

Paul Kelly: “Retail: a sustainable business model?”

In front of the great global challenge of making the food system more sustainable, retailers have their share of responsibility. As Paul Kelly, the external affairs and social responsibility manager, Walmart’s UK branch ASDA, says, responsibility comes with size, and collaboration is the key word.

“A week is a long time in retail.” Paraphrasing Lord Wilson shows the difficulty of dealing with a crisis that is unfolding in slow motion with players that do not look ahead too far by nature. “Looking ahead for fifteen years is looking ahead several lifetimes”, as Kelly puts it. Only recently we witnessed the outstanding organisational capacity of supermarkets as the Icelandic volcano did not noticeably interrupt the supply chains in April 2010. Based on this capacity, the retail sector should be able to make these chains both reliable and sustainable.

Food, food, food!

The public sector has a tendency not to look ahead far enough to deal with the issue of the food crisis although they have a crucial role in several aspects. The view on land use needs to be optimised, the debate with the general public should be initiated and definitions made. “Politicians dreaming of a healthy sustainable diet for everyone is good, but what do we mean by sustainable?”, asks Kelly. A shared definition of



sustainability is necessary. It is not enough though. The free market is not able to sort everything out, government should play an active role in the debate.

The fundamental point is that food is not a sufficiently important political issue. “In the 1997 general elections in the UK, the slogan was: Education, education, education! Wouldn’t it be great if the slogan for the 2010 elections had been: Food, food, food!”, Kelly continues.

A drive for efficiency

Walmart is currently in transition from an American to a multinational and global company. Being a global player is challenging as it brings broader and more differentiated responsibilities, as well as taking local circumstances into account.

The big changes in retail take place in developing countries. Access to sustainable healthy food is a human right and retailers should do their share in guaranteeing that. Walmart aims to source products in Africa for at least 50 million pounds between 2010 and 2014. To make that possible, the company invests in capacity building and knowledge transfer in Africa.

To enable retail to fulfill its contribution to sustainability, it is necessary for supermarkets to collaborate. In the first place with their suppliers, but also with their competitors. Like food safety, this is an issue that should be dealt with prior to competition. “Only when one has a clear view on sustainability, is it possible to shape viable food chains. Analyse the food chains from farm to fork and from fork to farm and build them as envisioned”, Kelly advises.

Sustainability can also be a driver for efficiency, for example when it comes to energy and waste reduction. This could save costs and help the environment as well. Concepts on dealing with waste could be developed in cooperation. Dealing with waste is another key as it is the enemy of food security and sustainable consumption. “If retail is able to develop the necessary cooperation it is ready for the future. The business model in itself has the potential of being sustainable”, reminds Kelly.

Engage the consumer

Sustainable food production needs collaboration in a comprehensive debate with all stakeholders. Do not leave it to retail, but make it much broader. Not only between governments, competitors and supply chains but also with NGOs and consumers. All of these parties have to show commitment. NGOs should stop demanding retailers to educate the consumers and be more constructive.

In addition, the consumer should be actively involved. Simply trying to change the lifestyle of consumers with logos and information panels in supermarkets is not realistic. The consumer is confused with logos. He makes his choice in the supermarket in two seconds. The question of trying to change lifestyles or make existing lifestyles more sustainable does not exactly make the point, we have to work on both. Expecting Western consumers to reshape their lifestyle dramatically is not realistic.

Politicians and business have failed to make the issue of food sustainability relevant. In order for the debate to be successful, the language of politicians should change. Instead of a negative and blaming tone, we need to emphasise that when business, politics, NGOs and consumers cooperate, sustainable food supply is possible to obtain.

Investments for sustainable companies

The financial sector can help create drive for change by investing in and rewarding companies that value natural resources in a sustainable way. Some NGOs would even like to see investors refrain from financing companies with unsustainable operations, but that is not the solution. Investors should not step away completely, but help companies to meet sustainability criteria.

3 Aspirational Goals



ENERGY
To be supplied 100% by
renewable energy



WASTE
To create zero waste



PRODUCTS
To sell products that
sustain our resources &
environment

"Our mission of 'saving people money so they can live better' starts with low prices...but it doesn't end there. It extends to being a leader in how we take care of our world."

*Mike Duke, President & CEO, Wal-Mart Stores Inc
Sustainability Summit, October 22, 2008*