

Sustainability trends shaping retail in 2018

 By [Feroz Koor](#)

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Sustainability issues are increasingly shaping trends in the retail sector. In this year's World Economic Forum Global Risks Report, three of the top global risks in terms of likelihood and impact are environmental. One of these, water, is seen as a social risk, providing me with a very topical place to start in terms of sustainability trends in 2018.



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With Cape Town currently being touted around the world as potentially the first major city to run out of water, water is going to be at the front of everyone's minds. Environmental mismanagement of water is now a reality. That creates a huge complexity for 'business as usual', but at the same time will open up areas of innovation as businesses confront the "new normal".

Climate risk management

As a retailer, we need to ensure resilience in our supply chains, and build agility into our sourcing strategies in order to mitigate the risks posed by climatic events, while also building these into our disaster management strategies but also into our retailing strategies.

This concept of climate risk management is increasingly gaining importance in company boardrooms. Rampant weather events have required companies to take a closer look at their risk management strategies to ensure that they take into account the impacts posed by these events.

Investors are also becoming more active. For example, last year, we saw global financial institutions such as JP Morgan Chase and Co. as well as Citi participating and being vocal at the New York Climate week, one of the key annual summits to drive climate action. In addition to this, these institutions also signed up to the [RE100 initiative](#), a collaborative initiative that aims to bring together the world's most influential businesses committed to 100% renewable power. With investors also on the case, companies are going to have to include climate, energy and other areas of environmental risk management into their strategic business planning.

Ethical supply chains

Another trend I expect to see accelerating this year is the demand for greater transparency and ethical practice across supply chains. Allied to this is the call for traceability of goods, as both businesses and consumers want to know where products are sourced from.

This trend is also fuelled by the rise in exploring the potential of digitizing traceability and transparency issues through using big data. We have seen a few of the northern hemisphere retailers taking this challenge to integrate blockchain technology within their operations, enabling the evolution of traditional retailing to that which embraces this use of big data. A blockchain-driven sourcing system tracing product journeys from farm to consumer makes traceability easier, real-time and reduced the level of misrepresentation. Not only this, it will enable companies the flexibility to be able to track and trace the evolution of risks across their value chains.



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Sustainable sourcing

Unfortunate incidents such as the [Rana Plaza](#) collapse which occurred in Bangladesh in 2013 as a result of structural defects on the building, killing about 1,100 factory workers, have caused red flags especially in areas of employee safety within the textiles industry. We have seen a lot of advocacy towards the recognition of basic human rights across our value chain.

This has been a great driver for ethical transparency, not only from how people are treated within our supply chains, but as we evolve our sourcing strategies, we do not compromise on the lives of the vulnerable. Sustainable sourcing therefore also extends to recognising basic human rights within the areas we source from.



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Reducing packaging waste

And finally, a trend that is particularly relevant to retailing - packaging and waste. In the past few months we have witnessed a surge in global activism surrounding plastic waste as well as a host of challenging commitments from retailers and FMCG companies in order to drive change.

Woolworths is constantly evaluating and trialling new forms of packaging to address this issue and will be making some far-reaching commitments in space fairly soon. With the subject now more topical than ever, we are faced with having to amplify our focus on improving our current packaging innovation initiatives.

These trends create opportunities for our Good Business Journey programme to move into uncharted territories that will surely improve how we continue to integrate sustainability into our business.

ABOUT FEROUZ KOOR

Feroz Koor is the Group Head of Sustainability at Woolworths.

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