

## **COVID-19: A CATALYST OR A HINDRANCE FOR RETAIL SUSTAINABILITY INITIATIVES?**

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*The outbreak of COVID-19 has spurred governments, businesses, and concerned citizens alike into collective social action to combat the pandemic. Within the retail industry, the actions taken to protect consumer health while maintaining profitability have left their mark on every facet of business, including sustainability initiatives. As the pandemic rages on, many retailers face a difficult choice between short-term survival and long-term impact. This article examines their efforts to prioritize sustainability and emerge stronger than before.*

Even at the height of a global health crisis, consumers are increasingly focused on environmental protection and sustainability. According to a global [BCG survey](#), 87% of respondents believe that companies should make a greater effort to offer more environmentally conscious products, services, and operations.

In a similar vein, a [McKinsey survey](#) indicates that quality and purpose have emerged as the leading buying considerations for consumers. In response to these evolving consumption trends, more than 100 businesses, including elite global brands like IKEA and Burberry, banded together on May 19, 2020, to sign the [“Uniting Business and Governments to Recover Better”](#) statement. In the statement, participants acknowledged that the pandemic and climate crises are interconnected and must be tackled jointly.

Investors are also increasingly recognizing the role of environmental, social, and governance (ESG) initiatives in making global brands more resilient. The first months of 2020 were characterized by record levels of investments in ESG funds, [70% of](#) which outperformed other funds.

While there is an opportunity for retailers to embrace sustainability in their business models, many brands are struggling to weather the pandemic and promote sustainability at the same time. A Bloomberg analysis found that sustainability-related discussions dropped by [50% during 2020 Q1 earning calls](#) relative to the previous quarter across S&P 500 companies. Discussions about liquidity, cash flow, debt payments, and contingency plans were high on the agenda, while expenditures deemed non-essential, including sustainability initiatives, fell by the wayside. Heavy media focus on the pandemic pushed public discourse further away from sustainability issues and [lessened the pressure](#) governments usually face to adopt more “climate-sincere” policies.

As many small- and medium-sized retailers had to shift their focus away from sustainability during the pandemic, global giants like Amazon and Walmart have managed to drive sustainability initiatives forward as part of their brand strategies. While both brands have historically received criticism for a perceived failure to promote [sustainability](#), Amazon recently renewed its [climate pledge](#) and Walmart set a goal on September 21, 2020, to

become a [regenerative company by 2040](#). In advancing sustainability initiatives, they are ramping up their efforts to position themselves as industry leaders. The influx of commitments and sustainable activities observed over the course of the pandemic may indicate the start of a new retail era, one in which [green leadership](#) will be stronger than ever.

Without a doubt, the primary influence of the pandemic on the retail sector is the explosion of e-commerce. This article examines the impact of e-commerce on sustainability efforts in 2020, followed by a deeper dive into the sectors of fashion, technology, and food, as they are among the [largest e-commerce segments](#) and [are among the biggest polluters](#).

## **E-commerce**

The retail shift to e-commerce is [universal](#) among industrialized and [emerging economies](#). Global e-commerce revenues were forecasted to increase by 15% in 2020 (pre-pandemic) and are now expected to see an [additional 10% growth](#) in 2020 due to COVID-19, generating a total of 25% in growth. This e-commerce shift is expected to outlast the pandemic as [McKinsey](#) affirms that “more people expect to make a portion of their purchase online post-COVID-19 than before.” Whether online retail will ultimately eclipse brick-and-mortar stores remains to be seen. Regardless, retailers have [demonstrated](#) more willingness than ever before to adopt online retail technologies. By most accounts, COVID-19 has shifted the growth trajectory of e-commerce forward [by four to six years](#).

An equally important and complex question remains: What is the environmental impact of such a shift? The primary environmental impact of e-commerce is rooted in transportation, returns, and packaging. Unfortunately, the pandemic expanded e-commerce’s environmental footprint on all three fronts.

In theory, e-commerce has the potential to advance environmental sustainability. It can reduce the amount of advertising and promotion-related printed [paper](#) needed in-store, spark a higher demand for [secondhand goods](#), and reduce inventory waste. Most studies conducted on this topic agree that [e-commerce consumes less energy](#) than physical retail, but only under specific conditions. Around [65% of carbon emissions](#) from brick-and-mortar stores comes from consumers travelling to stores. One study showed that [80% to 90% of carbon emissions](#) can be reduced when items are delivered compared to consumers travelling to stores, as multiple orders are pulled together into a single trip.

These findings, however, emphasize that utilizing the most efficient route and employing a scheduling strategy that serves a proximity-assigned set of consumers is crucial. Fortunately, brands have a considerable financial incentive to improve energy efficiency, since a route reduction as small as 1.6 km per day can save a company up to [\\$50 million](#) yearly, according to UPS. An issue arises when leading retailers like Amazon establish an industry-wide standard of “one-day free shipping” that other retailers must embrace to remain [competitive](#). The average delivery time dropped from [5.2 days in 2018 to 4.3 days in 2019](#), forcing companies to make custom deliveries and negating all the benefits of order-pulling that make e-commerce more energy-efficient.

In terms of transportation, buy-online-pick-up-in-store sales increased by up to [195%](#) in the U.S. during the pandemic. [Pickup points](#) have the potential to reduce emissions, but only when there is a compact distribution of stores or pickup points that consumers can access by walking or cycling, which is often not the case. Otherwise, private cars travelling to

the pick-up points will only exacerbate the problem. Walmart, which increased online sales in the U.S. by [79%](#) during the pandemic, conducted a [study](#) comparing carbon emissions for its online versus offline activities in 2017. The study found that it is almost always more energy-efficient to shop in a physical Walmart store, especially for larger baskets that contain fresh items and when consumers combine their trip with other errands. On the other hand, this study indicated that e-commerce is more energy-efficient for small baskets (less than three or four items) or if consumers were to do a dedicated trip to the store without visiting other locations.

Walmart's study demonstrates that when it comes to a retailer with a wide product assortment, the large quantity of energy that the physical store consumes is divided among each item in the store. Online, the carbon emissions per item do not decrease as quickly, partly because e-commerce requires more packaging but also because a multi-item order typically results in "split-shipments" for big-box retailers who carry a massive product assortment in several warehouses. Carbon emissions for shipping two items increase by [35%](#) if they are shipped separately instead of together. Fresh products that require Walmart to change its routing strategy to accommodate customers' schedules, refrigerate their trucks, and use special packaging present an even greater loss of energy efficiency. We would expect these results to vary considerably for smaller retailers with more modest product assortments and less efficient operations.

Returns also factor into the sustainability equation in a significant way. The return rate for online items is typically [three times higher](#) relative to physical retail. In the U.S., the e-commerce boom was forecasted to increase package return rates by [19%](#) in 2020. The most energy-efficient way to return packages is for delivery companies to slightly alter their usual routes to collect them. The second-best alternative is for consumers to ship the products back, and the [worst option](#) is to return orders in-person at the retail location.

Unfortunately, consumers frequently opt for in-person returns, often at the encouragement of [retailers](#). An [analysis](#) conducted by Inmar Intelligence found that before the pandemic, 78% of consumers reported a preference for returning items in stores. Even with the pandemic, 60% still prefer returning online orders in person. Beyond the added transportation emissions, experts estimate that about half of these returns have "[little to no salvage value](#)" because of obsolescence. Electronics are quickly replaced with newer versions and clothing styles go out of fashion. In some cases, unused items are simply [thrown out](#) because it is less costly for retailers to send them to the landfill than to handle the logistics of reselling them. On average, the equivalent of [5,600 fully loaded 747 jets](#) of returned items end up in the U.S. landfills each year. The pandemic only increased this waste as most retailers [drastically extended](#) their return policy windows.

Packaging is estimated to contribute [22%](#) of the total carbon emissions of an online order, which has a much greater impact than physical retail packaging. Materials used are often [difficult to recycle](#), and even recycling is not the most environmentally-friendly option considering that physical retailers offer customers the option to carry items in reusable shopping bags.

By all accounts, the pandemic has made the packaging issue worse. Many restaurants [halted programs](#) that tried to reduce the amount of plastic used for takeout orders due to a general fear that reusable containers might spread the virus more than plastic containers. This

year, [Spain](#) saw a spike of 15% in household e-commerce related waste, [Canada](#) saw the amount of cardboard boxes collected for recycling increase by as much as 23%, and [China](#) saw a rise in household garbage due to online ordering. [Reuters](#) reported that the recycling business shrunk by more than 20% in Europe, up to 50% in Asia, and up to 60% for some organisations in the U.S. since the beginning of the pandemic. Recycling operations were suspended for [sanitary reasons, lack of staffing](#), and because of a “[price war between recycled and new plastic](#)” due to reduced oil prices.

It is difficult to gauge the precise environmental impact of e-commerce, as it is highly dependent on specific consumer behavior, city infrastructure, transportation methods, and company-specific logistics networks. It is also difficult to predict the long-term environmental impact of this rapid online shift brought by COVID-19 since green innovations in this sector are also emerging at a rapid pace. A [literature review](#) established that to minimize the environmental impact of e-commerce using the current technology, companies should use last-mile logistics to leverage optimization algorithms, saving on journey and waiting time, distance, vehicle usage, and energy consumption. They should also employ a combination of cargo bikes, electric vehicles, delivery lockers, and crowd logistics.

Other green innovations are giving rise to new business models. [Zalando](#)'s co-CEO affirmed that the post-pandemic era will be the perfect time for businesses to accelerate the concept of circularity and secondhand goods, as consumers will be looking for better deals in times of economic instability. For example, [Vestiaire Collective](#), a European luxury resale site, saw a 50% spike in the company valuation in June 2020 compared to the same period in the previous year. In October 2020, in response to the pandemic, FedEx announced a partnership with [Happy Returns](#), a brand that partners with retailers to offer them the reverse-logistic technology necessary to process returns more efficiently. This new partnership will allow the startup to offer in-person returns at more than 2,000 FedEx U.S. locations, quadrupling its points of service. Happy Returns pulls consumers' returns together before sending them back to its retail partners in reusable totes, reducing returns-related carbon emissions and packaging. In the realm of sustainable packaging, [Loop](#), an online U.S. platform that partners with major brands to deliver common products in reusable packaging formats, reached record sales during the pandemic, which triggered an expansion of its services across the U.S. as of summer 2020.

Ultimately, retailers will need to [incentivize consumers](#) to make more sustainable and better-informed shopping choices. The [Amazon Day](#) option for prime members that allows consumers to receive their orders in a single weekly delivery using fewer boxes, or [Jet.com's](#) “[smart cart](#)” technology that lowered the price of an online order as a reward to avoid split-shipments, are examples of innovations that encourage consumers to make environmentally-friendly decisions. Retailers could even directly indicate to online shoppers the most energy-efficient option to buy the items in their baskets, as proposed by [Walmart](#). In the current regulatory state of most countries, the future of sustainable retail operations will require individual retailers and consumers to make sustainable decisions around e-commerce.

## **Fashion**

Like e-commerce, the [fashion and luxury industry](#) has experienced major global shifts in the past year. Prior to the pandemic, global fashion houses faced [long lead times](#) and

inflexible supply chains. Many began investing heavily in sustainability initiatives as a response to [supply chain disruptions](#) caused by climate change, as well as mounting consumer and employee pressure. In response to this trend, corporations made individual and collective [commitments](#), from altering their design and manufacturing processes to setting measurable targets such as carbon and water reduction. In 2019 alone, the [Higg index](#), a suite of tools used to measure and score a brand's sustainability impact, saw a [15-19% year-over-year increase](#), demonstrating growing investments in this area.

With the onset of COVID-19, fashion retailers are expected to see a [35% drop in sales](#), while luxury brands could see up to a 45% decline relative to 2019. Major players have adopted several short-term [cost-cutting measures](#), including layoffs, product discounting, and decreased spending on non-essential business functions, alas including sustainability. This shift is reflected in the Business of Fashion's [December 2020 report](#), which found that brands failed to meet one third of their 2020 sustainability goals. [Best-performing brands](#) have either had a strong presence in Asia-Pacific, a region which demonstrated considerable economic strength and resilience to the pandemic, or a strong e-commerce presence, with brands such as ASOS and Revolve consistently outperforming competitors in 2020. A prime example is Alibaba and Richemont's decision to invest [\\$1.1 billion in Farfetch](#), a luxury online retailer, in response to booming demand for online luxury goods in Asia. Across the board, the rapid acceleration of online sales has prompted fashion houses to increase spending in their digital and omnichannel strategies. While [80% of fashion and luxury](#) sales traditionally occur offline, current e-commerce sales are expected to [grow by at least 20%](#) in 2021.

While the pandemic has halted short-term progress in sustainability, many believe it presents long-term [opportunities for change](#) by equipping fashion and luxury retailers with more [resilient and responsible supply chains](#). Three main supply chain trends are expected to arise: (i) brands will shift product sourcing to a more local supplier mix to reduce costs and [maintain agility](#), (ii) retailers will strengthen [supplier partnerships](#) to drive product innovation toward environmental sustainability (e.g., develop sustainable textiles), and (iii) there will be an enhanced focus on [digitizing sourcing](#) to improve predictive analytics for garment production. Creating a more responsible supply chain is imperative to long-term success. A [2020 study](#) conducted by the Sustainable Apparel Coalition finds that among its 250 members, those who embrace sustainability “will be among the leaders of a resurgent fashion industry on the other side of the pandemic.”

Consumer behaviour is also changing as a result of current events. [Nine out of ten](#) Gen Z consumers believe that fashion brands should address environmental and social issues. Younger consumers in particular are increasingly seeking [purpose-driven brands](#). As consumers have less disposable income to spend, they will make more conscious consumption choices and place more emphasis on companies that champion [trust, well-being, and the collective good](#). Sustainability-native brands like Everlane and [Allbirds](#) are embracing this new reality by labelling all products with their carbon footprint, betting that “consumers will emerge from the crisis more engaged than ever with issues relating to sustainability.” Consumers will increasingly value transparency as they seek to differentiate between brands that engage in greenwashing and those that are making a concrete environmental impact.

The massive global clothing [inventory overstock](#) resulting from COVID-19 has stimulated innovation in the fashion and luxury sector, which could have major implications for sustainability. Clothing sales have fallen by 66% since March 2020 in the U.S., and H&M alone has been sitting on [£3.4 billion of unsold merchandise](#) as of April 2020. Instead of disposing of inventory and upcycling fabrics, several brands have pledged to [repurpose stock](#) to make it viable for new seasons. For example, Gap Inc. plans on [packing and holding](#) all basic items it produced this year to roll out for the next season. Another major development is the re-evaluation of the traditional fashion calendar, which consists of four collections being presented annually in eight cities. The travel and production activities associated with these events was found to represent around [241,000 tons of CO2 emissions a year](#). [Gucci](#), one of the brands that first began to question this fast-cycle business model, recently announced its decision to go [“seasonless.”](#) reducing its annual shows from five to two and citing sustainability as the main concern. Gucci also [partnered with The RealReal](#), a digital luxury consignment platform, to promote the circular economy within the fashion industry. The growing emphasis on item resale has also reduced the fashion industry’s [carbon footprint](#) and enabled companies like Gucci to increase brand awareness and to engage new consumer demographics. Overall, more players within the fashion industry have accepted the idea that a resilient fashion brand will require a collective effort across all levels of the value chain.

Another major trend in the fashion and luxury sector is the increased investment in sustainability start-ups by large brands. For example, [Ralph Lauren](#) and [Lululemon](#) have invested in Natural Fiber Welder, a startup specializing in improving the quality of recycled cotton; and Mylo, a mushroom-based leather alternative, respectively, to future-proof their brands and respond to evolving consumer needs. These types of investments are also a means for brands to meet their ambitious sustainability targets, such as [Ralph Lauren’s pledge](#) to use 100% recycled cotton by 2025. More and more brands are setting similar targets for themselves by joining coalitions such as [The Fashion Pact](#), a global textile coalition based on science-based targets, regrouping a variety of brands ranging from H&M to Chanel. Over the past year, the coalition saw its membership double from 30 to 60 brands, highlighting the need for collective action. As stated by [Chanel’s fashion president](#), “one day customers will stop buying from brands which are not doing the right thing.” Along with several other industry leaders, the leaders of Chanel expressed a desire for the pandemic to catalyze greater sustainability and encourage companies to engage in slower fashion.

## **Technology**

The COVID-19 pandemic stimulated more growth within the technology sector than it hampered. Software and cloud providers are the definite [growth catalysts](#) within the sector as businesses use cloud technologies to run remote operations. The sale of consumer electronics did experience an initial hit as computer shipments [decreased globally](#), and worldwide sales of smartphones to end users experienced their [worst decline](#) throughout Q1 of 2020. These declines can be attributed to supply chain disruptions, decreased consumer spending, store closures for businesses like [Apple](#), who saw iPhone sales decline by 8.2% over the first quarter of the year; and inefficient online channels for businesses like [Samsung](#), whose smartphone sales declined by 22.7% over the same quarter.

While consumer demand dropped in the first quarter of 2020, it rebounded over the third and fourth quarters. Omnichannel retailers like Best Buy, which rapidly adapted to master the mix of store presence and strong online strategy, achieved their [“largest quarterly sales increase in 25 years.”](#) Globally, the pandemic created a [70% increase](#) in smartphone usage, 40% increase in laptop usage, and 32% increase in computer desktops usage. The pandemic also generated an acceleration in the adoption of technology that even applies to late adopters. A [consumer study](#) conducted by Mojo Vision in June 2020 reveals that consumer tech usage will remain high and that the adoption of new technologies will meet increasingly fewer barriers.

Consumers are not only demanding innovation at a faster pace, but they are also insisting that technology should have a “higher purpose” and serve [“the greater good”](#) with an increased focus on health, medicine, safety, and privacy. Tech companies that are constantly in the public spotlight cannot afford to ignore the wave of demand for purpose-led business models. These companies were also facing [the pressure of the adverse environmental impact of larger data centers](#). In the years preceding the pandemic, Silicon Valley heavyweights were quickly recognizing the need for environmental sustainability metrics. A study conducted by [CSE](#) showed that in 2016, 29% of Silicon Valley tech businesses produced a sustainability report compared to 60% in 2019. Still, only one third of the businesses reported their climate change impact, less than a quarter focused on all areas of sustainability deemed critical, and even fewer were externally assured with a third-party analysing the report’s accuracy and credibility. Data for 2020 has yet to be published, but recent trends indicate that tech companies will experience heightened [social scrutiny](#) over the next few years, which extends to their sustainability efforts.

Throughout the pandemic, different tech market leaders renewed previous commitments or announced new ones to improve environmental sustainability. Given the central role of reducing carbon emissions in any climate change strategy, dominant industry players such as Apple, Microsoft, and Google emphasized their respective “net-zero” emissions commitments in their 2020 sustainability reports. In July 2020, [Apple](#) announced a plan to become carbon neutral across its operations by 2030. Similarly, [Google](#) announced in September that it achieved its goal of becoming the first major company to have a zero lifetime net carbon footprint. [Microsoft](#) shared a similar intention to do so by 2050. The same month, [Best Buy](#) signed Amazon’s climate pledge to commit to carbon neutrality by 2040.

A number of leading tech brands have also recognized that packaging issues are more pressing than ever with the rapid growth of e-commerce. Notably, [HP](#) committed to eliminating 75% of single-used plastic used in their packaging by 2025 by substituting molded pulp fiber or ocean-bound plastic. Amazon [donated \\$100,000](#) to its Closed Loop Partners to aid recycling operations throughout the pandemic.

Reaching a record high of [53.6 million tonnes](#) of electronic waste discarded last year, tech waste is another environmental hazard that was amplified during the pandemic as people declutter their homes. [Samsung](#), among other tech leaders, committed to take back and recycle 7.5 million tonnes of e-waste by 2030. In May 2020, [Intel](#) pledged to achieve zero waste from manufacturing activities to landfill and to have 60% of this waste stream being reused by partner industries by 2030.

## Food

Prior to COVID-19, sustainability initiatives were on the rise in the food industry. A study conducted by the National Restaurant Association found that environmental sustainability initiatives such as local food sourcing and waste reduction were among [the top trends influencing restaurant menus in 2018](#). Moreover, consumers in the same study were increasingly interested in learning about restaurants' environmental practices, with [55% favouring](#) restaurants with food waste reduction initiatives. Consumer interest in sustainability captured the attention of consumer packaged goods (CPG) companies, which made ambitious sustainability commitments prior to the pandemic. A prime example is PepsiCo: In 2019, the company committed to reducing virgin plastic from its beverage business [by 35% by 2035](#) and making 100% of its packaging recyclable, compostable, and biodegradable by 2025. A [McKinsey report](#) found that with the onset of the pandemic, consumers have developed a significantly heightened sensitivity to hygiene and food safety, increasing demand for more hygienic [single-use](#) packaging.

Researchers predicted that the global eco-friendly packaging market would see a [decreased growth rate in 2020](#), mostly due to supply-chain disruptions and to the lack of availability of raw materials caused by strict transportation regulations. Many local economies lack adequate [infrastructure](#) for recycling and composting. With increasing hygiene concerns, many retailers and grocers have adapted in ways that generate excess waste. [Starbucks](#), which used to promote a bring-your-own mug initiative, has now banned reusable containers for hygienic reasons. States which had recently banned plastic bags are [temporarily suspending](#) these efforts and reintroducing plastic bags into their grocery stores. By June 2020, more than [50 single-use item policies](#) on reducing plastic waste were suspended in the U.S. On the other hand, consumers are becoming [more aware of packaging](#) and its impact on the environment as they order food to their homes. Investors have picked up on consumer demand and are more heavily investing in [biodegradable and recyclable packaging](#). For example, the Israeli sustainable packaging startup [TIPA received \\$4m](#) in December 2020 from Millenium Food Tech, bringing its total funding to \$53 million.

The increase of food delivery services during COVID-19 has contributed to greater packaging and food waste. Consumers and restaurants are more dependent on [single-use plastic containers and bags](#), with each online order representing [four plastic items](#) on average. Not only are U.S. consumers ordering online more often, but they are also ordering larger quantities and contributing to greater food waste. Research has also shown that consumers will purchase more food to meet the [minimum price](#) for free delivery and end up with more uneaten and discarded food as a result. As takeout options have now become a lifeline for many restaurants and food suppliers, some have resorted to implementing nudges to reduce food waste. Just Salad, a New York food chain, introduced a plastic utensil opt-out option in its online ordering platform and saw an [88% reduction](#) in utensil waste. Similarly, platforms like Uber Eats exclude plastic utensils as their default option.

Many restaurants have seen their online orders volumes rise [between 20% and 75%](#) during COVID-19. A [recent study](#) shows that spending on meal delivery services rose 70% year-over-year in the last week of March 2020 and that the average order size for the same period rose by 24%. Online food delivery platforms such as Uber Eats have experienced a [ten-fold increase](#) in new restaurant sign-ups since the pandemic. DoorDash has seized this



delivery boom as an opportunity to announce its IPO in December 2020. While shares [jumped as much as 92%](#), several investors are skeptical as to the long-term profitability of the company, stating that [“the end of the pandemic will likely mean the end of big growth in orders for food delivery apps.”](#) On the flipside, researchers from Yale University believe that food delivery apps will continue to gain popularity over the next decade and that they have the opportunity to nudge consumers toward a more [climate-friendly diet](#), which can [reduce emissions by up to 70%](#). The researchers recommend that third-party applications include colour symbols to indicate low-carbon footprint items, provide discounts for low-carbon items, and implement short monthly quizzes to better inform consumers on the impact their food choices have on the planet.

Online grocery shopping also experienced a significant acceleration during the pandemic. Prior to COVID-19, many consumers were [reluctant to shop online](#), preferring to choose fresh produce themselves and save on extra fees. [In 2019, 81% of consumers](#) had never shopped for groceries online, compared to only 21% in 2020. The drastic increase in demand for online groceries, especially for essential products, created massive supply chain strains for many grocers. Major players like Amazon [transformed Whole Foods stores](#) into fulfilment centers to meet demand surges.

As previously discussed, e-commerce operations for fresh products come with their own set of environmental challenges, including the need for special packaging, refrigerated trucks, and the issue of item perishability. Fortunately, [hyperlocal food options](#) were able to adapt much faster and close the demand gaps while having a more modest environmental impact. Buying locally is beneficial to the environment, as it helps protect local land and significantly reduces [“food miles.”](#) orgas emissions related to transportation. A prime example is the fast-food chain [Nando’s](#), which was able to continue meeting demand due to its sustainable supply-chain model of sourcing all U.S. poultry locally. Google searches for “local food” worldwide reached all-time highs in April 2020, and UK citizens were six times more likely to search for [“veg boxes”](#) than the year before. It was also found that [smaller, more agile food retailers](#) generally profited from the increased demand during COVID-19.

In terms of sustainability initiatives, CPG companies which emphasized sustainable aspects continued to thrive after the pandemic. Sustainably labelled products experienced a [56% dollar sales increase](#) during the last week of March 2020 (relative to the previous week) Products with sustainability claims have also enjoyed higher sales, capturing a [market share of 17%](#) over the first half of 2020. In July 2020, PepsiCo doubled down on its commitment to sustainability by joining Unilever and other leading CPG companies as a member of the [Pulpex consortium](#), which focuses on [developing and scaling](#) the world’s first recyclable paper bottle. Not long after that, [Diageo and PepsiCo](#) announced their plan to launch the first paper bottles made of sustainably sourced pulp in 2021. Other notable commitments include Nespresso’s pledge in September 2020 to become [fully carbon neutral](#) across its product lifecycle and supply chain by 2022.

Major players such as Tesco and Unilever recognise that the pandemic has resulted in greater consumer awareness of climate-friendly consumption. Both grocers have committed to becoming [“sustainable protein pioneers”](#) by shifting their portfolios to more sustainable protein options. This presents both an environmental and financial imperative, as [meat substitute sales](#) soared 200% year-over-year in April 2020, and venture investment in

plant-based proteins have doubled compared to 2019. For example, Beyond Meat, a disruptive mock-meat company, has now [spiked 734%](#) since its initial IPO in 2019. Additionally, The Very Good Food Company became the second vegan company to be publicly traded in June 2020. These shifts, which were accelerated by the pandemic, highlight that our current food systems are far too dependent on animal-based proteins and, thus, not sustainable from an [environmental, health, and security](#) standpoint.

### **Closing Remarks**

Overall, the global pandemic had a significant impact on the entire retail value chain, disrupting the “business-as-usual” mindset and forcing both corporations and consumers to re-evaluate their priorities. Consumers increasingly base their purchases on environmental factors such as packaging, sourcing, and provenance, while corporations are being given the opportunity to pause, reflect, and re-define their purpose. Despite the initial disruption of operations caused by COVID-19, retailers that embrace environmentally-conscious practices have an inherent long-term advantage.

The digital acceleration that grew out of the pandemic offers yet another opportunity to enable more long-lasting sustainable initiatives. As consumers adopt technology at a faster pace, sustainable innovations have the potential to make a wider impact. COVID-19 may not have given retailers the monetary flexibility to increase their environmental sustainability focus, but it clearly emphasized that brands that have been slow to adopt sustainability measures will likely struggle to capture consumer interest in the long-run. When retailers fail to put sustainability at the top of their priority list, they will be forced to pivot and focus on competing with conscious market-leading brands. As they continue to respond to the changing needs of consumers, global retailers will discover an increasingly [powerful role](#) to play in advancing sustainability.