

Natural

Tesco's "greenest" store in Britain makes use of some unconventional tactics in a bid to save energy and cut costs.

By Jenny McTaggart

On the northeastern tip of Scotland lies a modest, rather remote town called Wick, a place where winds blow wildly and rain frequently drenches the coastline. Such a tumultuous climate also makes it an ideal spot for the so-called "greenest" supermarket in Britain.

Global food retailer Tesco Plc, based in Hertfordshire, England, is the company behind this new venture, which debuted last November. The 50,000-square-foot, environmentally friendly supermarket has a frame constructed of timber, and features wind turbines, a system to gather and use rainwater, energy-saving cooling and cooking equipment, and low-energy lighting.

The store is designed to have a 50 percent smaller "carbon footprint" than a conventional supermarket of comparable size. It stands as a testament to the large corporation's commitment to act against the dangers of global climate change.

"I am determined that Tesco should be a leader in helping to create a low-carbon economy," said Tesco's chief executive, Sir Terry Leahy, in January, in a speech outlining Tesco's corporate goal of reducing carbon emissions worldwide.

The Wick location is the third of Tesco's environmentally friendly stores, the most advanced so far, and certainly not the last, according to the company's media manager, Trevor Datson.

"Soon we'll be opening another green store in Shrewsbury, England," notes Datson. "We'll also be rolling out environmen-

tal stores in other countries. And we now want to start introducing learnings from the green stores in our conventional stores."

In his January speech, Sir Terry said some of those "learnings" are already becoming standard in stores, including:

- More energy-efficient ovens, refrigeration, and air conditioning, "the big users of energy in stores";
- More efficient lighting, and timers and motion detectors that switch off the lights when they're not needed; and
- Redesigned fridges to keep more cold air in, cutting energy use by 10 percent.

Such energy-saving tactics, not unfamiliar to stateside retailers that have also ventured into environmentally conscious retailing, presumably will also appear in Tesco's new convenience-oriented concept bound for the U.S. market and set to debut during 2007.

"When the Fresh & Easy Neighbor-

hood Market opens later this year, there will be a lot of green elements," confirms Datson. The company has also said that its distribution center in California will include the largest roof installation of photovoltaic solar power in the state.

Tesco's green initiatives come at a time when British consumers and government are paying a great deal of attention to sustainable practices of all kinds of businesses. Climate change is a hot topic being debated in schools, in Parliament, and on the streets. Not unlike what's going on in the United States, but at a more fully developed stage, U.K. companies are exploring the value in going green to reduce costs, please their customers and sharehold-

ers, in essence reducing the movement to the level of a marketing ploy.

Tesco's Datson maintains that that's not the case with his company, which, in total, operates more than 2,700 supermarkets, supercenters, and convenience stores in the United Kingdom, Ireland, Central Asia, Europe—and soon will likely be operating hundreds of markets in the United States.

Last May Tesco unveiled a 10-point "community plan," in which the company said it would cut energy use, boost recycling, and cut the number of shopping bags used by a quarter, among other initiatives, in the coming years.

Sir Terry has pledged that the company will halve its energy use by investing almost \$200 million in renewable energy technologies, including wind turbines, solar energy, geothermal power, and gasification,

a process that converts carbonaceous materials, such as coal and petroleum, into carbon monoxide and hydrogen.

"In terms of the financial investment, people might look at what we're doing and say there are other areas we could spend money on," notes Datson. "We understand that we have a lead-

ership role here, though. The smaller companies don't have the resources to invest in environmental education. If we don't do it, who else will?"

Although smaller-sized retailers indeed

Tesco, Wick, Scotland

Grand opening:	Nov. 27, 2006
Total area:	77,000 square feet
Selling area:	50,000 square feet
Number of SKUs:	35,000
Employees:	250 (150 part-time)
Checkouts:	25 (including four self-checkouts)
Store hours:	6 a.m.-midnight, Mon.-Sat.; 8 a.m.-8 p.m., Sun.
Store designer:	Barr Construction, Paisley, Scotland

ers, and ultimately set the stage for a new way of business going forward.

There's even a popular term that has surfaced—"greenwashing"—to refer to companies that are overemphasizing

resource



Northern Scotland's abundant wind and rain help power Tesco's greenest supermarket. Technologies include wind turbines, energy-saving cooling and cooking equipment, and a system to gather and use rainwater. The store makes a point of emphasizing its own environmentally sound attributes via signage in many departments.



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might not be getting on board yet with major green commitments, other large players are right in line with Tesco. One of its major U.K. competitors, Marks & Spencer, has pledged to make massive cuts in its carbon footprint as well.

In the United States Bentonville, Ark.-based Wal-Mart Stores, Inc. has rolled out environmental stores and unveiled a corporate strategy to work on more sustainable business practices. At the same time, retailers such as Food Lion and Giant Eagle have worked closely with the U.S. Environmental Protection Agency to conserve more energy in their stores.

Conventional footprint

Tesco's store in Wick follows the layout of the operator's traditional supermarkets, which include both food and a sizable amount of nonfood offerings. While its size doesn't constitute a full-fledged "hypermarket," the format's selection mirrors the same representation of food and nonfoods.

Still, Tesco puts its main emphasis on food, according to Datson. "We probably sell twice as much food as nonfood items," he estimates.

Like a conventional U.S. supermarket, the store features service meat and seafood, a deli, and a café, in addition to the traditional center store aisles.

Its café in particular is quickly becoming a destination draw for locals, who otherwise must drive for

about two hours to enjoy the amenities of a large supermarket, says Datson. The café boasts a natural feel, with local marble used on the counters.

In another nod to the region's natural resources, Tesco emphasizes locally grown produce, as well as locally produced whiskey, in its product selection.

Likewise, the fish selection is fresh from the coastal waters.

Deli is a popular section of the store, where heat-and-eat meals are readily available. While Tesco is known for its prepared food selection in urban areas, the shopping dynamic of the consumer base that this store serves doesn't fit the usual patterns, according to Datson. "Takeout food isn't as popular. The store is located slightly out of the main town, so businesspeople wouldn't come here for lunch, for example."

Among the nonfoods, clothing and DVDs are popular sellers, he notes. Tesco's primary clothing lines are Florence & Fred, and Cherokee—the latter of which would likely be recognizable to most Americans. Tesco entered into an international retail direct-licensing agreement with Van Nuys, Calif.-based Cherokee, Inc. in 2001.

A decent nonfood selection is especially impor-

The store's timber construction gives it a natural feel, while the lower roof minimizes the volume of air that requires heating.



tant in more remote areas such as Wick, explains Datson. "In a store like this, we have to have a good selection of books, DVDs, and electronics. But food is still an extremely popular draw."

Unconventional technology

What sets the store apart more than anything else, of course, is its environmentally friendly features. The most noticeable difference is that the store is built from timber.

"The timber really gives it a natural feel," notes Datson. "When you walk in the store, you can smell it. The store really fits in with its environmental surroundings, which we intended."

Aesthetics aside, timber was also a much more affordable resource for the store's construction, adds Datson. The retailer certainly did its homework, when it came to transporting the material needed: Tesco used a ship to transport more than 1,500 tons of timber, tiles, and other building materials from Grangemouth, a town in southern Scotland, to the site in Wick. By doing so, it saved the energy equivalent of the fuel for about 75 trucks.

Additionally, Tesco increased its use of recycled, recyclable, or sustainable materials in the Wick store.

Like other environmentally friendly retail ventures from operators in the United States, energy-efficient

Giving back

Wick, the site of Tesco's latest environmentally friendly supermarket, is a remote area by British standards, according to Tesco media manager Trevor Datson. "It's about two-and-a-half hours from the northeast coast of Scotland. The town has a population of around 12,000."

Not surprisingly, many people have asked why the retailer chose this site for a new store, especially a store with distinguishing characteristics. It turns out that the retailer was primarily interested in the area's abundant natural resources, which have dovetailed nicely with Tesco's objective to integrate green technology into successful retail operations.

But in this instance, Tesco also jumped at the chance to address another kind of sustainability, by helping to revitalize the local community.

The Wick unit is what Tesco calls a "regeneration partnership store," which means the location serves as a vehicle for helping the long-term unemployed and socially disadvantaged in a market find a way back into the working life.

"We've been able to do a lot for the community," says Datson. "There was a high unemployment rate, and we've been able to create jobs."

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equipment is a key feature in this unit. The Wick store features energy-efficient refrigeration units throughout, as well as energy-saving bakery ovens. Meanwhile cold-air retrieval moves chilled air from the refrigerated areas to warmer areas in the store, for a more balanced in-store climate. The design also allows for more natural light than in the typical Tesco.

Other features include the following:

- Five micro-wind turbines and solar cells to help power the store, including the checkout stands;

- Harvesting rainwater from the roof to reuse in the store, for a total of about 1 million liters a year; and

- Water-cooled refrigeration and cold-air retrieval systems are used in place of air conditioning units.

The store makes use of some other-

wise unconventional design elements as well. For instance, the roof is more than one meter lower than that of a conventional store. The lower roof minimizes the volume of air that requires heating.

Value proposition

When it comes to market perception, Tesco is regarded as a solidly price-

conscious retailer, and consequently some observers have wondered why the company has chosen to pursue green initiatives given that the bulk of its customers are lower-middle to middle class. But Datson explains that in Tesco's view, green choices should be made affordable for everyone, not just the more highly educated and upper class.

"We want to make green choices cheaper," he says. "We want the environmental debate to be for everyone, so that people can afford to act as good corporate citizens."

Indeed, as the environmental debate continues to gain steam in the United Kingdom, Tesco, not missing a beat, is plotting other green advances. In just one example, the company's home delivery vans (used for its popular e-tailing service) in time will be all electric-powered, rather than running on diesel, says Datson.

The company has also said it's beginning to train a new generation of environmental engineers, maintenance technicians, and energy champions, all to help guide it into a greener future. ■

Green giant

Tesco's c.e.o., Sir Terry Leahy, has promised "a revolution in green consumption" from his company. Under his leadership, the global retailer has set an ambitious strategy to become more environmentally friendly. Among its objectives:

- Tesco plans to make public the "carbon footprint" of all of its products, taking into account how far, and by what method, they've traveled, as well as the energy expended in manufacturing, processing, and packaging. The company is currently researching how this can be done.
- It will work with suppliers to reduce its indirect carbon footprint. Unilever has already joined forces with Tesco for this effort.
- The company has pledged to cut emissions from its stores and distribution centers in half by 2020.

- Its distribution fleet will run on a 50 percent biodiesel fuel.
- It will discount energy-efficient products. For instance, it will reduce the price of energy-efficient light bulbs by half, while working with suppliers to ensure that all light fittings in the United Kingdom have an energy-efficient bulb option.
- It will extend its Value line of private label products to include more energy-efficient options.
- It will use its Tesco Green Clubcard program to encourage the purchase of energy-efficient TVs and other products, as well as organic, Fair Trade, and biodegradable food items.
- It will double the number of gasoline stations that sell biofuel, to more than 300.
- It will seek to restrict air transport to less than 1 percent of its products. An airplane symbol will be placed on all air-freighted products in its stores.