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The Mission of Private Labels

Towards a better understanding on retail usage of private labels in the context of sustainability

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Abstract

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The grocery retail industry has a substantial impact on a more sustainable food production- and consumption system. With its gatekeeper position between consumers and manufacturers, retailers have the ability to encourage sustainable consumption and enforce measures up the food value chain—and face pressure to do so. At the same time, retailers have to negotiate a landscape of fierce competition and grapple with thin margins. In addition to their own operations, retailers have the potential to create impact in another important, yet often-overlooked facet: their private labels. Currently at an average of one third of retail sales, private label products command a sizable portion of a retailer's assortment—and more growth is yet to come. This study aims to elicit the drivers behind retail engagement in private label strategies and explore the relationship between retailer sustainability objectives and private labels through a qualitative enquiry among five Swedish retailers. We find that in the journey towards a sustainable private label assortment, retailers construct the customer as demanding, but price sensitive—a combination that both enables and constrains retail maneuverability. While we find evidence of instrumental, relational and higher-value considerations in the retailers' assortment decisions, private label (sustainability) decisions are predominantly framed through a commercial lens, where consumer preferences dictate the pace. In addition, this study finds that private label sustainability proliferation is as much a question of *how* as it is of why. Findings further tentatively implicate that as retailers meticulously weigh customer approval prior to undertaking action, increased customer activation might be a prudent strategy to engender a more sustainable food assortment.

Keywords: Sustainability Strategy, Grocery Food Retail, CSR, Motivational Drivers, Private Label Strategy

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Glossary

Eco-branding: The act of differentiating a product based on ecological features

Private label: A product operating under a retailer's name. Also known as store brand or private brand

Private eco-label: A private label product differentiated on sustainability features

National brand: A product that carries its manufacturer's name. Also known as A-brand

Third-party certification: A consumer-oriented 'seal of approval' that confirms that a product has been produced according to a defined and monitored set of sustainability standards, as determined by an independent party. Examples include UTZ or Rainforest Alliance

Private certification: A consumer-oriented 'seal of approval' that confirms that a product has been produced according to a defined and monitored set of sustainability standards, as determined by the brand or manufacturer of said product. Alternatively: 'Corporate certification'

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1 Introduction

As global trade and product chains have long exceeded the sphere of influence of national- and supra-national organizations, the private sector plays a material role in contributing to sustainable development and merits further scholarly research (Vermeulen, 2010). The global food- and agricultural system, stretching from seed to consumer, is a particularly salient area for improvement, accounting for 26% of global greenhouse gas emissions (Poore & Nemecek, 2018). Herein, food retail, too, is facing pressure from various stakeholders to take up responsibility in both its own operations, but also in contributing to a more sustainable food production system at large (Lai et al., 2010). These encouragements are not without reason: In a uniquely powerful 'gatekeeper position' between consumers and suppliers, the food retail industry has the ability to drive demand for sustainable food products, impose improvements on food supply chains (Jones et al., 2009) and tackle food waste (Flanagan et al., 2019). More critical authors, too, recognize retail as a particularly powerful actor: *"Food industry and retail corporations, in particular, have become key players in the governance of the global food system through the creation of governance institutions such as private standards, corporate social responsibility initiatives (CSR) and public-private or private-private partnerships"* (Fuchs et al., 2011).

Through the introduction of private labels (brands under retail ownership) food retail has transformed from a channel through which consumers can buy manufacturers' brands to a worthy competitor of those manufacturers themselves, with value chain activities that far exceed stocking shelves. In fact, on average, one in three products sold in European retail is a private label product, where in mature markets such as Switzerland and the United Kingdom, this approaches nearly one in two (Private Label Manufacturers Association, 2021). Consequently, through private labels, retailers are also (in)directly involved in a sizeable portion of the food manufacturing industry via product development- and specification setting (Humphrey & Memedovic, 2006; Morton & Zettelmeyer, 2004).

Private labels have gone through a number of iterations over the last decades, developing from sub-quality (and sub-price) alternatives to national brands into multi-tiered price-quality propositions that stretch every market segment (Geyskens et al., 2018). From a strategic perspective, private labels have further evolved from literal no-name generics to powerful image-building and differentiation means (Laaksonen & Reynolds, 1994). Private eco-brands are a particularly interesting development herein, as they offer a potential for integrating sustainable attributes at a cost-competitive price and could thereby offer a satisfactory solution for both retailer and consumer (Chkanikova & Lehner, 2015).

With private labels in the double digits, a retailer's assortment decisions may have a considerable impact on its overall sustainability profile. Private labels (and eco-brands in particular) are not, however, a trivial strategy to pursuit; it requires, among others, the development of new competences (Johansson & Burt, 2004) and increases retailer reach and liability further up the food value chain (Chkanikova & Lehner, 2015). How and why retailers would choose to go down this path therefore makes for an interesting enquiry.

1.1 Purpose and research questions

This study aims to elicit the drivers behind retail engagement in private label strategies and explore the relationship between retailer sustainability objectives and private labels. While literature has looked at retail sustainability in an operational context (e.g. Claro et al., 2013; Naidoo & Gasparatos, 2018; Tang et al., 2016), private label strategies (e.g. Geyskens et al., 2018; Gielens et al., 2021) or eco-brands and certifications (Chkanikova & Lehner, 2015; Chkanikova & Sroufe, 2021), these have—to the best of our knowledge—not yet been brought in relation to each other. Although there is a wide body of extant literature on drivers for 'sustainability engagement' (e.g. Brønn & Vidaver-Cohen, 2009; Chen & Chen, 2019; Paulraj et al., 2017), such studies tend to be quantitative in nature in that they aim to provide numerical answers to questions such as: *To what extent are different drivers present? To what extent do they yield financial and/or environmental outcomes?* In recognition of this previous work, this study employs a multi-theoretical driver perspective as part of an explanatory framework to assess *why* retailers pursue their sustainability objectives in the way that they do.

This study aims to answer the following research questions:

1. *How are grocery food retailers driven in their private label strategy?*

2. *How do retailer sustainability objectives relate to private label development?*

1.2 Concise approach

This study aims to address the above research questions through a quality enquiry in the Swedish grocery retail sector in the period of January–May 2021. Any events that may have occurred since are thus not accounted for. Participants in the study include sustainability strategists, buyers, private label managers, corporate strategists and other representatives of the 'Big Five' in Sweden, respectively ICA, Axfood, Coop, Lidl Sverige, and Bergendahls Food (to be explained in greater detail in forthcoming sections).

1.3 Structure

Section 2 provides background information on retail in an agri-food context, retail dynamics and some characteristics of the research setting: Sweden. Section 3 introduces the reader to sustainability dimensions in a food retail context and the role of private labels therein. It continues with a review on private label history, strategic usage and branding decisions. Section 4 introduces the theoretical lenses through which retailer motivations will be assessed. The next section delineates the methodological approach employed in this study. Section 6 provides a rich description of the findings, where Section 7 discusses these in light of the theoretical lenses employed in this study. Next, limitations and therefrom emerging recommendations for further research are discussed, before Section 9 concludes the study.

2 Context

The focus of this study is the retailer. For those who do not have a direct relationship to the agri-food industry, a food retailer is likely the only recurrent actor in the food value chain with whom one interacts on a frequent basis. This section, therefore, aims to provide the reader with some background information on the 'back-end' of the agri-food industry, in order to appreciate sustainability issues on a wider scale, as well as some of the general dynamics in food retail. It also introduces the reader to the context in which this study was conducted: Sweden.

2.1 Retail in the context of the wider food value chain

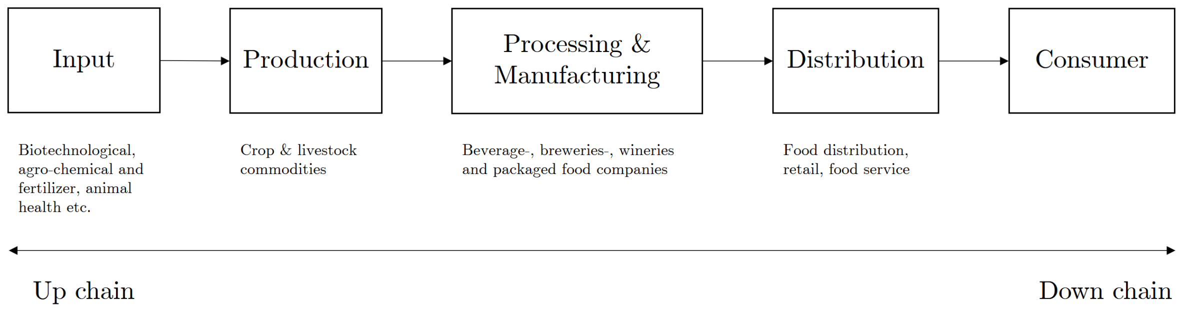

Figure 1: A (very) basic food value chain (adapted from: Cucagna & Goldsmith, 2018)

In its most basic form, a food value chain consists of five parts. At the beginning of the chain are providers of agrochemicals such as fertilizers, equipment, and seeds. These serve as inputs to produce commodity products such as food crops or livestock. In the next stage, these are converted into food- and beverage products. This also involves the processing of fresh produce and meat products. The last stage, distribution, involves the necessary steps in bringing food products to the consumer and often includes food (grocery) retailers, food service and hospitality firms. While represented in a manner as above value chains might seem simple, in reality, value chains are often complex and contain a great deal more actors in between the various stages, as well as more complex interrelations between value chain actors[1].

Challenges in the agri-food sector are abundant. As outlined earlier, the agri-food sector accounts for roughly 26% of global greenhouse gas emissions (Poore & Nemecek, 2018). Crippa et al. (2021) report an even higher share of 34%. Around one quarter of the global caloric supply is wasted, accounting for a 'purposeless' climate impact between that of the United States and India[2] (Flanagan et al., 2019), while yet 8.9% of the world population is in a state of hunger (Food and Agriculture Organization, 2020). The impact of the total food production system could, then, be considered as significant.

From a direct environmental perspective, the impact of distribution operations is lesser than the preceding steps. Crippa et al. (2021), for example, estimate that the combined impact of distribution (there defined as packaging, transport, and retail together) attribute approximately

[1] see Humphrey and Memedovic (2006) for a more extensive look in agri-food value chain issues

[2] It should be noted that at what stage most food waste occur differs greatly differs by region; in developed countries this is predominantly at the consumer stage, where in developing countries wastage occurs earlier in the value chain (Flanagan et al., 2019)

14% to the global climate impact of the food system, or about 5% of total greenhouse gas emissions respectively. The impact of food retail on an overall sustainability framework becomes more apparent when viewed by the influence it may exert through standards and private label products. As Burch and Lawrence (2005) argue in observation of increased retail concentration and private label proliferation: *"There seems to be clear evidence that a retailer-dominated food production system has a different 'profile' and trajectory from the two earlier regimes where power rested first, with the settler capitalist state/farm lobby and, second, with the mass producers of branded food products".*

Through the proliferation of retail-driven standards, such as the British Retail Consortium Global Standard for Food Safety (BRC), the International Food Standard (IFS), and the Global Partnership for Good Agricultural Practice (GlobalGap), food retailers have become rule-setters rather than rule-takers, with crucial implications for the sustainability of the global agri-food system (Fuchs et al., 2011)[3].

While the direct impact of food retail operations is arguably relatively minor on the backdrop of global food value chains, its gatekeeper position and relative power up the value chain make retail an interesting topic of study. While the influence of the retailer may be significant, the industry itself is under its own challenges, as the next paragraph will outline.

2.2 General development in the food retail sector

Over the last decades, the food retail industry has undergone a consolidation process, where market concentration has increased greatly (Dobson et al., 2003). Straining under the weight of e-commerce, discounters, meal delivery services, price transparency and manufacturer-to-consumer sales, competitive pressures in the food retail industry are mounting, leading to a downward spiral in what is characteristically already a low-margin sector (Bouchut, 2019)[4].

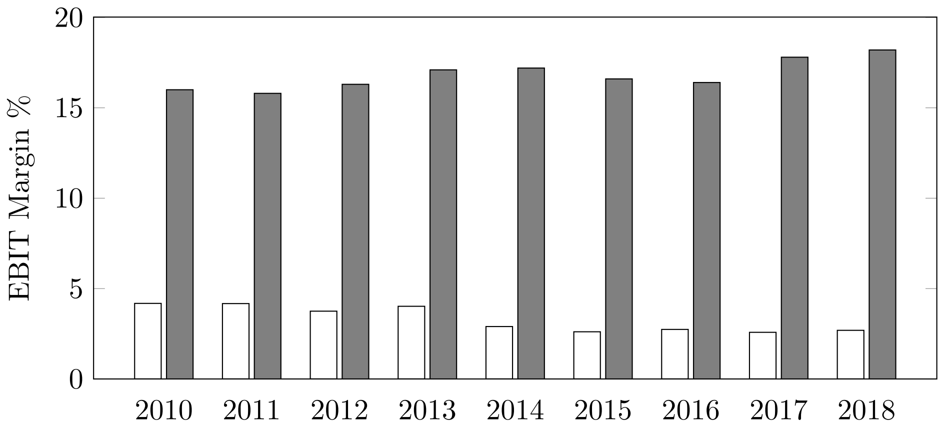

Figure 2: Average EBIT margin of European food retailers (white) and top 50 FMCG suppliers between 2010-2018 (gray). Source: Bouchut (2019)

[3]Fuchs et al. (2011) recognize the impact on food safety (after which retail standards were initially intended for), but condemn the detrimental effects on social sustainability in developing countries, as their stringency reduces the possibility of small farmers to gain market access

[4]Retailers taken under consideration by Bouchut (2019) include Ahold Delhaize, Carrefour, Casino, Tesco, Sainsbury's, Morrisons, Asda, Aldi and Waitrose

This is in stark comparison with the *largest* FMCG suppliers (see: Figure 2), who enjoyed a minor increase in EBIT margins in the same time period and are typically much larger organizations. To provide counterweight, retailers increasingly bundle forces in 'retail alliances'—organizations that negotiate on behalf of their members (Bouchut, 2019). Typical activities in such alliances may involve joint purchasing and marketing at a local scale. Alliances may also exist between direct competitors on the same market or at international scales, and typically involve the negotiation of extra retail services in exchange for discounts and serve as access points for suppliers to enter foreign markets. Such alliances are not without their controversies, however, having been the subject of institutional debate on their power (Colen et al., 2020).

2.3 Private labels in a European context

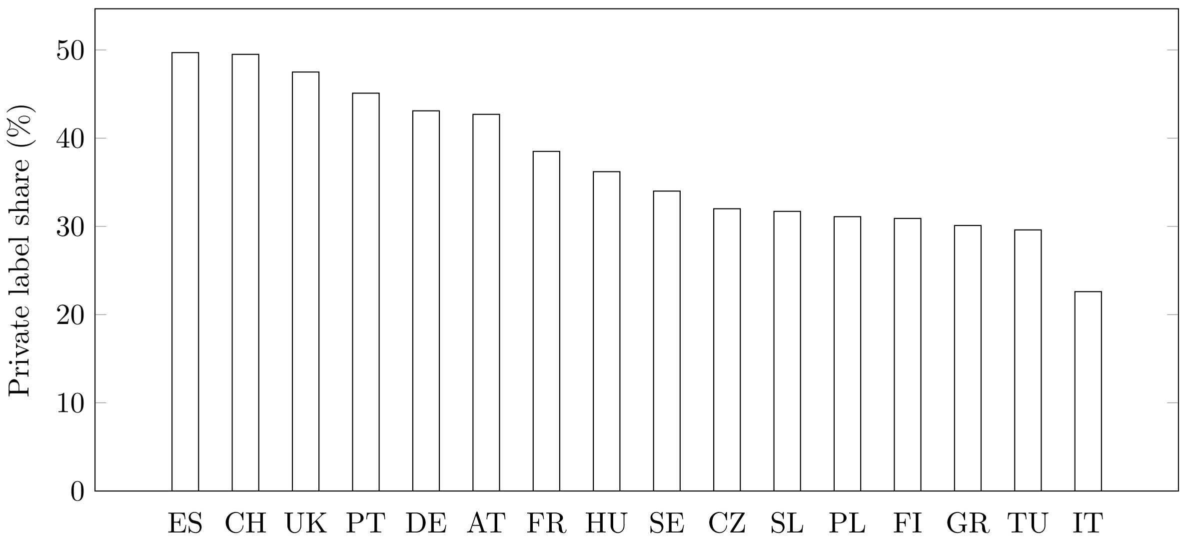

Figure 3: Private label shares in European retail, 2020. *Interpretation: In e.g. Spain (ES), private label shares by volume equated nearly 50% in 2020, meaning that nearly one in every two products sold in Spanish retail was sold under a private label.* Source: Private Label Manufacturers Association (2021)

Within Europe, countries differ markedly in private label market shares, although the European average is greater than in other continents (Nielsen, 2018). Switzerland, Spain and the United Kingdom are leading markets, with nearly one in every two products sold under a private label. Italy has the lowest penetration of private labels and is the only country with a sub-30% market share. Sweden is near the middle of the pack, with a private label volume share of 33%, meaning that nearly one in three products sold in Swedish retail is under a private label.

Prognoses for the Swedish market indicate a steady increase in the share of private labels, collectively expected to grow by 0.8% per annum. The rise of the private label segment is expected to come at the greatest cost of 'B-brands'[5], but to stunt market developments of A-brands as well, where the largest relative increase of private labels is expected in the premium segment (Macklean, 2015).

[5]Defined as 'weaker' national brands

2.4 The Swedish setting

The Swedish grocery retail sector is characterized by relatively high market concentration. The three largest market actors, respectively ICA, Coop and Axfood, have a collective market share of near 90% (DLF, 2020)[6], where family-owned Bergendahls Food (operators of City Gross) and the German-originating Lidl make up the remainder. Although high, such a concentration is not unusual for the Nordics. An explanation lies in logistics; Sweden is a long and sparsely populated country and thus requires significant investments in logistics for a retailer to grow to national size, putting high barriers for entrants (Konkurrensverket, 2018) and possibly raising food prices (Eriksson & Ghosh, 2016).

Swedish retailers are, however, comparatively small on a global scale. A 2020 Deloitte study ranked ICA Gruppen—Sweden's largest—as the 80th largest retail organization in the world. Schwarz Gruppen, Lidl's parent company, ranked number four, with a global revenue approximately ten times that of ICA Gruppen (Deloitte, 2020). In comparison with other European countries, the Swedish grocery retail sector has been described as generally more 'federalized', with lesser centralized decision-making authority (Johansson & Burt, 2004).

The Swedish citizen may be characterized as particularly environmentally inclined; a 2020 survey conducted for the European Commission revealed that 81% of surveyed Swedes consider protecting the environment as 'very important', ranking number one among EU member states. A 2018 survey conducted on behalf of the Swedish environmental agency revealed that, in terms of 'obstacles to living a more climate conscious life', 65- and 79% of respondents found green and climate-conscious alternatives were not enough in number, or too expensive, respectively (Gullers Group, 2018).

[6] Actual market concentration differs significantly by measurement methodology. For example, ICA Gruppen reasons according to total grocery consumption irrespective of place, which puts their own calculated share at 36%. Others, such as DLF research only look at a number of operators which would put ICA's share at 52%. Nonetheless, the assessment of high market concentration holds true

3 Literature Review

This section takes stock of sustainability dimensions in the food industry and connections with private brands. It continues with an in-depth look into private labels: their historical development, their strategic usage, and developments with regards to sustainability.

3.1 Common sustainability terminology

This study draws heavily on literature that refers to terms such as CSR, sustainability initiatives, sustainability strategy and so forth. Prior to commencing the discussion on the interplay between such terms and private labels, we must establish what such definitions mean. Unambiguous, clinical definitions of Corporate Social Responsibility, for example, are elusive. Based on content analysis of 37 CSR definitions, Dahlsrud (2008) concludes that while there exists relatively little disagreement on what areas ought to be included in CSR (that being environmental-, social-, economic-, stakeholder- and voluntariness dimensions) the term itself is yet very much socially constructed, i.e., its meaning is different to various stakeholders. Brønn and Vidaver-Cohen (2009), for instance, who conducted a 'motivational driver' study similar to others mentioned in this study (Aguilera et al., 2007; Chen & Chen, 2019; Paulraj et al., 2017) preferred to use the term 'social initiative' in lieu of CSR so as to avoid normative overtones.

Where necessary to avoid confusion, we employ the definition used by the European Commission, which entails: *"a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis"* (European Commission, 2011). A corporate sustainability strategy may be defined as "a strategy to balance the social, economic and environmental needs of both company and society" (Epstein & Roy, 2001). Following Baumgartner (2014), such strategies involve the identification of relevant CSR/sustainability aspects, the adoption of a normative position and the translation of sustainability objectives into strategic planning and operational activities.

3.2 Sustainability dimensions in a food retail perspective

Maloni and Brown (2006) provide an authoritative typology of CSR elements in a food supply chain. Among its components are animal welfare, biotechnology, health and safety, environment, labor and human right, community, fair trade and procurement. Here, *animal welfare* pertains to the handling, raising and slaughter of animals in a manner so as to minimize unnecessary suffering. *Biotechnology* involves the avoidance or implementation of strict standards concerning the genetic modification of animals or plants. *Health and safety concerns* relate to proper labelling and adherence to high food safety standards, and the recall of faulty products. Additionally, health factors relate to actions taken by food industry actors to offer healthier food products and create environments and cues that are conducive to the selection of healthier food products. *Environmental factors* relate to both the provision of products that have been produced sustainably as well as the adoption of environmentally conscious logistics practices. *Labor and human rights* involve the addressing of issues relating to forced labor, discrimination, safe working conditions and so forth in actors' supply chains. *Community* in the context of food supply chains involves the undertaking of actions that supports beneficial causes in the environment wherein an industry actor operates, such as financial donations to social causes or the engagement in cause-related marketing. *Fair trade* practices involve active participation in ensuring fair prices to suppliers. Last, *procurement* matters pertain to the adherence to ethical standards and conduct in the selection of- and engagement with suppliers.

Using this framework as guidance in a UK grocery retail context (a comparably high-concentration market), Souza-Monteiro and Hooker (2017) aimed to determine relationships between CSR communication and private label products launches and found that health and safety and environment were among the most-cited CSR areas, where human rights, procurement and purchasing were among the least. However, the extent to which CSR focus areas and private label products claims were integrated as a common sustainability strategy was found to differ greatly by retailer. A tentative high-low communications-innovations conceptual quadrant model is proposed where firms were categorized as 'old school', 'all talk no action', 'quiet leaders' and 'CSR champions', based on the relative score on communication and product launches.

A content analysis of CSR commitments by the world's largest 100 retailers revealed five areas of priority: i) the donation of surplus food to charities, ii) reducing and recovering food waste, iii) sustainable sourcing of ingredients such as palm oil, soy, and cocoa, iv) governance of food safety and v) growing the number of own brand food available to meet supermarket requirements (Pulker et al., 2018). As the authors state: *"Own brand food products offer large global supermarkets the opportunity to positively impact the availability, accessibility, affordability, nutritional quality, product quality, and sustainability of the food supply"* (Pulker et al., 2018). It must be recognized that private label-CSR interactions occurred on more levels than 'just' sustainable sourcing or e.g., increasing proportions of organically certified foods; commitments were also made with respect to affordability (purposely keeping prices low), food safety and nutritional content (reductions in salt, sugar, and fat as well as growing sales of 'healthy' own brands) (Pulker et al., 2018).

3.3 Private labels: from generics to sustainability champions?

Since their introduction in the mid-20th century, private labels (alternatively called store brands or own brands) have gone through a number of iterations, developing, by and large, from unbranded generic products to sophisticated, and differentiated product lines. Laaksonen and Reynolds (1994) summarized this progression in four generations, where strategic private brand usage shifts from pure cost-based competition, through value-based competition to strong tools for retailer branding and category-maximization, where private label prices match or even exceed those of national brands (Table 1). Private label ownership by a retailer need not imply that the retailer takes on any production activities. Although own production is not unexceptional, manufacturing is typically outsourced to specialized private label manufacturers or—perhaps to the surprise of the reader—to national brand manufacturers who seemingly paradoxically produce for themselves as well as their competitor (Paché, 2007; Rahman & Soesilo, 2018)[7].

Retailers today increasingly employ a multitier strategy, where multiple brands target different market segments concurrently (Geyskens et al., 2018) in a somewhat analogous manner to the Laaksonen & Reynolds multigenerational model. The last iteration of private labels

[7] However, as discussed earlier, retailers are responsible for setting specifications

Table 1: Private label generations. Source: Laaksonen and Reynolds (1994). Note that not all generations necessarily have hard borders and may run concurrently

	1st Generation	2nd Generation	3rd Generation	4th Generation
Type of brand	•Generic •No name •Brand free •Unbranded	•Quasi-brand •Own label	•Own brand	•Extended own brands, i.e. segmented own brands
Strategy	•Generics	•Cheapest price	•Me-too	•Value-added
Objective	•Increase margins •Provide choice in pricing	•Increase margins •Reduce manufacturers' power by setting the entry price •Provide better value products (quality/price)	•Enhance category margins •Expand product assortment •Build retail's image among consumers	•Increase and retain the client base •Enhance category margins image further •Differentiation
Product	•Basic and functional products	•One-off staple lines with a large volume	•Big category products	•Image-forming product groups •Large number of products with small volume (niche)
Technology	•Simple production process and basic technology lagging behind market leader	•Technology still lagging behind market leaders	•Close to the brand leader	•Innovative technology
Quality/Image	•Lower quality and inferior image to the manufacturer's brands	•Medium quality but still perceived as lower than leading manufacturers' brands •Secondary brand alongside the leading manufacturer's brands	•Comparable to the brand leaders	•Same or better than the brand leader •Innovative and different products from the brand leaders
Approximate pricing	•20% or more below the brand leader	•10-20% below	•5-10% below	•Equal to or higher than known brand leader
Consumer's motivation to buy	•Price is the main criterion for buying	•Price is still important	•Both quality and price, i.e. value for money	•Better and unique products

increasingly evolves around sustainability (Górska-Warsewicz et al., 2018).

These multitier strategies involve three levels: budget, 'conventional' and premium. Budget-tier private labels aim to significantly undercut national brands in price, but still offer an acceptable quality level. The budget-tier private label has also seen use as a 'defense' tool by retailers in the conventional segment to fend off the rise of hard-discounters, although its effectiveness thereto is disputed (Vroegrijk et al., 2016). 'Standard-tier' private labels aim to compete with national brands on the quality-price spectrum, where brands often mimic features of national brands, in what Laaksonen and Reynolds (1994) would refer as the 'me-too' strategy. Premium private labels are thus different from standard private labels in that their objective is not to mimic but to stand out from national brands and provide a potential means of retailer differentiation.

The choice to brand private labels as a stand-alone product or to operate under the retailer's banner can be said to one of strategy, where branding 'fit' between the particular tier of private label and retailer brand image is of importance. Geyskens et al. (2018) argue that for retailers with high brand equity that sell economy-tier private label products, a standalone strategy is prudent, so as to disconnect consumer association between low-quality products and the retail chain. This argument in grounded in cue-signaling theory: When presented with inconsistent price-quality cues (e.g. a very high quality for a very low price), customers overweigh the negative cue (Miyazaki et al., 2005). Standalone economy tiers may further protect the retailer's brand in case of a product fault. For retailers with low-brand equity, standalone branding is advised across the private label spectrum. Inversely, for retailers with high brand equity, store-branded private labels can have a positive spillover between product and retailer, so long it does not have an every-day-low-price strategy (Geyskens et al., 2018). While the introduction of new products under an existing label might incur positive spillovers, it does mandate the retailer to adhere to the appropriate quality level (Rubio et al., 2017).

The prevalence of the different private brand tiers across a retailer's total assortment is not equal. Categories that are highly commoditized and have high purchasing frequency lend themselves well to the introduction of economy-private labels (Gielens et al., 2021), where premium private labels tend to be introduced in categories with longer inter-purchase time, a higher need for variety and a more prolific assortment of standard private labels (Braak et al., 2014). Though the success of the contemporary multitier model is recognized, its future propensity to stay so is called into question by Gielens et al. (2021), who argue that changing consumer interests towards sustainability, increased retail competition, technological advancements and increased access to data call for strategies that go beyond the contemporary price-quality value proposition.

Quality is not, however, a monodimensional concept, but a complex evaluation of different bundles of attributes. Products have search, experience and credence attributes. Unlike search attributes that can be ascertained prior to purchase (such as size, color and price) or experience attributes that are discernable during consumption (such as taste), credence attributes are properties that, although significant, cannot ascertained by a consumer (Darby & Karni, 1973). Examples of credence attributes in the context of food products are country of origin, environmental impact, or organic production standards. Both retailers and manufacturers alike increasingly aim to differentiate their products on credence attributes such as sustainability, eco-labelling and the inclusion of 'best practices' (Sogn-Grundvåg et al., 2014). In a case study on white fish in the UK, Sogn-Grundvåg et al. (2014), for instance, found that the inclusion of a certified sustainability label as well as country-of-origin indication yielded a significant price premium, where an uncertified label yielded the opposite. The inclusion of 'CSR' aspects in private labels has indeed been reported to provide a means of differentiation (outside price) vis-à-vis national brands (Anselmsson & Johansson, 2007).

3.4 Purposes of private labels

From a corporate strategy perspective, the classic either/or quality-price leadership dichotomy advocated by Porter (1985) does not apply as strongly to food retail, where both styles can be achieved concurrently (Morschett et al., 2006). In addition, food retailer strategy was found to be developed along the same dimensions by which the retailer itself is evaluated by the customer (Morschett et al., 2006). Private labels offer an opportunity for retailer differentiation (Collins-Dodd & Lindley). One can thus, for example, infer that a strong private eco-brand is conducive to building an image as a sustainable retailer and vice versa. Branding based on sustainability matters can create differentiation in a competitive market (Gupta et al., 2013).

Indeed, the introduction of private eco-labels is a new source of competitive advantage for European retailers (Górska-Warsewicz et al., 2018). Private labels also serve as a means of increasing retailer bargaining power vis-à-vis suppliers (Meza & Sudhir, 2010). Furthermore, premium-tier private labels, in particular, were found an attractive means of increasing overall retail profit, where economy-tier private labels were not (Hökelekli et al., 2017).

'Socially responsible' private labels further help in building customer loyalty and reinforcing the socially responsible position of a retailer (Mejri & Bhatli, 2014). Not all private brands are evaluated equal, however. Bodur et al. (2016) state that the evaluation of 'ethical attributes' of private labels is dependent on price; budget private labels that endorse ethical attributes are evaluated as lower than those without, where the opposite is true for premium private labels, although certifications where not taken in account in this study.

3.5 Certifications: make or buy?

A primary concern for developing products that evolve around sustainability is access to a sufficient supply of certified materials. In addition, retailers that aim to enter the space of private labels must also assume some the functions that are traditionally executed by manufacturers (Johansson & Burt, 2004) while requiring additional competences for eco-brands (Chkanikova & Lehner, 2015). Certifications have herein emerged as an institutional arrangement. By assuring that a given product has been produced according to a given set of acceptable standards, a certification scheme reduces transaction costs and lends additional credibility to end consumers (Chkanikova & Lehner, 2015).

Certification-based multi-stakeholder initiatives serve a similar function in that participation in MSIs, or membership thereof guarantees access to a steady supply of sustainability-certified materials. Certification-based multistakeholder initiatives increase a lead firm's visibility and control of its value chain and thereby offer opportunities to enhance (or protect) brand value (Riisgaard et al., 2020). Additionally, certification-based multi-stakeholder initiatives also allow an actor to 'borrow' the moral legitimacy of other parties involved in that initiative, such as environmental organizations (Cashore, 2017).

In exceptional cases, retailers have self-initiated certification schemes, a prominent example among which is UTZ. Launched in 2002 by the Royal Ahold Coffee Company and a Guatemalan coffee farmer, UTZ-certified was launched to overcome several disadvantages with the then ubiquitous Fair Trade certification and subsequently grew into one of the most well-known certification-based MSIs (see: Chkanikova & Sroufe, 2021, for more background information).

4 Motivations

The preceding section introduced the functional aspects of private labels and sustainability dimensions in food retail? In this section we introduce a theoretical framework that enables us to elucidate and qualify different motivational drivers

4.1 An introduction to 'Multiple Needs Theory'

Literature on drivers towards sustainability engagement can be said to have its roots in organizational justice theory in that its concepts have been modified and reused in other influential frameworks. Organizational justice theory, in short, posits that employees' judgement of the fairness of the conduct of an organization affects their own subsequent behaviors and actions. Cropanzano et al. (2001) summarized several decades worth of organizational justice literature into three streams, each of which make certain assumptions on human nature—instrumental, social and ethical.

Instrumental justice models assume that individuals regard fairness as a means to an end: personal gain. In other words, an event is deemed as being fair if it improves the (quasi-)economic wellbeing of those that are the recipients of said event. Instrumental motives that flow therefrom can thus be understood as being that, from the perspective of a given stakeholder, a corporation ought to engage in sustainable actions to increase the economic wellbeing of that stakeholder.

Relational or social justice models emphasize relationships between individuals and organizations; a relationship is regarded as having value in and of itself and one's inclusion in a social group matters. Fairness is thus important in that it fosters trust and closer relationships. Economic gains could theoretically be foregone for the sake of maintaining a relationship. In a motivational driver context, social motivations mean that a corporation would engage in a sustainability initiative out of need to maintain relationships amongst its various stakeholder groups.

Moral justice models are different from the preceding two in that they draw from universalistic standards. Fairness is drawn from moralistic principles i.e., what is universally regarded as fair, even if that would reduce individual gain.

The concept of *Corporate Social Responsibility* (in its broadest term) is related to organizational justice theory in that the perceived fairness of a corporation's actions affects the behavior of its employees but extends its scope to include the actions of a corporation in the framework of society at large, rather than necessarily individual corporation-employee interactions (Rupp et al., 2006). Aguilera et al. (2007) brought these theoretical considerations outside the micro-organizational level by 'transposing' multiple needs to the individual-, organizational-, national- and international context and providing theoretical arguments for the relative hierarchy of these motivations as to why different interested parties push companies to acting towards sustainability. This model has subsequently been adapted and empirically assessed in the context of *sustainable supply chain management* (Chen & Chen, 2019; Paulraj et al., 2017) as well as in product development in the food industry (Garst et al., 2017). Although the first two studies indicate a positive correlation between relational-moral motivations and environmental outcomes, the relationship to financial performance is more nuanced in that Paulraj et al. (2017) denote that relational-moral motivations also yield superior financial performance compared to instrumental motives, where Chen and Chen (2019) report the opposite.

4.2 Instrumental drivers

From the perspective of the corporate actor, engagement in sustainability initiatives is typically characterized as instrumental, or alternatively, strategic, when it is undertaken with the intent to maximize shareholder value and increase competitiveness. In his seminal article *"The Case for and against Business Assumption of Social Responsibilities"*, Davis (1973) delineates a number of arguments that could be interpreted as instrumental drivers. *"Assumption of social responsibilities"*, Davis argues, are not only a means for long-term profit generation as a result of community improvement, but also a means to avoid government regulation that would otherwise occur as a consequence of *irresponsible* behavior.

Literature has demonstrated that organizations with strong sustainability profiles are rewarded with higher stock market valuations (Lo & Sheu, 2007). Shareholder demands are not equal, however, and can differ significantly with regards to the timescale of their interests and expectations regarding actions towards CSR. In a cross-comparison between US- and UK corporate governance systems, Aguilera et al. (2006), for example, found that institutional investor ownership differences result in strongly different instrumental views on CSR as a short- or long-term source of competitive advantage. Long-term instrumental perspectives were found to result in higher stakeholder involvement in CSR strategies (Türker, 2015).

Historically strong CSR critics such as Friedman (1970), who famously argued that "The only responsibility of business is to increase its profits", would have to acknowledge that, with the onset of activist shareholders, this relationship has become more nuanced and that shareholders too increasingly provide pressure on corporate accountability towards sustainability (Glac, 2014). Even in the absence of shareholder activism, however, personal CEO agendas and environmental expertise can significantly alter a company's green strategy (Walls & Berrone, 2017), although instrumental motivations (compensation conditions) at the CEO level also substantially affect a corporation's engagement in CSR (Fabrizi et al., 2014).

In food retail, economic benefits have been identified as the strongest driver to engage in environmentally responsible actions, mainly through a reduction in operational costs. Environmental agendas dominate on energy conservation as it represents one of the highest operational expenses for food retailers (Naidoo & Gasparatos, 2018). For example, retailers regarded a reduction of costs as a much higher driver for the adoption of energy conservation measurements over building a green image (Dixon-O'Mara & Ryan, 2018).

4.3 Relational drivers

Relational motives to engage in CSR can be explained through stakeholder theory and institutional theory (Aguilera et al., 2007; Paulraj et al., 2017). Stakeholder theory postulates that corporations act in manners to promote the welfare of all groups involved in the firm (Freeman, 2014). Corporations do not operate in a vacuum; they have a variety of stakeholders who may have different expectations and evaluations of their conduct—but not necessarily a direct economic interest, unlike shareholders. In their actions towards sustainability, corporations are thus influenced by parties such as customers, competitors, suppliers, employees, activist groups and legislators. Not all stakeholders are necessarily met the same amount of managerial attention, however. Mitchell et al. (1997) propose a mechanism for managerial categorization of stakeholder importance, based on urgency, legitimacy, and power.

Due to the embedded nature, corporations are strongly motivated to engage in CSR in order maintain legitimacy in the fields wherein they operate (Brønn & Vidaver-Cohen, 2009). As Davis (1973) indirectly summarizes in favor for corporate engagement in 'responsible initiatives': *"Society gave business its charter to exist, and that charter could be amended or revoked at any time that business fails to live up to society's expectations. Therefore, if business wishes to retain its present social role and power, it must respond to society's needs and give society what it wants."*

Campbell (2007) contends that although economic conditions and competitive aspects indeed affect the likelihood of firms to act in 'responsible ways', institutional factors such as a (self-)regulatory environment, monitoring by independent parties, normative changes in curricula and professional organizations and institutionalized dialogues with keys stakeholders are key moderating factors.

Institutional theory suggests that otherwise rational actors tend to adopt similar organizational practices by three isomorphic forces: *coercive* isomorphism, *normative* isomorphism and last, *mimetic* isomorphism (DiMaggio & Powell, 1983).

Coercive factors relate to pressure exerted by critical stakeholder groups upon which an actor is dependent for survival and are related to the objective of legitimacy as described above (Fernando & Lawrence, 2014). Such examples include regulations passed by governments, employees and activist groups who keep account of irresponsible actions. For example, the upcoming EU directive 2019/904 will result in a ban of single-use plastics as of June 2021, which includes 'flimsy' plastic bags as well as certain categories of food packaging (European Commission, 2019). Retailers will thus have to take actions in order to comply with regulations and remain a legitimate actor. Leading retailers often take measures ahead of impeding legislation to reap cost savings and reputational benefits (Lai et al., 2010).

In cases of high uncertainty, companies tend to follow another's practices in what is called *mimetic* isomorphism. Schurman (2004) provides an excellent case study on the particular effect of activist pressure in instigating isomorphism in a retail context. At the end of the 1990s, NGOs such as Friends of the Earth engaged in large-scale public awareness campaigns, advocating the dangers of genetically modified foods, targeting, among others, prominent UK food retailers. Iceland, at the time among the smaller of the national retailers, saw an opportunity for differentiation and aligned its activities with the anti-GMO activists and renounced any GMOs in its own brands. Having broken with industry norms, the morality of other retailers was drawn into question; within a year all major retailers had banned GMOs. As Schurman (2004) asserts: *"Had Iceland not folded, the other supermarket chains presumably would not have had to fold either."*

Normative isomorphism, last, relates to isomorphic forces that arise from professionalization: how should things be done? DiMaggio and Powell (1983) argue that through university education and professional exchanges, for instance in trade associations, similar ideas develop on how organizations should be run, to the point that individuals are 'virtually indistinguishable'.

In recent years, consumer assignment of the responsibility for a sustainable food production system has shifted from an internal focus (i.e., the consumer itself) to the retailer; retailers are expected to 'deal' with sustainability issues on their behalf, reducing the influence of labelling schemes (Ehgartner, 2018). Food retailers have indeed invested significantly in CSR to improve their reputation among consumers and can benefit from a reputational and financial perspective by integrating CSR activities in the heart of their marketing campaigns, so long as CSR activities do not occur concurrently with CSiR (Corporate Social Irresponsibility) (Swaen et al., 2021).

4.4 Moral drivers

Where instrumental- and relational drivers are concerned with the outcomes of actions (economic improvement or social standing), moral drivers are concerned with actions—what is the right thing to do? Moral drivers can thus be understood of engaging in sustainability initiatives out of a desire to benefit society at large. Herein, top management views on the purpose of responsible actions play an important role (Rego et al., 2017).

Stewardship theory on corporate governance has been brought in relation to moral drivers for CSR engagement (Aguilera et al., 2007). Stewardship theory, in short, posits two manners of principal-agent relationships. Where the agency perspective assumes that agents (i.e. persons employed by principles (owners) to make decision on their behalf) act purely according to self-interest, the stewardship perspective purports that agents act more out of collectively interest and integrate moral reasoning more strongly in their decision making (Davis et al., 1997). Indeed, top management that acts according to stewardship principles rather than as self-serving agents are likelier to engage in CSR activities (Godos-Díez et al., 2011).

Wood (1991) too argues that within the economic, legal and societal constraints imposed on a company, there is yet room for 'discretionary' managerial action where managers have a duty to impose their moral reasoning as they would in their personal lives. Bansal and Roth (2000) concur that individual concern for environmental matters manifests itself in separating important- from non-important decisions, in championing ecological response in organizations and in acceptance of ecological responsibility at top-management level, inducing organizations to 'go green' without expecting due reward. A food retailer included in the Bansal and Roth study, in reply to an enquiry on their decision to conduct life cycle analyses on their private label products, responded *"Our chairman was very adamant that we were going to be much more ecologically aware. He said: 'We ought to be more green because we want do more good'"*. Note the difference between the here presented case study and that presented in Schurman (2004) to better appreciate the difference between relational (in this case: institutional) and moral drivers: where retailers in Schurman (2004) adopted practices after their moral legitimacy was questioned, the particular retailer questioned in Bansal and Roth (2000) did so for no apparent reason other than to 'do good'.

Sharpe and Barling (2019) enquired for ethical motivations in a UK food supply context, and found a diverse set of actions that could be interpreted as socially beneficial and are regarded as legitimate concerns by actors in the food industry (such as: food provision and community activities). However, a need to reconcile this with a profit objective was found to be difficult. Massa and Testa (2012) assess the translation of moral drivers in food retail though the lens of ideology in a case study on the food retailer 'Eataly', who espouses the values of 'good, clean and fair food'. These values translated into several unorthodox retail practices: no supplier exclusivity agreements, a voluntary loss-leader strategy, a limited assortment, but above all (in the context of this study): a no-private label policy, out of the ostensible concern to protect the livelihood of small suppliers of branded products.

4.5 Conceptual framework

In summation of the literature review, we present the below conceptual framework.

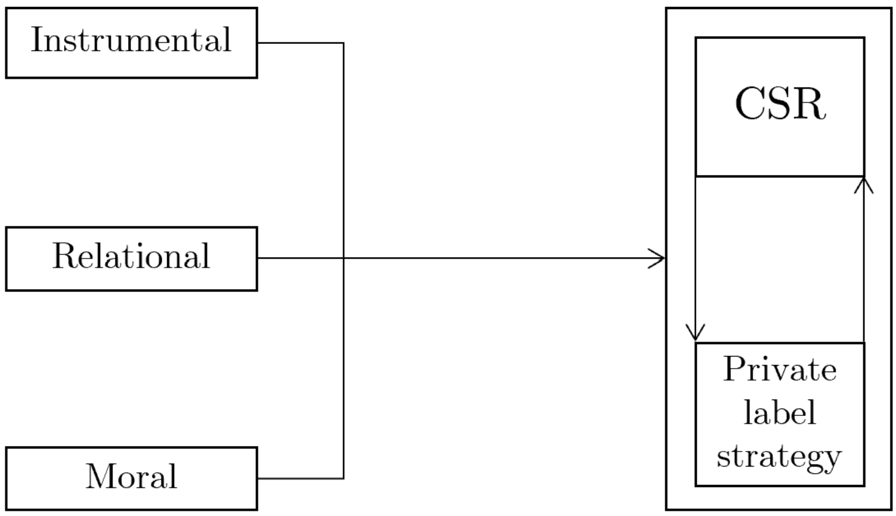

Figure 4: The conceptual framework

Following Section 3.2, we may regard private labels as 'CSR tools' as per Souza-Monteiro and Hooker (2017) and Pulker et al. (2018), with additional strategic considerations outlined in Sections 3.3-3.5. Regarded as such, the 'CSR' drivers outlined in Sections 4.2-4.4 therefore also have application to private labels. In its totality, the framework thus posits that one might find instrumental-, relational-, and moral drivers in private label strategies and CSR considerations.

5 Methodology

In the following section we provide a brief background to the study, followed up by detailed explanations of the rationale behind the methodological approach, data collection methods, the choice of implementing a semi-structured qualitative research design, as well as the methods of analysis.

5.1 Additional background on the Swedish grocery retail industry

The Swedish grocery retail industry is characterized by a comparatively high degree of concentration, as well as a diversity of ownership structures. The data summarized in Table 2 provides a short account of the 'Big Five' grocery food retailers' characteristics and is collected from the most recent (at the point of data collection) annual or sustainability reports issued by each of the five retailers. As not all retailers are publicly noted, disclosure quality varied.

Table 2: Additional characteristics of Swedish grocery retailers

Retailer	Revenue (BSEK)[a]	Number of stores	Market share (%)[a]	Private label share (%)	Ownership
ICA	141.4	1266	52.3	26.9	54% ICA retailers association, other: stocklisted
Axfood	50.1	560	18.5	32.5, 26.3[b]	50.1% Axel Johnson Group, other: stocklisted
Coop	50.9	c.a. 800	18.8	25[c]	Consumer associations and retailers
Bergendahls Food	14.2	41	5.3	12.1	Bergendahls Food
Lidl Sverige	13.7	192	5.1	85	Lidl Stiftung & CO. KG

[a] Source: DLF (2020), [b] In Willys and Hemköp respectively, [c] 2019 (last available)

5.2 Methodological approach

As the aim of the study is to gain a deeper and more holistic understanding of the retailers' motivations for and strategies in engaging in food sustainability initiatives an open dialog between the researchers and the interviewees has been facilitated in order to co-create and jointly interpret the reality.

Keeping in mind the contextual and situational aspects of the phenomena observed in the scope of the study, all knowledge produced is to be open for re-interpretation and vary from one respondent to another.

Due to the behavioral and social specificities of the research, the methodology is based on the principles of relativist ontology and subjectivist epistemology, making the study less controlled and more interpretive in nature. Due to this, we, the researchers have a central and shared role in the creation and analysis of data. As central as the role of the researcher is, we have been highly considerate of staying impartial to the direction of knowledge produced, the themes that have emerged in our findings, as well as any possible agenda followed by any of the interviewees.

This methodology is not uncommon to other research studies conducted in this or adjacent fields, however, there exist a multitude of studies like Paulraj et al. (2017) that have embraced an objectivist paradigm, with heavy accent on quantitative studies, making use of surveying software as method of data collection and statistical interpretation software as means of data analysis.

5.3 Data collection

Qualitative methods of data collection were utilized, more specifically, semi-structured interviews. The semi-structured format was decided upon as the most appropriate data collection means as it provided us with structure when interviewing, while granting room for discovery of unexpected insights through follow up questions. Qualitative data collection methods, also, greatly complemented the aim of the study to explore the underlying motivations and obtain a real-time account of retailers' overall sustainability strategy and the relationship that the latter has with private label strategy by interviewing entities who are directly involved with the phenomena (Gioia et al., 2013).

An interview matrix guide was created to facilitate smooth transition to the main interview questions by means of trial and error. Table 4 highlights the main topic areas that the current research intends to analyze and interpret. The topic categorization is based on prior drivers identified in the preceding section.

Drawing from the Interview Matrix, eight main interview questions and several sub-questions were shortlisted and refined. Prior to conducting the main interviews, a pilot interview was conducted with a former employee at one of the participating retailers to assess the quality of questions and adjust expectations as to the possibility of responses to each. Data from this interview was not used for analysis.

As stated by Gioia et al. (2013), the inherent flexibility that is within the nature of interpretivist research recognizes that "interview questions must change with the progression of the research". Staying true to the methodology, we assessed the success rate of our answers obtained by the end of the third interview (all within the first week of interviewing) and, as a result, refined several more questions and introduced more sub-questions to the list. The final list of interview questions can be found in Appendix 11.1.

5.4 Research design

A one-month research design was implemented, focused on conducting semi-structured qualitative interviews via online video conferencing software, namely Zoom and Microsoft Teams. Since the study was conducted amidst a global pandemic caused by a virus codenamed COVID-19, the possibility of on-site interviews was ruled out. This method, while not representing our first preference, still proved resourceful in bridging locational gaps and making data collection possible, in the first place.

All our interviewees consented to being recorded and to their information being used solely for the purposes of this study, with their identities remaining undisclosed for protection of personal information. Information as to the background of the interviewees was 'generalized' into a number of researcher-defined functional areas so as to not bring forth precise job titles that may lead to identification of interviewees. In other instances, such as the industry experts (see below), company names were left out entirely for similar purposes.

The rationale behind the choice of actors participating in the study was multifold. As defined in prior sections, the 'Big Five' players of the Swedish grocery retail industry were the primary targets of this study. Convenience stores such as 7-11 and Pressbyrån were not considered in this study, since the aim was to focus on the large grocery retailers, their strategies and dealings in sustainability and, which is the core focus of this study, assess and 'qualify' their motivations for creating and maintaining their own private label brands.

Beside the main interviews, two background interviews were conducted with industry experts: one of whom specializing in sustainable market transformations and having a long history working with retail companies across various industries and the other specializing in responsible buying and supply chains. These conversations provided us with pragmatic insights into how food retail value chains are constructed, thanks to our interviewees' outlook on motivational drivers that propel retail companies to tackle the sustainability issues of the modern world.

The following positions were prioritized when outreaching potential interview candidates: Sustainability Manager, Sustainability Coordinator and Private Label Manager. However, our early search results indicated that there were only a handful of employees in those or similar positions across all five retailers and we came to the realization that a certain degree of variation needed to be introduced to the background of the interview candidates. The 'snowball sampling' technique was used to obtain additional interviews after a major participant was secured from any given retailer. The final cohort of interviewees contained employees from the following functional areas: sustainability strategy, private label brands, supply chain management, purchasing & assortment and business development & strategy. Our interviewees represent diversity across the corporate hierarchy, with chiefly senior-level employees in managerial positions, as well as mid-level employees completing the roster.

All in all, twelve interviews were conducted, out of which ten were with representatives from the Swedish grocery food retailers, with the average interview lasting 42 minutes. Tables 5 and 6 list all interviews conducted, including interviewee seniority, company affiliation, interview date and duration.

5.5 Methods of analysis

After all interviews were completed, conversation transcripts and hand-written notes were fed into a qualitative data analysis software, NVivo used to conduct a thematic analysis in order to determine the recurring themes across our findings.

Inductive coding techniques were used in constructing the first order concepts out of all interview material. A 'code' stands for a highlighted, and separated from the rest of the material, portion of a sentence, passage or paragraph that one deems noteworthy. This technique was, then, used to designate such parts within the transcripts that were later combined with similar codes into 'thematical' groupings (first order concepts) and assigned a descriptive name.

First-order concepts were formulated through open and iterative coding techniques where we, the researchers independently verified each other's work, having coded independently in the first place in order to facilitate for the largest possible variety in findings (Neale, 2016).

Figures 7, 8, and 9 are visualizations made within the NVivo software and meant to showcase the differences and similarities between our individual coding efforts using hierarchy charts to portray the most frequently coded items for each of us.

After the individual inductive and open coding phase, the next step was to group similar and/or homonymous codes in both copies into thematical concepts or themes. For this stage of data analysis, joint work was carried out in identifying the common themes and an abductive approach was used in accordance with the concept of 'theoretical coding' (Timmermans & Tavory, 2012) where abductive hypotheses that had emerged during the first phase of coding were juxtaposed to and eventually fit into our conceptual framework presented at the end of Section 4. After establishing the emergent themes, the latter were further grouped into seven major themes that offer an interpretation of the drivers behind retail engagement in private label strategy and the form of relationship between retailer sustainability objectives and private label development—our research questions—presented in greater detail in the following section.

6 Findings

The Findings section presents the seven major themes that have emerged in detail, together with accompanying quotes from our interviewees to highlight similarities and differences in retailers' approach to each one of them.

6.1 View on the Swedish retail industry and the Swedish consumer

The Swedish grocery retail market can be characterized as 'quite small' and attuned to the local tastes and preferences. Thanks to its size and very high concentration of large players in the industry, as well as the Swedish consumers' preferences for retail assortment, retailers work together with predominantly local suppliers in order to cater to the end consumers. Since almost every Swedish (in origin) food retailer works principally within the Swedish market (Lidl Sverige is an exception as it is German-owned) it is easier for them to reflect the ideal of 'Swedishness'—a term forged by one of our interviewees and described otherwise by the majority other as one of the key consumer preferences when it comes to food retail assortment.

The Swedish consumer has continuously been described, by our sources, as a group with very peculiar tastes and preferences. One of the most vivid ones is the unanimous preference for products with Swedish origin, as mentioned above, to a level where it is almost synonymous with 'sustainably produced'. This below quote from a Senior Employee at Coop (Interview 5) highlights this phenomenon:

> *"And also, when it comes to taste preferences... sort of the market trend within Sweden, for example, is that Swedish origin is more important than sustainability certifications. So that is... to be locally produced [is] considered more sustainable than sustainability grade. So that's, something to keep in mind when we do this [private label brands]."*

Another one is the high demand by Swedish consumers for shelf availability and subsequently a larger variety to choose from compared to other European countries. Below is a thought from a Senior Employee at Bergendahls Food (Interview 3) highlighting this:

> *"If you look at the service level, for example, the shelf availability with products... if you look at other countries and [their] customers [it] is fine if the shelf availability is around 94- to 96%. But here [in] Sweden, you really need to have 98- to 99% otherwise, your customers will be very unhappy."*

There are, however, also inherent challenges associated with this 'pickiness' that the stereotypical Swedish consumer possesses. These challenges have grown in importance and magnitude as sustainability challenges have grown in parallel—so has developed the interest and involvement of other stakeholders in sustainability issues. An Employee from ICA (Interview 8) provided a historical perspective into this:

> *"Sustainability as a topic is more complex than it was twenty years ago. And that's what I mean by 'new topics have developed, and new things have happened on a global basis', once again, which [have] put different things in perspective. So, today,*

> *there are more issues to handle. And therefore, you need to be better at prioritizing what you work with, because you can't do everything today. So that's one thing that it's [sustainability] been diversified and more complex. The other thing is that the stakeholders, themselves, ask more questions and more stringent questions about sustainability. I would say that from the investors and financial markets, things happened maybe five years ago, where they saw that, as climate and other sustainability issues moved into the financial markets more heavily with energy and a lot of other things, they developed tools and follow up guidelines that were much more stringent than before when it [came] to sustainability."*

We have learned that consumers, also, represent a major stakeholder group when it comes to sustainability issues and that retailers themselves are stepping up their solutions to tackle these issues. A Senior Employee (Interview 1) at Dagab (Axfood) shed some light into the phenomena:

> *"I think if you would go back five years ago, then we would be focusing a lot... within ecology and ecological ranges. But since then, I would say the consumer has developed [their] interest for sustainability and especially within the area of plant-based [products]. Well, I think that that's where the biggest change has happened over the last five years."*

These developments in the last decade have led to much confusion in both consumer and retailer circles. The timing aspect is a common theme brought up by almost all of our interviewees, as consumers are growing increasingly puzzled by the myriad of choices that they are presented with in store, retailer-initiated communication around 'eating healthy' and 'making sustainable choices' seems to be carrying an ever-changing nature, all the while, consumer budgets are shrinking as the latter become more and more price sensitive. Below is a quote from a Mid-level Employee at ICA (Interview 7) to highlight the above-mentioned thought:

> *"We have this challenge for what people are choosing in the store. Earlier, it was more organic... then all the big grocery chains are now communicating: ["we want you to eat more vegetables and more vegetarian..."], and the customers [don't] know what [to do] ... but you said 'organic' earlier, now [you] say 'vegetarian'..."*

It is vital to mention the role of NGOs such as Greenpeace and Oxfam in making the everyday consumer aware of the effect of their purchasing decisions on sustainability. According to an expert in sustainable buying who we interviewed, the average consumer is not aware of the influence that they have on the sustainability agenda and how their choices keep the retailers, which are the only actors in the food value chain with whom the consumer has direct interaction, accountable for their actions.

6.2 Challenges within sustainability and collaboration with competitors

The largest issues within sustainability that retailers are trying to tackle seem to group around either of the following categories: balancing the price-quality ratio, food waste and spoilage, and the changing role of retailers in the food value chain. The connecting thread between all these challenges seem to be the consumers, but they are not the sole reason for which retailers are investing in sustainability (more on this in later themes).

As the Swedish consumer becomes more price sensitive, so do the retailers as their assortment strategy precisely depends on its consumption. According to our responses collected from interviews with a Senior Employee (Interview 6) at Coop (as well as Senior Employees at ICA and Bergendahls Food), retailers have self-identified an important role to play in educating the consumer on sustainability and in inducing more sustainable choices:

> *"Everybody wants to eat better food, they want to contribute to a more sustainable world, but they [are] also getting more and more price sensitive. And that's very difficult [to] balance. And it's going to be very challenging to do that [within] the same product [category]. And I think that [is] also why we're trying to educate... the customers in sustainability, that it's not only one aspect, because there [are] aspects that you can drive, that don't affect the price of the product. So, we want to broaden that area, but going forward, it will be tough. So, I think that's going to be our biggest challenge."*

When we asked our expert in sustainable market transformations (Interview 11) to weigh in on the above-mentioned phenomenon, they found it problematic that in today's rapidly changing world, not only does the responsibility to communicate fall on the retailers' shoulders, but so does also the responsibility to control value chains—something that they have not done throughout the course of the history.

> *"... nowadays, the value chains are becoming more and more volatile, less resilient, they collapse, have prices shoot up and down, Coronavirus, drought, pests, diseases, food scandals, all of that kind of stuff. Now, a retailer's prime core business is not value chain control. I mean, they could perhaps... but how can you do that [in] so many different value chains, it's quite hard. Now they suddenly need to become good at all those things that others [other actors e.g., suppliers] have hundreds of years of experience in..."*

Another sustainability challenge for retailers to come to grips with is that of food waste as pointed out by a Senior Employee at Coop (Interview 6). If one were to take the food value chain entirely and try to detect where the largest wastage happens, that would not be the logistics part, surprisingly, but rather in the process of production and consumption (at the 'Consumer' stage in the above figure depicting the 'Food Value Chain'). Drawing from the above-mentioned quote from our expert, both functions nowadays fall on the retailers' plate.

And finally, the problem of food spoilage. This one, too, is interrelated. The Swedish customers' preference for high variety in stock has made it problematic for one retailer, namely Bergendahls Food to find the right balance between stocking their shelves with respectable variety and having to dispense with volumes of fresh produce due to quick expiry time. This insight was obtained thanks to an interview with a Senior Employee at the company (Interview 3).

Given that these challenges are so hard to overcome and historical developments only seem to suggest an increase in variety and ambiguity in the former, retailer companies look to their competition for help in jointly tackling these issues. Below is what a Senior Employee at Axfood (Interview 2) had to say on this account:

> *"Together with our competitors, we also discuss certain questions around how to set standards and the markings that are being put on products, for example... so, we do believe in collaborating with others to drive the sustainability agenda."*

6.3 Competitive landscape and retailers' corporate strategies

As previously mentioned in Section 5 (Methodology), the Swedish grocery retail industry has a very high degree of concentration, is comparatively small (in comparison to other European markets) and has a diverse ownership structure. This section will briefly glide over some notable characteristics of the competitive landscape of the grocery retail industry.

Keeping in mind the fact that Lidl Sverige is the only industry actor that also has substantial presence on a global scale, the competitive landscape could be characterized as predominantly focused on the domestic market with some actors more powerful than others due to the size of market share that they own. The following is a quote from a Mid-level Employee at ICA (the largest (in size) Swedish retail organization) on the matter (Interview 7):

> *"I think... ICA, Axfood and Coop—all of us are working within sustainability, a lot of things we're doing are the same, but I would say that at ICA we do more right now than the others."*

At Axfood, they believe in their organizational structure and corporate strategy as defining capabilities for competitive advantage, as confirmed by a Senior Employee (Interview 2):

> *"So, this is what makes our setup more unique because we can also be more specific in the brands than a large retailer like ICA can. We can be really specific in how we reach the market in different places thanks to our brands like Mat.se, Hemköp or Willys. So, this is how we create strong brands, while also maintaining the profitability in Axfood as a whole."*

Reverting to the 'outsider' of the Swedish grocery retail industry, Lidl Sverige the following observation was made by a Senior Employee (Interview 10) regarding the competitive landscape:

> *"Swedish players don't really have a global buying power... ICA is not big enough if they wanted to press some big global company to have a more sustainable approach. They need others to support them."*

Followed up by an observation on their own position within the industry:

> *"In terms of competitive advantage... so, we curate quality, that's good enough, in some cases better quality than anybody else on the market, including all of the brands."*

6.4 Governance structure and unique capabilities

Juxtaposing all of the various thoughts on governance structure and unique capabilities with each other, we were able to find a two-way relationship between both themes for every retailer. Our findings give an early indication that in most instances a retailer's unique capability is yet another driver that needs to be taken into consideration when analyzing their efforts and motivations in undertaking sustainability initiatives, as well as in their private label strategies (to be further delineated in the upcoming section). These unique capabilities, in turn stem from the retailer's governance structure, as internal organization and ownership structure determine how the company can make a difference in the market.

Following this logic, we have classified the 'Big Five' of Swedish grocery retail industry on a continuum, according to their governance structure—from most to least decentralized retailer. The figure below is not to be taken for a factual representation of industry actors, but rather as an interpretative framework to provide for a holistic understanding of the major actors in Swedish grocery retail, using summaries from our interviewees' thoughts on their organizations. By this point the reader should have obtained a comprehensive understanding of the Swedish

ICA	Coop	Axfood	Lidl Sverige	Bergendahls
Independent store owners, working separately from each other but under one common system. Each doing what is best in the local market, deciding for their own assortment. They *don't have to* buy from the centralized sourcing. Work closely with the largest store owners, and not all of them.	Owned cooperatively by various customer associations around the country Work closely with all their store owners but they don't comprise a single strategic unit. Store owners *cannot* choose their own assortment, but must buy approved by Coop. They have certain requirements that hold for all products.	House of brands strategy which allows them to meet the market with different customer proposals by utilizing different brands for each segment. Willys and Hemköp are the two largest brands. Have a strong backbone in the shape of a common logistics and replenishment center in Dagab. Common IT infrastructure and business development efforts, as well.	Privately owned and centrally managed using a common logistics center, however differentiations in product assortment are allowed and undertaken need-based on a country per country basis. Example: Because of the Swedish consumers' inclination to buy local, Lidl Sverige had to adjust their assortment in Sweden to contain products of local origin, alongside the conventional products of German origin.	Centralized replenishment processes in their own stores. The group owns the City Gross chain of stores.

Figure 5: Comparison of the 'Big Five' grocery retailers according to their governance structure

grocery retail market, the Swedish customer preferences, the competitive landscape, alongside the different ownership structures that eventually dictate how unique capabilities are obtained from within and how those, in turn, are used as sources of competitive advantage when assessing the retailers' strategies pursued in sustainability and private labels.

The following quote from a Senior Employee at Coop (Interview 5) highlights the inter relatedness between governance structure and what is deemed to be a unique capability for their organization. The common theme across this and the quotes to follow is that the former (governance structure) dictates how the latter (unique capabilities) can be utilized:

> *"... I'd say you would have to have an organization that can work slightly as a supplier... you need an organization that can do the sourcing, that can do the quality checks, that can do the design, and also slight marketing. And you need those sorts*

of competencies and resources... So, in the Swedish market, [those] would be the most critical resources, I'd say."

Interestingly enough, we notice a similar accent on governance structure from our interview with an Employee at ICA (Interview 8), when asked about the unique capabilities that they possess:

"One thing that stands out, of course, is that we are not one company, we are many companies, therefore we can have a broader variety of services. So we can connect, of course, our retail part with our banking, and we can connect the banking with insurance. And we can connect all of this to you [the consumer], giving you a more of an omni-channel experience. So that's in a global context. So can a lot of other companies also, but... within Sweden, that's a little bit difficult. We also have our own pharmacy, of course, and that also connects to health and everyday life... and by [these] we are unique in the Swedish market."

Perhaps, a more unorthodox opinion if one were to compare the answers obtained from the 'Big Three' (ICA, Coop, Axfood) came from our conversation with a Senior Employee (Interview 1) at Dagab (Axfood). The focus is more on capabilities that enable the Group to increase their private label share:

"What characterizes us is that a fairly large share of our stores is owned by us, that's important. We also have a comparatively high private label share. And those are the two elements which assists us if we want to drive a change—we have a fairly high degree of control of our business... As we become more active in our private label strategy, we become a more competent buyer—when we deal with national brands, we learn more about products and raw materials, and controlling your own raw materials can help decrease the price on your private label goods."

6.5 Sustainability– and private label strategy

Given that so much of the responsibility to tackle the pressing challenges in sustainability fall on the retailers' plate, the latter have continually honed their skills and abilities in contributing with solutions.

Previously we have observed an interviewee from Axfood state their company's readiness to cooperate around solving sustainability challenges, however a deeper analysis of the intricacies involved with such collaborations was provided in an interview with a Mid-level Employee at Coop (Interview 4).

The company has recently launched their 'Sustainability Declaration' based on ten different parameters identified for sustainable development (agreed upon with the rest of the retailers), which is going to serve their consumers and suppliers as a tool for making sustainable choices, as well as decreasing Coop's overall sustainability footprint (European Supermarket Magazine, 2020).

"We definitely think that it's good to collaborate—that is a really important part of this. And that is the reason also why we chose to work with these ten different aspects

> *that we already agreed on. But what we know from our experience, it takes so much time to do this together, it will probably take us ten or fifteen years in discussions on how to do that—we don't have time to wait. We need to act now. So, we spent two and a half years to build this. And we've been working a lot with it, many, many hours of work. And so, we decided to do this by ourselves, then we open up all our... what we call the rulebook and the methodology and give it [to] everyone and say, this is what we have done in two and a half years, let us come together and continue this work together and see what we can make better."*

In order to give the reader an integrated understanding of the common areas in sustainability where every retailer has engaged and invested in, we have compiled a list of all such major areas specified in the course of our interviews: animal welfare, antibiotic use and development in food, pesticide use in foods, modernization of refrigerants, tackling food waste along the value chain, automatic replenishment systems, IT investments, electrical transportation methods, cutting down on the level of CO_2 emissions as a result of retailer activities and efforts to reduce (black) plastic use.

While many of our interviewees consider these to be the central areas for investment in sustainability, a Senior Employee at Coop (Interview 6) pointed to a rather unorthodox idea in comparison to the abovementioned ones:

> *"That's why I think it's key from our strategy... to sort of drive the digitalization aspects, to make sure that we truly are and being seen as more innovative. But also, the people aspect is very key to our strategy... we need to make sure that we have the best people and best competences in house or the best partners, because so we are at least a step ahead of them, all the time. Because if they [competitors] see us do something good, yeah, they will copy it."*

In comparison, ICA's sustainability involvement is based on three key 'ethical' pillars, according to a Senior Employee (Interview 9):

> *"And so, what kind of goal we put on sustainable values is very important that we also fulfill with actual behaviors, when it comes to all these three [aspects]: quality, social compliance, environmental issues."*

The focal investment, however, in the majority of retailers' sustainability strategies lies in private label brands, as the latter are utilized as a means to bring change in many of the sustainability areas established.

An important distinction made early in the data collection process was in regard to the multi-tier aspect of private label positioning strategy. Retailers use various product positioning techniques to successfully reach distinct consumer groups e.g., budget brands like Axfood's Eldorado catered to the more price-sensitive consumer as opposed to Coop's Eco-line brand, Änglamark that is positioned towards the environmentally-conscious consumer who is aware of the impact that their choices can bear. To minimize the ambiguity with how the Swedish retailers' private label brands are positioned according to the aforementioned logic, we asked each one of our sources to sort their private labels along the continuum from 'Budget' to 'Eco-line' category. Table 3 highlights the results of the classification. Drawing from an earlier

Table 3: Private label segments

Market Segment	ICA	Coop	Axfood	Bergendahls
Budget	ICA Basic	XTRA	Eldorado	Budget
Medium	ICA	Coop	Garant	Favorit
Premium	ICA Select	Gourmet	-	Favorit Finfina
Eco-line	I love eco	Änglamark	Garant Ekologisk	Favorit Ekologisk

thought highlighting the retailer's role as a communicator and the diversity in the latter's messaging increasingly bewildering the Swedish consumers' ability to make healthy choices, retailers like Coop have grappled with the issue of providing enough differentiation from one product tier to another without alienating consumer preferences. Intriguingly enough, their eco-line private label brand, Änglamark is in the nucleus of such product positioning uncertainty, as noted by a Senior Employee at the company (Interview 6):

> *"Okay, let's take the sustainable position with Änglamark and make sure that they [Änglamark products] always have the lowest [sustainability] impact. Okay, but then our next line of private labels is actually named 'Coop'. So, what will our customers think if that product line isn't as good as [Änglamark]... in the end, will we try to make them as good as Änglamark?... what would be the difference then?... So, finding that balance between the price points and the sustainable aspects is going to be a challenge."*

Aside from the previous challenge, private label strategies do share certain commonalities from one retailer to another, namely the fact that all but one retailer (Bergendahls Food, who is pursuing the opposite strategy to the majority by decreasing their private label share) work on increasing the share of own private labels in their assortment, since the benefits of doing so outweigh the costs.

In fact, our sources have pinpointed to many more benefits that private label strategies bring forth with them. One such benefit is the harmonious integration of private label brands into overall sustainability strategy. Below is a quote to illustrate this point by an Employee at ICA (Interview 8):

> *"So, there is a general good value for us in selling private label, then we can connect it more strongly to our own strategic activities, whether it's about developing the range with meal situations, or with sustainability targets, we can make that part of the assortment in line with our strategic activities more clearly, we are in control of that. So that's one clear advantage, of course, from our perspective."*

A thought-provoking glance into the reverse scenario was proposed by a Mid-level Employee at Coop (Interview 4):

> *"And I think, in this way, we can get more... if we didn't have any private labels at all, we would just be a purchaser of goods and we could not develop and have*

> *a dialogue regarding these issues and how we can drive towards a more sustainable production."*

Utilizing private labels as a means of cost-cutting by discounting certain steps within the overall value chain represents another benefit, according to a Senior Employee at Coop (Interview 5):

> *"Well, the key thing with private brand is that you get more value for money, you cut steps or cost within the value chain which is basically traditionally [in form of] R&D and marketing because, [now], you do copies of existing products and sort of slightly less in innovation and also less marketing investments, which means that you get a lower price to the consumer and increased margin for the retailer... to invest in other things. So that's basically the business model for private brands..."*

An insight obtained from a Senior Employee at Coop (Interview 5), directly juxtaposes the above view, suggesting that private labels can also be used as means to propel product innovation from within, as a result of which '4th generation' private label brands are born:

> *"... there is another advantage with the private labels, and that is that you can make unique products that you only find at that specific retailer, which has sort of driven the market and the retailers to develop this further and actually do innovation in R&D, and some marketing as well."*

The notion that found the largest resonance amongst all retailers was the idea that increasing the share of private labels offers increased control over the value chain, all the while serving to offer good quality food at lower prices than national brands.

6.6 Private label strategy and overall assortment—the consumer as the main stakeholder

It is important at this point to acknowledge the key stakeholder in retailer private label strategy—the end consumer. One of our sources, a Senior Employee at Coop (Interview 5), offered their viewpoint on the matter:

> *"... whether we launch or increase private label share or not, that is basically driven by the customer... Again, because it has to be customer driven, because sales always comes first and then private label share. So, that's number one... it's customer driven."*

An all-encompassing view on the same phenomenon, albeit from a business standpoint was provided by Senior Employee at Coop (Interview 6):

> *"But once again, since we are owned by our members, I think we're trying to take a very different approach. I mean, this [Sustainability] declaration is an example that we are not the ones to tell the customers what to do, and how to be, you know, how they should act, but we give them the tools... they are the owner, so they decide... that's sort of the approach we're trying to take. Instead of only focusing on the supplier side, we give the power to our customers and let them drive."*

Still, however, one retailer, namely Lidl Sverige is an outlier in this respect. After our interview with a Senior Employee (Interview 10), we learned that Lidl Sverige pursues quite the opposite strategy concerning the decisions about assortment and the share of private label within the former: rather than letting the consumer 'dictate' the final assortment mix, the company, instead, "picks for the consumer".

Consumer preferences, however, are not solely dictated by the existence and offering of retailer private label brands. There is a much more intricate connection between private label assortment and national brands available per given product category. Thanks to insights provided by an expert in sustainable buying & supply chains, we were made aware of a general tendency for private label brands to have a more substantial presence in such product categories that are not already captured by high customer-equity national brands. An example of one such product category where private label brands have the advantage would be fresh produce (i.e., fruits and vegetables) as opposed to the category of soft drinks where the presence of a high customer-equity brand such as Coca-Cola makes it less economically viable for private label brands to enter and compete for consumer attention.

Consequently, there is an apparent trade-off between increasing private label shares and instead, shelving national brand products. There are also risks associated with one and the other, stemming from their very essence.

Below is a quote from an interview with a Senior Employee at Bergendahls Food (Interview 3) that highlights one such trade-off. We learned that it is much more economically sound to increase the private label share in your assortment if your company is, also, large enough to support the expansion strategy:

> *"Because we are small, we struggle to be very good at private labels, because if you are going to have a high private label product share in your portfolio, you need to have a very large size, you can have that ICA, Axfood, but that is a problem at Bergendahls Food. We need to get some sort of profit out of that, and high production quantities are needed, and longer lead-times are needed from the moment of purchase to getting it [the products] to the stores to selling, especially if it's fresh products: with longer lead-times they spoil easier, you need shorten the lead-time with fresh produce."*

This insight was exemplified by the fact that Bergendahls Food's private label strategy at the time of the interview was reduction of the share of own brands in favor of national brands in given product categories.

Another trade-off, inherent in this relationship pertains to quality assurance and the various scenarios that unfold in the event of a quality catastrophe in a private label product versus a national brand product. A Senior Employee at Lidl Sverige (Interview 10) offered their explanation on the matter:

> *"If you have an issue with your product, a big quality issue, then it's you. Of course, directly you or the supplier, but it's your image problem. If there is a quality issue in some big international brand in a category where there are several different brands available, then maybe that brand will just exit the market, but you as a retailer would still have several other options on your shelves."*

A Senior Employee at ICA (Interview 9) offered their comprehensive point of view on account of the same interplay, essentially furthering the opinion of our source from Lidl Sverige in that maintaining the quality of private label products is a comparably more challenging and responsible deed for the retailer than sustaining the high quality of a national brand product:

> *"If Coca Cola invests in devastating rainforests, let's say, then it's going to be a problem for Coca Cola, and we can just take them out... But if we have an 'ICA Coca Cola', and we are responsible for how its produced, then we are responsible for what's in the product and what is happening..."*

6.7 Third-party certifications and standards as a proxy for legitimacy

Consumer preferences can additionally be affected by mechanisms situated outside of retailers' own administration. Third-party certifications and standards play a big part in raising awareness amongst consumers about their consumption choices. The overwhelming majority of our interviewees did not report their companies having contemplated pursuing the path of establishing own certifications and standards, as existing standards provide the benefit of impartiality and high credibility.

There have, however, been instances where retailers in other countries have pursued the creation of own standards e.g., Tesco in the UK but this is not a strategy that the Swedish retailers are studying (see: Tesco, 2020).

A final aspect to consider is the consumer interpretation of retailers pursuing own certifications and standards and this concept, too, has not been met with positive affirmation from the former, as quoted by our sources.

Below are two statements in view of the above-mentioned phenomena: the first one coming from a Senior Employee at Axfood (Interview 2), while the second one provided by a Senior Employee (Interview 1) at Dagab (Axfood):

> *"I think the difficulty is getting the customers to understand how to use the different certifications and so on. So, from my perspective, we are using the existing and most common certifications..."*

> *"And I would say we do not have any strategies to work with, to create our own kinds of certification: we want to work with certifications that are industry-wide and reliable."*

7 Discussion

In this section, we discuss the main findings identified in the previous section through the different lenses that we identified earlier. While we find evidence of all three 'classes' of motivators, their relatively strength as determined within the framework of this study different. A critical view on the applicability of the framework, will, of course, be discussed in more depth in the limitations section.

7.1 On the portrayal of the customer

The retailer's portrayal of the Swedish customer makes for an interesting comparison with earlier discourse as described in (Ehgartner, 2018). Where in Ehgartner's processual analysis, retailers attached different meanings to 'sustainability' over time, the 'customer sovereignty' paradigm persevered; the customer is dictating the terms of engagements—not the retailer. Our results (although not obtained through a manner similar as a discourse analysis) are tentatively indicative of a similar customer sovereignty orientation. The near homogeneous of replies in the spirit of "we have to get the customer on board first", or "we give the power to our customers" offers a first insight in relation to what drivers we might elicit. Our findings with respect to the retailers' strategic reactions are more heterogenous, however, and in that sense deviate slightly from Ehgartner (2018).

Where some retailers translated this point of view into a distinctive 'customer empowerment' approach (i.e., in helping the customer make more sustainable food choices through providing high-quality information and putting more emphasis on explicitly marketing sustainable private brands), others opted for a clearer 'back-end' approach, where focus was more internally oriented, and consumers have fewer choices to make. As Ehgartner (2018) was limited up to the year 2015 (and not conducted in an explicitly Swedish setting), we therefore wonder whether sustainability is continued to be taken 'for granted' by the customer (and thus up to the retailer to contend with) or whether the customer has 'regained' motivation to make sustainable food choices.

Descriptive studies (e.g. European Commission, 2020; Gullers Group, 2018) outlined in Section 2 would indeed in this case corroborate the retailer's portrayal of their customer with regards to environmental inclination. Yet—as both the retailer- and outside representatives in the sample contend, price sensitivity makes for a paradoxical problem, curtailing the ability to translate belief into action (Aschemann-Witzel & Zielke, 2017). One could, on first sight, interpret this as a strong argument in favor of private label proliferation, particularly so in the ecological segment—it would seem the perfect consolidation between retailer profit concerns and consumer interest in developing green markets (Chkanikova & Lehner, 2015), appeasing instrumental motivations on both sides (Aguilera et al., 2007). However, as the remainder of this section will outline, drivers in light of private label products are a great deal more complex than one would assume.

7.2 Assessing the various drivers

7.2.1 On instrumental drivers

Unlike some of the other sustainability areas mentioned by our interviewees, an increase (or decrease) in private label shares in a sustainability context is not so much a 'unilateral' decision; it affects, among others, suppliers, customers, competitors, national brands and has (therefore) also attracted the attention of governmental- and intergovernmental institutions (e.g. Colen et al., 2020; Konkurrensverket, 2018). That is to say, its implications on a competitive level could be more interactive than, for instance, a choice of new refrigerant.

The topic of private labels and sustainability was, therefore, quite often reasoned from what could be construed as typical competitive or instrumental perspectives: differentiation, higher profit margins, and increased bargaining power vis-à-vis suppliers. Although all accounts have their merits in literature (see: Anselmsson & Johansson, 2007; Górska-Warsewicz et al., 2018; Hökelekli et al., 2017; Meza & Sudhir, 2010), interviewees' indications of where limits lie reduce the explanatory powers of just instrumental drivers. While our findings do not necessarily negate the preceding studies (these do not assess motivations as such), it does offer new insights on antecedents. However, in the context of product innovation, a relatively high weight attached to instrumental motives is in line with Garst et al. (2017).

Indeed, as Garst et al. (2017) reason, this need not imply that instrumental motives are an inherent barrier to the introduction of new products; it may in fact by a prerequisite for introduction in the first place. As private labels account for anywhere between 12-35% of retail sales as of yet (excluding Lidl Sverige with approximately 85%), a 'sustainability boost', whether through 'upgrading' an existing portfolio or giving more prominence to the ecological segment is therefore not without diligent economic calculus. 'Instrumental'[8] arguments were, however, also constructed from a non(direct)-economic frame of reference: control. Where earlier-mentioned arguments involved direct references to economic gain, 'control' arguments were reasoned more from the perspective of assuming a larger private label share in order to be more 'market driving' than 'market driven' in relation to sustainability, i.e. to set standards to one's hand.

7.2.2 On relational drivers

In the context of this study, the customer may be identified as the salient stakeholder (Mitchell et al., 1997) in a private label context, both in an enabling and constraining manner. In an enabling manner, expectations for sustainable and affordable foods allow for and encourage private label sustainability proliferation. References to legal institutions were also made, but mainly in the framework of a retailer's overall sustainability framework (see earlier references to refrigerators and plastic). That is, some coercive isomorphic pressure was identified, but not directly in context of private labels, although cultural expectations of 'Swedishness' in the assortment might be considered a coercive force (DiMaggio & Powell, 1983) as exemplified in the case of the foreign retailer in our sample. This need not imply that coercive pressures have a small role to play in the future; legislation, for example, may be passed in the future.

[8] Aguilera et al. (2007) posit 'a need for control' among instrumental arguments at the individual level

As argued before, the retailers in this study attached great weight to the customers' perception of their potential conduct in their decision to 'make moves'. As our retailers argued: one must not stray too far too fast from the consumer's frame of reference: else actions might be perceived as 'illegitimate' (or in-congruent with existing frames of reference). For example, retailer Axfood (operator of discounter Willys) opted for a strategy to 'democratize' sustainable food, i.e. to keep prices low while keeping a certain standard on sustainability; a strategy that would precipitate substantial price increases might not have been considered acceptable by their patrons. As some argued, the introduction of own brands must therefore occur step-wise, and only at the cost of 'weaker' national brands.

Customer acceptance as a key factor was further identified through some concerns expressed by retailers who employ multiple tiers of private labels: Would their customers perceive any sustainability efforts in the lower tiers as genuine? Exploratory experimental studies would indeed corroborate such suspicions (Bodur et al., 2016).

On the basis of at least one interviewee anecdote and multiple references claiming an expectation of being copied in their private label strategy, we may further infer that a strong private label presence is considered a successful and legitimate practice among our interviewees, and something to model oneself after—especially during a time of high competition. That is to say, some mimetic isomorphic drivers were also identified. However, as argued by one of our interviewees, a private label portfolio is not always a financially prudent decision, leaving other options to pursue.

In line with Garst et al. (2017) who tentatively question the applicability of relational drivers as a separate construct and other more empirical CSR motivation work (e.g. Brønn & Vidaver-Cohen, 2009; Chen & Chen, 2019) where relational drivers are considered a subset of instrumental drivers, we, in the context of the customer salience identified in the context of this study, too question the conceptual boundaries between relational and instrumental drivers. However, we have to recognize that the scope of this study was rather limited.

7.2.3 On moral drivers

Our findings indicate some, but not a dominant amount of 'exclusive' moral drivers in relation to a private label context—at least not in the unambiguous manner that other 'CSR motivation' scholars tout, in the sense that 'doing good' was necessarily removed from the frame of 'doing well' at the same time. This warrants an explicit mention that this need not imply, or condemn for that matter, that the interviewees or the companies in this study who they represent are inherently without moral concern in their conduct; many references were in fact made that relate to such concerns, albeit on a larger organizational level. References to an enabling environment created by an executive's introduction of personal values were mentioned once (affirming at the partial relevance of stewardship theory) but were not, for example, a consistent theme among the body of interviewees. Other findings too were indicative of some manner of moral intertwining (of food ideology) in corporate motivations, but these were subject to other drivers. That is to say, although our body of interviewees is driven by moral considerations, a competitive business environment limits the extent to which these can be freely acted upon through private labels. This does, furthermore, not exclude other discretionary areas where moral drivers come stronger into play.

7.3 Translation of drivers into actions

Our findings indicate that retailers are indeed driven by instrumental, relational and moral motives to engage in sustainability by means of their private label assortment. However, not all interviewees necessarily acted upon these motivations in the same fashion or reasoned in the same manner as to why or how their company can deliver superior competitive and sustainability-related outcomes. While we do not regard this a shortcoming of CSR motivation frameworks per se—such models intrinsically assess motivations, not necessarily outcomes—we do believe an additional factor in our conceptual model might yield additional explanatory power. While the *why* has been extensively considered, the *how* is (logically) left unopened in extant models. A first point of notion is an inference from an interviewee mention that a fruitful private label strategy is both from a commercial and sustainability perspective contingent on size; firms with an insufficient scale to fruitfully offset minimum private label purchasing volumes are (even under theoretically the highest of moral drivers) better off to pursue their sustainability ambitions in a manner that does yield positive outcomes on both accounts. Therefore, a 'capability' input is added to our model.

Second, our interviewees made particular reference to their organizational structure and features in their construction of arguments. For example, retailer Axfood considered their resource-efficient corporate architecture as their particular means of achieving commercial and sustainability advantages through keeping sustainable foods at an accessible price. Retailer ICA considered their governance structure, where retailers are given more freedom to cater to local tastes, as well synergistic interaction with non-retail environments (i.e. banking, insurance) as their particular strengths towards sustainability. We may, therefore, consider in addition that private label strategies or larger CSR engagement work is motivated by different fundamental drivers that such efforts are executed according to a manner that best utilizes a retailer's unique resources or unique capabilities.

7.4 Integration of findings into the model

In summary of our discussion, we modify our framework in the following manners. First, we recognize a more fluid interaction between relational drivers and instrumental drivers in accordance with other 'CSR driver literature'. Second, we add 'capabilities' as an extra factor, in which we consider factors particular to the organization, such as size, organizational structure and market positioning. Third, in recognition of the national context in which this study was conducted, and features that were derived therefrom (e.g. strong national assortment preference), we add a 'contextual factors' entry.

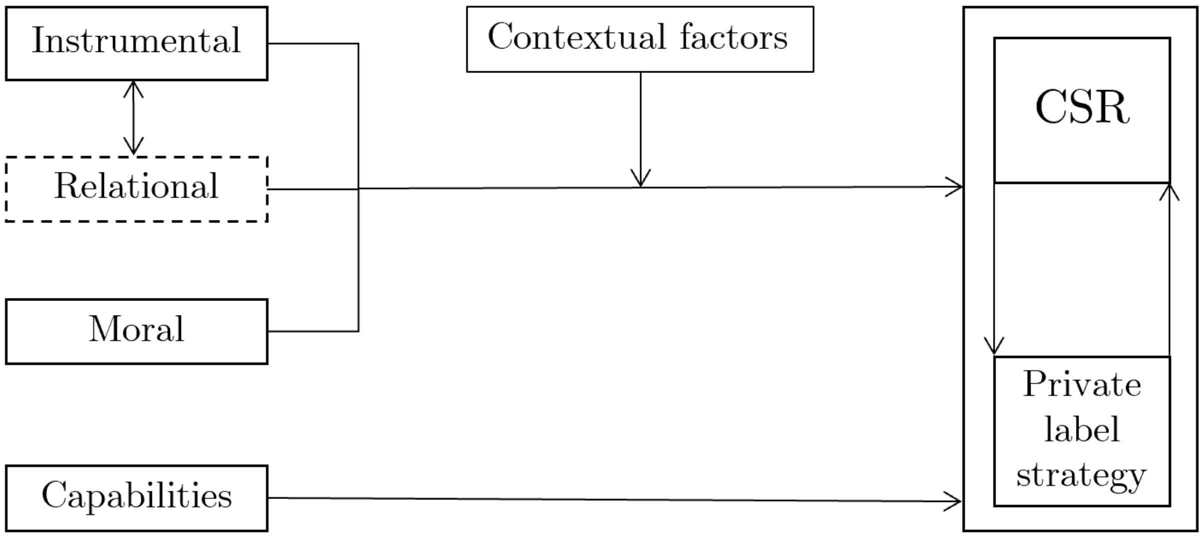

Figure 6: Integrated model

8 Limitations and Further Research

This study aimed to elicit drivers behind retail engagement in private label strategies and to explore the relationship to retail sustainability objectives. To that extent, several insights were revealed as discussed in earlier segments. There are, however, a number of limitations between the methodology chosen and the theoretical insights derived therefrom.

Conceptual boundaries as described by 'CSR driver' theories were hard to distinguish in reality. The boundary between instrumental/relational was particularly elusive at times. Additionally, as mentioned in the Discussion section, precise account of moral motives turned out challenging to detect in reality in as much as our research design did not necessarily facilitate for a direct enquiry into the matter. Our suggestion would be to devise an alternative research design which could aid in discovering a clearer portrayal of all three motivational drivers, in an independent capacity.

The technical extent to which a private label strategy interacts with sustainability is likely one to transcend a great many functional fields; sustainability, purchasing, private label management, and corporate strategy are all at least tangentially related. To that extent, this study, in effect sought more breadth than depth. By including the perspective from multiple retailers, a more nuanced picture of reasoning was achieved, albeit not greatly in-depth one. As such, this study was not able to elicit a great deal of intra-company variation and make conclusive statements that company 'X' necessarily reasons differently from company 'Y' because of reason 'Z'. Secondly, not all interviewees were similar in function and number i.e., sample representativeness varied across different retailers that were interviewed. For that purpose, we recommend an in-depth case study be conducted at a single retailer with a more homogenous sample of participants.

Although this study did not aim to uncover the intrinsic relations between various industry actors across the food value chain, it is necessary to acknowledge that the study has majorly interviewed retail actors and only posited the latter's viewpoints. We would, therefore, suggest that an analogous study be conducted on the food grocery retail industry, this time, however, with the inclusion of other value chain actors such as local suppliers and manufacturers, distributors, various NGOs, policy makers and, perhaps, even a sample representative of the local consumers' preferences.

9 Conclusions

This study set out to elicit how grocery retailers are driven in their private label strategies and how their sustainability objectives relate to private label development. Through a qualitative enquiry among Swedish grocery retailers, this study yielded several insights that may further research on both topics. It finds that retailers are driven by many premises, and while instrumental, relational and moral drivers had been studied in the retail context in previous research work, one additional factor, namely capabilities, was not. The multiple drivers, interdependently, along with the additional fourth 'dimension' bear respectable influence on CSR efforts and private label strategy.

There was found to be a two-way relation between retailer sustainability objectives and private label development, where the latter was regularly bound to be used as a mechanism in achieving certain objectives in sustainability. However, the inverse relationship was not as straightforward, as the mission of private labels looks to be multifold: with sustainability objectives and CSR strategy only partially present in the process of private label development.

In terms of the study's contributions, the principal insights were obtained in the field of theory, more specifically in the resulting revised theoretical framework which essentially builds on CSR motivation theory and provides an application of the latter in retail context. While the application in retail itself does not represent any substantial newness, the 'additional elements' in the resulting framework in the form of capabilities do provide intriguing contribution. While capabilities represent a type of driver that suggests a direct relation with private label strategy, contextual factors are slightly more open to variability as it is understood to condition effects that multiple drivers can bear on CSR strategy, and consequently on private label strategy, in ways specific to locational and cultural context (among other types), as well as consumer preferences.

The broader implication of the findings lies in the reaffirmation that the commercial nature of retailer operations somewhat attenuates moral motivations in private labels strategies. As the revised theoretical framework suggests, instrumental drivers rather outweigh the rest of the motives, since increasing private label share as a means to achieve sustainability targets necessitates financial and commercial viability and is at the behest of the consumer. The findings further imply that although its impact may be substantial, private labels as such need not necessarily be a practical means for retailers to fruitfully work on sustainability, and may therefore encourage retailers to re-evaluate their product assortment, particularly so at smaller retailer size.

The findings yield several practical implications for policy makers, who are continually in search for ways to encourage and (at times) enforce sustainable food production and consumption practices. The contributions lie within various insights into the motivational drivers behind retailer engagement in CSR strategy and private labels, as well as into the symbiotic relationship between consumers and retailers, where the former is increasingly keeping the latter accountable for their actions or inactions within the context of sustainability.

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11 Appendix

11.1 Interview questions

Interview questions

1. Can you give us an overview of your company's positioning in the Swedish grocery retail sector?
2. Where have you invested the most in your sustainability strategy?
   2.1. Why have you decided to invest the most in these areas?
3. What are the key benefits/disadvantages that you would see in increasing your portfolio of private (eco)-label products? *How does this decision interact with your sustainability strategy?*
   3.1. Please, where possible, position your company's private brands according to the following categories (tiers): 'Budget', 'Standard', 'Premium', 'Eco-line' and/or 'Other'
4. Which stakeholders groups are most affected by your private (eco)-label strategy?
5. What stakeholders influence your private (eco)-label strategy the most?
   5.1. What are these stakeholders demanding from you in terms of sustainability, and how do you deliver on these? *How has this changed over the years?*
6. Are sustainability challenges best tackled by yourself or as part of a broad coalition?
   6.1. Do you see a need to increase collaboration across the sector? *And where?*
7. How does your private label strategy affect your relationship with national brands (e.g. Kraft or Unilever)?
8. What considerations go into the creation of private certifications?
   8.1. Do you see the role of private certifications increasing in the future?

11.2 Interview matrix

Table 4: Interview matrix

Stakeholder relationships	Responsibilities	Motivations
State of the Swedish market overall? •State of the competition? •Evaluate your own actions in the field? •What stakeholder (if any) propel your engagements in sustainability?	How much of an 'active' participant are you in your own brands, in other words, do you take full ownership of your activities?	What are the motives behind your eco-brand strategy?
Where do you have the biggest impact in your sustainability strategy?	How is the responsibility split between you and your suppliers?	What is your unique ability as a retailer in the food value chain to contribute to sustainable development?
Who are the key stakeholders of your private brands?		Are private brands a strategic response to a certain change in the environment? •Control •Economies of scale •Lack of faith in supplier solutions to contribute to sustainable development Not enough options for the consumers
Which stakeholder group is most affected by your private label strategy?		What are the major propellants of increased investments in private (eco)-brands? •Business growth •Sustainable development •Consumer choices
Tradeoff between national brands (sufficient supply guarantee) and own private (eco)-labels (more control exerted)?		
How does your private label strategy affect your relationship with external suppliers (e.g. Kraft, Unilever)?		

11.3 Interviews

Table 5: Retailer interviews

Seniority	Interview #	Affiliation	Date (dd/mm)	Duration (min)
Senior Employee	1	(Dagab) Axfood	07.04	52
Senior Employee	2	Axfood	22.04	27
Senior Employee	3	Bergendahls Food	07.04	53
Mid-level Employee	4	Coop	22.04	38
Senior Employee	5	Coop	28.04	53
Senior Employee	6	Coop	16.04	28
Mid-level Employee	7	ICA	09.04	37
Employee	8	ICA	29.04	40
Senior Employee	9	ICA	21.04	37
Senior Employee	10	Lidl Sverige	15.04	57

Table 6: Non-retailer interviews

Functional Area	Interview #	Affiliation	Date (dd/mm)	Duration (min)
Expert sustainable market transformations	11	[Hidden][a]	13.04	33
Expert responsible buying and supply chain management	12	[Hidden][a]	30.04	48
Former sustainability employee	13	Swedish retailer	16.03	50

[a] Company name not provided for having been deemed too easily identifiable

11.4 Coding excerpts

Figure 7: First order of concepts, first copy

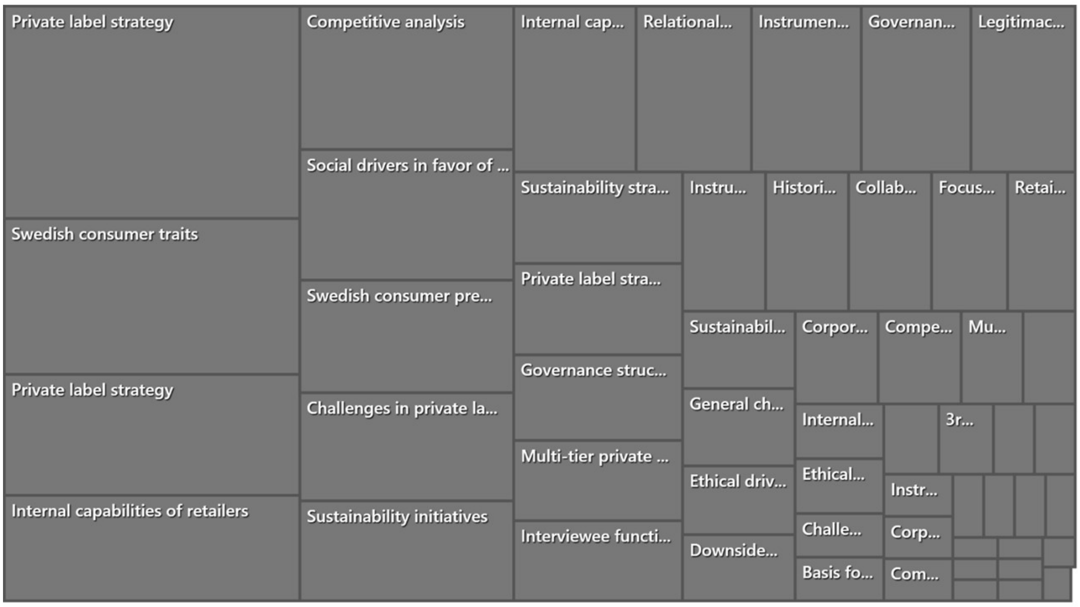

Figure 8: First order of concepts, second copy

Figure 9: Thematic coding, visual representation