operational costs. This could be achieved by either investing in better technology or just overall finding the points with the highest negative impact and improving them. Apart from profitability and reducing impacts, environmental policy or regulations were also a key driver for sustainable retailing (Hart et al., 2003; Naidoo & Gasparatos, 2018). In recent years, there has been a shift in regulations focusing more on environmental aspects, this has led to more policies and regulations regarding reducing environmental impacts which retailers must comply with. Lastly and most importantly, stakeholders play a key role in driving sustainable retailing. Internal stakeholders such as top-level management and external stakeholders such as consumers, the government, NGO's etc. can put pressure on the retailer to comply with their expectations regarding sustainability (Naidoo & Gasparatos, 2018). It is important that not only do retailers comply with regulations but also meet certain stakeholder expectations regarding sustainability. Hence why stakeholders play a key role in driving sustainable retailing.

The last aspect of this framework is the drivers of online sustainable retailing. As seen in the earlier sections of the literature review there was not much information available on the drivers of sustainable online retailing. There was a study which discussed gaining a competitive advantage as a driver of online sustainable retailing (Weber & Badenhorst-Weiss, 2017). As more and more retailers have started offering an online option to their consumers, providing a more sustainable option can be beneficial for retailers, as mentioned earlier consumers nowadays tend to be more environmentally conscious. Another study briefly discussed profitability as a

potential driver for online retailers (Grant et al., 2014). To some extent, gaining a competitive advantage and profitability can be linked (Grant et al., 2014; Weber & Badenhorst-Weiss, 2017). The lack of available data on the drivers of online sustainability lead to the development of a hypothesis considering the drivers of in-store sustainable retailing to be similar, if not the same as online sustainable retailing. This hypothesis will be tested in the following chapters based on data gathered from retailers through secondary research of published documents and primary research through interviews.

## 2 Research Design, Materials and Methods

This section discusses the methodology of this study. Firstly, discussing the research design....

### 2.1 Research Design

This study follows an inductive approach. According to Blaikie (2010), the aim of inductive research study is to illustrate and determine descriptions of characteristics and patterns (Blaikie, 2010). An inductive research strategy generally requires gathering the data and information first and then identifying abstract descriptions of patterns. The Inductive strategy has been applied to this study as data was gathered from various sources, which will be discussed in detail in the next section (see section 3.3 Materials Collected), in hopes of identifying a pattern linking the academic side to reality. The ontology is the assumptions made about the nature of social reality, these assumptions reflect the existence, condition and relations of social phenomena (Blaikie, 2010). This study has a Subtle Realist ontological assumption. Subtle realists assume a separate independent reality exists, which has limited access because of cultural differences. A subtle realist approach assumes knowledge is not certain as it is a human construct based on assumptions (Blaikie, 2010). Epistemology is the assumptions regarding the criteria for assessing the validity and legitimacy of knowledge. This study follows Conventionalism as an epistemological assumption. Conventionalism assumes scientific theories do not describe reality, but instead determine what scientists believe to be real. Choosing between theories, assessing which is better is a matter of judgement rather than the actual truth (Blaikie, 2010). The research design of the study started earlier in a previous course called *Applied Research in Consumption Governance for a Transition to Low-carbon and Resource-efficient Economies*, where through a small literature review and practitioner study a research gap was identified, and the research questions were developed. The research questions helped identify the terms that would be used to collect data, these included key words like sustainable retailing, online retailing etc. These helped form the literature review section, from there key concepts and theoretical frameworks were identified.

### 2.2 Methods used to collect data

Qualitative data collection methods were used, these include semi-structured interviews. This study gathered both primary and secondary data. Primary data as defined by Blaikie (2010) is data generated by the researcher, this tends to be new data which answers specific questions asked by the researcher. Secondary data on the other hand, refers to data collected by someone else this can include published data such as reports and journal articles. Firstly, in order to collect data from the literature, key words were selected based on the research questions and some criteria was set to assess the validity of the publications. Key words such as sustainable retailing, drivers, barriers, stakeholders, amongst others were used to gather data from published papers. The criteria of selection of data from published articles was date of publication (ideally articles published from 2010 onwards, however, exceptions were made in the case of articles discussing theories), geographical location of where research was conducted and the context of research. The journal articles were searched using LUBsearch, Google Scholar and Science Direct. Other forms of secondary data were gathered using grey literature such as newspapers as they provided information regarding trends related to online retailing. Reports published by retailers were also used to gather information. Blaikie (2010) states documents can be used as a data source to identify phenomena based on which connections are made. In terms of primary data collection, semi-structured interviews were conducted. Due to the COVID-19 pandemic these interviews were conducted online using platforms like Zoom and Microsoft Teams.

## 2.3 Materials collected

During the literature review stage online retailing was looked into in order to gain a better understanding of what falls under online retailing. In an attempt to answer the first research question, what is online sustainable retailing?, literature about sustainable retailing was looked into in order to develop a better understanding of its definition. The impacts from online retailing were also looked into briefly in order to better grasp the importance of sustainable retailing. The methods of promoting and communicating environmental choices were also researched briefly in order to understand the communication methods. Most importantly, in the Literature Review the drivers and barriers of both sustainable retailing online and in-store retailing were identified. The Literature Review was used to identify common themes amongst the results of the research questions. The framework was designed using data gathered from the literature. As well as, data from grey literature which included published sustainability and annual reports. Primary data was gathered using semi-structured interviews. The interviewees were contacted via email, the interviewees were selected from the two key companies selected for the study. The interview guide can be found in Appendix B. The original plan (pre-COVID) was to contact people working at the two key retailers through snowball sampling. However due to the COVID-19 pandemic only two interviews were conducted, and no further responses were received. The effect of the global pandemic on this study is discussed further in section 3.5 Adjustments to the research design and methods as a result of the COVID-19 pandemic. In order to overcome this limitation a further in-depth study was conducted of the retailers published literature.

## 2.4 Methods used to process information

As this study follows a qualitative data gathering approach, the data analysis method selected was coding. The initial stage of the analysis process required establishing a set of coding categories (Oppenheim, 1992, deVaus, 2002, as cited in Blaikie, 2010). This stage can also be referred to as open coding. Corbin and Strauss (2008), refer to open coding as breaking down the data into smaller categories and outlining key concepts from the raw data (Corbin and Strauss, 2008 as cited in Blaikie, 2010). After the initial coding stage, once the coding categories are defined comes the next part of focused coding. This stage has 3 tasks which are describing, classifying and lastly, connecting. Dey (1993) described this as a spiral process. The first task, describing is writing descriptions of the actions, context and the intentions of the social actors involved. Second task as stated by Dey (1993) is classifying, which is called open coding. Dey (1993) has argued that classifying is the most crucial stage of the analysis, without classifying there is no analysis. Classifying is a conceptual process which is done by creating and assigning categories to the data. In the process of classifying data into different categories the distinction between each category becomes clearer. Some categories may be further divided into subcategories. The process of classifying the data is basically creating a framework based on which the data can be analyzed (Dey, 1993 as cited in Blaikie, 2010). The final task in this analysis process is connecting. This stage is where connections are made between the different categories defined in the earlier stages. The key in this stage is to observe singularities, variations and regularities (Dey, 1993, as cited in Blaikie, 2010). Coding was selected as the analysis method as it seemed the most suitable for the type of data gathered.

In the case of this study, key terms were identified using the literature. Those key terms helped form a framework as seen in Table 2-1. This formed the base of the analysis, the key terms identified formed the codes used for the analysis. The key terms that were identified in the literature (journal articles) were set as a guide to categorize findings from grey literature such as the sustainability reports of the retailers studied. The findings from the grey literature were used to gain a better understanding of the retailers' perspective in order to overcome the constraint of limited interviews. Grey literature such as the sustainability reports provided a better view

into the retailers' approach to sustainable retailing. The findings section of this study is divided and structured according to the areas of focus relating to the research questions discussed in Chapter 1.

## **2.5 Adjustments to the research design and methods as a result of the COVID-19 pandemic**

The original plan for this study was to conduct in person interviews with retailers. The plan was to interview people working at different levels in retail to help gain a better understanding. However, as a result of the COVID-19 pandemic, in-person interviews could not be conducted as most people in Sweden have been working from home. Furthermore, despite Sweden not enforcing a total lockdown, as a precaution the author avoided going outside unless absolutely necessary. Due to that, the author received fewer responses to interviews, as most people were too busy trying to adjust to the new work environment. The process of trying to get interviews was delayed further. Eventually, the author decided to study published data and use information from the limited interviews that were conducted to compliment that.

## **3 Findings**

### **3.1 Findings about Retailers:**

This study looks into ICA, which is currently one of Sweden's largest grocery retailer with an online store. ICA Gruppen is the umbrella under which ICA has a number of brands including ICA stores, Hemtex, ICAbanken, and ICA real estate. Another practitioner which is being studied is Axfood, which is the parent company of Willys, Hemköp, mat.se and middagsfrid.se amongst other brands. For this study the focus will be the grocery retailers (both online and physical stores), as well as weekly recipe bag subscriptions of both ICA Gruppen and Axfoods. Section 4.1.1 and 4.1.2 present the findings mainly from the sustainability reports of ICA and Axfood, respectively. The sections also include some supporting findings from the retailer's websites.

#### **3.1.1 ICA Sustainability Report (ICA Gruppen, 2018):**

Firstly, starting with ICA, the leading grocery retailer in Sweden with the largest market share compared to other brands (ICA Gruppen, 2018). ICA has various different types of physical stores from ICA Nära to ICA MAXI. The company officially launched an online store at certain locations (franchises) in 2015. Even though ICA tested out various different e-commerce approaches since the year 2000 (Creator, n.d.). Currently, ICA offers a home delivery service through ICA Handla Online and a weekly recipe box called ICA Matkasse ("Mat, recept & smarta tjänster för en enklare vardag | ICA," n.d.). The annual sustainability report showed that ICA's online sales increased by 42% in 2018 (ICA Gruppen, 2018). ICA has a unique business model, where all their stores are franchised. The franchisee has a baseline requirement that they must follow, however some franchisees tend to go above the baseline requirements (ICA Gruppen, n.d.-b).

ICA has made significant investments in their digital platform, one major investment is a new warehouse near Stockholm, which will be connected to 60 stores and be exclusively used for online orders. An additional 480 shops which sell ICA's Matkasse will also be connected to the warehouse. The online sector of the retailer is growing, there was an increase of the number of stores offering online options by 40% compared to last year. The report went on to state that historically online grocery shopping has developed more slowly compared to other types of online shopping and one of the main reasons for that is the complexity of the distribution process. Since certain products have to maintain a specific temperature while being transported and stored otherwise, they would spoil. The complexity means that opportunities for cost reduction are lost in the case of groceries unlike in other examples of online retailing. ICA's annual report discusses the trends in consumer behavior and how it has impacted the business. One trend is the growth of discount stores and e-commerce, in order to keep ahead of competition ICA is investing a lot in improving their online store system. Another trend is the decline in large grocery shopping in large cities. Instead of stocking up most consumers in large cities just stop by the store after work to pick up what they need. ICA Matkasse is another solution for those consumers in large cities who have busy lives and struggle deciding on what to cook. Development of new business models due to digitalization is another trend mentioned.

The new warehouse near Stockholm will be automated. ICA is working with the British company Ocado, to develop a new e-commerce platform which will be linked to the new warehouse. The reason ICA invested a lot in the new e-commerce platform and the new warehouse is so that they can offer their consumers a wider range of products while improving delivery and logistics efficiency. ICA intends to be a sustainability leader in the market. The annual report claims sustainability is at the core of everything ICA does. The company aims to be carbon neutral by 2020 through purchasing off-sets. However, ICA has worked towards

lowering their impact on the environment by working with suppliers to set science-based climate targets, since suppliers account for 70% of ICA's climate impact upstream. ICA is also reviewing their overall operations, contracts and equipment maintenance to find areas where they can improve resource efficiency and reduce their impact. The company has also invested in energy-saving solutions and renewable energy. Some of ICA's outlets are also certified by eco-labels such as the Bra Miljöval, the good environmental choice by Naturskyddsföreningen (Naturskyddsföreningen, n.d.). ICA also aims to reduce their food waste by half by 2025 when compared with 2016 levels (ICA Gruppen, n.d.-a).

### **3.1.2 Axfood Sustainability Report (Axfood, 2018):**

Axfood as mentioned earlier is a large parent company which owns Willys, Hemköp, mat.se and middagsfrid.se (Weekly recipe box subscription). Axfood found that E-Commerce is rapidly growing as the number of people buying food online has increased. A major reason for this shift is that the younger generation of consumers is more tech savvy or digitally literate compared to older consumers. Axfood found that across their brands generally consumers only do part of their shopping online, while the majority is still done in-store. Online shopping is seen more like a compliment to the physical store rather than a direct option on its own yet. The average online consumer only purchases a third of their products online (Axfood, 2018).

Axfood aims to improve customer experience while also lowering their impact on their environment. Axfoods updates their stores every five to seven years in order to make them more environmentally friendly. The company is currently in the process of replacing older fridges as older refrigerating systems tend to have leaks and hence a larger carbon footprint. Axfood gives great importance towards providing sustainable food options to consumers online and in physical stores. Axfood is also in the process of building a dual-purpose automated warehouse to cater to the needs of stores as well as online customers in Stockholm. The company has placed high importance towards having environmentally friendly equipment and designing the warehouse in a way that minimizes the environmental impact. Currently, the most carbon emissions come from Axfood's transport as most trucks are powered by diesel. However, the company is investing in a fleet of vehicles powered by renewable fuels such as biogas.

Axfood has reached over 5 million consumers through e-commerce. They have an advantage when it comes to e-commerce as it has four unique brand concepts under it. Willys.se, Hemköp.se, Mat.se and middagsfrid.se each cater to their own distinct consumer base fulfilling their specific needs. The company's sustainability report mentioned certain challenges that they face in online retailing in Sweden. These challenges include handling of three temperature zones from the warehouse, the transport and the delivery point. Another challenge is the reception of deliveries by customers, as customers may not be available at home when the groceries can be delivered. The consumption of the products is not immediate, so consumers need to plan on what to purchase. Despite these challenges, the company is planning to expand further in the field of e-commerce. Willys will start offering the online store in more cities in the coming year, while Hemköp further develops their existing e-commerce network. The report also emphasizes how the food industry as a whole is facing challenges in contributing to sustainable conditions throughout the supply chain, as there tend to be sub-suppliers operating from different countries with different standards and regulations. Axfood has overcome this challenge to some extent by maintaining a good relationship with their suppliers and investing in their own private label where they can keep track of sustainability and health related conditions.

In an attempt to reduce food waste, Willys started the Svinnsmart (Waste-Smart) initiative. Day old items such as bread or other perishable items nearing their expiration date are marked with a label and sold for lower prices. Willys also offers the collection of online orders from lockers



at some outlets. Hemköp compensates the climate for all deliveries, most of Hemköp's consumers who make purchases online prefer home delivery rather than collecting the items from their nearest outlet. Mat.se mainly offers delivery in larger cities like Stockholm, Gothenburg, Malmö and Helsingborg. Mat.se is currently in the process of gathering data about the carbon footprint of the products they offer. Meanwhile Middagsfrid.se offers menus and meal kits containing locally sourced protein as well as organic vegetables. Axfood as a whole is focused on using fossil-free energy as well as ensuring there is efficient use of electricity in stores and warehouses. The company also ensures their suppliers perform checks on their environmental impacts such as waste and emissions treatment (Axfood, 2018).

## **3.2 Findings from Interviews**

This section will discuss the results mainly from the interviews conducted as a part of this study. In order to maintain the anonymity of the interviewees they will be referred to as interviewee 1 and interviewee 2 respectively. Appendix A presents a brief guide of the interviewees in terms of their role at the retailing company which they work at. The findings of both online and in-store sustainable retailing have been combined as most of the results were similar. The similarities and differences are explained in detail in Section 4.3 key takeaways from findings.

### **3.2.1 Defining Sustainable Retailing**

There was no clear definition of sustainable retailing. Based on the interviews each retailer has their own interpretation of sustainable retailing. A common theme amongst the interview results was reducing impacts. Interviewee 1 from retailer A, discussed how identifying areas where the impact on the environment is high and can be reduced is an important part of sustainable retailing. Interviewee 2 from retailer B, on the other hand, states regulations form the baseline that are followed in order to be sustainable and move towards a more circular economy, where the entire life cycle is considered, from where things are produced to how they are produced to the end of life stage where in reducing waste is key. Food waste was also a point of focus for the retailers researched for this study. The interviewees as well as sustainability reports discussed reducing food waste. For instance, ICA has set a goal to reduce the amount of food waste generated by half by 2025. There are various initiatives implemented by ICA including donating unsold fully edible food to various charity organizations and selling products that are close to their sell by date at discounted prices (ICA Gruppen, n.d.-a). Axfood also has various initiatives including the Svinnsmart (Waste-smart) which is similar to ICA's initiative where perishable items close to their expiration date are sold at a discounted price. Reducing food waste is clearly an important challenge for retailers and could be considered as a part of sustainable retailing. The interviewees also emphasized on reducing food waste as a part of sustainable retailing. One of the interviewees mentioned how sustainable retailing encompasses a lot of things from food waste to packaging to understanding the climate impact of all the aforementioned. Another interviewee discussed how sustainable retailing is about the environment, the quality of products as well as social compliance. The interviewee also emphasized being aware of the negative impacts from all stages of the product lifecycle, from production to the actual purchasing and selling of the product. It could be said that it is about taking responsibility for your actions and being aware of your impacts, hence to a certain extent, sustainability and responsibility go hand in hand. An interesting point shared by one of the interviewees was that sustainable retailing is not limited to reducing your negative impact on the environment and society, but it is also about how to make a positive impact on the environment and society as a whole.

### **3.2.2 Sustainable Retailing practices**

In terms of sustainable retailing practices there were many initiatives discussed by both interviewees and also sustainability reports. Firstly, as discussed earlier reducing food waste is an important practice for the retailers studied. These initiatives such as Axfood's Svinnsmart and ICA's initiative in which the cost of items which are about to expire are discounted, in order to encourage consumers to purchase them instead of the retailers having to throw them away. The people interviewed also emphasized reduction in food waste. One of the interviewees discussed packaging as a factor being reviewed in an effort to be more sustainable. Other initiatives mentioned were trying to convince consumers to make more environmentally friendly purchases, for example, interviewee 1 mentioned how in-store the retailer had started to place vegetarian options near the meat options in order to encourage consumers to make climate friendly purchases. Other initiatives discussed included encouraging consumers to purchase locally sourced products as well as promoting eco-labels such as the Nordic Swan. Interviewee 2 mentioned how their sustainable retailing initiatives included operating certain outlets on solar powered electricity. As mentioned in the previous section both ICA and Axfood offer weekly recipe bags which aim to reduce food waste, as the bags contain all ingredients needed to produce the recipes provided. Both interviewees mentioned the use of eco-labels as a means to promote better and more environmentally friendly options. Some of the retailers even operate eco-labelled stores. One of the interviewees mentioned how there is a lot going on behind the scenes regarding sustainability and that are not always seen by the consumer.

### **3.2.3 Drivers of Sustainable Retailing**

There were various drivers discussed by the interviewees. The most common one seemed to be demand from consumers. One of the interviewees mentioned how it was the customers who shared certain concerns with the retailer which in turn led to initiatives to overcome those concerns. Customers seemed to play a very important role in driving sustainable retailing. Customer demand in turn leads to increased profits and better selling, which is an important driver encouraging retailers to invest in sustainable retailing practices. An interesting finding from the interviews was the role the type of business model the retailers were operating played in driving sustainable retailing. Some retailers which operate on a franchise-based business model found that certain outlets operated by a franchisee add more sustainable retailing initiatives when compared to stores that were being directly operated by the main retailer. A reason for this could be as mentioned by one of the interviewees that certain franchise owners or franchisees were more environmentally cautious in terms of their operations. Hence, they would implement certain initiatives on their own. One of the interviewees mentioned how implementing certain sustainable retailing initiatives it was easier to adapt online rather than in-store. For example, when trying to promote eco-labeled products, in the case of an online store the label could very easily be added next to the product whereas in-store placing special signage or training employees to be more informed could be more difficult. The results of the interviews also showed an importance and awareness of the current environmental and climate situation and the role retailers can play in improving it. One of the interviewees also discussed how there is a boom related to the demand for ecological or organic products, this could be due to consumers being more aware and conscious of their impact on the environment. Therefore, in order to gain a competitive advantage, it was crucial to implement some extent of sustainable retailing in the online store. Another driver for sustainability was regulations as one of the interviewee's discussed how regulations form the base of the companies environmental and sustainability related policies.

### **3.2.4 Barriers of Sustainable Retailing**

One of the most common barriers discussed by the interviewees was communication challenges, especially when it came to sustainable online retailing. One of the interviewees even emphasized the important role workers play in communicating sustainability to customers. This is something that cannot be replicated in the online stores. Another challenge in terms of communication was that in-store consumers can become overwhelmed by all the information and the choices presented to them in terms of pricing and eco-labels. The interviewee mentioned how generally consumers just want to go in and make purchases and do not have the time to read and understand all the messages presented to them. To some extent this creates the challenge of communication in-store as well, despite having store personnel who could help out. Another barrier mentioned by one of the interviewees was regarding supply chain. The interviewee discussed how it was important to be transparent and be able to trace throughout the product cycle from production till the point of selling. One of the issues with that is not all suppliers can comply with guidelines set by retailers therefore unstable suppliers are a barrier towards sustainable retailing. In general, the supply chain is also an important part of sustainable retailing as one should also take into account and consider the impacts at the source and during production of said products.

Although there has been an increase in awareness of environmental impacts amongst consumers, there is still a group of consumers who are not as aware or just do not care enough about environmental issues. This particular group of consumers would prefer to pay a lower price for a regular product rather than a premium for a sustainably sourced product. This can be a barrier for retailers both online and offline as they need to take into account consumer's willingness to pay. To some extent it is easier to nudge customers in-store as compared to online. One of the interviewees mentioned how customers are more likely to make impulse purchases in-store rather than online. Another barrier discussed by one of the interviewees was regarding the logistical challenges associated with online retailing. There were two different logistical approaches discussed which would greatly affect what sustainable retailing practices could be implemented. The first logistical approach is wherein the online order is received by a physical store and a store personnel goes around the store collecting the items ordered, placing them in a bag or container that are ready for delivery. The second logistical approach makes it a bit more difficult; this is where the order is sent to a large centralized warehouse where everything is sorted and packed ready to be shipped to the consumer. The challenge here is being able to maintain the same level of freshness as offered in in-store outlets and also be able to present to the online consumer what exactly is offered and available in the warehouse. It is also very difficult to assess whether or not the consumers utilizing the online platform actually read or were influenced by the communication or presentation encouraging more sustainable choices.

### **3.3 Key takeaways from findings- Drivers and Barriers of Sustainable Retailing**

The Table 4-1 on the following page summarizes the key takeaways from the interviews, this will be used in order to facilitate the discussion session by comparing to Table 2-1 from chapter 2. The table presents the main terms which encompass the overall results. It is interesting to see the differences and similarities between the in-store and online drivers and barriers.

	In-store	Online
Drivers	<ul style="list-style-type: none"> <li>• Customer demand</li> <li>• Profitability</li> <li>• Regulation</li> <li>• Business model</li> </ul>	<ul style="list-style-type: none"> <li>• Customer demand</li> <li>• Profitability</li> <li>• Regulation</li> <li>• Business model</li> <li>• Competitive advantage</li> </ul>
Barriers	<ul style="list-style-type: none"> <li>• Communication</li> <li>• Business model</li> <li>• Unstable supply</li> </ul>	<ul style="list-style-type: none"> <li>• Communication</li> <li>• Business model</li> <li>• Unstable supply</li> <li>• Lack of customer awareness</li> <li>• Logistical challenges</li> </ul>

Table 4-1: Summary of Drivers and Barriers of Sustainable Retailing from Interview results.

Firstly, looking at the drivers of in-store sustainability the most commonly mentioned one was customer demand. The increase in the number of customers who are more environmentally conscious and aware of the impacts they have on the environment have led retailers to change their strategy towards a more sustainable approach. As discussed earlier, one of the interviewees mentioned how it was the customers who contacted the retailer asking about the food waste generated from the store. This led the retailer to start an initiative to reduce food waste by offering perishable products close to their sell by date at a discounted price. Fulfilling the demand from consumers can result in higher profitability, which was also an important driver for retailers to implement sustainable retailing practices. Customer demand and profitability were both mentioned as drivers for in-store and online sustainable retailing. An interesting finding from the interview was the role of business models in driving online sustainable retailing. The interviewees discussed how the stores that were operated by franchisees had implemented more sustainable retailing initiatives. This could be due to some of the franchisees being more environmentally conscious and proactive in implementing strategies that promote sustainable retailing. One of the drivers of online sustainable retailing is competitive advantage. As more and more retailers switch to offering online stores, retailers need to find a competitive edge to stand out. A way to do this is to focus on the environmentally conscious consumer, by offering more sustainable choices. In a way, promoting online sustainable retailing can also improve a brand's image, therefore giving it a competitive advantage as a “greener” brand.

Secondly, in terms of barriers there were some overlapping barriers in both online and in-store sustainable retailing practice. However, there were also a few additional barriers which retailers have to overcome in order to practice sustainable online retailing. In the case of barriers affecting sustainable retailing in-store, communication seems to be a challenge mentioned in all interviews. The interviewees mentioned different challenges in terms of communication. In one case the issue was consumers being overstimulated by all the signage and the overall in-store shopping experience. As consumers have a very limited time while they are in store, and during that time they are presented with many options, with differing prices and qualities adding more signage for eco-labels and sustainable choices can lead the consumer to feel overwhelmed and therefore may not notice or read all the signage. This can make it difficult for retailers to

encourage consumers to select more sustainable products, despite even having trained personnel to help guide consumers. In the online store, there is a different kind of communication barrier, as there are no personnel to help guide the consumer, the overall shopping experience is not the same. Online, the retailers are limited to what they can present on their website. In-store retailers can train personnel to encourage consumers to make more sustainable purchases, but this cannot be replicated online.

Another barrier discussed by the interviewees was regarding the stability of suppliers, as this affects both online and in-store retailing. For retailers that consider the source and production of products being offered as a part of sustainable retailing, unstable suppliers can be a barrier. In the interview the importance of transparency and traceability throughout the supply chain was emphasized as a part of sustainable retailing. The barrier here is that not all suppliers may be able to comply with guidelines and demands set by the retailer. Therefore, having stable suppliers where the retailer can trace the product back to the source are ideal. A way to overcome this is to promote the retailers' own brands for products, as the retailer could ensure transparency and traceability throughout the supply chain. Some retailers not only consider the impacts from their own operations but also the ones from sourcing of the products as well. Although business models can be a driver of sustainable retailing, they can also be considered a barrier especially in the case of a large retailer operating all their store on their own. It would be more challenging and time consuming for them to start initiatives when compared to a smaller franchisee.

There were two additional barriers discussed as a part of online sustainable retailing. These include lack of awareness by customers and logistical issues. Firstly, to address the lack of customer awareness, not all customers are environmentally conscious. Another factor is the consumers' willingness to pay extra for more sustainable products. This is overcome to some extent in the case of physical stores, as there are personnel present to educate consumers on sustainable choices. A group of consumers who lack the awareness and knowledge of the negative impact of their choices exist and convincing them is challenging on an online platform. The interview results also mentioned how to some extent it is easier to nudge consumers in-store as compared to online, since consumers are more likely to make impulse purchases in-store rather than online. Generally, consumers take their time while online shopping thinking about their decisions and choices whereas in a crowded shop, consumers are more likely to make rash impulsive decisions regarding what they purchase.

The greatest barrier in online sustainable retailing when compared to in-store is the logistics. The barriers with logistics also vary depending on the retailing and what delivery method or logistics model they use. One logistical approach mentioned by one of the interviewees was where the online store is linked to a physical store. In this case, the online order is received by the store, where personnel go around the store like a customer and collect the items and pack them ready to be delivered. There are fewer barriers associated in this approach when compared to the second approach. In this scenario, the retailer can ensure the freshness and variety of the products offered as it is the same as which in-store customers have access to. The second logistical approach, which is now becoming increasingly common especially near large populated cities, like Stockholm, is using a central warehouse to source orders from. As mentioned in both ICA and Axfood's sustainability reports mentioned investing in large warehouses to process online orders from certain districts. The centralized warehouse is where the products ordered are sorted and packed. This can make it challenging for the retailer to ensure the same level freshness of the products offered as in-store. Also, certain sustainable retailing practices implemented in-store like offering perishable items approaching their sell by date cannot be done online as the delivery time also needs to be considered. Although retailers have more flexibility in terms of website design and in the information they can present. It is

difficult to assess what actually influences the consumers behavior, whether it was the information given, provided the consumer even read it, or the way certain products which could be considered as sustainable choices were presented.

## **4 Discussion**

This section connects the findings from the literature and the retailer. The following section will compare and discuss the findings with key findings from the literature also taking into account the findings from publicly available data about the retailing.

### **4.1 Discussing results against what is already known**

#### **4.1.1 Defining Sustainable Retailing**

There are multiple definitions of sustainable retailing in the literature, each author had developed their own definition. The one thing that was a common theme in the literature was the role of stakeholders in sustainable retailing. One definition mentioned in the literature emphasized the importance of the role of stakeholders in sustainable retailing, since they can influence the retailer's approach to sustainability (Whysall, 2008). Stakeholders were defined as actors who can provide the means to support the organization or withdraw support when their demands are not met, therefore having a negative impact on the organization (Garvare & Johansson, 2010). This can include consumers, regulators (such as the government) and society as a whole. One of the interviewees mentioned how regulations are what set the baseline which forms the company-wide policy regarding sustainability. In a way that does imply the presence of a stakeholder, in this case the regulators in defining sustainable retailing.

The literature also discusses how retailers are in a key position between upstream and downstream aspects and therefore can translate and communicate consumer demands to suppliers, as well as implement changes in store to fulfill those demands. As stated by some researchers, retailers have the potential and power to pressurize their suppliers to meet their demands regarding sustainable production methods (Saber & Weber, 2019; Wiese et al., 2015). A recurring theme amongst the interview findings was the mention of reducing impacts. One interviewee mentioned an important part of sustainable retailing is identifying areas where the impact on the environment is high and can be reduced. One of the interviewees even discussed switching towards a more circular approach as a part of sustainable retailing, by considering the entire life cycle of the product from production to end-of-life.

An interesting perspective shared by one of the interviewees which links back to the role of stakeholders in sustainable retailing which the literature supports, was that sustainable retailing is not just about reducing the negative impact on the environment but more so about having a positive impact on the environment and society as a whole. Whysall (2008) did point out the importance of focusing on factors which are a greater concern for stakeholders rather than trying to tackle all sustainability issues in retailing as that would be impossible. An intriguing view was shared by one of the interviewees who, when asked to define sustainable retailing, stated its about taking responsibility for one's actions and being aware of the impacts those actions and choices are causing throughout all stages from production to end-of-life in the case of products being purchased. Based on this view, sustainability and responsibility go hand in hand.

During chapter 2, the literature review, the role of change agents and market action was discussed in relevance to sustainable retailing. Change agents are individuals who play a critical role in influencing the interpretation of what sustainability is. Change agents make sense of stakeholder demands, transform and implement as market actions based on the situational context they are in (van der Heijden et al., 2012). Market actions refer to the actions implemented by the retailer in order to satisfy the stakeholder demands and expectations (Lehner, 2015). Market action can be anything from applying for third party certifications such as eco-labels to standardizing sustainability practices. Based on the sustainability reports, ICA

and the Axfood brands both have certain initiatives that can be referred to as market action. ICA stated on their website and in their sustainability report that it aims to be a sustainability leader in the market and that sustainability is at the core of everything ICA does. Axfood had a similar approach wherein they state that they aim to improve the customer experience while also aiming to lower their impact on the environment.

It is interesting to see what kind of demands stakeholders have here in Sweden, reflected through what initiatives ICA and Axfood are investing in. This also reflects how they interpret sustainable retailing. For example, one of ICA's aims is to be carbon neutral by 2020 through lowering their impact on the environment by working with suppliers to reduce the impact based on the set science-based climate targets and purchasing offsets. In a country where there is a growing number of people feeling "Köpskam" or shame of buying due to the increased awareness of the environmental impact of their purchasing choices (Ortega & Moynihan, 2019), retailers have to adapt their strategies to fulfil these demands from their stakeholders. Both ICA and Axfood have started initiatives to reduce food waste, and interviewees also mentioned demand from customers to reduce food waste. ICA has already set a goal to reduce their food waste by half by 2025 when compared with 2016 levels. As mentioned in earlier sections Axfood have their Svinnsmart (Waste-Smart) initiative in order to reduce the amount of food waste produced. Another point of focus for retailers is reducing emissions associated with energy-use, this could be linked to the increased awareness amongst consumers about the negative impacts from emissions. Retailers do this by investing in fossil-free energy or energy certified by eco-labels such as Bra Miljöval and the good environmental choice by Naturskyddsföreningen. Some retailers also routinely review their supplies and their own operations to identify environmental impacts that can be reduced.

As mentioned before, there are many varying definitions of sustainable retailing, it depends on each retailers' interpretation of what stakeholder demands are and what sustainability issues are the most crucial. In a way the definition by Lehner (2015) fits well. Lehner (2015) defined sustainable retailing as the adaptation of retailers to the current discussion and the view the public and other actors hold regarding sustainability. Another term for this current public discussion regarding sustainability is sustainability discourse. This discourse sets out the agenda for what action the actors in the market will take based partially on scientific evidence and partially by individual beliefs (Lehner, 2015).

#### **4.1.2 Drivers of Sustainable Retailing**

There are various drivers of sustainable retailing which vary for online and in-store retailing. The literature discusses certain aspects as drivers whereas the practitioner review may present some additional drivers. A common driver discussed in the literature as well as the practitioners was customer demand. Various studies discussed how customers demand played an important role in driving retailers to invest in sustainable retailing practices (Chkanikova, 2016; Chkanikova & Mont, 2015a; Claro et al., 2013; Hart et al., 2003; Naidoo & Gasparatos, 2018). ICA's annual report mentioned the trends in consumer behavior impacting the business. In the interviews, customer demand was mentioned the most when discussing drivers of sustainable retailing. One of the interviewees specifically mentioned how one initiative was started specifically because consumers contacted the retailer sharing concerns regarding a sustainability issue. Fulfilling consumer demand can lead to better selling which results in higher profits, which is a major driver pushing retailers towards sustainable retailing.

Another major driver for sustainable retailing both online and in-store was profitability. Increased profitability can be a result of more sales, lowered costs or a combination of the two. The literature has shown retailers can benefit from investing in environmental sustainability practices (Chkanikova et al., 2013; Iacona, 2010; Naidoo & Gasparatos, 2018; Saha & Darnton,



2005; Tang et al., 2016). By investing in sustainable retailing initiatives like better utilization of resources in the overall operations will lead to lower costs for the retailer. Chkanikova et al. (2013) refer to this as long-term economic savings. Saha and Darton (2005) stated that there are other benefits linked to the increase in profitability due to sustainable retailing. These benefits included good publicity, increased market share and competitive advantage. Chkanikova et al. (2013) also mentioned improved corporate image and credibility, preservation of brand name and environmentally conscious consumers as factors which could drive retailers to be more green or sustainable.

Environmental policy or regulations were also mentioned as a driver for sustainable retailing throughout from the literature to the interview findings. Regulations and governmental policies really force retailers to comply and adopt sustainability strategies (Azapagic, 2003; Chkanikova et al., 2013; Lai et al., 2010; Naidoo & Gasparatos, 2018; Weale, 1992). Policies and regulations play an important role in improving sustainability practices in the retailing sector; therefore, it is important for policy makers to set up appropriate restrictions and measures related to sustainability. One of the interviewees discussed how regulations form the base of the retailing company's sustainability policy. However, an intriguing finding was the role of business models in driving sustainable retailing initiatives. Retailers which operate franchised stores found that some franchisees would introduce new initiatives and go above the base requirements set by the retailer. The interviewee discussed how the franchisee shared initiatives with the main retailer and encouraged them to include it as a part of the base requirements for all outlets.

A driver that was unique to sustainable online retailing was gaining a competitive advantage. During the literature review, despite only identifying limited research on sustainable online retailing, the studies that were found discussed competitive advantage as a driver for retailers (Grant et al., 2014; Mura et al., 2019; Weber & Badenhorst-Weiss, 2017). The number of consumers using online stores rather than actual physical stores is growing. The global COVID-19 pandemic has shown that the future is online, as many people shifted to ordering their groceries online rather than going outside in order to avoid the risk of catching the virus (Arcieri, 2020; Baird, 2020; Rattner, 2020; Wood, 2020). Many retailers already have online stores, one way to stand out and have a competitive advantage is to be more sustainable. The number of environmentally conscious consumers is increasing since the awareness of environmental and climate issues has increased. One interviewee even mentioned how there seems to be an "ecological" boom related to the demand of ecological or organic products. Therefore, it is crucial for retailers to implement sustainable retailing practices to have an edge over their competitors. ICAs annual report mentions the growing consumer trend of switching to e-commerce, therefore ICA is investing a lot in improving their online store operations. On the other hand, Axfood also found that the number of people purchasing groceries online has increased.

### **4.1.3 Barriers of Sustainable Retailing**

There are many different barriers to sustainable retailing both online and in-store. These barriers include lack of awareness, communication and logistics amongst others. Although, there are a few key differences between the barriers affecting in-store sustainable retailing and online, these will be discussed in detail in 5.1.4 Comparing Results of framework. Communication was a barrier that both the literature and the results of the interviews agree on. The literature focused on communication as a barrier only for online sustainable retailing, whereas the interview findings showed that communication can be a barrier for in-store sustainable retailing as well. According to some studies, retailers struggle to communicate with consumers online when compared to in-store. The reason for that is because online shopping is not as tangible as shopping in-store (Mpiganjira, 2015; Rudolph et al., 2004; Weber & Badenhorst-Weiss, 2017). Online retailing does not add the same level of perceived value as compared to in-store, as there

is no human interaction involved in online retailing. Depending on the consumer, some actually prefer to interact with personnel. When considering sustainable retailing in particular, personnel would be a very helpful means of providing consumers with advice and information regarding better environmental choices. As Rudolph et al. (2004) put it, the in-store level of communication cannot be recreated online, as there is a limited amount of information offered online. The interview findings reflected this theory to some extent. One of the interviewees emphasized the importance of store personnel in communicating sustainability to customers. However, in terms of communication challenges in-store, one of the findings from the interviews was that consumers quite often don't have the time to read and understand all the signs and messages presented to them in-store, as it can be overstimulating for them. Despite having personnel there to help, this creates a challenge in communicating in-store.

Another barrier for in-store related was layout and space. Physical stores in some countries have to comply with accessibility rules. Secondly, depending on the size of the store, the practical layout choices may be limited (Chkanikova et al., 2013; Chkanikova & Mont, 2015a; Edwards et al., 2018). Retailers can have limited options when it comes to changing the layouts of the store. Other barriers to sustainable retail include lack of awareness regarding environmental issues, even though the number consumers who are aware and conscious of the negative impacts on the environment, there is still a group of consumers who does not really care for environmental issues and would prefer to shop for cheaper options (Chkanikova & Mont, 2015b). In other words, not all consumers have the willingness to pay for environmentally friendly products. This segment of consumers demands cheaper products and would prefer discounted rather than eco-labeled products. Another factor discussed was barriers related to supply chain. Firstly, there is a lack of standardization of regulations across different countries (Chkanikova & Mont, 2015a; Danish EPA, 2010). This creates an additional challenge for retailers as mentioned by one of the interviewees. The interviewee mentioned it is difficult to keep track of suppliers to ensure they are complying with guidelines set by the retailers. The interviewee mentioned how stable stakeholders are essential in order to implement sustainable retailing. The supply chain is a crucial part of sustainable retailing, as retailers should also take into account the environmental impacts caused at the source and during the production phase. One way to overcome this barrier is to invest in a retailer's own brand. Axfood's report mentioned how the food industry as whole is facing challenges in ensuring sustainable and responsible conditions in the supply chain, as generally the supply chain is made up of many sub-suppliers in different countries with varying regulations. The report also emphasizes the importance of maintaining a good relationship with suppliers and increasing their own control over the supply chain. Axfood has invested in its own private labels through which, according to them, creates price pressure in the market while also respecting sustainability and health standards (Axfood, 2018).

The greatest barrier in sustainable online retailing is logistics. As discussed earlier there are different logistical approaches a retailer can have, depending on the approach followed, the barriers vary. Secondly, the barrier is also dependent on whether or not the retailer handles their own deliveries or has outsourced them to logistical service providers. There are very strict restrictions regarding the handling and storing of food, which retailers and logistical service providers need to be aware of (Grant et al., 2014). There are two main approaches to delivering the goods purchased online to consumers. One approach is where a warehouse is used to handle the online orders, this is a growing trend in Sweden especially in catering to the larger cities. Both ICA and Axfood have invested in warehouses to handle online orders. From the interviews it was found that it can be challenging to maintain and offer the same level freshness and variety offered in-store. The other approach is where a physical store handles the online orders. Axfood specifically mentioned logistical challenges in their report. These included handling of items through different temperature zones, reception of deliveries by customers (ensuring the items

stay fresh in case the customer cannot collect the delivery immediately) and lastly, handling of food items which aren't consumed immediately (Axfood, 2018).

Sustainable online retailing has an additional barrier of lack of influence. In physical stores, consumers are more likely to make impulse purchases and therefore it is easier for retailers to nudge them to make more sustainable choices. Whereas, in online stores customers are less likely to make impulse purchases, making it more difficult for retailers to nudge them. It is also very challenging to assess whether or not the consumers making the purchases were influenced by the presentation, communication or other means of promoting sustainable choices. The website design is also an important factor in the consumers' experience. Even though online retailers have more flexibility to present their offerings as compared to in-store, it is important that the website is designed well so that the information can easily be received/interpreted by the consumer, which can be challenging. As discussed here there are various different barriers, of which some only affect sustainable online retailing whereas others only effect in store sustainable retailing. The following section, 5.1.4 Comparing Results of Framework, is a further in-depth discussion comparing what the literature says about drivers and barriers with the reality based on the interview results as well as published reports.

#### **4.1.4 Comparing Results of framework**

This section will be comparing the results of Table 2-1 from the literature review chapter and table 4-1 from the findings chapter. This is to compare the difference between theoretical knowledge and reality. As mentioned in section 1.3 scope and delimitations, this study does not provide the complete image of the reality as only two retailers were studied, and as a result of the COVID-19 pandemic a limited number of interviews could be conducted. The idea is to provide a comparison with the data available. With that being said, it was very interesting to see how some of the theoretical and practitioner findings were similar but also how some were different. In the literature review there was a lack of data on the drivers of online sustainable retailing available and a hypothesis was formed based on the assumption that the drivers of in-store and online sustainable retailing would be the same. With the exception of competitive advantage as there was literature clearly discussing that as a driver of online sustainable retailing.

So just to recap the in-store drivers identified in Table 2-1, a summary of drivers and barriers of sustainable retailing, stated profitability, regulation, stakeholder pressure and reducing impacts as drivers of in-store sustainable retailing. Whereas the drivers identified from the findings of this study presented in Table 4-1, summary of drivers and barriers of sustainable retailing from interview results, presented slightly different results. The results of this study showed that customer demand, profitability and business model were the key drivers. Profitability was a driver mentioned both in the literature and in the interview results. This is understandable as most businesses, aim to be profitable. In the literature one of the drivers is referred to as stakeholder pressure, however after the interviews it was found that customer demand was a key driver. Customers are a stakeholder and perhaps the most important stakeholder. In a way, in this case the literature and the real reality align, the only key difference would be that the literature refers to all stakeholders which can include governments, competitors, the community etc. Whereas, in the interview's customers were mainly referred to as the key driver.

The drivers are in a way interlinked for example; the customers have the power to influence the retailer to meet their demands in order for retailers to remain profitable. The literature also lists regulations as one of the drivers of in-store sustainable retailing, this again can be linked back to stakeholder pressure. One of the interviewees did mention regulations briefly as a driver. In a way the greatest driver of sustainable retailing as a whole whether online or in-store is pressure from stakeholders, whether it be customers demanding change or the government setting new regulations. The two drivers which differ are reducing impacts in the case of in-store drivers

and business models in the case of online drivers. The literature mentioned the retailers own will to reduce their impacts from their operations, whether this be through sourcing their products from more sustainable sources or investing in technology to help reduce their impact from their outlets. As discussed in earlier sections one of the most unique findings of the study was business models as a driver of sustainable retailing. Business models can be both a driver and a barrier for sustainable retailing. They can be a driver in the case of a franchise where the franchisee starts up sustainable retailing initiatives on their own and encourages the main company to do so across all outlets.

In Table 2-1 the barriers to sustainable retailing in-store identified from the literature were listed as regulation, cost, lack of awareness and physical limitations. In Table 4-1 the barriers affecting in-store sustainable retailing, identified through interviews and practitioner review from reports were communication, business model and unstable supply. It is interesting to see how the results of the literature review vary from the results of the practitioner study. Even though on the surface these barriers may seem very different, some of them are actually interlinked if not very similar. For example, in the literature regulation was mentioned as a barrier this refers to the lack of standardization in terms of regulation across different countries hence making it difficult to implement sustainable practices. In the interviews unstable supply was mentioned as a barrier for the retailer, the challenge here was ensuring that the suppliers are complying with certain sustainability standards set by the retailer. This is challenging since quite often there are sub suppliers of suppliers operating in different countries, with different regulations, hence supporting what was stated in the literature. The literature mentioned cost and physical limitations as well. Cost in this case refers to the cost of investing in sustainable retailing whether that be through purchasing new and more efficient equipment or applying for environmental standard certifications. Physical limitations on the other hand are to do with the size of the store and the possible layouts the retailer could implement, this can be difficult as in certain countries there are accessibility regulations which further limit the flexibility of the store layout for retailers. An intriguing point discussed in the interviews was how communication could also be a barrier in store despite having personnel and signage there to guide consumers. The problem here is not a lack of communication but perhaps too much communication, which can lead to the consumer feeling overwhelmed and overstimulated. The general trend is that when people go into a grocery store they don't have time to read all the signage and process all that information so most people just go in, pick the thing they need and leave rather than stand there look at the different options, the certifications on those options and other labels to guide them. Lastly, business model can be a barrier because while it is easier for a franchisee to make changes to one outlet, it is challenging for a large retailer that operates all stores on their own to make these changes throughout all their outlets.

Table 2-1 listed drivers of online sustainable retailing as competitive advantage, profitability, regulation, stakeholder pressure and reducing impacts. An important note is that competitive advantage and profitability were the only two that were found in the limited literature available on this topic; the other drivers included were based on an assumption that the drivers of in-store and online sustainable retailing would be the same. Table 4-1 listed customer demand, profitability, business model and competitive advantage as the main drivers. The common drivers from literature and the practitioner study were profitability and competitive advantage. As discussed earlier, profitability and competitive advantage are interlinked to some extent. If a retailer can gain an advantage over its competitors, it could then in turn lead to higher profitability as more consumers may select this retailer to make their purchase. More and more retailers have an online store so in order to stand out retailers can invest in sustainable retailing and attract the growing segment of environmentally conscious consumers. Gaining a competitive advantage is essential for a retailer to be successful in the long run especially when the competition in online retailing is increasing. The reason for business model as a driver for

online sustainable retailing is basically the same as a driver for in-store sustainable retailing, in order to avoid repetition of the explanation please refer to the earlier paragraphs in this section for a detailed explanation. The results of the drivers of online sustainable retailing show that to some extent they are similar to the drivers of in-store sustainable retailing. Some of the drivers such as customer demand, profitability and gaining a competitive edge are drivers for all types of businesses regardless. Some of the drivers that were listed in Table 2-1 based on the assumption were not relevant as per the results from the interviews and reports. However, as mentioned before, the information gathered outside of the literature was very limited in this study.

The barriers to sustainable online retailing listed in Table 2-1 include website design, logistics and communication. On the other hand, Table 4-1 lists communication, business model, unstable supply, lack of customer awareness/cost and logistical challenges. To some extent, there is the similarity between what the literature stated as the barriers to online sustainable retailing and what the results of the interviews and studies of published reports showed. For starters, both listed communication and logistics as barriers. Firstly, looking into website design as a barrier. The way a retailer designs their website is very important as that is part of the customer experience of shopping with that retailer. The website needs to be designed well in the sense that it should be clear and easy to use but also be very informative and this has to be done in a careful balance. A badly designed website can deter consumers and also affect all online sustainable retailing initiatives negatively. Unstable supply and business model are barriers for sustainable online retailing for the same reason as they are for in-store sustainable retailing.

Communication was mentioned as a barrier in both the literature and the practitioner study, since online stores lack the human interaction which is an essential part of in-store sustainable retailing. Although, some would argue that online retailers have more flexibility in terms of communication through web design but a factor that is seriously lacking is help from personnel. Consumers are more likely to make impulse purchases in-store as compared to online, hence making it easier for retailers to nudge them towards making more sustainable choices. However, the impulse buying, and nudging cannot be replicated online as consumers are less impulsive and more rational while making purchases online. This makes communication on an online platform a barrier for sustainable retailing. One of the barriers discussed in the interviews was lack of customer awareness. Despite the number of environmentally conscious consumers growing, there are still consumers who are unaware or do not care about sustainability. These consumers don't really benefit the cause of sustainable retailing. Lastly and most importantly, the greatest challenge in online sustainable retailing is logistical challenges. This was something mentioned in the literature, interviews and even specifically mentioned in a retailer's sustainability report. Retailers may not always have control of the delivery of their goods as it may be outsourced to an external logistics service provider. Depending on how and where the online orders are processed there could be additional barriers for the retailer to deal with in order to improve sustainable retailing practices.

#### **4.1.5 Comparing In-store vs Online**

There are some similarities and differences between sustainable online retailing and in-store. Firstly, most of the drivers of sustainable online retailing and in-store are the same. For example, customer demand, profitability and business model. As mentioned earlier, customer demand and profitability are interlinked. Therefore, it is understandable that they are the main drivers of sustainable retailing since customer demand and profitability are the basics of survival of any type of business. Business models are a unique driver of sustainable retailing regardless of whether it is online or in-store. Based on the results of the interviews the type of business model the retailers are operating can make a difference in its sustainable retailing practices. The one

driver that is different for online retailing compared to in-store is gaining a competitive edge. The reason for that is because the results of the study have shown that increasingly more retailers are offering an online store and one way for said retailers to stand out against their competition is to offer a more sustainable retailing experience. This is especially a crucial driver in countries like Sweden, where the average consumer is more environmentally cautious and aware of the negative impacts of their consumption choices.

In the case of the barriers to sustainable retailing, there were some drivers for both online and in-store that were the same. However, online sustainable retailing has two additional barriers that they have to overcome in order to be successful. Some of the barriers that are the same for both in-store and online have different effects on the retailer. For example, communication perhaps is one of the more important barriers for retailers. While communicating online can be difficult due to lack of personnel and a limited means to nudge consumers, communication is a barrier for in-store as well. The issue with communicating in-store is that consumers can feel very overwhelmed and/or just ignore this signage and information presented to them. One reason for this is, some people just don't have the time and are just going to get the groceries and leave, which results in them not reading or processing all the information presented to them. The one advantage the physical store has over online, in the perspective of retailers, is that consumers are more likely to make impulse purchases in physical stores as compared to online. Business model can be seen as a driver of sustainable retailing, it can also be considered a barrier. There have been cases where a franchised outlet is performing better environmentally or in terms of sustainability as compared to outlets directly owned by the retailer themselves.

Unstable supply is a barrier affecting both in-store and online sustainable retailing. As nowadays retailers don't only need to consider suppliers but also sub suppliers and ensure that all of them are complying with the set sustainability related guidelines. It is also important for the retailer to have good relationships with their suppliers. One way some retailers have overcome this barrier is by investing in the retailer's own brands. While there is an increase in the number of environmentally cautious consumers and the number of users of online stores, there is still a group of consumers who perhaps lack education or awareness of negative environmental impacts and hence they are considered a barrier for sustainable retailing. Lastly, logistical challenges which can be considered as the greatest barrier for online sustainable retailing. This barrier was mentioned throughout from literature to sustainability/annual reports and the interviews as well. Depending on the store and a retailers' approach to handling deliveries, the effects of the barrier can vary. If the online orders are received, processed, and packed in an actual physical store there are fewer barriers as compared to using a warehouse. In the case of deliveries from warehouses, it can be more challenging to maintain the freshness and variety of products offered. Retailers who use logistical service providers may also lack control of the delivery phase.

To sum up, there was no specific definition of sustainable retailing it depends on the retailers' interpretation. In a way the definition by Lehner (2015) fits well. Lehner (2015) defined sustainable retailing as the adaptation of retailers to the current discussion and the view the public and other actors hold regarding sustainability. Another term for this current public discussion regarding sustainability is sustainability discourse. This discourse sets out the agenda for what action the actors in the market will take based partially on scientific evidence and partially by individual beliefs (Lehner, 2015). There was a lack of information on the drivers of sustainable online retailing. The study found that there are similarities between the drivers and barriers of in-store and online sustainable retailing. Although the drivers may be similar there are major differences in the barriers.

## 4.2 Reflecting on results of study:

### 4.2.1 Methodological choices:

This study design has helped answer the research questions. The study started by initially gathering theories and information from literature. Secondly, an interview guide was designed to gather primary data. Unfortunately, due to the COVID-19 global pandemic only a few interviews could be conducted. In order to overcome this limitation, the study looked into published reports by the retailers in focus to help form a better understanding of the retailer's perspective. The sustainability and other published reports were helpful in supporting the interviews and identifying key areas related to sustainable retailing.

However, as discussed in the earlier sections this study has its limitations. Firstly, the limited number of interviews is not enough to provide a clear view of the retailer perspective. Ideally, the study would benefit from interviewing people, with varying job titles, who work at retail stores in order to gain a better understanding. Initially the researcher considered developing and conducting a survey based on the interview results. The survey was to be distributed amongst consumers in order to find out what the most important factors are for them related to sustainable retailing. This would potentially benefit the retailers, as they would know what areas they should focus on in order to improve their sustainable retailing practices.

### 4.2.2 Legitimacy:

The aim of this study was to understand what drives retailers to practice sustainable online retailing. Based on that the research questions were developed. Three "what" questions were set in an attempt to gain an overall understanding of sustainable retailing and its drivers and barriers. The research questions were legitimate, the study answered the questions as they were very clear and answerable. One question that could be further researched and answered would be, what the drivers of online sustainable retailing are. Although, the study answered this question to some extent the results are not enough as there was not enough literature available on this and due to the scope of the study only two main retailers in Sweden were looked into. Therefore, the drivers identified in this study are not enough to be considered the drivers of online sustainability in a larger context.

### 4.2.3 Generalizability:

This study is limited in its generalizability as it only focused on a very small and specific scope that included two retailers operating in Sweden. To some extent, the findings could perhaps be generalized and relevant in the Scandinavian context, for example in Norway or Denmark. However, as the Scandinavian market is unique in many ways as compared to the retailing market in the rest of the world, specifically in the types of consumers as Scandinavian consumers tend to be more environmentally cautious as compared to other countries. It would be interesting to see what the results of a similar study conducted in another Scandinavian country would present.

### 4.2.4 Impacts of the COVID-19 pandemic

The COVID-19 pandemic has had its impact on this study. As a result of the pandemic very limited number of interviews could be conducted as there were fewer responses received. This could be due to the study being conducted right as the pandemic situation was getting worse and more people were working from home. For that reason, very few people responded to the request to be interviewed, as many were adjusting to this new way of working. Originally interviews were supposed to be conducted with various people at retailing organizations at different levels from sustainability managers to a franchise owner but that was not possible.

Therefore, this study's greatest limitation is perhaps not providing a clear view of the situation as only two interviews were conducted.



## **5 Conclusions**

There is an increasing number of consumers switching to online shopping. As a result of that retailers are also investing in offering an e-commerce option to consumers. Recently, due to the global pandemic, the number of people ordering groceries online increased drastically. Due to concerns about catching the virus, many consumers felt safer ordering online rather than going to the store to get groceries. Retailers are already investing in various sustainable retailing practices for the physical stores, it is important to shift that online as well. Understanding what drives retailers to practice online sustainable retailing was important. Based on that the following research questions were designed:

1. What is online sustainable retailing?
2. What are the drivers and barriers for retailers to promote sustainable online retailing?
3. What are the differences in sustainable retailing online versus in-store?

Firstly, there is no clear or specific definition of online sustainable retailing. Defining what is, is dependent on the retailers' interpretation on the matter. For some retailers it means reducing waste and for others it means conducting an analysis of the entire operation to find the troublesome areas with the greatest impact and work towards reducing that. Each retailer has their own approach to sustainable retailing.

There are various drivers and barriers to sustainable retailing. The drivers and barriers vary slightly depending on whether it is an in-store or online operation. The drivers of in store and online sustainable retailing were quite similar mainly being profitability customer demand and business model based on the findings of this study. Online sustainable retailing had an additional driver referred to as competitive advantage; this was about gaining a competitive advantage in order to stand out in the online retailing market.

The barriers on the other hand, differed quite a lot between in-store and online sustainable retailing. The three common barriers between online and in-store were unstable suppliers, business models, and communication. The challenges associated with unstable suppliers and business models are the same for both in-store and online sustainable retailing. On the contrary, challenges associated with communication are different. Online store retailers can find it difficult to communicate with consumers without the use of personnel, there is also a lack of impulse buying online. Whereas, in the case of in-store sustainable retailing consumers can tend to feel overwhelmed by the amount of information presented to them and hence may not actually read or process all of it. Some additional barriers with online retailing include lack of awareness and logistical challenges. Logistical challenges are probably the most important and the greatest barrier for online sustainable retailing.

### **5.1 Practical implications and recommendations for non-academic audiences**

The non-academic audience that could benefit from this study are the retailers and potentially their stakeholders like suppliers for example. The results of this study present the drivers and barriers towards sustainable retailing. The aim is that by having a better understanding of the drivers and barriers, retailers can work towards overcoming the barriers and taking advantage of the drivers. Stakeholders such as consumers and suppliers can benefit from this study by understanding their role in sustainable retailing, and how much power they have to influence change in the market.

## **5.2 Recommendations for future research**

This study has compiled the drivers and barriers of sustainable retailing both online and in-store. Considering there was very limited information available in the literature regarding drivers of online sustainable retailing. Having an understanding of the drivers and barriers to sustainable retailing as well as the role of stakeholders is a crucial step towards improving sustainable retailing practices online. As discussed earlier, many retailers already have invested and developed new initiatives in-store, however there are not that many online. Considering the growth in the number of consumers shifted to online, a number which has drastically increased since the start of the COVID-19 pandemic.

Future research of this topic can help to further develop and identify the drivers of online sustainable retailing as there is still very limited information available on that. Another area of future research could be the various communication methods that can be used to convey the message of sustainability to consumers specifically in the online stores. There is also potential to research the role of business models in sustainable retailing or developing a business model specific to sustainable online retailing.

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## **Appendix A: Interview respondents**

Interviewee	Organization	Position	Date
1	Retailer A: a retailer that is a part of a larger parent company which operates a franchise and direct ownership business model	Head of Sustainability	22 April 2020
2	Retailer B: a large retailer with a franchising business model	Environmental and Social Responsibility Manager	13 May 2020

## **Appendix B: Sample Interview Guide**

### **Sustainable Retailing: Drivers towards sustainable retailing practices**

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#### **Thesis Brief**

This study is investigating what drives retailers to promote sustainable retailing, specifically in the online sector. The findings of this study will help define sustainable retailing as well as provide insights regarding the drivers of sustainable retailing practices.

#### **Your Involvement**

I would love to hear your perspectives from your experience and expertise in this field. This would be valuable for my understanding of current corporate practices in this area.

#### **Confidentiality Considerations**

All names will be anonymised. If I use any direct quotations in my thesis, I will run them past you first to obtain permission.

## **Questions**

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#### **Part 1: Introductory questions**

1. Could you please tell me about your role at (Retailer)?  
Name:  
Position:

#### **Part 2: Defining Sustainable Retailing**

2. How would you define sustainable retailing?
3. How you promote sustainable retailing practices?

#### **Part 3: In-store Practices**

4. What sustainable retailing practices do you currently conduct in-store?
5. What encouraged you to conduct these practices in-store?
6. What challenges/limitations do you face in implementing these practices in-store?
7. How have your sustainable retailing practices evolved overtime?

**Part 4: Online Practices**

8. What sustainable retailing practices do you currently conduct online?
9. What encouraged you to conduct these practices online?
10. What challenges/limitations do you face conducting these practices online?
11. How does your approach towards online sustainable retailing differ when compared to in-store sustainable retailing?