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**HOW TENSIONS EMERGE IN RELATION TO A FIRM'S SUSTAINABILITY
STRATEGY WITH CONSUMERS:
THE CASE OF CONTINENTE'S PRIVATE LABEL**

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“Creating a sustainable society that thrives within its biophysical limits is no longer seen as a distant and utopian objective; it’s now an urgent matter that, if neglected or mismanaged, will bring devastating consequences for the planet and the human economy that lives off of it”

(Caradonna, 2014, p.233)

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Abstract

Incorporating sustainability into corporate strategy is not straightforward. Sustainability entails challenges when it comes to engaging with consumers and creates internal tensions within firms. This Work Project aims at assessing to what extent internal tensions can be influenced by firms' sustainability strategies with consumers. This is explored through a case-study research design focused on the context of Continente's Private Label, a leading Portuguese food retailer. Qualitative research methods were followed. These included mostly semi-structured interviews as well as informal conversational discussions with employees from the Private Label. Recommendations are given on how the firm can mitigate the tensions found.

Keywords: *sustainability; corporate strategy; consumers; internal tensions; sustainability strategies with consumers; Continente's Private Label*

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1) Introduction

Aiming at “*meeting the needs of today without disrupting or harming the social and economic well-being of humankind and the natural environment*” (Rainey & Araujo, 2015, p.1), sustainability is a growing concern for businesses. Firms are incorporating into their strategies the social, economic and environmental sustainability components. Yet, it is difficult to pursue simultaneously these components and implement sustainability with consumers, who do not always embrace it (Saber & Weber, 2019). Thus, managing sustainability is complex and may create tensions within companies (Ozanne *et al.*, 2016).

The connection between tensions, strategy and consumers appears as an area not yet properly explored and assessed. As a result, this brings an interesting challenge for the present Work Project (WP), which aims to analyze the extent internal tensions can be influenced by firms’ sustainability strategies with consumers. If there is, indeed, a connection between the emergence of tensions and firms’ relationships with consumers, uncovering such relationships will be crucial.

Due to their proximity with end consumers, retailers can play a crucial role in promoting sustainability (Claro *et al.*, 2013). The Private Label of Continente, a leading Portuguese food retailer, is a suitable focus for this WP because it is committed to integrating sustainability into its corporate strategy and promoting it among consumers. The present WP has four main goals: (i) to assess Continente’s Private Label sustainability strategy with consumers; (ii) to identify its internal tensions created by the sustainability implementation; (iii) to determine whether these tensions are influenced by its relationships with consumers; and (iv) to offer recommendations, based on research insights.

This study ends up stressing that most of Continente’s Private label internal tensions are influenced by its sustainability strategy with consumers.

2) Literature Review

In 1987, the United Nations defined sustainability as the satisfaction of present needs without compromising future generations' own needs. For companies, this translates into a call to responsibility, meaning that they should ensure not only the current but also the future needs of all their stakeholders (Tang *et al.*, 2016). To do so, sustainability can be broadly approached by considering four pillars (Hedstrom, 2018): i) environmental stewardship, related with firms' impacts on the environment; ii) social responsibility, related with firms' relationships with the communities in which they operate; iii) governance, that is, the organization, structure and culture within all departments which enable firms to make decisions, comply with regulations and meet the needs of stakeholders; and iv) strategy and execution, focused on understanding how firms can reduce their negative impacts while maintaining profitability.

Strategy is a crucial pillar of business sustainability. Being strategy the long-term initiatives of companies in their pursuit for achieving defined goals, it must account for sustainability objectives. Indeed, launching *ad hoc* sustainability initiatives, disconnected from core strategy, is not enough (Bonini & Görner, 2011). Firms are being challenged to adapt their strategies (Oertwig *et al.*, 2017) in order to operate in the current ever-changing context of constrained natural resources, regulatory requirements and increased demand for sustainable products and services (Bonini & Görner, 2011).

2.1) How a firm's sustainability strategy emerges, develops and is assessed

The emergence of sustainability as part of the corporate strategy can happen due to several motivations. Internally, the main ones are cost reductions and economic performance, competitive advantage gains and innovation. As for external motivations, legal compliance and stakeholder

engagement stand out. In fact, a sustainability strategy might enhance reputation by creating a sense of purpose which allows for a deeper engagement with stakeholders (Oertwig *et al.*, 2017). To develop a sustainability strategy, three possibilities exist: i) adjust existing strategies to encompass sustainability; ii) define a strategy specifically for sustainability; and iii) redefine strategies to create a new one that accounts for sustainability (Oertwig *et al.*, 2017). The second possibility, *i.e.*, defining a separate strategy for sustainability, may suffer from shortcomings. This is because “*every decision, at all levels, should be taken with sustainability in mind*” (Couper *et al.*, 2013, p.75). As such, there should not be a difference between the corporate and the sustainability strategies. Rather, both should be merged and united.

The process of strategy development can be divided into four stages, as shown in figure 1.

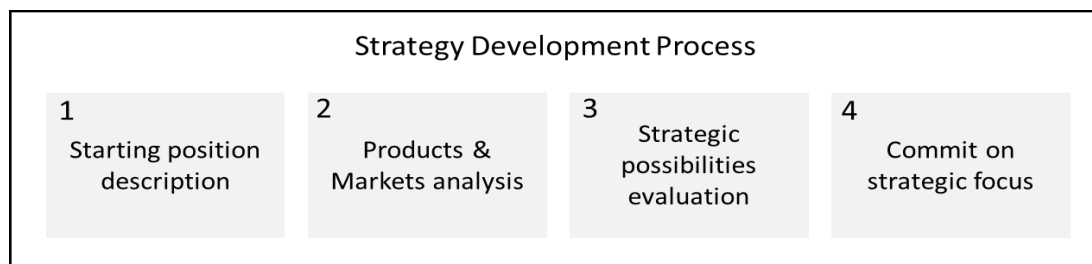


Figure 1: The process of strategy development

Source: Data assembled by the Work Project’s author based on Oertwig *et al.*, (2017)

The firm has to evaluate its strategic possibilities after determining the current trends in the business environment in step one and its current situation in step two. When it comes to sustainability, strategic possibilities involve the consideration of social, economic and environmental dimensions: i) social, as businesses should act “*as if other people matter*”, since they operate in societies and have the power to impact them (Werbach, 2009, p.8); ii) economic, in the sense that firms must operate as profitably as possible; and iii) environmental, by considering that firms’ actions affect the environment.

After setting up a strategy, one of the main challenges firms face is in assessing their sustainable initiatives. Kaplan and Norton (1992) introduced both financial and non-financial issues into a performance management tool called the balanced scorecard (Kalender & Vayvay, 2016). Through this approach, executives were able to assess their strategic initiatives. Since sustainability initiatives should be part of the corporate strategy and also be linked to performance outcomes (Kalender & Vayvay, *op. cit.*), some academics (Epstein & Wisner, 2001) have found that the balanced scorecard has potential to assess sustainability strategic initiatives. One possible framework is the Corporate Sustainability Scorecard (CSS) of Hedstrom (2018), which assesses the sustainability initiatives of firms in the four pillars we consider relevant to approach sustainability (*i.e.*, environmental stewardship, social responsibility, governance, strategy and execution) (Appendix 1).

Considering that consumers are a key element of any sustainability strategy, the CSS suggests an analysis of how companies engage with them, under the strategy and execution pillar of the model. For such analysis, the framework highlights three areas: i) sustainability linkages to consumers; ii) core approach to addressing consumers' sustainability needs; and iii) the role sustainability plays in shaping future market opportunities. Each of these areas is made of key sustainability indicators, which allow to assess how the firm is performing. Given that nowadays firms are pressured to align their goals with the needs of their stakeholders (Oertwig *et al.*, 2017), the emergence, development and assessment of a sustainability strategy can never be disconnected from the analysis of how companies engage with consumers, like the CSS emphasizes.

2.2) Sustainability strategy in a firm's relationships with consumers

Accenture (2020) reports that 62% of consumers are already "*shopping with their values*". Although consumers still consider price and convenience in their purchasing decisions, these are

now seen as past differentiators (Standish, 2020). The existence of a corporate purpose connected to any of the sustainability dimensions referred to before is increasingly important for consumers, who are progressively assessing what a brand says, what it does and what it stands for (Accenture Strategy, 2018). In this context, by being “*the direct recipients of the economic outcomes of companies*” (Rainey & Araujo, 2015, p.16), consumers, mainly those who are already concerned about sustainability, create pressure on firms to adapt corporate strategies.

Amongst all external stakeholders, consumers are regarded as the main future drivers of sustainability. Nevertheless, there is debate on whether they are actually willing to reward firms for their sustainability performance (Saber & Weber, 2019). Indeed, even when consumers are aware of sustainability and its implications, their behaviors are not always in line with their intentions (UNGC & Accenture Strategy, 2019). Hence, the relationship between consumers and sustainability is challenging, and the way firms engage with them is a key issue. In today’s context, marked by rapidly changing consumption and buying patterns, understanding and anticipating consumers’ sustainability needs is crucial so that companies can integrate them into the core processes of the organization (Couper *et al.*, 2013). In addition, as transparency requirements increase, communication with consumers is badly needed to ensure their awareness and to improve the impact of sustainability activities (Deloitte, 2012).

Therefore, as both a driver and an obstacle to certain sustainability initiatives, consumers pose management challenges to companies and engaging with them is not straightforward. If initiatives are not well managed among consumers, internal tensions may be amplified or, even, created.

2.3) A paradox lens into understanding companies’ internal tensions

By disrupting companies’ activities that traditionally were only focused on profitability (Juniarti & Leng, 2019), sustainability can create tensions within companies. Indeed, for example, when

firms strive to achieve, on the one hand, profit maximization and, on the other, ecological footprint minimization, internal conflicts may be enhanced. While the first may suggest “*outsourcing to distant locations to lower costs*”, the latter may lead firms to using local suppliers “*to reduce carbon miles*” (Ozanne *et al.*, 2016, p.251).

During the last decade, the Paradox Theory started to be applied to business sustainability (Hahn *et al.*, 2018). This theory outlined that the tensions brought by sustainability are paradoxical, *e.g.*, they are “*contradictory yet interrelated demands that persist over time*” (Ozanne *et al.*, 2016, p.251). The aforementioned example highlights that when companies attempt to manage social, economic and environmental elements they may find contradictions difficult to reconcile. Thus, since business sustainability involves meeting multiple and divergent goals simultaneously that may foster internal paradoxes, the Paradox Theory seems a good basis for understanding tensions. When applied to business sustainability, the Theory defends the acceptance of tensions and the fulfilment of different goals simultaneously, rather than the elimination of tensions by focusing solely on immediate business benefits (Hahn *et al.*, 2018).

According to Smith and Lewis (2011) and Jarzabkowski *et al.* (2013), four types of paradoxes may coexist inside an organization: learning, belonging, performance and organizing.

Learning paradoxes arise because of efforts to innovate and change previous ways of doing, which creates tensions between building upon and destroying the past to move forward (Smith & Lewis, 2011). These types of tensions are relevant when it comes to sustainability as it requires knowledge shifts in firms, who must replace unsustainable business models and products for sustainable ones (Hahn *et al.*, 2018).

Belonging paradoxes are related to “*opposing yet coexisting roles, memberships and values*” (Smith & Lewis, 2011, p.383) and, when it comes to sustainability, they may occur as actors seek

to identify themselves with differentiated organizational units responsible for different targets. They may have to pursue simultaneously competing social, economic and environmental values and, as such, they may “*face questions of which of the three they are most aligned with and how they can manage different identity expectations*”(Ozanne *et al.*, 2016, p.254).

On the other hand, performance paradoxes arise since stakeholders have different goals and look for divergent ways of corporate success, which requires individuals to perform multiple and even conflicting roles and tasks (Jarzabkowski *et al.*, *op. cit.*). In its relationships with sustainability, performance is dependent on social, economic and environmental goals, which may foster paradoxes since employees will have to work simultaneously on multiple outcomes (Hahn *et al.*, 2018).

Finally, organizing paradoxes emerge due to contradictions between the organizational structure and leadership and the need for the firm to work as a collective system. These last paradoxes operate at a macro-level: firms feel this tension when they assess how sustainability should be structured within the company and to what extent sustainability initiatives can be integrated into firms’ core structures (Hahn *et al.*, 2018).

The contextual background provided in this literature review section outlines both the complexity involved in embedding sustainability into corporate strategy and its propensity to create internal tensions within companies when they attempt to fulfill simultaneously social, economic and environmental goals (Ozanne *et al.*, 2016). Notwithstanding, interactions with consumers raise challenges to implement sustainability (UNGC & Accenture Strategy, 2019). This seems to suggest that they might also have a role when it comes to creating internal tensions. As such, one

is forced to ask – to what extent can internal tensions be influenced by a firm’s sustainability strategy with consumers? This is the research question that guides this WP.

3) Methodology

3.1) Research design

Continente’s Private Label is used as an object of study to address the research question. This is because leading food retailers have a powerful impact on the food chain, in addition to influencing large numbers of consumers daily. Due to this WP time frame, focusing only on the Private Label context seems better suited and allows for a deeper analysis.

To explore the internal tensions which Continente’s Private Label is facing, and to assess how they relate to the firm’s sustainability strategy with consumers, a qualitative approach was adopted through an in-depth case-study. This research design is justified since the present study focuses on a complex contemporary event (*i.e.*, implementing a sustainability strategy) within a real-life setting (*i.e.*, Continente’s Private Label) to understand a specific organizational issue (*i.e.*, internal tensions and their connection to the sustainability strategy with consumers) (Yin, 2009).

3.2) The case of Continente’s Private Label

3.2.1) Continente’s sustainability strategy

Sonae MC owns Continente - a well-known Portuguese food retailer. The Portuguese food retailing market is dominated by two local players, namely Jerónimo Martins and Sonae MC, and international players such as the French Auchan and Intermarché, discounters Aldi and Lidl and the Spanish Dia and Coviran (Appendix 2).

Continente is a leader within its industry: it is the food retailer with the biggest number of stores in Portugal and it employs currently more than 40 000 employees. Following its two mottos of “*delivering everything at the lowest prices*” as well as claiming “*for the good of all, the best of*

each”, Continente has a long-term vision based on three strategic pillars: quality, price and innovation. The brand’s sustainability strategy depends on the general guidelines which the holding company defines to all its businesses. Each business has then the mission to adapt these generic guidelines to its specific context.

Regarding Continente’s Private Label, sustainability is, indeed, a priority and part of the firm’s corporate strategy. The main strategic goal of the Private Label consists of providing all goods at accessible prices – including sustainable products, to make sustainability a reality for Portuguese consumers. For such a goal, “*purpose over profit*” is defended, *i.e.*, manage profitability but never at expense of sustainability.

The brand has a broad view on sustainability which goes beyond environmental concerns. Currently, its sustainability strategy is built around six axes of action, with different goals and initiatives for each (Table 1).

Table 1: Current sustainability strategic axes of Continente’s Private Label

STRATEGIC AXES OF ACTION	GOALS & INITIATIVES
1) Plastics and Packaging	Enhance circularity: recycling; optimization of materials and design; use of recycled materials; implement reuse and bulk sale models; cross-recycling iconography; creation of internal guidelines to develop and change packaging
2) National Production	Enhance national roots: guarantee most products are produced in Portugal
3) Sustainable Sourcing	Promote sustainable certifications on products: increase the number of certified products
4) Continente ECO	Relaunch the brand: include new products and define criteria to include them; define its mission and values
5) Circular Economy	Continente’s mission: increase products produced from both stores and warehouses surpluses
6) Healthy Eating	Optimize products’ nutritional composition; relaunch Continente Equilibrio brand; bet on research and development through working with producers and the innovation direction, and through consolidating external partnerships

Source: Data assembled by the Work Project’s author based on corporate information shared

To measure the initiatives in each axe there are metrics calculated periodically to each products’ category. Yet, there is not a general sustainability department within the Private Label: each of the

axes is of a different person's responsibility. This is because the firm sees sustainability as part of the business, defending that it should be present in all departments, instead of dependent on a single team. Still, the Private Label has a team dedicated to its strategic definition, which is responsible for multiple projects, including the sustainability ones.

Currently, one of the firm's goals is becoming a leader when it comes to sustainability. This ambition is visible in recent initiatives. For example, in Porto Via Catarina, the brand launched the first pioneer supermarket store with a plastic free area in the fruits and vegetables zone. This is aligned with the recently assumed commitment with the Ellen MacArthur Foundation, which is concerned with building circular economies among businesses. Through initiatives like this, the brand shows its willingness to reduce (or even eliminate) the utilization of plastic materials of fossil fuel origin by 2025 – five years ahead to the EU's goal. Furthermore, a recycling iconography was incorporated into the packages of Private Label products, with the purpose of educating consumers on how they should recycle. This initiative illustrates a very important step when it comes to designing a sustainability strategy that engages with consumers.

3.3) Data Collection

Following Yin (2009), a combination of primary and secondary data was used in addressing the WP research question. Table 2 summarizes all the methodological procedures used and the sample's information.

Table 2: Methodology – procedures, description and sample

<i>Methodological Procedures</i>	<i>Description</i>	<i>Sample's information</i>
Semi-structured interviews with Continate's Private Label employees	Interviews of around 20 and 60 minutes conducted either in person, through phone calls, or by using Microsoft Teams, recorded and transcribed for subsequent analysis	(n=12) Working roles: 2 Product Category Managers; 1 Quality and Research Manager and Nutritionist; the Strategic Brand Coordinator; 1 Business and Strategy Manager; 1 Private Label Brand Director; the Packaging and Design Director Coordinator; 1 Project Manager; 1 Marketeer; the Private Label Commercial Director; the Sustainability and Circular Economy Director N° of pages transcribed: 73 pages
Informal conversational interviews with Continate's Private Label employees	Meetings of around 45 and 60 minutes conducted either in person or by using Microsoft Teams. Notes were taken for subsequent analysis	(n=5) Working roles: the Strategic Brand Coordinator and the Private Label Commercial Director N° of pages of notes: 5 pages <i>1st Meeting:</i> Kick-off and WP topic and approach <i>2nd Meeting:</i> Strategy presentation and discussion <i>3rd Meeting:</i> Strategy presentation and discussion <i>4th Meeting:</i> Findings, analysis and recommendations <i>5th Meeting:</i> Wrap-up; findings, analysis, recommendations and conclusions
Complementary secondary data	External data were collected from the firm's published materials (Sonae's sustainability report and social media); Internal data were shared with the Work Project's author (Private Label Sustainability Axes and 2020 Strategic Plan for the brand);	Not applicable. -

Source: Data assembled by the Work Project's author

Understanding how internal tensions are influenced by the sustainability strategy with consumers demands the identification of such tensions. In this regard, primary data were collected through 12 semi-structured interviews with Private Label employees. The use of this qualitative method was targeted to the persons involved in the business real-life context under analysis and, in this sense, this methodology appeared to be suitable by matching the WP goals. In each interview, the author followed three protocols. First, the project was introduced, along with the reasons why it was being conducted and how the interview was going to be structured (Appendix 3). Second, informed consent was obtained from all the interviewees regarding the use of the data collected and the recording of sessions (Appendix 4). Third, the same set of questions regarding sustainability strategy, tensions and consumers was asked of every interviewee to guarantee consistency in the subsequent analysis. The interview script suffered slight adjustments whenever the author required clarification (cf. complete interview guide in Appendix 5).

On top of that, this WP followed part of the CSS framework developed by Hedstrom (2018) in assessing Continate's sustainability strategy with consumers. To collect data on the brand's sustainability strategy with consumers in order to fill the CSS, as well as to align the WP with Continate's aims, five meetings were conducted as informal conversational interviews – they relied on *“the spontaneous generation of questions in the natural flow of interaction(s) ... as part of ongoing observation fieldwork”* (Patton, 2014, p.642). This methodological approach was useful as it allowed to gather data in a flexible way and to seek clarifications according to the research stage of the WP.

To complement data on tensions and strategy gathered both from interviews and meetings, secondary data was collected. These data are composed by documentation, both publicly available and confidential.

3.4) Data Analysis

To analyze the interviews' insights, fieldwork notes were taken immediately after each interview. Their usefulness was both in assessing the main findings of the interview and in understanding if improvements were needed for the following ones (Appendix 6). Upon completion, the interviews were transcribed for further assessment and an analysis grid constructed previously was filled up to group significant sentences from each interview, its key ideas to find the underlying tensions and paradoxes and their connection to the firm's relationships with consumers (Appendix 7). This analysis grid allowed to extract relevant insights from the interviews.

To analyze the meetings' insights, notes were taken, and the collected data were gathered into categories (*e.g.*, strategy, relationships with consumers) to allow the filling of the CSS.

Notes were also taken in order to analyze the collected documentation. The information was gathered as well into categories (*e.g.*, strategy, relationships with consumers, tensions), as a complement to the other methodological approaches.

3.5) Methodological limitations

Interviews may suffer from several limitations (*e.g.*, Yin, 2009), namely: i) possible response bias due to interviewee poor recall or articulation; ii) potential bias due to poorly articulated questions; iii) interviewee may feel constrained and/or give the answers he/she believes the interviewer wants; and iv) the interview guide analyzes a limited number of questions. Nevertheless, to mitigate limitations, the author repeated the questions in different ways to guarantee they were being properly understood and made an effort to engage with all interviewees so that they were confident enough to share their real experiences and opinions. Most interviews were conducted during the quarantine period in Portugal due to Covid-19, which posed constraints and represented a great challenge. Given that Sonae MC was closed, and all employees were working from home, the analyzed sample depended on the available time and resources. Indeed, the author was hoping to conduct at least 15 interviews, but due to the Covid-19 pandemic, no further interviews beyond the 12 were possible to carry out and most of them were conducted remotely. These limitations might have affected the data collection. However, the 12 interviews conducted proved to have empirical saturation since some sound results were attained.

In what concerns meetings, because they are dependent on the interviewer's conversational skills, they may suffer from poorly constructed questions and biases, which may as well affect the data collection. To mitigate these limitations the author repeated questions whenever she felt they were not understood. Nevertheless, since meetings were always with the same persons, the author

established a connection that enabled to ease interactions. As with the semi-structured interviews, the context of Covid-19 also limited the number of meetings conducted to five.

Limitations with documentation are mostly related to a possible biased selectivity, as the collection of documents is dependent on what the company was willing to share (Yin, 2009). In this sense, the analysis may miss dimensions beyond the documents shared. To mitigate such limitations, the author discussed some of the documents in the meetings, to guarantee they were properly analyzed.

4) Main Findings

To address the research question, it is relevant to assess both Continate's sustainability strategy with consumers and identify the internal tensions currently faced by the brand. Only by doing so is it possible to outline the connection between tensions and sustainability strategy with consumers.

4.1) Insights on sustainability strategy: an internal consumer-driven analysis

As aforesaid and following Hedstrom (2018), the assessment of the sustainability strategy with consumers depends on the analysis of three areas, *i.e.*, sustainability linkages to consumers, core approach to addressing consumers' sustainability needs, and the role of sustainability in shaping future market opportunities. These areas are made of key sustainable indicators (KSIs) (Table 3).

Table 3: Relevant areas to assess a firm's sustainability strategy with consumers

Sustainability linkages with consumers	Core approach to addressing consumers' sustainability needs	The role of sustainability in shaping future market opportunities
KSI 1 Posture with consumers	KSI 3 Sustainability partnerships with consumers	KSI 5 Selling sustainability features into existent markets
KSI 2 Identification of sustainability issues	KSI 4 Communications	KSI 6 Sustainability attributes in product line extension

Source: Data assembled by the Work Project's author based on Hedstrom (2018)

The first area of analysis relates to the sustainability linkages with consumers, which is evaluated by two KSIs: the posture with consumers regarding sustainability and the identification of consumers' sustainability issues. Continate is investing in two different brands: "Eco" and "Equilíbrio". The relaunch of "Eco" was based on a market study which showed that most

ecologically-conscious consumers needed guidance on their choices to identify products that are sustainable. As for “Equilíbrio”, it aims at promoting a healthier lifestyle. These investments highlight the current brand posture with consumers: there is willingness to promote sustainable consumption patterns, both by helping to identify ecological products and by offering healthy products. To identify consumers’ sustainability issues, a weekly brand tracking to understand perceptions is performed. However, this tracking does not specifically analyze Continente’s Private Label. Instead, it is focused on Sonae MC as a whole, encompassing all its different brands. As such, the identification of consumers’ issues and perceptions comes mostly from interactions through social media. Thus, the Private Label is not yet being tracked to understand how to meet consumers’ goals and, eventually, create sustainable solutions with them.

The second area of analysis consists on the core approach to address consumers’ sustainability needs, focused on partnerships with consumers and communications. When it comes to sustainability partnerships with consumers, through its recent recycling iconography, the Private Label is doing its first pilot effort to keep down the collective footprint. This highlights an understanding of the fact that to tackle the larger challenges that go beyond one firm’s operations it is necessary to partner with other stakeholders of the value chain, namely consumers. In terms of communication, the brand is still following a traditional approach by emphasizing mostly price and quality on muppies, television and stores. Although some sustainability initiatives are being communicated through LinkedIn, Continente operates for the mass-market of the Portuguese population and, as such, the simple promotion on LinkedIn is not an effective communication tool. The third area of analysis consists on the role of sustainability in shaping future market opportunities. In this dimension the firm is well-positioned. On the one hand, there’s a growing investment in sustainable attributes for its current product range (*e.g.*, recycled packages and

healthier nutritional composition) and in new sustainable products (such as under the “Eco” brand). On the other hand, along with price and quality, category managers consider sustainability in its six axes in their product-related business decisions.

From this analysis it appears that the Private Label needs improvements on identifying consumers’ issues and perceptions and on communications.

For a more detailed data on these three areas of assessment refer to Appendix 8.

4.2) Insights on Tensions: identification and classification

The following insights give emphasis to the data gathered from semi-structured interviews with Private Label employees. Despite interviewed employees being aware of difficulties and challenges to manage sustainability, they all recognized it as a priority connected to his/her roles and responsibilities. Out of the 12 interviews, 76 key issues were pointed out. Some of those issues referred to the same tension and, as such, they were categorized in eight tensions (cf. Appendix 9 for a graph illustrating interviewees’ most mentioned tensions). The subsequent findings refer to these eight tensions, classified according to the Theory of Paradox and clustered into three categories, regarding their connection to the sustainability strategy with consumers.

4.2.1) Tensions directly related to the sustainability strategy with consumers

Out of the eight tensions, three are directly related to the sustainability strategy with consumers. The first one is the fact that the ecosystem value chain is not fully ready for sustainable initiatives. Indeed, for sustainable initiatives to succeed, the other players in the value-chain must adhere and comply. Several interviewees expressed doubts regarding the readiness of the players of the Portuguese recycling industry, but the majority spoke about suppliers and consumers as two crucial stakeholders which pose challenges. When it comes to suppliers, the main issue is their lack of expertise and know-how, which constrains the implementation of certain measures. As for

consumers, the main issues are their lack of knowledge, misinformation and wrong perceptions, which prevent initiatives to be launched due to the fear that they would not adhere. As mentioned by one interviewee, *“consumers are not normally prepared to accept some measures that we have implemented in favor of sustainability and require others that seem sustainable but are not aligned with our sustainability vision”*. Different demands from different stakeholders are at stake, creating a performance paradox (Smith & Lewis, 2011). Whenever the stakeholders under appreciation are consumers, their relationships with the firm influence this tension.

The second tension is the high-price of sustainable initiatives versus commitments to be an accessible brand and price-driven consumers. As highlighted by one interviewee, *“the customer wants sustainability but also wants it to be practical, cheap, but the best of both worlds is not always possible. We end up not launching products because we are unable to do it affordably”*.

The fact that sustainable products are often costly clashes with the firm’s mission of *“delivering everything at the lowest prices”*. Additionally, many consumers are still price-driven, which also prevents from charging higher for sustainable products. Again, this is a performance paradox (Smith & Lewis, 2011), resulting from the need to satisfy multiple stakeholders and goals. The way the company manages sustainability with consumers affects this issue: if consumers do not perceive initiatives as sustainable, they will tend to choose based on price.

The last tension directly related to the firm’s strategy with consumers is the adaptation to the new consumer. Even though most interviewees describe consumers as unaware of and unprepared for sustainability initiatives, some highlighted that, in the future, consumers may seek new business models in food retailing. Thus, sooner or later, the Private Label will have the challenge of changing practices, processes and models. This is a learning paradox (Smith & Lewis, 2011), materialized in efforts to change previous ways of doing. Since knowing how to adapt to the new

consumer depends on assessing to what extent consumers are already expecting different business models in food retailing, this tension is influenced by the firm's performance with consumers.

4.2.2) Tensions indirectly related to the sustainability strategy with consumers

Two tensions indirectly related to the sustainability strategy with consumers were identified.

The first one is decision-making and risk-taking fears. By entailing innovation, disruption of previous ways of doing and lack of legal definition on some matters, sustainability makes decisions harder and riskier. In fact, it is easier to get criticized when something changes than when everything is unmodified. This is a performance paradox (Smith & Lewis, 2011): organizational members and stakeholders hold competing strategies and goals when it comes to sustainability and, in this sense, criticism may happen. Because criticism may come both from within the Private Label and from consumers, this tension might be amplified by the relationships with consumers.

Conflicts between different departments is the second tension indirectly influenced by the firm's relationships with consumers. These conflicts are mostly between: i) commercial and operations managers; ii) private label category and supplier brand managers; iii) commercial managers and the quality department; and iv) commercial managers and marketing/communications. Operations create obstacles both for implementing different selling models in stores and for changing the balance of space between products in stores. Likewise, supplier brand managers are reluctant to change the balance of space. As for the quality department, it is blocking the introduction of products in the Eco brand due to the lack of legislation on what should be understood by ecological. Yet, the issue more frequently highlighted is the resistance in communicating sustainable initiatives. These conflicts entail performance paradoxes (Smith & Lewis, 2011), *i.e.*, individuals hold competing goals regarding their functions in the organization. This tension is indirectly influenced by consumers: operations and supplier brand managers hold reservations because

different selling models and changes on balance in stores may affect customers' willingness to buy; a lack of communication is problematic since initiatives may not be perceived by consumers; increasing the product range of "Eco" without legal guidance may get criticized by consumers.

4.2.3) Other tensions

The last three tensions are neither related to nor reshaped by relationships with consumers.

The first one is the technological, procedural and market challenges and uncertainties. Often there is not yet technology or materials to offer some sustainable initiatives. Since sustainability is relatively new for business, a lack of consensus and information persists, creating uncertainties within the company. This tension entails a learning paradox (Smith & Lewis, 2011), as the firm is changing from unsustainable technologies, materials and ways of doing to sustainable ones.

Second, there is pressure to act fast. The company's commitment to becoming a leader in sustainability creates pressure on employees to implement sustainable initiatives. But employees' quick measures reveal to be counterproductive as they not always result in the best solutions. Performing and learning paradoxes (Smith & Lewis, 2011) seem to be at stake: there is pressure to innovate and to offer results on economic, environmental and social dimensions.

As for the third one, it is the complexity of the firm's structure and efforts to align all departments. Since the Private Label has a complex structure with 39 categories of products, the validation of sustainability projects is bureaucratic, as managers must contact several departments. In such a complex structure it gets hard to implement projects and to ensure knowledge uniformization among all. Organizing and performance paradoxes (Smith & Lewis, 2011) seem to be at stake. On the one hand, there are difficulties in structuring sustainability initiatives within the company. On the other hand, employees have different goals and multiple outcomes to fulfill which harms the alignment needed to approve sustainability initiatives.

A summary of tensions, their relationship to the sustainability strategy with consumers and the correspondent paradoxes is displayed in Table 4.

Table 4: Insights on tensions in a nutshell

TENSIONS	STRATEGY WITH CONSUMERS Directly, indirectly and not connected	PARADOXES
1. The ecosystem value chain is not fully ready for sustainable initiatives	Directly connected (whenever the stakeholders under analysis are consumers)	Performance
2. High-price of sustainable initiatives versus commitments to be an accessible brand and price-driven consumers	Directly connected	Performance
3. Adaptation to the new consumer	Directly connected	Learning
4. Decision-making and risk-taking fears	Indirectly connected	Performance
5. Conflicts between different departments	Indirectly connected	Performance
6. Technological, procedural and market challenges and uncertainties	Not connected	Learning
7. Pressure to act fast	Not connected	Performance and learning
8. Complexity of the firm's structure and efforts to align all departments	Not connected	Performance and organizing

Source: Data assembled by the Work Project's author

5) Discussion

The insights gathered revealed that most internal tensions within Continate's Private Label are influenced both directly and indirectly by its sustainability strategy with consumers.

This WP confirms what has been described in the recent academic literature by emphasizing that consumers are crucial to develop and put into action a sustainability strategy (Hedstrom, 2018; Grubor & Milanov, 2017). However, when it comes to connecting tensions with strategy and consumers, this study appears to bring a novel interpretation in relation to previous ones, by highlighting that the emergence of internal tensions might be influenced by external elements.

The majority of tensions found entail performance paradoxes, *i.e.*, issues are arising due to the plurality of goals in the "face of divergent stakeholder demands" (Hahn *et al.*, 2018, p.238). Continate's case-study showed that the relevant stakeholders for creating internal tensions are not only the internal ones, but mostly the external, namely consumers. Consumers may have demands that are not aligned with corporate demands. Since managers must fulfill simultaneously corporate goals and consumers demands, paradoxes may be fostered. Thus, this WP strengthens

that the engagement with consumers is crucial as it might be a powerful source of tensions, on the light of the so-called performance paradoxes.

Addressing the WP research question, from the data collected and analyzed it is possible to find a link between tensions and the strategy with consumers. More specifically, the identified strategic shortcomings are the reasons behind the creation of some tensions (those directly related to the strategy) and the amplification of others (these indirectly related to the strategy).

Regarding tensions directly related to the sustainability strategy with consumers, these stakeholders reported lack of awareness and even illiteracy on sustainability. This might represent symptoms of an inefficient communication, one of the identified strategic drawbacks. In fact, if the brand does not communicate sustainability with success (Deloitte, 2012), consumers will lack awareness and will remain unready to embrace any sustainability initiatives, creating an internal tension. In one of the interviewees' words, "*...we are sustainable, but we don't look like we are, and we have to look too*". It seems that the Private Label has a sustainable brand identity, marked by its "*purpose over profit*" goal, that does not match its brand image. Indeed, if the brand does not position itself as sustainable, consumers will not perceive initiatives in this area and, thus, they will choose mostly based on prices, creating in this way tensions. Moreover, if the brand does not track behaviors in stores, as well as the receptiveness to sustainable initiatives (another identified strategic drawback) the adaptation to the new consumer will represent a tension.

As for tensions indirectly related to the sustainability strategy with consumers, decisions within the company could be eased if the brand understood consumers' sustainability perceptions. This would prevent the firm from taking contradictory decisions to such perceptions and, as a result, consumers' criticism would be lower. On top of that, to cease myths around populist initiatives which are not sustainable, an effective communication is also of paramount relevance. By

communicating what is indeed sustainable, consumers would become more aware and criticism on certain initiatives would decrease. Regarding conflicts between different departments, their analysis leads to similar outcomes. For example, applying different initiatives in stores requires studies on consumers' perceptions and behaviors. If such studies are properly conducted, different initiatives are better grounded. Consequently, there will be less opposition within the firm and, thus, tensions will lose strength.

By demonstrating that tensions, strategy and consumers are all strongly interconnected, this WP showed also that *“understanding consumers... and inspiring broad audience to adopt sustainable behaviors will be one of the main requests in the future”* (Grubor & Milanov, 2017, p. 85).

A thorough analysis of issues identified during the interviews is displayed in Appendix 10.

6) Recommendations to Continente's Private Label

From the insights gathered a few recommendations can be made to mitigate the tensions found.

First, transparency can be improved through a better communication of the firm's sustainable initiatives and purpose. Indeed, communicating sustainability can work as a powerful tool to raise awareness and educate consumers, making them more ready and willing to adhere to Private Label initiatives. The two main forms of sustainability communication used by retailers are sustainability reports and in-store communications. These two forms should be combined with other communication tools, such as the corporate website, social media and traditional marketing campaigns (Saber & Weber, 2019). For a mass-market food retailer, the point of sale is the best place to communicate sustainability, as it is there where retailers can have a word in consumers' perceptions and buying decisions (Saber & Weber, 2019). One idea for communication and engagement is to create circular economy solutions that encourage consumers to recycle at Continente's stores and then use the recycled materials for Private Label packages and products.

Also, Private Label websites, such as “plástico responsável”, must be better disclosed to the general audience. Promoting it in stores both through flyers and posters could be interesting.

Second, market studies and research to track how the brand is perceived in sustainability should be employed. Until now, the Private Label is exclusively measuring consumers’ perceptions on quality and price. So, the next step is including sustainability. These studies should be employed at least once a year and they could be complemented by focused studies whenever new initiatives were launched, to assess consumers’ receptiveness.

Third, raising knowledge and awareness among employees is as well highly recommended. The Private Label decision making is spread out across several category managers, strategy specialists, supplier brand managers, among others. This makes it hard to ensure consistency and alignment amongst all employees. Thus, the sustainability strategy must be communicated internally to ensure knowledge and awareness among all. This might ease the decision process and decrease conflicts between departments. Moreover, since sustainability is about long-term, hurried decisions must be discouraged throughout all Private Label departments.

Fourth, working with suppliers is crucial. Indeed, suppliers must be helped and pressured to adopt sustainable practices and processes. This can be done by emphasizing that by complying with sustainability, Portuguese suppliers will be better prepared for possible exportation.

Finally, the brand should invest both in partnerships and collaborations. Unlike other business aspects, sustainability brings challenges that are not addressed in competition. Rather, they demand collaboration between all. This understanding is already shared by Continente’s Private Label top management, highlighted by the recent partnership with Sociedade Ponto Verde. According to such understanding, other partnerships with other field experts could be done. Furthermore, cooperation with value-chain members, even competitors, should also be fostered. On the one

hand, the more retailers asking suppliers what the Private Label is asking, the faster they will be able to offer competitive prices. On the other hand, the more retailers offering sustainable products, the faster sustainability and sustainable behaviors will be promoted across Portuguese consumers.

7) Final Considerations

Despite sustainability being a relatively new management field, there is no doubt that businesses must comply with our current context of finite resources. Undeniably, such context poses challenges to firms. Not only because they must define a strategy accordingly, but also because they must serve their consumers' needs, being aware that consumers are as well adjusting to this new paradigm.

The novelty of the present WP lies in the fact that it takes into consideration various complementary streams of study, namely sustainability, tensions, strategy and consumers. By answering its proposed research question, this study stresses that internal tensions are influenced by how a firm interacts with consumers. Indeed, Continente's Private Label served as a context to underline that tensions and sustainability strategy with consumers are strongly interrelated dimensions. By being a leading food retailer and an intermediary between producers and consumers, this firm has an outstanding role to promote sustainability - it has both the capacity and the responsibility to affect the entire ecosystem.

As avenues for future studies, the WP methodological approach here followed should be applied to further companies. This would allow to find out patterns, namely whether within different firms there is also a connection between internal tensions and the sustainability strategy with consumers. Finally, for additional research within the issue of tensions, a multiple case-study would be enlightening to find out whether different levels of sustainable developments in firms imply the existence of different tensions.

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**HOW TENSIONS EMERGE IN RELATION TO A FIRM'S SUSTAINABILITY
STRATEGY WITH CONSUMERS:
THE CASE OF CONTINENTE'S PRIVATE LABEL**

APPENDICES

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33762

Work Project carried out under the supervision of:

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May 22, 2020

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Appendix 1: The four pillars of business sustainability and their key elements



Source: Hedstrom (2018)

Appendix 2: Food retail index in Portugal

Retail-Index

HOME & SEARCH Countries Sectors E-commerce retail EXAMPLES Price & Order F.A.Q. Service Desk Newsletter About Us/contact us

Country: Portugal Sector: Food

Ranking of retailers in Portugal, Sector: Food

Rank	Company	Banners/Brands	Profile	Turnover in mio euro	Number of outlets
1	Jeronimo Martins	Hussel, Jeronimo, Pingo Doce, Recheio	Profile	4815	520
2	Modelo Continente	Continente, Continente Bom Dia, Continente Modelo, Go Natural, Meu Super, Well's, Worten	Profile	4158	1110
3	Auchan Group	Auchan, Auchan Shopping Centers, Jumbo (Auchan) Hypermarkets, Jumbo (Auchan) Natureza, My Auchan, Opticas (Auchan), Pão de Açúcar (Auchan) Hypers.	Profile	1750(e)	63
4	Lidl	Lidl	Profile	1580(e)	>250
5	Os Mosqueteiros	Bricomarché, Intermarché Contact, Intermarché Super, Roady	Profile	2100(e)	321
6	DIA	Minipreco	Profile	808	532
7	Leclerc	Leclerc	Profile	515(e)	20
8	Makro C&C (Metro)	Makro	Profile	379	10
9	Aldi	Aldi	Profile	259	68
10	SpaR	SPAR	Profile	106	136
11	Celeiro	Celeiro Dieta	Profile	51	44
12	Coviran	Coviran	Profile	40(e)	300(e)
13	Froiz	Froiz, Froiz C&C	Profile	33	17
14	Terra Pura	Terra Pura	Profile	2	4
15	Mercadona	Mercadona	Profile		4

Source: [https://www.retailindex.com/HOMESEARCH/RetailIndexSearchsults.aspx?](https://www.retailindex.com/HOMESEARCH/RetailIndexSearchsults.aspx?countryid=8§orid=1)

countryid=8§orid=1; (accessed on February 27, 2020)

Appendix 3: Introduction presented to all interviewees at the beginning of the interview

Introduction to the Interview

What am I doing?

This interview is part of my master thesis. My interest is on understanding Continate's Private Label sustainability strategy, how the brand deals with consumers regarding sustainability, and what are the internal tensions it is suffering due to the sustainability implementation. By internal tensions I mean internal issues and challenges that are arising.

For my research it is crucial to assess what you, as an employee, are feeling regarding the company's sustainability implementation, what you have learned/are learning in this process and how it impacts your work. Please **be frank** with me about your experiences and opinions.

Why am I doing it?

To build our understanding about:

- **Challenges big companies face when it comes to sustainability**
- **The role relationships with consumers might have in fostering internal tensions**
- **How can we better overcome difficulties and, ultimately, improve management**

How am I conducting this research?

- I am analyzing corporate data on sustainability, but mostly
- I am interviewing (hopefully) **15 employees** from different departments

What is the interview like?

- In the interview there will be **3 different moments**. I'll start by asking you some general questions about your work and responsibilities within the Private Label. After that, we will go deeper on sustainability and talk about the challenges it entails. To conclude, we will wrap up with questions on consumers and sustainability lessons learned.
- **If you agree, the interview will be recorded for transcribing purposes.**

What happens to the information you give me and the accounts I provide?

- The information you offer me today will be used exclusively in my Master Thesis
- Any published works (thesis or articles) derived from this research will never disclose your real name
- All of this is detailed on the **informed consent form**.

Source: Conceived by the author

Appendix 4: Informed Consent, presented to interviewees after introducing the interview and before starting it

Informed consent

If you take part in this study, I will record our interview and use its content for my master thesis research. The audio track will then be transcribed and stored safely. The interview transcripts can only be accessed by authorized Nova SBE Professors. Any additional use will only be authorized by myself as the research leader and your permission will be sought. Nothing will ever be publicly published that can be traced back to you.

If you say the words Off the record, that will be erased from the transcript.

Do you agree to describe your organization’s sustainability strategy and its implications?

Yes *No* *(please circle)*

Do you agree to recording this interview? (Under the conditions stated above)

Yes *No* *(please circle)*

Do you agree for me to seek your consent for any additional use of this data?

Yes *No* *(please circle)*

Signed: _____

Date: _____

Source: Conceived by the author

Appendix 5: Guideline for semi-structure interviews with Continate's Private Label employees

Initial Protocol: Warm-up; questions on working role and sustainability strategy

1. **Role description** - Can you give me a brief description of what is your role in Continate's Private Label and what are your main tasks and responsibilities?
2. **Company/business sustainability project** – Can you describe what Continate's Private Label does in terms of sustainability (considering its six axes of action within the company) and how it is connected to your specific role?
3. **Background and Experience** – What abilities and capacity do you have at your organization to take decisions regarding sustainability?
4. **Decisions and important moments** – Can you tell me some important moments of your company's development so far towards sustainability? Proud moments? Main challenges ahead?

Process: Expanding on sustainability & identifying challenges

5. Thinking about these key moments, can you identify the main tensions in the process?
6. What are the dimensions that you consider resolved and unresolved?
7. In many organizations there are forces that pull against sustainability. In Continate's Private Label can you identify such forces?
8. How do you think the Private Label is solving the difficulties brought by the sustainability implementation?

Pain-points: Consumers, learning and sustainability

9. How do you think consumers see sustainability in the Private Label? What do you fail to implement because of consumers?
10. Based on what you shared, what are the main lessons you take from this journey towards sustainability?
11. What does success in terms of sustainability mean to you?
12. Have you got any sustainability role model company within the food retailing industry that you are following?
13. Thank you very much for your time and availability. Do you have any question you would like to ask me?

Source: Conceived by the author

Appendix 6: Fieldwork notes field by the researcher after each interview

Fieldwork notes – Master Thesis Mariana Mathias Quartau	
Interviewee's name	
Interviewee's department	
Interview Date	
Location	
Length	

1. In brief, what were the main findings for each theme discussed in the interview?
2. Were there any themes or questions which not answered/not asked/ avoided by participant?
3. What themes were discussed in the most depth?
4. What were the most significant or interesting discussions within the interview?
5. What were the least significant or interesting discussions within the interview?
6. Any improvement needed on the script or fieldwork strategy?

Source: Conceived by the author

Appendix 7: Analysis grid applied to every interview

Interviews	Data Collection	Content Analysis	Internal Tensions	Paradoxes	Sustainability strategy with consumers	Recommendations
Interview 1	Perception on sustainability issues: relevant sentences	Key idea underlying	Tension highlighted	Correspondent paradox	Connection to how the firm engages with consumers	Potential solution

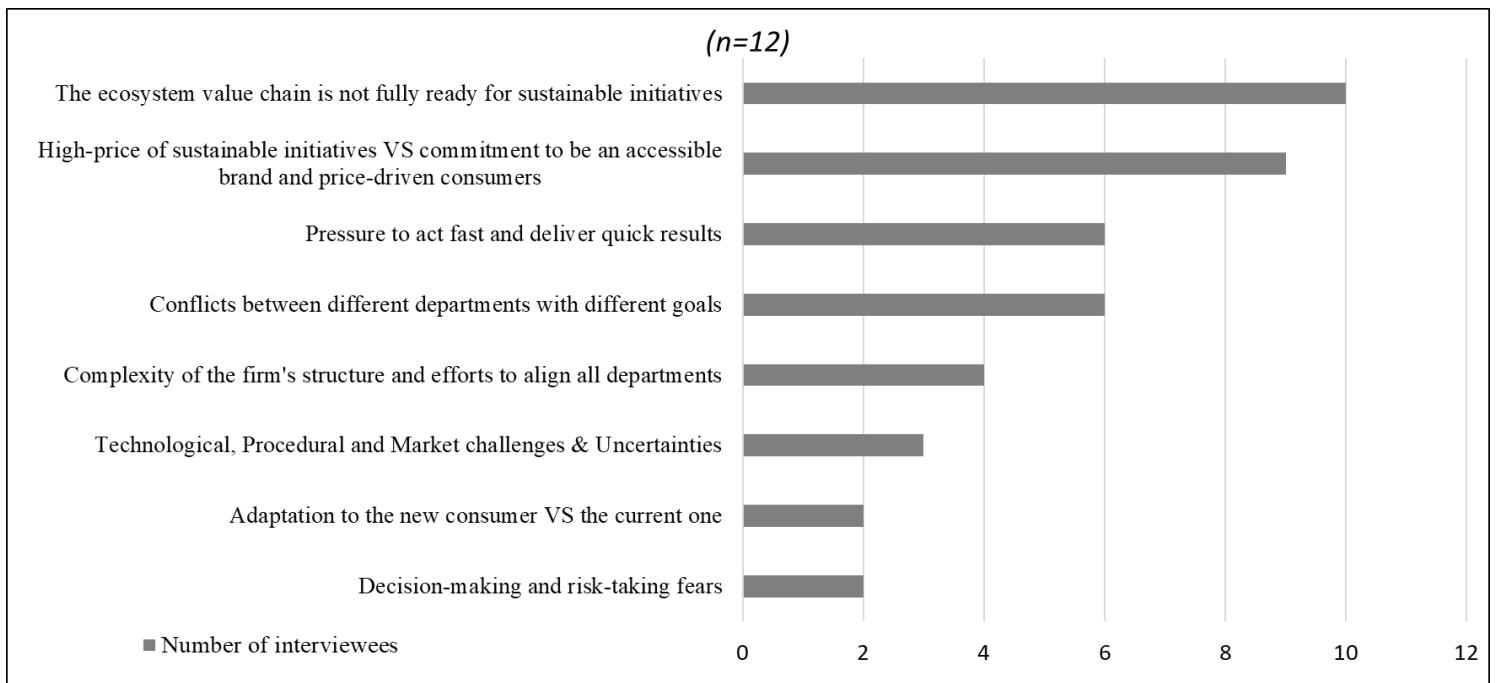
Source: Conceived by the author

Appendix 8: A summary of the assessment of Continate's private label sustainability strategy with consumers. Each KSI has four levels, starting by the least sustainable. In bold it is highlighted where the company stands currently in each KSI

1) Sustainability Linkages to Consumers	2) Core Approach to Addressing Consumers' Sustainability Needs	3) The Role Sustainability Plays in Shaping Market Opportunities
<p><i>KSI 1 Posture with Consumers</i> <u>4 LEVELS</u> 1st Assess if consumers like products 2nd Educate about sustainability 3rd Promote sustainable consumption 4th Recognized for creating demand for sustainable solutions</p>	<p><i>KSI 3 Sustainability partnerships with consumers</i> <u>4 LEVELS</u> 1st Traditional interactions (e.g., guiding on safe product use) 2nd Pilot effort to cut collective footprint (and eventually solicit input regarding more sustainable products) 3rd Considerable investment to cut collective footprint & develop more sustainable products 4th Pioneer innovative closed-loop business models</p>	<p><i>KSI 5 Selling sustainability features into existent markets</i> <u>4 LEVELS</u> 1st Focus on traditional market segments 2nd Pilot new market segments for sustainable product offerings 3rd Growing investment on sustainable attributes and products 4th Transform company to fully align with sustainability attributes</p>
<p><i>KSI 2 Identification of sustainability issues</i> <u>4 LEVELS</u> 1st Respond to consumers' sustainability requests 2nd Understand consumers' sustainability goals 3rd Cooperate with consumers to meet their sustainable goals 4th Cooperate with consumers to jointly create new sustainable solutions</p>	<p><i>KSI 4 Communications</i> <u>4 LEVELS</u> 1st Traditional; ask feedback on existent products and services; 2nd Highlight sustainability attributes of new products, services and solutions 3rd Communicate projects that require joint investments to drive down full value chain footprint 4th Positioned as a sustainable firm; jointly create or expand market for sustainable products, services and solutions</p>	<p><i>KSI 6 Sustainability attributes in product line extension</i> <u>4 LEVELS</u> 1st Rarely consider sustainable attributes 2nd Has pilot investments in sustainable products, services and solutions 3rd Sustainability is core to product-related business decisions 4th Leader in the market; launch industry sustainability breakthroughs</p>

Source: Assembled with adaptations by the author and based on Hedstrom (2018)

Appendix 9: The interviewees' most mentioned internal tensions



Source: Conceived by the author

Appendix 10: Detailed analysis on all issues identified during interviews

Data Collection	Content Analysis	Internal Tensions	Paradoxes	Solution Identification	External Factor Connection
Perception on sustainability issues	Key Idea Underlying	Tension highlighted	Paradox found	Main findings & Potential Solution	Related to the company's sustainability strategy with consumers?
"Sometimes, shortly after the initiatives there is already technology that contradicts what we had been doing months before."	Technology keeps changing and bringing new ways of doing, which highlights that sustainability is not a steady field.				
"When we try to replace a material with a more sustainable alternative we automatically reduce the expiration date of that item"	Changing the materials of packages may compromise expiry dates				
"Another measure was to move some materials to recycled paper. But there's no guarantee that this recycled paper is better from the environment. There is a lot of contrary reliable information."	Because sustainability is complex and recent, there is still a lack of information and consensus in some matters.				
"This is a very specific and technical world and therefore in some cases there is still little knowledge within the company on which materials are possible to use and which are not."					
"Changes are often complicated, either from an industrial point of view, because industrially you cannot get a better option, or from an economic point of view because the material may increase costs and the truth is that we can never lose our competitiveness."	Difficulties in managing sustainability both because there is still no technology or material available to change or because of the costs involved in changing.	Technological, Procedural and Market Challenges & Uncertainties	Learning (shift from previous unsustainable technologies and materials to more sustainable ones; effort to innovate and change previous ways of doing creates an internal tension because there are still uncertainties in the market, not always materials are available and technology keeps evolving)	It's important that the company passes as much reliable information as possible to educate employees and guarantee they all have the adequate knowledge. Support employees' choices and motivate them to keep up with technology, materials and market evolution and change as they evolve. Strategic goals should be adapted and adjusted to market capacities.	No.
"In the market there is a shortage of recycled material, which implies that, in addition to the economic challenge between supply and demand, there might also be a lack of material and therefore there are certain commitments which we cannot assume, I cannot say that in certain products I will always incorporate a certain percentage of recycled plastic because there may not be that plastic."	Since the brand has the strategic objective of incorporating recycled materials, there is a great challenge to fulfill this objective because there is a shortage of these materials in the market. Thus, this market constraint can make it difficult to comply with the defined strategy.				
"For example, regarding packaging with various types of plastics, we know that they are the best ones that can be used and they are the only ones that guarantee the quality and useful life of food. Right now there are no changes and there is still no substitute available for these materials. This is one of the biggest challenges we face."	There are materials which are not recyclable but there are no other alternatives available in the market currently. This market constraint makes it difficult for the firm to comply with its defined strategy.			When it comes to problems in changing materials, to ensure expiry dates are kept, the firm can focus on changing first the packages of products which despite having long expiry dates, leave the stores long before they happen (e.g., even though pasta is made to last 3 years, if consumers take it from stores within 2/3 weeks, then packages don't need to ensure pasta lasts 3 years). It could be relevant to partner with entities that have knowledge on the field, like the firm is already doing with Sociedade Ponto Verde. Despite there is still a lack of consensus in some matters, by partnering with specialists on the field some doubts can be eliminated.	

<p>"We want to show that we want to do a lot and that we are doing a lot and sometimes it may not be the best way. People are very willing and everyone wants to participate and to have the best ideas but sometimes they don't choose the best paths."</p>	<p>"There is a desire to do things quickly but often they cost money and we must try to think in a medium / long-term logic. Many times, if we think only on the immediate perspective, we will abandon projects because they are not economically viable. We must think a little further"</p>	<p>"One of the teams wanted to make a change on the plastic bags in which they pack the fish to deliver to the customer for an alternative solution. The rush and tension to do it was so big that we came to the conclusion that the option we are going to have, even though it's better than what we had before, is not the optimal solution. We ended up developing a bag that on the outside is cardboard but inside has plastic. It's not the best option."</p>	<p>"Everyone wants to work and wants to be innovative but sometimes when wanting to be innovative, changes that are not beneficial for sustainability and recyclability are made."</p>	<p>"Exchanging plastic with card just because it is not plastic is not a good option. (...) One should not run towards sustainability."</p>	<p>"Making packaging recyclable for us is a given. The challenge is to ensure that we only use the necessary quantity and that we close the cycle, that materials are in fact recycled. This will require a great effort on our part both in terms of eco-design and then in our ability to influence consumers and also provide our stores with infrastructures to collect these packages and ensure the circuit closes."</p>	<p>"All the pressure from the top is to implement sustainability and to move faster and faster on this path"</p>	<p>"They ask us to have an incredible speed and to have new things to communicate in terms of sustainability but that is very difficult because all these changes cost money and time."</p>	<p>"An internal tension is the decision-making and risk-taking that I was talking about a while ago. It is never easy, if I stay the same and things go wrong it is less criticized than if I change and things go wrong."</p> <p>"There is no legislation on what is ecological and what is not. When we looked at the range of products, we thought that certain products should be included there, because they are more environmentally friendly alternatives. But since there is no legislation we don't want to assume products to be ecological. We don't want to take the risk of people saying that our products are not truly ecological because there exist more ecological alternatives"</p>
<p>All employees are conscient about sustainability and they want to fulfill the firm's aim of being more sustainable. As such, they take measures quickly to show they're working on this area. But quick measures can be counter prudent as they might not be the best solutions.</p>		<p>Pressure to act fast and deliver quick results</p>	<p>To achieve positive results it's important to impact the whole chain: from suppliers to consumers. The company will also have challenges when it comes to ensuring that all packages are recyclable, but that is a given goal. There's pressure to comply with sustainability objectives and to offer results.</p>	<p>Top management is pressuring employees to act fast which may lead to the implementation of rash measures.</p>	<p>Sustainability, which entails innovation and changing previous ways of doing, decision-making is always harder because it involves more risks. One of them is being criticized if the result is not as good as it was expected.</p>	<p>The lack of legal definition of what is ecological and what is not is a problem because without law the company doesn't have enough confidence and arguments to implement certain measures that then can be criticized by consumers.</p>	<p>Decision-making and risk-taking fears</p>	
<p>Learning and Performing (The company wants employees to innovate and find new ways of doing; employees are pressured to comply with financial, environmental and social goals and work simultaneously on them)</p>		<p>Performing (organizational members may hold competing strategies and goals regarding sustainability. Each employee has to take decisions to ensure multiple outcomes)</p>	<p>Invest on educating employees to prepare them to make choices. Create a supporting culture all over the company</p>	<p>Performing (organizational members may hold competing strategies and goals regarding sustainability. Each employee has to take decisions to ensure multiple outcomes)</p>	<p>Invest on educating employees to prepare them to make choices. Create a supporting culture all over the company</p>	<p>Performing (organizational members may hold competing strategies and goals regarding sustainability. Each employee has to take decisions to ensure multiple outcomes)</p>	<p>Yes: Ultimately, the firm's reluctance on increasing the range of the Eco brand is that consumers may criticize the brand's decision. Without law, the firm has no confidence to take some decisions that may end up being criticized by consumers.</p>	
<p>Sustainability is about long-term: there must be openness to give time to employees to absorb knowledge, to think about their choices and to ground them with data to avoid quick actions that afterwards need to be destroyed. Before decisions are made it is important to do a thorough market study and customer receptivity analysis. Hurried decisions must be discouraged.</p>		<p>No.</p>	<p>No.</p>	<p>No.</p>	<p>No.</p>	<p>No.</p>	<p>No.</p>	

<p>"A big challenge for the private label is how to adapt to the new customer who still carries bottles and bags in packages but later will start demanding things like refills or other options which are less harmful for the environment."</p>	<p>While consumers still want to keep their buying habits and patterns, it is expected that in the future they seek for new sustainable business models when it comes to food retailing. So, the firm will have to change practices and processes to comply with a new reality and context.</p>	<p>Adaptation to the new consumer VS the current one</p>	<p>Learning (efforts to innovate and change previous ways of doing)</p>	<p>Invest on market studies to track how consumers see the private label and to understand if it is perceived as a sustainable brand; Implement sustainable initiatives such as bulk selling in a few pilot stores and study and monitor customer reactions;</p>	<p>Yes.</p>
<p>"I think that the greatest difficulty will probably be the increasing pressure from the market and from consumers to make everything more sustainable, which is often impossible."</p>	<p>Consumers will increasingly pressure companies to be more sustainable, which means food retailers will have to change practices and processes to comply with a new reality and context.</p>				
<p>"I want very badly to do things but then I have a lot of people and departments and areas that are telling me to evaluate a series of points and to see if there are no impacts"</p>	<p>The multiplicity of areas and departments that have to be contacted to trigger sustainability initiatives may hinder and create bureaucracy in the process.</p>				
<p>"Sustainability is not something immediate, there are not so many things that are actionable in the short-term because there are a series of parameters that have to be triggered and resolved"</p>	<p>Sustainability is complex and so is the company's structure to activate projects in this area, which may prevent from offering quick results</p>				
<p>"Each person has different goals and different agendas so sometimes it's difficult to align everything so that initiatives can be taken higher for approval"</p>	<p>Difficulties in bringing together all those who have to approve the initiatives.</p>	<p>Complexity of the firm's structure and efforts to align all departments</p>	<p>Organizing and Performing (complexities when it comes to organize and structure sustainability initiatives; employees have different goals and multiple outcomes to fulfill which harms alignment between the different individuals that have to approve and validate sustainability initiatives)</p>	<p>Bet both on uniformity and communication to ensure that all decisions made on a day-to-day basis of the 39 categories are aligned; Take time to communicate with managers' all of the firm's options when it comes to sustainability to guarantee that they are informed, understand the strategy and can ground their daily choices on it;</p>	<p>No.</p>
<p>"The fact that we have many departments and categories makes it harder to walk all at the same pace"</p>	<p>Complexity of the brand's structure composed by several managers, products and departments makes it difficult to guarantee uniformization in terms of actions and knowledge in this area.</p>				
<p>"It is still difficult to have everyone on the same page."</p>	<p>The complexity of sustainability topics along with the complexity of the firm's structure makes it difficult to guarantee uniformization in terms of actions and knowledge.</p>				
<p>"Sometimes we want to do things but the great difficulty is that we will not be able to go all at the same speed because some will do less than expected, others will do more than expected, and sometimes things will end up not done well."</p>					

<p>"I believe that there are situations in which Marketing wants to communicate something and then the commercial department says that the budget does not stretch and that certain events have to be planned differently."</p>	<p>Budgetary constraints are an impediment to achieve consensus and to implement some initiatives.</p>	<p>Yes: One of the reasons behind the operations' reluctance is that with the implementation of this selling model stores might lose their ability to attract customers. This is a challenging model to implement because to ensure customers will keep their willingness to buy unchanged, in stores everything will have to be monitored to be always clean and tidy.</p>	<p>No.</p>
<p>"In the long-run, what is thought for Contimente Eco range is to offer refill of multiple things. But I think that tensions in operations will exist: I think stores would completely abolish this refill concept."</p>	<p>Operations will create obstacles to implement different selling models in stores.</p>	<p>Yes: one of the reasons behind the operations' reluctance is that by changing the balance of space in stores, sales may suffer. The new products may not be as well received by customers as the existing ones and hence sales may decrease.</p>	<p>Yes: communication is a way of ensuring consumers are aware of sustainability measures</p>
<p>"The balance of space in stores is always a source of tensions, whether on issues related to sustainability or not. whenever we want to expand a product range."</p>	<p>Operations create obstacles to change the balance of space between products in stores due to the introduction of new products.</p>	<p>Yes: one of the reasons behind the operations' reluctance is that by changing the balance of space in stores, sales may suffer. The new products may not be as well received by customers as the existing ones and hence sales may decrease.</p>	<p>Yes: communication is a way of ensuring consumers are aware of sustainability measures</p>
<p>"Internally there might be some misalignment in terms of what we would like and what we communicate, so we would like to communicate a certain thing and sometimes this is not the understanding of other teams, such as Marketing or Public Relations"</p>	<p>There may be internal frustration because the great effort to implement certain initiatives is not communicated (or there are a lot of resistance in communicating) and, consequently, ends up not being perceived by consumers.</p>	<p>Facilitate the implementation of sustainability projects internally by creating teams with people from different departments and areas. This may prevent the development of initiatives that cannot be implemented and may also foster coordination and equilibrium during the process. For example, to work on Contimente ECO, given the difficulties commercial managers' are having in introducing products in the brand's range due to the lack of legislation on what is ECO and what is not, a multidisciplinary team could be created. Such team should be composed by private label, quality and strategy managers along with jurists from the legal department which could help on defining the guidelines on what characteristics products must have to be considered ecological. To solve conflicts regarding refill or changes in balance in stores, a testing phase in a few biggest stores should be implemented. This could help the company managing different selling models and bringing confidence to the reluctant departments on how the investment/change could be worthy</p>	<p>Yes: communication is a way of ensuring consumers are aware of sustainability measures</p>
<p>"The company wants to be at the forefront but we often have a communications problem: we are sustainable but we don't look like we are, and we have to look too."</p>	<p>Conflicts between different departments with different goals</p>	<p>Facilitate the implementation of sustainability projects internally by creating teams with people from different departments and areas. This may prevent the development of initiatives that cannot be implemented and may also foster coordination and equilibrium during the process. For example, to work on Contimente ECO, given the difficulties commercial managers' are having in introducing products in the brand's range due to the lack of legislation on what is ECO and what is not, a multidisciplinary team could be created. Such team should be composed by private label, quality and strategy managers along with jurists from the legal department which could help on defining the guidelines on what characteristics products must have to be considered ecological. To solve conflicts regarding refill or changes in balance in stores, a testing phase in a few biggest stores should be implemented. This could help the company managing different selling models and bringing confidence to the reluctant departments on how the investment/change could be worthy</p>	<p>Yes: communication is a way of ensuring consumers are aware of sustainability measures</p>
<p>"We have a big block when it comes to communication because we are not being able to communicate the changes we are making. It's crucial to communicate them because if we are going to pay more at least we have to be able to sell."</p>	<p>Operations and supplier brand managers will create obstacles to change the balance of space in stores because not always sustainable products from the private label are more profitable than supplier products.</p>	<p>Facilitate the implementation of sustainability projects internally by creating teams with people from different departments and areas. This may prevent the development of initiatives that cannot be implemented and may also foster coordination and equilibrium during the process. For example, to work on Contimente ECO, given the difficulties commercial managers' are having in introducing products in the brand's range due to the lack of legislation on what is ECO and what is not, a multidisciplinary team could be created. Such team should be composed by private label, quality and strategy managers along with jurists from the legal department which could help on defining the guidelines on what characteristics products must have to be considered ecological. To solve conflicts regarding refill or changes in balance in stores, a testing phase in a few biggest stores should be implemented. This could help the company managing different selling models and bringing confidence to the reluctant departments on how the investment/change could be worthy</p>	<p>Yes: communication is a way of ensuring consumers are aware of sustainability measures</p>
<p>"Whenever we want to communicate household cleaning products, and many of them are the engine of recyclability, it's a huge struggle. (...) For Marketing, it is complicated to communicate that we have new dishwashing detergents, they did it now at a great cost and they didn't even focused the recycled part."</p>	<p>Because each team/department has specific goals with specific KPIs, if they are not aligned they can be contradictory and create conflicts among people and departments.</p>	<p>Facilitate the implementation of sustainability projects internally by creating teams with people from different departments and areas. This may prevent the development of initiatives that cannot be implemented and may also foster coordination and equilibrium during the process. For example, to work on Contimente ECO, given the difficulties commercial managers' are having in introducing products in the brand's range due to the lack of legislation on what is ECO and what is not, a multidisciplinary team could be created. Such team should be composed by private label, quality and strategy managers along with jurists from the legal department which could help on defining the guidelines on what characteristics products must have to be considered ecological. To solve conflicts regarding refill or changes in balance in stores, a testing phase in a few biggest stores should be implemented. This could help the company managing different selling models and bringing confidence to the reluctant departments on how the investment/change could be worthy</p>	<p>Yes: communication is a way of ensuring consumers are aware of sustainability measures</p>
<p>"Sometimes, to be able to justify space in store with a brand that doesn't sell that much but that is our own private label brand is both challenging and difficult because on the one hand the private label must have its space, but on the other hand it might not be the best selling brand or the more profitable."</p>	<p>The lack of legal definition of what is ecological and what is not fosters a tension between commercial and quality departments.</p>	<p>Facilitate the implementation of sustainability projects internally by creating teams with people from different departments and areas. This may prevent the development of initiatives that cannot be implemented and may also foster coordination and equilibrium during the process. For example, to work on Contimente ECO, given the difficulties commercial managers' are having in introducing products in the brand's range due to the lack of legislation on what is ECO and what is not, a multidisciplinary team could be created. Such team should be composed by private label, quality and strategy managers along with jurists from the legal department which could help on defining the guidelines on what characteristics products must have to be considered ecological. To solve conflicts regarding refill or changes in balance in stores, a testing phase in a few biggest stores should be implemented. This could help the company managing different selling models and bringing confidence to the reluctant departments on how the investment/change could be worthy</p>	<p>Yes: communication is a way of ensuring consumers are aware of sustainability measures</p>
<p>"In big organizations like Sonae MC, each person, each team, each department has goals. These goals or KPIs are defined within each area according to what the company's guidelines are, but in some cases they can be conflicting. For example, the packaging development team may have a KPI, which is to have an excellent packaging from the perspective of eco-design to have a recyclable packaging, and in the commercial area of the private label the KPI might be to reach x% in terms of profitability"</p>	<p>The lack of legal definition of what is ecological and what is not fosters a tension between commercial and quality departments.</p>	<p>Facilitate the implementation of sustainability projects internally by creating teams with people from different departments and areas. This may prevent the development of initiatives that cannot be implemented and may also foster coordination and equilibrium during the process. For example, to work on Contimente ECO, given the difficulties commercial managers' are having in introducing products in the brand's range due to the lack of legislation on what is ECO and what is not, a multidisciplinary team could be created. Such team should be composed by private label, quality and strategy managers along with jurists from the legal department which could help on defining the guidelines on what characteristics products must have to be considered ecological. To solve conflicts regarding refill or changes in balance in stores, a testing phase in a few biggest stores should be implemented. This could help the company managing different selling models and bringing confidence to the reluctant departments on how the investment/change could be worthy</p>	<p>Yes: communication is a way of ensuring consumers are aware of sustainability measures</p>
<p>"We have not yet consulted the legal department but the quality department does not validate that the product is Contimente Eco because there is no legislation and when that's the case nobody wants to take that step. It turns out to be a tension within the company because there is no legislation. For us, on the commercial side, it would be Eco. But for the quality department someone needs to validate for it to be Eco"</p>	<p>The lack of legal definition of what is ecological and what is not fosters a tension between commercial and quality departments.</p>	<p>Facilitate the implementation of sustainability projects internally by creating teams with people from different departments and areas. This may prevent the development of initiatives that cannot be implemented and may also foster coordination and equilibrium during the process. For example, to work on Contimente ECO, given the difficulties commercial managers' are having in introducing products in the brand's range due to the lack of legislation on what is ECO and what is not, a multidisciplinary team could be created. Such team should be composed by private label, quality and strategy managers along with jurists from the legal department which could help on defining the guidelines on what characteristics products must have to be considered ecological. To solve conflicts regarding refill or changes in balance in stores, a testing phase in a few biggest stores should be implemented. This could help the company managing different selling models and bringing confidence to the reluctant departments on how the investment/change could be worthy</p>	<p>Yes: communication is a way of ensuring consumers are aware of sustainability measures</p>

<p>"For consumers, price is what counts, not our sustainable intentions"</p>	<p>"We are all comfortable with taking a change of direction but then we reach the final part and the consumer does not buy because the product is more expensive"</p>	<p>"Studies tell us that people are available to pay more for a product that is more sustainable (because it's ecological or organic), but within that price range is more willing to pay more for a product with a lower percentage of plastic than the other. There is awareness about sustainability but then people are not as available as one might think to pay more for the products."</p>	<p>Disbelief that the firm's sustainability purpose is more important than prices for consumers</p>	<p>Invest in communication to educate consumers: a lot of misinformation still persists so spreading information in this area is extremely relevant; Continuous market studies to track how consumers' see the private label and to assess if it is perceived as a sustainable brand. If consumers don't acknowledge the brand as sustainable, the firm has to invest in which measures the sustainable they won't be available to pay more for them. By investing in innovation and product quality, consumers can do other choices and opt for buying better products instead of basic/simple ones. This may bring some balance in terms of profitability. The firm should opt for a logic of scale to achieve lower prices in the products in which changes are not being made. This way, despite registering losses in some products, in the portfolio as a whole a profitability balance can be achieved. Pressuring suppliers is extremely relevant: the more companies asking them what the private label is asking, the faster they will be able to put competitive prices in sustainable orders.</p>
<p>"Consumers are often inhibitors of a set of actions, because although they are increasingly sensitive to this topic, the truth is that the consumer is not yet available to pay for sustainability"</p>	<p>"The main force against is that sustainability entails costs and not always consumers are willing to pay for that costs"</p>	<p>Tension between the cost of sustainability and the unwillingness of consumers to pay a premium for a sustainable product;</p>	<p>High-price of sustainable products VS commitment to be an accessible brand and price-driven consumers</p>	<p>performing (employees have to perform inconsistent tasks and they feel a tension when they are confronted with the high price of sustainable food versus their commitment to serve low-income consumers)</p>
<p>"If it's not possible to scale the consumption of sustainable products, it becomes a niche topic. If consumers do not adopt more responsible behaviors in their choices, it does not help on making prices accessible. In this sense, consumers are obstacles."</p>	<p>"I can't just increase the price because the consumer will not understand why it has increased."</p>	<p>If consumers are only driven by prices and are not willing to change their behaviors, the company will not be able to offer sustainable products at accessible prices.</p>	<p>Generalized lack of information among consumers.</p>	<p>Invest in communication to educate consumers: a lot of misinformation still persists so spreading information in this area is extremely relevant; Continuous market studies to track how consumers' see the private label and to assess if it is perceived as a sustainable brand. If consumers don't acknowledge the brand as sustainable, the firm has to invest in which measures the sustainable they won't be available to pay more for them. By investing in innovation and product quality, consumers can do other choices and opt for buying better products instead of basic/simple ones. This may bring some balance in terms of profitability. The firm should opt for a logic of scale to achieve lower prices in the products in which changes are not being made. This way, despite registering losses in some products, in the portfolio as a whole a profitability balance can be achieved. Pressuring suppliers is extremely relevant: the more companies asking them what the private label is asking, the faster they will be able to put competitive prices in sustainable orders.</p>
<p>"Everything we do can't have an impact on prices: we have to be the ones assuming breakdowns of millions"</p>	<p>"Sometimes I can't replace an ingredient in a product because it would imply that the product would be much more expensive and I cannot have a product that is no longer accessible to people"</p>	<p>Generalized lack of information among consumers.</p>	<p>High-price of sustainable products VS commitment to be an accessible brand and price-driven consumers</p>	<p>performing (employees have to perform inconsistent tasks and they feel a tension when they are confronted with the high price of sustainable food versus their commitment to serve low-income consumers)</p>
<p>"There are areas within the company that have objectives closely linked to results, immediate results, quarterly results. They have the objective of achieving certain sales results in the next quarter. So, sometimes there are projects that are in conflict with this: if the consumer does not buy there is resistance to implement."</p>	<p>"In terms of profitability, many times sustainable ingredients are more expensive. In my opinion, this is one of the most difficult factors."</p>	<p>Generalized lack of information among consumers.</p>	<p>High-price of sustainable products VS commitment to be an accessible brand and price-driven consumers</p>	<p>performing (employees have to perform inconsistent tasks and they feel a tension when they are confronted with the high price of sustainable food versus their commitment to serve low-income consumers)</p>
<p>"I would say that the biggest difficulty is related with price because, as I said, sustainability has to be accessible to everyone. Sometimes the options we make either for more sustainable sourcing or for trade-offs in packaging materials to guarantee they are the best ones from the point of view of the responsible use of resources, imply increased costs, and we have some limits we cannot cross, otherwise our own business is not sustainable."</p>	<p>"Sustainable products are typically more expensive and consumers feel that it is our duty (and it is!) to offer the product at an affordable price. This is a trade-off that we have to do: to be able to deliver these products we will have to abdicate, in some cases, our ideal margin."</p>	<p>Generalized lack of information among consumers.</p>	<p>High-price of sustainable products VS commitment to be an accessible brand and price-driven consumers</p>	<p>performing (employees have to perform inconsistent tasks and they feel a tension when they are confronted with the high price of sustainable food versus their commitment to serve low-income consumers)</p>
<p>"Commercial interests are sometimes different from the nutritional ones"</p>	<p>"The customer wants (sustainability) but also wants it to be practical, cheap, but the best of both worlds is not always possible. Our ideal is to be accessible in terms of price, which is often not going to be possible. So we may end up not launching products because we are unable to do it affordably"</p>	<p>Generalized lack of information among consumers.</p>	<p>High-price of sustainable products VS commitment to be an accessible brand and price-driven consumers</p>	<p>performing (employees have to perform inconsistent tasks and they feel a tension when they are confronted with the high price of sustainable food versus their commitment to serve low-income consumers)</p>
<p>"A Private Label Commercial Manager has to deal with two opposite forces: on the one hand, he knows that it is his objective to seek for sustainable products, but on the other hand he is always obliged to look at margins, justify them and ensure any increase margins and grow in sales."</p>	<p>Commercially the firm is committed to offer products at accessible prices but nutritional changes sometimes imply an increase in prices.</p>	<p>Generalized lack of information among consumers.</p>	<p>High-price of sustainable products VS commitment to be an accessible brand and price-driven consumers</p>	<p>performing (employees have to perform inconsistent tasks and they feel a tension when they are confronted with the high price of sustainable food versus their commitment to serve low-income consumers)</p>

<p>"Ignorance is also an impediment: there are still suppliers very focused on the product itself, very focused on not contaminating anything but then it's another supplier that gives them the packaging they don't know how to do it on a more sustainable way."</p>	<p>Difficulties on managing sustainability initiatives with suppliers due to their lack of knowledge</p>	<p>No.</p>
<p>"There are people who still contradict climate change so we have here a problem: people don't agree with things that we see as obvious."</p>	<p>There is a gap between the consumers' knowledge and the knowledge of private label's employees who work on sustainability</p>	<p>Yes.</p>
<p>"There are a lot of myths and one of them is that plastic is the enemy, which is not true: because it's moldable it falls to the floor and does not break; it also manages to ensure that the product lasts longer in adverse conditions"</p>		<p>Yes.</p>
<p>"The consumer is not prepared to accept that plastics are what allow us to maintain our lifestyle and consumption patterns and this makes our task more difficult."</p>		<p>Yes.</p>
<p>"People are against plastic, so what am I going to do? (A competitor of ours) no longer has plastic bags, but instead paper bags. Perhaps for 90% of consumers this will be a great initiative. But this concrete situation in our perspective is not a good solution. (...) We must be careful not to implement solutions just because they are popular if they are not, in fact, more sustainable."</p>	<p>The ecosystem value chain is not fully ready for sustainable initiatives</p>	<p>Yes.</p>
<p>"A challenge is to stop seeing plastic as the enemy and look more at the way plastic is used because this is a brutal raw-material with an enormous potential, but people do not know how to discard it. (...) I think there needs to be more technique and information at home."</p>	<p>Generalized lack of information and creation of beliefs around plastic and its environmental impacts</p>	<p>Yes.</p>
<p>"The truth is that plastic cups are recyclable, unlike paper cups, because those have a plastic coating and hence cannot be recycled. So this is a measure that looks very popular but indeed it is not beneficial at all. It's a worst solution. But most consumers do not know that."</p>		<p>Yes.</p>

No.	No.	No.	Yes.	No.	No.	Yes.
<p>"I can define that I want to launch a product without palm but in the meantime the supplier works with palm and so he has to investigate, to do tests on how the product will be without this ingredient. But he may not find a solution. Unfortunately we often have to give up on the criteria we defined.</p>	<p>"Industrial constraints are, for example, I would like to use a certain type of plastic that is 100% recyclable and the supplier tells me that he is only prepared to use plastic B, which is not 100% recyclable and I want him to work with plastic A"</p>	<p>"There is a great tension between what the company asks us and what the industry can do. We are good negotiators and good at what we do, we understand a lot about product development but there is a limit to everything. I cannot tell the supplier to turn his firm around and start producing in a way that he had never produced. He doesn't have the machines and he does not have the expertise to produce in that new way."</p>	<p>"We have to be careful because the portuguese consumer is not yet prepared for some of the things that other countries are doing: our goal was to launch canned legumes without any salt but after acceptance tests we realized that for the consumer it would be a big difference. We were afraid it would be a flop and ended up not launching it."</p>	<p>"There are things we would like to achieve but the industry still doesn't allow us to do it in an economically viable of efficient way"</p>	<p>"Sometimes we work the products so that they are recyclable but in the industry there might not be a way of doing so. Or, for example, I want to do a certain choice and buy exclusively products that have certain certifications, but not all suppliers are prepared for it and sometimes when they are it's at a higher cost."</p>	<p>"Consumers are not normally prepared to accept some measures that we have implemented in favor of sustainability and require others that seem sustainable but are not aligned with our sustainability vision."</p>
<p>Suppliers may have both constraints and difficulties in implementing what the private label wants.</p>			<p>Some initiatives are not launched because of the fear that consumers would not adhere.</p>	<p>For a food retailer to implement its sustainability initiatives it needs support from other industry players, namely suppliers, who are not always prepared to comply with the retailer's goals.</p>	<p>it's challenging to manage sustainability with customers: they have preference for populist measures and usually they don't possess the knowledge needed to understand what are sustainability initiatives.</p>	
			<p>The ecosystem value chain is not fully ready for sustainable initiatives</p>	<p>Performing (different demands from different stakeholders)</p>		

<p>"Consumers are very critical: they do not accept or recognize that when we present a certain packaging it is because we are no longer able to reduce its material more, we have already chosen whether it is plastic, glass or paper and we have chosen exactly the material that guarantees the stability of the product, food security, validity required by law and also minimize environmental impacts. This is one of the main constraints we have."</p>	<p>"People have no idea what certifications are and as there is no legislation that prevents a brand from saying that a product is environmentally friendly or 100% recyclable, any brand says what it wants and often consumers do not accept that you, as a company, are not saying certain things that others say because you can't."</p>	<p>Consumers don't recognize/have doubts that Contine's private label is taking the most sustainable choices it can when it comes to packaging</p>	<p>Yes.</p>
<p>"Iconography was an important step, but there is another side of the chain which is garbage collection and recycling which is not dependent on Sonae. For example, there is a lot of materials that are not recyclable in Portugal but in Spain it would be possible to recycle them."</p>	<p>"There is still this idea that sustainability is something that is cool to have, there is not yet a sense of urgency and acknowledgement that it is a case of the planet's survival. This idea is not present in everyone, and this applies to the entire chain: to those who sell products and to those who consume them."</p>	<p>There is still a lot of misinformation among consumers: lack of information and wrong perceptions are critical.</p>	<p>Yes.</p>
<p>"What we feel, specially in Continente Eco project, is that there is a lot of ignorance about which are the best packages, the best plastics and recycling processes in Portugal. All of this, even when we contact Sociedade Ponto Verde or the Lisbon City Council, we feel that not even the entities are 100% prepared to understand this"</p>	<p>"Whenever we change a product for whatever reason we are compromising sales, even though the difference that there may be between products is a positive balance."</p>	<p>A big challenge is to make sure that the chain is fully aligned in terms of knowledge, practices and processes. Not everything in Portugal is at the same level of development and the level of industry is not as developed as it is in other European countries.</p>	<p>No.</p>
<p>"Customers are always restrictive in the sense that people are used to buying in a certain way and therefore do not always accept some of our ideas. The client wants greater sustainability but doesn't want to change habits."</p>	<p>All changes, even to more sustainable products, entail the fear of decreasing sales: consumers are neither aware nor capable of understanding that some changes are for the best. Hence, changing can be detrimental to the firm's sales.</p>	<p>The ecosystem value chain is not fully ready for sustainable initiatives (different demands from different stakeholders)</p>	<p>Yes.</p>
<p>"Consumers are not all on the same page, not everyone has the same degree of awareness and consequently not everyone is ready to make the same choices."</p>	<p>Customers are seen as constraints because sustainability initiatives often entail innovation and they might not be willing to accept such change of patterns. Many of their buying habits, which makes it harder for the firm to adopt, some innovative measures.</p>	<p>Yes.</p>	<p>Yes.</p>
<p>"This is not yet a topic present in day-to-day life, it is still very focused on what is the vision of CEOs, organizations and strategic planning of companies but it still does not descend to all the businesses of the firms with whom we work."</p>	<p>Some initiatives are not launched because of the fear that most consumers are not ready. Hence, unawareness, would not adhere.</p>	<p>No.</p>	<p>No.</p>
<p>"For example, collecting marine plastic and incorporating it in our bottles. This is something that works very well in terms of marketing because people recognize that the ocean is full of plastics and by using bottles made of marine plastic they will be contributing to reduce plastics on the ocean. But this requires you to collect plastic from an Asian ocean or river and then there is the whole issue of transporting it to Portugal. This creates a much bigger ecological footprint than if it were done in Spain."</p>	<p>Misperceptions and misbeliefs from consumers on what are the ideal sustainability measures that, after all, end up being bad for the environment.</p>	<p>Yes.</p>	<p>Yes.</p>
<p>"Despite being a much more sustainable measure for us, because we changed to a packaging that is possible to recycle, consumers complained that we were changing to a more plastic and therefore they preferred the previous one."</p>	<p>Consumers are neither aware nor capable of understanding that some changes are for the best. Hence, changing can be detrimental to the firm's sales.</p>	<p>Yes.</p>	<p>Yes.</p>

Source: Conceived by author

