



Sustainable Development of the Indian Food & Beverage Retail sector

Retail Supply Chain Summit 2013: Panel Discussion on Sustainability across Retail Value Chain

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Panel: Sustainability across retail value chain



From L-R: Sanjiv Bhatia, President, Stenum Asia; K Radhakrishnan, CEO, KB FairPrice & President, Future Freshfoods Limited (FFL); Shikhar Jain, Principal Counsellor, CII-ITC Centre of Excellence for Sustainable Development; Somnath Das, Head Supply Chain, Marico Limited; Sudhir Soundalgekar, Head Lifestyle & Speciality Projects, Shoppers Stop Ltd.

Moderator: Shikhar Jain, Principal Counsellor, CII-ITC Centre of Excellence for Sustainable Development

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Sustainability across retail value chain



“The supply chain cycle today, is about sustainability in value chain. We also need to align the difference between supply chain and value chain.”

-Moderator

- Shikhar Jain, Principal Councilor, CII- ITC Centre of Excellence for Sustainable Development.

Key Insights:

- If there is no consumer demand after practicing sustainability in supply chain all the efforts go waste.
- Western practices are adopting green consumerism; do we have that kind of demand in India?
- There is a difference between supply chain and value chain. Value chain = Triple bottom line + Social and societal issues
- We have to go towards sustainability across the value chain

Consumer Demand & Sustainability in Supply Chain



“We recently visited the interior of Maharashtra to meet a group of farmers complaining about seasonal variations that either there is drought or there is floods and nothing in between. When we asked them about the rain water harvesting? They had not even heard about it. That’s the problem. Where is the government putting its money? Where is the sustainability?”

- **K Radhakrishnan, CEO, KB FairPrice & President, Future Freshfoods Limited (FFL)**

Key Insights

- Sustainability is very cruel in the real environment; The fittest survives. When consumption increases more than the natural growth, the question of sustainability arises.
- If the number of Adam and eve increases, you need to artificially accelerate the growth to survive. Then you put the artificial ingredient. And then you have the problem that comes with the input and out of the ingredient. And that’s where we are today.
- There cannot be a question on sustainability if we don’t answer what exactly the consumer wants. We need a localised definition of sustainability

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Global Practices on the Sustainability Front: Switch Asia Project & Indian market scenario



“Indian consumer is actually very green, the average carbon foot print of an Indian consumer is 1.7 tonnes per annum whereas that of Americans is 17.8 tonnes per annum, and that of China is 6.8 tonnes per annum.”

- **Sanjiv Bhatia, President, Stenum Asia**

Key Insights:

- Bulk of the population is vegetarian and 15% of greenhouse gas emission of the planet by human being is because of life stock.
- Walmart believes that 90% of their carbon footprint sits actually in supply chain.
- Companies first resorted to CSR/Sustainability because they had to and then realized that it has a competitive advantage and cost benefit too.
- A lot of solutions people come up are not technology driven or driven by capital expenditure but they are driven because the top management are driven by the concept of sustainability. They are seeing competitive advantage in the coming of the approach.

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How to connect with the farmers?



“Retail industry is beautifully positioned at the centre of the product life cycle. Sustainability efforts are divided in to two quadrants – gaining competitive advantage & cost benefits.”

- **Somnath Das, Head Supply Chain, Marico**

Key Insights:

- Given the unique position, retail has a huge influence across the socio economic sustainability.
- The matrix is largely divided in to two parts; avoiding harm to have tangibles of cost and intangibles of service, and on the other hand gaining the competitive advantage that the tangible would be revenue in terms of introducing green products.

Sustainability in Stores



“We have initiated and implemented the three part advocacy– reduce, reuse and recycle. Wherein we undertook varied initiatives towards creating sustainability in stores, and this has tremendously helped us. These initiatives has helped us save 6 million units of consumptions, which is the cost of establishing one store. And we have almost equivalent to operational been able to reduce our carbon footprint by 12%.”

- **Sudhir Soundalgekar, Head Lifestyle & Speciality Projects, Shoppers Stop Ltd.**

Reduce: A centralized energy management system. Installation of LED lights, taking double sided printouts, reducing packaging wastes, using natural lighting in daytime almost 50% of lights are off, 30KW of solar panels.

Reuse: we introduced sunlight harvesting. It's the introduction of simple pipe of the roof and connecting it with the place of artificial light layout with the natural sunlight pipes. The cost has reduced to almost 50% .

Recycling: We have used Deadwood, bamboo, jute, and introduced e-waste recycling bins at stores. This has helped us save 6 million units of consumptions

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Confederation of Indian Industry



CIETC Centre of Excellence
for Sustainable Development



AUSTRIA
RECYCLING



STENUM Ecos



rai
RETAILERS ASSOCIATION OF INDIA



cscsp
COLLABORATING CENTRE ON SUSTAINABLE
CONSUMPTION AND PRODUCTION



ASSIST

In Conclusion

“When you talk of sustainability it is fuzzy knowledge to me, its very difficult to explain what sustainability means and we are floundering in its definition and implementation. We need far sharper and local like definition of sustainability in India before we can actually take the next step.”

- **K Radhakrishnan, CEO, KB FairPrice & President, Future Freshfoods Limited (FFL)**

“Imagine if each and every shareholder contributes towards sustainability then the combined effort will benefit and it will ensure a bright future.”

- **Sudhir Soundalgekar, Head Lifestyle & Speciality Projects, Shoppers Stop Ltd**

“There are opportunities not only in terms of cost and mitigation but also creating reputation for the competitive advantage.”

- **Somnath Das, Head Supply Chain, Marico Ltd.**

“In India with the kind of problems that will emerge with the increase in consumption, there is no way but for companies to go for sustainability and look at cost savings and strategic value that can be created.”

- **Sanjiv Bhatia, President, Stenum Asia**