



Proposed Green Retailing Concept for Maintaining the Sustainability in the Company

Laras Insiya Pertiwi¹, Sri Hartati²

^{1,2} School of Business and Management, Bandung Institute of Technology

ABSTRACT: Retail business is a fast growing business in Indonesia. This is indicated by the number of retail businesses that have emerged both on a local and national scale. One of the companies engaged in the retail sector is 'Berkah' Swalayan. 'Berkah' Swalayan is a local retail company in Lampung and Central Java Provinces. This research aims to identify the internal and external conditions of 'Berkah' Swalayan which will then be given strategic recommendations related to green retailing. The topic of green retailing was chosen because this strategy is closely related to sustainable development goals which are currently a big focus and have a good impact on many sectors. Identification and analysis in this study used a mixed method, namely quantitative and qualitative methods. The data used are primary data and secondary data. Primary data comes from in-depth interviews with Berkah Swalayan and a survey of 101 respondents to Berkah Swalayan customers. Determination of the number of respondents using the Slovin formula. Secondary data obtained from literature review. Company analysis using the SWOT tool (Strength, Weakness, Opportunities, Threats). On the other hand, in this study variable validation was also carried out using SmartPLS 4. It was found that decision making related to green retailing was influenced by internal and external factors. Internal factors consist of company values. External factors consist of the influence of social organizations, customers and government. Meanwhile, green retailing can improve cost efficiency. This is because companies can reduce their budget costs for environmentally friendly company needs, for example reducing costs in the supply of plastic and the use of energy-friendly electronic devices. In this study the results obtained in the form of identification of internal and external company conditions. that green retailing is a strategy that can improve cost efficiency. In addition, the concept of green retailing also provides opportunities for companies to develop their business. Therefore, green retailing is a strategy that is recommended to be implemented for retail businesses. Several strategic recommendations are given in the implementation of green retailing. Recommendations for some of these strategies are implementing a 'bring your own shopping container' system which will be regulated by a point system, using environmentally friendly electronic devices, creating special eco-friendly angles, optimizing social media, and collaborating with the government, communities and businesses that focus on environmental issues.

KEYWORDS: cost efficiency, green retailing, SWOT, sustainable development goals

I. INTRODUCTION

The retail industry in Indonesia is rapidly expanding. This is demonstrated by the increase in the number of retail stores throughout Indonesia, including both franchised and locally owned retail businesses. The 2021 Global Retail Development Index places Indonesia fourth in the globe. According to data from Bank Indonesia, the Retail Sales Survey for June 2022 reaffirmed yearly growth in retail sales, with the Real Sales Index (RSI) growing at a faster rate of 4.1% (yoy) than 2.9% (yoy) the previous month to reach a level of 206.6. Food, beverages, tobacco, and spare parts and accessories are the leading causes of the rise. This shows that retail has an important role in the Indonesian economy. There are both positive and negative consequences to the retail industry. The retail industry has the potential to provide for the fundamental necessities of the neighbourhood, offer affordable prices, and generate a lot of job opportunities for employees. However, this business also has the opportunity to affect problems such as problems related to the environment. Even though Indonesia is a country that agrees on a global development agenda. Indonesia is committed to participating in the achievement of the Sustainable Development Goals (SDGs). This commitment is also stated in the National Medium-Term Development Plan (2020-2024), which is low-carbon development. There are 17 goals in SDGs. The 12th goal is 'Ensure Sustainable Consumption and Production Patterns'. This goal is very close to the retail industry. Therefore, the retail businesses should make improvements to support this agenda. Participation in the SDGs by a retail business will positively influence the company, notably in terms of future sustainability, having a good image, providing a competitive advantage, and building



company value. There are some big retail companies that have implemented the green concept such as Walmart and Carrefour. Otoritas Jasa Keuangan (OJK) Regulation Number 51 of 2017 additionally specifies the requirements for public firms to publish sustainability reports. Aside from the government, the SDGs initiatives are backed by various organizations and media, including SWA Magazine and SWAnetwork, which recognize companies that have run sustainable businesses, with the Indonesia Green & Sustainable Companies Award (IGSA) being held in 2022. Based on this background, Berkah Swalayan as a well-known and prideful retail store in Lampung has the opportunity to do some innovations to implement the SDGs pillars. This innovation will have a good impact on the environment as well as a good impact on cost efficiency at Berkah Swalayan, such as the use of energy-friendly electronic devices. Berkah Swalayan has not previously focused on implementing SDG goals in the company. Even though this will have a long-term positive impact on the company in business and environment aspects. It's also in line with the company's mission. Furthermore, focusing on the SDGs is one approach to improve Berkah Swalan's reputation, chance to expand the market share and make cost efficiency.

II. LITERATURE REVIEW

Green Retailing

Green Retailing is the management of retail businesses that are environmentally conscious and use environmentally friendly techniques [1]. It is an important term to implement right now because the issue of the green movement is regularly highlighted. Green retailing is a management method that aims to improve the retail value chain by removing waste, enhancing efficiency, and reducing costs. There are two main focuses in green retailing, they are green store utilization and green transportation [2]. Green store utilization refers to the use of a system or equipment within a retail store to help conserve energy or reduce and recycle waste. For example the use of energy saving technology for lamps, water in supermarket toilets, and other equipment. Aside from increasing efficiency, this green store utilization strategy can also be used to differentiate retail businesses from their competitors. Meanwhile, green transportation refers to reducing energy consumption in order to increase efficiency, such as minimizing lag time during goods delivery and optimizing the transport capacity of the means of transportation used. Green transportation will help to maximize available resources and reduce operational costs.

Sustainable Development Goals (SDGs)

Sustainable Development Goals (SDGs) are a global agenda that involves many countries in the world which were declared on September 25, 2015, at the 2015 UN Sustainable Summit [3]. With its 17 goals, the SDGs represent a grand vision to improve humankind's lot around the globe [3]. There are 169 targets that describe the goals and scope of an inclusive and multidimensional global development agenda. These goals and targets will be a guide for the global community in carrying out development for the welfare of the world community. Based on a publication released by the United Nations, the main SDGs agenda has the theme "Transforming Our World: The 2030 Agenda for Sustainable Development". In general, the SDGs is an action plan involving people, the planet, prosperity, peace, and partnership [4]. The SDGs aim to end poverty and hunger, and they also promote equality and a healthy environment for all people. The SDGs also govern how to manage natural resources so that they do not have a detrimental influence on the environment for a better future generation and how to safeguard the earth from deterioration, consumption, and production. The SDGs are also committed to preserving peace so that everyone can live peacefully and comfortably. There are 17 SDGs goals, but the main goal that will be raised in this study is goal number 12 that is 'sustainable consumption and production'. As a local proud supermarket, Berkah Swalayan has the opportunity to do some innovation regarding this goal. In addition, this goal also can make a lot of benefits for companies such as cost efficiency.

III. METHODOLOGY

Research Sample

This research uses a mixed method in collecting data [5]. That is a qualitative method by in-depth interviews with Berkah Supermarkets and quantitative by surveying Berkah Swalayan customers. An in-depth interview with Berkah Swalayan was carried out with the manager and family of the Berkah Swalayan owner. This interview was conducted online via the zoom application on March 20, 2023. The interview was based on previous research regarding data mining regarding SWOT, especially the company's internal conditions. The research survey was filled in by 101 Berkah Swalayan's customers. The selection of Berkah Supermarket customers was due to several specific questions related to the testimonials and expectations of Berkah Swalayan's customers. This



survey was filled by 83.2% women and 16.8% men of various ages. However, the most common age ranged from 20-30 years, as much as 79.2%, followed by ages less than 20 years and 31-40 years, each with 5.9%. The educational background of Berkah Swalayan also varies. In this study, it was found that customers with undergraduate backgrounds had the largest number, namely 65.3%. Then followed by educational background, high school (21.8%), diploma (7.9%), and postgraduate (5%). Respondents also have very diverse occupations and some even have not had any occupations. Most of the respondents' occupations were private employees (28.7%), civil servants (21.8%), students (16.8%), housewives (8.9%), and the remaining 23.8% were spread from the military/police, entrepreneurs, freelancers, to who don't have a job. Meanwhile, the average income per month varies too. There are incomes below 1 million rupiah (22.8%), 1-3 million rupiah (36.6%), 3-5 million rupiah (19.8%), 5-7 million rupiah (10.9%), and above 7 million rupiah (9.9%). The variety of ages, educational background, occupations, and incomes of Berkah Swalayan's customers reflects that Berkah Swalayan is the choice of shopping place for people from various backgrounds in Lampung.

Measurement Scale

This research has two types of questions. These are the questions for the in depth interview with Berkah Swalayan and the question for the survey to the Berkah Swalayan customers. The in-depth interview consisted of 18 questions, each of which was answered descriptively. From each question, this study also received comprehensive information. Whereas the survey used 30 closed questions using a Likert scale and one open question as hopes and suggestions for Berkah Swalayan regarding green retailing.

IV. RESULT AND DISCUSSION

This research uses the SWOT analysis and modeling validation from SmartPLS 4.

SWOT Analysis

The SWOT analysis uses references from research conducted by Bonnici and Galea which divides it into internal and external analysis [6]. According to this research, to carry out an internal analysis can be seen from the financial, managerial, infrastructure, suppliers, manufacturing, distribution channels, marketing, brand equity, and innovation resources of the company.



Table I. The Internal Conditions of The Company

Aspects	Strength	Weakness
Financial	Currently, Berkah Swalayan's financial condition is in good condition. This was also strengthened by Berkah Swalayan which built new stores in Central Java and improved facilities at several existing Berkah Swalayan Lampung.	Berkah Swalayan has not specifically budgeted funds for research and development.
Managerial	Nowadays, Berkah Swalayan has about 600 employees. Berkah Swalayan installed the Berkah Swalayan Value to their employees especially to their managers. The value of Berkah Swalayan is also stated on their tagline, namely "Easy shopping, low prices, full of blessings"	
Infrastructure	There are 7 stores in Lampung and 2 stores in Central Java. All of the stores are located in the strategic area. So it is easier for customers to visit.	Some facilities in several stores are not optimal such as the air conditioner.
Suppliers	Berkah Swalayan also has some alternative suppliers. And they have a fit regulation that can win-win with the suppliers.	
Manufacturing	Berkah Swalayan works with local MSMEs to repack their products and label them with the Berkah Swalayan label.	Berkah Swalayan hasn't their own product that they produce and there's no plan for it so far.
Distribution channels	Berkah Swalayan has 9 stores in Lampung and 2 stores in Central Java.	Berkah Swalayan hasn't delivery service berkah Swalayan hasn't collaborate with online transportation or others application
Marketing	Berkah Swalayan does the marketing strategy in social media especially instagram.	The social media hasn't effective yet There's no standardisation for the social media
Brand Equity	Berkah Swalayan has their own logo with the authentic colours, pink, purple, and white.	People don't know the Berkah Swalayan tagline yet There has been no significant difference shown between Berkah Swalayan and competitors.
Innovation resources		Berkah Swalayan has no R&D division Berkah Swalayan has no specific budget to do the innovation research

Source: processed primary data, 2023



Table II. The External Conditions of The Company

Aspects	Opportunities	Threats
Competitor Environment	<p>Berkah Swalayan has alternative suppliers, which strengthens its bargaining power. PB Supermarkets and suppliers also have clear rules of the game.</p> <p>Most of the supermarkets in Lampung do not have the characteristics that reflect themselves. So there is no striking differentiator for the customer.</p>	<p>Berkah Swalayan's competitors, namely supermarkets and minimarkets, are usually supermarkets that have been around for a long time, so they have more stable finances.</p> <p>There are supermarkets or minimarkets that already have standards and special training for new employees, instilling corporate values, and a working description of the company.</p> <p>Currently, there are many online shopping services for clothing, stationery, and household needs</p> <p>Some supermarkets are neat in doing marketing on social media.</p> <p>Competitors, large supermarkets already have a special division that works in the research sector.</p>
Political	<p>The City Government of Metro, Lampung has a National Unity and Politics Office with sub-units under it. One of them is the Economic, Social, Cultural and Community Organization Resilience Section.</p>	
Economic	<p>Where the minimum wage for Lampung province is IDR 2,633,284.59. This states that the average income of the people of Lampung is above the provincial minimum wage.</p>	
Technological	<p>In line with the world's focus on SDGs, currently many technology companies are also paying attention to their products with more environmentally friendly energy.</p>	
Environmental		<p>According to data from the website menlhk.go.id, the waste generated per day in Lampung Province amounts to approximately 2,006.45 tons.</p>
Demographic	<p>Based on data from the BPS for Lampung Province, around 5.8 million people are aged 15-56 years (BPS, 2020).</p>	

source: processed primary data, 2023

Variable Analysis

5244 *Corresponding Author: Laras Insiya Pertiwi

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In addition to analysing the SWOT method as seen from the internal and external aspects of the company, this research also analyses variables. Variable analysis is carried out to determine the validity of the variables used so that the right strategy can be taken for the company. In addition, if the validity of the variable has been tested, it is hoped that it can be used for strategic decisions for wider cases in the company. The relationship between variables was analysed by surveying Berkah Swalayan customers. Determination of the number of respondents using the Slovin formula. With this formula, the following calculation is obtained:

$$n = N / (1 + Ne^2)$$

Where:

n = Number of samples

N = Total population and

E = Error tolerance (level)

Based on the in-depth interviews with Berkah Swalayan, it was found that Berkah Swalayan's customers per day were more or less 3,200 people. Meanwhile the error used is 10% or 0.1. So the number of respondents required is as follows:

$$\begin{aligned} n &= N / (1 + Ne^2) \\ &= 3,200 / (1 + 3,200 (0.1)^2) \\ &= 97 \text{ respondents} \end{aligned}$$

Based on the calculation above, it can be concluded that the number of respondents required is 97 people. After conducting a survey of Berkah Swalayan customers, the data was processed using SmartPLS 4. Smart PLS 4 is an application that can be used to measure the validity of the relationship between variables used in a research. The variables used in this research are internal factors, external factors, green retailing, cost efficiency, and opportunity to expand. The interrelationships between these variables are shown in figure 1. The picture above explains that each variable is related to one another. This is shown in the variable circle which turns blue when the application is run. The application of green retailing is influenced by internal and external factors from the company. Internal factors consist of matters related to company values. The value of each question posed is 0.879, 0.902, and 0.905 which shows that internal factors have an important role for companies in making green retailing policies because these numbers are worth above 0.5. While external factors consist of customer concerns, social concerns, and government concerns. These factors influence the company's decision to adopt a green retailing policy where the respective values are 0.687, 0.799, 0.758, 0.623 and 0.690 indicating that these factors have an important influence on the external side of the company. In this research, the authors first explain the meaning of green retailing before asking the opinions of the respondents. In this section, the author asks about the importance of green retailing, the positive impact of green retailing, and the improvement of an environmentally friendly lifestyle for the community. Each of these questions has a value of 0.911, 0.906, and 0.925. This shows that green retailing is something that is important and in demand by customers, especially Berkah Swalayan customers. The application of green retailing will provide benefits for the company. In this study it was found that green retailing can affect cost efficiency and opportunity to expand. The question of cost efficiency is related to the importance of cost efficiency for companies and green retailing which can create cost efficiency. Each value is 0.856 and 0.700 which shows that cost efficiency is indeed a good thing to do. In addition to cost efficiency, the application of green retailing also affects the company's opportunity to develop. In this section, questions are asked about the company's reputation increasing and opportunities for growth. Each has a value of 0.896, 0.833, and 0.554. Apart from the customer side, the opportunity for growth is also due to the fact that the world and Indonesia are indeed having a big joint mission in the form of SDGs to reduce waste and switch to activities that are more environmentally friendly.

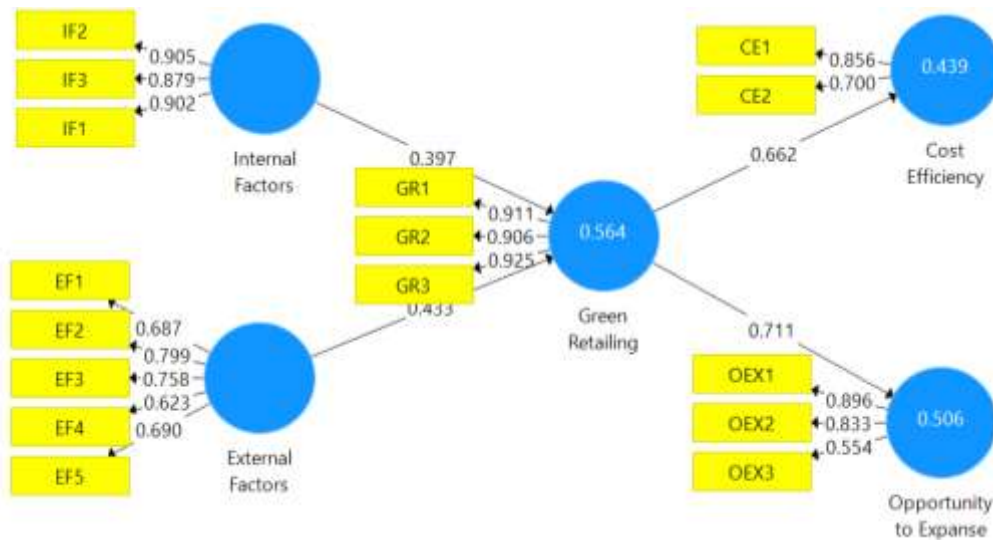


Figure 1. The model of green retailing

Based on the model (in figure 1), it can be concluded that green retailing is largely determined by the company's internal and external conditions. Meanwhile, the implementation of green retailing will have a good impact on the company. The good impact is cost efficiency and opportunities to develop the company. Cost efficiency occurs because the use of environmentally friendly goods, especially in the long run, will reduce company costs to buy things that are not needed such as plastic bags, save energy such as LED lights, and use water wisely. In addition, the opportunity to develop the company occurs because currently the government is intensively encouraging more environmentally friendly businesses. That means, developing green retailing in the long term will create a good reputation for Berkah Swalayan as well as other opportunities created because it is aligned with the government's focus. Therefore, the chart model above has been validated for further use in decision making and corporate strategy

V. CONCLUSION

In this research, the internal and external conditions of Berkah Swalayan were identified. The data collected comes from primary and secondary data. Primary data comes from in-depth interviews with the company and surveys with Berkah Swalayan customers. While the secondary data comes from the literature review and some news in the media. In analyzing the condition of the company, this research uses the SWOT method. In examining internal conditions, namely in the form of strengths and weaknesses, the aspects that are considered are financial, managerial, infrastructure, relationships with suppliers, manufacturers, distribution channels, marketing, brand equity, and innovation resources. In general, Berkah Swalayan's internal condition is in good condition. This is because Berkah Swalayan has strengths as a local retail company. However, there are some weaknesses, especially in the innovation section because this company still depends on family decisions and there is no division that focuses on research and innovation. This affects other aspects such as the absence of standardization on social media, the absence of a 'differentiator or added value' that is visible to customers, and the absence of a focus on the environment which is one of the things that is currently receiving intense public attention. In identifying external conditions in the form of threats and opportunities, the aspects that are considered are competitor environments, general environments, namely political, economic, technological, legal, environmental, demographic, ethical socio-cultural, and regulatory conditions. In addition, another aspect is the industrial environment. In terms of external conditions, Berkah Swalayan is also in fairly good condition. However, according to the limitations of this study, the focus is on environmental conditions. In general, the waste generated by the retail business is quite large. Meanwhile, governments and even the world are promoting environmentally friendly policies. This is because Indonesia is a country that participates in the realization of the Sustainable Development Goals. On the other hand, this research also found through a validated model that implementing a green retailing strategy can increase cost efficiency. The green retailing strategy is a strategy that can be used in a more environmentally friendly retail business. Cost efficiency occurs because companies can minimize unnecessary costs because stakeholders switch to environmentally friendly activities. In addition, green retailing can also increase a company's opportunities



in developing its business. This occurs because currently the government, many communities, and even other businesses have paid attention to the environment. This makes the green retailing strategy proposed to be implemented by Berkah Swalayan in accordance with the company's conditions.

VI. RECOMMENDATION

After identifying the condition of the company and identifying opportunities, there are several strategic recommendations for Berkah Swalayan. This recommendation is in accordance with the limitations of research that focuses on environmental issues and cost efficiency. In general, the proposed strategy is a green retailing strategy. These strategy recommendations are based on research, but the implementation is very likely to be readjusted by Berkah Swalayan. Some of the recommendations given are:

- Collaborate with the government, the community, and other businesses that focus on the environment
- Implement a bring-your-own shopping bag system
- Using lamps and other electronic devices that are more energy efficient
- Provides a special corner for local items that can be purchased on their own containers
- Optimization of social media and online applications

This research is a very open collaboration for other scientific fields. Apart from business, this research also requires further research in terms of environmental engineering and operations management. There are many limitations in this research. The proposed green retailing strategy is a green store utilization strategy, which is a strategy that can be controlled by the company in the field. Whereas actually, green retailing is a unity from upstream to downstream. Thus, the recommendation for further research is to examine the green retailing strategy from an operational aspect before waste goods go to stores, such as the transportation management section in order to save on transportation costs and be environmentally friendly. In addition, further research can identify how much time a company needs to optimize its green retailing strategy. This is important for companies to know as an overview so that companies can make the right budget and innovation.

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