

Shivkumar M BELLI

National Institute of Fashion Technology, INDIA

## **Green Retailing-An Indian perspective in green retail operations**

### Introduction

*'We prefer meaningless collective guilt to a meaningful individual responsibility'*-

Thomas Stephen Szasz

Indian retail sector is an emerging story of touching meteoric height. Though the organized retail in the country is 4.5%, as an exception to the argument of Thomas Szasz, it is a new trend for the retailers to adopt eco-friendly practices. For some retailers being green is the Corporate Social Responsibility while it is the Unique Selling Propositions to some other: for some retailers it is their customers' demand while it is just another marketing and promotional tool to some other: for some it is a new dimension to a brand and while it's their business to some other.

Green retailing is the societal yet profitable concept that makes the retail business operations more eco-friendly thereby creates a sustainable environment to live in. Scope for green retailing ranges right from sourcing of the fabric to placing the merchandise in store and selling them to customers. Although environmental issues arise at all stages of apparel supply chain, the terms *'green retailing'* and *'Eco-friendly practices'* are used to describe the efforts of retailer to protect the natural environment by conserving energy, by sourcing eco-friendly merchandises, by communicating the green value or by providing a total green shopping environment and experience.

### Need of going green

Retail India having the potential to add over Rs.2000 billion business by the year 2010 with favorable demographics, rapid urbanization, liberalized policies to come, growing middle class and resourceful young consumers' urging to celebrate their

spending power and ever rising consumerism is all set to grow as retail hub as it grew in information technology. The clothing and apparel segment in India is the largest organized retail category constituting Rs 21, 400 crore of the country's Rs 55,000 crore organized sector and they contribute significant mark of the carbon footprint. On the other hand, India is the sixth largest emitters in the world and our emissions will increase by 92% over the next ten years though our per capita consumption is very much below the rest of the world. It is found that retail operations consume an approximate 15watts/square foot energy, which translates into an average of Rs. 20/square foot per month of power bills. However, the organized retail in India is just 4.5% it has started to take concrete steps to address ecological crisis. In this context, Indian apparel retailer has to address both consumer needs and ecological needs. It is the way of preferring a meaningful responsibility to meaningless collective guilt. Commerce and Industry minister Mr. Kamal Nath describes India retail economy as a society in which the fruits of development are more evenly spread, in which democracy is more real and palpable to the mass of the population, which makes for a stable social environment that is attractive and reassuring.

### Government's Regulation

During February 2007, a report from Intergovernmental Panel on Climate Change (IPCC) brought consensus on global warming caused by man-made emissions of green house gases. This report and other similar reports from ecological and scientific field have stimulated governments, non-government organizations and political leaders around the world to act. The emerging nations like India have clarified their stance in combating this crisis. They discussed the role of developed countries to help emerging countries by supplying energy efficient equipments and sustainable know-hows.

According to the sources of Indian Retail Forum 2008 approximates Rs.50 billion dollar business opportunity in retail infrastructure and design in next five years. In India, about 70% of the popular fashion, textiles and lifestyle retail stores are housed in big malls. It is estimated that the biggest source of emission and energy consumption is buildings constituting 30% to 40% of global energy use. This disheartening fact plays a vital role in creating a eco-friendly shopping environment.

Therefore, it is imperative that the retail industry adopts and implements green initiatives. Thanks to the Indian Green Building Council (IGBC) and the government policies towards constructions and sustainability today one could see the green constructions. Majority of the realtors and constructions companies in India provide green touch to their projects. On the other hand, Energy Retrofitment techniques help in making existing building more energy efficient buildings. '*Rashtrapati Bhawan*' (Official house of India's president) was retrofitted one. The power, fuel and water savings after retro-fitment could range anywhere between 15% - 30% of the total bill. Multi national companies and other tenants starting to demand efficient building and building owners are now serious about retro-fitment. Green buildings can ensure pollution free environment while reducing electricity and water bills. These benefits are certainly measured. *Bureau of Energy Efficiency (BEE)* has developed *Energy Conservation Building Code (ECBC)* and building that is having this certification would save energy between 40%-60%. Today, India has close 30 million square feet of green buildings given the fact that it had only about 20,000 square feet in 2003. K Raheja Group, one of the successful retail ventures in India with flagship of Shoppers Stop has decided to retro-fit all their buildings along with Clinton Climate Initiative in India. A green conscious apparel retailer must insist for such building that reduces the cost and improve their image. Apart from these, government has launched many websites in collaboration with agencies and Non-governmental organizations to educate industries as well as the citizens. In addition, eco-certifications, accreditations, eco-labels are encouraging retailers to adopt green practices. For example: India's Organic certification standards are set by the National Programme for Organic Production (NPOP), which are based on standards set by the International Federation of Organic Agriculture (IFOAM)

However, apparel retailers and manufacturers feel lack of recognition for their eco-concern initiatives. Indian organic apparel hubs like Ludhiyana and Tirupur fail to take the credit for their unique sustainable operations. For retailers, it is mainly tax benefit that they like to seek from government for their majority of the activities. Presently, government is keen in bringing more policies to address eco-crisis. Therefore, retailers certainly try to act strategically. Government can even shape the

development of this industry in emerging industries like organic farming, organic apparel manufacturing, solar power, wind power and bio-fuels.

Another need for going green is arising from the consumer awareness and worldwide community engaging campaigns of agencies. There are more than 1400 non-governmental organizations working throughout India in the field of Environment and Conservation. International organizations are also doing their best. Some of the agencies that are commonly seen in news are *Green Peace*, *Eco-buddy*, *Tree hugger*, *Indian Environmental Society*, *World Wide Fund for Nature* etcetera. People's responses towards campaigns of such organizations are fabulous. For example, very recently, *Green Peace*- the international environment group got 1800 signatures in just three days to submit a petition to the Bureau of Energy Efficiency demanding a mandatory fuel efficiency law. This was at Prasad's Imax Cinema Hall of Hyderabad city. Most of them were young who responded. This shows the Indian consumer awareness towards *green*.

### Consumer Response Survey

Consumer response towards any business strategy is critical to the success of that business concern. Eco-consciousness of Indian retail consumer has been consistently increasing particularly because of media and internet. Whether *green* is a demand or just a fad a retailer has to address it profitably. A market survey has been conducted to know mainly the consumer perception towards green retailing. The method of random sampling is used for the survey and the sample size is 150. A questionnaire has been administered in Hyderabad city, which is regarded as one of the maturing retail cities (like New Delhi, Mumbai and Bangaluru), having twelve major players. This survey has been conducted during September-November 2008.

### Findings of the Survey

#### A. Survey sample details

Gender	
Male	53%
Female	47%

Age
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15-25 years	17%
26-35 years	48%
36-45 years	22%
46-55 years	11%
More than 55 years	2%

Monthly Income (in Rs.)	
Less than 10,000	6%
10,000-20,000	38%
21,000-30,000	30%
31,000-40,000	10%
41,000-50,000	6%
Above 51,000	2%
N.A.	8%

Thus, the findings presented here pertain to urban, young respondents and most of them are having above average income level.

## B. Key Findings

1. All most all respondents are aware of climate change and 91% of them are aware of eco-friendly practices.
2. About 85% of the respondents feel that climate change would affect their life and about 65% of them feel that they have a role to play in controlling it.
3. About 53% of respondents have already in action and most of them do it through use of recycling, avoiding polythene bags, not keeping the devices on stand-by, curbing water wastage, considering and buying more energy efficient vehicles, use of alternative energy like solar energy etceteras.
4. About 87% of customers showed their interest in shopping at a store, which is having eco-friendly practices. However, very few that are 5% of them feel that they know such stores in the city.
5. About 96% of customers expressed their desire to purchase apparel that is a manufactured using eco-friendly practices but only 3% of them have actually purchased such apparel in last 12 months.

6. About 26% of customers viewed that green apparels are not good at quality; 12% of them feel that they are generally heavily priced, 38% of the respondents opine that they are mostly unbranded and hence not reliable; and majority of the respondents felt that they lack in information about such products
7. About 97% of the respondents revealed that they never demanded for green apparels but most of them have purchased because of promoting the green consciousness only when such campaign held.
8. About 74% respondents doubt that they cannot get right product in the name of green.
9. For 53% of respondents *green* is the both *cause of concern* and *lifestyle*; for about 27% of the respondents it is only *cause of concern* and for about 20% of the respondents it is the *lifestyle*
10. About 53% of respondents are willing to pay a premium to green retailers and remaining 47% of respondents resist for further increase in price.

### C. Summary

1. Consumers are aware of climate change and eco-friendly practices. Specifically Indian youth are more aware of green practices and most of them are taking actions to address it
2. Consumer group at individual level need information of green retailers. Most of the young customers are having very little information of green retail activities and often expressed that they certainly appreciate such practices in apparel retailing. It is evident from the survey that there is an unexpressed demand that is unfulfilled.
3. Customers are having lot of reservations about eco-friendliness that comes in their apparel. It is mainly because of two reasons. One is lack of communication that apparel manufacturer and apparel retailer give it to end user and the other is the customers doubt the value of a product in the name of green.
4. Indian consumers experience that green apparel retailing is a cause of concern and lifestyle.
5. It is found that the most of the young customer prefer to shop at eco-friendly retail stores or eco-friendly malls. Since most of them consider green apparel retailing is a cause of concern and lifestyle, they are willing

to pay a marginally extra price for it but resist significant rise in the price only because of green.

The parallel of the attempt to look around for the articles on 'Consumer Perception towards green marketing' reveals interesting insight about the consumer perception. All over the world, people have shown their high concern towards sustainability, well-being and ethical practices. They have started to associate themselves with those organizations that are known for eco-friendly practices. They have already taken concrete actions to address climate change. However, majority of them would like to take more often actions if they are convinced and get necessary information from their seller. Individuals must be educated to change their behavior in order to be a responsible citizen. Emerging countries like India, Brazil and China show the most concern among other countries and are ready to act. If an option is given to choose a provider, individuals value the actions taken by the provider to address the environmental issues.

Jacquelyn A. Ottman, the author of '*Green Marketing: Opportunity for Innovation*', has said that the green marketing has two basic objectives. One is to improve the environment quality and the other is customer satisfaction. Misjudging either or over emphasizing the former at the expense of the latter can be termed as '*Green Marketing Myopia*'. This term is analogous to the concept of 'Marketing Myopia', which was introduced in 1960 by Harvard Business Professor Theodore Levitt. J.A.Ottman gives *Three C's* approach to avoid green marketing myopia.

1. Consumer value positioning
2. Calibration of consumer knowledge and
3. Credibility of product claims

According to him, first and the foremost aspect of green marketing is to design environmental products; deliver the consumer-desired value of environmental products and target relevant consumer market segments; and broaden consumer base by building consumer-desired value into environmental products. By taking the example of Tide Coldwater's interactive website, which allows visitors to calculate their likely annual money savings based on their eco-friendly initiatives, he emphasizes the need of educating consumers with marketing messages that connect environmental product attributes with desired consumer value. He also suggests for eco-certifications from trustworthy third parties and it is important to

educate consumers about the meaning behind those endorsements and certifications.

The bottom line of such studies implies that retailer has to define what green means for him and then strategies to deliver those value at store. Consumers seek self-expression from clothing. They experiment these expressions and aspire to have a better experience of these while they go for shopping. The challenge is these expressions are different from different consumer. The common failure occurs when you limit consumer as green consumer. However consumers are eco-conscious, they would not shop or stop shopping only because of *green*. The judicial retail marketing mix that offers right product at the right place and right price would be the winner. Following can be a holistic model that throws light on green marketing mix elements that apparel retailer should consider for going green.

	Four Cs	Four As	Four Os
Product	<u>Customer Needs</u> Translate product attributes and benefits to resonate with consumer eco-needs	<u>Acceptability</u> Identify the factor behind acceptability (Cause of concern /Social/lifestyle/sentiment/fad)	<u>Objects</u> Can you sell complete green product in green shopping environment?
Price	<u>Customer Costs</u> Tell them how much they are paying for green cause OR How much they are saving to save the world	<u>Affordability</u> Make green affordable to all customers.	<u>Objectives</u> Are you sourcing green products? Are you practicing eco-friendly way of distribution? Are you selling and promoting in eco-friendly ways?

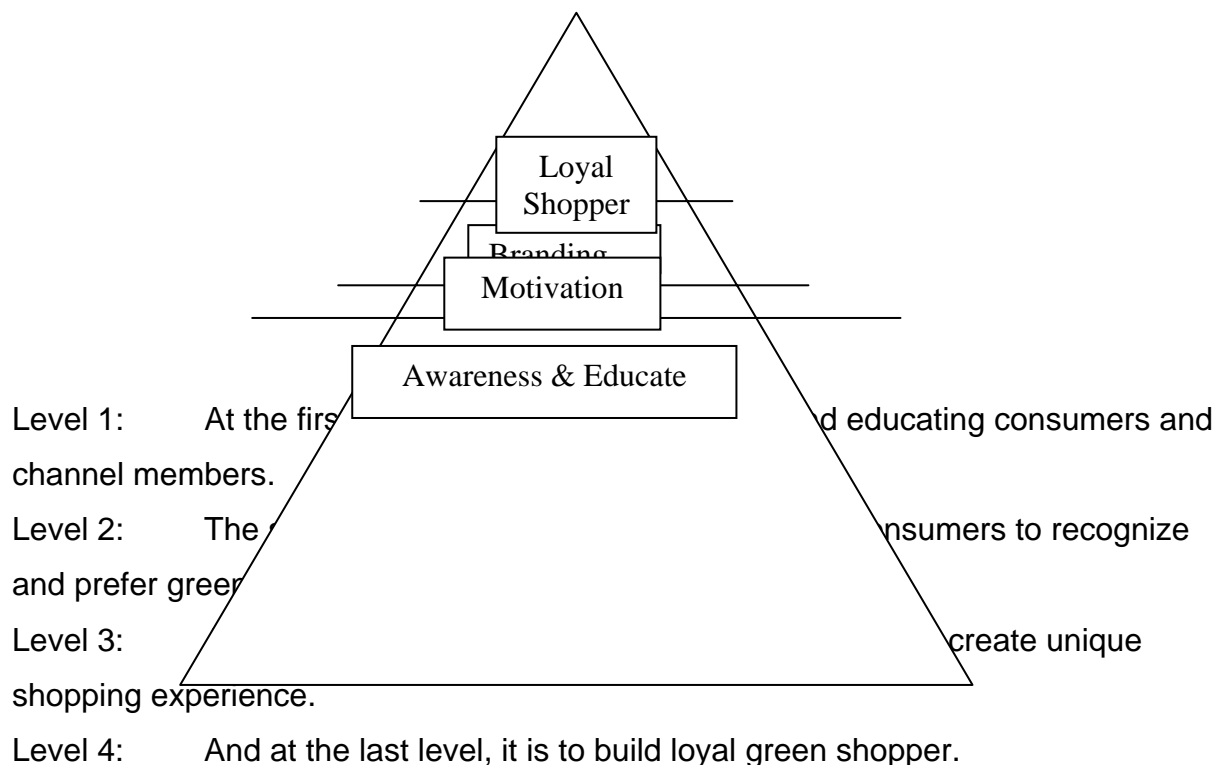


Place	<u>Convenience</u> Make a green shopping environment more convenient to shop	<u>Accessibility / Authenticity</u> Provide the easily accessible green shop and information. Support this with eco-certifications	<u>Organize</u> Are you a responsible corporate citizen?
Promotion	<u>Communication</u> Convince and educate the customer; Even promote using green	<u>Awareness</u> Know the level of green awareness and extent of its use in purchasing	<u>Operation</u> Are your operations are free from taints?

### Green Retailing in India

However, Indian fashion and apparel retailing is in emerging state it would see a business opportunity in green retailing. They distinguish it as competitive advantage as well as social responsibility. Titan Industries Ltd, India is leading watchmaker launched a campaign called '*SWAP YOUR STYLE! Exchange any old watch for new Titan and get flat 25% off*' where old watch bought from customer would be discarded in an eco-friendly manner. It was done to activate the replacement buyers and incentives them to change their old one for a stylish new watch. This expanded the overall watch market by reducing the purchase cycle as well as recycling the unused. Most of other retailers are now associated with non-governmental organizations and eco agencies. Reliance Timeout- a new specialty store of Reliance Retail Limited has collaborated with Tata Energy Research Institute (TERI) to launch a series of children's book that highlights the environmental problems and the urgent need to protect planet wherein all books are printed on recycled paper.

Green initiatives of Indian retailers may be grouped into four major levels. They are as shown in figure.



At each level retailer should realize his green efforts in terms energy saving, profit and overall image in the market. This approach is all about molding the behavior of shopper towards green retailing. As one pass from lower level to higher level, store becomes more energy efficient and less costs required to say you are green now.

### Major Challenges before Indian green retailers

1. Indian retailers face fragmented state of green awareness among consumers as well as suppliers. They cannot address each stakeholder with single green message.
2. Lack of information among retailers itself is another challenge. Many retailers fail to see green everywhere. Majority of the green initiatives are concentrating on promotional activities. Some retailers even perceive that for going green, it requires lot of change and that requires huge investment.
3. Creating a green retail environment that is consistent with brand identity of merchandise. Care must be taken to avoid any confusion since Indian

consumers are now brand conscious and this plays vital role in choosing shopping destination for most of the Indians.

4. The ability to convince the supplier is crucial factor in green retailing. Destinations for sourcing of green apparels or green promotional tools are hardly known to retailers. Efforts to motivate the supplier to adopt fair trade policy, better working conditions and eco-friendly practices help in this regard. One more aspect of this challenge is integration. Most of the retailers and suppliers do not know each one's eco practices.
5. There is less recognition for the eco efforts of the retailers from government. Practice of energy audit and others are coming to help in this area.
6. Indian retailers find difficulties in finding Non-governmental organizations and associations who could join hands in their green campaigns. This is mainly because of the absence of a particular NGO in all the places of country where stores are located.
7. For small and medium retailers investing in green is another investment for which they are not prepared.
8. Space is another problem for retailers to adopt green in their store.
9. They fail to score better in terms of green initiatives to sales ratio. This is mainly because training that is not being provided to employees regarding how to sell green.

#### Ways of building a green apparel retailing in India

One could initially start greening their business by simple well-known 3-R approach. That is Reduce, Reuse and Recycle. The efforts such as avoiding over-packaging goods, make two-sided copies, install energy saving bulbs and tubes like LED lights and CFLs help in reducing energy consumption and wastage. Focus on encouraging customers to carry organic bags and try to acknowledge them whenever they reuse the things. Retailers easily could adopt the practice of selling products that are made from recycled material, having separate collection bins for different categories of waste.

Indian fashion and apparel retailer can adopt '*green*' in the following ways:

1. Green store ambience: Once Robert Triefus, executive vice-president of worldwide communications at Armani said, *'Stores are the face of brand. When you arrive it should confirm your expectations of the brand'*. Therefore, in the context of green retailing, we must address store issues without more energy use and wastage. Creating simple, flexible, energy-efficient buildings and interior stimulations help in responding climatic needs and changing fashions without waste. Use of bamboo, recycled rubber and cork can be used on the floor, fixtures, displays, and walls. Using insulation materials reduce heat island effects. For example, Shuchi Energy Ad Promotions, an entrepreneur has come out with a hoarding that runs with solar power.
2. Sourcing green apparels: Every apparel manufacturer is under the process of draping in green. It may not be a big problem to source such apparels in India. Proper integration and coordination is required among manufacturers and retailers in this regard. For example, a women-oriented co-operative society called Satya Jyothi Trust, had started a line of organic clothing and fashion-wear, relying solely on fibers produced organically and dyed in vegetable dyes. Currently they have single outlet in Gurgaon (a place near New Delhi) and have just teamed up with Numanu- the Label of Love, a French fashion house emphasizing on ethical and fair trade practices in retail. The retailer who quickly identifies such green apparel hubs and strategically procures those apparels and sell in green environment would be successful.
3. Green shopping experience: Customer green shopping experience can be offered in terms of store experience, customer interface and innovation. A customer gets store experience from physical looks of the retail outlet. Customer interface is the face-face in a store with brands having green propositions, sales people, or event that is campaigned around green concepts. And the innovation is nothing but how a retailer engages and entertains the customer with his concept.

#### Green Retail Practices by Indian Retailers (A Case of Shoppers Stop)

Shopper's Stop Ltd is a professionally managed and systems driven organization promoted by the K Raheja Corp Group one of the leading players in India in the business of real estate development and hotels. It has introduced various retail formats in India. Shoppers Stop has been named the 'Emerging Market Retailer of

the year' at the prestigious World Retail Awards, which took place on 10th April '08, in Barcelona. It retails a range of branded apparel, footwear, perfumes, cosmetics, jewellery, leather products, accessories, home products, electronics, books, music and toys. It has its own private label apparel, footwear, fashion jewellery, leather products, accessories and home products.

Shoppers Stop saw their computing requirements growing and had to curb this. They virtualized their servers and also decreased their cooling costs. "Due to all these measures, our IT Infrastructure costs are going to stay stagnant for the next four years" says Arun Gupta, CTO of Shoppers Stop in an interview with Economic Times. The outlet also paid attention to green imperatives like programming unused computers to hibernate and then go to sleep mode. "This has helped us conserve 20% of our power. We also got a double side printer to save up on our paper usage.," said Mr. Gupta .

In summer Spring 2008, it came up with the idea of brand building of its own label called "*LIFE*" through promoting some social issue. The campaign called '*THINK GREEN*' was carried out. Special campaign T-shirts with "Think Green" and "I love my planet" was conceptualized in the range. These were priced at Rs. 299/- and targeted to involve as many youths as possible. The store walls, in-store visuals and windows, special recycle paper tags gave necessary green store ambience. It also distributed plants on purchase of Rs. 1000 from Life Brand. Mr. Rishikesh an executive from Shoppers Stop said, "The immediate results of this innovative campaign were Life brand had a sales growth of 24% on like to like basis. The brand occupied a tremendous boost in terms of recall and share." He added, "In some cities, because of the demand we had to extend this campaign for a week. This time we gave away free plants on purchase of value of Rs. 2000" Later the campaign became the CSR activity of Shoppers Stop where Shoppers stop family planted 1 lakh trees in 6 months time

### Conclusion

Every industry in the world is answerable and accountable to climatic changes and global warming. Green retailing is such revolution that addresses the issue as well as encourages its channel members to behave responsibly in order to create

sustainable environment. For Indian retailers, green retailing is both sustaining itself in green economy and making retail operations eco-friendly.

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