



CFR EARLY INSIGHT #33

Leveraging systems thinking for sustainability and growth in retail

Center for Retailing (CFR) at the Stockholm School of Economics has a mission to provide high-level academic education and to conduct world-class research on retailing in close collaboration with the Swedish retail industry. CFR Early Insights is a breakfast seminar series through which CFR faculty members share insights from ongoing research projects. The series provides a platform for employees at our partner companies to meet and discuss current challenges in retailing.

Professor

SUVI NENONEN



Associate Professor

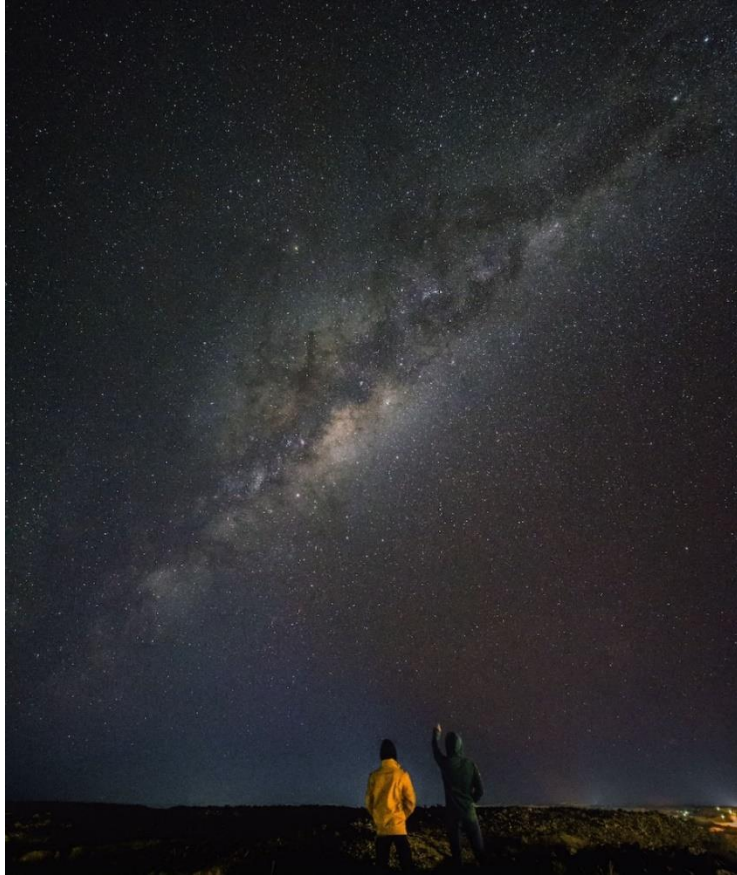
KAISA KOSKELA-HUOTARI



Department of Marketing and Strategy,
Stockholm School of Economics

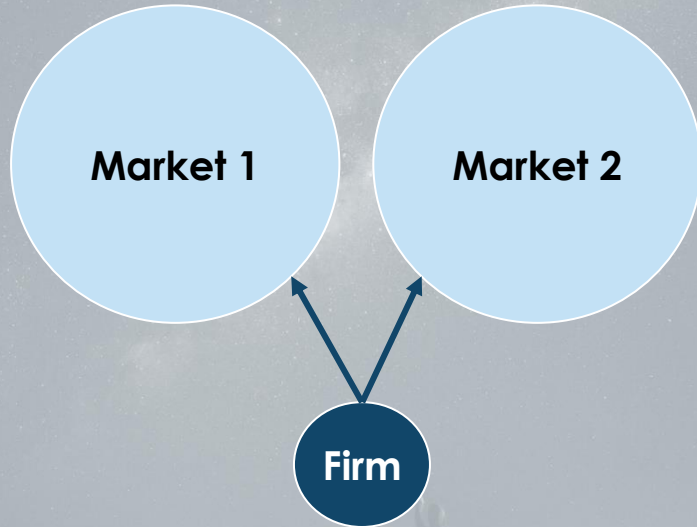


FROM POOR VIEW TO RICH REALITY OF MARKETS



FROM POOR VIEW TO RICH REALITY OF MARKETS

Poor view of markets:
external, given demand



Rich reality of markets:
systems that can be influenced



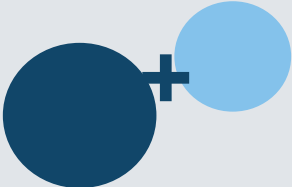
SHAPING MARKETS FOR GROWTH & PROFITABILITY

Increase market share



Markets as given
Competitive strategy

Enter new markets



Business as redefinable
Competitive strategy

Improve the current market



Markets as shapable
Shaping strategy

Create a new market



Markets as shapable
Shaping strategy

No

Not quite

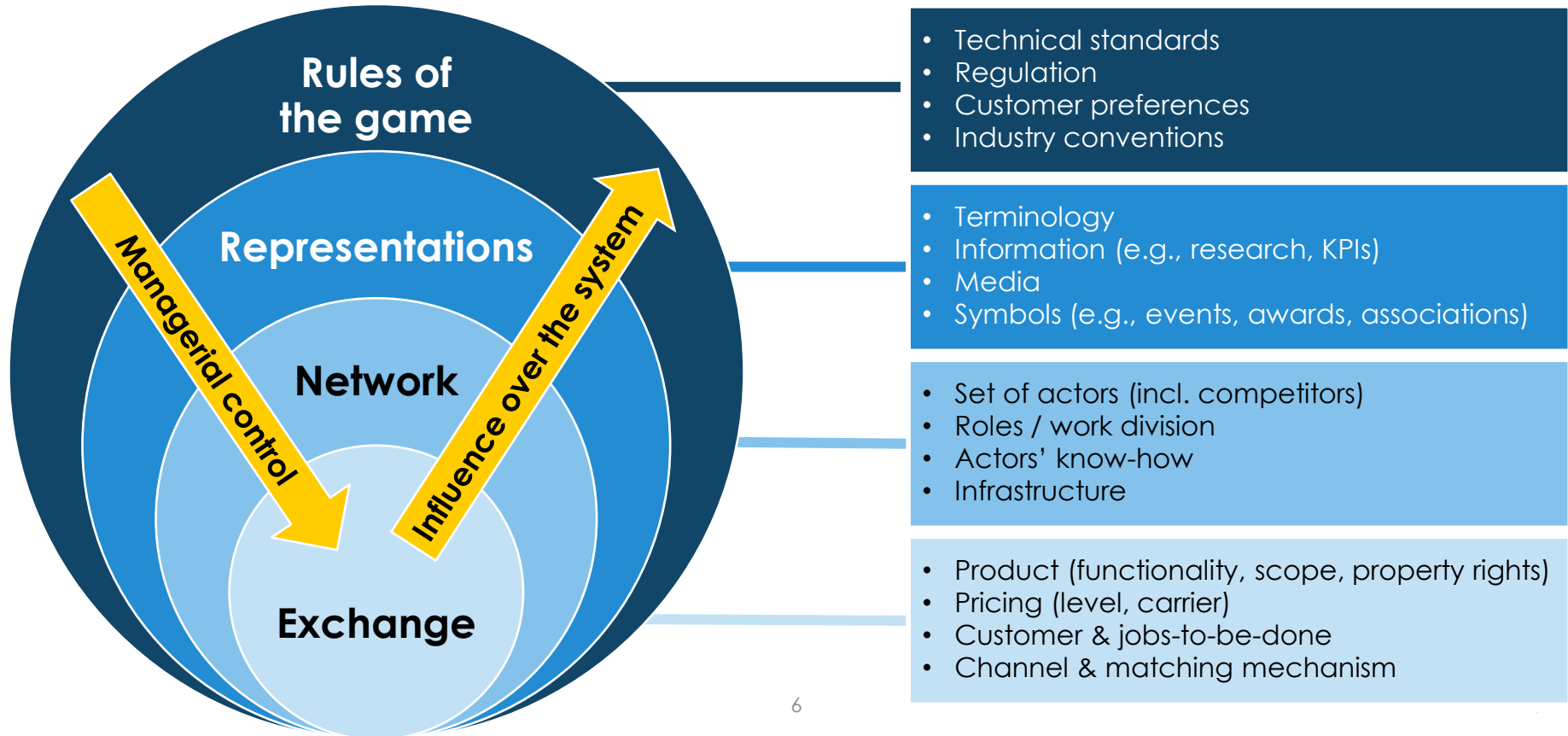
Yes

Yes

5 ← *Market-level changes
Competitors benefit as well* →



WHAT MARKET ELEMENTS CAN YOU SHAPE?



CHANGING THE PRICING LOGIC TO ALIGN INCENTIVES FOR WASTE REDUCTION



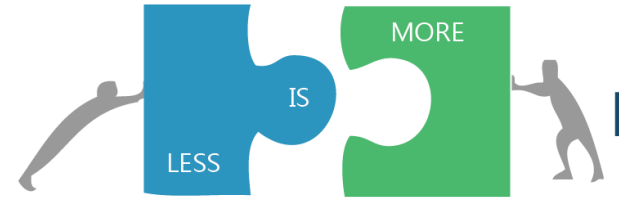
Legal Department as a Service.

Your legal department - always a step ahead.

Contact us



Exchange of expertise and optimization of processes



Less consumption of chemicals and other resources

Less hazardous chemicals

Less negative effects to the environment, health and safety

Less risk

More added value

More benefits

More quality

More shared responsibility

More incentives for reuse and recycling of chemicals and other resources



MAKING EXCHANGES MORE EFFICIENT BY INNOVATING INFRASTRUCTURES



CATEGORY DECISIONS AND REVIEWS AS SHAPING ACTS

CASE: PLANT-BASED PROTEINS IN NEW ZEALAND



No-meat meat?

Vegan / vegetarian?

Healthy / health food?

Alt-protein?

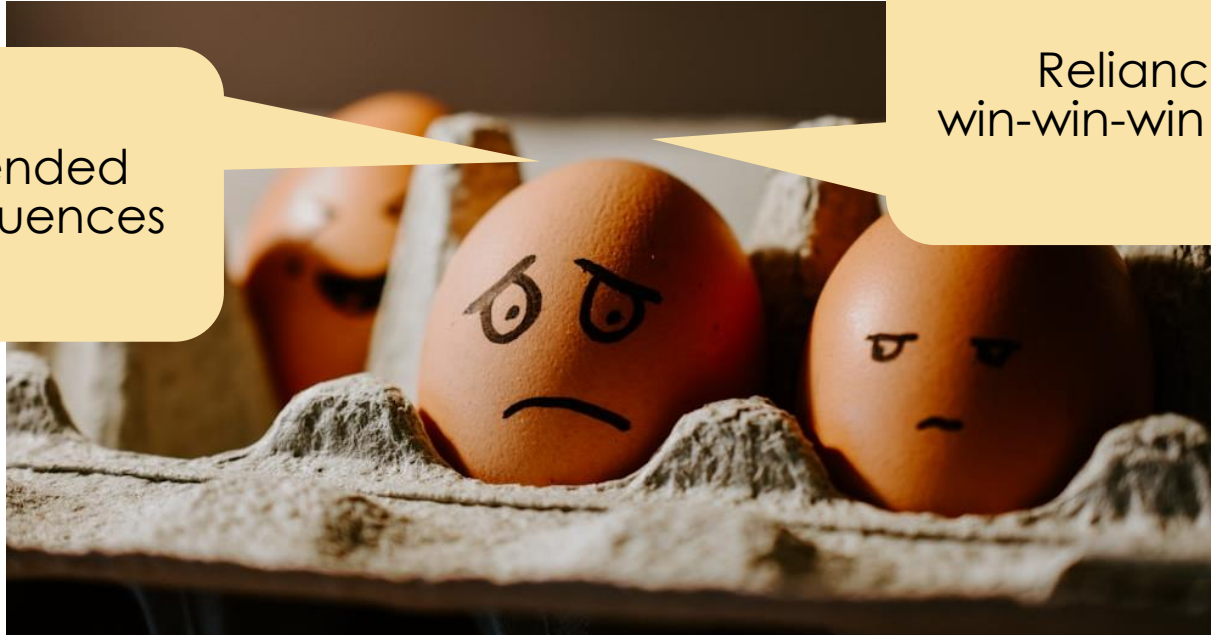
Foodstuffs^{NZ}

countdown 

TWO CONCERNS WHEN APPLYING MARKET SHAPING FOR SUSTAINABILITY

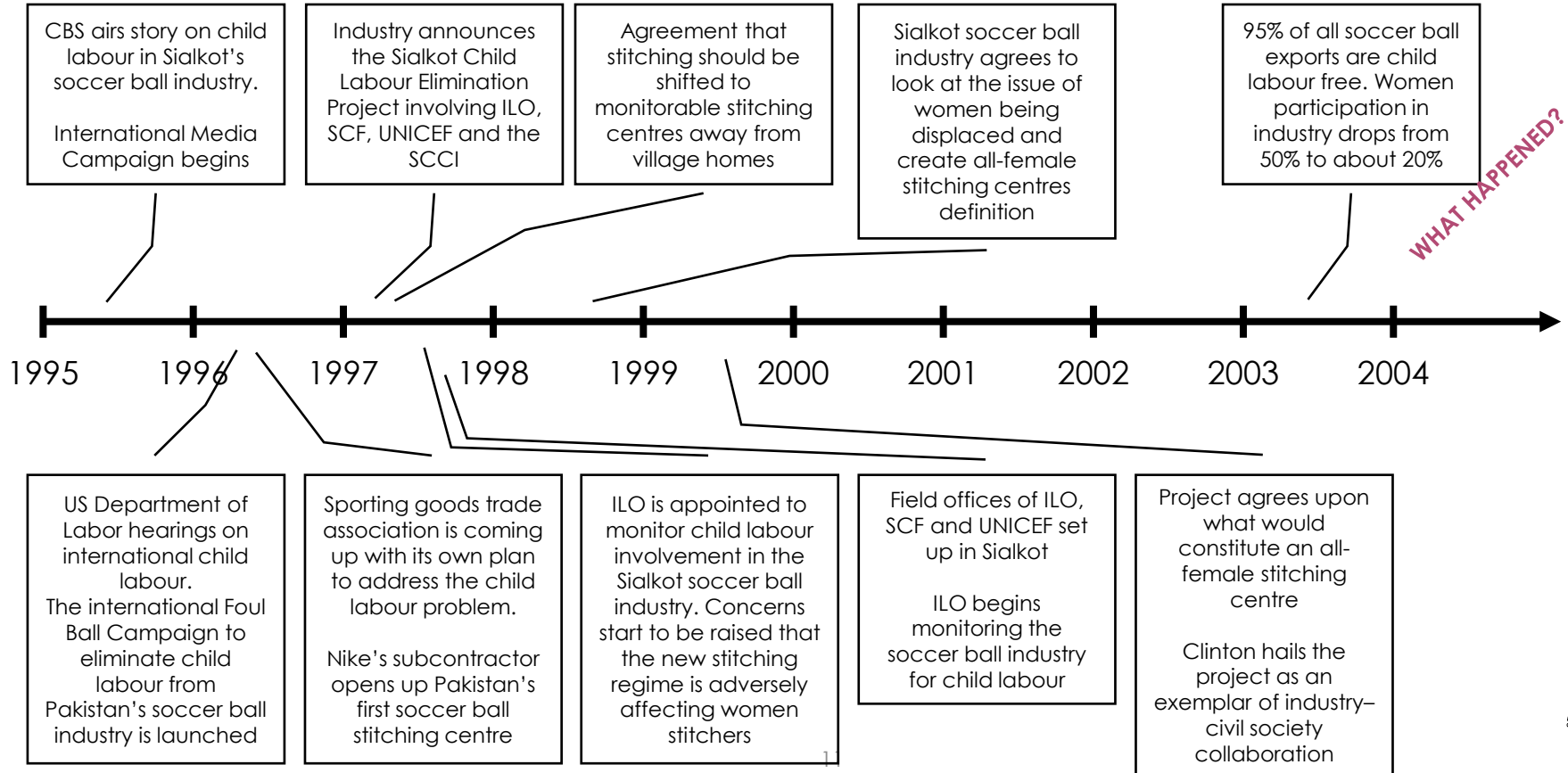
Unintended consequences

Reliance on win-win-win solutions



THE ROAD THE HELL IS PAVED WITH GOOD INTENTIONS?

CASE: ELIMINATING CHILD LABOR FROM SOCCER BALL MANUFACTURING



Khan, F. R., Munir, K. A., & Willmott, H. (2007). A dark side of institutional entrepreneurship: Soccer balls, child labour and postcolonial impoverishment. *Organization Studies*, 28(7), 1055-1077.



WIN-WIN-WIN NECESSARY TO GET OTHERS ONBOARD – BUT OFTEN LEADS TO MARGINAL SOLUTIONS

Minimum viable system	Shaping vision A	Shaping vision B
Shaper	+4	+1
Distributor	+3	+2
Retailer	-1	+1
End customer	+5	+1
Net surplus	+11	+5
Outcome	Failure	Success

Drivers and Hinderers of (Un)Sustainable Service: A Systems View

Kaisa Koskela-Huotari¹, Kristin Svärd², Helén Williams¹, Jakob Trischler³, and Fredrik Wikström⁴

Journal of Service Business
ISSN 2091-255X
© Springer
SAGE

Abstract
Having services provisioning significantly more sustainable is crucial if humankind wants to make a serious effort to operate within the boundaries of what the planet can support. The purpose of this paper is to develop a systems understanding of sustainability in service processes and shed light on the mechanisms that drive (un)sustainable and hinder service providers in their efforts to be more sustainable. To contextualize our study, we focus on a significant sustainability problem: food waste occurring from food retail as a result of consumer over-purchasing. We make two theoretical contributions to the service research on sustainability. First, we offer a systems conceptualization of sustainability in service as a dynamic ability of a food system (e.g., service firm) to sustain the processes that concern its survival, to optimize the resources, and to balance the trade-offs and interdependencies in the (un)sustainable service processes as a system. Subsequently, we outline how the used a combination points when mapping sustainability systems. Our work also has significant practical implications for food retailers and policymakers working towards reducing (UN)Sustainable Development Goal 12.3, to specify the feedback loops that drive food waste and hinder efforts to reduce it at the retailer-consumer interface.

Keywords
service provision, sustainability, system dynamics, feedback loops, food waste, food retailing

Introduction
Humankind faces several planetary crises, such as climate change, biodiversity loss, pollution, and more (IPCC 2015; Drexler and Ringling 2016); we are still far from meeting the Sustainable Development Goals (SDGs) (United Nations 2015). Despite this, the world's population is projected to reach 10 billion by 2050 (United Nations 2019). One of the most pressing environmental issues is food waste, which has a substantial impact on the world's environment (FAO 2013). In the service industry, the most significant environmental and societal challenge is food waste (Williams and Williams 2017). To the detriment of the many stakeholders involved, in many cases, we can observe an increasing tendency to over-purchase as a result of an ecological need (see Williams, Wikström, and Forgas 2017). Although sustainability has recently been identified as a research priority within the service field (Field et al. 2012; Wang, Mikellodis, Nohria, and Wright 2014), it was previously a rather marginal research area within service research (Clemen et al. 2017). The sustainability-related studies in transformation service research (TSR) have mostly focused on issues connected with social sustainability (e.g., Giorgio et al. 2021; Mikellodis and van Donk 2017). As such, there is only a limited amount of service literature that focuses on service provision as related to environmental sustainability. In addition, the few prior studies that report on the low presence or business impact of service provision identified as more or less viable than their peers (e.g., Chung, Hughes, and Votaw 2015; Fugère, Soltman, and Colquhoun 2015) mostly explicitly define an organizational sustainability service results. As a result, they play a lack of theoretical understanding of sustainability and the contribution that lead to sustainability outcomes.

In this paper, we ask two questions: 1) What is sustainability in a food context of service provision? 2) How is (un)sustainable service provision or afford to achieve in practice? To address these research questions, we draw on a systems-based illustration of sustainability (Chatterjee 2005) from within the broader sustainability literature. We use systems

¹Department of Marketing and Strategy, Stockholm School of Economics, Stockholm, Sweden
²Stockholm Business School, National Institute for Economic Research, Stockholm, Sweden
³Department of Marketing and Strategy, Stockholm School of Economics, Stockholm, Sweden
⁴Stockholm Business School, National Institute for Economic Research, Stockholm, Sweden

DRIVERS AND HINDERERS OF (UN)SUSTAINABLE SERVICE: A SYSTEMS VIEW

Kaisa Koskela-Huotari, Stockholm School of Economics
Kristin Svärd, Karlstad University
Helén Williams, Karlstad University
Jakob Trischler, Karlstad University
Fredrik Wikström, Karlstad University



MISUM ACADEMIC INSIGHTS
10.1016/j.misum.2023.100004

DRIVERS AND HINDERERS OF (UN)SUSTAINABLE SERVICE: A SYSTEMS VIEW

BACKGROUND AND RESEARCH AIM

Humankind faces several planetary crises, such as climate change, biodiversity loss, pollution, and waste. We are still far from operating within the boundaries of what the planet can support. Reducing this today, it is imperative to strive to be better and more sustainable. However, achieving sustainable service provisioning poses a challenge, particularly in evaluating and implementing ecological sustainability measures. We have social sustainability has received some attention in service research, there is a lack of theoretical understanding of environmental sustainability and the factors that contribute to (un)sustainable outcomes.


To better understand what sustainability is and why it is so difficult to achieve in the context of service provision, this study specifically addresses the challenge of food waste resulting in systems terms. The study investigates the specific mechanisms leading to (un)sustainable outcomes in service provisioning, focusing on the role of food retailers in the context of food waste reduction. By answering this issue, the study aims to establish a provable sustainability problem and gain a deeper understanding of the challenges involved.

RESEARCH METHODS

Using an abductive research design, the study combines insights from theoretical and empirical research to deeply understand the dynamics of food waste and identify strategies for reduction of both the retailer and consumer systems. The theoretical insights stem from the system dynamics literature and the systems framework of sustainability, while the empirical input comes from a case study of a Swedish food retailer and is supported with service academic literature on food waste at the retailer-consumer interface. In the empirical case study, the primary data is collected from interviews with employees from the food retailer's regional headquarters and service users and secondary data is gathered from the retailer's sustainability reports.

Preparing a system model containing appropriate and multiple levels of analysis, the research integrates insights from these multiple sources to identify the systemic drivers of food waste at the retailer and consumer levels. This analysis led to the development of a causal loop model that illustrates the complex interactions between retailers and consumers contributing to food waste.

10.1016/j.misum.2023.100004
© 2023 The Author(s)
https://doi.org/10.1016/j.misum.2023.100004




A large pile of fresh fruits and vegetables, including mushrooms, tomatoes, lettuce, and bananas, illustrating food waste. The produce is piled together in a grey container, showing a variety of items that are often discarded.

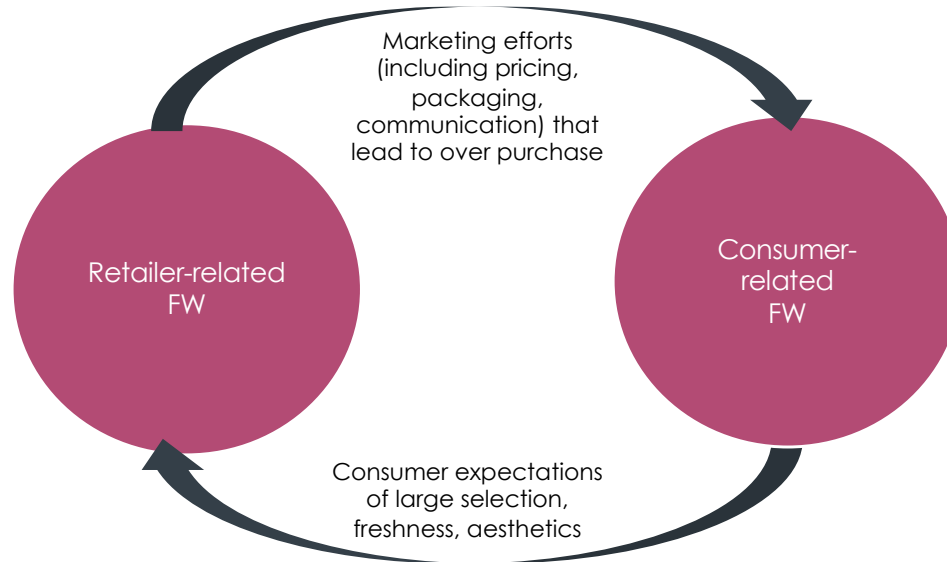
No one wakes up in the morning thinking
“Today, I will waste food.”

Still, food is wasted to the extent that it is the
main contributor to several planetary crises.

Food waste is fundamentally
a systemic problem.

SYSTEMIC LENS ON FOOD WASTE IN RETAIL

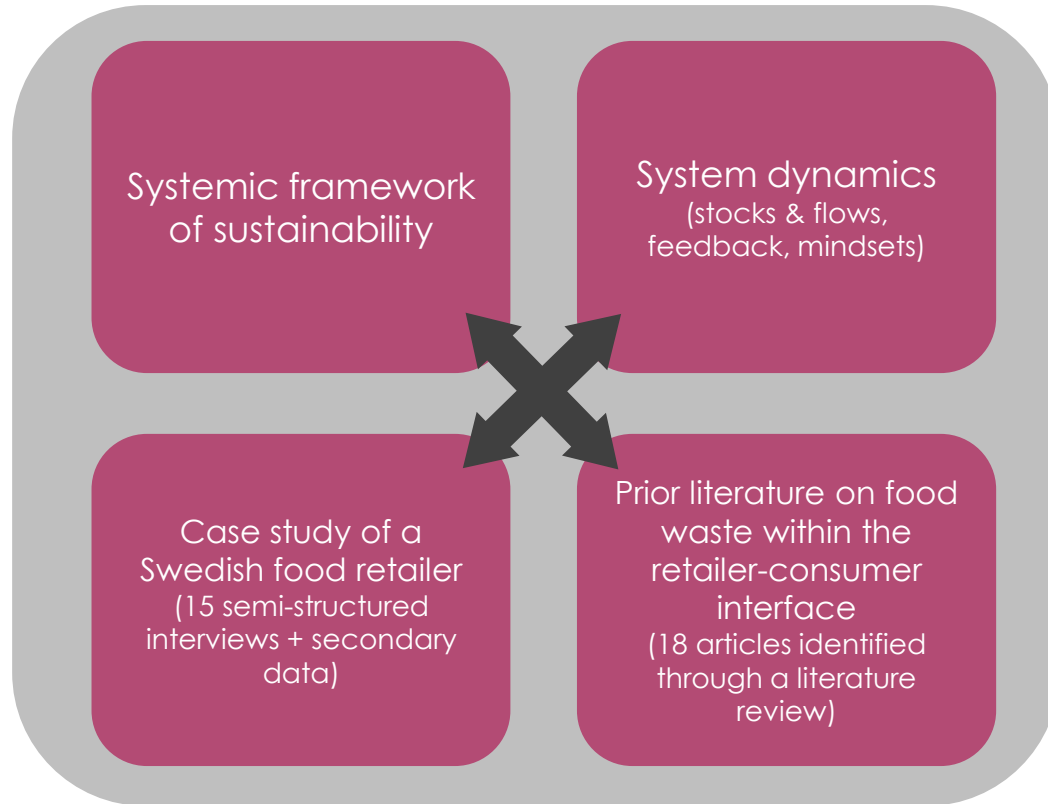
What are the systemic mechanisms that enable and hinder retailers in engaging with food waste reduction?



E.g., Teller et al. (2018); Quedsted et al. (2013)

RESEARCH DESIGN: ABDUCTIVE METHODOLOGY

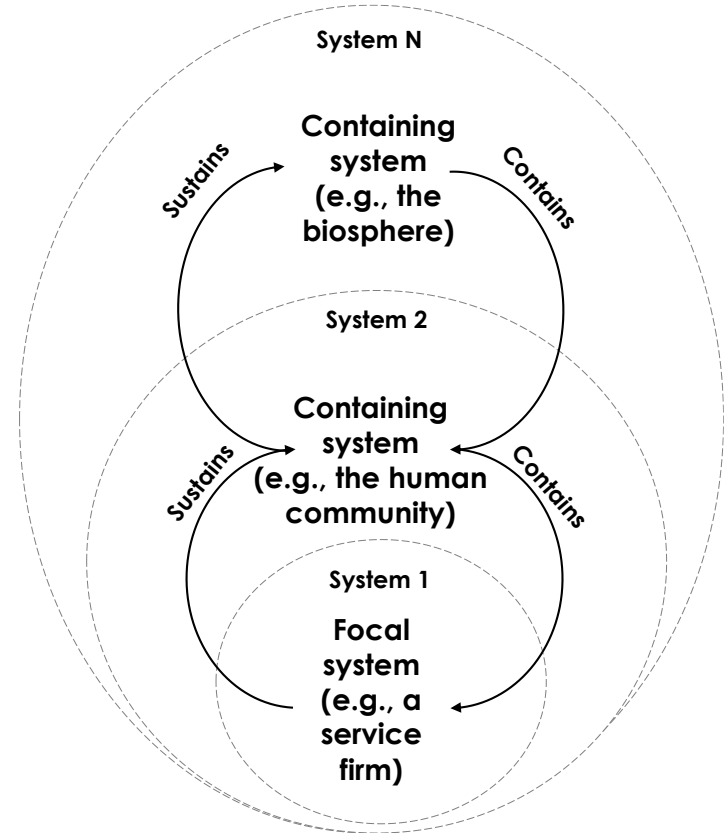
**Theoretical and
empirical inputs
in the abductive
analysis**



SYSTEMIC CONCEPTUALIZATION OF SUSTAINABILITY

Sustainability: a dynamic ability of a focal system (e.g., a service firm) to sustain the system(s) that contains it

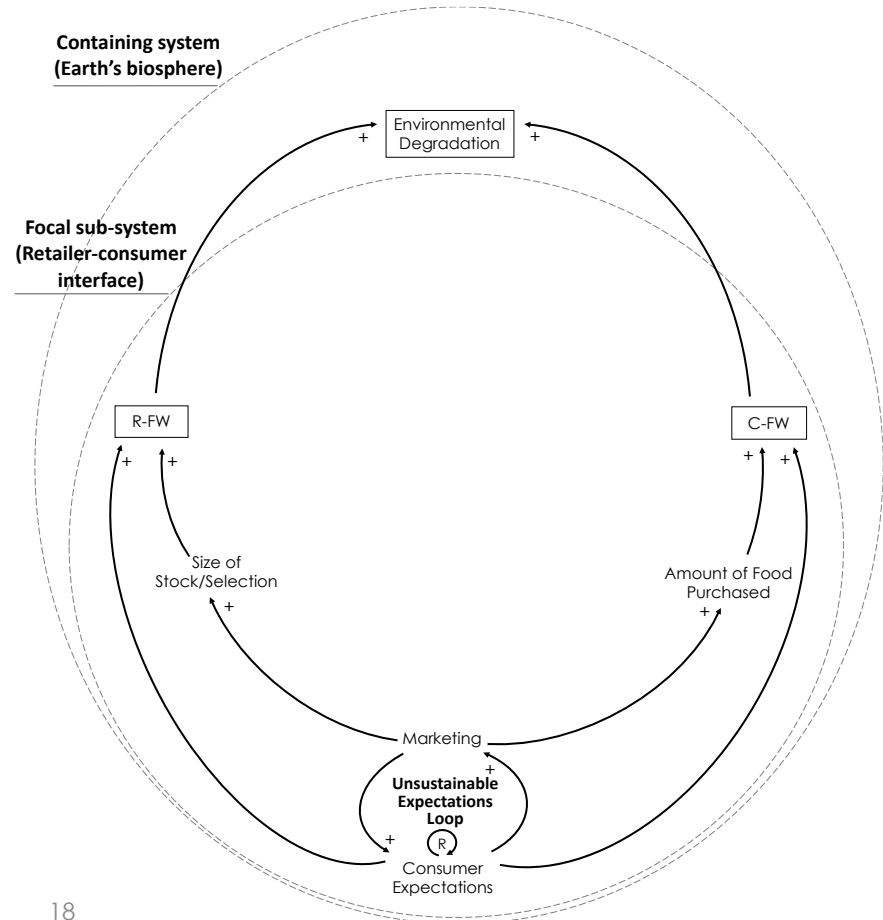
Implication: Sustainability requires the specification of two systems:
1) **the focal system** of which sustainability is evaluated, and
2) **the containing system** to be sustained



FOOD WASTE IN RETAILER-CONSUMER INTERFACE

PHASE BY PHASE

1. Major driver of food waste
 - Unsustainable Expectations Loop

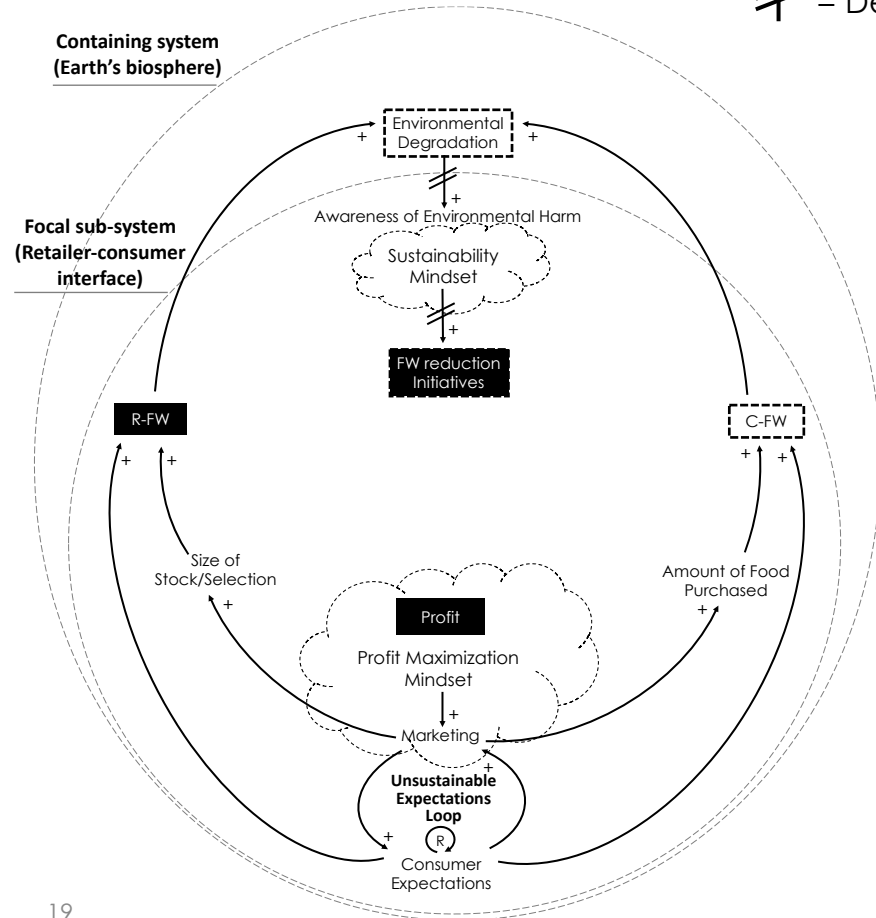


FOOD WASTE IN RETAILER-CONSUMER INTERFACE

PHASE BY PHASE

≠ = Delay

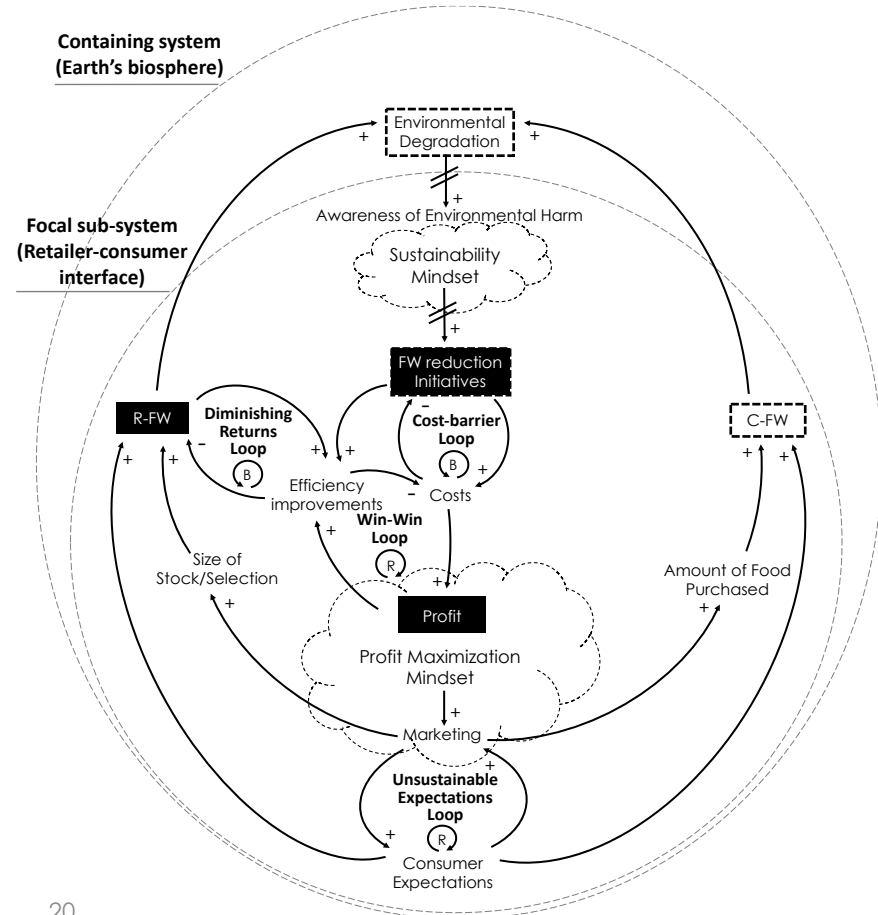
1. Major driver of food waste
 - Unsustainable Expectations Loop
2. Underlying mindsets
 - The Profit Maximization mindset
 - The Sustainability mindset



FOOD WASTE IN RETAILER-CONSUMER INTERFACE

PHASE BY PHASE

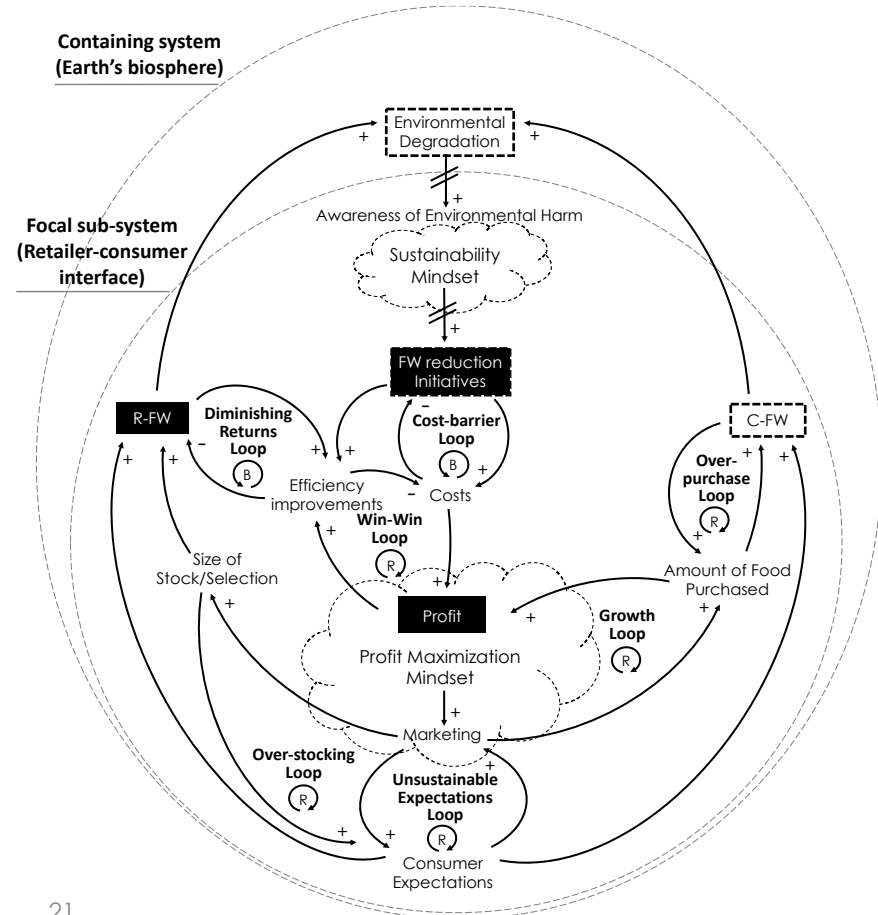
1. Major driver of food waste
 - Unsustainable Expectations Loop
2. Underlying mindsets
 - The Profit Maximization mindset
 - The Sustainability mindset
3. Drivers and hinderers of food waste reduction initiative
 - The Win-Win Loop
 - Diminishing Returns & Cost-barrier



FOOD WASTE IN RETAILER-CONSUMER INTERFACE

PHASE BY PHASE

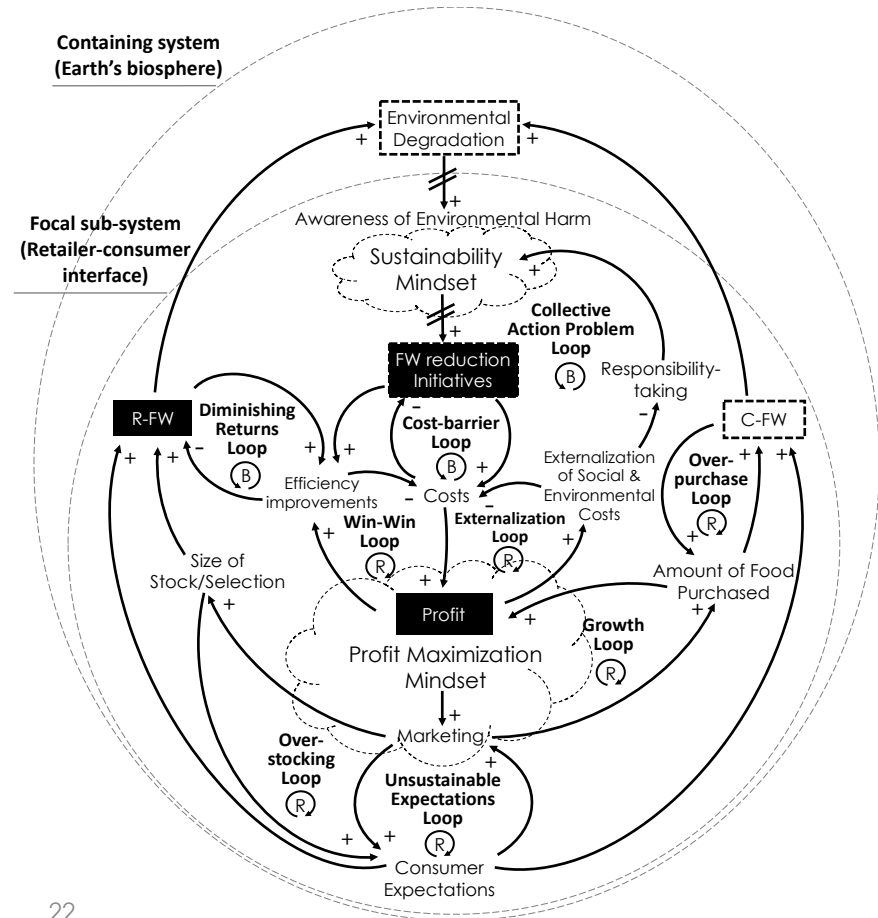
1. Major driver of food waste
 - Unsustainable Expectations Loop
2. Underlying mindsets
 - The Profit Maximization mindset
 - The Sustainability mindset
3. Drivers and hinderers of food waste reduction initiative
 - The Win-Win Loop
 - Diminishing Returns & Cost-barrier
4. Missed opportunities in food waste reduction due to goal conflict



FOOD WASTE IN RETAILER-CONSUMER INTERFACE

PHASE BY PHASE

1. Major driver of food waste
 - Unsustainable Expectations Loop
2. Underlying mindsets
 - The Profit Maximization mindset
 - The Sustainability mindset
3. Drivers and hinderers of food waste reduction initiative
 - The Win-Win Loop
 - Diminishing Returns & Cost-barrier
4. Missed opportunities in food waste reduction due to goal conflict
5. Collective-level hinderers of food waste reduction



TAKE-AWAYS

- Prevailing mindset and feedback loops lead to **lock-in effects** into unsustainable practices
- In food retail, the identified nine feedback loops can be used as **intervention objects** in transforming both retailer and consumption practices
- The feedback loops **vary in their impact potential** and **the means needed to attend to them**
 - The win-win loop is relatively easy for the retailers to engage with, but it has a **limited impact** on reducing food waste
 - The self-reinforcing cycles stemming from the profit maximization mindset (the Growth Loop, Over-Purchase Loop and Overstocking Loop) have huge potential, but most likely will require **regulatory interventions** to be addressed due to significant goal conflicts

CONCLUSION:
UNDERSTANDING AND ACTING UPON
FEEDBACK LOOPS AND UNDERLYING
MINDSETS IN RETAIL IS PIVOTAL FOR
SUSTAINABLE TRANSFORMATION.

NEXT CFR EARLY INSIGHTS

Thoughts, comments, ideas:
karl.strelis@hhs.se

May 18

“Re-imagining the Physical Store” with Sara Rosengren

September 25

“Service Robots and their Effects on Customers” with Magnus Söderlund

November 13,

“Making Retail Circular: The Role of Consumers” with Aylin Cakanlar



FOLLOW US ON INSTAGRAM: @CENTERFORRETAILING



September 14, 2023

PERSONALIZED BEHAVIORAL RECAPS: AN OVERVIEW

Why you should use behavioral data to create amazing year-in-review campaigns for your customers.



Does the Label Fit the Channel? How "Bricks" and "Clicks" Influence Demand for Environmental and Social Sustainability Labels

Emilie Fröberg¹, Svetlana Kulkarni², and Sara Rosengren³

Journal of Business Research

Abstract

Service firms are increasingly trying to make their offers more sustainable. In this paper, we contribute to the literature on sustainability by examining the impact of the channel (brick or click) on consumer purchase of items with environmental and social sustainability labels. Our findings indicate that consumers are more likely to purchase items with sustainability labels in brick channels than in click channels. This effect is stronger for items with high environmental and social sustainability labels than for items with low labels. Our findings also indicate that consumers are more likely to purchase items with sustainability labels in brick channels than in click channels when the items are more expensive and when the items are more sustainable. Our findings also indicate that consumers are more likely to purchase items with sustainability labels in brick channels than in click channels when the items are more expensive and when the items are more sustainable. Our findings also indicate that consumers are more likely to purchase items with sustainability labels in brick channels than in click channels when the items are more expensive and when the items are more sustainable.

Keywords

sustainability, consumer, additional, environmental, green, social, ethical

A systematic review on political ideology and persuasion

Arin Cabrita^{1,2} | Katherine White³

Abstract

Increasing political polarization in the United States and worldwide necessitates understanding of the key factors that can help quell different political groups' attitudes and behaviors regarding political issues. This article provides a systematic review of the research literature on political ideology and persuasion. We summarize the findings of these studies that relate to political ideology, persuasion, and political behavior. We identify key research questions that can encourage political and behavioral change among conservatives and liberals. Our review highlights that understanding the three levels of which persuasion operates can guide future theory and research, as well as provide practical tools for academics and practitioners working to decrease ideological polarization and foster political and behavioral change across both sides of the political divide.

