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Department of Psychological and Behavioural Science

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CASE

The UK's food supply chain is part of a global, interdependent production, distribution, and consumption system that spans across jurisdictions, territories, and continents. It is an entirely ordinary facet of contemporary life to do one's grocery shopping and buy imported produce and products; in fact, only roughly one-fifth of consumers do not depend on food from outside their country ("The Tables Not Yet Turned", 2020). But local farmers have much to offer, from shorter supply chains to seasonal produce to lack of work-permit necessity, and more.

All major UK supermarkets are part of the British Retail Consortium, which is the national trade association for (food and non-food) retailers. The bulk of the internal role of the BRC as a trade association is to foster collaboration between members, and in the time of COVID-19, this collaboration is as essential as ever. Food supply chains are being disrupted, consumers have less control over their options, and matters of environmental sustainability are taking a back seat as governments and corporations alike focus on more 'immediate' needs.

Growing Communities, a community-led organization in Hackney, is a local model of scalable change for more sustainable, reliable supply chain transformation that brings the farmer and the consumer closer to each other. With fewer food miles in the supply chain (smaller distance travelled) and certification and quality standard schemes, Growing Communities allows small farms to bring their seasonal produce to Londoners through alternative routes to market (ARMs). Many practices and principles can be taken from this community model and scaled to supermarket supply chains, appealing to consumer preferences for sustainable, ethical produce, and building resilience into existing supply chains that rely on a limited number of concentrated major players.

This project will address Helen Dickinson OBE, the chief executive of the BRC, to highlight the value that can be added to the supply chain to the benefit of producer–suppliers, retailers, and consumers.

For reference, here is a sample model of the food supply chain structure.
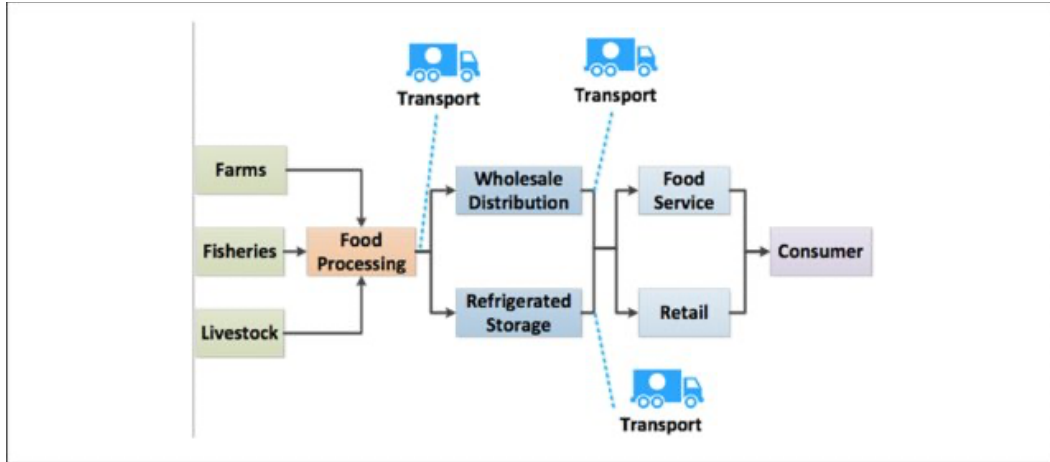
Adapted from Thornton, Macarthur, & Barham (2018)

The rest of the project will look at how to onboard consumers into buying sustainable local products and build identity and community around them, looking at key thinkers in the field of consumer psychology to look at barriers to adoption and potential solutions.

MEMORANDUM

Dear Helen Dickinson OBE,

I hope this memo finds you well. We find ourselves today in a pandemic which has disrupted most aspects of our lives. Talking about green consumption and the environment may seem irrelevant, if not absurd, but I have reason to believe that actionable, scalable changes in the supply chains of supermarkets party to the British Retail Consortium have the power of rendering the UK's food supply more resilient, less vulnerable to risk, and in line with ethical consumer preferences.

1.1 Supply Chain: Global Networks, Local Partners

Before we start looking at current challenges, we must define a key term: *sustainability*. Hereafter, "sustainable" will mean practices that (1) maintain or improve the health of the planet and its people, (2) cause no destruction of resources necessary to organizational operation or dependents (Thackara, 2017, pp. 14–15), and (3) that are financially viable over the long term.

Between political risks, climate change, and COVID-19, considering potential risks to Britain's food supply is as important as ever. Current vulnerabilities are often simultaneously considered strengths. For example, *The Economist* ("The Tables Not Yet Turned", 2020) observes that all participants in the "agro-industrial complex" have a "mutual interest in maintaining connectivity", i.e., international trade, and the high-volume quantum allows absorption of fixed costs. But with complexity and interdependence come bottlenecks, and one broken link in the chain can bring down the entire distribution channel. Seen previously in 2008–09 and again in the novel coronavirus pandemic, processing, packaging, and transport are especially vulnerable to external shocks, and export controls and stockpiling by panicked governments can have "devastating" consequences, adds *The Economist*. Managing such a crisis would be easier if the world were operating at 'full capacity', but with a sharp drop in flights during the COVID-19 pandemic has come a 31% reduction in global air cargo capacity (UNICEF Supply Division, 2020). Local resilience strategies are increasingly necessary.

For scalable change strategies for supermarkets party to the BRC, I propose we look at Growing Communities, a community-led organization in Hackney that sources green, seasonal produce (e.g., salad leaves, onions, carrots, seasonal greens) from around London and the UK and distributes to retailers as well as direct-to-consumers through alternative routes to market. The use of certification

and standards schemes (organic-certified by the Soil Association) necessitates transparency throughout the supply chain and allows consumers to make informed decisions (discussed in Section 1.2). This kind of transparency is vital to both food safety ("The Food Miracle", 2020) and accountability in sustainability (Siemssen & Lierow, 2019), which is a key anticipated competitive advantage. Growing Communities (GC) also completely excludes air-freighted and hothouse produce from their supply chain (Growing Communities, 2020) and approaches buying through a hierarchy: everything that can be source seasonally and locally first, then within the UK, and finally within Europe. Only Fairtrade staple foods such as banana are imported from outside Europe. For an in-depth analysis of the business and sustainability advantages of such a strategy for UK supermarkets, see Section 2.1. But adoption of such drastic supply-chain changes will not happen unilaterally; that is why it is up to the BRC to usher such changes in coordination across the industry throughout the UK's major grocery retailers.

1.2 Consumer Behaviour

The availability of green, local, sustainable produce by no means guarantees adoption by consumers. While 71% of European consumers consider living ethically or sustainably to be important, Kjærnes (2012) finds various psychological barriers to consumption, further detailed in Reczek & Irwin (2015). Many European consumers consider themselves to be doing the right thing and hold widespread expectations of state intervention for environmental and sustainability issues. These factors greatly contribute to consumer inaction and dissonance between ethical attitudes and ethical behaviours, further evidenced by Kjærnes's finding that "specific purchases are not seen as an efficient form of action to solve social problems" (2012). These traits make sense in the European context of corporation-as-benefactor scepticism but can be viewed more holistically through the findings of Reczek & Irwin (2015), which outline two types of barriers: conflicting values (e.g., ethical consumption vs frugality) and barriers that can be ascribed to the nature of the marketplace. These will be addressed further in Section 2.2.

This dissonance can be managed. Eliminating the presentation of rival options by not placing them side-by-side is a visual merchandising strategy that takes decision-making out of the hands of the consumer. Consumers that hold ethical attitudes will have to consider the implications of their purchases or weigh their values less if the physical environment affords only sustainable options. This can be analysed through Lahlou's installation theory (2018). Looking at the supermarket as an "installation", or situation, there are three layers at play: the material, the embodied, and the social. The intersection of the

physical and the social have potential: a separate section in a grocery store highlighting local, seasonal produce, especially if placed prominently, mitigates the consumer's immediate surroundings, placing them in a binary decision of buying produce from the section or moving on to the rest of the store. Without cheaper and perhaps less sustainable options presented alongside, the consumer does not weigh two product alternatives, but rather two experiential alternatives of continuing to shop or picking up an item from this designated local section. Thus, promoting produce from such a supply chain as that specified in Section 1.1 allows for nudging toward consumption of newly available sustainable produce.

1.3 Community

Green consumption, new in its essence, lacks strong social norms and community around the "green identity". This is room for creation. This section will focus on London, specifically, as a pilot for programmes that could eventually be nationwide. London, quite notoriously, is one of the loneliest major cities according to survey respondents (Parsons, 2017), and in an already isolated social environment, having alcohol venues be the main installation of social interaction is an additional source of estrangement for many (de Gallier, 2020). Given the localized nature of the aforementioned two proposals, this last one, building on the others, would take place in a post-COVID-19 world. Social spaces and social events are often transactional environments in which commerce takes place. The BRC has the potential to build brand communities around local products sold at supermarkets like Tesco and Sainsbury's, allowing consumers to take not just produce out of the store with them, but also elements of lifestyle. Community events are the key, and Londoners are hungry for them.

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Thank you for your time in having read this and for your consideration. For clarity, I have included a summary of my proposals below.

Best,

39106

Summary of Proposals

	Problem Area	Recommendation	Theoretical Basis
Supply Chain	Dependence on long, carbon-intensive, cross-jurisdictional supply chains	Integration of several small, local farms in a decentralized model	"The Tables Not Yet Turned" (2020) Augère-Granier (2016) Byus, Reis, & Ouyang (2010) Siemssen & Lierow (2019)
Consumer Behaviour / Visual Merchandising	Consumers want green options, but don't end up buying them	Isolate, differentiate, and promote local green products in-store	Reczek & Irwin (2015) Kjærnes (2012) Lahlou (2018) GlobalData (2017) Dubois & Ordabayeva (2015)
Community Management	No communal identity around local produce or green produce	Create social occasions for Londoners, help form identity around local green food	Parsons (2017) Dubois & Ordabayeva (2015)

JUSTIFICATION

2.1 Supply Chain: Short Chains, Deconcentrated Sourcing

The global food supply chain is a mesh of three sectors: agriculture, food processing, and distribution. All three have vulnerabilities that have high exposure in times of crisis. Size and global reach are important factors to businesses in the industry as margins are small. In effect, in "the past 20 years the industry has seen increased concentration of ownership as firms chase the advantages of scale […] Two of the six largest mergers in the 2010s were between companies in food and drink" ("The Tables Not Yet Turned", 2020). Large suppliers (industrial farms) have enough capital to weather external shock and supply–demand changes, but small suppliers, who still sell to concentrated, large buyers, have little bargaining power to the point of having to sell at loss, at times (Augère-Granier, 2016). These large buyers, in turn, distribute to major food institutions—restaurants, cafés, cafeterias in schools, etc. But when these venues, accounting for "30% of all calories consumed", are shut globally, "many farmers [are left] stranded without custom" ("The Tables Not Yet Turned", 2020). This quickly becomes a problem, when the restaurant–household differentiation arises: The chef buys less processed, less packaged, bulk products, while the home cook buys more basic, more processed and ready-to-eat products. This impacts not only farmer–suppliers in demand fluctuations, but also processors who lack capacity to so quickly adapt to diverse packaging needs. This problem is where so many of the milk-poured-down-the-drain and crop-destruction headlines come from.

Byus, Reis, & Ouyang (2010) performed a systematic review of performance of companies listed on the Dow Jones Sustainability Index, inclusion in which is used as metric of sustainability performance and dependent on the fulfilment of 6 criteria: corporate governance, risk management, branding, climate change mitigation, supply chain standards, and labour practices. Firms included in DJSI had lower cost of goods sold as a percent of sales (COGSP) than those not included, with both income statement (short-term) effect and balance sheet (long-term) effect. In other words, the authors found "higher gross profit margins and higher return on assets" for those who fulfilled the DJSI sustainability criteria, which fall in line with the aforementioned definition in Section 1.1. And a reduction in transport costs is a reduction in COGS.

This is not an argument for "food autarky" ("The Food Miracle", 2020), but rather for a more deconcentrated supply chain, in which interdependence is a source of security. The protection of weaker food firms necessary to the security of a diverse supply chain. Growing Communities'

production–distribution model directly addresses risk management, climate change mitigation, supply chain standards, and labour practices criteria. Producing and distributing seasonal produce is less risky (O'Sullivan, 2017) and more sustainable because of the significantly lower energy needs of storing and transporting local produce. But the short supply chain isn't just good for the planet: think back to the enormous lorry queues seen in March of this year ("The Tables Not Yet Turned", 2020). Transnational supply chains are dependent on foreign labour (both abroad and in-country migrant workers), efficient customs processes so produce doesn't go bad, and ship in bulk, meaning one shipment gone awry is a heavy loss. These are not inherently problems. When international cooperation is not guaranteed and no longer status quo in times of pandemonium, the lack of a resilience plan means hunger for thousands. Interdependence, or "maintaining connectivity" as *The Economist* writes, can also take place at the local level. To combat the centralizing forces in the food industry, using a network of local farms sourced via a hierarchy *à la GC* deconcentrates supply and hedges retailer risk by adding more suppliers to the existing network (for details on hierarchical sourcing, see Growing Communities, 2020). (Yes, adding and approving a new supplier is an intensive process, but the necessity exists regardless of the difficulty, especially now.) And a short supply chains allow farmers to "retain a higher share of the final sales price" (Augère-Granier, 2016). Moreover, small farmers are able to stay in business with less capital and with higher bargaining power thanks to coordination (as opposed to agglomeration)—a win-win.

2.2 Buy Local, Support Your Ethical Self

Bringing new products into a market is a challenge; bringing in and marketing sustainable products is another level of complexity. Lahlou's installation theory (2018) provides a useful framework through which the supermarket environment can be understood. For the purpose of contextual relevance, I will refer to the consumer here as the shopper. The objective material layer is that which the person interacting with the environment is afforded by physically being in it: the supermarket, its aisles, labels indicating categories of goods, refrigerators, trolleys, and other people. The shopper, generally speaking, goes through the store by product category (as such are arranged the aisles) and places desired goods into the basket or trolley as they go along. The embodied layer, in which the shopper has the embodied cognition allowing them to peruse through the store (literally, one foot after another) and physically take objects and place them into the trolley (lift arm, grasp, lower, release), is largely irrelevant in improving this installation, as there is little to be modified. But modifying the material layer changes the entirety of the installation, not just the layer itself.

There is an entire profession devoted to the organization and presentation of the physical layer of retail: visual merchandising. The store layout is a foremost concern for supermarket retailers, summarizes Cil (2012) in literature review, as it "strongly influence[s] shopping atmosphere, shopping behavior, and operational efficiency [as well as] consumers' price acceptability, which is positively related to purchase intentions". Cil further notes that typical current layouts are supplier-based, rather than consumer-based, playing to supplier preferences (that suppliers have often paid for to get 'prime real estate' in-store) and proposes a new layout, in which essentially perishable produce comes first in the shopping journey, and all else follows. A BRC strategy to modify UK supermarket layouts could take not from Cil (2012), placing Growing Communities-type and other sustainable produce among directly related but unalike produce (i.e., placing seasonal veg next to ingredients which would be used together to make a full meal, rather than one, massive veg section with multiple varieties of one product side-by-side).

Creating physical, categorical space ("sector-based" per Cil, 2012) for local, seasonal produce while displacing standard options to other sections of the store is a strong intervention. Forcing the consumer to confront their ethical attitudes without immediate alternative is by no means solely a physical change. This plays into the social layer as well, in which the cultural value of ethical and sustainable consumption (GlobalData, 2017) becomes more salient. The consumer is prompted to act on ethical attitudes with matching ethical behaviour and has less opportunities to rationalize unsustainable options as they are not visibly presented and thereby less salient.

Reczek & Irwin (2015) find that consumers that are faced with a purchasing dilemma experience dissonance between the "want self" (gratification) and the "should self" (values and ethics) when faced with desirable products inconsistent with their values. It would be up to BRC members to decide whether explicit sustainability marketing or implicit marketing by means of hiding competing products are expected to perform better in their stores, depending on the availability of less ethical products and consumer habits regarding those products. The goal, of course, would be to make local produce the object of the "want self", which falls in line associative status signalling and "green identity" signalling as put forth by Dubois & Ordabayeva (2015). Green identity is associative in that purchasing sustainable produces as an act of signalling involves the social and physical layers of the installation, acknowledging the others' presence and observation of one's own shopping habits. Thus, even one display case with local, seasonal produce is enough to engage with consumers on a psychological level, playing into their

ethical attitudes and perceptions of themselves amongst others and driving the consideration of green, sustainable products.

2.3 Community gathering

Social spaces that are not alcohol-focused are on the rise, in both demand and physical existence (Parsons, 2017; Ungar & O'Donnell, 2019). As we all sit at home in the pandemic, we fantasize about the life that was, and idealization is easy. But sentiments of a lack of social, not overtly transactional, and not booze-drenched environments were prevalent until these establishment were closed for social distancing. Once the pandemic is over, and I acknowledge this is a recommendation with no set time frame, the BRC has power to be devolved. The nation's largest food retailers are without a doubt part of our everyday lives, and they could build their brands into marketing channels that are rarely associated directly with supermarket brands—community events. Creating community dinner nights could be a cost-effective means of marketing and brand community creation in that resources spent on this are time and community organizing, with the rest up to attendees. Such an outreach addresses psychological barriers of consumption in that less effort is required to eat a full meal—everyone contributes a bit.

This plays into green signalling as part of identity signalling investigated by Dubois & Ordabayeva (2015), playing into known presence and observation by others as a tool to enforce "should self" behaviours (Reczek & Irwin, 2015) collectively, lowering barriers for each individual. This sharing mode of collaborative consumption is short-term in that pooling and allocating resources happens over the span of hours, so ownership and money considerations are minimized, with networked inclusion and community engagement being the main characteristics (Belk, 2010). The shared value creation potential is great. If brands like Tesco and Sainsbury's partner with local organizations like Growing Communities, they could set up regular community gatherings with the common thread of local produce and sharing. This could easily be replicated in other cities with similar initiatives and respective local organizations. Furthermore, in pooling resources between the BRC, its constituent members, and GC, the BRC could launch initiatives that employ local artist for poser design and similar brand awareness tools to support the farmers and workers along the supply chain, budget permitting. For a BRC—GC partnership, the goal would be increasing the sway and salience of BRC's member brands, the GC brand, and GC supplier brands in the local environment—the Borough of Hackney and Greater London—while at the same time creating employment opportunities for creatives. This kind of 'company gives back' model is not

resource-intensive, as most of the work would be distributed to participants. But an integrated space for food, sharing, social interaction, and creativity is without a doubt the water to quench Londoners' thirst. The BRC have the money, power, and organizational capabilities to do this.

Conclusion and Limitations

For Sections 1.1 and 2.1, a significant limitation is the difficulty of adding new suppliers for food retailers, as the process is long and complex. Also, additional increases in costs foreseen with small retailers are fixed costs, as a fraction of the total fixed plus variable costs. This could be a barrier to adoption for short supply chains as margins in the industry are already low.

For Sections 1.2 and 2.2, this display form exists already through sales displays and fresh displays such as bakery stands and food samples. The barrier to adoption would be willingness to give space to small suppliers that would not be able to pay for premium display space without retailer initiative. More importantly, I am not arguing a prediction in shifts in consumer preferences simply from giving display space to local products; I am arguing that such partnership and store changes using insights from several academics could allow for a shift in consumer preferences more easily.

For Sections 1.3 and 2.3, a limitation is that business initiative would have to be matched by community engagement, which if is not substantial, the project will not be able to have a meaningful impact on business.

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