



A Master's Thesis

by

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# Fish is the New Chicken: Examining Nudges for Healthier and More Sustainable Grocery Shopping

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## **Abstract**

Climate change concerns us all. One of the most important factors affecting climate change is what we eat. This thesis investigates what kinds of tools are effective in implementing nudges in grocery stores in Norway and concludes that consumers hold the key to climate change mitigation.

## **Foreword**

When I first applied to this master's program, I was running a non-profit that I had founded to improve people's lives through the use of certified therapy animals. I had no formal leadership training and as the organization grew, I felt the need to improve my skills.

Since then I have considered several possible topics. I have taken great personal interest in matters of sustainability, ecology, climate and human health since adolescence. I have thought extensively on these subjects on various levels. I have been particularly interested in the perspective of the individual and what can be done from a leadership point of view to influence people's everyday choices. My motivation for choosing this research project is to learn more about the tools available to merchants who wish to influence consumers in the direction of more sustainable choices.

I have been writing about these issues for three years now, so I was very excited to make contact with GreeNudge. I have been fortunate enough to gain access to a great deal of information for this thesis through a collaboration with GreeNudge and REMA 1000. I owe great thanks to Dr. Knut Ivar Karevold, Dr. Brian Wansink, and Huy Quoc Tran from GreeNudge for their support, encouragement and information. I would also like to thank Kaia Østbye Andresen from REMA 1000 for her kind assistance and the 12 anonymous store managers who took time out of their busy workdays to answer my questions. I would also like to thank my advisor, Tor Høst, for his patient guidance.

The greatest thanks of all, however, I owe to my husband Mike for his patience and to my friend Dr. Kristin Bergtora Sandvik who has kept me going through all the years of this program. I could not have done it without her encouragement.

# 1. Introduction

## 1.1. Rationale

The current environmental challenge is cause for great concern. According to the American state agency National Aeronautics and Space Administration (NASA), "Global climate change has already had observable effects on the environment. Glaciers have shrunk, ice on rivers and lakes is breaking up earlier, plant and animal ranges have shifted and trees are flowering sooner" (NASA 2016a).

NASA points to the reduction of green house gases as one of the most important mitigation measures when it comes to reducing climate change (NASA 2016b). In order to achieve such a reduction, the burning of fossil fuels must be significantly reduced instead of continually increased. Political action is often cited as the most important piece of this puzzle, yet some research suggests that our own individual choices are instrumental in changing the current course (Gifford 2011, 290). Keeping this in mind, we can start to see opportunities for each individual to contribute to the solution to climate change.

The starting point for this thesis then is how consumer choices can help mitigate climate change. Additionally from a leadership perspective, I would like to find the best ways to influence people in the direction of sustainable choices.

According to Statistics Norway (SSB), the average family in Norway spends approximately 11 percent of its household income on groceries. (Statistisk sentralbyrå 2013) This is a significant portion of every income and the numerous decisions involved in this category are often made on a daily basis.

Founded by Odd Reitan in 1979, REMA 1000 is one of three main grocery store chains in Norway (REMA 1000 2016). The company consists of 565 stores country-wide, making up 23.1 percent of the Norwegian grocery market. They sell groceries and have five store brands: Nordfjord, Godehav, SoftStyle, Solvinge and REMA Nonfood, in addition to external brands (REMA 1000 2016). According to respondents, fresh foods have the highest profit margins in the stores.

Policy makers have tried, and often failed, to influence people's choices by attempting to coerce or lecture consumers into making the preferred choices. According to Harvard Law School professor and author of the book *Nudge: Improving Decisions about Health, Wealth, and Happiness* (2008) Cass R. Sunstein, a nudge: "Any feature of the social environment that

affects people's choices without imposing coercion or any kind of material incentive" (Thaler and Sunstein 2008, 12).

In his book *Slim by Design* a book on healthy eating, Brian Wansink (2014, 116) claims that policy makers often use the methods "tax it, take it, or teach it." Wansink argues that shopping has to be made more "convenient, attractive and normal" if people are to make healthier choices. Fortunately then, "Environmental policies are increasingly informed by behavioral economics insights. 'Green nudges' in particular have been suggested as a promising new tool to encourage consumers to act in an environmentally responsible way, such as choosing renewable energy sources or saving energy" (Schubert 2016, 1).

This topic has been made garnered significant interest in the Norwegian context as illustrated by the establishment of the "GreeNudge" foundation. It was established by Gunhild Stordalen and the Stordalen Foundation in 2011, with the purpose of inventing and testing nudges to influence consumers in a more environmentally friendly direction. On its international advisory board we find Cass Sunstein, Richard Thaler, Brian Wansink, George Lowenstein, David Halpern and Max Bazerman (GreeNudge 2016).

However, a lot of work remains to build knowledge in this field in Norway. In this thesis, I intend to investigate how franchisee store managers (referred to as "kjøpmenn" or merchants by REMA 1000 management) can best influence consumers towards more sustainable and healthy choices at REMA 1000 grocery stores in Norway. I also want to look at how managers relate to their employees. Last, but not least, I want to explore how the central level achieves cooperation from store managers.

In 2012 the central management at REMA 1000 decided to implement a universal restructuring of their fresh food sections:

- **Produce:** Increased focus from management, slightly larger area and slightly better goods.
- **Fish:** New placement in the store, improved selection, and new packaging.

These changes in the stores affected the sales of produce and seafood greatly. Countrywide, REMA 1000 has seen a weighted average increase of 52,89% in the sales of fresh fish. Processed fish has increased by 8,17%. The sale of fresh fruit has increased by 7,71% and vegetables 9,53%. Fruit and vegetables combined have risen 8,72%. There has also been an increase of 21,62% in the sale of beef and lamb and an increase of 4,15% in the sale of processed meat.

## **1.2. Research Aim, Objectives, and Questions**

1. What kind of leadership tools can affect the effective implementation of nudges?
2. What was it about the store managers' implementation of changes that was crucial to how well they succeeded?
3. What was it about the store managers' characteristics that was essential to how well they managed to sell more of the healthy and sustainable goods?
4. What are the most effective nudges for grocery stores?

## **1.3. Thesis Outline**

This thesis proceeds as follows: In the first part I have described my rationale behind this work, as well as my objectives for it. In the second part, I describe the various relevant theories and some of the important research within the field of nudging. In part three, I present the methodology employed in this work while describing the sample and the limitations of this study. I then describe my process of data collection and the context for my understanding of the data interpretation. In part four I provide extensive background information on REMA, so as to better understand the context for this research. I then go on to describe the participants before I analyse the data from the interviews in part five. In part six I present my findings before I discuss them. In the seventh and final part I provide my conclusion to this thesis.

## **2. Literature Review**

### **2.1 Introduction**

In the following section I will focus on definitions and criticisms of Nudge Theory. I will then go on to explain the concepts of "green nudge," "grocery nudge," and finally "green grocery nudge." Across the various fields of Nudge literature, there has been a focus on which measures are actually effective. To finalize this section, I will present some literature on the role of government in the context of nudging.

### **2.2. Nudge Theory**

In the following I will map out definitions and central concepts of Nudge Theory. Due to the limitations of this dissertation, in the following, I will focus on the definitions employed within the field of Nudge Theory.

Cass Sunstein defines a nudge as "Any feature of the social environment that affects people's choices without imposing coercion or any kind of material incentive" (Thaler and Sunstein 2008, 12). In his 2014 article "Nudging: A Very Short Guide," Cass Sunstein emphasizes that "some kind of social environment (or "choice architecture"), influencing people's choices, is always in place. New nudges typically replace preexisting ones; they do not introduce nudging where it did not exist before" (Sunstein 2014, 2). This brings us to another useful definition, "Choice Architecture":

Choice architecture describes the way in which decisions are influenced by how the choices are presented. It is in arranging the choice architecture in a certain way that individuals can be nudged in a certain way without taking away their freedom of choice. A simple example of a nudge would be placing healthy foods in a school cafeteria at eye level, while putting less healthy junk food in harder to reach places. Individuals are not prevented from eating whatever they want, but the arranging of the food choices in that way has the effect of decreasing consumption of junk food and increasing consumption of healthier foods. (Sunstein and Thaler 2008, 1)

I consider the following to be central concepts within Nudge Theory:

- **Imitating Peers/Following the Herd:** This is what J.M. Nolan and colleagues describe as: "perceiving what other people do –either directly or indirectly, through information given by a third party –has a powerful influence on agents' behavior" (Nolan et al. 2008, 915).
- **Social Status Competition:** Another interesting phenomenon is our well-known hunt for social status. Thaler and Sunstein illustrate this example with the success of the Toyota Prius hybrid car. The car has always had a distinguishable design that has made it easy for car buyers to choose as an outward symbol of their environmentalism (Thaler and Sunstein 2008, 192). Bühren and Daskalakis (2015, 6.1) add to this argument: "the initiation of competition generates the best results."
- **Loss Aversion:** Tatiana A. Homonoff offers strong evidence of the concept of loss aversion in her study on grocery shoppers' attitudes towards being charged for plastic bags. Homonoff found that a five-cent shopping bag tax substantially deterred shoppers from using bags, while the opposite measure, an equivalent reward for reusing their own bag "generated virtually no effect on behavior" (Homonoff 2014, 1).
- **Status Quo Bias/Inertia leads to Default Option:** "People are lazy" is a simple way of explaining this mechanism. Sunstein and Thaler provide an example in *Nudge*: "Status quo bias is easily exploited. Many years ago American Express wrote Sunstein a cheerful letter telling him that he could receive, for free, three-month subscriptions to five magazines of his choice. Free subscriptions seem like a bargain, even if the magazines rarely get read, so Sunstein happily made his choices. What he didn't realize was that unless he took some action to cancel his subscription, he would continue to receive the magazines, paying for them at a normal rate" (Sunstein and Thaler 2008, 35). Thus, Schubert (2016, 17) argues: "You can motivate pro-environmental behavior by carefully setting the default, i.e., the option that prevails when people don't engage in active choice."
- **Door-in-the-face/Anchoring:** An example from Lindahl and Stikvoort describes how "People may be reluctant to go to great lengths to recycle, and will oppose putting four to five separate rubbish bins in their homes, but this may change once people are first confronted with an even larger request, such as spending four hours a week as a volunteer at a recycling and sorting site" (Lindahl and Stikvoort. 2015, 83).

- **Mere exposure effect and availability heuristics:** According to Lindahl and Stikvoort (2015, 84) "we create a liking for a certain thing or topic merely because we are exposed to it."

### **Critical discussions in the research on nudging**

Critical discussions in the nudging literature includes the need to counter bad nudging, and criticisms of blind spots in the literature.

Cass Sunstein defends the use of nudges in public policy by pointing to the "bad nudges" already in place: "We have a lot of bad nudges. People are seduced to smoke cigarettes, to buy certain high-polluting vehicles, to think about short-term goods without thinking about the long-term effects of their decisions for themselves or their descendants. So long as we have freedom of speech and a market economy, there are going to be bad nudges that we can't do anything about, but we can meet the bad nudges with good ones" (Stevens, 2009).

However, Marteau and colleagues argue that: "Without regulation to limit the potent effects of unhealthy nudges in existing environments shaped largely by industry, nudging towards healthier behaviour may struggle to make much impression on the scale and distribution of behaviour change needed to improve population health to the level required to reduce the burden of chronic disease in the UK and beyond" (Marteau et al, 2011).

Lindahl and Stikvoort (2015, 98) have a slightly more optimistic and solution-oriented view of the situation, and call for public policy to regulate "bad" nudging:

In fact, there are many marketing strategies out there that nudge people in all the wrong directions. Automatic enrollment in newsletters on websites is the least of these, but it does not stop there. A fair number of companies make active use of our cognitive biases, for instance when they claim that there are only a limited number of tickets or products available or when the customer is primed with the highest prices at the entrance to the store, only to have him or her think the offers at the exit are absolute 'bargains'. Governments and other organizations that hold the freedom of choice of citizens, consumers and customers in high regard ought to be aware of the effects of nudging, and when possible, ought to prevent people from being nudged without their knowing, and against their own benefits.

Important to our understating of nudging, is understanding the criticisms of the theory. There are also emerging critiques of the literature on nudging: In his 2016 article "Green Nudges: Do They Work? Are They Ethical?" Christian Schubert, explores the ethics of nudging. Schubert claims that the ethics issue is an area neglected in the research on nudging: "While there is an emerging literature on the instrumental effectiveness of behavioral policy tools such as these, their ethical assessment has largely been neglected (Schubert 2016, 1). In the article, he concludes that: "Basic transparency, thus understood, coupled with the condition that they generate durable behavior change, are the key prerequisites to make green nudges both effective and ethical" (Schubert 2016, 29)<sup>1</sup>.

## **2.2. I Green Nudge**

The literature on Green nudge has focused on determining which particular nudges are effective, in various contexts. As mentioned in my Rationale for this research, human behavior may be the key to mitigating climate change. Influencing that behavior, then becomes a particularly relevant challenge. At the interface of Nudge Theory and sustainable consumer choices, we find the term "Green Nudge". The GreeNudge Foundation defines it as: "Nudges to influence consumers to make environmentally friendly choices in everyday life" (GreeNudge 2016). Similarly, Christian Schubert defines green nudges as: "nudges that aim at promoting environmentally responsible behavior." (Schubert 2016, 4) Schubert distinguishes between three kinds of green nudges:

- (i) Green nudges that capitalize on consumers' desire to maintain an attractive selfimage through 'green' behavior, by either simplifying product information or by making certain product characteristics more salient (example: eco-labels).
- (ii) Green nudges that exploit people's inclination to 'follow the herd', i.e. to imitate the behavior of their peers; this can be done, e.g., by conveying certain social norms through peer comparison (example: home energy reports offering households peer comparisons with respect to their energy use); it can also be done by stimulating social status competition through, e.g., encouraging consumers to signal green behavior to others.
- (iii) Green nudges that exploit the behavioral effects of purposefully set defaults that stipulate what happens if people don't actively choose (example: an energy

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<sup>1</sup> There is considerable criticism of the use of Nudge Theory in public policy, but the scope of

provider offering power from renewable sources as the default, with the possibility to opt out anytime at trivial cost) (Schubert 2016, 7).

Schubert (2016, 17) adds: "Setting 'green defaults' has been shown to be a particularly powerful example of a green nudge."

In a 2009 interview with Grist Magazine, Cass Sunstein suggests a slightly different kind of Green Nudge: "The nudge approach would be, for energy use in homes and automobiles, to make very clear to people what the costs of their activities are to they themselves. When we're driving cars, most of us don't have a concrete sense of what it's costing per year in gasoline to use a car with bad fuel efficiency. A nudge-like solution is to let bad actors, as we might call them, actually see the economic costs to themselves of what they're doing" (Stevens 2009).

Schubert (2016, 28) adds that "the toolbox containing green nudges does have some promising innovative instruments public policy might use in order to promote environmentally responsible behavior." Gabriela Michalek and colleagues (2015, 25) are also in support of the use of Green Nudges: "nudges prove to be an important instrument within the environmental policy toolkit, as they are a key mechanism when it comes to addressing intuitive and habitual environmental behaviour through policy instruments."

## **2.2. II Grocery Nudge**

There is a considerable literature on nudging grocery shoppers. Just like the other Nudge literature, it has focused on which measures are actually effective. In his book "Slim by Design," Wansink (2013, 116) presents a study on grocery nudging from the Danish Island of Bornholm in 2011: Danish authorities wanted help from the Cornell Food Lab to get Danish consumers to choose healthier options. The Danish government had been considering three options: "tax it, take it, or teach it." According to Wansink these options are ineffective: Instead, shopping would have to be made more convenient, attractive and normal. This view has been supported by Kalnikaitė et al. (2013, 1247): "the amount and structure of product information that is most appropriate for supermarket shoppers" and finds that "people apply 'fast and frugal' heuristics: short-cut strategies where they ignore most product information and instead focus on a few key cues. (...) rather than overwhelming shoppers, future

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this thesis does not permit my investigating this further.

shopping technology design needs to focus on information frugality and simplicity" (Kalnikaitė et al. 2013, 1247).

Additionally, Wansink argues that the measures would have to be profitable for the business owners. The first measure put into effect by Wansink's team in Bornholm was "dividing" grocery carts in half with yellow tape to encourage shoppers to buy more produce. In this experiment, people spent twice as much on fruits and vegetables by 100 percent (Wansink 2014, 118).

Furthermore Wansink suggests that people are "11 percent more likely to take the first vegetable you see than the third" (Wansink, 2014 121). Thus, he argues "If stores could get you to walk by the more of the healthy — and more profitable — foods first, they might be able to get you to fill up the cart on the good stuff, and squeeze out any room the Ben & Jerry's variety pack" (Wansink 2014, 121).

Another observation that may be relevant in our context is that people seem to shop in the same patterns: "We discovered that most people with shopping carts behave the same way: They walk through the produce section, then turn and go down aisle 2 (which leads back toward the front of the store). It almost doesn't matter what's in the aisle — health food, dog food, or mops. At this point, shopping's still a fun adventure. But after aisle 2, shoppers get mission-oriented and start skipping aisles as they look for only what they think they need. (...) To make grocery stores more slim by design, managers could easily load up this aisle with whatever healthier food is most profitable for them" (Wansink 2014, 122).

Another way to nudge shoppers is widely used in the produce sections of American supermarkets: "Stop points" can keep them from moving on too fast: "One way to help shoppers fill up their carts with healthy foods is to make sure those are the aisles they visit first and stay in longest. People cherry-pick their favorite fruits and vegetables and quickly move to the center of the store, but you can keep them in the produce area longer by angling displays so they guide shoppers through the store — think of the 30- and 45-degree angles you used to see in those old-school pinball games. Also, green lines—Green Highways — seem to nudge most of us, at least occasionally, to turn in a direction we otherwise wouldn't have turned in" (Wansink 2014, 123).

And there is a reason why produce aisles are often much more spacious than other parts of the store. This is because wide aisles sell more: "In the Washington, D.C., grocery stores mentioned earlier, we measured the width of all the aisles and timed how long the average shopper spent in them, Indeed, the wider the aisle the more they bought. It didn't matter what was there—canned Brussels sprouts, twenty-pound bags of cat food, dishwashing liquid—the

more time they spent in the aisles, the more items they bought" (Wansink 2014, 124). When there isn't enough space to make all aisles wide, there is another tool available: Store managers can place what they want to sell more of at eye level shopping. "If you're shopping in a narrow aisle, 61 percent of everything you'll buy is at eye level—either one foot above or one foot below" (Wansink 2014, 124). Wansink also argues that healthy changes are more profitable for grocery stores (Wansink 2014, 141).

One last interesting finding from Wansink, which may be more useful to shoppers than to merchants: You shop worse on an empty stomach. "Most of us know that it's a bad personal policy to go shopping on an empty stomach. We think it's because we buy more food when we're hungry—but we don't. In our studies of starving shoppers, they buy the exact same amount of food as stuffed shoppers. They don't buy more, but they buy worse. When we're hungry, we buy foods that are convenient enough to eat right away and will stop our cravings. We don't go for broccoli and tilapia; we go for carbs in a box or bag" (Wansink 2014, 128).

Hence the findings from this sub-reviews can be categorized as follows:

- Convenience
- Profit
- First sight
- Patterned shopping
- Stop-point
- Space
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## **2.2. III Green Grocery Nudge**

However, at the interface of these literatures a very limited attention has been paid to the issue of sustainability in the context of grocery shopping. This thesis explores and aims to contribute to the more specific concept of green nudges in the context of grocery shopping.

## **2.2. III Green Nudges and the Role of Government**

There is also considerable literature on nudging and role of government. Lindahl and Stikvoort 8 (2015, 91) argue: "Most suggestions we have made will be initiated and

implemented by companies, but that does not mean the government has no role to play whatsoever." Additionally, and especially relevant in this context: "For instance, by making non-meat and non-dairy alternatives more appealing through subsidies, governments could stimulate companies to focus more on those markets, and divert away from the meat and dairy markets. This could stimulate companies to use nudging techniques to further both healthier and more environmentally friendly options"(Lindahl and Stikvoort 2015, 91).

Alemanno (2015, 22) also points out the possibility for a shared sense of responsibility: "benign private nudge carries the potential to enable the corporate world to shift away from empty and cosmetic notions such as responsible consumption – which highlight personal responsibility – to a model of joint, shared responsibility between companies and society when it comes to consumption" and "As there is probably no more influential voice on today's supermarket shelves than business brands, companies and retailers are the best placed to signal to consumers virtuous behaviours" (Alemanno 2015, 22).

### **2.3. Hypotheses**

The literature review described above led me to develop four specific hypotheses for my research:

- Sustainable products are more likely to sell more if they have a high profit margin for the store.
- The merchants who are most willing to give responsibility to their staff are the ones who succeed in selling more sustainable goods.
- The central management at REMA 1000 has succeeded in nudging the consumer in a sustainable direction by universally implementing a few strategic changes in the stores.
- The managers who credit their staff are the most successful.

### **3. Methodology**

#### **3.1. Introduction**

I have used the "mixed methods" approach, a mix between qualitative and quantitative research methods in this study (Denscombe 2007, 107). In such a small research project, I thought it would be useful to have several approaches in the hopes of achieving scientifically significant results. I have used a combination of semi-structured in-person and telephone interviews at various levels of the organization and qualitative sales data from REMA 1000. I obtained annual reports and "responsibility reports" for the last five years and studied them to see what the company said about management, sales of fresh produce and seafood, and sustainability. After conducting the interviews, I translated the responses and entered them into a matrix for a better overview. In this matrix, I was able to extract certain factors which I in turn organized into categories. I was able to identify four separate categories of factors, and point to which ones were mentioned with the highest frequency. With such a low number of informants, it is not possible to make any conclusions, but I decided to set the cut-off at five (5) mentions and ignored factors that were mentioned by fewer than five informant. However, in the last category, in-store tools, I decided to include all of the factors mentioned, as I found them all to be interesting examples of nudging. Thus, I had 11 factors to discuss in the last category.

#### **3.2. Sample**

My sample for this project was made up of store managers at REMA 1000 stores located in the greater Oslo area. I chose to interview 10 store managers in order to get a sufficient number of responses.<sup>2</sup> The interviews were conducted in February and March of 2016.

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<sup>2</sup> The store managers I interviewed were from the following stores: Universitetsgata, Furuset, Hoffsvæien, Ammerud, Årvoll, Holmlia, Ensjø, Ryen, Kalbakken and Bryn.

### 3.3. Limitations

The geographic area was limited to the greater Oslo area. The store managers were asked by the central administration at REMA 1000 if they would be willing to participate in a research project on the store's recent changes in produce and seafood and how these changes may have affected the habits of Norwegians toward healthier lifestyles. Thus, only those who agreed to spend time on this project were interviewed. This means that we do not know much about those store managers who felt too busy to contribute to the project; however, with the help of GreeNudge, I was able to obtain sales statistics for all *intervention stores*. These are stores for which GreeNudge was able to obtain the intervention date (the date that stores applied changes such as re-arrangement of fruit and vegetable section, an increase in the display area). This pertains to 437 of the 565 Norwegian REMA 1000 stores.

I would have liked to find out more about the store managers. I wanted to know about their beliefs about and attitudes toward climate change. I started with a draft interview guide that I used when I conducted two trial interviews of store managers. This experience led to radical changes in my interview questions. In my meetings with these first managers, I discovered that my questions were both too many and too personal. The interviewees also perceived them to be irrelevant. I then decided to narrow down my interview significantly, reducing the number of questions from 45 to 6.

Since I used a semi-structured interview where I allowed respondents to speak freely after answering each question, many respondents may have left out factors that others mentioned. For example, one may mention that he likes to involve staff in important decisions. This was not something I asked specifically about so it may have been the case for other respondents even though they did not happen to mention it to me.

According to Johannessen, Kristoffersen and Tufte (2004, 227), the reliability of qualitative research can be strengthened by providing as much context and background information as possible. This is what I have attempted to do in section 4. about REMA 1000 and the store manager informants.

In terms of validity, this study has its limitations. The scope of this thesis did not allow for me to spend more time with the respondents, triangulate the methods, or in quality-check the responses in other ways.

I hope that my work has a certain degree of generality (Johannessen et al. 2004, 229), at least on the context of Norwegian grocery stores.

### 3.4 Data Collection

**My data consists of five different types:**

1. Annual reports from Rema 1000 2012, 2013, 2014 and 2015.
2. Interviews with 10 store managers
3. Interview with regional manager for Oslo
4. Interview with category manager for seafood
5. Responsibility reports 2014-2015 and 2015

I first interviewed the regional manager for Oslo to find out more about the changes that were implemented company-wide in 2012. I also wanted to hear how he assessed store managers and what his thoughts were on what characteristics the most effective managers may have in common.

I then interviewed the category manager for seafood to find out what changes had been made to make seafood more attractive to customers.

The communications department at REMA headquarters in Oslo contacted a number of store managers in Oslo that they had selected. Each interview took about 15 minutes. Two of the interviews were conducted in person and the remaining eight were conducted over the phone. I used semi-structured interviews.

I asked the following questions in Norwegian and translated the responses into English:

1. How have sales of produce and fish / seafood developed after the changes made in 2012?
2. Why do you think you have sold more of these goods than before?
3. How have you worked for these categories to grow?
4. How important are these categories to the profitability of your store?
5. Do you know how the growth in your business has been compared to the others in REMA 1000? Why do you think you have sold more/less compared to others?
6. What is it about you as a manager that makes a difference? What qualities or skills do you have that help you succeed?

The informant was allowed to speak freely around each question and encouraged to add any additional comments at the end of the interview.

At the first two stores, I filled out a “score card” developed by Dr. Brian Wansink from the Cornell Food Lab. It is meant to assess the degree of healthfulness in grocery stores.

However, I quickly found that very few of the questions were relevant in Norwegian stores and that the stores received the same scores because of the centrally mandated layout of the stores.

### **3.5 Interpretation of Data in Light of Literature**

This is the context for my general understanding of the data interpretation:

- Convenience
- Profit
- First sight
- Patterned shopping
- Stop-point
- Space

Moreover, I interpreted the interviews in light of the following insights:

Personality traits of successful leaders (Høst 2009, 23):

- "High energy level and tolerance of stress. Being able to make important and/or conflict-ridden decisions, handle difficult subordinates, highlight problems without panicking and stay calm under pressure."

- "The strong belief that one's life is determined by one's own actions and not external circumstances"

- "Performance orientation. The need to achieve good results, exceed oneself and achieve success. It is likely that leaders who have a moderately performance-motivated are more efficient than leaders who have a low degree of performance motivation or a very strong one."<sup>3</sup>

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<sup>3</sup> My translation

## **4. REMA 1000 Background and Context**

### **4.1. Introduction**

The following section outlines REMA 1000's vision based on their own policy documents and annual reports. Due to the limitations of this thesis, I have made a methodological choice to focus specifically on a contemporary context. Therefore I have chosen to only look at annual reports dating back to 2012. In the following review, I will identify how they have envisioned and articulate their values and the steps they have taken to implement this vision.

### **4.2. Rema Policy Statements of Sustainable Agenda**

#### **Annual Reports**

In the first annual report I reviewed, the 2012 report, all the information relevant to this research is contained in one section, on page 8. The section is called "External Environment."<sup>4</sup> Through this report, the company expresses an intention to take responsibility for their actions affecting the environment. They also decided to initiate an environmental strategy based on The Greenhouse Gas Protocol (GHG-protokollen) to pinpoint the areas with the most potential for improvement and to establish measures that reduce costs and emissions. Whenever building or renovating a store, they claim to keep the environment in mind by choosing the greener alternatives in heating, ventilation, lighting, and cooling (REMA 1000 2013, 8). REMA 1000 also entered into an agreement with Enova AS with the aim of reducing energy consumption in each store by 18 percent by the end of 2016 and have received a grant of NOK 56 million to implement various measures. This amounts to approximately 24 percent of the total amount that they planned to invest (REMA 1000 2013, 8). The distribution division of REMA 1000 entails considerable transport by road. According to this report, REMA continuously tries to reduce these kinds of emissions by optimizing routes (REMA 1000 2013, 8).

In the annual report for 2013, the section is still called "External Environment"<sup>5</sup> and limits itself to page 8. Yet, here they claim to want to "minimize" their negative effects on the environment. In the fall of 2013, REMA 1000 reported to the environmental survey for the

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<sup>4</sup> My translation

<sup>5</sup> My translation

non-governmental organization "The Future in Our Hands"<sup>6</sup> (FIVH) (REMA 1000 2014, 8). According to the report, REMA 1000 received 528 out of 1000 points, thus ranked sixth out of the eight chains surveyed (Hille 2014, 3). On the subject of food wastage, REMA 1000 informed the researchers from FIVH that they employ discounting and give away food nearing expiration in order to avoid throwing it away (Hille 2014, 37). In their annual report, REMA 1000 says that 2013 was when they started to voluntarily report to Carbon Disclosure Project (CDP) (REMA 1000 2014, 8). During this year, REMA 1000 started using the Greenhouse Gas Protocol (GHG-protokollen) to measure and report climate numbers. Their total emissions measured in tCO<sub>2</sub>e, including air travel, was 87 992 in 2013 (REMA 1000 2014, 8).

In the **annual report for 2014**, the section on environment remains limited, but the company claims to have initiated various efforts to reduce the use of palm oil. This will lead to a slowing of deforestation and contribute to lower climate gas emissions (REMA 1000 2015, 10). The report also tells of some new focus areas. These are energy efficiency, reduction of food wastage, improved labeling and making it easier for customers to make more healthy and environmentally friendly choices (REMA 1000 2015, 10). Their total emissions measured in tCO<sub>2</sub>e, including air travel, was 83 628 in 2014 (REMA 1000 2015, 10).

In the **annual report for 2015**, REMA 1000 claims to have achieved status as a "climate neutral company," having been approved by the UN in order to achieve this status (REMA 1000 2016f, 10). They also state that that they reduced their greenhouse gas emissions by 15 percent, mainly due to change in cooling and freezing technology used in the stores. They have additionally compensated for emissions in developing countries by buying carbon offset credits. In 2016, REMA 1000 received their first evaluation from the Carbon Disclosure Project (CDP), where REMA was rated above average in its sector and region. They have also improved their score from 82C in 2014 to 95C in 2015 (REMA 1000 2016f, 11).

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<sup>6</sup> My translation

## **Responsibility Reports**

These reports reflect REMA 1000's response to changing demands for CSR with respect to specific products as well as interactions with environmental organizations.

The first of these two reports, "Responsibility - REMA 1000 in Norway 2014 - 2015," is only 40 pages long. The main aspects of the concept "responsibility" in this document are:

Hindering deforestation (by reducing the use of palm oil)

Reducing emissions of greenhouse gases

Reducing food waste

Improving carbon footprint

(REMA 1000 2015b)

In April 2016, REMA 1000 published a new and extensive "Responsibility Report". This time, the report had grown from 40 to 100 pages. It is divided into 5 chapters that focus on culture, health, social commitment, environment, and the customer.

The report describes issues such as:

Climate compensation quotas (REMA 1000 2016c, 77)

Preserving the rainforest (ibid, 77)

Minimizing waste and recycling (ibid, 78)

Using rail instead of road (ibid, 80)

Minimizing the negative effects of farming and fishing (ibid, 86)

Banning palm oil in their own brands (ibid, 91)

In the "More Fruit and Vegetables" section of the health chapter, they credit the following efforts for their 12.1% growth: Giving more floor space to these categories and helping people plan dinners with their recipe booklet. The "Fresh fish and seafood" category has also seen an increase in 2015: "In the past five years, REMA 1000 has focused proactively on fresh fish and seafood. This has paid off! REMA 1000's market share of fresh fish and seafood has increased from approx. 8% in 2010 to nearly 30% in 2015. This means that one in every three seafood meals in Norwegian homes has been purchased from us" (ibid, 22).

The report goes on to describe what measures REMA 1000 employs to facilitate convenience for the shoppers:

One of the greatest obstacles to increasing the consumption of fish and seafood is that people do not know how to prepare the raw ingredients. That is why we work hard on product development and innovation aimed at making things easier for our customers. Simplicity is the reason that salmon has gone from being a rare Sunday dinner – because it took half a day to thaw and fillet a whole fish – to becoming one of Norway’s absolute everyday favourites. Filleted, skinless, boneless and ovenready – cooked and ready to serve in 15 minutes. (ibid, 22)

The growing awareness of ethics and climate change in the Norwegian public does not go unnoticed in this report: "As Norway’s largest grocery chain, REMA 1000 has to take its responsibilities seriously. We sell food, but we also manage the trust of our customers. We see that our customers are increasingly concerned about the contents of the products they buy, about where they are produced and how they impact on the environment. That is why RESPONSIBILITY is simply part of our business at REMA 1000" (REMA 1000 2016c, 40).

Another effective way to limit the use of fossil fuels is to limit the energy spent on heating and cooling buildings: "When building new stores or renovating existing ones, REMA 1000 focuses on initiatives that protect the environment. These initiatives include replacing ventilation systems, improving heat recovery, installing energy-saving lighting (LED) and using greener refrigerants in the refrigerator and freezer systems in-store" (ibid, 75). The report also states that the company did indeed reach its goals of reducing emissions by 15%: "Emissions of 66,472 tonnes of CO<sub>2</sub> (tCO<sub>2</sub>e) correspond to: - 27,697 cars on Norwegian roads for a year - 13,294 times round the equator by air - 5,539 Norwegians’ average emissions per year" (ibid, 78).

The language in this report is ambitious, even grandiose at times: "One of REMA 1000’s core values from the start has been: "We must be debtfree". REMA 1000’s aim is also not to ‘run up climate debts’ to the world. As a major Norwegian company, we need to cut our climate emissions and do more than just what is legally required of us" (ibid, 76).

At REMA 1000, we believe that even though we are small in global terms, our contribution can still mean something. Climate problems are a global problem. They concern us all and bring us all together. We are implementing a range of reduction initiatives in our

own business and we are trying to influence our entire value chain to achieve a reduction of total emissions. (ibid, 77)

Lastly, an area that is especially relevant to this thesis: Food wastage. "Every year Norwegians throw away 360,000 tonnes of fully edible food. This food waste represents a monetary value of NOK 18 billion. Consumers account for 70% of **food waste** while the food and grocery industries account for the remaining 30%" (ibid, 82). The report lists eight specific measures that have been implemented to reduce food wastage:

- Volume discounts cut. In 2014, REMA 1000 elected to cut its volume pricing – the so-called ‘3 for 2’ deals – on products with a short shelf life.
- Reducing the price on products nearing their expiry date.
- Giving food to Matsentralen and other charitable organisations.
- Introducing bread in smaller sizes.
- Best before / Expiry date Many consumers do not know that the traditional BEST BEFORE and EXPIRY DATE stamps mean different things. Unfortunately, this results in our wasting more food than we need to. Raising awareness of what shelf life labelling means will help to reduce food wastage. We encourage our customers to use their senses: See. Smell. Taste.
- Less waste with the Keep-it shelf-life indicator Most of us have drunk milk or eaten meat products that still taste good even when they are past their expiry date. With the Keep-it shelf-life indicator, food that has been stored at the correct temperature will show more days of actual shelf life on the indicator – even past the official expiry date.
- Helping households shop – and plan their meals.
- REMA 1000 supports the ForMat project. (ibid, 83)

### **4.3. Company Culture and External Relations**

My review of REMA 1000 policy statements (4.2) demonstrated a noticeable change in the message that the company chooses to express to the public. "Responsibility" has become a central word in REMA 1000's external communication. Indeed, they actually

changed their business idea to include the word "responsibility" in addition to price and quality in 2014 (REMA 1000 2016, 9).

There is little doubt that there has been a change in attitudes towards sustainable consumerism among the Norwegian public in recent years. In June 2015, REMA initiated a partnership with *Geitmyra Food Culture Center for Children*.<sup>7</sup> The non-profit organization has (presumably) received funding from REMA 1000 in exchange for the use of the Geitmyra brand in REMA 1000 material such as the recipe booklet available in all stores (Scandinavian Retail 2015a).

In August 2015 Ole Robert Reitan, CEO of REMA 1000, announced a boycott of palm oil in his stores and asked Norwegian authorities to do the same (Scandinavian Retail 2015b). This demand came at a time when the Norwegian public was highly focused on the issue of the palm oil industry damaging rain forests due to campaigns by The Norwegian Rain Forest Foundation<sup>8</sup> and the popular blogger Sophie Elise Isachsen.

Moreover, this action on the part of REMA 1000 may be part of a pattern. According to Cass Sunstein: "Companies consist after all of human beings, who have consciences, and we've seen a lot of companies in the last ten years, companies willing to sacrifice at least some of the bottom line" (Stevens 2009).

#### **4.4. Franchise**

According to "Our Responsibility," REMA 1000 was the first grocery store operator in Norway to use franchising as its business model (REMA 1000 2016d, 13). In the previous report "Responsibility - REMA 1000 in Norway 2014 - 2015," REMA 1000 postulates that self-ownership leads to initiative and creativity (REMA 1000 2015, 10). In the most recent report, they elaborate on what franchising means to REMA 1000:

Franchising is a close partnership between two independent businesses – the franchisor and the franchisee. The franchisor has developed standards for setting up and operating local businesses under a common name while the franchisee handles the running of the business and contributes with personal initiative, entrepreneurship and local knowledge.

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<sup>7</sup> My translation

<sup>8</sup> My translation

As an operational model, franchising balances between freedom and system. On the one hand, the franchisee is an independent business. On the other, he or she has to be able to fit into a concept and the philosophy of the franchisor. The franchisor's most important task it to make the franchisees the best they can be. Great demands are made of accountability on both sides. If franchising is done right, no other system generates comparable results in terms of the ratio of invested capital and risk.

Franchising is not a science, but a method, or a set of methods, for developing a business. The methods used in franchising apply knowledge from many areas of management, finance, logistics and psychology. Franchising is based on clear and documented elements and on collaboration between people – that is, between different parties who have the same goals. (REMA 1000 2016c, 13)<sup>9</sup>

REMA 1000 requires no formal qualifications of franchisee applicants. In one of their postings for new franchisees, (ibid) they list the desired characteristics of an applicant. They look for people who are result-driven, hard-working and interested in financial success. They also want their managers to be good at recruiting the best people, coaching them to become even better and communicating clearly as a leader. The last point on the list is to be caring.

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<sup>9</sup> For more information on franchising in the Norwegian context, see Nesheim 2010.

## 5. Interviews of Store Managers: Findings and Analysis

### 5.2. About the Participants

The ten store managers I interviewed are all franchisees of REMA 1000. This means that they own their own business, but have a close connection to REMA 1000 brand. All of the selected managers were men.<sup>10</sup> Interestingly, though, one of my respondents was the store manager's wife, speaking on his behalf. My impression was that they put in substantially more work hours than the standard Norwegian workweek of 37,5 hours.

### 5.3. Data Analysis

I entered the collected data into a matrix for analysis. The analysis indicated that the respondents had some factors in common. I distributed them into the following categories:

1. In-store factors, such as low prices, quality of goods and packaging in bags.
2. Leadership tools, such as motivating staff, competition among stores and ordering routines.
3. Leadership traits, such as being goal-oriented, ambitious or a risk-taker.
4. In-store tools, such as moving produce to the front or setting up "Stop points."

Several factors were only mentioned by two or three respondents. Thus while relevant these will not be subjected to further analysis. However, I think it is useful to summarize them as follows:

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<sup>10</sup> It would be very interesting to investigate the differences between male and female leaders, but that is beyond the scope of this work. The top-grossing store in 2013 was managed by a woman: <http://www.dn.no/nyheter/naringsliv/2014/10/21/1949/sjekk-om-din-remabutikk-er-en-pengemaskin>

### **1. In-store factors:**

Mandated restructuring  
Pressure from HQ/Regional office  
Support from HQ/Regional office  
Advertising/Price communication  
Quality  
Focus on value products  
Selection/Variety

### **2. Leadership tools**

Keeps staff abreast of sales numbers  
Competition among stores

### **3. Leadership traits**

Passionate/Proud  
Goal-oriented  
Competitive  
Credits staff for success  
Ambitious  
Blames customer base for difficulties

Hence I will have to focus on those factors that were mentioned by more than three respondents.

## **Responses**

### **1. In-store factors:**

Seven (7) respondents mentioned **display** or **visibility** in some way. One said:

*If there is one thing that has never been on anyone's shopping list, it's cherries, but we sell a lot of them when they're on display.*

**Display and visibility** of goods is a central part of the restructuring that was mandated by the REMA 1000 management in 2012. One of the respondents put it this way:

*Bananas may be the most boring products in the store, but they get the best placement because that's what sells the most.*

**Low prices** was mentioned by five (5) of the respondents. According to REMA 1000, price is their most important spearhead (Responsibility 2015, 5). This is also used aggressively in their marketing campaigns with slogans like "It's the total amount on the receipt that counts." REMA has often credited its success to the no-frills, low-price concept (REMA 1000. 2010). Yet when it comes to the subject of this investigation, namely fresh produce and seafood, it is important to look for differences between the stores I have examined. They all have the same prices. They all have lower prices than other chains. In terms of fresh produce and seafood, they are at the bottom of the price comparisons, at the same price level as the Norwegian grocery store chain Kiwi, which has 630 outlets in Norway (Verdens gang 2015).

Another factor that seems to be important, is **packaging in bags**, also mentioned by five (5) respondents. One of them said:

*Packing in bags leads to immense rises in sales. If it's easy for the customer, that's very good.*

Another respondent claimed that he had noticed men being especially vulnerable to this trick. He said:

*Women are more thorough when they shop.*

The respondent explained that he had started to pack previous bulk items such as oranges in season, into random sized plastic bags that contained more than people would normally buy. These would then be weighed at the register.

The technique of packaging in bags is related to another in-store factor mentioned by respondents in this section; **facilitating convenience** for the customer. Or, as Wansink (2013, 277) puts it: "The healthy choice needs to be made to be the convenient choice—convenient to see, to find, to grab, and to eat." Facilitating convenience was mentioned by four (4) of the respondents. One reason why this works so well is that people's self-control is progressively impaired as they go through the store (Vohs et al 2014, 897). You would be hard pressed to find a register that does not have the most tempting sugary items right there in your face

when you are about to pay. They know that by the time you have gone through their carefully planned course of decisions, your brain is exhausted and you are very likely to fall prey to their inviting displays of goodies.

## **2. Leadership tools**

When it comes to leadership tools, there were only two that stood out: **Motivating staff** and **Ordering routines/Routines to reduce wastage**. Five (5) respondents, in one way or another, mentioned the latter, Motivating staff. These are people who believe that their staff is essential to their success and that they need to build them up. These leaders know that they are not doing the job alone and they give due credit to their staff when they achieve their goals. One manager said:

*It's not the product but the people in the store that are most important. One of the things that have been done to motivate staff is promoting them on Facebook, where the customers see them. Our customers like that. People get excited.*

One manager said:

*We are incredibly proud of our work in this store, and of being part of REMA 1000. It's genuine pride, not fake.*

The other aspect that stood out here was establishing better ordering routines/routines to reduce wastage. As one manager said:

*80 percent of wastage in the store happens in produce.*

This means that reducing food wastage in produce is extremely important for profitability. This is also an important way to mitigate climate change. Norwegians throw away 400 000 tons of edible food each year, where 30% of this figure comes from the food industry and grocery trade. Norwegian consumers throw away a quarter of all the food they buy (REMA 1000 2015, 28). One of the measures REMA 1000 has introduced with the aim of reducing food wastage, is to stop selling "short-life products" like "3 for 2" offers.

## **3. Leadership traits**

These are mostly inherent personality traits even through they can be influenced and changed. Four (4) of the traits were mentioned by exactly five (5) respondents. One of them was **crediting the customer base (trends, demand)**. What I mean by that is that they said something like:

*I can't deny the fact that cooking from scratch has become very trendy over the last few years. That has helped immensely.*

As another one put it:

*Our customer base is interested in cooking. I think there is a big difference within Oslo what the customers want.*

The next factor worth mentioning was also described by five (5) respondents: **Delegating responsibility**. One manager put it this way:

*I emphasize the need for my staff to take ownership of their categories, and I challenge them on it.*

By “their categories” he means that he has designated employees as managers of each category, at least for produce. Another says:

*First and foremost we have dedicated an employee to the department, something we didn't have before. They are responsible for the finances and the orders of their department. That has given the role of produce manager a real boost.*

The respondent who said this is, in fact, the one with the highest rate of growth in the whole sample. The same manager added:

*A produce manager can be responsible for 13-14 percent of the store's revenue. It is a bit like running two Narvesen stores.<sup>11</sup>*

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<sup>11</sup> a Norwegian news stand chain.

**Experience and knowledge** on the part of the manager, mentioned by five (5) respondents, may also play a significant role. According to one manager:

*I have been a sales manager for 15 years, in various sectors, so I know how to treat customers. That's the first priority in our store.*

Whether or not a manager is a **risk-taker or is open-minded** may also be an important factor. It was the last factor mentioned by five (5) different respondents. This concept has come up in several of my meetings with REMA 1000 and GreeNudge. Several respondents and central management have mentioned that a manager must be willing to "wait the customer out" before they start to turn a profit on a new product. Those who are willing to risk losing money on a new product for a while will see a large profit as a result when the customer embraces the product. One example of this was cherry tomatoes, which no one wanted at first. One informant said it used to be the case with filets of chicken breast; no one wanted it at first. But now that Norwegians have fully embraced chicken breasts, conveniently packet filets of salmon is a new best-seller: One manager said: "Fish is the new chicken."

#### **4. In-store tools**

The last category I found was in-store tools, the specific nudges that meet customers in the store. In this category, very few tools were mentioned by more than one respondent so the evidence was more anecdotal. The ones I have noted are:

Moving produce to the front
Providing space
Making these categories visible
Pricing tricks
Stop points
Pairing promotions
Highlighting seasonal products
Variety/Selection
End-of-aisle displays

Focus on value products

Best-sellers get the best placement

I will now explain each tool in detail: *Moving produce to the front* is a central part of the mandated restructuring. This relates back to Wansink's research presented in section 2.2, which suggests that people tend to grab the first thing they see (Wansink 2013, 123). It also goes hand in hand with the idea of *providing more space* around the products. This makes customers feel more comfortable and relaxed and encourages them to buy more (Wansink 2013, 124). *Making produce and seafood visible* is also part of the first two measures and overlaps with the in-store factor *Display and visibility*. This means bringing it to the front, but also requires specialty display units and improved lighting. *Pricing tricks* is what I have decided to call those little adjustments stores can make to "help" the customers buy more of an expensive product. These are measures such as writing \$9.99 instead of \$10, or writing the price in hectograms rather than kilograms. *Stop points* may be less known by the average consumer. These are carefully planned parts of the store layout that make it impossible for the consumer to quickly pass by certain areas (Wansink 2014, 123). You may know what you came for and want to rush through all the other areas, but the store manager wants you to get a closer look at whatever he/she wants to sell you. Like so-called *value products*. These are products that give a high margin, like mangoes, unusual varieties of tomatoes, or two-packs of ripe avocados. Several merchants mentioned focusing on such products by showcasing them in the store.

*Pairing promotions* is another marketing method that is used at REMA 1000. This involves showcasing a best-selling product together with a more obscure one that can be used with it. This is an important part of REMA 1000's recipe booklet "Dinner for less than 100 kroner" that shows many different products that go well together. This undoubtedly makes it easier for customers to do all of their shopping at REMA 1000. It also ensures that they buy predominantly fresh foods. Pairing promotions is also one of the ways in which they get best-sellers to sell even more. As one manager said:

*Fresh foods sell other products.*

And another said:

*20 percent growth on a popular product like salmon in a bowl, amounts to an awful lot.*

So there is plenty of motivation to do this well. Some store managers also mentioned that people seem to embrace *seasonal products* when stores *highlight* them. Offering a *wide selection* was mentioned as an effective tool to encourage shoppers. There are few things less inviting than half-empty shelves. Several managers mentioned the importance of keeping shelves fully stocked.

The last tool I will mention here is end-of-aisle displays. The technique of giving certain products visual prominence by displaying them at the short end of an aisle, has been found to increase the sales of beverages dramatically. Nakamura et al. (2014, 1) monitored the beverage sales in one UK grocery store, they found that beverages that were displayed this way sold 23 - 114% more.

Other findings: High revenue is important to store managers. One of them said:

*As long as it generates more revenue, it's a plus.*

## 6. Discussion of Findings

### 6.1. Findings

With this thesis I set out to analyze which kind of leadership tools can affect the effective implementation of nudges. I also wanted to know what was special about the store managers' implementation of changes that was crucial to how well they succeeded. Also, what was it about the store managers' characteristics that was essential to how well they managed to sell more of the healthy and sustainable goods? Then lastly, what are the most effective nudges for grocery stores?

Based on the analysis of the policy documents and the findings from the interviews, the following two sections contribute analytical observations regarding both the REMA 1000 context and the larger question about green nudges.

What I found in my interviews with store managers:

Research question 2: What was it about the store managers' implementation of changes that was crucial to how well they succeeded?

#### **1. Important in-store factors:**

- Seven (7) respondents mentioned display or visibility.
- Five (5) respondents mentioned packaging in bags.
- Four (4) mentioned facilitating convenience & service-mindedness.

Research question 1: What kind of leadership tools can affect the effective implementation of nudges?

#### **2. Important leadership tools**

- Five (5) respondents mentioned Motivating staff.
- Four (4) mentioned Routines to reduce wastage.

Research question 3: What was it about the store managers' characteristics that was essential to how well they managed to sell more of the healthy and sustainable goods?

#### **3. Important leadership traits**

- Risk taker/ open-minded (5)
- Experienced/Knowledgeable (5)

- Delegates responsibility (5)
- Credits customer base (5)
- Hands-on (micro-managing) (4)

Research question 4: What are the most effective nudges for grocery stores?

#### **4. Important in-store tools**

Moving produce to the front  
 Providing space  
 Making these categories visible  
 Pricing tricks  
 Stop points  
 Pairing promotions  
 Highlighting seasonal products  
 Variety/Selection  
 End-of-aisle displays  
 Focus on value products  
 Best-sellers get the best placement

#### **Other findings:**

High revenue is important to store managers.

Produce and seafood are the most profitable categories.

Sales have increased at all stores.

Fresh foods sell other products.

#### **These findings have confirmed two of the hypotheses listed in section 2.3:**

- - Sustainable products are more likely to sell more if they have a high profit margin for the store.
- - The central management at REMA 1000 has succeeded in nudging the consumer in a sustainable direction by universally implementing a few strategic changes in the stores.

The other two hypotheses, that managers who credit their staff are the most successful, and that managers who are willing to give responsibility to their staff are the ones

who succeed in selling more, are more difficult to determine. This is because I was not able to obtain sufficient sales data for all of the stores. Some of the stores were not intervention stores, meaning that they had not submitted sales data prior to the intervention date. Thus, it is not possible to say which of the stores were more successful. However, it may be useful to point out that the store with the highest increase in sales (124%) has a manager who does credit his staff and gives them responsibility.

## **6.2. Exploratory Discussion**

The analysis of the REMA 1000 documents focused the conceptualization of responsibility and their self-presentation in relation to this conceptualization. When comparing the interviews to the policy documents, a number of questions and observations become evident:

### **1. Profit**

A preliminary observation is that store managers appear to comply with policy documents; profit goes hand in hand with sustainability in this case. Based on the findings from the interviews, I would argue that this is due to the high profit margins on fresh foods. This can be explained by the fact that the sustainability agenda is about selling more of these high margin products. Thus, I have the following non-findings:

1. I have not found specific evidence of a gap between official REMA 1000 values and how managers see profitability for themselves. Thus, there seems to be no "bottom up" clash between values and value.

2. Moreover, my interviewees do not articulate a set of competing values concerning what it means to be sustainable, profitable, and a loyal franchisee.<sup>12</sup>

### **2. Increased Sales and Food Wastage**

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<sup>12</sup> If we imagined that their margins are less profitable and the agenda thus harder to implement (Seafood), how much power does REMA 1000 have to enforce and sanction implementation? This points to a more general

I would argue that there is a discrepancy between the goal of increasing the sales of fresh foods and the goal of reducing food wastage at home. The many nudges employed to cause the customers to buy more fresh foods could make them buy more than they need, and may thus lead to increased food wastage in the home.

### **3. Parallel Increase in Meat Sales**

Produce and seafood are the most profitable categories. Sales have increased at all stores; however, a dilemma emerges: Do they experience similar growth in the sales of less sustainable meat products? What are the implications of an increase in sales in meat products for the implementation of the sustainability agenda? Should we consider this as unrelated or does this in effect cancel out the benefit of the increase in sales of produce and seafood, thereby undermining the successful implementation of the sustainability agenda? As previously mentioned, the sustainable food categories are not the only categories in which REMA 1000 has seen increases.

### **3. Local vs. Global Products**

When stores showcase seasonal local products, the climate wins. This is because of the extensive amounts of energy that goes into transporting food, mostly by air, around the globe. If we eat apples only when they are in season in our own area, we save considerable amounts of fossil fuels. Unfortunately, grocery stores do not currently have an economic incentive to sell only seasonal produce. They win when they can offer an impressive display of all the world's bounty.

### **4. Regulating Nudging**

Nudging is a powerful tool that should be in the "right hands." It may be a good idea for governments to consider regulating some nudges. As in the Norwegian context, where advertising aimed at children is prohibited, it may be legitimate to consider prohibiting placing products that appeal to children at their eye level.

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need to reflect on the franchiser - franchisee relationship and how much power REMA 1000 actually has? However, the limitations of this thesis do not permit me to explore this further.

## **7. Conclusion**

### **7.1. Conclusion**

We are facing momentous challenges when it comes to climate change mitigation. My motivation for this thesis was based on my interest in how consumer choices can help mitigate climate change. Policy makers are trying to come up with the best strategies to meet these challenges. Yet, the literature points to an opportunity for the individual to act. People are increasingly seeing their power as consumers, and businesses are responding by communicating their concern and their sense of responsibility. But businesses are still businesses and thus primarily motivated by profit. Hence, adequate attention the bottom line is a requirement when you show companies how they can benefit from introducing green nudges.

Fortunately, as I have discovered, there are some areas in which profitably and sustainability intersect, and there is a knowledge gap in the literature on green groceries and nudging. Nudging is one of the most effective public policy and business tools, because people do not like to be told what to do, taxed or losing what they have.

I have explored how grocery store managers are able to influence consumers with the way they present products in stores and I would argue that there are some very simple tools that can be employed successfully by managers of other stores to achieve comparable results. It would also behove policy makers to familiarize themselves with these tools and take on the task of educating the public so that consumers can be aware of the nudges they are faced with on a daily basis. Additionally, I would argue that policy makes should consider regulating the use of some of the nudges.

I would like to close with some personal reflections: The work with this research has made me even more acutely aware of the powers of nudging in a consumer context. It has also empowered me to take on the work of teaching people about "bad" nudges in my further writing. I also feel that I have a stronger evidence base on which to motivate people to make a difference with their consumer choices.

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