

Climate/sustainability benchmark adoption by retailers, impacts on suppliers, and third-party facilitators

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1. Uneven adoption by retailers of benchmarks

1.1. Some observed resistance of retail chains to participate in benchmark schemes for climate/sustainability

- a) desire to not be openly ranked lower than competitors
- b) climate/sustainability seen as broad/amorphous (compared with food safety)
- c) retailers want to “shine” on particular initiatives and use as marketing

1.2. Is there or could there be a parallel to the history of emergence of EUREPGAP & then GLOBALGAP in 1990s/2000s

a) History: Resistance then acceptance of food safety benchmark... at first resistance by retailers to safety benchmark

... wanted to compete on safety initiatives

... but that put off consumers

... so retailers “buried the sword” to make united front to consumers & reassure them

... then shifted to compete on other traits (like sustainability/climate, and quality)

2.2. Could/will the EurepGap experience repeat with climate/sustainability benchmarks?

... What is the real incentive to retailers:

a) Will retailers want to share information & reveal practices? Caputo & Reardon 2025, “Hiding and Revealing”

b) Will consumers respond?

Euromonitor data showing consumers do NOT want to pay a premium for commons environment traits

... but DO want to pay premium for food safety (including related to environment) traits

2. Will/can suppliers respond? What does that mean for/to retailers?

2.1. Compliance is expensive for suppliers:
sustainability/climate benchmarks imply
“threshold investments” by suppliers

2.2. Many SMEs do not have the CAPACITY (even if have the incentive) to make the investments

a) in short term: this can lead to “shorts” in consistent supply to retailers (big issue for retailers at start of EurepGAP, GlobalGAP)

b) in medium term this can lead to exclusion, SME exit, and concentration of suppliers (and more bargaining power toward retailers...)

2.3. Retailers may not want their own (retail procurement) hands tied by imposing more standards on suppliers

- a) **“Tug of War among sustainability, affordability, resilience in retail chains” (Reardon et al. 2026): tradeoffs!**
- b) **Retailers want to be flexible to shift to new suppliers (to maintain resilience in the face of shocks & to maximize affordability)**

... if need to shift to new region where suppliers not ready to adopt benchmark practices, retailers face “shorts” (resilience problem for them)

... example of GlobalGAP; example of fairtrade/organic

c) Suppliers already suffering from cost & conflict & weather shocks (after COVID shocks!)

... e.g., MANY small dairy operations going broke

... e.g., produce firms push back on plastics regulations

→ Some retailers fear that adding climate benchmark will be “the straw that broke the camel’s back” for their supplier base

3. Third party services to ease compliance transition

3.1. Breeding firms

... triangle of breeders, farmers, retailers) for co-adaptation (my other talk at ICABR 2026)

3.2. 3PLS – logistics firms that reduce scope 3 emissions by innovations for retailers

3.3. Outsource ag services firms for farmers & retailers (Reardon et al. 2024 Food Policy)

... Case: “eco-certified” vegetables farming in France for France and export to rest-of-Europe (Nguyen et al. 2021/2)

a) Cascade of shocks/drivers

... demand trend among European consumers and large retail chains for eco-certified vegetables

... big “asset threshold” of skills & equipment investments (e.g., drones for monitoring)

... rise of huge farms with out-growers producing eco-labeled vegetables

... cost pressure from competition among supermarket chains & penny-counting but eco-demanding consumers

b) “Resilience assets” built up

... triangle of: (1) outsource mobile services firms (A-Z services) + (2) huge veg farmers + (3) huge retailers

c) Pivoting & co-pivoting success