



Grow your revenues – the
opportunity in wasted food
Helping retailers manage food waste

Did your mom tell you to clean your plate during meals growing up? While this action did not directly address the world's food waste challenges, it did sensitize you to not wasting food. Interestingly, the world produces enough food to feed every one of us, yet a huge number of people live in hunger. Approximately one third of all food produced globally is wasted or lost along supply chains every year.¹ This costs \$2.6 trillion annually and that wasted food could feed the 815 million hungry people in the world four times over.² Producing food that will be lost or wasted means squandering time, labor, money, land, energy, and water.

Did you realize that, even today, the value of food wasted in retail is double the amount of profit generated from this category? A ReFED analysis report released in January, 2018, stated that in the US combined food retail profits were \$9 billion, whereas \$18.2 billion in retail food cost was wasted.³

Sustainability attitudes also add to the urgency of addressing food waste. Food loss and waste are not only a problem, but also a source of amazing opportunity. These findings show that solving food waste opens a substantial opportunity to grow revenue and margins.



Reasons for household food waste

1. Food gone past its use-by or best-before date
2. Food looking or smelling bad
3. Cooking excessive quantities of food
4. Impulsive food purchases or special offers
5. Trying to buy more fresh food or buying too much food

Reasons for food-retailer waste

1. Food-demand unpredictability, generating overstock situations
2. A well-stocked shelf is considered key to drive sales
3. Manual markdowns are too deep, indiscriminate, labor intensive and error prone
4. Unable to comply with a first-in-first-out sell-out process due to customer behavior towards freshness and no incentive to buy products expiring sooner
5. Promotions and other retail practices factor in food waste, as the cost of doing business

How food retailers can help consumers reduce waste

1. Share reasons why food products land in dumpsters rather than on consumer plates
2. Increase transparency and information about food-production processes
3. Make food product information easy to understand
4. Apply technologies to help consumers quantify food wasted at home
5. Help consumers build strategies to cut food waste at home
6. Create actionable awareness: engage consumers and incentivize them, by rewarding them with lower prices for their sustainable purchasing behavior

How do retailers tackle waste?

The smart use of information technologies along food supply chains creates opportunities to spur the adoption of common standards, supply-chain transparency, and real-time information-sharing practices. If real-time is the new standard for business insights, now is also the time to cut food loss and waste.

Food waste reduction is part of a larger effort to improve sustainability for our global food systems. Each of us has something to win, either through economic profit or environmental and social benefits. Several initiatives to prevent food loss and waste have proven financially sound and, even though food waste by retailers represents an overall small percentage, these programs can generate significant benefits, to both the food system and consumers.

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Food-waste management solution

Capgemini and its partners Toshiba TEC, Wasteless, Intel, and Hanshow have developed an integrated end-to-end solution to optimally mark down food prices. This has proven to be an effective and profitable solution to minimize food waste.

A dynamic engine prices waste-prone SKUs, including products such as meat, poultry, refrigerated prepared meals, bakery, and premium foods, and integrates PoS with sell-out data, a date enabled barcode (such as GS1 DataBar, 2D or RFID), and shelf labels that display the sustainability markdowns to consumers. Together this lifts revenues, margins and reduces waste: in the aforementioned ReFED report, Dynamic Markdowns are highlighted as one of the most profitable and scalable solutions to solve this pressing issue.

Solution components:

- Toshiba TEC Point-of-Sale system
- Hanshow electronic shelf labels (ESL)
- Intel processing technology
- Wasteless waste-management and analytics software and dynamic pricing engine, integrated with the PoS, located according to a retailer's preference (on-prem, cloud, datacenter)
- Capgemini knowledge, experience, and ecosystem network in the food, agriculture, and supply-chain industries, including store and distribution-center replenishment, and store operations management.

Solution benefits:

- Reduce waste by as much as 85%
- Increase revenues by as much as 25%
- Dynamic pricing engine calculates the right price
- Electronic shelf labels (ESLs) display actual prices to consumer
- Dashboard provides waste data insights to execs and associates
- App streamlines product on-boarding
- Unleashes data to analyze and create supply chain efficiencies
- Reduces labor and suboptimal human decisions
- Increases solution suite marketing to customer.

Timeline*

A Proof of Concept can be up and running in a matter of weeks, and deliver results from day one. Typically, a PoC runs three months, after which the solution may be deployed at scale without major additional integration.

Stage 1 (1–2 months)

IT Integration, data collection, store selection, commercial agreement, marketing program

Stage 2 (2–3 months)

Learning deployment in stores

Stage 3

Deploy at scale, roll-out throughout chain



*Timeline assumes deploying the GS1 DataBar, at the most efficient point in the packaging/distribution process, at the supplier or in-store.

1. FAO (2017). Key facts on food loss and waste you should know! www.fao.org/save-food/resources/keyfindings/en/
2. FAO, Global Food Waste and its Environmental Impact, en.reset.org/knowledge/global-food-waste-and-its-environmental-impact-09122018
3. ReFED press release, January 2018 www.refed.com/content-hub/refed-analysis-reveals-food-waste-represents-18-2-billion-profit-opportunity-for-grocery-retailers

Conclusion

Retailers have the tools and insights to change consumer knowledge, mindset, and behavior. Food waste offers a strong case to improve margins for retailers and suppliers. In addition, less food lost and wasted will help alleviate the burden on the environment caused by agriculture, transport, and the disposal of food that is never eaten. That means reducing food waste is not only about profit, logistics, or the environment. It is also fundamentally a moral choice.



Ready to explore improving your bottom line by becoming a more sustainable store?

Contact one of our experts and visit



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