

A Study of Green Practices Adopted by Small Retailers in Chennai

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Abstract

Green is the desirable colour of business today. All kinds of businesses, manufacturing or retailing have recognized that in order to maintain a competitive edge in the marketplaces they must create a green brand image in the minds of consumers. This is possible not by just making an eco friendly organically produced product offering but by creating a buying experience that is green from start to end. So while making a green product is one area that requires engineering focus, managerial and marketing prowess needs to be exercised in creating a green retailing experience. The entire shopping experience must be 'green' with paperless processes, low energy showrooms, lean or reusable packaging, recyclable materials etc. With the retailing sector growing at galloping rates, governments are also brining in policy initiatives in this regard. The government of Tamil Nadu ban of one time use plastics in retail packing with effect from January 1, 2019 is a case in point. The study explores the extent of green initiatives prevalent among small retailers in Chennai. While using natural lighting and ventilation to save energy seems popular, going completely paperless in all processes is still a distant dream. The study also examines relationship between retailer demographics of age and retail format and adoption of green practices. It is found that that while retail format and certification are related to each other, age of the outlet has no relationship with the need to adopt energy saving practices. In conclusion the study measures retailer perception of the impact of green initiatives on the retail business. It is found that while customers appreciate the green initiatives recognition in the form of awards is lacking.

Keywords: Green retailing- small retailer - sustainable business- green practices- green product- green certification.

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I. INTRODUCTION

Our environment is under great threat due to lifestyle practices of the human element. These have led to global warming, climate change, depletion and near extinction of natural resources and imbalance in the bio diversity of the earth. Increased consumerism is one of the primary reasons for these lifestyle changes. This consumerism has changed the world of manufacturing, trade and most importantly retailing. Shopping is no longer an activity to procure essentials, needs or even luxuries but a hobby, pastime or even a means of recreation for humankind.

All though retailing is as ancient as manufacturing, trade and commerce has

completely been reinvented in new formats and avatars. Retailing has received immense attention from governments and policy makers given its growing importance and size. Retailers have also reinvented themselves keeping in mind the changing demographics and consumer behavior.

II. PROBLEM STATEMENT

One criticism that has been recently leveled against the retail sector is socially irresponsible practices towards the environment. In order to provide a larger than life experience to the buyer retailers are known adopt energy intensive non eco friendly practices in shop décor, display and packaging. Among players in the retail sector, there is an unresolved question as to whether it is

economically and financially viable to be green or eco friendly. The major threat that lies before retailers today is the adoption of Green practices (Piacentini et al., 2000). Hence, sustainable and environmentally friendly practices are the core concern of the modern retail sector (WWF Report, 2014).

Besides, there is a growing awareness and even preference among consumers for eco friendly products and services. Therefore, being that crucial link between producer and consumer, it is incumbent upon retailers to provide the value addition of a green eco friendly buying experience. As mediators in the consumption process retailers must adopt green retail marketing and in-store promotions to promote sustainable consumption (Prothero and Fitchett, 2000)

The Government of Tamil Nadu passed an order banning the manufacture, sale or use of one time plastics irrespective of their thickness with effect from January 1, 2019. The study has been undertaken in the backdrop of the year old ban to see how such compulsory measures have impacted retailer perspectives and practices in Chennai.

III. OBJECTIVES OF THE STUDY

The study was undertaken to

- a. To examine the various green retailing practices adopted by retailers in Chennai and rank them in order of prevalence.
- b. To examine the association between age of the retail outlet and the adoption of energy conservation methods by it
- c. To understand the influence of retail format over acquisition of green certification by the retailer
- d. To understand the impact of adoption of green practices as perceived by the retailer

IV. REVIEW OF LITERATURE

Green Retailing (GR) means incorporating environmentally friendly processes into the process of buying and selling. It is a multidimensional concept that incorporates green

practices in processes (means) and objectives (end) (Tang, Lai, & Cheng, 2010).

A survey conducted for Consumer Goods Forum (2014), found out that corporate social responsibility (which includes environmental sustainability) was ranked as a foremost priority by retailers and manufacturers. Dealing with Green or environmental issues are considered as an integral part of corporate social responsibility and the triple-bottom-line today is profit, people and the planet (Pullman et al., 2009; Pagell and Wu, 2010). Green retailing can play a significant role in helping consumers to make their consumption and lifestyles greener and contribute towards the sustainable economy (Sadowski and Buckingham 2007).

Green retailing is a large term that includes several practices

- **Selling Green Products** - green products refer to those products that will not pollute the earth or deplete natural resources, and they can be recycled or conserved (Shamdasani, Chon-Lin and Richmond, 1993). Retailers should make products meaningful for consumers (Connolly and Prothero, 2003) so that it fits into their lives and natural practices.
- **Greening The Supply Chain**- It is an approach that pursues environmental protection to improve the retail value chain through eliminating waste, increasing efficiency, and reducing costs (Sinha, 2014). This would mean integrating environmental thinking into product design, raw material selection, sourcing and supplier selection and the delivery to its end-users as well as into return management (Srivastava ,2007)
- **Creating A Green Brand Image** - A study by Rahbar and Abdul Wahid (2011) found that consumers trust in eco-label and eco-brand and their perception of eco brand show positive and significant relationship with actual purchase behavior.
- **Green Infrastructure And Atmospherics**- According to Chen (2010), companies that invest in infrastructure that is in line with environmental issues, are

able to improve their corporate images and develop new markets as well as increase their competitive advantages.

Many studies have suggested that green products have a positive symbolic meaning for consumers (e.g. Dobers and Strannegård, 2005; Schaefer and Crane, 2005). Customers are ready to pay premium prices only when they are convinced about the benefits of purchasing environmentally sustainable products. Also these benefits must outweigh the costs of such purchases (Phau & Ong, 2007). Hence, companies that embrace the concept of green retailing with environmental-friendly products and packaging can charge higher price for their products and hence increase their profit. However, for many small and medium scale retailers, the introduction, implementation and monitoring of environmentally sustainable practices seems to be challenging and beyond their resource capabilities. (Peattie,2001). But, with increased consumer awareness about eco-friendly consumption building a green image gives a retailer an unparallel competitive advantage (Sinha 2014).

V. RESEARCH METHODOLOGY

Research Design

Descriptive Research using questionnaire method. Hypothesis has been framed based on research gap in literature already existing.

Sample design

- **Sample Unit** -Sample unit for the study consisted of the small retailers across Chennai.
- **Sample Size** -A total number of 56 small retailers were surveyed across Chennai.
- **Sampling Method** -Non-probability Convenience Sampling

Questionnaire design

The questionnaire comprised 3 parts

- Part I – Retailer Demographics such as age of retailer, type of business organization, retail format, store location etc
- Part –II –Presence of green retailing practices

- Part III – Perception of retailer of impact of green retailing practices on aspects of his business

5 point scale was used to measure responses in Part II & III

Statistical Tools Used

The data was analyzed by applying one way analysis of Variance (ANOVA) and weighted average

Limitations of the study:

The study was limited to small retailers in Chennai only

VI. DATA ANALYSIS & INTERPRETATION

The profile of the respondents (Small Retailers in Chennai) was as follows:

- Form of Business Organisation – Majority the respondents were Sole Proprietors (84%)
- 70% of them were Independent Retailer not forming part of a retail chain
- A large number of respondents (42%) were experienced traders with 10-25 years of retail track record with 44.19% of them running Kirana stores
- 78% of them were Stand Alone stores not part of mall/commercial complex
- More than 50% of retailers surveyed were dealing in Food & Groceries

PREVALENCE AND RELATIVE IMPORTANCE OF VARIOUS GREEN PRACTICES ADOPTED BY RETAILERS IN CHENNAI

26 green practices were identified and retailers were asked to rate the extent these were followed by them. Mean scores of the 26 practices as rated by retailers have been ranked in order to identify most adopted to least preferred green practices

Table showing mean scores of various green practices adopted by retailers

S.No	Green practices	Mean scores
1	The outlet uses natural lighting and ventilation	4.36
2	Recycled paper is used for	3.89

	billing	
3	Products sold are made of natural raw materials only	3.73
4	Eco-friendly products	3.71
5	Products Organic in nature are used	3.67
6	Recycled products are sold	3.6
7	Practice of lean packaging is followed	3.53
8	Products sourced are environmental friendly designs	3.51
9	Regular service of equipment is carried out	3.49
10	Waste segregation is practiced	3.4
11	Suppliers are selected on the basis green practices followed by them	3.38
12	Regular education to the consumers is given to follow green practices	3.31
13	Bio-degradable products are available at the outlet	3.24
14	Air conditioner installed has energy saving certification	3.22
15	The packaging is reusable	3.2
16	Energy saving practices are followed in our outlet	3.2
17	Plastic bags(recyclable) are charged to reduce the use of plastic by customers	3.16
18	Re-cycled water is used where ever possible in the shop	3.07
19	Rain water harvesting is followed	3.07
20	Outlet has several plants and greenery	3.04
21	E-bills are provided for products purchased	2.89
22	Solar power is used in the outlet	2.73
23	No form of plastic is used to package the products	2.71
24	Digital form of advertisement is used as against print media	2.69
25	Regular green audits are conducted	2.53
26	A paperless outlet and e filing is followed	2.29

From the above Mean score calculation; it is evident that having natural lighting and sufficient ventilation is the most popularly adopted Green Practice with the mean score of 4.36 followed by Recycled paper is used for billing with a mean score of 3.89 while paperless outlets are still a distant reality

ASSOCIATION BETWEEN TYPE OF RETAILER AND GREEN CERTIFICATION

The retailers chosen for the study were of three types – independent, part of a chain and franchisees. Green certification refers to certification by a competent authority governmental or otherwise that the retail outlet is undertaking certain environmentally sustainable and friendly practices. The relationship between these two variables has been presented in the table below:

Table showing cross tabulations of type of retailer and green certification

Type of Retailer	Green certification for retail outlet					Total
	Do not want certification	Not on the agenda	Neutral towards certification	Process underway	Certified	
Independent	5	18	6	2	0	31
Chain	0	0	6	0	3	9
Franchise	0	2	4	0	0	6
Total	5	20	16	2	3	46

The cross tabulation shows that retailers who are part of a chain have been certified probably due to a policy decision for the entire retail chain. Also a good percentage of retailers (across the three retail formats) have not thought about certification or do not have it on the immediate agenda. Hence some

policy measure to move the retailer thought process towards certification like tax benefits, subsidies and concessions or even governmental orders may encourage these retailers to put certification and the consequent measures on their action plan.

One-Way ANOVA has been performed to identify the existence of such association as follows

H₀: There is no relation between the type of retailer and green certification of the outlet.

H₁: There is a relation between the type of retailer and green certification of the outlet.

The results of the test are tabulated as under

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.463	4	1.616	3.908	.009
Within Groups	16.950	41	.413		
Total	23.413	45			

One-Way ANNOVA Calculated Value of Sig (2 tailed) = .009, Table Value of Sig (2 tailed) = .05. Calculated value is lesser than table value.

Therefore, H₀ is rejected. Hence, there is a relation between the type of retailer and green certification of the outlet.

ASSOCIATION BETWEEN AGE OF THE RETAIL BUSINESS AND THE ADOPTION OF ENERGY SAVING PRACTICES

Energy saving practices can include use of solar power, CFL lighting, alternative fuels etc. Age of the retailer in this case refers to the no of years of existence of the particular retail outlet in the same location and operating under the same name and style.

Table showing cross tabulation between age of the reatailer and the adoption of energy saving practices

No. of years in Business	I follow energy saving practices in our outlet				Total
	Disagree	Neutra l	Agree	Strongl y Agree	
1-3 Years	2	5	0	2	9
3-10 Years	4	8	4	2	18
10-25 Years	6	6	5	4	21
Above 25 years	0	2	0	0	2
Total	12	21	9	8	50

Majority of the retailers surveyed have been in business for more than 3 years. From the table it is evident that the more of experienced retailers (10-25 years) have adopted energy saving practices in their outlet. This may be due to the fact that this stage coincides with the maturity or even decline stage of the retail business (in terms of retail life cycle) and the retailer is looking to reinvent his retailing strategies by adopting practices beyond the 4 Ps of marketing. However to see if there existed any relationship between age of retail outlet and its inclination ot adopt enrgy saving measures one way ANOVA was performed.

Results of One-Way ANNOVA test for the following hypothesis

H₀: There is no relation between the No. of years in Business and energy saving practices followed in the outlet.

H₁: There is a relation between the No. of years in Business and energy saving practices followed in the outlet.

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.682	3	.227	.325	.808

Within Groups	32.198	46	.700	
Total	32.880	49		

One-Way ANNOVA Calculated Value of Sig (2 tailed) = .808, Table Value of Sig (2 tailed) = .05. Calculated value is greater than table value. **Therefore, H₀ is accepted. Hence, there is no relation between the No. of years in Business and energy saving practices followed in the outlet.**

RETAILER PERCEPTION ON IMPACT OF GREEN PRACTICES ON BUSINESS

Retailers were asked to rate their perception on the impact of green practice adoption on their business metrics. 42% of the retailers felt the prices of their products have increased due to green practices followed. 58% state that they have not received accolades and awards for their green initiatives undertaken in the business outlet.

After initiating green practices retailers have perceived the following (statements ranked in order of mean scores)

S.No	Impact on business	Mean score
1	My customers appreciate the green initiative I have taken in my outlet	3.18
2	I have had to increase my prices due to the green practices followed	3.15
3	There is an increase in operating cost as I follow many green practices	3.13
4	There is an increased footfall after we have started following green practices	2.62
5	Customers like our shopping bags/ packaging because they are made of paper/cloth	2.56
6	We have received many accolades and awards for my green initiatives	1.92

Conclusion:

The study shows that while green practices have become imperative owing to both regulatory norms as well as corporate social responsibility factors, retailers in Chennai have not yet adopted them fully and whole heartedly. This may be due to the fact that they are yet to feel the benefits of their recent investments in these initiatives. The study also reveals that certification and green awards and accolades are in a nascent stage in the retail scenario but their role in encouraging green retail practices may be very significant.

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