

How italian large-scale retailers address sustainability

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Structure of the Study and Industry Sample

Desk Research

- Industry Analysis
- Trend Analysis



Direct Research with Company Involvement

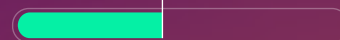
- Questionnaires
- Interviews



Research conducted on March and April 2020

Six Focus Areas

45% Believe sustainability is the only way to remain competitive



Areas for action, change drivers and barriers

1

70% Have units or roles dedicated to sustainability



Internal organization and processes

2

80% Require suppliers to provide sustainability certifications



Supplier base

3

Resource efficiency

4

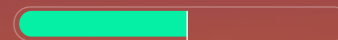


67%

Routinely monitor energy consumption and greenhouse gas emissions

Food waste

5

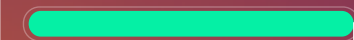


55%

Counteract through food donations and promotional sales

Communication and consumer initiatives

6



100%

Have introduced initiatives to foster sustainable consumer behavior



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Large-scale retailers are trending away from the 'greenwashing' model to embrace sustainability with a greater passion – and the more remarkable results that better structured policies can deliver.

This headline finding is one of many uncovered in a recent study titled “The approaches to sustainability of Italian large-scale retailers,” conducted by Accenture in collaboration with JEME, the Junior Enterprise of Bocconi University in Milan. Accenture has been championing

sustainability for more than ten years and has made it one of the company's core practices. As part of Accenture's drive to achieve **“net-zero emissions”, “zero waste”** and reduce the environmental impact of its activities **by 2025**, the company has implemented over 350 projects in the last 24 months alone. Accenture is firmly committed to sustainability, convicted that “today's rapid acceleration to digital presents us with a breakthrough opportunity to create a more sustainable future.” (CEO, Julie Sweet)

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Approach

The two-part study combined desk research and interviews. The research team first contextualized the theme of sustainability among large-scale retailers by analyzing industry-specific trends, regulatory framework, supply chain, and packaging strategies. In phase two, representatives from the sample companies were interviewed in depth between March and April 2020 in order to understand how sustainability is perceived by the industry and the level of maturity it has reached. The sample included a representative section of the large-scale retail industry in Italy and involved cooperatives, consortia, retail unions and independent operators, multi-label retailers and discount supermarkets. The sample included 8 of the top 10 GDO Food brands by revenue. Most of the individuals interviewed hold roles within the CSR and Marketing divisions of their respective companies.

Six Focus Areas

While investigating how the large-scale retail industry with its major importance for the economy addresses and prioritizes sustainability, the research team found the sector grappling with deep transformation and striving for the optimum balance between its strengths and weaknesses. Six key areas were identified for in-depth analysis: areas for action, change drivers and barriers; internal organization and processes; the supplier base; resource efficiency; food waste; and communication and consumer initiatives.

1. Areas for action, change drivers and barriers

Chief among the actions that large-scale retailers can take in their quest for sustainability are scaling down product packaging; developing more ecofriendly alternative products; reducing food and general waste; introducing green initiatives for consumers and using resources more efficiently.

The study found that **almost half of the companies surveyed (45%) believe that the only way to remain competitive in the coming years is to place sustainability at the center of their strategy.**

One third (33%) perceived sustainability as an opportunity to capitalize on niche markets such as gluten-free or vegan products. However, while 45% believed there are no internal barriers hindering the pivot to green, 30% complained that the lack of systems to measure sustainability performances and of sustainability incentive schemes was not helping. Finally, 23% claimed that the incorporation of sustainable practices has a significant impact on internal processes.

2. Internal organization and processes

The findings show that 70% of the companies surveyed have units or roles, often within their marketing or CSR divisions, exclusively dedicated to fostering sustainability. While 50% use ad hoc

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reports to communicate their performance in terms of sustainability, the majority reported several issues when measuring. Indeed, 67% of respondents admitted that they did not have an adequate KPI system. Although 67% of companies routinely adopt a structured approach to planning and budgeting, only 33% ground it on a well-defined budget.

3. Supplier base

Supplier selection criteria are becoming increasingly stringent. 55% of respondents consider elements ranging from product recyclability to the sustainability of product packaging, and from the ingredients used to the processing and distribution process, all of which are factors that impact their environmental performance. Furthermore, **80% of the companies surveyed require their suppliers to provide sustainability certifications.**

4. Resource efficiency

Two thirds (67%) of the companies surveyed reported that they monitor their energy consumption and greenhouse gas emissions

and over half (55%) of the interviewees stated that they have plans in place to reduce their reliance on both and transition to renewables. The drive to improve resource efficiency spans companies' main offices, warehouses, stores and their transportation fleet. 33% are working to optimize vehicle routes; 28% are pursuing fleet renewal; 17% are introducing electric vehicles while 11% aim to improve their vehicle mix.

5. Food waste

One of the areas that large-scale retailers are addressing most actively is that of food waste. **55% of the companies claimed that they methodically measure food waste and have taken action to combat it.** Expiring products

are donated (75%); offered in promotional drives (60%); or reutilized (25%). Reordering processes are rationalized (75%). However, 70% of the respondents said that the issue of food waste is a virtuous cycle: to induce shops and logistics centers to participate, targeted business incentives are needed. Lastly, the study found that in most cases the decisions regarding food waste were taken centrally rather than locally.

6. Communication and consumer initiatives

The area that appears best developed is communication: **100% of surveyed companies said they had introduced initiatives that aim to foster sustainable behavior.** These ranged from the more traditional that focus on sustainable education (87%) such as campaigns to reduce plastic or promote healthy eating, to the more innovative such as those that reward consumers for sustainable purchases (25%).

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Key Findings and Take-aways

In conclusion, the large-scale retail sector shows positive signals on the sustainability front but a systematic approach is lacking. The area of greatest strength is communication and that of sustainable-performance measurement is the weakest. The definition of industry-specific KPIs and responsibilities would boost companies' commitment to achieving their sustainability goals and the introduction of innovative, scaled incentives would drive more sustainable behavior by consumers. Thanks to the advances in technology that were revolutionizing the way we live and work even before the pandemic, we can now reimagine entire industries and how our economy functions. As often underscored by Julie Sweet, our common goal must be to welcome and promote change. In the specific case of sustainability, this translates into a commitment at the global and local levels to deliver a collective benefit to all stakeholders, from customers to partners and right across the entire community.

ACIN: a lab for sustainability

At its Accenture Customer Innovation Network in Milan (ACIN), Accenture has created a path dedicated to sustainability that supports the transformation of business models by experimenting technologically advanced solutions and encompassing the entire value chain of large-scale retailers.

Starting from the product realization phase, the path progresses to the development of best practices in delivery transportation and the adoption of renewable energies and packaging while unlocking the potential of Blockchain and Mixed Reality technologies to foster virtuous behaviors among consumers. ACIN offers a tangible contribution to help large-scale retailers make their green change by proposing possible models for joint development with industry specialists. ACIN is a dynamic hub that combines skills, design thinking, vision, market trends, innovative processes and new technologies to deliver sustainable solutions for industry.

Accenture

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions — underpinned by the world's largest delivery network — Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With 513,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives.

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Jeme

JEME is the Junior Enterprise of Bocconi University, a student association that carries out business activities, providing tailor made strategic managerial consulting services for startups and SMEs. Founded in 1988, JEME offers its customers over thirty years of experience in the sector, declined according to the traditional values of entrepreneurship and innovation. With an average staff of 50 associates, JEME contributes to the growth of businesses, while at the same time representing a unique training experience for the student associate that helps the latter to bridge the gap between university and the world of work.

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