The role of food retailers and technology in reducing consumer food waste
Summary

- The world produces enough food to feed every one of us, yet almost one billion people live in hunger.
- Between one third and one half of all food produced globally is wasted or lost along supply chains every year.
- If food losses and waste were a country, this country would be the third-largest emitter of greenhouse gases in the world, as well as a significant contributor to climate change.
- In economically developed countries, consumers are responsible for most of the food wasted (38 to 47%). The household is the worst possible place for this because all the environmental, social, and economic costs that go into producing and distributing food add up from farm to fork.
- The proportion of food thrown away by retailers is the lowest, at around 5%. Still, retailers can obtain a median of $5.1 in return for every dollar invested in reducing food waste.
- Food retailers have the knowledge and means to influence how consumers buy, cook, and even store and dispose of food at home.
- Consumers who waste less food could use resulting savings on high-quality food products with higher profit margins for retailers (upselling) or on trying new products (cross-selling).
- Reducing food losses and waste should be approached from a systems perspective to ensure that isolated actions don’t shift losses and waste to other stages of the supply chain.
- Technology can be a catalyst of behavioral change, a facilitator of collaborative relationships along the supply chain, and a tool for information exchange and transparency to avoid food waste. Combining organizational and regulatory solutions with technological ones is key.
- The Internet of Groceries can connect retailers and consumers from the moment the product is chosen at the supermarket, through its storage and cooking, up to its disposal, or ideally, lack thereof.
- Collaboration between companies across different industries could bring about innovative and business-minded approaches to reducing food waste.

Food wastage

There is a distinction between “food losses” and “food waste.” “Food losses” refers to food that “spills, spoils, incurs an abnormal reduction in quality such as bruising or wilting, or otherwise gets lost before it reaches the consumer.” Such losses often result from poor infrastructure and deficient technology, transportation, refrigeration, and packaging (Gustavsson et al., 2011).

“Food waste” is described as “food that is of good quality and fit for human consumption but that does not get consumed because it is discarded, either before or after it spoils.” Food waste often results from a decision to throw food away.

Reasons for food waste include high aesthetic requirements, especially for fruit and vegetables, the mismatch of supply and demand between retailers and consumers, and the physical and cognitive distance between production and consumption. Harvested bananas that fall off a truck are considered food loss, while brown-spotted bananas thrown away at a grocery shop or at home are considered food waste. Together, food losses and food waste are referred to as food wastage.

Objective

The main objective of this paper is to identify the dilemmas, challenges, opportunities, and role of food retailers in reducing food waste where it is the highest, at the consumer level.

Introduction

In the film “Just Eat It - A Food Waste Story” leading food waste expert Dana Gunders said: “Imagine walking out of a grocery store with four bags of groceries, dropping one in the parking lot, and just not bothering to pick it up. That’s essentially what we’re doing.”

The world produces enough food to feed every one of us, yet almost one billion people live in hunger. Between one third and half of all food produced globally is wasted or lost along supply chains every year. That’s enough to feed twice the number of hungry people in the world. Producing food that will be lost or wasted means wasting human labor, money, land, energy, and water. To put things in perspective, in order to produce food that is never consumed, a surface area larger than Canada and India combined is used. The water volume of Lake Geneva is squandered, and roughly 20% of total deforestation is caused. If food losses and waste were a country, this country would be the third largest greenhouse gas emitter in the world, as well as a significant contributor to climate change.

But what if we start seeing food losses and waste not only as a problem but as a source of untapped potential? By forcing us to think differently, problems can become enablers of policy change, social development, environmental governance, and business innovation. Many inventions in the food and beverages industry, including pasteurization, canning, controlled fermentation, and refrigeration, came to life as a result of trying to solve a pressing...
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### Most food waste takes place at home

If you are reading this from Europe, the United States, Canada, or Australia, you probably will have throw away between 3.5 to 7 lbs of good food by the end of the week. **Wasting food has environmental, social, and economic costs that start adding up right from the farm, and increase with every additional step towards the consumer.** For this reason, the household is the worst possible place to for food to be wasted. Y et, it is here that the highest percentage of food waste takes place. Households in economically developed countries are responsible for about 38% to 47% of their country’s food waste. **The pertinent question is, why do we as consumers tolerate this when we balk at other inefficiencies of similar magnitude?** We wouldn’t accept the cashier throwing away one of every three products we purchase or if a taxi dropped us off one-third of the way from our destination. One explanation could be our lack of awareness regarding the quantity of food we waste at home. Throwing away past use by-date products that have been shoved to the back of the refrigerator is perceived as cleaning rather than wasting. Not eating overripe brown bananas is considered to be health-cautious rather than wasteful, and disposing of small leftovers is perceived to be an inevitable part of washing dishes.

The ten main reasons for food waste at home, according to research from WRAP, a UK-based Waste & Resources Action Program, are as shown in the table below. At the end, the act of wasting food is a decision influenced by information, convenience, emotions, awareness, ethics, preferences, uncertainty, and money.

**Table 1: 10 main reasons for food waste at home**

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### Nudging consumer to reduce food waste

The global economic cost of food waste is estimated at 750 billion dollars every year. **Asking who is responsible for reducing consumer food waste is no longer a relevant question.** Unique to food supply chains is the fact that one way or another, we are all part of them and the consequences of wasting food affect us all. In fact, food retailers have the knowledge and means necessary to influence how consumers buy, cook, and even store and dispose of food at home.

Retailers influence consumers’ choices through data-driven marketing, which includes savvy visual merchandising, assortment planning, and seamless customer engagement in an “Any Time” “Anywhere” and “Any Device” (ATAWAD) environment. Driving consumers to reduce food waste at home immediately curtails up the frightening perspective of reduced sales volumes. Should retailers nudge consumers to reduce food waste at home at risk of losing sales? One leader in the food retailing industry thinks so. In 2013 Tesco’s CEO Dave Lewis, declared a war on food waste, even at the risk of selling less of it. He said, “It may sound counter-intuitive […] to help our customers reduce the amount of food they waste, because it is likely to invoke reducing the volume of food they buy […] But the issue that we are trying to solve is a long-term risk to society.”

In reality, reducing food waste can free up consumers’ budgets that may otherwise have been diverted to the purchase of other food products. **Consumers could choose to spend this newly available budget on high-quality foods with higher profit margins for a financial business case for reducing food waste.** In contrast, the proportion of food discarded by retailers is the lowest, at around 5%. **Nevertheless, retailers have been at the heart of initiatives to reduce food waste, stimulating consumers to accept misshapen or imperfect produce, donating surpluses to food banks and clearing up confusion about expiration dates. The research of Champions 12.3, demonstrates that food companies along the supply chain can obtain a median of 14 dollars in return for every dollar invested in reducing food losses and waste.** (Table 2 shows the costs and benefits of reducing food waste for these companies). Retailers in particular can obtain a median of 5.1 dollars for every invested dollar by using simple and low-costs methods such as meeting regularly with suppliers, introducing or increasing daily communications with suppliers, linking forecasting methods to order planning processes, developing tools to assists underperforming lines, improving tools to increase the accuracy of order amendment, and reviewing progress on a regular basis.

**Table 2: Costs and benefits for retailers entailed with reducing food wastage**

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disposing of small leftovers is perceived to be an inevitable part of washing dishes. The ten main reasons for food waste at home, according to research from WRAP, a UK-based Waste & Resources Action Program, are as shown in the table below. At the end, the act of wasting food is a decision influenced by information, convenience, emotions, awareness, ethics, preferences, uncertainty, and money.

### 10 Main reasons for food waste at home

1. Food gone “past use” or “best before” date (34%)
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In reality, reducing food waste can free up consumers’ budgets that may otherwise have been diverted to the purchase of other food products. Consumers could choose to spend this newly available budget on high-quality foods with higher profit margins for other products. Consumers would be more likely to buy higher-quality food products, which could improve the quality of their diets and reduce food waste.

The following table shows the costs and benefits of reducing food waste for food retailers.

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The need to keep food fresh led to ice harvesting practices in the 1800s, which resulted in the commoditization of ice, which then paved the way for the acceptance of artificial refrigeration. During the Roman Empire, the aversion to wasting any part of the animal led to the creation of sausages and blood puddings that are still being served today. During the late Middle Ages, roughly 80% of the average household income was spent on food and drinks in most of Western Europe. People would mix leftovers with the most disparate available ingredients, creating dishes such as the sammelgur in Germany and salmagnudo in England.

Tackling food losses and food waste today would accomplish more than simply increasing the availability of food to feed our growing population. It would also improve the sustainability of our food supply chains, increase the resilience of our grocery-retailing businesses, and lead to innovation. Besides, who knows what new culinary and technological creations could come of it?

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Combining organizational and regulatory solutions with technological ones is key

There are numerous initiatives to reduce food waste, but the market has yet to realize a systemic change through which food waste is not only treated but instead avoided whenever possible. Fragmented approaches to reducing food waste may only cause a shift in the place and time in which food waste occurs. Just consider the cases in which retailers have donated surpluses of soon-to-expire products to food banks, which as charitable organizations feel compelled to accept them, even when there aren’t enough recipients. Matching supermarket supply with the demands of food banks can be brought to a real level of food waste reduction by using one of the most ubiquitous forms of Information Technology (IT), an app. In the UK, a food bank app has been developed through which food banks can adjust their food needs in real time, allowing donors to see the availability of required products on a Traffic Light dashboard: urgent products colored in red, items in short supply in yellow, and those currently well stocked in green. By using this app, Canterbury saw a one hundred percent increase in donations of needed products in just one month. Other apps such as the Food Storage and Shelf Life, help consumers reduce waste by providing storage- and shelf-life information about more than 350 food products.

Technology may not solve the problem of food losses and waste on its own. The potential benefits of Radio Frequency Identification technologies (RFID) are constrained by the lack of uniformity in global standards, high costs, lack of trust, misinterpretation of data, and a lack of collaboration in the supply chain. Combining organizational, regulatory, and technological solutions is key.

Getting the right algorithm to tackle food losses and waste requires not only taking into account the individual interests of supply chain stakeholders, their motivational drivers and willingness to reduce food losses and waste, but also innovative technologies. Technology can catalyze behavioral change by acting as a tool for information exchange and transparency among the supply chain partners, thereby fostering trust-based collaborative relationships. Could then, an IT-driven supply chain transformation contribute to solving food waste by consumers? It has helped optimize supply chain operations from the back-office to the point of sale by improving supply chain visibility and collaborative partnerships leading to enhanced food quality and safety. Reduction of food losses has been achieved thanks to the quicker response time of stakeholders that is made possible by automating ordering processes, streamlining payment mechanisms, scheduling warehousing, monitoring delivery, controlling systems for quality assurance, collecting products’ data, and tracking bar codes, among others. However, the use of IT has been scarce in tracking food products up until their consumption or end-of-life. The focus has been mainly on streamlining the logistical and transport process from the manufacturer to the retailer.

Information technology meets waste-avoiding behavior

The use of IT for improving the interaction between retailers and customers has already proven to be successful. Next-generation loyalty programs, one-to-one personalization, and omni-channel customer engagement are some of the significant advances. Andrew Penny, project manager at WRAP, suggests that seven out of the ten main reasons for consumers’ food waste (shown in Table 1) could be alleviated with technology, without disregarding the power of informing and educating customers about the use of such technology.

In Seattle, a regulation passed in 2015 imposes a one-dollar fine every time food is found in consumers’ dumpsters. The inspection of the trashcans is a strenuous task, accomplished by workers who comb manually through the trash; and here technology would come in handy. Smart waste containers that measure the filling percentage, and content of waste of restaurants, retailers, and city dumpsters already exist thanks to wireless sensors and built-in scale cameras connected to the Internet. Using IT would not only alleviate the manual labor but also increase its accuracy. The Internet of Things, or rather, the Internet of Groceries, can not only facilitate tasks, but also has the potential of connecting retailers and consumers from the very moment the product is picked up at the supermarket, through its storage and cooking, up to its disposal, or ideally, the lack thereof.

It can all start by enabling customers to create online shopping lists and add ingredients to their shopping basket based on recommended recipes. At the store, consumers could be able to validate product freshness through smart labels, such as printed sensors, or portable spectrometers, such as the SCoO2, and have instant access to information about products or ingredients. Using beacons, retailers could reach consumers who have downloaded the store app and enabled Bluetooth to offer them personalized suggestions related to the products located in their close proximity. Through dynamic pricing using electronic shelf labels, prices could be adjusted in real time to instantaneously improve the uptake of products with a shorter shelf life. Likewise, consumers could receive in-store customized offers according to their pre-identified preferences, such as their willingness to buy products close to their self-by date or malformed products. We have become accustomed to buying and selling fruit that looks like it came out of a template, thereby consuming and retailing a rather unrepresentative sample of nature. For example, increasing sales of curved cucumbers could help redefine the norm.

Another trend in parallel with food waste reduction and the Internet of Things is collaborative consumption, or the sharing economy, which allows consumers to enjoy access to more products and services while consuming fewer physical resources. Imagine consumers no longer needing to own a fridge. Imagine retailers offering smart fridges to loyal consumers. Imagine that some fridge placing direct orders, assessing the freshness of products, suggesting storage solutions, offering recipe ideas, and communicating with consumers through their mobile devices. The consumer surplus, or value, that consumers place on products related to their price could increase thanks to these technologies, which take over the least pleasant tasks pertaining to food handling, such as planning and storing, and leave to us only the enjoyable activities such as cooking and eating. After all, the utility value of food is a function not only of taste, but also of time, cost, ease, and convenience, wherein throwing food away can sometimes be the optimal decision for a consumer. Keeping leftovers for example, entails storing the food in a container, warming it up, cleaning the container, and washing the dish used for consuming the food. It’s too much hassle compared to ordering a pizza, but an attractive option when most of the “hard work” is taken away from us.

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The use of IT for improving the interaction between retailers and customers has already proven to be successful. Next-generation loyalty programs, one-to-one personalization, and omni-channel customer engagement are some of the significant advances. Andrew Penny, project manager of WRAP, suggests that seven out of the ten main reasons for consumers’ food waste (shown in Table 1) could be alleviated with technology, without disregarding the power of informing and educating customers about the use of such technology.

In Seattle, a regulation passed in 2015 imposes a one-dollar fine every time food is found in consumers’ dumpsters. The inspection of the trashcans is a strenuous task accomplished by workers who comb manually through the trash; and here technology would come in handy. Smart waste containers that measure the filling percentage and content of waste of restaurants, retailers, and city dumpsters already exist thanks to wireless sensors and built-in scale cameras connected to the internet. Using IT would not only alleviate the manual labor but also increase its accuracy. The Internet of Things, or rather, the Internet of Groceries, can not only facilitate tasks, but also has the potential of connecting retailers and consumers from the very moment the product is picked up at the supermarket, through its storage and cooking, up to its disposal, or ideally, the lack thereof. It can all start by enabling customers to create online shopping lists and add ingredients to their shopping basket based on recommended recipes. At the store, consumers could be able to validate product freshness through smart labels, such as printed sensors, or portable spectrometers, such as the SCIO, and have instant access to information about products or ingredients. Using beacons, retailers could reach consumers who have downloaded the store app and enabled Bluetooth to offer them personalized suggestions related to the products located in their close proximity. Through dynamic pricing using electronic shelf labels, prices could be adjusted in real time to instantaneously improve the uptake of products with a shorter shelf life. Likewise, consumers could receive in-store customized offers according to their pre-identified preferences, such as their willingness to buy products close to their sell-by date or malformed products. We have become accustomed to buying and selling fruit that looks like it came out of a template, thereby consuming and retailing a rather unrepresentative sample of nature. For example, increasing sales of curved cucumbers could help redefine the norm.

Another trend in parallel with food waste reduction and the Internet of Things is collaborative consumption, or the sharing economy, which allows consumers to enjoy access to more products and services while consuming fewer physical resources. Imagine consumers no longer needing to own a fridge. Imagine retailers offering smart fridges to loyal consumers. It is imagine that same fridge placing direct orders, assessing the freshness of products, suggesting storage solutions, offering recipe ideas, and communicating with consumers through their mobile devices. The consumer surplus, or value, that consumers place on products relative to their price could increase thanks to these technologies, which take over the least pleasant tasks pertaining to food handling, such as planning and storing, and leave to us only the enjoyable activities such as cooking and eating. After all, the utility value of food is a function not only of taste, but also of time, cost, ease, and convenience, wherein throwing food away can sometimes be the optimal decision for a consumer. Keeping leftovers for example, entails storing the food in a container, warming it up, cleaning the container, and washing the dish used for consuming the food. It’s too much hassle compared to ordering a pizza, but an attractive option when most of the “hard work” is taken away from us.
The challenge posed by uncertainty and risk

Experts in the field of sustainable supply chains advocate integrated solutions to food losses and waste through which the quality of food products is measured, monitored, and controlled from the moment it leaves the farm until it reaches the consumer. This technology has already been commercially developed.

However, according to Toine Timmermans, an expert in the field of sustainable food chains, technology is roughly ten years ahead of behavioral acceptance by most companies. Some of these companies seem to suffer from the “not invented here syndrome.” Understandably, the innovators or early adopters of food waste reduction technologies face uncertainty and risk.

Finally, companies that can take action to reduce food waste should not underestimate the reputational benefits and consumer trust that will accrue on the strength of the social purpose of eliminating food waste. In fact, consumer trust and brand reputation can act as force multipliers to build emotional connections for lifelong relationships with consumers. Such an initiative can also mobilize community activists to the fight against food waste, increase the level of support from policy-makers and maximize shareholder and market value.

Conclusion

Reducing food waste might look like too huge a problem for a single company to tackle, but experience shows that the smallest efforts can have broad ramifications and inspire others to join the cause. Collaboration with consumers is more possible now than ever before, especially since buying food is no longer merely a necessity, but also an act of cultural expression through which consumers reward companies that reflect their own principles.

To increase the chances of successfully reducing food waste, we must realize that retailers are no longer subject to an isolated linear business structure. They are, rather, an integral part of society and of a network of industries interconnected through information technologies. 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 real time to cut food losses and waste.

Food waste reduction is part of a larger effort to improve the sustainability of our global food systems. Each of us has something to win, either through economic profit or environmental and social benefits. Several initiatives to reduce food losses and waste have proven financially sound, and even though food waste by retailers represents only about five percent, they too can earn significant benefits. Retailers have the tools and insights to change consumer knowledge, mind-set, and behavior. Less food lost and wasted would alleviate the burden on the environment caused by agriculture, transport, and the disposal of food that never gets eaten. Even so, reducing food waste is not only about profit, logistics, or the environment. It is also a fundamentally moral choice.

Food retailers can help consumers reduce their food waste by:

1. Understanding why some of your products are landing in consumers’ dumpsters instead of on their plates
2. Reducing the cognitive distance between the production and consumption of food products by proactively informing consumers how these products came to be
3. Making the information about your products easy to understand
4. Applying information technologies to help consumers quantify the amount of food wasted at home
5. Helping consumers build a tailored strategy to cut food waste at home

The use of (information) technology to address environmental, social, and business issues is now ubiquitous and certainly valuable, but is not, on its own, the “gospel that lays the golden eggs.” Sometimes, a greater issue is being able to change deeply entrenched mindsets and being willing to challenge the status quo.

Eating food is one of the most natural acts of human beings. What would you say wasting it would be?

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Author

Carolina Arias Bustos

carolina.aras-bustos@apogemini.com
For more details contact:

**Katja van Beaumont**
+31306895866  
katja.van.beaumont@capgemini.com

**Kees Jacobs**
+31306890000  
kees.jacobs@capgemini.com

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