Success Factors for Environmentally Benign and Less Packaging Through Business Model Innovation

A Comparative Analysis of German Retailers

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New Business Model Conference

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Retailers mainly react to demands and regulations.

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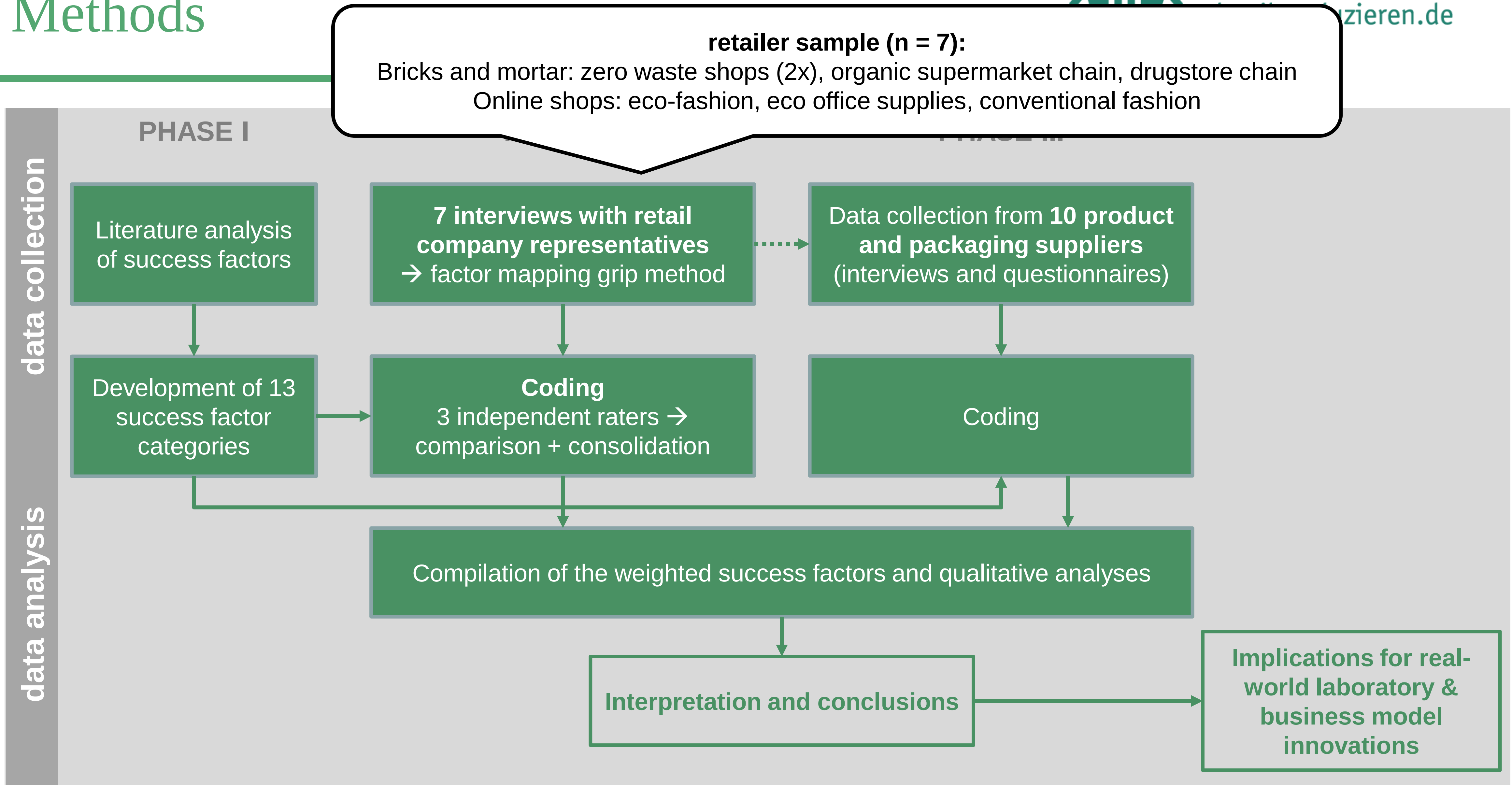
Establishment of new business models (e.g., zero waste shops)

Adaption of existing business models (e.g., refill stations in drug stores)

- Retail companies are very diverse
- To achieve the same goal different strategic decisions are needed to successfully reconfigure their business models
- **What are success factors and barriers for business model innovation in the context of a modified packaging management?**

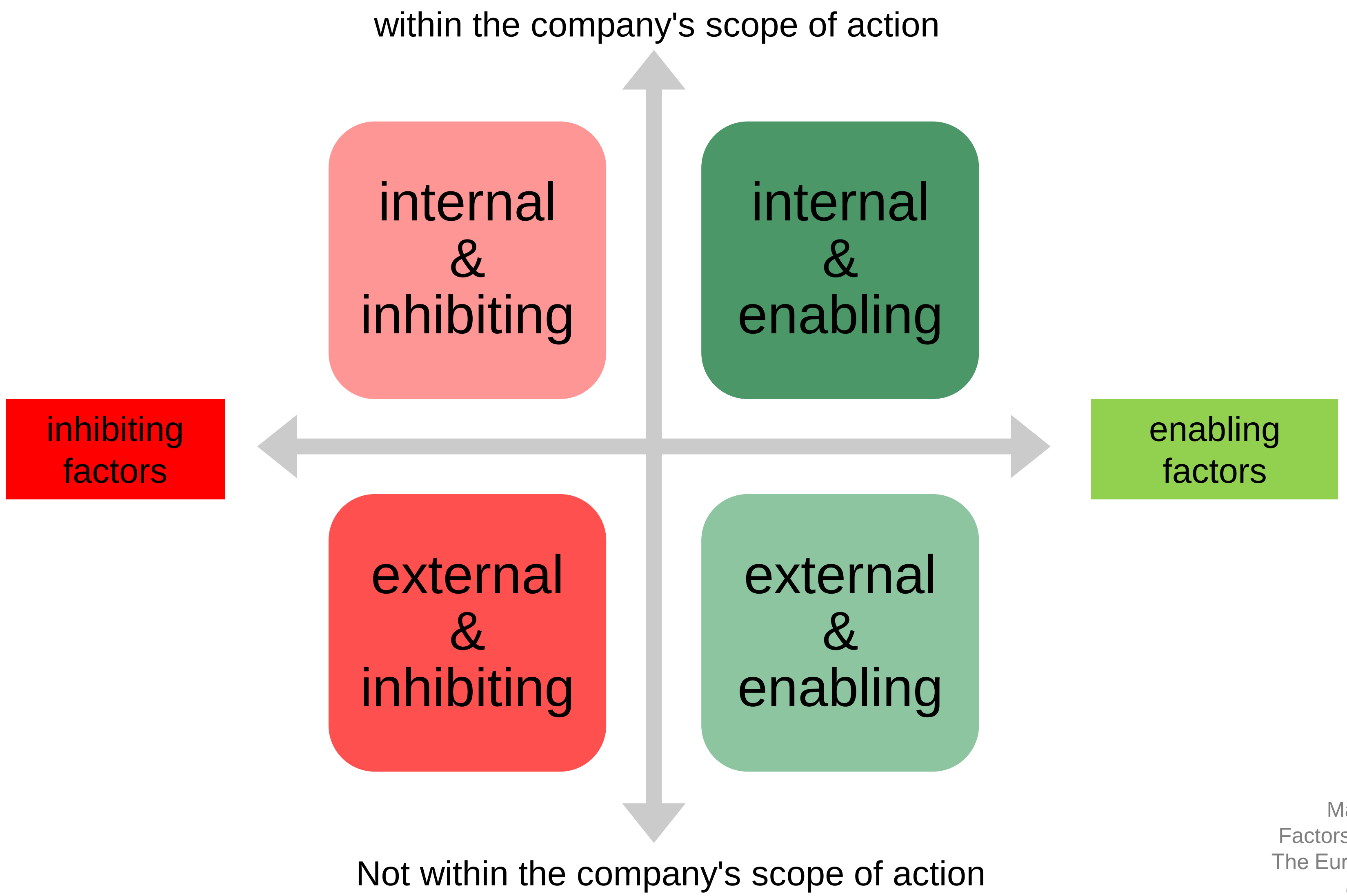
Methods


retailer sample (n = 7):
Bricks and mortar: zero waste shops (2x), organic supermarket chain, drugstore chain
Online shops: eco-fashion, eco office supplies, conventional fashion
data collection
data analysis
PHASE I
Literature analysis of success factors
7 interviews with retail company representatives → factor mapping grip method
Data collection from 10 product and packaging suppliers (interviews and questionnaires)
Development of 13 success factor categories
Coding
3 independent raters → comparison + consolidation
Coding
Compilation of the weighted success factors and qualitative analyses
Interpretation and conclusions
Implications for real-world laboratory & business model innovations

Development of the 13 success factor categories

rather external	Political and regulatory framework
	Society and values
	Market and economy
	Technology
	Consumers
	Collaboration
rather internal	Product and packaging
	Profitability
	Organizational knowledge
	Employees
	Corporate structure
	Strategy and Management
	Corporate culture

Factor mapping grid



Ma, X., Park, C., & Moultrie, J. (2020). Factors for eliminating plastic in packaging: The European FMCG experts' view. *Journal of Cleaner Production*, *256*, 120492.

Three types of retailers

1. **Zero waste as value proposition**
2. **Organic products/sustainability as value proposition**
3. **Diverse customer segments**

How were these types created?

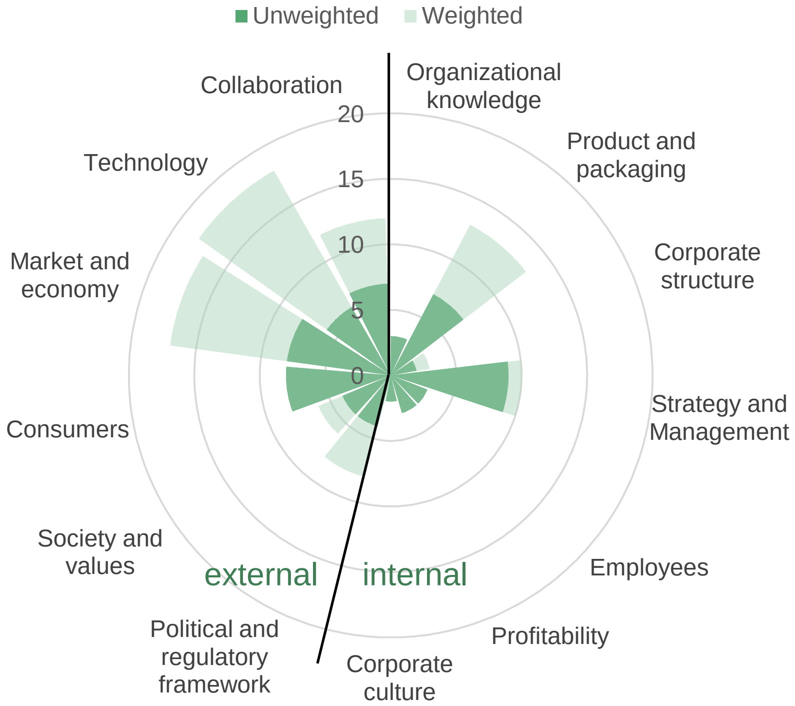
– Business model/target group (see above): important "meta-factors".

– Evaluation (enabling/inhibitory) of factors (e.g., media coverage, customer preferences & expectations)

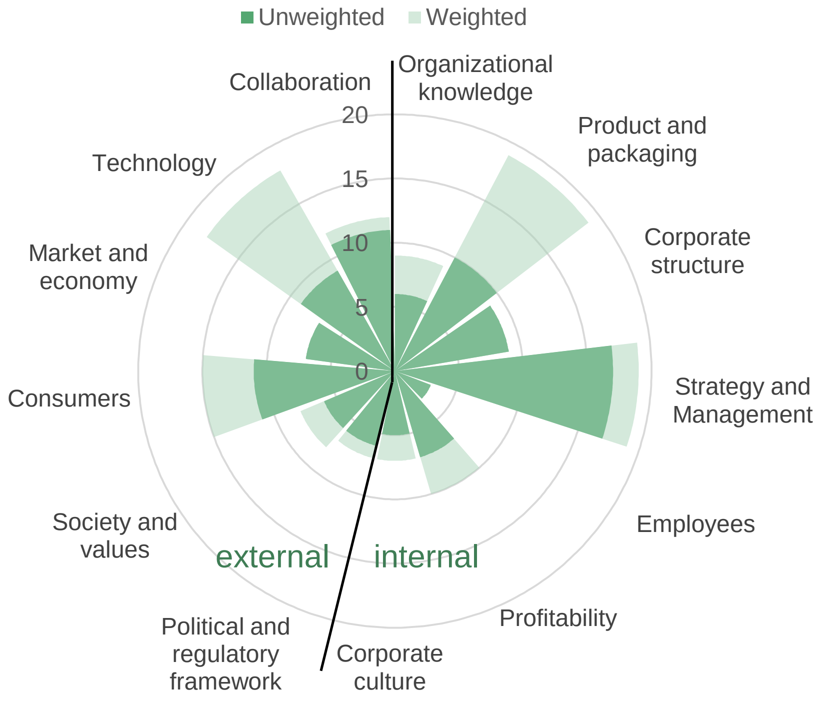
– Dependencies: Central factors/levers in the coordinate system

Success factor according to retail types

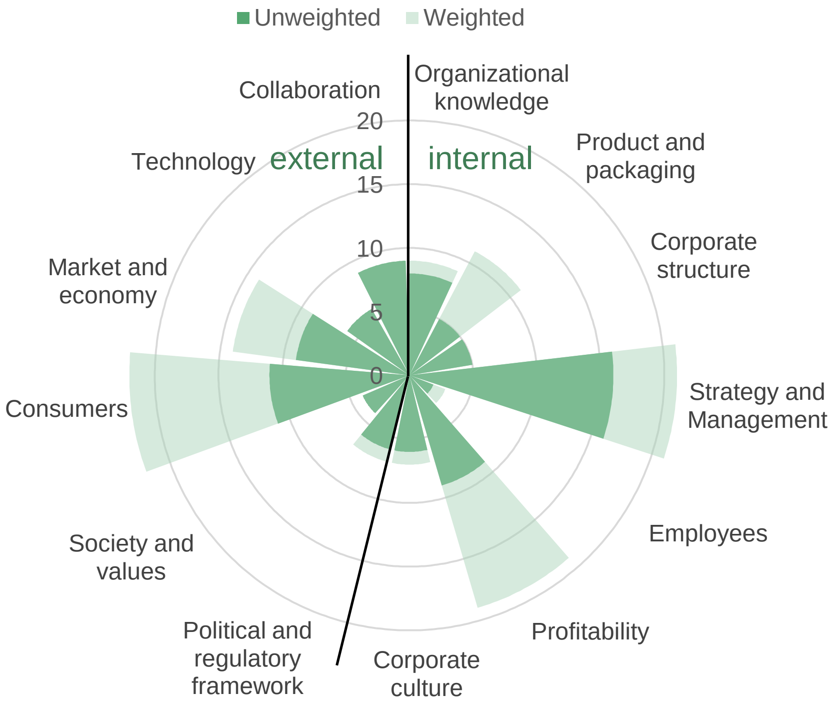
Zero waste as value proposition



Organic products/sustainability as value proposition



Diverse customer segments



The most important internal success factors

- **Strategy and management**, e.g. strategic importance of packaging and sustainability, definition of packaging requirements, packaging or sustainability related targets
- **Profitability**, e.g. higher price of sustainable packaging, follow-up costs and savings in logistics, R&D costs
- **Product and packaging**, e.g. non-negotiable requirements for product protection, storability and transportability, material sustainability

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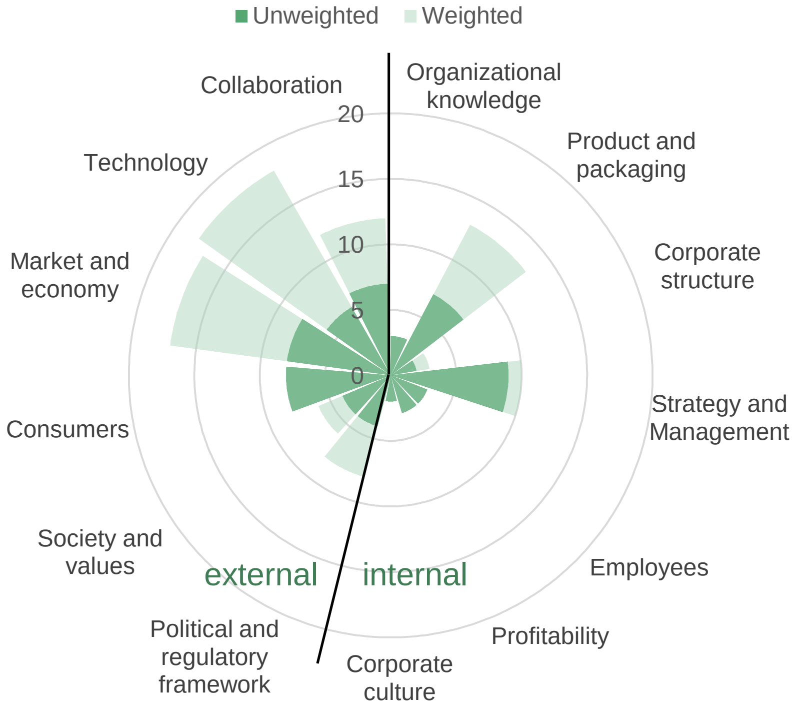
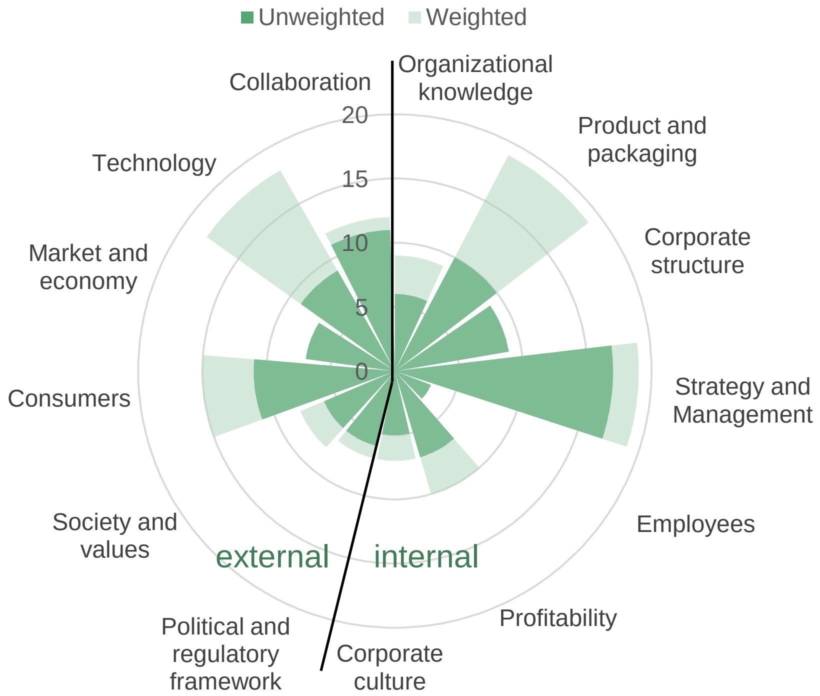
Success factor according to retail types

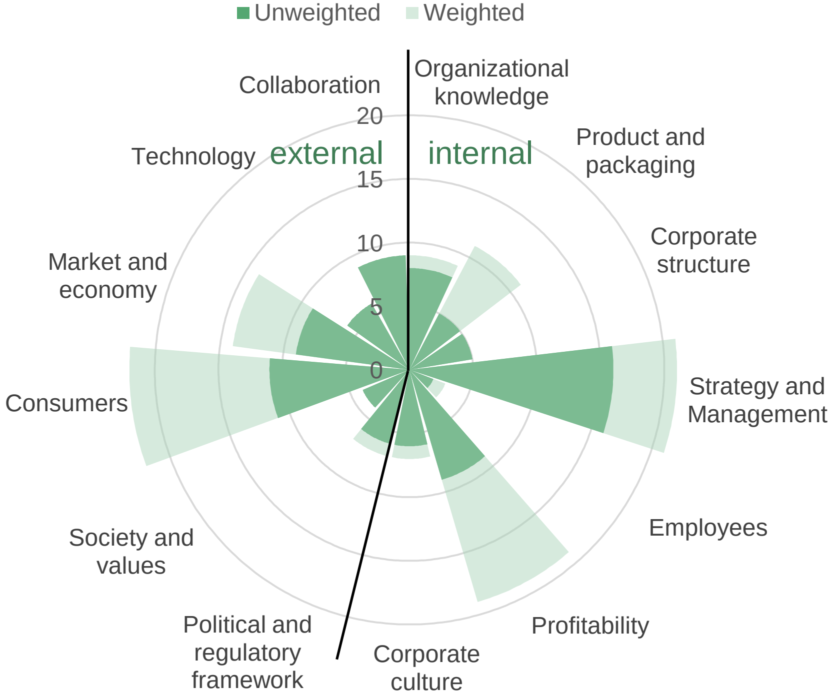
Zero waste as value proposition



Organic products/sustainability as value proposition



Diverse customer segments

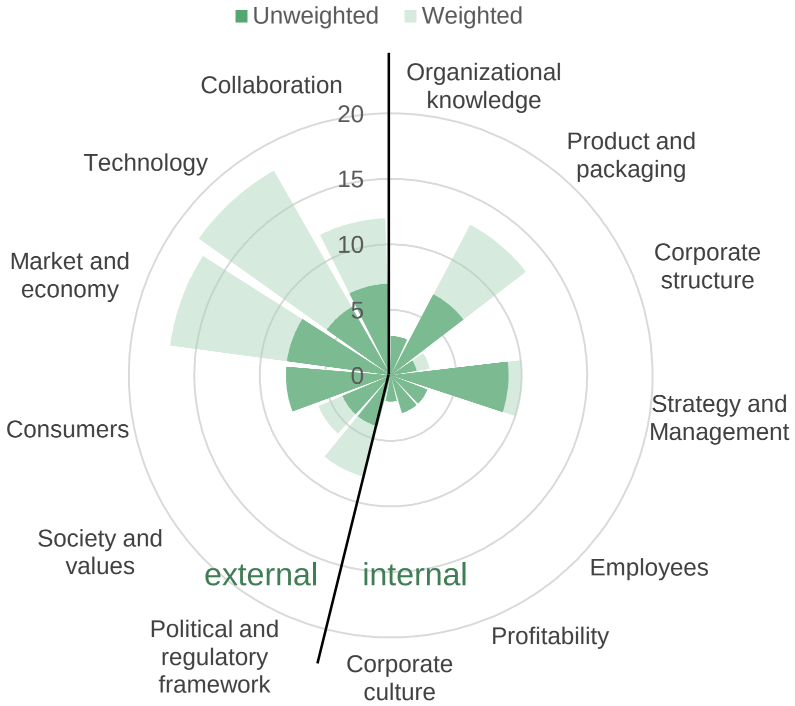


The most important external success factors

- **Consumers**, e.g. acceptance, behavior and expectations, willingness to pay and interest in and knowledge about sustainability issues
- **Market and economy**, e.g. bargaining power towards their suppliers (especially for store brands), competitive position
- **Technology**, e.g. availability of innovative packaging solutions and materials, suppliers' and manufacturers' openness to innovation

Success factor according to retail types

Zero waste as value proposition

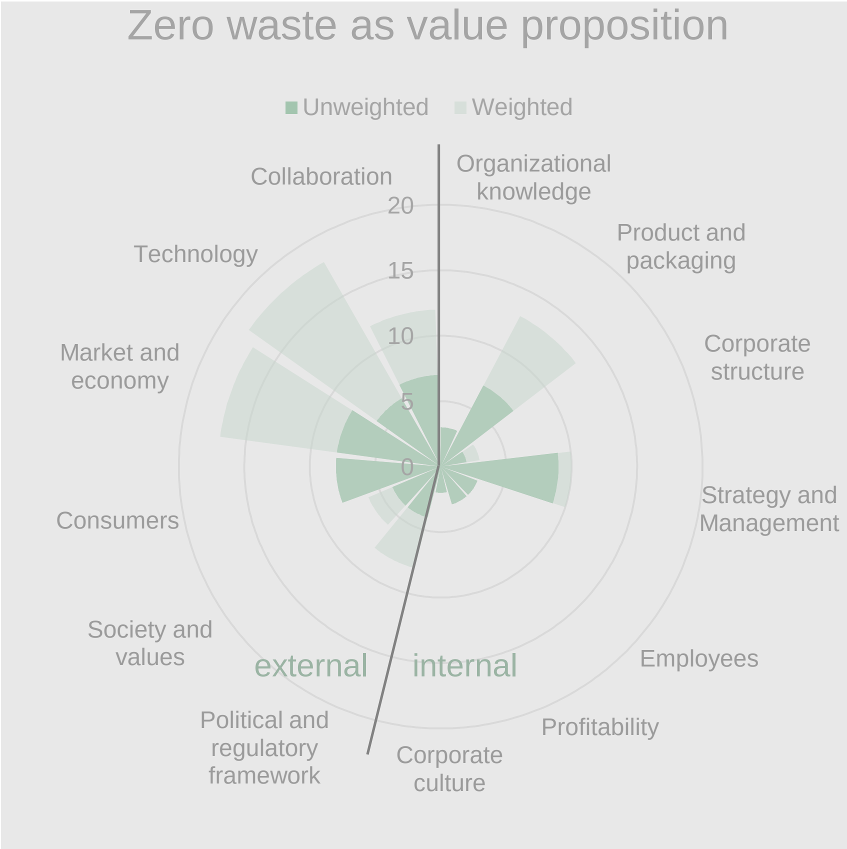


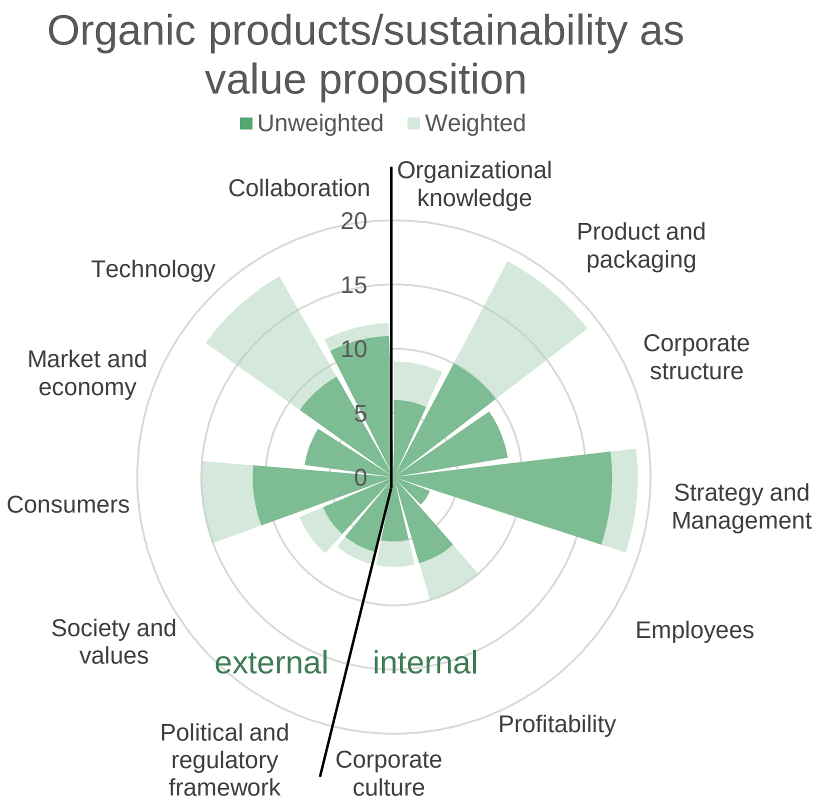
Organic products/sustainability as value proposition

Diverse customer segments

Zero waste retailers focus on **product and packaging** (their corporate identity) as well as **strategy & management** and have very limited options regarding **technology** & **market** → **Collaboration** as tool to expand scope of possibilities

Success factor according to retail types





For companies with **sustainability as a value proposition**, **strategy & management**, **product and packaging**, **customer** and available **technologies** are important → they actively seek sustainable packaging solutions as this is seen as an integral part of corporate identity and product policy, but also find themselves in path dependencies

Success factor according to retail types

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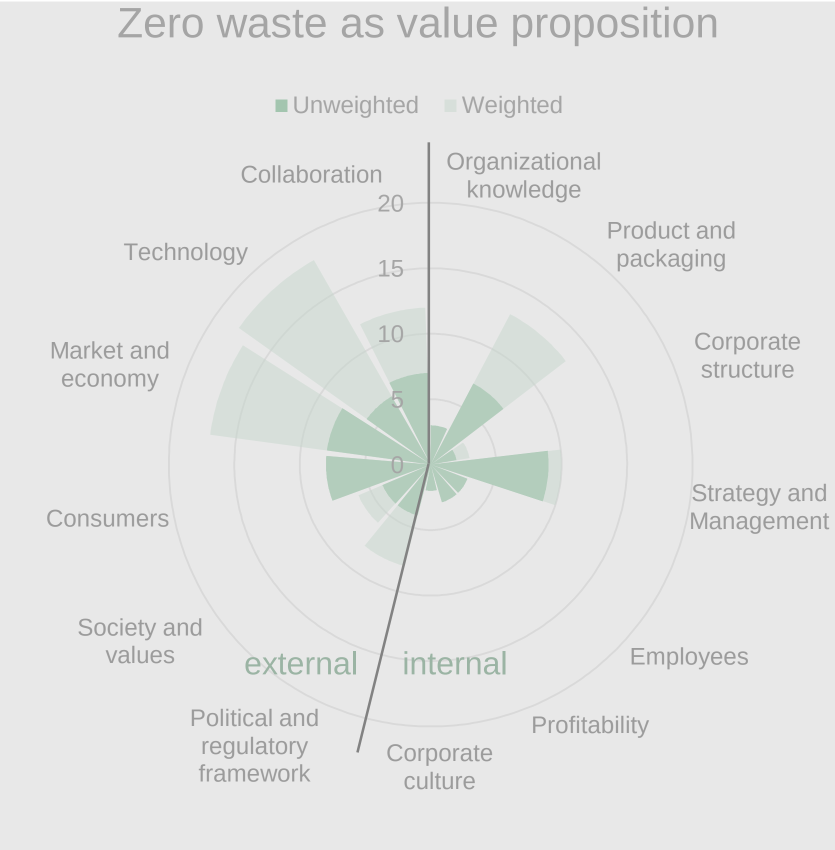
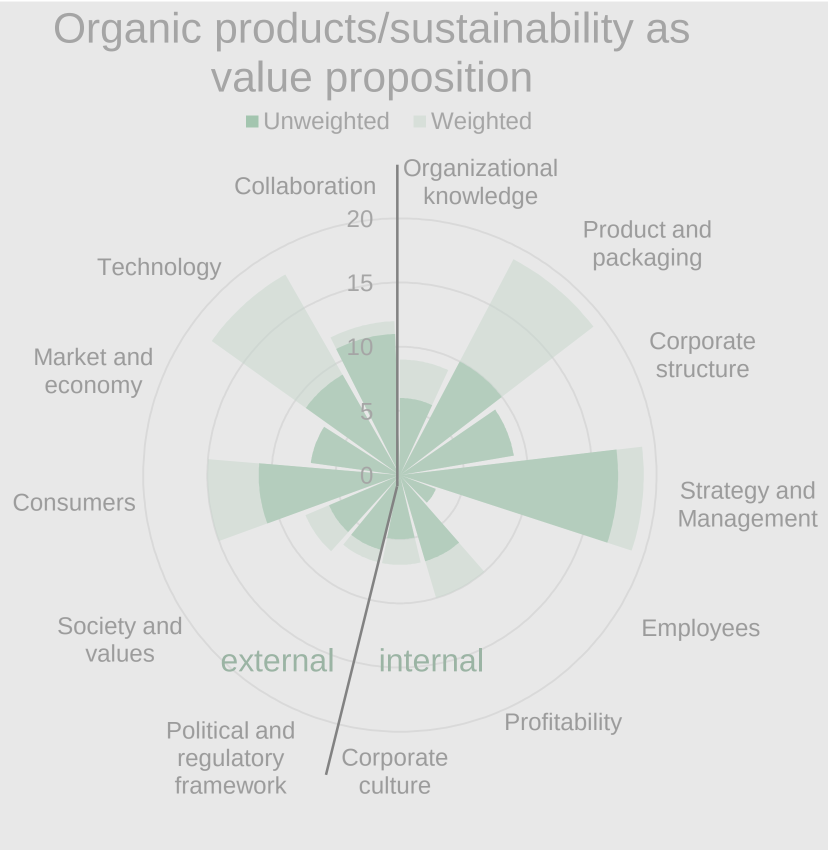
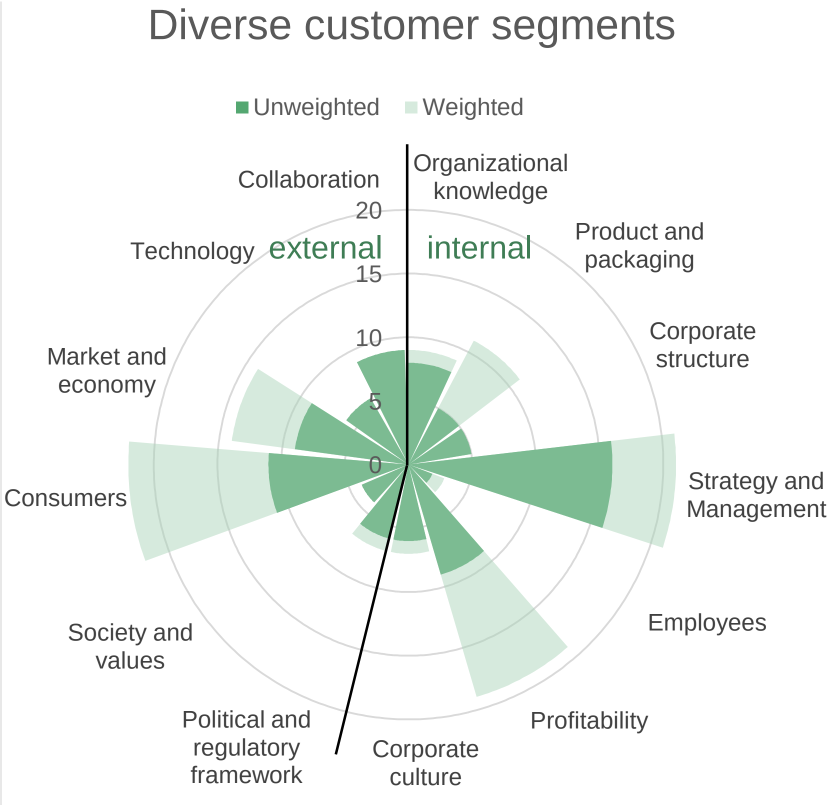






Companies with **diverse customer segments** attach great importance to the **consumers** and **markets** as well as to **strategy & management** and **profitability** → indication of alignment with many different target groups and the associated importance of good positioning on the market

Supplier survey

Goal: To supplement the retail interviews

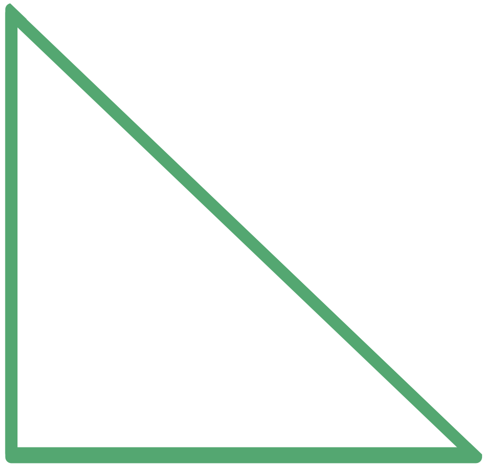
- Comparison of the retailer's and their supplier's perspectives, elaboration of commonalities and differences
- Addition of further information from the upstream chain

Procedure

- 4 video interviews (approx. 45 min each)
- 6 questionnaires
- Sample: product and packaging manufacturers

The *magic* target triangle becomes a target square

No (disposable) plastic packaging
(unpopular with customers, littering problem)



Same quality/function
(product protection incl. legal requirements, customer preferences, compatibility incl. machine runability)

Good life cycle assessment

The *magic* target triangle becomes a target square

No (disposable) plastic packaging
(unpopular with customers, littering problem)

Same price (profitability)

Sustainable innovations lack economies of scale in competition with the plastics market, which has been highly diversified over decades

Same quality/function
(product protection incl. legal requirements, customer preferences, compatibility incl. machine runability)

Good life cycle assessment

→ Solutions available, but currently only at a higher price

Currently: real-world laboratory in Heidelberg, Germany

Thank you very much!

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