

## Note of intent: Eco-Switch (Group 55)

### I. Problem delimitation

Today, grocery stores are at the forefront of the issues that are more or less intimately linked to Climate Change, such as wasting perfectly consumable foods, producing immense amounts of plastic waste (and dispersing them to the customers, further decentralizing the issue), contributing to carbon emissions by the transport of goods while maintaining and enforcing consumerism. For example, in the EU alone, 88 million tonnes of food wastes are generated annually (putting it at an estimated cost of 143 million of euros), according to the European Commission. While most stores propose ecologically friendly alternative to low-nutrient products which are the cheapest and the most noxious towards the environment, consumers still prefer these cheap items, relatively to more sustainable alternative.

Today, very little is done to incentivise the consumption of sustainable products when it comes to the policies of big corporations, especially distribution companies such as Carrefour and others. This is especially worrying when we see that 1/4th of all greenhouse emissions is caused by food production<sup>1</sup>. In addition, Climate Change is this generation's most preoccupying issue, as we have seen with the world-wide Climate protests. One might think that big distribution has nothing to do with the issue, since they are only the ones who are selling the products and not producing them. On the other hand, there is no production of foods without distribution and consumption of these products. Hence, we have taken upon ourselves to devise a plugin to push customers towards environmentally friendly alternatives to what they have selected while they are purchasing foods online.

In fact, contrary to common perception, consumers are misinformed about bio products that they are consuming. According to a study by AgenceBio, only 6 out of 10 French consumers trust the labelling on their bio-products, hindering the consumption of these products, which, in most cases, have a lower ecological footprint, relatively to their non-ecologically friendly equivalents. Hence, we can conclude that there is a problem of communicating relevant and concrete information to customers when it comes to them doing their groceries.

We have targeted online shopping of alimentary products since it is the fastest growing industries when it comes to people purchasing their foods. According to LeFigaro, sales of grocery stores online have been growing by 7%<sup>2</sup> on a year to year basis. Out of these online sales there are two distinct processes to differentiate. Firstly, a large proportion is made up of deliveries directly to the homes of the consumers, while the remainder of these purchases are made up by people going physically to the grocery shops to pick up their groceries. In general, it can be expected that this growth trend is to continue, as younger generations prefer to make their alimentary purchases, rather than to go to supermarkets for their products. Furthermore, France is the largest market of online sales of alimentary products in Europe, with a 7,1% of all products consumed in supermarket (*produits de grande distribution (PCG)*). In this ranking, the United Kingdom places second with 6,3%, and far behind, Germany with 1,4%. On the other hand, on a global scale, France places far behind countries like South Korea and China where approximately one-fifth of all grocery store shopping is made online. In sum, the trend of people buying their groceries online and either having them delivered or picked-up is expected to pursue in the future.

As we have previously mentioned, grocery stores are at the forefront of many issues contributing to Climate Change. Hence, targeting grocery stores and implementing meaningful CSR policies in this sector can have an equally ample incidence on the negative externalities generated in this field. Furthermore, it is a crucial issue because grocery stores are stores that everybody shops at, no matter their social status or income. (However, it is important to note that the profile of the online customer tends to be younger relatively to the physical stores, although slowly shifting towards an older consumer groups). Hence, revolutionising the online grocery store experience and the way by which food is anchored in people's minds, not as mere nutritional sources and objects of consumerism (as we know the sales of a given

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<sup>1</sup> <https://ourworldindata.org/food-ghg-emissions>

<sup>2</sup> <https://www.lefigaro.fr/conso/les-francais-grands-adeptes-du-drive-20190525>

product can dramatically increase when promotions and discounts are in effect) but as items that, when consumed, impact the environment around us, locally, nationally as well as internationally. In addition, it is important to note that the products that are found in these locations often come from all over the world such as tomatoes from intensive growing fields in Spain, to banana plantations in Colombia and African countries, further contributing to the impoverishment of the people producing these goods, to allow low prices and consumerism in the so-called developed world. (As we know that merely a fraction of the price of the final product go to the actual producers of the alimentary goods, profits and mark-ups being absorbed in the distribution process.)

When it comes to prior solutions to this given issue, we have found that little if not nothing has been done on the distribution side of the problem. On the other hand, it is important to note that some start-ups have tried to contribute to making people more responsible of their consumption habits, as we have seen with *Carbonanalyzer*<sup>3</sup>, an web browser extension (plugin) that shows the user how much electricity and finite resources they have used while browsing the web for instance. On the other hand, we have not found any meaningful initiatives, on the third-party side, to tackle the problem at hand.

In addition, it is important to note that the policies that have been implemented by corporations, especially in the distribution industry, have so far been superficial, meaningless and have barely impacted global emissions. The core of the problem, being changing people's mindsets about the significance of food and how it should not be taken for granted has not been altered either. To take a concrete example, policies like the Charte de la Diversité have been signed by multi-billion euro corporations in France, while these policies are non-legally binding and other than having mildly contributed to having a more diverse employee pool, have not solved any of the questions at hand. (Yet it is important to consider that the Charte de la Diversité is aimed at employee diversity rather than reducing environmental emissions.)

To anchor the scope of our project, it is important to note that it can be considered to be a response to various issues linked to the United Nations Sustainable Development Goals (SDG) (such as 3) Good Health and Wellbeing; 8) Decent Work and Economic Growth; 9) Industry, Innovation and Infrastructure; 11) Sustainable Communities and Cities; 12) Responsible Production and Consumption; 13) Climate Action; 14) Life Under Water; 15) Life on Land; 17) Partnerships for Goals.) To link it to the course entitled Great Transition: Responsibility, Commons and Innovation, we believe that it fits perfectly with the third notion of the Great Transition, as in Biodiversity, Food and Circularity, as our project proposes mechanisms (one of our objectives) to anchor food into people's minds as goods that impact the environment around us.

## II. Conceptualizing the solution to the problem

The concept is a rather simple, yet effective one that puts the well-being of the customer at the centre of attention of the product. Our product-service is a web browser extension which provides a more sustainable alternative to the one that the customer-user has selected while doing their groceries online, on the distributor's website, while doing their groceries. In fact, this feature is activated once the customer has selected an item and has placed it in their virtual basket. It is activated when the user has pressed the "put in my basket" button on the website, showcasing the more sustainable alternative. (*cf.* Visualisation of the Plug-In in the final presentation). In the first place, we wish to use this plugin for alimentary products (foods in general), but it can easily apply to other products as well. It is equally important to note that Carrefour for example has already implemented the "Prime Bio" policy, which deducts, usually 10% from the price of the Bio product when put into the basket, as long as the consumer is subscribed to the Carrefour fidelity card membership. (We would like to expand this policy as we notice its incentivizing effects on consumers who even if they would wish to consume more sustainable products, are held back because of the relatively more important price of the sustainable alternatives.)

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<sup>3</sup> <https://theshiftproject.org/carbonalyser-extension-navigateur/>

Currently, we can notice a badge system of the distributors website when we are browsing their offers. We can notice that there are badges for “nutriscore” and “sans OGM” badges for certain products but we find that these measures are both passive in a sense (if the customer does not notice them then nothing changes) and non-incentivizing. On the other hand, when it comes to third-party applications, we can note the importance of “Yuka” an application which tells its user if the scanned product is “good” or “bad” for their health. In our case, we would like to capitalize on the environmental impact of the product, rather than their inherent health benefits, even if it is important to note that there can be products which are good for health, yet noxious for the environment. Hence, the scope of Yuka is much more about health than the environment.

Our product-service is original and effective because it is a perfect fit for the growing online-purchase market in countries like France (and others) where online purchasing of alimentary products is a well-established and growing industry. Furthermore, it makes the online experience less dull, as it makes the user-customer’s attention divert towards consuming more sustainable and ecologically friendly aliments. We recognise how the plugin needs to be user-friendly and accessible, as one of the main arguments against online shopping platform in general (and especially when it comes to online grocery shopping) is the unattractiveness of the website as well as the limited functionalities. Hence, our product has not only the core benefit of inviting people to consume sustainable products but also to change how online web shop operate and function.

When it comes to feasibility, the product requires little initial investment and is a natural extension to a well-established web-platform that online shopping surfaces are. In addition, it brings the additional benefits of being user-friendly, which by further improving the experience of customers, contributes to higher sales and more importantly, higher sales for sustainable products.

### **III. Measuring Impact**

Our core objective with this project is to inspire people to be more responsible. We hope to inspire people to choose the sourcing of their products better. We hope the project educates people to look at brands and labels differently, to see what is behind indicators. We hope to lower the environmental impact of each consumer by suggesting better sourced products, with lower Co2 production. However minimal on the individual scale, when aggregated and internalized, the reduction of global emissions has enough magnitude to be impactful. Hence, we hope to lower the level of pollution of the supermarket and distribution. Indeed, we hope that inspiring people to consume more responsibly would encourage distributors to purchase for reselling products which are responsibly produced as well. Indeed, we hope that the drive for sustainable products would encourage distributors to mix best price with best sustainable score, to ensure consumers to choose their products. We therefore hope to create a virtuous cycle where the prices of sustainable products will decrease, because more will be consumed, as consumption further shifts towards the sustainable alternatives. Since sustainable products would see their prices decrease due to the increase of the demand, unsustainable products would on the contrary see their relative prices increase.

We hope our project will therefore have as an impact, the closing of the price gap, which will lead to a transition to production and consumption of sustainable products, as no one knowingly wants to consume unsustainable products, but most cannot afford more costly sustainable alternatives. Moreover, we hope our project will ameliorate the buyer’s experience online and therefore increase the number of people using this platform, to increase the impact and accelerate the change of the supermarket’s sourcing model.

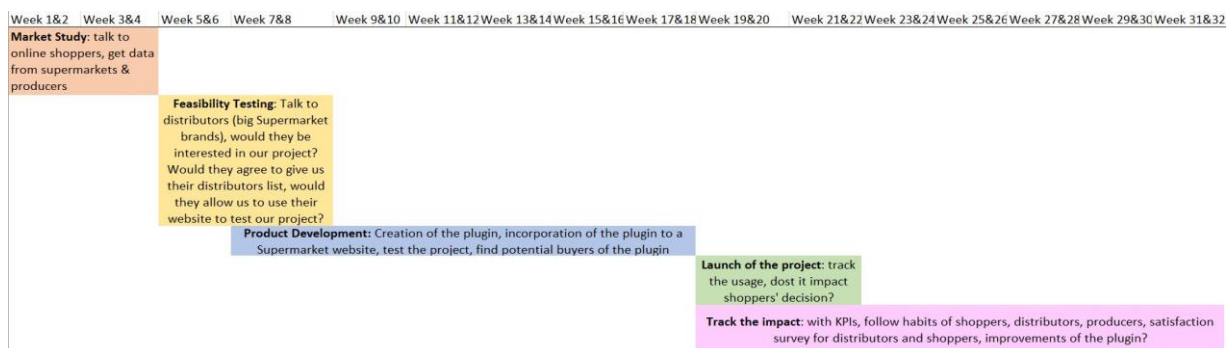
Our project would also enable us to track the consumption habits of the “online shoppers” and measure the impact of our plugin on those clients. We can therefore hope for an increase of 20% sustainable habits consumers per year, as the initial, total consumer base is ever extending, and the implemented policies would lead a shift in consumption habits.

#### IV. Risks linked to the project (cf Canvas model in the final presentation)

RISKS	SOLUTIONS	PROBABILITY OF OCCURRENCE (From 1 to 5)
Price reduction mechanism does not function	Implement additional policies to reinforce impact	4
As efficiency takes effect, production may be scaled up rather than prices decrease (Jevon's paradox)	Quota-regime of consumed goods from the distributors side	3
Asymmetry of information between the drives and the plug-in concerning the prices	Signing a transparency charter to define the price policy between the drives and the plug-in.	2
Ad-blockers prevent the customers to have access to this plug-in.	Definition of an IT strategy to go beyond the barriers of the ad-blockers	4
Difficulty to evaluate the ecological impact of the consumption of the product.	Hiring the right people (data engineers that are able to get this information) and establishing a carbon database for products	1

#### V. Deployment Strategy: Gantt's Diagram

The deployment strategy can be best illustrated with the following Gantt's Diagram, including the chronological steps to take in order to activate the strategy: (a more detailed chart will be found in the final presentation)



#### VI. Organisation and Partnerships

Eco- Switch is above all an eco-friendly and attractive plug-in for online consumers online

It's in all our collective interests to communicate with eco-friendly plug-in that exist already, as Ecosia for example, and it's in our interest not to consider them as competitors, because our activity focuses on "Drives", encompassing distribution franchises such as Carrefour, Auchan as well as Leclerc. Rather than viewing other organisations as competitors, we hope to build synergies in the form of meaningful partnerships, since we believe that

consumerism and competition have caused a major part of what Climate Change is today. Hence, building bridges between these third-party organisations is in our view the most meaningful way in which we can encourage sustainability and circularity of the economy.

Furthermore, we believe that taking into account and partnering with NGOs and associations in general, who are specialized in the field of sustainability as well as dealing with consumer needs such as UFC for instance, is a crucial part of our project, as it pool expertise and resources to lead to a more impactful product-service. Hence, we aspire Eco-Switch to be sustainable by design, as it aims not only to reform the consumer habits, but it also wishes to elaborate meaningful partnerships with stakeholder who are variable in nature.

As our scope of action is aimed at large distribution chains, we believe that it is important to take these organisations into account and build partnerships with them as well, as they are at the epicentre of the issues we are wishing to deal with, as we have previously mentioned. In addition and in our opinion, this partnership would enable distribution chains to be more ecologically-responsible as there is a clear need to shift towards sustainability, not only because of the recent emergence of Bio stores but because of the underlying consumer need which is left largely unattended to when it comes to the policies of large distribution chains. Furthermore, the proposed alternatives are often more expensive than their counterparts, which also induces larger margins for distribution chains, which we propose to be reinvested into more meaningful CSR policies to further encourage waste-reduction, sustainability as well as ecologically friendly policies. Once established, we believe that this specialization to the particular segment of the distribution chain can be further extended to include not only alimentary products but packaging and labelling in general. Ultimately, this process shall englobe not only the final consumption but the various spectrum ranging to the production of the goods.

## VII. Simulation on Return on Investment for the first three years of the project

SYNTHESE DES TRESORERIES MENSUELLES D'EXPLOITATION ET D'INVESTISSEMENTS	
LIBELLES	ANNEE 1
Investissements Incorporels TTC	15 906 €
FONDS DE COMMERCE ...	11 724
LICENCES - MARQUES - BREVETS..	4 182
Investissements Corporels TTC	5 394 €
INFORMATIQUE - NTIC	5 394
DECAISSEMENT IMPOTS (I.S) ANNEE 1	20 228 €
DECAISSEMENT TOTAL ENTREPRISE	
ENCAISSEMENT DES C.A TTC	85 000
Mode de remboursement de TVA oublié	
CREDIT TVA GLOBALE	941 €
SYNTHESE D	
LIBELLES	ANNEE 2
Total décaissement des impôts Année 1	20 228
Investissements Incorporels TTC	15 654 €
FONDS DE COMMERCE ...	11 724
LICENCES - MARQUES - BREVETS..	3 930
DECAISSEMENT IMPOTS (I.S) ANNEE 2	27 774 €
ENCAISSEMENT DES C.A TTC	105 000 €
SYNTHESE D	
LIBELLES	ANNEE 3
Total décaissement des dettes d'investissement Année 2	5 862
Total décaissement des impôts Année 2	27 774
Investissements Incorporels TTC	15 654 €
FONDS DE COMMERCE ...	11 724
Investissements Corporels TTC	3 930
TVA sur encais. CA	15 833 €
DECAISSEMENT IMPOTS (I.S) ANNEE 2	23 700 €
ENCAISSEMENT DES C.A TTC	95 000 €