

Chapter 3

CSV Activities in the Japanese Retail Sector

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ABSTRACT

In Michael Porter's creating shared value (CSV) framework, the enterprise will solve the social challenges that confront regions or communities through its business activities, thus earning a profit while creating value for both the company and the region. In this chapter, a case study is presented on a retailer's CSV activities in Japan, wherein the author addresses how the retailer contributes to the community through shopping support services in "food deserts" that supply fresh food to improve consumers' health and wellness. The empirical results indicate that consumers have a preference for real store shopping experiences among these services, whereas online grocery services do not meet consumers' needs for shopping. The results suggest that these shopping support activities will bring enough profit for both sides, namely, consumers and retailers. The author also discusses the role of the public sector in assisting these activities.

INTRODUCTION

CSV (creating shared value) is a management philosophy that aims to solve social problems through corporate business activities by balancing social values (values beneficial to the society) with corporate value. These activities in retail sector companies have attracted the attention of companies, media, and the public sector due to the possibility that some of these activities might solve the problem of "food deserts," where people have limited dietary options close by (Iwama, 2011, 2013; Arthur D. Little Japan, 2014). In the context of CSV activities, these ventures could provide great possibilities, since such activities boost the social image of supermarkets in these areas despite sometimes being regarded negatively and can also contribute to firm profitability (Shaw, 2006). In these efforts, retail corporations have developed several new retail models to improve distribution. In their activities, they try to complete the "last one mile" from their store to people who have limited access (Ministry of Economy, Trade and Industry, 2010a).

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The historically high growth rate among Japan's elderly, economic disparities among the different regions, and a series of huge natural disasters that occurred during the late 1990s through the 2010s, have led retailers—including major chains and SMEs—to fulfill their social responsibilities by contributing to the community through safety station activities and CSV endeavors toward the consumers and communities that they serve (Tokushima Prefecture, 2017).

However, there are many discussions about whether these CSV activities are sustainable and effective, and these business models are sometimes questioned regarding profitability and consumer needs (Kurokawa, 2015; Hirogaki, 2014, 2015, 2017).

This article aims to address how retailers contribute to the community by providing shopping support services that supply fresh food to improve consumers' health and wellness in regions identified as "food deserts", hence, we used the Japanese case study. Retailers in Japan have been creating social value and at the same time making a profit, thus practicing CSV. The author used an empirical method to measure consumer need and acceptance of these new retail services. A multiple case study design was used to discuss how retailers gain profit from helping society through shared values, thus, enhancing profitability and competitiveness.

LITERATURE REVIEW

Porter & Kramer (2006, 2011) developed the concept of CSV that was adapted and improved from CSR (Corporate Social Responsibility). In CSR, the corporation engages in a mantra of "Cope with the negative effects to the social and community made by corporate activities," such as environmental improvements and compliance. However, sometimes there are large differences between the profit-oriented activities and CSR activities via acts of charity or philanthropic acts, or social action programs to solve social and community problems. CSV should achieve both aims: solving social and community problems and improving corporate competitiveness (Porter & Kramer, 2011). In this manner, CSV is consistent with business strategy (Jin, 2018; Fraser, 2019). Moreover, CSV achieves both economic and social value.

Nestlé S.A. brought this idea to Japan for the first time in 2007 (Ministry of Economy, Trade and Industry, 2014). In the company's 2011 report, its CSV activities focused on three categories: nutrition, water, and rural development. The company introduced an educational program entitled "Nestlé healthy kids program" that provides knowledge about nutrition, health, and wellness to parents, teachers, and children. Since 2012, Japanese Nestlé has distributed education kits to over 1.6 million children. Many Japanese companies have followed, by introducing other kinds of CSV activities such as developing regional resources for small-scale entrepreneurs, giving charity to the local community from the sales, and giving financial support to restore their farm and fisheries businesses. A prime example of such a Japanese company is Kirin Holdings (Mitsubishi Group) that did foundation "CSV headquarters" in 2013 (METI, 2014). Several SME companies have joined these activities also, such as a real estate agency, public transportation, and community development companies whose activities mainly focus on supporting regional communities to provide transportation services to aging people and help develop regional resources that promote revenue by introducing livelihood projects and other local tourism programs. Nishioka et al. (2018) focused on the regional SME's such activities are kept in the middle part of Japan.

Many reports and surveys suggest that Japan has one of the world's fastest aging populations (Cabinet Office, 2014; Goldstone, 2010; Sakai et al., 2000). At the same time, as Yakushiji & Takahashi (2013) pointed out, the number of grocery retailers and their actual stores have continued to decline. There were

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