

FOR LOVE OR MONEY £

The last few years have seen a boom in the introduction of eco-friendly initiatives in the retail sector. **Luke Bell** looks at what is driving the changes.

There have been a number of surveys in the last year picking out the top environmentally friendly companies within the retail sector. The likes of B&Q, Marks and Spencer (M&S), IKEA and Nokia typically appear in the top 10 as they drive to paint a green picture of themselves in the media. As the recession eases, environmental issues are taking centre stage again and businesses are eager to do their bit as the reality of climate change sinks in. While it is undoubtedly a good thing to see the launch of eco-friendly company vehicles, healthier food ranges, solar phone chargers, and many other eco initiatives, I am keen to understand the real motives behind the recent surge. Are these initiatives just skin deep? When and why

did the eco boom begin? Where will it lead? And what can we do as consumers to ensure that environmental concerns are top priority across the retail sector?

We're here to help

B&Q recently launched its Eco-House range, which will see eco advisors appointed in every store to help consumers satisfy their environmental concerns. "The introduction of an eco-advisor role is one in a series of measures at B&Q to help make it easy for people to identify what they can do in their homes to make the biggest difference (in reducing their environmental impact)," explains Matt Sexton, B&Q's director of social responsibility.



B&Q is also planning to launch two Eco Shops within their Sutton and New Malden stores. "Everything you need to green up your home will be in one place with an advisor on hand to offer guidance and assistance if required," Matt enthuses. The products available will include loft and cavity wall insulation to reduce heat loss and energy usage; energy-saving lighting; draught exclusion; electrical timer switches; and heating controls. As well as offering eco advice and products to the consumer, B&Q is taking steps to improve its own environmental impact. The company has signed up to the 10:10 campaign to reduce its emissions by 10% in 2010, having already made a 9% reduction on its absolute emissions since 2008.

M&S launched its "Plan A" back in 2007, setting out 100 commitments to achieve over a five year period. The plan is split into five main areas: climate change; waste; sustainable raw materials; fair partners; and health. The company aims to make all of its UK and Ireland operations completely carbon neutral by 2012 with no operational waste being sent to landfill. A noble target indeed. In 2008, M&S reduced the use of free carrier bags in UK stores by 408 million and aims to reduce usage by a further 33% in 2010. The company is determined to introduce 30% healthier food lines over the next few years and treble its organic food sales in the UK and Ireland. It has moved all of its fresh turkey, duck and geese lines to free range and has already



introduced clothing ranges made from organic linen and cotton. You can find out more information on its commitments and targets at plana.marksandspencer.com.

Swedish firm IKEA is set to replace its company car fleet with hybrid vehicles and aims to ensure all IKEA Group Buildings are supplied with renewable energy in the next few years. Meanwhile, Nokia has launched its We:Evolve campaign, which sees the firm taking measures to improve its carbon footprint in a similar style to M&S's Plan A. It has recycling points in every store now, as well as at more than 5000 Nokia Care points globally, where customers can drop off old phones to be completely recycled. The various metal components are recycled into stainless steel, magnets, jewellery, electronics, musical instruments and more. The plastics are used to make traffic cones, car bumpers and park benches, while any packaging is recycled into newspapers, egg cartons and paper towels.

Perhaps the next step for mobile technology as a whole is to encourage consumers to hold onto their phones for longer, automatically reducing the amount of waste. Whether that would be in the interests of the companies involved is another story.

Simply good sense

Many other organisations are also jumping on the eco band-wagon and introducing their own initiatives. So why is environmental impact suddenly recognised as important within the retail sector? Is it simply because time is running out or are there more factors involved? A sceptic might think about the amount of free publicity these companies are getting. And aren't eco products more expensive, in general, than your standard product line? The truth is, business is business, and there are plenty of other agendas going on. But, contrary to conspiracy-theorists beliefs, the varying reasons behind the recent eco trends are hardly sinister or deceptive. Improving your carbon footprint and addressing the eco concerns of an increasingly green-minded consumer market, simply make good business sense.

Forum for the Future is an independent, non-profit organisation with a mission to promote sustainable development. Most

companies now recognise that global challenges like climate change, food and energy security and population growth will mean big changes to the way they operate. Forum for the Future helps businesses and public service providers to understand and manage the risks that change will bring.

spoke to Ben Kellard, a principal sustainability advisor at Forum for the Future, about the reasons behind the recent boom in eco initiatives. "Consumers undoubtedly play a significant role, but the employees have an important say in the company's profile too," he explains. "Anticipating regulatory change is another aspect, as the Government looks to improve our environmental impact as a nation." The Chancellor set out a number of environmental measures to be put in place over the next few years in his pre-budget plan. IKEA's hybrid-car initiative may well have been in anticipation of the decision to make electric cars exempt from company car tax as of 2010. Anticipating these sorts of incentives and proposals is an important part of any business strategy.

"Commodity prices and commodity security are also important to the retail sector and a further reason to start introducing eco initiatives," Ben continues. Cadbury's business, for example, depends on a flourishing of cocoa crop, which is not an easy one to nurture. There needs to be guaranteed rainfall and fertile soil for a cocoa tree to thrive, and climate change will undoubtedly impact on this. It is in Cadbury's interests to ensure it is doing everything it can to limit environmental damage in cocoa growing regions, such as Ghana, the Ivory Coast, Brazil and Nigeria.

Our economy as a whole is starting to move in a more environmentally responsible direction and the retail sector does not want to get left behind. Introducing eco initiatives and reducing environmental impact is not only the right thing to do morally, it is fast becoming the right thing to do economically too.

There were a number of triggers that set off the recent boom in eco initiatives. The Stern Review is a 700-page report released in 2006 for the benefit of the Government by economist Sir Nicholas Stern. Its most quoted conclusion states: "The benefits of strong,

"[Do] not underestimate the economical benefits of making changes that also benefit the environment." Matt Sexton



early action on climate change outweigh the costs." Though there have been other similar reviews released, the Stern Review is undoubtedly the most widely read and accepted of its kind. The retail sector was the quickest to respond, releasing its own follow-up paper, *Stern – Initial Comments from the Retail Sector*, in February 2007.

First steps

As a result of these two reports, the Government has now set in place a policy framework designed to enable the UK to become a productive and successful low-carbon economy. The policies are still a little vague at this stage but it is a positive step to see Government and retail working together to combat climate change. Policies include promoting competitive energy markets, putting a price on carbon to reflect its damage costs, and setting standards and incentives to support new technologies, research and development. M&S launched Plan A in January 2007, just a few months after the Stern Review's release. These were the beginnings of the eco boom we have today.

Research by nVision shows that by spring 2007, 69% of Britons stated they were, "personally concerned with what I can do to help the environment", compared to just 33% in 2005. In 2009 this percentage rose to almost three-quarters of the population. As the recession took hold, environmental concerns slipped off the priority list for a while, replaced by a focus on cheaper prices, but the future had already revealed itself and a number of retail companies were quick to take the initiative.

Nikki Crumpton from McCann Erickson Advertising Agency in London, gave me her perspective: "While this recession has been quite brutal in terms of its effect on the nation's wealth, a recession has a short term effect on long-term trends." Nikki explains: "Levels of consumer belief that environmental issues are important have remained steady throughout and savvy retailers are increasingly thinking of the multi-dimensional aspect to any eco-offering they produce – from company emissions to consumer eco-needs to ethical and sustainable production."

The current eco boom is a great example of the power of consumer demand. As the number of eco-conscious consumers continues to grow, the retail sector will endeavour to shape its operations to meet those concerns. Perhaps now, more than

ever, the power to reduce the UK's carbon footprint lies with the consumer: with you and me. The moment that going green became economically advantageous, the chances of a capitalist society transforming itself into a low-carbon one shot up. Matt Sexton reiterates this point. "I think if we don't want to face the serious consequences of global warming then we have to make carbon reduction a reality," insists Matt. "From a business point of view, my advice is not to underestimate the economical benefits of making changes that also benefit the environment. We've found that there are significant environmental and economical advantages to reducing our carbon footprint."

Forum for the Future's work with telecoms group BT helped the business save some £442 million in operating costs through good environmental management. Perhaps the silver lining in the cloud of the recession is the realisation that by saving the planet, we can actually save the economy too.

Forum for the Future believes the retail sector can play a leading role in the transition to low-carbon living. It is working hard with a number of high-profile companies to calculate how climate change will affect consumer lifestyles and shape the consumer market. Because the retail sector is traditionally very short-term focused, Forum for the Future is keen to help the industry look longer term. By anticipating what sustainable consumption looks like in the long run, companies can implement eco strategies at the innovation level and find the best ways to communicate with consumers on environmental issues. "Research suggests that consumers are confused, in general, over the implications of climate change at a product level. They expect the retail companies to explain this to them," explains Ben Kellard.

We need to do our bit too. While more and more companies are jumping on the eco-train, there are still many lagging behind. As consumers, we have the power to force them to change. By supporting those companies doing their utmost to neutralise their carbon footprint, we can help evolve the whole retail sector into an eco-friendly industry.

The power to change is in the hands of the consumer. The obligation to act is in the hands of commerce. Neither one can ignore its responsibility to ensure a bright and greener future for us all.



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