

# How do retail drivers contribute to investments in sustainability and the consumers' perception?



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## **Abstract**

The role of retailers in the sustainability development is widely discussed, due to the fact that retailers are important change agents towards sustainable food systems. Nevertheless, little is known about how retailers themselves perceive investments in sustainability, this in order to fulfill a contradiction within the consumers' perspective within the food retail industry. The contradiction refers to the wants as well as the desire for sustainability according to the consumers. Therefore, this research aims to fill this gap by studying the connection between drivers and the consumers' perspective, in the light of investments in sustainability. The three drivers that are implied (internal, external and supplier relationships) are taken into consideration when food retailers make these investments. The research makes use of a qualitative case study design embracing the analysis of documents and a set of interviews with managers of a supermarket chain in the Netherlands (N=12). In addition, data triangulation is applied and therefore interviews with consumers and annual reports are analyzed as well. The analysis confirmed the existence of the three drivers. Furthermore, two new components appeared, namely costs and internal communication. The framework can be used to evaluate and investigate the retail drivers for investments in sustainability and the contradiction within the consumers' perspective from the retailers themselves.

*Key words:* investments in sustainability, consumers' perspective, drivers, food retail industry, communication, costs.

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## 1. Introduction

Nowadays, more and more consumers are interested in sustainably produced products as well as fresh food (Danse, 2010). This results in an increased attention for sustainability within the food retail industry (Claro, Laban Neto & Borin de Oliveira Claro, 2013). Retailers have a responsibility towards their consumers, and therefore they are expected to move towards more sustainability (Schuurs, 2017; Chkanikova & Mont, 2012). Hence, more investments in sustainability are made. Sustainability refers to products or concepts wherein social, environmental and ethical issues are taken into consideration (Meise, et al., 2014). Due to the changes a retailer makes, the perceptions of consumers are affected (Handelman & Arnold, 1999). Therefore, it is important for a retailer to make an appropriate investment regarding sustainability, in order to affect the perception of the consumers in a positive way. In doing so, a positive value for the food retailer can be created which increases the chance of return to the store (Jiang & Rosenbloom, 2005). In addition, surviving the competitive market is essential for a food retailer, leading to an increase in importance of sustainable investments (Thang & Tan, 2003).

Any investment made by the retailer will influence the consumers' perception in terms of brand image and propensity on buying behavior (Handelman & Arnold, 1999). The consumers' perception is defined as 'a comparative consideration of a store or product which is in line with the cognitive set' (Schellhase, Hardock & Ohlwein, 1999, pp. 417). This cognitive set implies that the consideration made by a consumer is characterized by a satisfaction in several 'wants'. These 'wants' within the food retail industry refer to the desire of a consumer buying qualitative good products for the lowest price possible (Schellhase et al., 1999). Thus, the consumers perception of the food retail is, according to the wants, related to the consideration of a price-quality ratio.

Despite the concepts of price and quality, sustainability tends to influence the consumers' perception as well (Claro et al., 2013) In other words, an ever-growing group of consumers expects retailers to move towards sustainability, but at the same time keep the quality of the products high and the prices low (Schellhase et al., 1999; Schuurs, 2017; Claro et al., 2013). This results in a contradiction; sustainable products are usually more expensive, or the quality of the product cannot be fully guaranteed due to for example a reduction in packaging material (Albert Heijn, 2019). Therefore, the current price differences and guaranteed qualities between regular and sustainable products often gets in the way of purchasing more sustainable products (Danse, 2010). To summarize, retailers demand to

create the best possible value for the consumers in order to increase the chances of return (Jiang & Rosenbloom, 2005). This can be done by accommodating the ‘wants’ as well as sustainability (Schellhase et al., 1999; Claro et al., 2013). Nevertheless, these aspects are not aligned with each other, making it difficult for the retailer to decide what investments towards sustainability should be made. Certainly, because it becomes a requirement in order to survive the competitive market as well (Thang & Tan, 2003).

Among other studies, multiple drivers are recognized but not included in one framework (Chkanikova & Mont, 2012). The majority of studies within the field of sustainability in the food retail industry is namely focused on only one specific driver during the study (Aghelie, 2017; Grant, 2010). For example, the Baum (2018) study, in which the link was investigated between the human resource driver and sustainability another study applied by Hoffmann (2000) was focused on the internal drivers. However, these studies lack on applying multiple drivers into the research of investments in sustainability (Chkanikova & Mont, 2012; Hoffmann, 2000; Baum 2018). The multidisciplinary character of Hart and Milstein’s’ framework (2003) obviates this problem, because it identifies and applies three drivers for creating value through sustainability within the food retail industry (Claro et al., 2013). Generally, this framework implies internal and external drivers as well as the supplier relationships of the retailer (Hart & Milstein, 2003).

In addition, most of the studies within the food retail industry apply a conceptual base and therefore a lack on empirical evidence from the food retailers themselves exists, especially regarding factors that influence sustainability investments (Chkanikova & Mont, 2012; Hoffman, 2000; Babiak & Trendafilova, 2011). In other words, by applying the multidisciplinary framework of Hart and Milstein (2003) on investments in the food retail industry from a retailer’s perspective, a unique combination is created referring to this framework combined with these perspectives (Chkanikova & Mont, 2012; Hoffmann, 2000; Baum 2018; Hart & Milstein, 2003)

Furthermore, despite the fact that other studies acknowledge the importance and contradiction regarding the consumers’ perception, it is never investigated extensively (Schellhase, et al., 1999; Handelman & Arnold, 1999). The link between this contradiction and retail drivers is lacking in academic research (Piacentini, MacFadyen & Eadie, 2001; Jones, Comfort & Hillier, 2005). Therefore, the present study takes the contradiction within the consumers’ perception regarding the drivers of investments in sustainability, into account by answering the following research question: *How do retail drivers contribute to investments in sustainability and the contradiction within the consumers’ perception?*

This research provides an overview of drivers that food retailers take into consideration when an investment in sustainability is made. By investigating this from the perspective of the retailers themselves, this study aims to fill the gap between investments in sustainability and the contradiction within the consumers' perspective. With this, an important theoretical contribution can be made. Certainly, because previous studies mainly focused on conceptual models of drivers (Chkanikova & Mont, 2012), this research can provide empirical evidence from the food retailers themselves. Additionally, most studies on sustainability in the retail sector focused on the British food retailing industry (Hall, 2001; Jones et al., 2005; Chkanikove & Mont, 2012). The present study contributes to the existing literature by investigating a large supermarket chain in the Netherlands.

This thesis is structured in five upcoming sections. First, an overview of the theoretical background and relevant findings of preceding studies on drivers of sustainable investments and customers perception is presented. The last paragraph represents the conceptualized model which summarizes all previous paragraphs. Second, the methodology of this research is outlined, wherein an explanation is given regarding the qualitative case study. Subsequently an extensive analysis of the research, herein the results are individually analyzed and discussed per driver and component. Next, a discussion section is presented followed by the conclusion of this research. This last section explains the limitations, implications and recommendations for further research.

## 2. Theoretical background

This section outlines the theoretical background and relevant findings of preceding studies regarding to the consumers' perspective and investments in sustainability within the food retail industry. The first paragraph outlines the consumers' perception in further detail, followed by a paragraph concerning investments in sustainability. Subsequently, the third paragraph provides the drivers for investments in sustainability within the food retail. The last paragraph presents a conceptual model, which summarizes the previous paragraphs in order to achieve the research objective.

### 2.1 Consumers perception

Creating value for the consumer is essential for retailers, especially for gaining competitive advantage (Thang & Tan, 2003). Affecting the perception of the consumers in a positive way, enhances the value, which increases the chance of return to the store (Jiang & Rosenbloom, 2005). In order to gain this competitive advantage through the consumers' perception, it is important to provide information and knowledge about these perceptions. By collecting information about why consumers choose for a particular retailer or product, more concrete actions can be made concerning value creation (Mitchell & Kiral, 1998).

The retail behavior of consumers builds upon the relationship between the company and the consumer (Thang & Tan, 2003). This relationship is originated from the consumers' perception, which stems from the fact that retailers have the opportunity to accommodate this (Thang & Tan, 2003). A consumers' perception refers to 'the comparative consideration of a store or product that is in line with the cognitive set of a consumer' (Schellhase et al., 1999 pp. 417). A consideration made by a consumer is characterized by a satisfaction in several 'wants'. These 'wants' refer to the desires in terms of buying a qualitative good product for the lowest price possible (Schellhase et al., 1999).

During the past decades the aspect of sustainability emerged, which also appears to influence the consumers' perception (Meise, et al., 2014). Recent literature shows that there is an increased number of consumers whom attach value towards sustainability (Danse, 2010). In doing so, consumers take more ethical, environmental and social issues into account when they approach a retailer (McGoldrick & Freestone, 2008; Rokka & Uusitalo, 2008; Stratton & Werner, 2013). This is expressed by more interest in where products come from, how they are produced and in what manner they are transported (Shaw & Clarke, 1998). The consumers of today, who are consciously engaged in sustainability, also expects retailers to move in the

direction of sustainability. Due to their responsibility towards consumers, retailers are forced to make investments in sustainability. This, in order to keep creating value for this (growing) group of consumers (Schuurs, 2017; Claro et al., 2013).

Nowadays, the investments in sustainability made by the retailer, do not always meet the wants of customers (Meise, et al., 2014). This is declared by the fact that sustainable products are usually more expensive or have a reduced quality guarantee due to for example a reduction in packaging material (Albert Heijn, 2019). Therefore, two contradictory aspects within the consumers perspective have risen, namely sustainability and the wants (Grunert, 2002). In other words, an ever-growing group of consumers expects retailers to move towards sustainability, but at the same time keep the quality of the products high and the prices low (Schellhase et al., 1999; Schuurs, 2017; Claro et al., 2013).

Furthermore, consumer desire transparency regarding provenance and production (Maruchek et al., 2011). This results in an increased curiosity of the product's production as well as transportation (Maruchek et al., 2011; Roth, Lichtfield, & Bains, 2008). In order to fulfil these expectations and find a balance between sustainability and the 'wants', it is crucial to understand and gain knowledge about this customers' perception (Mitchell & Kiral, 1998; Meise et al., 2014; Thang & Tan, 2003).

In the past years, an adjustment towards sustainability can be recognized. For example, retailers have introduced new products in order to meet the consumers who are aiming for more sustainable options (Meise et al., 2014). Thereby, much more transparency about the product's supply chain and the product history is given (Napolitano, et al., 2010; Auger et al., 2008). However, sustainability cannot always meet the 'want' consumers have, referring to the lowest price and the highest quality (Schelhase et al., 1999; Claro et al., 2013). Therefore, the current price differences and guaranteed qualities between regular and sustainable products often gets in the way of purchasing more sustainable products (Danse, 2010).

The above described paragraph makes clear that a consumer perception is crucial for a retailer to gain and keep competitive advantage (Jiang & Rosenbloom, 2005). In the light of today, sustainability plays an ever-increasing role. That is way it is important to create more value by meeting the consumers perception through investments in sustainability.

## **2.2 Drivers of sustainable investments**

Next to the consumers' perceptions, drivers are also important for making appropriate sustainable investments (Claro et al., 2013). In order to investigate the drivers for these

investments from the food retailers themselves, Hart and Milstein (2003) developed a multidisciplinary framework. With this, three drivers are identified; *the internal, the supplier relationships and the external*. The internal driver refers to capabilities within the company, supplier relationships contain the communication as well as the coordination between the retailer and supplier and the external driver relates to uncertainties where the retailer has to deal with. Therefore, in order to investigate multiple drivers as well as the contradiction on an appropriate and detailed level, this multidisciplinary approach of Hart and Milstein (2003) is chosen.

The first driver of the framework contains the internal capabilities of the organization (Hart & Milstein, 2003). The concept of capabilities refers to a complex set of skills and resources that can ensure superior functional activities (Wernerfelt, 1995). In other words, how applicable are the resources and people of the organization in order to achieve sustainable competitive advantage (Barney, 2001). These capabilities can be divided into three components, namely; *process, human resources and customer driven capabilities*.

The process driven capabilities refer to the ability of processing capabilities which are related to daily organizational operations and routines within the organization. In addition, it is questioned how applicable the process is in order to contribute to the overall quality of services and implications of cost reduction for customer relationship management (Zeithaml, 2000). The human resource driven capabilities refer to what extend the human resources are willing and able to adapt to changing circumstances of the organization. This component is a realistic component in order to improve the effectiveness of the organization regarding sustainability (Boxall & Steeneveld, 1999). This stems from the fact that it contributes to accumulate knowledge about the complexity of processes (Hart & Milstein, 2003). In other words, an improvement of the human resources through an increase of knowledge can contribute to a more effective and sustainable organization. This is underlined by literature, wherein is stated that if retailers and the employees embrace sustainability, new skills will be demanded (Claro et al., 2013; Boxall & Steeneveld, 1999; Hart & Millstein, 2003). So, new skills compromise knowledge and affect attitude towards sustainability which results in a development of the ability to help and interact with customers and other stakeholders (Boxall & Steeneveld, 1999). The customer driven capabilities refers to the assumption consumers make. It is expected that retailers help consumers to understand and adapt sustainability into the organization (Wernerfelt, 1995). In addition, if a retailer acknowledges this responsibility it is more likely to invest in sustainability (Claro et al., 2013).

The second driver implies the importance of maintaining a relationship with suppliers (Hart & Milstein, 2003). Retailers support business relationships in order to facilitate exclusive access to an assortment of product. The driver of supplier relationships contains two components, namely; *the communication and coordination* (Claro et al., 2013).

Communication with suppliers refers to the exchange of information between at least two parties (Mohr & Nevin, 1990). The possibility exists that there is lack of information, this can lead to conflicts which results in a deteriorated or broken relationship. This is a disadvantageous for the retailer, because of the fact that a retailer has to rediscover a supplier with products which fulfills the stated requirements (Mohr & Speckman, 1994). In contrast to the possibility of a negative event, Sindhav and Lusch (2008) found that this can also be prevented. In other words, communication in a clear and collaborative manner can enhance the supplier relationship and therefore reduce the chances on conflict. Therefore, a positive relation results and an improvement of trust and commitment can be made. Hence, having a positive flow of information exchange with suppliers has positive effects, which is expressed in the willingness to commit and invest in sustainability from both parties (Perry & Towers, 2009).

The second component, coordination, refers to clarity regarding the process and the policies between a supplier and retailer (Claro et al., 2013). Nowadays the importance of supplier relationships within the retail enhances, due to the increased wants of the consumers (Claro et al., 2003). Therefore, more suppliers are needed and maintaining these relationships is important (Ganesan et al., 2009). Hence, a precise coordination of these suppliers can contribute to successful supplier relationships (Wathne, Boing & Heide, 2001). This is important in order to ensure that the relational partners are assured and know how to collaborate and where to address policy or process problems (Brown, Cobb & Lusch, 2006).

Finally, the last driver refers to external aspects which accounts for uncertainty. This can arise from sources like increasing competition or disruptive situations (Klein, Frazier, & Roth, 1990). Therefore, it influences the tendency of retailers to invest (Hart & Milstein, 2003). The assumption is that higher levels of uncertainty will force retailers to follow a defensive short-term strategy, causing cutting costs. This will lead to a reduced consideration of making investments (Ganesan, 1994). In contrast to this, there are arguments which claim that lower levels of uncertainty lead to more investments in sustainability on the long-term, due to the fact that sustainability is a long-term investment. In addition, because of high competition or disruptive events, retailers can be forced to incorporate social and environmental practices in their strategy in order to influence the consumer perception

positively (Claro et al., 2013). This implies that investments in sustainability are made based on the fact that retailers feeling forced to incorporate social and environmental practice to meet consumers' perceptions.

### **2.3 Sustainable investments**

Nowadays investments in sustainability enhance (Weber & Ang, 2016). These investments refer to adjustments wherein environmental, social and ethical factors are integrated in order to improve a product or concept (Lean & Nyguyen, 2014; Savitz, 2013). Within the food retail industry, several sustainable investments can be made. For example, keeping products longer fresh by means of mist (Claro et al., 2013; Albert Heijn, 2019). In addition, retailers acknowledge their responsibility towards their consumers regarding sustainability (Schuurs, 2017). This is due to the fact that major food retailers have a lot of power and therefore are a change agent towards the sustainable supply chain (Chkanikova & Mont, 2012).

Nevertheless, the complexity for making investments in sustainability is underlined by the contradiction within the consumers' perception: sustainability cannot always meet the 'wants' consumers have. (Schelhase et al., 1999; Claro et al., 2013). That is why current price differences and guaranteed qualities between regular and sustainable products often gets in the way of purchasing more sustainable products (Danse, 2010). For example, a study on reducing plastic packages for cucumbers found that there was a significant decrease in quality of cucumbers that were not wrapped in plastic films compared to those that were. Pre-packaging of cucumbers in plastic films extended the storage life and resulted in an increase of the quality, taste and shelf life. In addition, customers were less willing to buy the cucumbers without the plastic film because some were damaged (Adamicki, 1984; Ahold Delhaize, 2018). This example clarifies the complexity of the contraction: finding the right balance for a retailer is crucial in order to create sustainable value (Jiang & Rosenbloom, 2005).

### **2.4 Conceptual Model**

The above described literature reveals the contradiction regarding the consumers' perception and investments in sustainability supplemented by the drivers. The existing literature provides a multidisciplinary framework for investments made by food retailers, based on three drivers; internal, external and supplier relationships (Claro et al., 2013). Among other studies, multiple drivers are recognized and included in this theoretical framework of Hart & Milstein (2003) (Chkanikova & Mont, 2012). Adopting the consumers' perspective in a framework

concerning investments in sustainability is unique (Hart & Milstein, 2003; Claro et al., 2013). In order to investigate the contradiction on an appropriate and detailed level, this multidisciplinary approach of Hart and Milstein (2003) is chosen.

Furthermore, it is assumed that meeting the consumers perception is crucial for create value and gain competitive advantage (Thang & Tan, 2003). Therefore it is important for a retailer to make an appropriate investment regarding sustainability. In doing so, the positive value can be created which increased the chance of return (Jiang & Rosenbloom, 2005). Based on the literature review presented in this chapter, the following model was developed to visualize the contradiction within the consumers' perspective and the drivers, referring to the investments in sustainability.

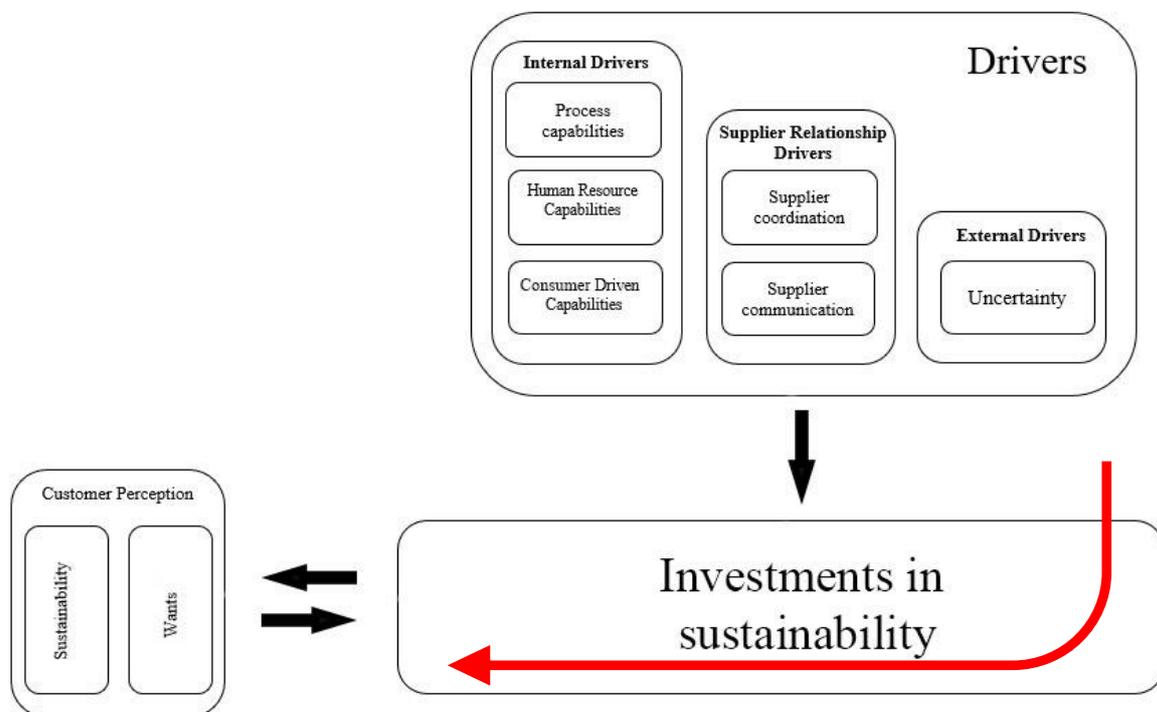


Figure 1: Model of drivers and consumers' perception in relation with investments in sustainability (Claro et al., 2013; Hart & Milstein, 2003).

### **3. Methodology**

This section describes the justification of the research in terms of methodology. It outlines which methods are used to collect the data and how this is analyzed in order to examine the drivers of investments in sustainability within the food retail industry. Furthermore, an explanation of the data sample, research analysis and research ethics is presented in the next chapter.

#### **3.1 Research strategy**

In order to investigate the research question, this research is conducted as a qualitative case study design with analysis of different documents as support. Qualitative studies play an important role in clarifying meanings, languages and values of the involved parties. The qualitative research method allows respondents to speak in their own terminology, rather than in terms and categories made by others (Sofear, 1999). By conducting this method, appropriate statements about the decision-making processes over time can be made. Thereby, it provides a better understanding of a certain phenomenon and the accessory context. The phenomenon in this study refers to investments in sustainability within the food retail industry (Bleijenbergh, 2013; Sofear, 1999). These aspects make a qualitative study design suitable for investigating the drivers of investments in sustainability as well as consumers' perception. Besides it allows to get a clarification of interpretation of how several causes of the phenomenon are linked (Bleijenbergh, 2013). Therefore, it contributes to the understanding of the situation and produces possible opportunities in order to improve the phenomenon (Merriam, 1998).

The findings of the qualitative analysis are supported by analysis of the annual and sustainability reports as well as interviews with consumers. Generating this information is important in order to support the results of the qualitative method (Hartley, 2004). Due to this data triangulation insights can be provided within the policies regarding sustainability of the food retail industry. Thereby it allows to find more information and strengthen the conclusions (Waddington, 2004; Benbasat, Goldstein & Mead, 1987; Eisenhardt, 1989).

#### **3.2 Generic case business of food retail**

A qualitative case study is conducted in order to obtain understanding and investigate the drivers for an investment in sustainability from managers within the retail concerning the consumers perception. Qualitative research methods are characterized by the fact that they are

adequate for reflecting the sensitivity to the context as well as the impact and importance of the earlier conducted studies (Symon & Cassell, 2004). In addition, case studies are appropriate due to the aim for understanding the perspectives reflecting real-life situation. Through this, a lot of meaningful details emerge (Flyvberg, 2006). To answer the research question “*On which driver(s) within the food retail industry must an investment in sustainability being based in order to meet the contradiction of the consumers’ perception?*”, the perspectives of managers as well as consumers need to be understood.

In line with this research, several managers from the same supermarket chain all over the Netherlands are interviewed. This supermarket chain is selected, because it has the biggest market chain within the Netherlands and thus a lot of responsibility towards the consumers (Chkanikova & Mont, 2012; Albert Heijn, 2019). The researchers decided to investigate the research question within only one supermarket chain. By applying it to one supermarket chain, the internal validity can be increased due to the same policy (Yin, 2014). Furthermore, since 2017 this food retailer publishes a specific sustainable report every year. This report contains activities and results the supermarket is performing in order to become a more sustainable retailer, providing transparency in the supply chain and address the consumers’ demands (Albert Heijn, 2019). Prior to this report, the supermarket chain stated only in their annual reports to be consciously involved with sustainability (Albert Heijn, 2016). The researchers considered it also important to investigate the perspective of the consumers themselves. Therefore, four interviews are conducted with consumers of this supermarket chain. Combining these results with the interviews from the managers as well as the annual and sustainability reports, will increase the validity of this qualitative case study.

### **3.3 Validity, reliability and generalizability**

In this research, the construct and external validity as well as the reliability of the data are considered (Yin, 2014). Firstly, the topic is investigated with a qualitative case study. In addition, the research question is supported with theoretical research as well as interviews with retail managers as well as consumers (see Chapter 2). In line with this, the condition of *construct validity* is fulfilled (Yin, 2014). The construct validity of a study refers to the selection of the appropriate measures in order to investigate the research topic (Yin, 2014). Strengthening the validity of the case study can be achieved by using other relevant complementary techniques. Therefore, interviews with consumers and reviews of annual as well as sustainability reports of the Dutch supermarket chain are conducted in order to increase the construct validity of this case research (Yin, 2014). In terms of the extent to

which the research is generalizable, referring to the *external validity*, multiple managers from several stores with different managerial influences all over the Netherlands are interviewed. The managers were chosen according to their function as well as store location. With this, there is intended that they together can represent the supermarket chain despite the small size of the sample (Yin, 2014). In addition, in order to ensure the relevance of the data collection within this qualitative case study, data triangulation is applied. By conducting data from different sources, the credibility of the results can be increased. (Shenton, 2004; Waddington, 2004; Benbasat, Goldstein & Mead, 1987; Eisenhardt, 1989). Finally, explicit and detailed description of the applied methods is presented in paragraph 3.5 (Noble & Smith, 2015).

The *reliability* of the research addresses the degree of neutrality in the results of the research (Shenton, 2004). This implies that the results are based on responses of the respondents and not on the bias of the researcher. As a result, an explicit description of the applied methods is presented in paragraph 3.5. Furthermore, the interviews are completely transcribed and coded. The results are supplemented and clarified by quotes that are given by the respondents. Through this, it is attempted to increase the reliability and replicability of the research (Yin, 2014). In other words, the validity and reliability are addressed to ensure a high-quality research.

### 3.4 Data sample and collection

Drivers for investments in sustainability, consumers' perception and the associated aspects, are investigated by collecting data from 12 semi-structured interviews with managers within the food retail industry. In addition, 4 consumers were interviewed in order to examine their perspective and defend the consumers' perception. The sampling of the respondents was purposeful, the respondents were approached from the researcher's social network and selected based on the functions they represent. See **table 2.1**, included in **Appendix 2**, for an overview of the characteristic of the respondents. The semi-structured interviews are characterized by open ended questions. This provides the possibility for the researcher to explore the consumers' perception and drivers in an exploratory manner (Bleijenbergh, 2013; Sofear, 1999). As mentioned before, collecting information through different methods increases the credibility and support the conclusions. Thereby it can decrease the potential biases which can occur when only one method is applied (Merriam, 1998; Shenton, 2004).

Furthermore, a questionnaire for the interviews is developed and included in **Appendix 3**. The interviews were retrospective as well as prospective and were held from 12 May 2020 till 26 May 2020. An interview lasted on average 40 minutes and is taken in Dutch,

this was because the respondents and the additive documents were in Dutch. The interviews are audio-recorded and fully transcribed. During the collection of data, the COVID-19 virus emerged (NOS, 2020). As a result, the interviews had to take place over the phone instead of real life. Nevertheless, data collection as well as data analysis is continued but with a small delay. Therefore, some interviews are partly summarized instead of totally transcribed.

### **3.5 Data analysis**

The data was collected to gain more insight in the retail drivers which contribute to the investments in sustainability and the contradiction within the consumers' perspective. The transcripts of the interviews and the collected documents were interpreted by using the method of open coding as well as axial coding. This refers to fact that fragments of texts were labelled with codes (Bleijenbergh, 2013). Two additional strategies are combined in the data analysis, namely deduction and induction. Deduction contains the outlined theoretical framework and proposals, where induction ensures the fact that there is room left for new emerging elements (Bleijenbergh, 2013). This is adapted by asking open-ended questions linked to the multidisciplinary framework. Hence, managers were able to answer from their own perspective which causes room for the new emerging elements.

The approach in order to gain more insight, focuses on what aspects and drivers' managers take into account in order to invest in sustainability. By applying this, it helps to uncover relations between consumers' perspective and drivers in the light of sustainability within the food retail industry. According to the multidisciplinary framework, three drivers are assumed, the internal driver, the supplier relationships and the external driver. These drivers are according to Claro et al., (2013) considered within the food retailer's industry when an investment in sustainability is made. The drivers can be implied by different aspects, therefore several components were coded. Furthermore, the consumers' perception and the definition of investments in sustainability are also presented and coded.

Transforming the transcripts into codes is conducted with the Atlas.ti program. This program is a powerful workbench for qualitative analysis, because it offers a variety of tools for accomplishing tasks associated with any systematic approach (Atlasti, 2020). The first step of transforming the transcripts into codes, is through open coding. This is done in order to identify possible emerging themes. To ensure the validity of the components, there is continually shifted between the data, validating the components, evaluating the drivers and consumers' perspective and checking for new emerging components. The literature showed that the three drivers can be defined by six components, see figure 2.3 in Appendix 2.

Therefore, these three drivers implied by six components, the consumers' perception and investments in sustainability are operationalized in order to investigate. After the coding, a hierarchical code tree was created. The data is analyzed and interpreted based on the results of open coding as well as the code tree. In order to confirm the analysis of the data, quotes of the interview are used.

### **3.6 Research ethics**

The research ethics have been taken into account in a few ways. First, permission was asked before conducting the interview. When respondents gave permission, they declared to participate voluntarily. Thereby, the information was given that respondents have the right to withdraw from the study at any stage. This makes participation completely voluntary, which is in line with the corresponding university guidelines (Bryman & Bell, 2007; American Psychological Association, 2020). Secondly, privacy and anonymity of the respondents and organization is ensured by not mentioning any names and thus an adequate level of confidentiality is fulfilled (Bryman & Bell, 2007). Furthermore, participation is based on informed consent. This implies that the researcher provides sufficient information and assurances according participation of the research.

Before the interview was conducted, permission was asked for recording the interview. At the end of the interview, respondents had the possibility to add something to the interview. Afterwards, each interview is transcribed and send to the respondents if they indicated that they wanted to receive the transcripts. All of the respondents who received the transcripts responded with satisfaction.

Lastly, the aspects of transparency and confidentiality are taken into consideration. For meeting these aspects, the researcher has been transparent with the respondents subjected to interview and during the whole process. In order to replicate the research means of exposing and essential data is made accessible (Bryman, Becker & Sempik, 2008; Rihoux & Ragin, 2009). Therefore, research ethics are considered along the whole research process.

## 4. Analysis

### 4.1 Consumers' perspective

Consumers perceive a store, situation or product based on their state of mind. This can be addressed by meeting aspects like price and quality (Schelhase, et al., 1999). Most of the managers were convinced that the consumers perspective was related to a feeling or perception they experience when they visit a store or purchase a product [9/12]: “*The feeling a consumer has by a store in general*” (X6); “*How consumers perceive your store and products*”(X1); “*A consumer has certain norms and values as well as beliefs regarding the store*”(X3); “*The consumer perspective is the positive or negative experience of people who spend money to buy a product or brand*”(X7). Within the food retail, it is important to create a positive value, because it increases the chance of return to the store (Jiang & Rosenbloom, 2005). The more returning consumers, the bigger the chance to create competitive advantage and thus survive the competitive market (Thang & Tan, 2003). Therefore it is important to meet the consumers' perspective as much as possible, in order to create consumer value (Jiang & Rosenbloom, 2005). The importance of this concept is confirmed by all the interviewees [12/12]. “*In the end, the consumer has to buy the product, as a company we also benefit from this. Therefore, it is important to fulfill this perception*” (X1) ; “*If the majority of our consumers desires something, we have to do our best in order to fulfill this*” (X4); “*The consumer is king and brings money to us, so it is our job to give the best possible experience*”(X5). The belief to meet and fulfill the consumers' perspective is also mentioned explicitly in annual reports that retailers publish “*Our better together strategy is based on the most important topics we get back from our consumers ... through this way we try to create the best value for our customers, communities and the environment*” (Ahold Delhaize, 2016, pp. 2).

Nevertheless, one manager declared that despite the fact they consider consumers' perspective as an important aspect, this does not always have to be the truth; “*The way a consumer perceives a product, or a situation is not per definition the truth*” (X7). In line with this, two managers declared that in some cases they cannot agree with the perception of a consumer; “*Sometimes we receive feedback, which I disagree with*” (X10); “*Then I am amazed how people can perceive the store or product so differently compared to my perception*”(X3). This underlines the fact that perceptions of managers as well as consumers can vary.

According to the annual report of the food retail industry (Albert Heijn, 2016), it is recognized that these differences exist and they aim to accommodate this by meeting three things; *“People wants and needs are diverse, but there are three things we believe they all deserve, and that we can have an impact on, namely; 1. Eat well (easy, healthy, high quality and responsible sources), 2. Save time (quicker, smoother and easier), 3. Live better (differs per customer, but we are committed to make it happen)”* (Albert Heijn, 2019 pp. 4).

#### 4.1.1 Consumers perspective in the light of sustainability

The past decade, another facet became an important contributor to the consumers' perspective, namely sustainability (Lewis & Juravle, 2010; Handelman & Arnold, 1999; Thang & Tan, 2003). Sustainability is characterized by issues related to the environment, ethics or sociality (Lewis & Juravle, 2010). The majority of the managers [8/12] describes that their experience is that a large part of their consumers desires for sustainability in the stores and products, but that there is certainly a large part that does not need this; *“ I notice that a large proportion of consumers needs sustainability, but there is also a big part who doesn't need it”* (X2); *“As a big company we have to take our responsibility, but I am not convinced that everyone values sustainability... there are people who declare explicitly that they do not value sustainability ”* (X3); *“I think we have a very diverse consumer base within the retail, certainly not everyone attaches great importance to sustainability”* (X8).

The manager's experience does not appear to correspond with the consumers who were interviewed. All of these respondents [4/4] indicate that they consider sustainability as important; *“I think sustainability is very important. In a world that is increasingly having more trouble from climate change I think there should be more emphasize on sustainability in society and retail”* (C1); *“In general, I find sustainability an important value in people's way of life”* (C2); *“I believe sustainability is important, especially now”* (C3); *“I think sustainability is important. In my opinion, everyone should be aware of this and do something about it in their own way”* (C4). The statements of these consumers are in line with the assumptions food retailers seem to make in their annual report: *“Our consumers desire for sustainability, they want to eat better and shop with a peace of mind... with our sustainability strategy we want to take our responsibility in this”* (Albert Heijn, 2019, pp. 7), this in contrast to the above described statements from most of the managers.

#### 4.1.2 Initiatives in order to meet the consumers perspective

A consumers' perspective influences the experience of a store and therefore it is important for retailers to meet this in the best possible way. It has been found that when the consumers' perspective is positive, it is much more likely that they will return to the store (Jiang & Rosenbloom, 2005). Most of the managers indicated that in general a conversation with the consumers as well as communication can play a key role in order to meet the consumers' perspective in a positive way [9/12]; *"I communicate a lot with my customers... through this you can make someone think completely different"* (X2); *"Trough a personal conversation you get the opportunity to explain things"* (X4); *"If you communicate and have a real conversation with people, they understand the situation better"* (X7); *"By explaining the underlying idea, people get more understanding"* (X11). One of the managers indicated that *"a negative perception can switch into a positive one through a good conversation. By declaring things people can look differently"* (X1). Consumers themselves report as well that they can value a conversation [3/4]; *"I like to find out certain reasons why"* (C1) and *"it helps me understand things better"* (C3). One of the consumers indicated that this had little effect on the perception *"a conversation with the manager does not change my experience"* (C4).

In order to meet the perception in the best possible way, retailers also have to meet aspects of sustainability. A specific description of how they accommodate these aspects is explained in more detail in the next paragraphs. In the context of consumers' perception and sustainability, retailers try to investigate what is important for their consumers by conducting for example customer surveys. Furthermore, they determine the effectiveness of the executed initiatives by measuring the customers perception (Ahold Delhaize, 2019). In addition, efforts are made to align the store image conform the customers perception by making employees aware of their working methods (Albert Heijn, 2019). This starting point is in line with the statements made by managers [6/12]; *"I think it is important that my employees separate waste, anywhere in the store"* (X5), *"I try to get as much as possible plastic out of the store, this I try to guide directly to my employees"* (X7). These actions are in line with the finding's consumers have [4/4]; *"For example a lot of plastic is used, which I do not think is necessary"* (C2); *"I see a lot of unnecessary plastic in the store"* (C4). This indicates that less plastic in the store image contributes to a more sustainable perception.

#### 4.2 Drivers for investments in sustainability

In order to meet the consumers' perspective in a sustainable manner, investments in sustainability tend to lead to more sustainable value creation (Ganesan et al., 2009). Hence,

retailers are expected to make investments in sustainability. Retailers acknowledge their responsibility towards their consumers and therefore make it able to shop in a responsible and sustainable way (Schuurs, 2017). In other words, investing in sustainability is an important step to contribute and influence the consumers' perception positively. Managers acknowledge the internal, external as well as the supplier relationship drivers [7/12]; *"As a retailer you depend on your suppliers and your internal capacities... thereby the circumstances in which you find yourself as a shop and as a society also play an important role"* (X1); *"For me, all of the drivers play an important role. However, some aspects outweigh others"* (X2); *"Internal as well as external drivers play a role when I consider a sustainable investment... it is also important to take your suppliers into consideration"* (X12). Below, the three drivers are described in more detail based on their components.

### 4.3 Internal drivers

Internal drivers refer to a set of capabilities with a complex combination of skills and resources which are able to ensure superior functional activities (Wernerfelt, 1995). Most of the managers indicate that this driver counts the most when creating and considering an investment in sustainability [7/12]; *"Internal capabilities are for me the most important ones, internally it has to be possible of course"* (X1); *"you have to consider the internal drivers in order to find out if it is a realistic investment for your store, indeed you have to think about external drivers but these ones should not prevail"* (X3). Nevertheless, there are also managers who point out that there is not one driver that takes over; *"I don't think you can say that there is one most important driver. I consider more than one driver and I think that the order of important can switch really fast, from one to two"* (X2); *"I consider all of the driver as equally important"* (X6).

The fact that retailers use several – internal - drivers in order to invest in the best possible way, is also evident from their annual reports. It is described that drivers in order to grow sustainability is related to several areas within the company (Ahold Delhaize, 2019). This driver is divided in three components; *process capabilities, human resource capabilities and customer driven capabilities*. Results of the managers' perceptions concerning these components are discussed in the next paragraphs.

#### 4.3.1. Process capabilities

This first category refers to the ability of processing capabilities which are related to the daily organizational operations and routines within the organization (Zeithaml, 2000). Managers

imply that process capability and the possibility to improve this, is important: *“If you want to improve, you have to investigate in your processes if this process is technically feasible”* (X5); *“I am convinced that we do everything in the background in order to make the best investment, such as for example the dry misting project”* (X2). In addition, it is also stated that, especially in the field of sustainability, that there is room for improvement [9/12]; *“I recognize that sometimes it is hard to implement an investment, because you have to consider more than one aspect... If I look at a process which we improve in the light of sustainability, sometimes it costs too much or takes too much time then we decide to revise it later”* (X3); *“If I take a look at for example, transportation the efficiency of approach routes towards the stores can still be improved, besides the fact we made some improvements, I think there is certainly room for improvement”* (X6). Retailers mention explicitly in their sustainable report that investment in sustainability are made regarding processes; *“through transparency in the supply chain, actual adverse effects can be identified directly ... after identifying the risks, an improvement plan is made in order to invest and prevent this in the future”* (Albert Heijn, 2019, pp 7). In addition, it is mentioned that there is given accountability. When investigating this, it became clear that these aspects indeed are declared in several reports at the end of the year (Albert Heijn, 2019; Ahold Delhaize, 2018), but during the year little instructions are provided from the higher management according to the managers [3/12]; *“Internally communication, towards improvements of processes, is meager”* (X7); *“I think that we as a company overall can improve, if everyone is kept informed more accurate”* (X10); *“sometimes I find out afterwards what the motivation for the investment was”* (X11). In other words, at lower levels of the organization, managers consider and invest in improvements of the processes as well as the higher levels, but there is a lack of communication internally about the improvements regarding processes.

#### 4.3.2 Human resource capabilities

This component refers to the human resource capabilities of a company. In other words, to what extend the employees of the company are willing and able to adapt to a new situation within the organization (Claro et al., 2003). In order to improve the social capital of a company, creating awareness regarding sustainability can contribute (Lee, Park & Lee, 2015). The interviews with the consumers underlined that unnecessary plastic packaging in the store, is the most frequently mentioned point when asked about sustainability within the supermarkets [4/4]; *“For example, I pay attention to whether there is a lot of unnecessary plastic in the store”* (C1); *“a lot of plastic is used, which I do not think is necessary”* (C2); *“I*

*prefer less plastic in the store” (C3); “Major steps can be taken by using less plastic in the supermarket” (C4). Managers indicate that they try create awareness towards their employees as much as possible, by explaining what image you provide by having unnecessary plastic in the store and thus remove this from the store as soon as possible [8/12]; “When you look at a piece of unnecessary plastic, I try to get as much as possible plastic from out of the store and direct is towards employees” (X6); “communication towards my employees is important, especially how they should use things” (X2). There is no trace if there is a general policy towards unnecessary plastic packages within the store. This indicates that managers at lower levels initiate these policies more locally, which also appears from the statements they make such as “I try to” (X6) and “for me it is important that my employees” (X4). Despite it is being known that improving employee knowledge can contribute to more effectiveness and by this more sustainability, it is not explicitly included in their policy.*

#### *4.3.3. Customer driven capabilities*

This refers to the fact that consumers assume that retailers understand and adopt sustainability. Therefore, retailers have a responsibility towards their consumer by producing and offering them sustainable products (Claro et al., 2013; Schuurs, 2017). Besides, consumers make a consideration for products based on aspects of price and quality (Schelhase et al., 1999). Although managers are aware of these aspects, they admit that this is perhaps the most difficult aspect to meet [9/12]; *“For example reducing plastic packaging, I am definitely willing to decrease this, but for me this related to the freshness of products, what should not suffer” (X7); “If you take a look at what consumers expect from us as a retailer and how we offer products, I think you are always searching for the best option”(X1); “Even though we are aware of what consumers want, you have to think about how a product is made and how it can be transported, this we have to weigh up to the quality in the store” (X6). Also here, it is recognized that the aspect of communication, but now towards the consumers is extremely important; “providing consumers with information where the product comes from and how it is produced in order to guarantee the quality can be essential” (X2); “Via appropriate marketing campaigns the consumers perceptions can be influenced” (X12). This is confirmed in interviews with the consumers, when is asked what they desire for; “Only recently I see campaigns of food retailers related to sustainability, I really appreciate that” (C3).*

Nevertheless, there are also three managers that are convinced that changing the consumers’ perception is the way to meet the consumers’ perception; *“I think that retailers are changing and therefor the consumers’ perception has to change as well” (X3); “I think*

*you need to adjust the consumer's perception, this changes also over years"* (X8). According to the sustainability report (Albert Heijn, 2019), the supermarket provides as much as possible information towards their consumers via social media and within the store.

#### **4.4. Supplier relationship driver**

In order to facilitate an exclusive assortment, it is important for retailers to maintain good relationships with their suppliers (Claro et al., 2003). The food retail industry acknowledges this driver as important; *"We are aware that we can offer the best products through the right suppliers"* (Albert Heijn, 2019). This driver is deeper analyzed by two components, namely the supplier coordination and the supplier communication.

##### *4.4.1 Supplier coordination*

Nowadays supplier relationships are rising because of the increase in consumer demands (Claro et al., 2003). This contains a broader assortment, for example products with the low prices as well as sustainable products. Therefore, more suppliers are needed and maintaining these relationships is important (Ganesan et al., 2009). Hence, a precise coordination of these suppliers contributes to success within the food retail industry (Wathne, Boing & Heide, 2001). *"Together with our suppliers we are working on innovations ... through this we are trying to improve sustainability"* (Albert Heijn, 2016). The importance of this is underlined in a sustainability report (Albert Heijn, 2019), wherein it is described how retailers maintain a good relationship with their suppliers; *"we purchase our products at a limited number of suppliers. With some of them we have a long-term relationship... this allows us to increase and invest in sustainable production methods"*. Nevertheless, it is recognized that expanding the assortment with new suppliers all over the world is a complex process; *"This retailer sells thousands of products, from thousands of suppliers all over the world, coordinating this is a considerable process"* (Ahold Delhaize, 2019, pp. 20).

During the interview's managers have also been asked about this component, but all of them [12/12] confirmed that this process is carried out by higher management positions and therefore they cannot make any statements about this.

##### *4.4.2. Supplier communication*

Besides a good coordination, the component of supplier communication is also indispensable by maintaining supplier relationships. The fact that this driver contributes in becoming a more sustainable retailer appears also from the collaboration that takes place; *"We are working*

*hard to get a more sustainable supply chain, together with our vendors and partners. This means partnering with suppliers to source for sustainably produced critical commodities” (Albert Heijn, 2017). Furthermore, to avoid misunderstandings or disruptions suppliers have to sign an engagement, “with this we propose minimum standards to suppliers who must ensure to meet all aspects of their chains” (Ahold Delhaize, 2019).*

Despite the fact that the interviewed managers are not in the position to change the relationship with the suppliers drastically, they are convinced that this component is important: *“when we recognize where improvements can be made, it is important to communicate this towards the supplier”(X1); “as a company you have several requirements which that you want the supplier to meet, by discussing the opportunity you both can improve “(X7).*

#### **4.5 External driver**

This driver refers to an external aspect what accounts for uncertain circumstances in which the food retailer can be, for example increasing competition (Klein, Frazier & Roth, 1990). In contrast to the majority of the managers, which reported to consider the internal driver as most important when investing in sustainability, one of the managers stated that the external driver outweighs the others; *“The external driver referring to the circumstances outside the organization, is for me considered as most important/leading (X12)”*.

While conducting this research, a special and new situation occurred, namely the COVID-19 virus (NOS, 2020). Therefore, all of the managers reported that this driver has increased in importance; *“ This situation changed everything, behavior as well as perceptions” (X1); “ Through the COVID-19 virus I look different to the daily routines, therefor my perception changed” (X2); “I see that this situation changes everything, my own perception as well as the consumers” (X7).* This is described below, based on the component of uncertainty, wherein the situation in which the world currently is in definitely taken into account.

Due the fact that the food retail industry is moving constantly, it is important to consider and be able to anticipate to the environment and changing circumstances accurately. In the area of sustainability, this is slightly complicated because most of these investments are based on the long-term perspective (Claro et al., 2003). Nevertheless, retailers tend to be aware of this and include it beforehand in their strategy; *“in respect of significant accounting estimates that involves making assumptions and considering future events that are inherently uncertain” (Albert Heijn, 2019).* According to the current situation, the Netherlands as well

as the world along with the circumstances are undoubtedly uncertain. This relates to the fact that the COVID-19 virus emerged and until there is a clear solution, there will be a great uncertainty (NOS, 2020). In line with this, most of the managers [9/12] indicate that this affects their decision when considering an investment in sustainability; *“Now we find ourselves in the middle of a crisis, that will I definitely include in the consideration of a sustainable investment” (X2)*; *“I think it has a lot to do with the situation you are in. Now we are in the middle of a crisis, you have to work with the uncertainties that this entails. In the future, this aspect brings a lot of tension and questions how we are going to control \this” (X3)*. Despite these uncertainties, managers also indicate that this makes them more aware of the dependence on suppliers who are located far away; *“At this moment we are of course in a bizarre situation, concerning the corona crisis. There we have experiences that we are often very dependent on many external factors to get certain products on the market” (X1)*.

In addition, a shift in behavior is recognized during this crises by one of the managers: *“A lot of people make sustainability an important topic, but now that we are in this crisis you don’t hear anything about the use of thousands of plastic gloves and bags”(X7)*. An decrease of importance of sustainability is not reflected in the interviews with the consumers, in which they all explained that they still consider sustainability as an important topic; *“I am still very conscious about sustainability (C1)*; *“The topic of sustainability did not increase for me during this crisis” (C2)*. A retailer declared: *“On sustainability, however, the heightened awareness about environmental and social topics... among consumers and businesses seems to be holding strong. This is different from past periods of crisis, when we’ve seen consumers and businesses often put sustainability on a back burner” (Hellstedt, 2020)*.

#### **4.6 Sustainability**

The focus on sustainability is increasing and consumers are attaching more and more value to this; *“Consumers are increasingly interested in the integrity of the food they buy... various issues, including media attention for food scandals and environmental problems, have ensured that “consumer perception and therefore their expectations have changed”. They look to retailers to provide high-quality products with great prices and sourced with respect for the environment as well as the communities they come from, and clearly labeled so they can make well-informed choices. Sustainability is therefore something that the customer must: “clearly, we must take action.” (Albert Heijn, 2019; Ahold Delhaize, 2019)*. The concept of sustainability refers to the environment, ethics and sociality in which retailers play an important role due their supply chain (Chkanikova & Mont, 2012). Retailers make clear

that they are aware of this and that they carry a responsibility, partly because consumers attach great importance to this; *“With our sustainability strategy we want to take our responsibility in the impact of our chains, people, animals and environment”*; *“Our consumers want to shop with a peace of mind and eat better”* (Albert Heijn, 2019). This is also confirmed by the managers of the retailer [7/12]; *“I think that we as a company have to find the intrinsic motivation in order to invest in sustainability. The consumers desire sustainability and we have to take responsibility in this”* (X3); *“I think sustainability is a social thing, it belongs to the world of today, our footprint on earth. I notice that many consumers become for example vegetarian or vegan. I think we have to be conscious about this”* (X5). The interviews with the consumers show also that sustainability is a high valued aspect; *“I think sustainability is important. “In my opinion, everyone should be aware of this and do something about it in their own way”* (C1); *“I believe sustainability is important, especially now. We have to change our behavior and contribute to a better world”* (C2); *“I think it is very important. In a world that is increasingly having more trouble from climate change I think there should be more emphasize on sustainability in society”* (C3), *“Sustainability in general has an important value”* (C4). Even when looking at sustainability related to the food retail, consumers seem to be unanimous about the fact that within this industry it plays a major role in which improvements can still be made: *“supermarkets still contribute to a large amount of food waste. However, they past years they made small steps to improve”* (C2); *“I think there could be more much more done to create more sustainability in the supermarket”* (C3); *“I think there could be more much more done to create more sustainability in the supermarket”*(C4).

#### 4.6.1. Sustainability and consumers' perspective

According to the retailer, consumers are concerned with two major topics within sustainability, namely food waste and the use of plastic (Hellstedt, 2020). By publishing articles in which they declare for example the reduce in plastic, they try to make clear their engaged with sustainability; *“we reduced the number of non-reusable plastic in our businesses by more than 600 million in 2019”* (Albert Heijn, 2020). The consumer interviews reveal that food waste as well as the unnecessary plastic within the supermarket is noted; *“for example a lot of plastic is used, which I do not think is necessary. I also tend to think that a lot of food is wasted and thrown out”* (C1); *“Sustainability in the supermarket... I think in particular of unnecessary use of materials, such as the use of plastic”* (C4). These aspects are also recognized by the managers [6/12]; *“If I think about sustainability, then I think that we*

*have to care about using less plastic” (X2); “... mainly plastic and food waste are my concerns” (X6).*

Despite the aspect of sustainability, as declared before, the consumers’ perspective concerns also wants, which refers to the best product quality for the lowest possible price. In line with this one of the managers described; *“...that all the products look fresh, also in the perception of the consumer. Without plastic, everything also looks a lot fresher, which contributes to the whole experience... So, less plastic can contribute to the conviction of a better quality” (C4).* This in contrast to the statements made by other managers, who describe that quality of products as well as price is a priority in the consumers’ perspective; *“I think a lot of consumers only want the best quality for the best prices” (X1); “Without the plastic, there is a possibility the quality of the product decreases” (X3); “In my opinion, the prices is still the most important aspect consumer consider” (X7).* According to the interviews with the consumers, a description of the wants- price and quality- as well as sustainability is given; *“My choice depends on a few points like price, quality and story of the brand” (C3); “I always look at the price-quality, but when prices are not that different I usually go for brand of which I know they consider the environment”(C2). “I try to buy more products that put less of a burden on the environment” (C4).* Nevertheless, the majority of the consumers considers buying a more sustainable product, but only if it is in the same price category; *“But in the end, I often let my choice depend on the price difference” (C3). “At this moment I am not willing to pay more for a sustainable product” (C4).* Therefore it remains a challenge where to invest in as a retailer, because sustainable products are clearly more expensive. Furthermore, by using plastic packages a better quality of products can be guaranteed.

#### *4.6.2. Investments in sustainability*

In order to keep the consumer value high, food retailers make investment towards sustainability (Claro et al., 2013; Sustainable report, 2019). According to Hart and Milstein (2003), these investments are based on the above described drivers. By making investments in sustainability, the consumers’ perception is influenced, for example by reducing plastic packaging in the store, the consumer can experience the store as more sustainable. These findings are confirmed by the consumers [3/4]: *“ Yes I am very aware of sustainability in the supermarket”(C4); “I think there could be more much more done to create more sustainability in the supermarket... for example a lot of plastic is used, which I do not think is necessary” (C3); “ Yes, I am aware of sustainability. I never buy plastic bags, try to buy fresh goods which isn’t prepacked” (C1).* Therefore, consumers acknowledge that supermarkets certainly

are moving towards more sustainability, but that this is at the expense of the prices; *“More and more supermarkets also have a sustainable line in their own brand. Unfortunately, I still notice that all these products are often more expensive” (C2); “Sustainable products costs more to produce, only when the price-quality is in proportion, I am willing to buy sustainable products” (C1).*

The movement towards sustainability is underlined by the managers[7/12]; *“I think social responsibility is very important and certainly for the larger company... a lot of changes can be influenced by them” (X5); “We also adapt our products to sustainability and therefore it is also important how do you present such a product in the store?” (X1); I think in the background the retailers are very busy making changes towards sustainability and that all good initiatives are in progress” (X3).* The point where managers consider an investment in sustainability, it appears that only a few managers indicate that the consumer perception is taken into consideration [3/12]; *“I have a conversation with the consumer and through this find out what they mean by sustainability, by this I can see in what departments I can invest. This is because I can think of myself what I consider as sustainable, but if this is not experienced as sustainable by the consumer then it has been for nothing (X4); “We are looking at “What to our consumers want?” and how can we contribute to this?” (X1); “Because we work in a story driven way, it is important to take into consideration what the consumers’ perception is” (X3).* In contrast to this, another part of the managers declared to acknowledge the importance of the consumers’ perception, but that the components discussed in the previous paragraphs outweigh the decisions [5/12]; *“I would only communicate what investment we have made, because that contributes to the understanding of the consumer. In the in the end we have to make investment to relieve for example the environment, therefore we as a large company have to take the social responsibility” (X6); “I understand that it is important to look at what consumers want, but it must also be feasible from a process engineering perspective”(X8); “I want to see the cost-benefit picture. So, if I make an investment, it must ultimately yield something” (X7); “I think you should consider the internal drivers in order to see if the solution is realistic” (X3); “I recognize that investments in sustainability often are based on profitability and feasibility” (X12).*

Furthermore, one of the managers acknowledges that the perception of the consumer is not taken enough into consideration when an investment is made; *“I think it will be easier if the perception of the consumer is more involved in the process. In the end, everything is done for the consumer in order to improve the experience and perceptions. Therefore, I think that this process could be much easier by involving the consumer more” (X4).* Subsequently, a

majority of the managers is convinced that an investment in sustainability becomes successful when the consumers' perception is being adjusted [8/12]; *“The moment you clearly explain why choices are made... when you really talk to people and also show understanding, you often get people with you”* (X7); *“In the end I would choose to make an investment and afterwards change the consumers' perception”* (X8); *“When you have the opportunity, I would choose to change the perception of the consumer”* (X6).

Also, here it is confirmed that managers experience that a large part of the consumers does not attach much value on investments in sustainability [4/12]; *“I think that a very large number of consumers needs sustainability, but that a large part also does not care that much and just wants a good product. That is of course the crux you are in: “how are you going to keep one group satisfied, but also the other group who just want a good product for a good price?”* (X2); *“Talking to the consumers, that is the most important thing if people already say something about sustainability. I don't feel like it is that important for a big part of the consumers”* (X7).

Investments towards sustainable retailing are confirmed by articles within the food retail industry, for example the nebulizing of fresh product which contributes to a decrease in food waste (Albert Heijn, 2019). Nevertheless, one of the managers declared that despite this concept contributes to more sustainability, it decreases the filling time in the store and increases the weight of the product, making it more profitable; *“Through the haze, there is less fluid loss which contributes to the product quality stays longer fresh... Thereby the net filling time becomes shorter and due the haze the product becomes heavier at the register”* (X2). The fact that retailers make investments towards sustainability where it also yields something for themselves, is also confirmed by another manager; *“The increased costs of products related to sustainability is transferred to the consumers... thereby it gives a boost to the profitability of the retailer”* (X12). In contrast to this, these aspects are negated in the retailers report; *“According to the retailer is making profit not a direct part of investing in sustainability. These are two components that go hand in hand and can reinforce each other”* (Albert Heijn, 2019).

#### **4.7 Retailers costs**

While analyzing the interviews with the managers, it emerged that another aspect often was mentioned when there was a consideration for an investment in sustainability, namely *costs*. The majority of the managers indicated that they are willing to make an investment, if they are convinced, they can make profit with it [10/12]; *“When I look from entrepreneurship,*

*costs play an important role. In the end it must also yield something, otherwise I don't make an investment* " (X6); *"Making an investment with a lot of costs and in the end you achieve little with it, then I is not worth for me to make the investment"*(X7); *"Costs play an important role for me... if it is achievable and it pays off for my company, then it is more likely that I will make the investment"* (X4).

Despite the fact that the above-mentioned costs refer to costs in terms of making profit, managers consider how much they must effort is takes against how much it is likely to yield [10/12]; *"If you achieve almost nothing with the investment and it takes a lot of effort, I would consider twice to do it"* (X2); *"So if you invest a lot and it takes a long time of return, I am not convinced"* (X5); *"In the end you also have to cover your own costs, therefor it remains a challenge whether it if worth it to invest"* (X1). When looking at how committed the managers are with sustainability, it turns out that managers with a higher commitment are more willing to take the risk that it will yield nothing compared to the lower committed ones; *"I value sustainability a lot... I am willing to invest even though I don't know how much it will bring me"* (X1); *"I think we have to find a balance, if it covers my costs and I do not make a lot of profit with it I can live with that"* (X5); *"When you as a manager value sustainability, you undoubtedly want to see this in your store and products"* (X9).

#### **4.8 Internal Communication**

In addition to the aforementioned new component, another component emerged in the interviews with the managers, namely internal communication. This component refers to the correct provision of information towards the employees. By meeting this component, the consumer can be optimally informed. In line with this, the majority of the managers declared that also good communication towards the consumers can contribute to the success of an investment [9/12]; *"providing clarity already gives you a lot of gain. You can still have an opinion about that, but if you know what the larger goal which is being pursued that wat, then most of the people can agree with that"* (X7); *"By pointing out to the consumers how and what kind of investments the retailer actually is doing and how, it contributes a lot in the perception as well as gives the possibility to distinguish you from competitors"* (X12). The fact that communication towards consumers can increase their value is also evident from these interviews [3/4]; *"I think when retailers and suppliers give more insight into the effect on sustainability, people will experience the effect that they can contribute by buying this product. Because of this, someone needs to know what is done or why they should pay more for a product"* (C3); *"Providing me with information about sustainability, will help me to*

*understand and make more appropriate decisions” (C4). In addition, one of the manager mentioned that in order to provide the consumer with the right information, it is important that employees have the correct information concerning the sustainable supply chain: “If I think about the human resource capabilities, I relate this to the consumers... Consumers have a lot of questions, if my employees provide them with the wrong information, we have to work twice as hard to get this right” (X3).*

Despite the fact that managers are aware of the positive effects of good communication, they acknowledge there is a lack of internal communication. Therefore, some difficulties are experienced by providing correct information towards consumers; *“I think the communication internally is bad” (X2); “Communication nationwide can way much better. I try to communicate as much as possible within my store, but if we want to achieve something with this retail chain, the communication has to improve” (X4); “I think that as a store we can still get a lot out of communication with our consumers” (X6); “Sometimes we communicate good, but I think we can do it better... I think when something new arrives in the store and the consumer doesn’t know “why”, this will be the first question they ask. While if you provide the consumer with some “sneak previous” in advance, they already have been triggered a bit and therefore the tensions rise. In this way it becomes an interesting thing for the consumer as well” (X5).*

The aspect of communication towards consumers about investments in sustainability is hard to find in annual or sustainability reports of the retail chain. It is only quoted once in which reference is made towards the future; *“We are going to communicate more about sustainability and climate impact of our products” (Albert Heijn, 2019, pp. 35).*

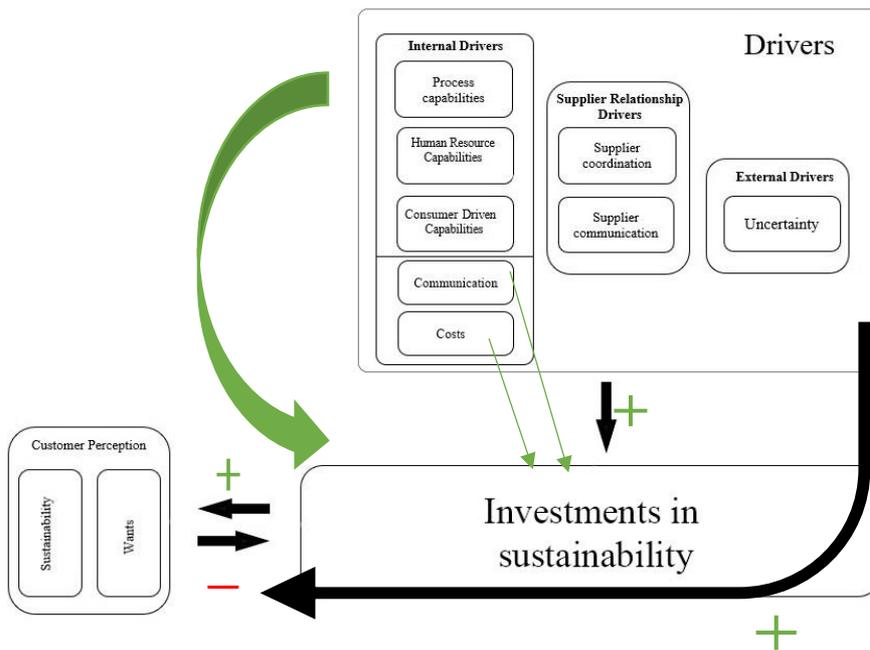
#### **4.9 Adjusted conceptual model**

The new, adjusted conceptual model is presented below. In this the new emerged components are included within the internal driver. This is due to the fact that the communication refers to the internal communication within the retail organization. The concept of cost implies the willingness of the food retailer to pay in terms of how much it yields. In other words, it refers to internal aspects whether it is profitable for the company itself. Both of the new components are marked with a green line, this indicates connection with investments in sustainability. In addition, all of the drivers are acknowledged in this research, therefore this is indicated by a green plus sign. According to the results, the internal drivers are considered more compared to the rest, by the majority of the managers, hence the green line.

The presence of the consumers’ perception is confirmed by the results of this study,

nevertheless when investments in sustainability are considered this is not explicitly taken into account by the majority. That is why this is indicated by a red minus sign. In contrast to thus, the green plus sign refers to the findings that investments in sustainability indeed enhance the possibility to find a balance within the contradiction within the customers perception. This is reinforced by the investments in sustainability made on the basis of the above-mentioned drivers. Hence, the bigger black line is also marked with a green plus sign.

Figure 2: Adjusted model of drivers and consumers' perception in relation with investments in sustainability



## 5. Discussion

In this chapter the results of the analyses will be discussed based on the elaborated theoretical framework. This chapter is divided by three aspects of the conceptual model: consumers' perception, the retail drivers and investments in sustainability. Furthermore, the two new emerged components will be discussed.

### 5.1 Consumers' perception

In order to create value for the consumer it is necessary to fulfill the consumers' perception. This concept refers to a consideration which is in line with the cognitive set of a consumer (Schelhase, et al., 1999). Linking this to the food retail industry, it refers to a particular choice for a product or experience a consumer has when visiting a store. In addition, this consideration is based on the wants, containing the price- quality ratio (Schelhase, et al., 1999). The analysis of the interviews showed that the majority of the managers perceive the consumers perspective in the same way; consumers desire for the best price and a good quality. In addition, the importance of this aspect confirmed by all of them. The presence of the wants consumers have, referring to the quality of products and good price, is in line with existing literature wherein the importance of the price-quality ratio is attached (Schelhasse et al., 1999; Ward & Russell, 1981).

Nowadays, a large group of consumers tends to attach greater value towards sustainability. Therefore, consumers shop more consciously and expect a retailer to act accordingly, while at the same time they assume a qualitative good product for the lowest possible price. The presence of this concept is described by the majority of the managers. It is declared that a large part of the consumers desires for sustainability, but that there is definitely a major part of the consumers who does not attach that much value to this aspect. These findings are not in line with the results of the interviews with the consumers. All of interviewed consumers indicated to consider sustainability as an important aspect. Sustainability contributes also to the way consumers perceive the store and products (Chkanikova & Mont, 2012). This is in line with the statements in the retailers' sustainability report (Ahold Delhaize, 2019), wherein they declare to recognize the increasing value for sustainability by an ever-growing part of their consumers.

Furthermore, the results are in line with the findings of Jiang and Rosenbloom (2015). This research confirmed these finding, the results show namely that the way how consumers perceive the store and products and the manner how the retailer response to this influences

each other. Therefore, it is likely to assume that the chances of return to the store increase (Jiang & Rosenbloom, 2015). The data shows that, according to the managers, conversations with consumers increase the consumers' perception in a positive way. By providing them with more information and explaining changes or adjustments, understanding and clarity is given. The majority of the consumers declared that they indeed value a conversation. Nevertheless, one of the consumers indicated not to appreciate a conversation. Therefore, these findings indicate that a conversation possible can contribute in order to meet the consumers' perception but does not ensure a positive result for everyone.

Besides understanding and having a conversation, retailers also have to make investments in order to meet the aspects of sustainability (Ganesan et al., 2009). According to the framework of Hart and Milstein (2003), retailers tend to meet the consumers' perception by making investments based on the drivers of internal, external and supplier relationships (Claro, et al., 2013). In contrast to this, the managers declared to investigate what is important for their consumers by customer surveys. Nevertheless, higher managerial layers state to consider the consumers perception at another point compared to the lower managerial layer. Due to these differences, it becomes clear that the different layers within this supermarket chain treat investments differently. Wherein the headquarters declared in their annual report to measure the effectiveness of the executes initiatives afterwards in order to meet the consumers' perception, the managers at an operational level indicate to consider this in advance (Ahold Delhaize, 2019). This means that this supermarket chain tries to accommodate the consumers' perception in different ways, but everyone tries to affect the consumers' perspective positively. With this, they try to get a more positive value and thus a higher change on return to the store, which is in line with the studies of Jiang and Rosenbloom (2005). Herein it is assumed that affecting the perception of the consumer positively enhances the chances on return, which is thus confirmed by this research.

## 5.2 Drivers

As declared in the theoretical framework, investment in sustainability are, according to Hart and Milstein (2003), based on three drivers; *internal drivers*, *supplier relationship drivers* and *external drivers*. The data proves the presence of these three drivers for making investments in sustainability. Nevertheless, where this theory is based on a balance in the drivers, appears from the results that the majority of the managers takes more account of the internal drivers. The analysis shows that most of the interviewed managers weigh more towards the internal capabilities prior to the other. This preferred value for the internal driver is confirmed by

other studies, in which it becomes clear that retailers pay more attention to internal drivers compared to the others (Nicholls, 2002; Porricelli, et al., 2014). The preference for this driver is also confirmed by the Annual report of the supermarket chain, wherein they attach a lot of attention concerning the components of the internal capabilities. For example, for several years much attention has been paid to improving internal processes (Albert Heijn, 2019; Ahold Delhaize, 2018).

In addition, managers identify possibilities for improvement within this internal driver. Improvements of the existing processes regarding sustainability is undoubtedly an important aspect within the framework developed by Hart and Milstein (2003). Despite the results of the interviews, where managers explicitly declared the room for improvement, this is not explicitly mentioned in the framework of Hart and Milstein (2003). More specified, the results of the interviews acknowledge indeed the components of the internal driver and their importance, but they are also convinced that improving internal communication already could have positive effects. For example, provide more information in order to create attention and commitment towards the adjustments. This point is in line with the finding from the paragraph above, wherein the differences between the management layers in this supermarket chain already became clear.

Despite the fact that the internal driver for most of the managers outweighs in making an investment, the other two drivers are certainly not ignored. There is even one manager who considers the external driver, referring to the circumstances outside the organization over which there is no control, as most important when making an investment in sustainability. According to this manager, an organization has to be constantly aware and adapt rapidly in order to make a successful sustainable investment. Furthermore, the data exhibits that there is an intercommunion between the drivers. This is underlined by the fact that due to the COVID-19 virus, which emerged during the research, the external driver tends to gain more attention at this time.

As expected by the theory, the data proves the presence of the components belonging to the drivers; *process capabilities, human resources capabilities; consumer driven capabilities, supplier coordination and communication and uncertainty* (Hart & Milstein, 2003). It helps retailers to consider and make investments in sustainability and therefore ensures the alignment of actions (Claro et al., 2013). Nevertheless, once should be aware that despite the fact that these drivers interact with each other, the consideration and preference for a driver or a component can differ between managers.

### 5.3 Investments in sustainability

As mentioned before, sustainability attaches more and more attention nowadays.

Sustainability refers to aspects of the environment, ethics as well as sociality. Due their power and supply chain, retailers can play an important role within this (Chkanikova & Mont, 2012).

The contradiction within the two concepts of consumers' perspective, referring to sustainability and wants, is confirmed by the consumers. The results confirm that there is a desire for a good price-quality ratio as well as sustainable products, which is in line with the results from Danse (2010). For example, the interviewed consumers declared that they are willing to buy more sustainable products, but often find it too expensive. Therefore, it turns out that in the end the price outweighs the sustainability of the products. This means that the majority of the consumers only considers buying a sustainable product when it is in the same price category. These confirmations are in line with the perspectives of the managers, who are convinced that the quality as well as the price is a priority in the consumers' perspective. Furthermore, the analysis shows that despite the fact that consumers acknowledge the movements of the supermarket chain towards more sustainable products, they recognize as well that this is at the expense of the prices. The differences in price-quality ratios are mentioned several times as an example in the interviews with the consumers. In addition, majority declares probably willing to pay more for sustainable products, if they were provided with more information.

Summarized; the managers as well as the annual and sustainability reports (Albert Heijn 2019; Ahold Delhaize, 2019) of the supermarket chain declared to be aware of the importance, impact and the differences regarding the consumers' perception. Thereby, in line with the multidisciplinary framework of Hart and Milstein (2003), all of the drivers are taken into the consideration when investments in sustainability are made. In the end there were only a few managers who indicated that the consumers' perception is taken into consideration when making an investment. The majority declared that the drivers, internal, external and/or supplier relationship, outweigh the decision for an investment in sustainability compared to the consumers' perception. According to them, this is due to the fact that an investment in sustainability becomes successful when the consumers' perception is being adjusted. Besides, the results indicate to the experience that a large part of consumers does not attach much value on investments in sustainability. To sum, despite the fact that the consumers' perception is acknowledged by the managers, there tends to be a preference towards the drivers in order to consider an investment in sustainability.

#### **5.4 New components; *costs and internal communication***

Besides the drivers of the multidisciplinary framework described by Hart and Milstein (2003), two new components emerged when the interviews with the managers were analyzed; costs and internal communication. The component of costs refers to the consideration in terms of profit it yields for the retailer, when the investment is made. In other words, the retailer makes the trade-off if it is valuable to make the investment in sustainability. This is clarified by an example regarding the nebulization of products in order to keep them longer fresh. Due to the mist, small moisture particles are deposited on the products so that a more consistent temperature can be sensed. Therefore, the shelf life is longer and plastic packages are reduced (Albert Heijn, 2019). Besides this sustainable aspect, the products become heavier at the weighing moment at the checkout, which results in higher profit. In addition, it reduces the filling time and therefore a decrease in costs for this filling process. Thus, indeed this investment made by the retailer is in the light of sustainability, but also in terms of profit and costs. The rest of the managers confirms to consider the costs in terms of profitability before making an investment. Despite these statements from managers within this supermarket chain, the annual report of Albert Heijn (2019) declares that there is no direct relationship between making an investment in sustainability and profit. In addition, this component is not considered by one of consumers.

The other new emerging component refers to the concept of communication within the organization. According to the managers, improvements can be made by providing more information through clear communication internally. Through communication, better and appropriate information can be given to the consumers and therefore some of the ambiguity regarding sustainability in the retail can be clarified. This is also confirmed by the consumers, who declared to be willing to pay more when they are provided with more information regarding the sustainability of the product and the process.

## 6. Conclusion

First, this chapter outlines the final conclusion of this research. This chapter ends with the limitations, policy and managerial implications as well as practical recommendations of this research.

### 6.1 Final conclusion

The main goal of this research was to provide an overview of drivers and components that food retailers themselves take into consideration when an investment in sustainability is made, especially concerning the consumers perspective. The knowledge obtained, together with previously conducted theoretical research, allowed to gain insights for making decisions and using drivers regarding investments in sustainability. In the field of sustainability within the food retail industry, a gap was found referring to the drivers for investments in sustainability linked to the consumers perspective. Therefore, the following research question has been investigated and clarified; *How do retail drivers contribute to investments in sustainability and the contradiction within the consumers' perception?* This study confirmed that internal and external as well as supplier relationships are taken into consideration by the food retailers themselves, in order to make investments in sustainability. In addition, two new components emerged for making appropriate investments in sustainability; costs and internal communication. The component of costs implies the consideration in terms of profit it yields for the retailer, when the investment is made. Furthermore, the internal communication refers to dissemination of information within the organization in order to provide consumer with appropriate information. According to the results, these two components contribute to the investments.

Due to the increased interest in sustainable produced products (Danse, 2010), retailers are expected to move towards sustainability because of their responsibility towards their customers (Schuurs, 2017; Chkanikova & Mont, 2012). Hence, food retailers aim to invest in sustainability in order to affect the consumers perception positively, through which the chances of return to the store enhance (Jiang & Rosenbloom, 2005). In addition, the consumers perception is being affected, besides sustainability, also by the concept of 'the best possible quality for the lowest price', in other words the 'wants' (Schellhase et al., 1999). Due to the fact that sustainability as well as the wants affect the consumers' perception, a contradiction emerged; the current price differences and guaranteed qualities between regular and sustainable products often gets in the way of purchasing more sustainable products

(Danse, 2010). This results in a difficulty for the retailer to decide what investments towards sustainability should be made in order to fulfill both of these aspects in the best possible way. Certainly, because contributes to affecting the consumers perception positively and increases the chance of surviving the competitive market (Thang & Tan, 2003). In order to investigate retail drivers for investment in sustainability, theoretical research was executed (Hart & Milstein, 2003; Claro et al., 2013). The multidisciplinary framework of Hart and Milstein (2003) is combined with the contradiction within the consumers' perception in order to investigate the contribution of the retail drivers according to investments in sustainability.

By conducting this research, it is confirmed that the consumers' perception plays an important role. The belief to meet and fulfill the consumers perspective is acknowledged by the managers as well as in the annual reports (Albert Heijn, 2019; Ahold Delhaize, 2019). In addition, consumers confirm that the way they perceive a store or a product is important for them. In line with sustainability, this research confirms the presence of sustainability within the perceptions of the consumers. Nevertheless, it is noticed by the majority of the managers that there is a group of consumers which does not attach value to sustainability. This results in the fact that managers need to be aware of this fact when they make investments towards sustainability, because this group of consumers should not be lost. However, it is confirmed that food retailers acknowledge their responsibility towards the consumers who attach value to sustainability. Nevertheless, this is not always taken into account. It has been observed that despite the fact that the importance of consumers perspective has been proven and recognized, retailers prefer to base their decision on several drivers. In addition, the conviction exists that the consumers perspective can be customized by declaring the investment.

In line with the multidisciplinary framework of Hart & Milstein (2003), all of the drivers prescribed in the framework are acknowledged by the managers of this research. However, the results show that the internal driver outweighs the other drivers (supplier relationships and external driver) for the majority of the managers. This internal driver refers to three capabilities within the organization; *process, human resource and consumer capabilities*. The existence and application of the component process capabilities is confirmed by the results. Despite the confirmation by the managers as well as the reports (Albert Heijn, 2019; Ahold Delhaize, 2019), it is found that according to the managers there is a lack of instructions regarding investments in the process capabilities. However, at lower levels of the organization managers consider and invest in improvements of the processes as well as the higher levels. Therefore, it is suggested to improve the instructions concerning the investment from higher managerial levels related to processes capabilities.

Furthermore, the use of capabilities referring to human resources as well as consumers demand are observed. The consumers confirmed that unnecessary usage of plastic packages within the store influenced their sustainable perception negatively. Therefore, the importance of the human resource capabilities is underlined by supermarket chain. This is due to the fact that this capability refers to the possibility that employees can adapt to changing circumstances. In other words, managers tend to create awareness by their employees that unnecessary usage of plastic within the store has consequences and thus great human resource capabilities are a requirement. The existence of the consumers demand is acknowledged and accommodated by making investments in an appropriate way. The driver referring to the supplier relationships, is confirmed as an important driver, but only by the higher managerial layers. This can be declared by the fact that within this supermarket chain, the managers interviewed do not have direct contact with the suppliers. Nevertheless, it is assumed by lower managerial levels that supplier's coordination as well as communication with suppliers is important to take into consideration when investments are made.

Lastly, the external driver which refers to uncertain factors or aspects wherein an organization can be, for example an interrupted market player (Claro et al., 2013). The importance as well as the existence of this driver is confirmed through this research. Especially the current situation wherein this supermarket chain is in, referring to the COVID-19 virus, brings a lot of uncertainties. For example, competitive advantage is no longer guaranteed due to the many changes and it is not certain whether supplier organizations survive. Therefore, it is considered to be a very influential driver at this moment, but follow-up research will have to clarify whether this is still the case after the virus.

Next to the confirmations of the framework of Hart & Milstein (2003), two new components emerged; costs and internal communication. The first component refers to the additional costs for a retailer when the investment in sustainability has to be made. It is confirmed that when this is, according to the manager or supermarket chain, does not yield enough, the investment is not being made. Furthermore, the component of communication containing the internal communication within this supermarket chain. It has been observed that, according to the managers, there is a lack of information internally. Therefore, misunderstandings occur towards the consumers as well as the employees. This is because clarifications are given based on own interpretations instead of information provided by the organization (Claro et al., 2013). Ultimately, this possibly results in worse investments, because wrong expectations can be triggered and thus decreases the probability to try it again.

To summarize, all of the drivers-internal, external and supplier relationships-regarding the framework of Hart and Milstein (2003) are identified. Therefore it can be concluded that the perspectives of the retailers are in line with the conceptual models, which have been investigated before (Chkanikova & Mont, 2012; Hart & Milstein, 2003; Claro et al., 2013). In addition, two new components, costs and internal communication, are identified which also tend to influence the decision for an investment in sustainability. This research makes an important contribution through the investigation of the multidisciplinary framework combined with the contradiction within the consumers' perception. By applying this combination to the perspectives of the retailers themselves, empirical evidence for these perspectives is provided. In addition, the existence of the drivers and two new components are identified. Further, since some of the capabilities studied were only recognized in the context of this supermarket chain, it can be seen which capabilities are applied in general and which specific for particular supermarket chain.

## **6.2 Limitations**

Several limitations of this research are identified. The first limitation refers to generalizability: this research focused on a case study in the Netherlands and it is therefore difficult to generalize to supermarket chains abroad (Yin, 2014). This is because other countries might apply the conceptual model of this study differently in order to make investments in sustainability (Chkanikova & Mont, 2012). In addition, conducting interviews increase the concerns of accuracy (King, 2004). Thereby, the risk is present of assuming that the respondents interviewed are honest and competent when they may not (Qu & Dumay, 2001). In order to reduce the accuracy constraints of the interviews and increase the generalizability of the results, this research conducted data triangulation. This is provided by gathering information from several sources, for example several annual and sustainability reports as well as interviews with consumers (Yin, 2014). By applying data triangulation, it is tried to diminish this limitation. Hence, the respondents were carefully selected through their function and location in the Netherlands. Therefore, certain generalizations could be conducted and a contribution to the empirical evidence can be made (Flyvberg, 2006).

Secondly, multiple layers of managers are involved when investments in sustainability are made. This study is limited due to the fact that only several managers from lower management levels are interviewed. Therefore, more detailed insights and considerations on a higher management level of this supermarket chain are missing. To broaden this research, it would have been insightful to interview more managers on the headquarter of the supermarket

chain. Nevertheless, it is hard to get in touch with managers on this level of the board. In order to reduce this limitation, annual reports have been analyzed (Yin, 2014). Herein various insights and decisions are explained by the board in general. Investigating the considerations from higher managerial levels on more detail would require a personal interview.

Lastly, the COVID-19 virus emerged while conducting the data (NOS, 2020). Therefore, approaching respondents was more difficult. However, this has been overcome by increasing the number of approaches. Nevertheless, a slight delay has arisen. Due to this time constraints, the transcripts could not be examined in detail. Hence, there may be more details or components to discover when a more extensive analysis of the transcripts take place. In addition, the perception of the managers as well the consumers' may be influenced by the uncertainties which are associated with this virus (Chater, 2020). However, this cannot be determined yet because this crisis is still going on (NOS, 2020).

### **6.3 Policy and managerial implications**

This paragraph provides several practical recommendations which can be applied by the management or in the policy of this Dutch supermarket chain. First, assessing the current position regarding sustainability, can be helpful to make appropriate decisions where to invest in sustainability. The analysis shows that, despite the fact that the attention for sustainability increases, there is still a group of consumers who does not attach much value to this. Investigate how big this group is will help the retailer in the consideration where and what investments in sustainability is the most efficient.

Given the fact that the lower management layers indicated that internal communication can be improved, it is suggested to make an appropriate policy in order to increase this component. More specifically, higher managerial layers need to become aware of this in order be able to change the internal communication. Then the communication towards the lower managerial layers should be enhance, through simplification of the instructions as well as more transparency about the investments. This can contribute to an increase the possibility that the investment being made is clear to everyone and therefore can act accordingly.

Furthermore, this research confirmed the presence of the drivers according to the perspectives of the food retailers themselves. It is recommended that when managers from higher as well as lower managerial levels are searching for investments, they should take the drivers into consideration. In addition, two new concepts are detected which tend to influence the decision for an investment in sustainability. Therefore, the costs and the internal

communication should be adapted into the decision making of the managers as well as processed in the policy. This can be done by applying the concept of framing theory. The framing theory suggests that the way something is framed or presented, influences the perception (Chong & Druckman, 2007). Due to this, future research can investigate the contribution of these new concepts and the way they can be implemented.

Although this research is conducted within the Dutch supermarket chain of this food retailer, it is still important to take these findings into consideration for the other countries wherein this retailer is located. By using the outcomes of this research as a guide, investigations can be done faster and on a more detailed level as well. Obtaining more information regarding investments of sustainability from an international perspective, can increase the collaboration between countries. Therefore, it allows the food retailer to offer many potential advantages, such as unifying the sustainability requirements in order to gain cumulative power and enforce higher levels of sustainable compliance over a larger part within the food retail industry. In addition, by investing in sustainability on a larger scale, consumers' perception can be affective in a positive way and therefore enhance the chances of return. Due to this, the food retailer can obtain and keep competitive advantage.

Finally, in order to deal with the current situation of the COVID-19 virus, it is recommended for the retailer to keep monitoring what the present consumers' perception is. The analysis confirmed that there is an increased attention for external drivers as well as a change in perspective due to this virus. However, the supermarket chain declared in an article that they do not recognize a change in the consumers' perspective regarding sustainability yet (Albert Heijn, 2020), it still is important to keep tracking of whether it stays that way.

#### **6.4 Recommendations**

This research conducted a qualitative case study with data triangulation. For further research it is suggested to include more emphasis towards data triangulation. By conducting for example more interviews with consumers and also interviews with suppliers, an increase towards generalizability can be made. In addition, combining interviews of managers from different managerial levels as well as questionnaires from more consumers may be a more adequate approach to collect data. By conducting interviews at multiple management layers, more insights can be provided towards the considerations and decisions for investments in sustainability as well as consumers' perception.

Further research on these investments in sustainability is required to understand the relative importance of the drivers and their implications for the sustainable supply chain of the

supermarket. It is likely that this differs for various food retail organization, depending on the types of the business model (Chkanikova & Mont, 2012). Additionally, this research is conducted within one supermarket chain within the Netherlands. This supermarket chain is part of a large international food retailer (Ahold Delhaize, 2019). By conducting research on drivers for investments in sustainability linked with the consumers perception internationally, important empirical findings can be applied throughout the whole organization. Existing academic literature draws only upon one driver, mainly focused on the national food retail industry (Chkanikova & Mont, 2012; Jones et al., 2005). Therefore, research on how various sustainability investments are made among European food retailers would provide important empirical insights.

Previous research reported that consumers expect food retailers to move towards sustainability (Schuurs, 2017; Chkanikova & Mont, 2012). Hence, more investments in sustainability are made wherein it is important for a food retailer to make an appropriate investment. In doing so, the chance of return increases due to a positive value creation (Jiang & Rosenbloom, 2005). Because of the fact that previous studies mainly focused on conceptual models, it is recommended to build on the perspectives of the food retailers themselves. This research provided insights from the food retailers themselves as well as the consumers within the Netherland. For further research, it is recommended to apply framing theories. In doing so, a theoretical contribution can be made because of the fact that it can be adapted to social supplier systems (Chong & Druckman, 2007).

Lastly it is recommended to conduct the research after the COVID-19 crisis. By doing this, differences in perceptions of the managers as well as consumers can be analyzed during and after this crisis. In addition, finding respondents will be much easier. Therefore, a larger data set can be collected which contributes to credibility of the results and increases the validity of the research. Besides, during this research the interviews had to take place over the phone instead of real life. It is recommended for follow-up research to conduct the interviews in person. Through this, also non-verbal communication as well as the attitude of the managers and consumers can be analyzed. This can help finding detailed information and therefore contribute to the results.

## 7. Planning

<b>Time</b>	<b>Activity</b>	<b>Additions</b>
17 February 2020	One page with: - Relevance research - Research question - Theoretical contribution - Goal - Planning	Hand in to supervisor
18 February 2020	Meeting Sjors Witjes	Orientation with supervisor and Sjors Witjes
19 February 2020	Meeting supervisor	Discuss and feedback submitted form
Week 8	Visit Library/ secretariat	Data orientation
Week 9	Research Relevant articles	
Week 10	Write introduction Research Proposal	
Week 11	Write theoretical background Research Proposal	
Week 12	Write methodology Research Proposal	
Beginning of week 13	Meeting supervisor	Discuss feedback
Week 13	Process feedback supervisor	
27 March 2020	Deadline submission of Research Proposal	Hand in electronic version to supervisor and second examiner
10 April 2020	Outcome Research Proposal	Continue with the process or resubmission of Research Proposal
Week 16	Meeting supervisor	Discuss outcome Research Proposal, setting goals next period

Week 16	Data collection	
Week 17	Data collection	
Week 18	Data collection	
Week 18	Meeting Supervisor	Discuss progress
Week 19	Data collection / Analysis	If data collection finished, start analyzing
Week 20	Analysis	
Week 21	Meeting Supervisor	Discuss outcomes
Week 21	Write result, discussion, conclusion, implications	
Week 22	Write result, discussion, conclusion, implications	
Week 23	Write reflection and recommendation	
Week 23	Hand in concept version Master Thesis	
Week 24	Process feedback supervisor	
End of week 24	Deadline Madou submission Master Thesis	Personal goal
15 June 2020	Deadline submission of Master Thesis	Submit to supervisor and second examiner
15 June 2020	Deadline submission of supplementary documents: - Abstract Thesis - Research Integrity Form - Consent Form for submitting a thesis in Radboud thesis Repository	Electronic versions to secretary of Business Administration
End of June	Defense of Master Thesis	Make appointment with supervisor and second examiner

		<i>SUGGESTION =</i> <i>WEDNESDAY 24 JUNE</i>
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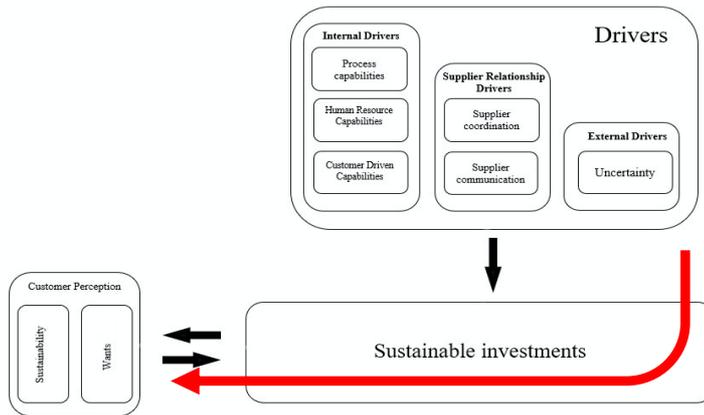
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## Appendixes

### Appendix 1: Figures

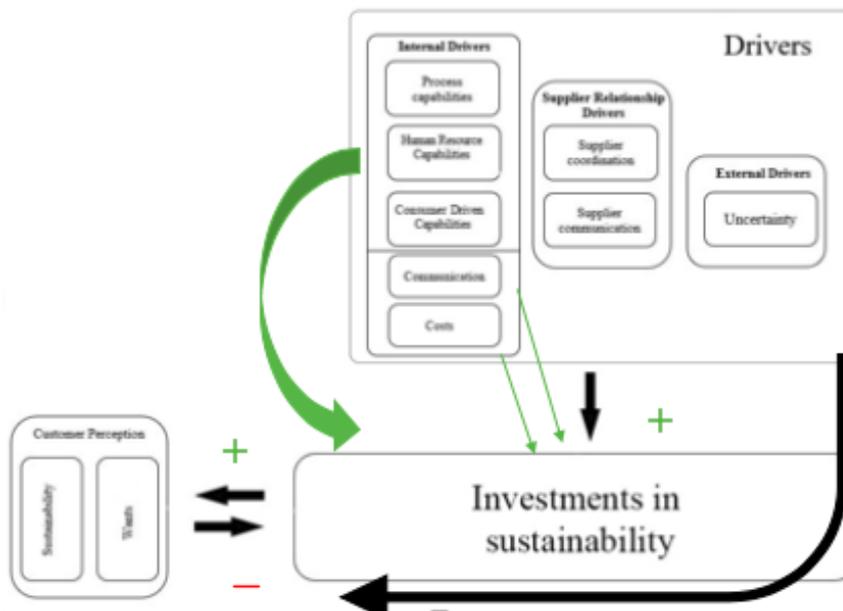
This appendix includes figures in order to understand or summarize this research

**Figure 1: Model of drivers and customers perception linked to investments of sustainability**



*Note: the red line is the unknown link (Claro et al., 2013; Hart & Milstein, 2003))*

**Figure 2: Model of drivers and customers perception linked to investments of sustainability**



**Appendix 2: Tables****Table 2.1: Characteristics of respondents (Managers)**

<b>Respondent</b>	<b>Sex</b>	<b>Function</b>	<b>Case</b>
1.	Woman	Manager	Heerlen
2.	Woman	Manager	Elsloo
3.	Woman	Manager	Nijmegen
4.	Woman	Manager	Nijmegen
5.	Man	Manager	Maastricht
6.	Man	Manager	Landgraaf
7.	Woman	Manager	Beek
8.	Man	Manager	Vught
9.	Woman	Manager	Heerlen
10.	Man	Manager	Nijmegen
11.	Woman	Manager	Heerlen
12.	Man	Manager	Amsterdam

**Table 2.2: Characteristics of respondents (Consumers)**

<b>Respondent</b>	<b>Sex</b>	<b>Function</b>	<b>Case</b>
1.	Woman	Consumer	Heerlen
2.	Man	Consumer	Maastricht
3.	Woman	Consumer	Nijmegen
4.	Woman	Consumer	Kerkrade

**Table 2.3: Drivers and components**

<b>Component</b>	<b>Internal driver</b>	<b>Supplier</b>	<b>External driver</b>
	<b>Relationships driver</b>		
1.	Process Capabilities	Supplier Communication	Uncertainty
2.	Human Resource Capabilities	Supplier coordination	
3.	Customer Capabilities		

### **Appendix 3: Questionnaire interview**

This interview includes the questionnaire which is used as guideline for the conducted semi-structured interviews. The interviews are conducted in Dutch, because the respondents were Dutch.

#### **Appendix 3.1 Questionnaire managers**

### **Questionnaire for investments in sustainability an consumers' perception within the food retail industry**

Researcher: Madou Havenith, Master Student Strategic Management RU

#### ***Introduction***

1. What role do you have within this food retail company?

#### ***The food retail and sustainable investments and customers' perception***

1. How does your company perceive sustainability?
2. Can you describe the process of making sustainable investments?
3. Are there specific drivers you base the investments on? Which ones, and why?
4. Based on the drivers we discussed; do you take these into consideration when making a sustainable investment? Why and how?
5. How do you interpret customers' perception?
6. What do you do to meet the customers' perception as much as possible?
7. Is there a relation between sustainable investments and customers' perception?
8. How would you integrate the customers' perception within a sustainable investment?
9. Are there other aspects you consider when making a sustainable investment?
10. What improvements can your company made regarding sustainability?

END

### **Appendix 3.2 Questionnaire consumers**

## **Questionnaire for sustainable investments and consumers' perception within the food retail industry**

Researcher: Madou Havenith, Master Student Strategic Management RU

### ***The food retail and sustainable investments and consumers' perception***

1. How do you perceive sustainability in general?
2. How do perceive sustainability in the supermarket?
3. Are you aware of sustainability when you go to the supermarket?
  - a. If yes: what characterizes this?
4. Which aspect to you consider when buying products and why?
5. Do you consider sustainability when you buy products and why?
  - a. If no: why not?
6. Are you willing to pay more for sustainable products?
7. What improvement(s) can the food retail make towards sustainability?
8. Any further suggestions?

END