

# Critical Analysis of Marks and Spencer's Attempts to Improve Sustainability of Business

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## 1. Introduction

Retail sector is considered to be highly competitive sectors in UK and it becomes all the more instructive as there are numerous leading British retailers which are competing fiercely on the basis of sustainability as well as responsibility. Amongst all these organisations the iconic Marks and Spencer (M&S), founded in 1884, has set for itself an ambitious goal to be world’s most sustainable retailer across the globe by 2015 (Grayson, 2010). Thus this report critically analyses various attempts made by Marks and Spencer for improving its sustainability since year 2009 onwards. This will be done by analysing its main activities regarding sustainability, its geographical scope, environmental, sustainability or Green awards won by M&S.



## 2. Main Activities and Geographical Scope of Marks and Spencer

UK’s biggest retailing giant M&S five years ago announced ‘Plan A’ which is its commitment towards taking tangible steps for making the organisation much more sustainable. There were T-Shirts for M&S associates which features the slogan “There is no Plan B” (Greenpeace, 2013). The M&S geographical scope ranges from United Kingdom to varied other international markets with more than 35,000 product lines launched by M&S. Thus the huge market of M&S needs input from large number of stakeholders like the NGOs, customers, employees, government bodies, suppliers and shareholders as can be seen from the figure 1 shown below (Cohen, 2011):

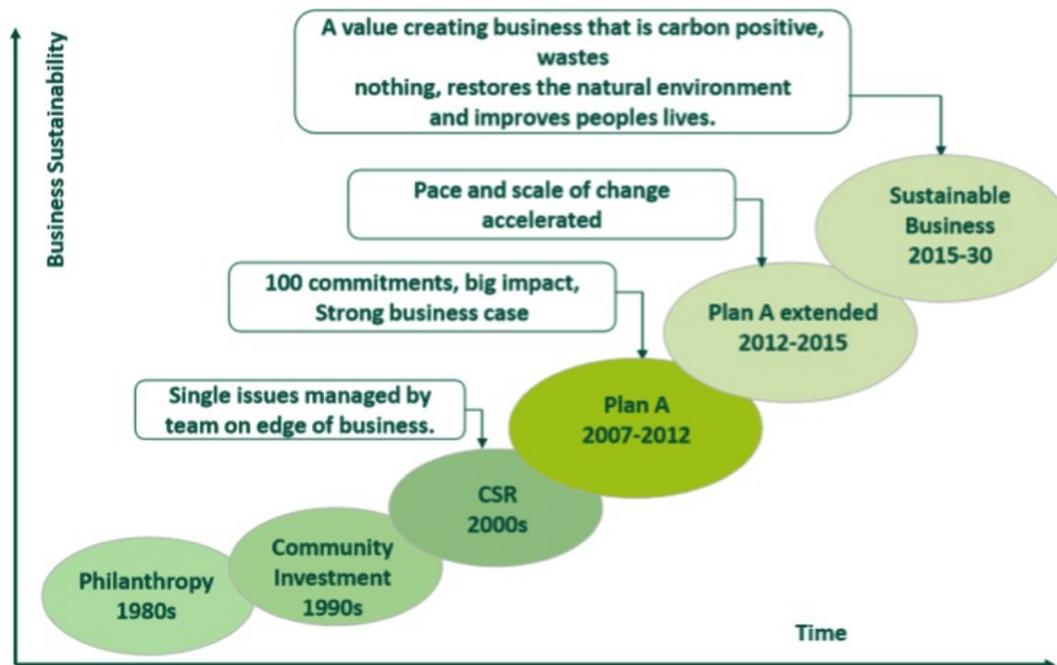


**Figure 1: Stakeholders Contributing to M&S Sustainability**

The value chain of M&S involves approximately 2,000 factories along with thousands of tons of raw material, more than 2 million workers, and 20,000 farms. M&S directly engages with its 75,000 employees worldwide along with 21 million customers every week. Therefore being responsible is very important for the company to sustain its brand image as well as reputation (Brokaw, 2013).



Therefore in January 2007 the Plan A was launched which had 100 commitments to be achieved in 5 years span. The Plan A was being extended to 180 commitments which need to be achieved by 2015, because the main aim of M&S is to be world's most sustainable retailing major across the globe (Brokaw, 2013).



The Plan A of M&S is based on the five main pillars which are: climate change, sustainable raw materials, health, fair partner and waste. The aim of the plan is to monitor as well as improve the sustainability of organisation along with the impact on the world and the business (MARKS AND SPENCER PLAN A, 2013). Thus there have been major changes in the supply chain along with smaller initiatives taken in-store, thus the Plan A addresses many concerns which are related to CSR of business. This plan implementation generated a saving of £105 million. Few activities towards sustainability are highlighted below:

- Steps to be carbon neutral
- Zero waste to landfills
- Generated a revenue of £100 million for charities
- Fair-trade food sales increased by 88 percent
- Proved as well as published a unique business case regarding sustainability
- Created two largest health food brands in UK that is : ‘Count On Us’ and “ Simply Fuller Longer”

- Launched Forever Fish, UNICEF and Shopping partnerships
- Donation of old clothes and hangers to Oxfam
- Invested in UK high streets
- Plan A attributed products generated sales of 3 billion (MARKS AND SPENCER PLAN A, 2013)



### 3. Environmental, Sustainability or 'Green' Awards

M&S has been named the most ethical clothing retailer by Ethical Consumer Magazine in 2007. Ethical Consumer Magazine after surveying 25 leading clothes shops awarded M&S as the most ethical high street retailer on the basis of its ethical supply chain in clothing which develops its trust amongst consumers and also helps environment to thrive (Marks and Spencer, 2007).

M&S became the first retailer to win the triple award for certification for its achievements regarding waste, water as well as carbon reduction from the Carbon Trust for 2014.(Dunstans

Publishing Ltd, 2012). The reason it has been awarded by Carbon Trust is because M&S has been leader in sustainability through its eco and ethical programme which has helped it in achieving zero waste in area of landfills along with becoming a carbon neutral organisation.



M&S received The Big Society Award for its “Shopping” scheme which aims at reducing the volumes of clothes thrown in landfills, supports the good cause of Oxfam and also helps in reducing the environmental impacts also (Big Society Awards, 2013). M&S has also been awarded as the Sustainable Business of the year by the Environment and Energy Awards for the year 2013 as M&S has taken its financial as well as social and environmental performance to another level through its commitment to sustainability all through the organisation up and down its supply chain (Stagnito Media, 2012). Due to M&S efforts to combat climate change, using sustainable raw materials, trade ethically and at the same time help customers to live a healthy lifestyle it was awarded Sustainability Award at the National Business Awards in 2012 (Thomas, 2012).

M&S was being awarded third time after 2007 and 2011 the Responsible Retailer of the Year award at the World Retail Awards in 2012 for its carbon neutral operations, sending nil landfill wastes and developing more sustainable products, thus helping its consumers live much better sustainable life, while engaging with the employees (Taylor, 2012). Few other awards which have been won by M&S are:

- Responsible Business of the Year, 2012 by The Business Community for reducing food carrier usage by 78 percent and cleaning more than 100 beaches in Britain.
- European Business Award for Environment in the Management category
- Queens Awards for Enterprise for innovation, sustainable development and international trade in 2012.

- RSPCA Good Business Awards in 2011 for achievements in animal welfare (Spencer, 2014).
- Responsible retailer for 2011 by Oracle World Retail Awards
- Topped the Tuna League in 2014 for responsible fishing methods which minimise catching of other fish species (Densham, 2014).

#### 4. Indicators or Metrics Used to Inform Observers Regarding Improvements in Sustainability

There are several indicators or standards which are being set by the stakeholders, governance bodies, constituents or the owner of standards who develop the objectives and the principles, practice or the performance criterion, application guidance or the compliance indicators for sustainability. These are being verified by the auditors, certifiers and the accreditors. Thus at the core of each certification system lies the standards. These standards are a defined set of social, economic and environmental criterion the whole process for getting a certification system can be seen from figure shown below:



In a survey done by Marine Conservation Society of the topmost retailers in UK seafood supermarket M&S leads the survey along with Sainsbury in sustainable food. Thus the three

indicators which M&S uses for its sea food supply chain are trust, traceability and transparency (Undercurrent News, 2014).

M&S uses materiality assessment for its sustainability reporting and the concept of materiality is one of the most fundamental as well as important guiding principle which is used in the GRI. In the materiality assessment process following steps is involved (Zadek, Tuppen and Evans, 2006):

**Step 1:** Identification and prioritising stakeholders like groups of investors, consumers, employees, NGOs, government and the media.

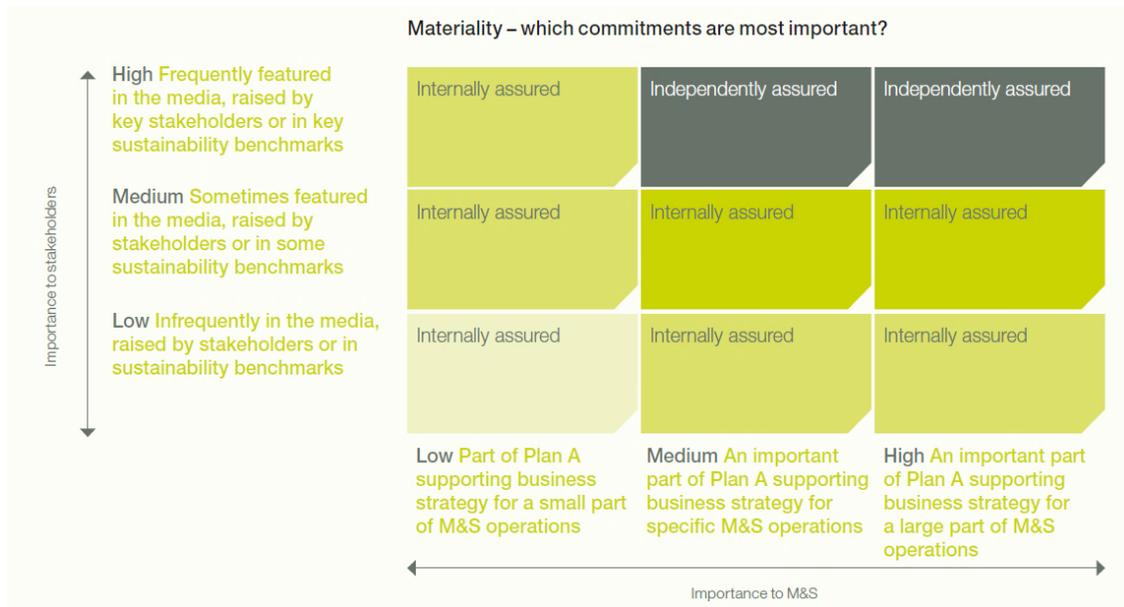
**Step 2:** Identify and prioritise major sustainability indicators that are economic, labour practices, environmental, society, human rights, and product responsibility. Then using the GRI guidelines the most important sustainability indicators related to M&S are decided upon with reference to the important stakeholders.

**Step 3:** Conduct a survey all across M&S with the major stakeholders for ranking the major sustainability indicators at two levels:

- Importance
- Impact

**Step 4:** Rank the indicators on the matrix using the two axis one for importance and the other for impact.

The materiality matrix of M&S is outstanding as can be seen from table shown below as it has high level of clarity (Sustainability REporting Examiner, 2014):



From the above table it is obvious that an issue is important and rated “High” is it is quite often mentioned in media, raised in key sustainability benchmarks or raised by stakeholders. M&S clearly defines what material is and also takes accountability of the issues which do not matter. Therefore there are 180 sustainability commitments which have been identified by M&S which are grouped in 7 pillars. The 7 pillars of M&S are (Sustainability REporting Examiner, 2014):

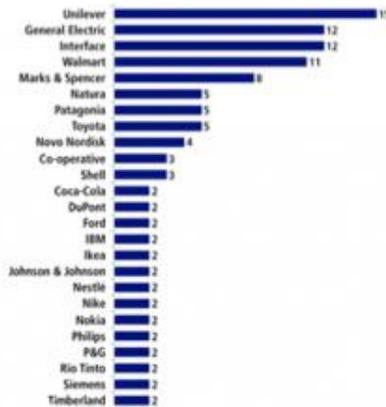
- Involving the customers
- Climate change
- Natural resources
- Making the Plan A the way we do business
- Fair partner
- Waste
- Health & well-being

Out of these 180 commitments 50 are of very high importance as well as have high impact. The progress against these 50 commitments is externally being assured by the 3<sup>rd</sup> party auditors (Cohen, 2011).

## 5. Comparison of Sustainability Improvement with Competitors

THE SUSTAINABILITY SURVEY 2011

Unilever – on the heels of launching their “Sustainable Living Plan” – is perceived as an outright leader in sustainability



SustainAbility GLOBESCAN

### Unilever

It occupies the topmost spot as global corporate sustainability leader and it has the Sustainability Living Plan in place which was unveiled just four months before the survey was conducted. The sustainability plan of Unilever 2020 is very ambitious and it focuses on improving the health of 1 billion people, through 100% of agricultural materials which it will gain from sustainable sources and thus reduce the environmental impact of its products by half, while doubling its revenue. Thus there is strong alignment as well as deep integration of the sustainability values into the operations of the company (Guevarra, 2011).

### Wal-Mart

It develops private codes of conducts as well as evaluation procedures for ensuring the sustainability of its products along with the suppliers manufacturing processes (Johnson, 2004) . These codes are applied to the products which are claimed to be green and since these sustainability requirements are internally created they are related to first tier suppliers only and change from shop to shop. It believes in Supply Chain leadership Collaboration and aims

to bring suppliers and retailers together for finding the potential for innovations to reduce carbon footprints. It introduced “Fewer and Friendlier Road Miles” Plan which helped in cutting fleet and reduced carbon emission by 40 percent. It has also made a commitment to supply just sustainable fish in its stores by 2010. The employees at Wal-Mart are engaged in “Personal Sustainability Practices”, where every staff member gets dedicated towards achieving one or more lifestyle goals like energy savings, recycling.

### **Sainsbury**

It has “Farm promise” scheme which helps in supporting market to transform into sustainable and organic dairy sector. The Dairy Development Group of the company has four priorities which are animal welfare, industry collaboration improvement, and farm efficiency, provides herd management support and reduces farm related CO<sub>2</sub> emissions. It has private quality assurance schemes and requests its suppliers to join the network. It sells locally delivered 100 percent poultry, eggs, milk, fish and organic meat along with seasonal fruits and vegetables (Paulavets, 2008). It is planning to run Lorries which will run on methane gas obtained from landfill waste and aims to use 20% electric vans for online delivery (IGD, 2011). It is the first retail store which sells products with certified palm oil in the content (Forum for the Future, 2008). It uses fair-trade fruits. It has introduced award schemes for employees so as to acknowledge as well as encourage their positive steps towards sustainability (BIO Intelligence Service, 2009).

## **6. Major Areas Which Need Improvement**

One major area which needs improvement is turning its stores more sustainable along with the chain working behind those stores. Some challenges which M&S is still facing are reducing waste, switching to renewable energy and creating energy efficiency. It needs to conduct more research about how and when the waste is generated. To address the problem of waste, innovations have to be made which target this problem in specific manner. Another issue is extending the shelf life as soft fruits quickly rot or turn mouldy. Thus the challenge for the retail sector arises in the final kilometres of products shipment, starting from the supermarket to the consumer. 32% of the soft fruits are thrown away every day (Global Berry Congress, 2014). The three focus areas of improvement for enhancing

sustainability of the product lines in M&S are: fish, wood and cotton. The company needs to concentrate its resources on not just securing its sources which fulfil the criteria as well as the minimum standards and criteria.



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## 7. Constraints on Further Attempts for Improving Sustainability

There are few constraints for making further attempts to improve the sustainability of M&S like there are huge financial and time costs, higher level of uncertainty and complexity, lack of agreed methodology (DEFRA, 2005). The retailers need more support and information for prioritising the environmental impacts and products. Thus the challenge faced by M&S is to develop significantly recognised guidelines which can support decision making in the main focus areas where environmental improvement of products can be done. The official eco-labelling procedures are very costly and moreover the uptake of official eco-labels is lower amongst the consumers. Moreover sometimes the approaches to eco-labelling are considered to be misleading for example just one impact category is being assessed in case of carbon footprints (Tuncer, 2009). Although there are 500 sustainability labels in the global food industry, but the official EU eco-label does not cover the food products yet. There are rare responsible marketing campaigns which can prevent over-consumption (Jones and Comfort, 2009). Very few retailers are there which engage in sustainable behaviour tools for altering the consumption practices.

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