

Driving Retail Success through the Sustainability: Insight from the Indian Market

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ABSTRACT

Retailing encompasses a set of activities aimed at selling products or services to consumers for personal or family use. This research paper focuses on the sustainability practices adopted by Indian retailers. Indian retail industry has significant impact on everyday lives of people, since it contributes to approximately 10% to the GDP. Sustainability in the developing economies is still in its nascent stage and is still striving for economic growth and environmental responsibility. A shift in the business world has been witnessed towards sustainable practices in response to the social and environmental impact of business. Sustainability is essential for transforming business model and emerge as more sustainable retailers. Indian retail sector must align with SDG-12 (responsible consumption and production) and to further bolster it, should resort to sustainable financial practices by incorporating ESG factors into financial decision making for long term value creation. The current research paper investigates into two main perspectives. First is study of sustainable retail practices in India, and second the development of lucrative product range influenced by sustainability considerations followed by impact of investment on sustainability. The study relies on secondary data sourced from sustainability and annual reports published by retailers. The findings of the study conclude that sustainability is a critical factor for retailers. Sustainability not only influences the development of product ranges but also plays a significant role in consumer store preference. Stakeholders, primarily the investors, play a vital role in promoting sustainability practices. There is need to bridge the gap between customer preference and sustainability by nudging shoppers to make better choices. Ultimately integrating sustainable practices enhances retailers' legitimacy, lure investors and fosters greater consumer trust. In the end it is concluded that Indian retailers still have long way to go in sustainable development in the economy.

Keywords: Retailing, Sustainability, Eco- friendly, Product range, Investors, sustainable finance, Green finance, ESG, SDG
Adhyayan: A Journal of Management Sciences (2025); DOI: 10.21567/adhyayan.v15i1.12

INTRODUCTION

Sustainable development is becoming increasingly important in contemporary business scenario. Sustainable development addresses to its diverse goals of environmental degradation, facing global competitive environment, offering new product range to customer and attracting investors. Large companies are now with their upgraded business strategies with sustainable development practices and policies. As an intermediary between the manufacturers and consumers, retailers are uniquely placed to accentuate and channelize sustainability by influencing consumer behaviour through in store education or direct marketing.

The paper highlights the contribution of sustainable development towards success of retail industry in India it will also encourage academicians, environmental studies scholars to analyse the contribution of sustainable development towards retail industry. The

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How to cite this article: Khare, P., Majumdar, P. (2025). Driving Retail Success through the Sustainability: Insight from the Indian Market. *Adhyayan: A Journal of Management Sciences*, 15(1):81-86.

Source of support: Nil

Conflict of interest: None

paper starts with review of literature for sustainable practices in India, followed by sustainability and impact on investment.

Sivagnanasundaram (2018) advent of sustainability has emerged due to fast deteriorating environmental condition. The fast-growing retail industry in India has highlighted the need to understand developing economies. The study indicates that the Indian retail industry is still in its nascent stage. Sustainability

practices in the retail sector are primarily focused on integrating social and environmental considerations throughout the entire supply chain. This spans from raw material sourcing to the disposal of products, ensuring they are recyclable and renewable. Sustainable practices in the retail sector are outlined as follows:

- Choosing sustainable raw material
- Adoption of ethical labour practices
- Engagement of suppliers for mutual benefit
- Implementing energy efficient equipment
- Minimization of waste
- Adopting water conserving measure
- Optimising transport route
- Recyclable biodegradable packaging
- Recycling and reusing product
- Buyback program
- Product information

Basavaraj & Yatalli (2023) In their case study discussed diverse characteristics of green retailing in India, retailers leading the market focused on sustainability for ecological consciousness. Focus of retailers is on eco- friendly product. Environmental concern is now a success Mantra for sustainable business environment. Ghaffar (2023) stated that there are different ways for promotion of product like sustainable product packaging, price and its availability, eco- friendly shopping bags. Green returning is gaining importance due popularity of environment friendly products and adoption of sustainable business practices.

OBJECTIVE AND METHODOLOGY

The review article has three major objectives.

1. To illustrate sustainable practices adopted by Indian retailers,
2. To study the development of lucrative product range influenced by sustainability consideration; and
3. To study the effect of sustainability on investment.

We have conducted a comprehensive review of journal papers, blogs, article using analytical and logical approach to examine key issues involved.

REVIEW OF LITERATURE

The review of literature offers a comprehensive understanding of past research related to sustainability on the retail sector. It helps in identifying the trends in the retail industry and key findings while providing a foundation for new research work.

Sustainable development has emerged as a vibrant topic in business world specifically it is key

element for retailers, it is introduced as core value of business practices in India retailer act as a bridge between manufacturer and end user. The adoption of sustainability by retailer as core value in social setup safeguard limited natural resources. Relevance of sustainability is different for business activities. Consumer identifies certain value irrespective of product price and quality. Sustainable products are in market demand, corporate social responsibility and ethics in marketing playing important role to create economic value for retailers. In present research, the work done in past regarding sustainable practices adopted by Indian retailers, the development of lucrative product range influenced by sustainability consideration and impact of sustainability on investment have been reviewed and presented under following sub-headings:

Sustainable practices adopted by Indian retailers

Sustainable practices are increasingly adopted by Indian scenario whether it is reducing plastic use promoting their eco-friendly packaging or focusing on efficient transportation method and minimizing their impact on environment. A lot of studies have been conducted on this topic in the past. Ilıc et al. (2013) marketing gain is the benefit over the competitors from sustainable retail. Operating cost reduces, enhancement of socially responsible public profile, ease of investment pool. Ultimately it promotes sustainable retail, the main aim of retailers is to differentiate its offering from that of competitor and green marketing attracts stakeholders. Cma et al. (2014) analysed eco-friendly practices adopted by Indian retailers, also identified the areas where green retail can be adopted. According to them sustainable retail practices can be adopted in transportation, carbon footprint, renewable energy usage, natural lightning usage, waste management, training, procurement of staff, encouraging eco-friendly, research and development, frustration free packaging and many more.

According to a report of WWF (Vohra et al., 2023) consumers are now aware of environment friendly products over time there has been a significant rise in global consumer awareness regarding environmentally friendly products. An IBM survey balancing sustainability and profitability conducted among 16,000 consumers across 10 major economies found that approximately 51% of responding now prioritise environmental sustainability more especially after the pandemic additionally 49% of consumer reported paying premium for products labelled as sustainable sustainability.



A study conducted by Cardoz (July, 2023) sustainability has become a major strategic priority for retail companies worldwide driven by consumer demand regulatory pressure and the need for long term resilience however many retailers struggle to translate their sustainability goals into tangible impact across their value chains. Apple is prioritising sustainability in its store design by aligning with global shift towards eco-friendly business practices. A report (SUUMAYA, 2023) on FMCG rural retail. It faces challenges in infrastructure, reach, awareness and logistics challenges since rural retail forces triggers economic growth and contribute to social progress in country. SUUVIDHAM a rural retail venture brought revolution in rural retail landscape. It brings multiple brands under single roof, promotes local brands, provides credit facility, provides delivery assistance and thus gives a boost to sustainability.

According to a report (Damen, 2023) consumers around the globe prefer sustainable retail. Brands with clear commitment towards sustainable retail are preferred by approximately 50% of consumers globally, they feel glad with their investment in sustainable retail it is the reason for gaining importance for sustainable retail trend. Also, according to Forrester report sustainable trend are clearly visible.

- 5 fortune global 200 companies announce policies that limit travel in order to more sustainable
- carbon offsets and credit have important role in major parts of business.
- Carbon intensity can also be lowered to hybrid work environment reduction of fossil fuel an emission of carbon dioxide (Forrester, 2025)

Bhardwaj (November, 2024) in his article stated that rural retail is witnessing transformation due to advancement in technology. Sustainability is becoming a key trend in rural retail with rural areas being closely connected to nature and largely dependent on agriculture. They are particularly vulnerable to climate change and resources depletion. Rural retail are increasingly adopting sustainable practices such as reducing plastic wastes, promote local sourcing and offering organic products. Additionally ethical consumerism is on rise. What was once a preference for fair trade and locally produced goods has now become a demand, his paper presents an opportunity for rural producers

The development of lucrative product range influenced by sustainability consideration

Innovation can be brought in business world with the help of sustainability by addressing many issues such as

societal changes significant risk to the environment in future and survival of business. In this competitive era. Zahra & Pintado (2021) in their paper discusses the impact of different practices on new product development success. Sustainability practices are categorised into 3 types internal collaborative and external monitoring, evaluates their effect under the framework of natural resource-based view and (NRBV), Social capital theory and transaction cost theory. It also highlights the role of supplier's evaluation in promoting environmentally and socially responsible supply chain it reinforces the idea that when firms assess and support their supplier in adopting sustainable practices, they indirectly drive new product development with environmental appeal while improving overall organizational performance.

Correa et.al (2021) highlights the environmental impact to inappropriate disposal of product which are not justified financially. Eco- friendly, eco -labelling and eco- design policies are adopted for reducing environmental impact of companies. Elg & Welinder (2022) highlights sustainability while addressing detail initiative for societal interest support. Main focus of their work is related to product range being offered by retailers for sustainability. It is indeed important to understand product display and sustainability information. Employee commitment is essential since they influence consumer perception. Paper argues to highlight the importance of making sustainability concrete and relatable for both customers and employees. Rather than discussing sustainability in abstract term it should be tied to practical aspect such as energy use, materials and working conditions. One particularly effective method is linking sustainability effort to product stories that resonate with people. By doing so companies can enhance credibility and engagement making sustainable a more integral and compelling part of their brand.

Impact of sustainability on investment

Sustainable practices in Indian retail sector have increasingly attracted investment by aligning with global trends, meeting consumer demands and leveraging supportive government policies. Indian consumers, particularly the urban middle class and younger generation, are becoming increasingly environmentally conscious. In response, Indian retailers are adopting green practices, which have enabled them to attract both domestic and foreign investors seeking long-term growth opportunities.

Millennials and Genz are preferring environmentally responsible brands, retailers are integrating green

practices such as using ecofriendly packaging, sourcing ethically produced goods and reducing carbon footprints – have seen enhanced brand loyalty and market share. This shift has made the sector exciting for the investors. The Indian retail market is estimated to reach USD 2 trillion by 2032, while the e-commerce industry is expected to cross USD 350 billion by 2030 growing CAGR of 23 percent. Government initiatives have further bolstered this trend. The Ministry of Textile has promoted eco sustainable materials, following the global environmental standards and attracting FDI. Between April 2000 and June 2024, the retail trading sector saw FDI inflows of USD 4.68 billion, partly driven by these sustainability-focused reforms.

Mahendran V. et. al. (2025), The study found that sustainable finance has a crucial role to play in the achievement of SDG-12 (Responsible consumption and production). The study examines the significance of green finance instruments, including green bonds, ESG investments and government incentives on corporate practices. The outcomes suggest that green finance and ESG investments positively influence sustainability adoption. The study also identifies key barriers such as regulatory challenges and difficulties in accessing green finance.

According to a report Lara Albertino Rebello (2024), consumers are increasingly giving priority to environmental consciousness, striving to reduce the ecological footprint of their purchase. Retailers have now embarked on sustainable initiatives and have embraced a more comprehensive strategy aimed at carbon neutrality. Sustainable practices have economic benefits and that calls for paradigm shift within the retail industry, and highlights that long-term benefit over short-term benefit, business must prioritize sustainability in their operations. Gen Z consumer increasingly prefers environmentally responsible brand and are even ready to pay high price for sustainable products to gain long-term impact on their investment.

Joshi et al. (2024) This research assesses investors' awareness and preferences for green investment products in India. It reveals that while investors are aware of green investments, they are hesitant due to concerns about lower returns and regulatory risks. However, incentives could encourage a shift toward these sustainable investment options.

Goswami (2024), the study underscores the immense financial commitment required by India to meet its Paris Agreement targets and Sustainable Development Goals (SDGs), estimating a need for \$2.5 trillion between

2015 and 2030. The focus is on understanding green finance strategies in rural areas, examining their applications, and the role of government actions. This research is critical in highlighting the financial and policy frameworks necessary to support sustainable development in less urbanized regions, which are often overlooked in broader discussions on green finance.

Ms. Shweta Gupta (2024), in her study Growth of Sustainable Finance in India she explains that India is witnessing an increased interest in sustainable finance practices. Her study identifies regulatory frameworks, investor preferences, and market dynamics as significant drivers for sustainable financing growth. The analysis highlights positive relationship between sustainable financing flows and economic indicators.

According to a report in Morgan Stanley (2024), the majority of individual investors plan to increase their allocations to sustainable investments in 2025, while 70% believe strong ESG practices can lead to higher returns, according to survey findings in a new "Sustainable Signals" report by Morgan Stanley. Investors cited their growing interest in sustainable investing due to financial performance of sustainable investments. The majority of investors believe companies should address environmental and social issues. However lack of transparency in reporting ESG data prevents investors from investing in sustainable investments.

Ganti (2023) Investment goals must align with broader sustainability objectives recognizing that financial return and sustainable impact are not mutually exclusive. Sustainability impact arises when investors actively influence companies and policymaker to drive positive environmental social and governance outcomes. However achieving a fourth dimension of sustainability impact beyond traditional ESG factors ultimately depends upon investors mandates to maximize shareholder value. Balancing these priorities require our strategic approach that integrate sustainability into long term value creation. A report of DGB group (2023) states, as global environmental consciousness grows consumer preference are increasingly shifting towards sustainable products and services. This shift presents a significant opportunity for companies that prioritize sustainability to attract investment from ESG- focused funds and socially responsible investors. Sustainable companies not only benefit from increased investor interest but also gain a stronger reputation and enhanced brand value. This brand advantage can drive faster growth and facilitate market expansion positioning these companies for long term success. According to Stanley (2024)



report global investors have shown a strong interest in investment that generate positive environmental impact. Many investors cited that their growing focus on sustainability is driven by strong performance of sustainable investment, a majority support addressing environmental issues and most consider a reducing carbon footprint of their own portfolio.

Jenter (2024) advocates of sustainable investing urge asset manager to integrate companies environmental and social performance into their investment decision. However, the search suggests that expectation for significant real word impact from sustainable investing may be overly optimist. According to his survey the majority of professionals managing sustainable funds stated they would not voluntarily sacrifice even a single basic point of return to advance environmental or specific goals. Amina Buallay (2022), the study finds a significant positive correlation between Environmental, Social, and Governance (ESG) scores and operational, financial, and market performance indicators, suggesting that robust sustainability reporting can drive better performance in the retail industry. Morgan (2025) finds it challenging to assess the past impact of sustainability investments. Short- term periods tend to be more volatile compared to long- term trend. However corporate focus on ESG has increased significantly companies that fail to recognize the need for sustainable operations risk reputational damage and lowers profitability.

DISCUSSION

Intense competition in local and global markets is propelling the companies to innovate their product for survival. In today's monopolistic market where a number of players are in the market with their differentiated product offerings, they need to innovate themselves to sustain in the market. To sustain in the market companies should invest in research and development for their improved product offering in order to differentiate their product from competitor, they may enhance customer experience through eco-friendly product. They must adapt to the green retailing and eco-friendly marketing for long term sustainability, it will improve their customer relationship and enhance their public image. Investors are favouring sustainable product worldwide due to regulatory compliance of the government towards eco-friendly products. Sustainable Development Goals are being prioritized . Investors are now prioritizing companies with green retailing to gain competitive edge and secure their long-term profitability. Global retailers are growing their footprint in India. Brands like IKEA, Marks & Spencer, Wal Mart

have global sustainability agenda and they will bring sophisticated technology for sustainability

CONCLUSION

In an era of intense competition, the transition to sustainability is necessity for retailers rather than option for seeking long term profitability, market sustainability and investors' confidence. Market position of marketers can be strengthened by adopting eco-friendly product innovation which contribute to building a more sustainable future.

As environment concern rise a shift can be witnessed towards brands that demonstrate commitment to sustainability by both investors and consumers. It is demand of the era for the retailers to adapt the product offering that are biodegradable, reusable, recyclable. This environmentally friendly shift not only conserve nature but also enhance profitability. The long term profitability goals are based on sustainable practices which comes through ESG practices. Indian retail sector is emerging as a top destination for foreign investment. However, sustainability comes with a lot of challenges. Organizations face impediment related to cost effectiveness, competitive advantage. Investor confidence is often a challenge as greenwashing tactics may be adopted by the firms. To strengthen the sector in terms of sustainability, stronger regulatory framework is required. More transparency needs to brought in terms of sustainable. reporting and ESG compliance. Sustainability is definitely a key driver in building brand image and customer loyalty.

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