

## A TRANSITION TOWARDS SUSTAINABLE E- RETAIL: THE WAY FORWARD

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### ABSTRACT

**Purpose** – The paper focuses to introduce digital retail as a vital requisite for the sustainability in future. In the era of social media, accessibility to the internet, corona pandemic leading to contactless shopping, people getting glued to their gadgets, digitalization has a way better probability of softening the blow on the environmental crisis and improving the sustainability.

The goal of this study is to concentrate the inference of digital retail on the environment.

**Design/methodology/approach** – This is a conceptual paper, in which approaches to review relevant literature precisely, and lay out the reasons for including the various aspects of sustainable development in e-retail. **Findings** – The authors find the various external and internal factors that are changing according to the dynamics of the business and therefore they need to be critically assessed while strategizing for the goals of our sustainable business.

**Originality/value** – The convergence of digitalization and sustainability is an under-researched topic. Through this paper, the authors wish to fill this critical gap.

**Keywords**- Digitalization, Digitization, Pandemic, Retail business, Digital marketing capabilities, importance, advantages, struggles, sustainability, environmental impact.

### INTRODUCTION

A new era is heralded by digitalization. In a world where nearly 40% of people can use the internet from home, people can do a lot there, including buying for their favourite items, making new friends, and listening to their favourite music. Now, it is achievable with only one click.

The process of incorporating digital technologies into daily life by digitising everything is known as digitalization.

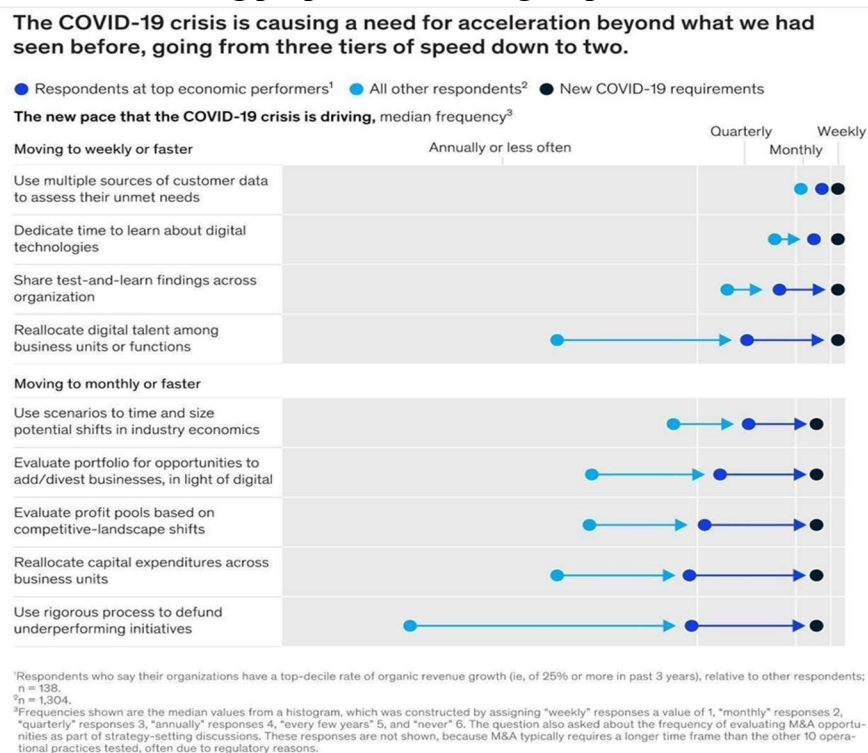
The goal of integrating digital technologies into a business model is to change it, add value by applying the newest, cutting-edge technology, and take advantage of the dynamics of the digital network to support the expansion and survival of the company in the ever-evolving market. Whether it's the government's digital initiatives like the Rural Internet Mission, Broadband Highways, Access to Mobile Connectivity, etc., or the way the government allowed 100% FDI inflows into e-commerce or how the Indian population is becoming more and more reliant on the internet and smartphones in the face of the worst humanitarian crisis—the coronavirus pandemic. Customers' inclinations and purchasing behaviours are moving away from conventional brick-and-mortar stores and towards larger, more advanced online marketplaces. Customers increasingly want not only reduced costs but also access to a variety of communication channels, many of which are readily available online.

The offline retail sector can never succeed despite massive efforts due to resource scarcity. Features like search engine marketing and optimisation enable digital marketers to understand client needs and desires without even contacting them.

Regardless of the cause, it is undeniable that we must now rapidly transition to digitalization. Despite the fact that India has entered a technical recession, the COVID-19 situation has caused the GDP to contract this quarter, and many firms are struggling, digitalization is offering the best assistance for embracing and fortifying the market's roots once more. Businesses are using it to effectively combat all of the annoyances. The COVID-19 epidemic has significantly accelerated the digital world and drastically altered the corporate landscape. In some ways, the pandemic is providing us with a preview of the business world of the future, in which digital processes will play a crucial role, requiring businesses and customers to adjust and keep up with the times. Being prepared to evaluate and reevaluate the digital activities is always preferable to making sudden changes to the strategies and goals. In the event of a crisis, this would be extremely helpful in placing the company in a strong position. 92% of businesses had considered switching to digital and altering their business models even before the pandemic struck, but the pandemic made the shift all but inevitable.

This is also evident in the report of responses given below.

**(FIG.1.): The image shows the report by leading investment company, representing the pace at which the pandemic is forcing people to shift to digital platforms.**



The challenges of the economy and the uncertainty of the dynamic business industry make it rather mandatory for businesses to change with the changing times. It is the motivation to adapt to better advancements in the business world. In one of the European surveys, 70% of the executives from Austria, Switzerland, and Germany, agreed to the fact that the pandemic is highly likely to accelerate the pace of the organizations going digital.

Digitalization at this stage may seem a daunting task, but it is the need of the hour and we must act accordingly. We are at a stage where adopting digitization is a "must-have" for us and the good news is that it is quite achievable and if acted correctly, will help us thrive and boost up our businesses and ultimately our market.

### **Why Sustainability?**

Sustainability is not a new subject, rather, it was coined in the year 1980. It was considered essential for all the human beings to be conscious about the limitations of resources available and the emission of pollutants from various business activities like- transport, manufacturing, etc. For the people to continue enjoying the resources, it was mandatory to start utilizing them more cautiously and efficiently. (Sui, D. Z., & Rejeski, D. W., 2002)

### **Why Sustainable Digitalization?**

It is a proposal of digitalizing the economy in a long-lasting, green, and organic way. In the current scenario, where technology in business is coping up to make shopping more convenient, personalized, connected, and accessible, we also want to make sure that it is environment friendly and futuristic.

The plethora of innovative technologies presents great opportunities to lower the environmental impact of consumption.

Digitalization can transform into a medium for retailers to cut down on the waste they produce and reduce energy and water use. There are greater probabilities of smarter and real-time logistics. The retailers may share more infrastructure. The high and combined volume of home deliveries allows retailers for efficiency savings.

With digitalization making its debut in retail, We are more likely to see an obscuring line between the online and physical experience, with shoppers visiting virtual changing rooms sitting at home and offline shoppers accessing a cloud of information about products.

Each and every product is digitally identified and the movement is peculiarly mapped.

In the long run, it is highly predicted that a much greater proportion of wealth is generated digitally, as goods and services are exchanged virtually.

Wiser decisions are more probable due to increased access to information every time, everywhere.

**According to a study-** Web-based shopping or digital shopping is a win-win situation, where the consumers are benefitted from better choices, prices, and convenience and the environmentalists believe that it has reduced the transportation and collateral costs as there are fewer shopping trips. Also, the social costs of ordering a product on the internet are zero. (Matthews, H. S., et al., 2001)

In the paper, the researchers have successfully compared the costs of Traditional and E-commerce retailing. Here is the table presenting the same.

**(FIG. 2): Comparative environmental impact of Trucking, Air Freight and Returns Book Production for Traditional and E-Commerce Retailing**

		Energy (TJ)	*Conventional Air Pollutants (mT)	RCRA Hazardous Waste (mT)	Greenhouse Gas Emissions (CO2 Equivalents, mT)
<b>Traditional Retailing</b>	Trucking (with returns)	4.9	8.3	8.5	329.4
	Production	2.45	2.1	6	159
	Packaging	1.17	1.1	3.5	84
	Passenger Trips	9.7	41.9	0	611
	Pass. Fuel Prod.	6.976	1.7	29.8	335
	<b>Total</b>	<b>25</b>	<b>55</b>	<b>48</b>	<b>1518</b>
<b>E-Commerce Retailing</b>	Trucking	1.13	1.9	1.9	75.2
	Air	6.1	2.5	8.2	385
	Production	0	0	0	0
	Packaging	2.7	2.6	8.1	192
	Delivery Trips	11	18.5	19	736
	Pass. Fuel Prod.	0	0	0	0
	<b>Total</b>	<b>21</b>	<b>35</b>	<b>37</b>	<b>1388</b>
<b>% Difference</b>	<b>16</b>	<b>36</b>	<b>23</b>	<b>9</b>	

From the table above, we understand that digitalization of retail is not only important for the up-gradation of technological, social, and other such factors. However, it is very well needed to sustain for future as well.

As clearly shown in the table, there is a huge difference in the percentage of pollutants, greenhouse gases emissions, and hazardous waste involved in traditional retailing and e-retailing. E-retailing

is clearly vital and much more impactful to reduce the environmental crisis and making it more sustainable for future generations.

This makes the digitalization of retail the Need of the hour.

### **Means to Drive Sustainability in Retailing Through Digitalization:**

1. **Digital Payments:** By doing the finances online, we can achieve a fewer number of cancelled checks to store or cash currency. (Matthews, H. S., et al., 2001)
2. **Carbon Footprint:** The delivery service allows the delivery services to amalgamate the number of delivery trips, thereby lessening the number of trips made and enhancing the environmental performance. The reduced use of autonomous car trips to shopping malls has greatly impacted in the reduction of the carbon footprints.
3. **Consumer experience:** It makes the consumer experience more seamless, more personalized, more ubiquitous. (Sui, D. Z., & Rejeski, D. W., 2002)
4. **Trade Management:** When the trade is organized locally and consciously, e-commerce has great prospects to become a sustainable alternative to offline shopping. (Sui, D. Z., & Rejeski, D. W., 2002)
5. **Logistics Techniques:** The e-retailers along with the logistics providers have crucial tools to make notable positive contributions, like- greening their delivery fleet, reducing delivery failure, and modifying their packaging into a more sustainable one, and so on. (Rai, H. B., 2021)
6. **Packaging Strategies:** The world's leading e-commerce giant- Amazon, is currently working and strategizing towards reduction of wastage in packaging material, in order to lower the CO2 emissions. It has considerably made sure to minimize the packaging material used and focused on maximizing the recyclability of the same. (Amazon, 2018), (Escursell, S., et al., 2020).

### **Bottlenecks in Promoting Retailing Through Digitalization**

Although sustainable digitalization is the future and is here to exist. Certain factors make it strenuous for the retailers to adopt.

1. **Managing economic growth:** There is tension between the efficacy of promoting sustainability and continuing economic and business growth. (Jones, P., 2015)
2. **Customer Satisfaction:** A major challenge is to address how it can get bigger while considering environmental limits along with meeting the needs of customers. (Jones, P., 2015)
3. **Profit Margins:** Also, it is needful to explore if a transparent commitment to future sustainability is projected in profit margins and share value.
4. **Over Packaging:** As many global e-giants are already working towards recyclable and reduced packaging, it still generates an abundant material waste. There is a lack of effective packaging policies, resulting in a 3-tier packaging of the products, thereby increasing the waste manifolds. (Escursell, S., et al., 2020).

**5. Weak Model:** The findings of the papers also suggest that the leading digitalized retailers are currently pursuing a rather ‘weak’ model of sustainability which results in the fact that the dominant business model is still being pursued by traditional retailers. (Jones, P., 2015).

**6. Sustaining Competition:** The retailers also face the biggest challenge in implementing sustainable policies when it comes to the pricing of products and keeping them at par with their competitors.

## CONCLUSION

There always exists a struggle for all kinds of businesses to adapt to the ever-changing and continuously upgrading environment. Often, they are faced with many challenges and obstacles. However, if they do not keep their pace with it, they shall never be at peace with it. Adapting to new methods of business i.e., digitalization is not only a mere option, but has become a necessity for our future generations to thrive.

In the literature review above, the authors detected the various factors that resonate with the fact that it is high time for the retail business to enter the world of digitalization and be sustainable in its strategies.

In the current scenario, where the COVID-19 pandemic is changing the dynamics of businesses every now and then, this research answers a relevant question: "what is the environmental and sustainability impact of online shopping?" With the advent of new retail models, i.e., digitalization of retail, the retailers are coping up to lower the negative impact and make it sustainable for future generations to come.

It is observed that the traditional business methods are not effective enough to thrive sustainably and hold a major impact in the environmental crisis.

Although, there are certain obstacles which the e-retailers are still struggling through, such as packaging, reduced profit margins, etc. But there is no such evidence to show that the organizations are not working towards removing these barriers. The retailers adapting to digitalization are constantly searching for means to reduce their carbon footprints.

The paper sights the various reasons why the retailers must switch to digitalization to soften the impact on the environment and improve sustainability.

The digital future is here to prevail. By acting early and taking first-mover advantage, the businesses can accelerate their digital transformation and mark their existence in the ever-changing market structure.

While the dynamics of digitalized retailing is modifying operations of the businesses and consumer behavior, it is also offering opportunities that have an impact on the consumption of environmental resources and sustainability for future generations.

## IMPLICATIONS

It is quite certain that the digitalization is a long-term solution and is here to stay. The author has notable conclusions as to the benefits of switching from the traditional business practices to the new digitalized one, making our environment a sustainable one.

However, the world cannot turn a blind eye towards the various challenges it poses and a certain negative impact it has on the sustainability of the environment. Through the various studies, the authors understand and toss the suggestions to lessen the adverse impact of e-retail on the environment and making it a much better option to adapt.

- There must be effective policies and guidelines governing the packaging of products, focusing on the fragility and at the same time, avoiding over-packaging.
- The bulk packaging is the easiest and an efficient proposal of reducing the both bio-degradable and non- bio degradable waste in the environment.
- Fascinating offers and discounts must be coined on bulk orders. This will reduce the packaging, logistics and increase the profit margins at the same time.
- Combined pickup and delivery points must be marked. This can contribute to reduction of transportation by the delivery agents and would also ease the operations.
- Although, digitalization has already brought the whole world on one electronic device, the consumers still play a vital role in deciding its future. The consumers must be made aware of the impact of business on the environment and promote the practices that soften the environmental crisis. The consumers must give a helping hand and motivate the more sustainable product, instead of a cheaper one.

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