A Dynamic Capabilities Perspective on Grocery Retailers’ Eco-Strategizing

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A core question from an evolutionary economic viewpoint is to inquire into the creation of variety and selection related to green economic evolution. It is essential to understand the market for green products (demand side) that is co-evolving with the eco-innovation developments. We believe that is relevant to have a broader understanding about the evolution of the market for green products on the retailers’ perspective. Large grocery retail chains can help fostering the market for green products, especially because of their market power and because they count on economies of scale and scope in their operations (Dawson 2013; Lehner 2015; Styles et al. 2012). Thus, we explore the heterogeneous strategies that grocery retail firms are applying in situations of change, especially in the case of pervasive change on the greening of the economy. Due to the high costs of green food products relative to their conventional counterparts (Smits et al. 2014), we believe that these production high costs are associated with high friction to eco-innovation developments. Hence, it represents a very interesting case of the friction to green market evolution. As sustainability issues remain unexplored in the retail literature (Wiese et al. 2015), this literature neglect an understanding of grocery retailers’ business model developments and strategizing for environmental sustainability. Thereby, using the dynamic capabilities framework we developed a theoretical model in seeking to understand over time how grocery retail firms are eco-strategizing to promote and strengthen the green food market. The model is mostly based on Dawson’s (2013) and Lehner’s (2015) macro and micro strategy perspectives of the retail firms. The result of our model shows that large firms in the grocery retail industry have deliberate strategies to function as green market makers in order to develop the green food market, which is entailing changes to their business models.

References


