Chapter 17
Retailer–Non–Profit Organization (NPO) Partnerships:
Building Trust with Socially Conscious Consumers

Janice Rudkowski
Helianthus Consulting, Canada & Ryerson University, Canada

ABSTRACT

This chapter focuses on strategic retailer-Non-Profit Organization (NPO) partnerships, based in North America and Europe, from a management perspective. It explores how and why these partnerships have had an impact on the retailer-consumer relationship, how they have shaped and influenced socially conscious shoppers, and how they have affected consumer trust as well as retail business practices and strategies, within the last decade. Retailer-NPO partnerships have emerged as a viable business strategy to support Corporate Social Responsibility (CSR) initiatives now commonplace among most large retail organizations. Consumers have become empowered, with the help of new social media technologies, to efficiently communicate, influence, and persuade other consumers around the globe. Therefore, consumers increasingly expect retailers to have an ethical and social responsibility to their people, products, operations, and communities. CSR practices have become integral to retailer sustainability and managing complex retailer-consumer relationships. This chapter reviews relevant theoretical frameworks, discusses the latest research findings from literature sources, and examines the industry practices (case studies) of several retailer-NPO partnerships across North America and Europe.

INTRODUCTION

The role of retail organizations and how they are perceived by society has changed and evolved over time. It is important to understand where and why these key shifts occurred throughout recent history, to provide context and understanding to the strategy behind retailer-NPO partnerships. By examining some of the shifting consumer behaviours that stemmed from economic, social, environmental

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and/or global issues during the last 40 years, we can better understand how the retailer-consumer relationship has changed and why retailer-NPO partnerships have emerged as a viable business strategy to support CSR initiatives among large retailers throughout North America and Europe. Highlights from a thorough and relevant literature review that focused on key retail industry influences and impacts throughout the past four decades is examined throughout this chapter introduction.

Historically, the role of a retail business has been fairly simple: sell goods and/or services to the consumer at a profit thereby positively contributing to the economy. Basically, the retailer's role was that of an economic contributor. Fast-forward to present day and retailers have a much more complex and varied role, not only in terms of how they *contribute* to the economy, but more importantly, how they (and their coveted brands) are *perceived* by the communities in which they operate. This dramatic shift - from the retailer as *economic contributor* to the retailer as *social arbiter* - did not occur overnight. There have been incremental shifts in consumer behaviours over the last 40 years that have forever transformed the role of retail organizations within the economy and how they are perceived within society.

Retail in the 1970s

An example of a significant economic change was the inflation that followed the energy crisis of 1974 which introduced new retail sectors (ie. home improvement and DIY), more competitive prices, and greater product selection (Walters, 1981). The 1970s represented an explosion of growth for retailers like Walmart, for example, who for the first time had national presence with 51 stores across the United States and began trading on the New York Stock Exchange (Walmart, 2013). These economic and social changes, therefore contributed to shifting consumer behaviours including having access to more categories and products as well as cheaper prices.

Retail in the 1980s

The 1980s were defined by excessive wealth (ie. higher levels of disposable income) so retail business practices were motivated more by profit during this time period rather than consumer demand for retailer contribution to altruistic environmental or social causes. If retailers were participating in environmental or social activities, they tended to advertise them through traditional media or by publishing stakeholder reports, but these reported activities were not linked to corporate performance and lacked a set of acceptable standards against which performance could be measured (Min-young, Fairhurst & Wesley, 2009). In an effort to increase sales, satisfy shareholders and conquer new markets, a small group of large retailers from North America and Europe embraced retail internationalization strategies, and paved the way for other retailers to follow suit a decade later (Alexandru & Cristian, 2008). This decade of excess signified a shift in power within the retailer-consumer relationship; for the first time consumers held the balance of power, demanding more for less in an internationally competitive environment.

Retail in the 1990s

The 1990s saw yet another major shift with further retail internationalization (RI) as well as market consolidation. Metro Group AG, for example, a leading European food retailer, was formed in 1996 as the result of a merger between three leading German companies and continued to expand its international presence with stores in Romania and China during this decade (Metro Group AG, 2013). US-based Walmart also continued along the retail internationalization path in the 1990s and opened its first stores in Canada, China and the UK (Walmart, 2013).

It was not just increased selection, competitive prices and globalization that influenced the retailer-consumer relationship. The retailer-consumer

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