

Sell More, Waste Less

RESEARCH BY THE ECR COMMUNITY SHRINKAGE AND ON-SHELF AVAILABILITY GROUP SUGGESTS THAT RETAILERS NEED TO ADOPT A CHANGE IN MINDSET IF THEY ARE TO PROPERLY TACKLE THE ISSUE OF FOOD WASTE. **ESM** REPORTS.

With around 88 million tonnes of food wasted every year in the EU, and amid fears that this could rise to as much as 120 million tonnes by 2020, it's not surprising that food waste is such a key focus area at both public and political levels.

In January, the European Court of Auditors published a report, *Combating Food Waste*, which claims that action on this issue has so far been insufficient, and more needs to be done to better coordinate and collaborate.

Different governments are seeking to pick up this mantle. In France, legislation has been introduced to penalise businesses that dispose of edible food, while food banks and charity donations have been employed in other markets to deal with the issue. However, given the lack of a coherent, silver-bullet solution, and due to the many areas along the supply chain in which waste can occur, achieving 'zero food waste', whether you are an individual, business or government, is next to impossible.

As Christian Verschueren, director general of EuroCommerce, said in a white paper on the issue earlier this year, "Every actor has a contribution to make [in tackling food waste], focusing on where it can have most influence, based on its role in the value chain. It is only through a combined effort by everyone in the supply chain that we will be able to make a difference."

Recent data from the EU-funded FUSIONS project indicates that 53% of food waste is created in households, 19%

IRELAND

Ireland has no legislation for managing food waste, and there appears to be "no real appetite for implementing one," says Declan Carolan of ECR Ireland. In March, however, a new Food Waste Charter for Ireland was introduced by the Minister for Communications, Climate Action and Environment and the Director General of the Environmental Protection Agency, which reinforces the country's commitment to achieve a 50% reduction in food waste by 2030. The charter aims to provide a collective commitment for people, businesses and communities. This commitment involves implementing at least one food-waste prevention action within the first year of signing up.

FRANCE

Last year, France became the first country in the EU to introduce legislation to ban the disposal of food approaching its best-before date, forcing supermarkets to donate it to charities or food banks instead. Under the new French law, supermarkets will face fines if they are caught throwing away or destroying unsold food that is otherwise fit for consumption. While the move has been welcomed in some circles, others have noted that it fails to address the root-and-branch causes of food waste. "While this law is a step in the right direction, it still does not address the wider problem of overproduction in the food industry," says Piotr Barczak of the European Environmental Bureau.

UK

In the UK, the Courtauld Commitment 2025, developed by the Waste and Resources Action Programme (WRAP), seeks to cut the resources needed to provide the UK's food and drink by one fifth over ten years. At its heart is a ten-year commitment to identifying priorities, developing solutions and implementing changes at scale, as well as spreading new best practice. One of the main objectives is a 20% reduction in food and drink waste in the UK. There is, however, currently no appetite for government legislation.

Elsewhere, Tesco is taking a leadership position in the delivery of Champions 12.3, an initiative that seeks to meet the UN Sustainable Development Goal to halve per-capita food waste at retail and consumer levels.

WASTE NOT, WANT NOT

ESM looks at the different initiatives being undertaken, at both public and political levels, to deal with food waste in several European markets.

CZECH REPUBLIC

Increased legislation means that food waste is becoming a major discussion topic in the Czech Republic, as well as in neighbouring Slovakia. As a result of joint activities by retailers, food banks and charities, there has been a significant change in VAT regulations, enabling retailers to give still-edible surplus food to food banks and charity organisations without paying the VAT on such shipments.

Elsewhere, legislation implemented from January 2018 introduces new obligations for retailers with premises over 400 square metres to provide all surplus food that is still edible to food banks and charities.

AUSTRIA

Research indicates that around 760,000 tonnes of food waste is being generated each year along the Austrian value chain. In a city like Vienna, around 70,000 tonnes of still-edible food from households, production and the retail sector is disposed into residual waste annually, equating to €400 per household. Austrian authorities have already used food banks to help alleviate the issue, however, they acknowledge that such measures only reach part of the community. Seeking to address this are newly created UrbanFoodSpots: stations in urban areas that enable consumers and businesses alike to pass on still-edible food in an easy-to-use manner.

ITALY

Last August, Italy's Upper House passed new legislation to combat food waste. The law seeks to incentivise businesses to give their unwanted food away to charitable causes. Championed by MP and member of the Environment Commission Maria Chiara Gadda, the new legislation — 'Legge Gadda', or 'Gadda's Law' — encourages food donations, instead of forcing retailers to donate surplus food. "The fight against waste should be seen more and more as a process that needs to be addressed from a supply-chain perspective," says Carlo Delmenico, CSR director of Auchan Retail Italy, citing a need for a "cultural change that will allow a new and better balance of ethics and environmental issues."

from food processing, 12% from food service, 11% from production, and just 5% from wholesale and retail, yet it is the latter that arguably garners the most headlines.

Retail Focus

Despite accounting for a relatively small percentage of overall food waste, retailers are the ones in the spotlight when it comes to this issue. This, however, is unsurprising, given the 'stack 'em high, sell 'em cheap' mindset associated with the sector.

Maintaining profitability is a prerequisite for operating in the highly competitive European retail sector. Most retailers not only have shareholders to satisfy, but they also have to deal with countless competitors breathing down their necks, as well as an increasingly demanding customer base.

For retailers to sell more, they need to ensure that they have a great choice of products, presented well and in abundance, at competitive prices. At the same time, shopper awareness about the environment, coupled with an increased focus on corporate social responsibility, means that retailers need to waste less – a classic square-peg/round-hole scenario.

"The dilemma for retailers is how to prevent food waste and 'drain the swamp' without losing sales," says Colin Peacock, group strategic coordinator at the ECR Community Shrink and OSA Group, and a former Procter & Gamble executive. "No retailer wants to run out of stock because that means they have lost the sale, yet all are aware that something needs to be done.

"The ECR Shrink Group seeks to examine the way retailers can think differently about food waste through better collaboration," says Peacock. "What if we can get better at sharing sales data, per hour, per store, per SKU, so that we can make better forecasts? What if we spent time and efforts less on promotion and markdowns, and more on getting the range right?

"Do we need to have 12 types of lettuce on display? Why not have eight, and be really clear about why we are stocking them? These are questions that the sector needs to ask itself."

Simple Measures

Last year, the group commissioned a study, penned by Professor Rob Broekmeulen and Karel Donselaar of Eindhoven University,



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which sought to encourage retailers to think differently about how they approach the food-waste issue.

The study, which took into account 17,093 item-store combinations from 27 selected stores across Europe, found that while many retailers consider waste to be a fact of life, a number of small measures that have a sizeable impact on reducing waste can be implemented.

Three of these, for example, are: increase a product's shelf life by one day; unpack items in the distribution centre and ship smaller quantities to stores; differentiate target OSA levels for slow-moving items and fast-moving items.

'Increasing the product's shelf life with one day will reduce waste by 42.8% (or increase on-shelf availability by 3.4%),' the report reads. 'Unpacking the items in the distribution centre will reduce waste by

32.5% (or increase on-shelf availability by 2.0%) and differentiating target OSA levels for slow-moving items and fast-moving items will reduce waste by 12.0% (or increase on-shelf availability by 1.3%).'

As the report notes, the improvement potential differs per retailer. However, for each retailer, 'large benefits can be achieved from these improvement options.'

Sharing Information

According to the group, the more efforts concentrated upstream, in areas such as product design, packaging, case sizes and forecasting accuracy, the more successful food-waste initiatives will be.

The ECR Community Shrink and OSA Group has developed what it calls the 'Sell More, Waste Less' initiative, which seeks to quantify waste and on-shelf availability as a function of key product and demand characteristics (like shelf life, case pack size and average daily demand). Using the Excel-based tool, retailers are able to quantify and prioritise improvement projects to reduce waste, as well as benchmark stores in their portfolio to identify best-in-class behaviour. ■

For further information on the 'Sell More, Waste Less' initiative, or to download the report, visit www.ecr-shrink-group.com.