



Disrupt and Delight: Rethinking Food Waste

Ideas for how retailers can reduce food waste

Innovation Workshop Recap: FMI Sustainability Summit 2014 (Boston, MA)

Contents

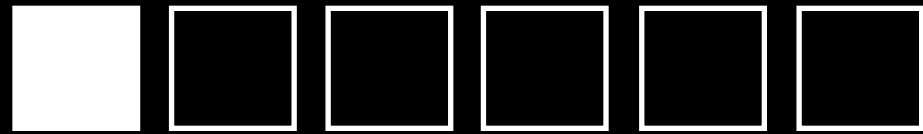
What's Here

The Moment of Opportunity

Disrupt: Innovation Brainstorm

Delight: Team Presentations

Key Takeaways



The Moment

Why Food Waste Matters

We had a packed house at FMI's Sustainability Summit 2014.



On behalf of BBMG, Ahold USA and Daily Table, thank you for joining the *Disrupt and Delight: Rethinking Food Waste* workshop at the FMI Sustainability Summit in Boston.

Nearly 100 experts across disciplines—branding, marketing, planning, sustainability and operations—volunteered their time and talent to explore how to reduce food waste, drive business value and engage consumers in the process.





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“What we know is that most food waste happens in the home. The challenge then is to think of innovative ways to interact with customers and change the culture of waste at home. First, we have to stop using the word waste--because who here wants a second helping of food waste?”

**–Doug Rauch, CEO of Daily Table, Former
CEO of Trader Joe’s**

A Great Moment for Brands

The role that brands play in our lives has changed forever thanks to generational shifts, technology shifts and new economic forces at play.

Brands of the future will embrace sustainability as an innovation imperative as the market moves from the commodity of *what* to the reality of *how* we drive growth and positive social impact.

Brand 1.0

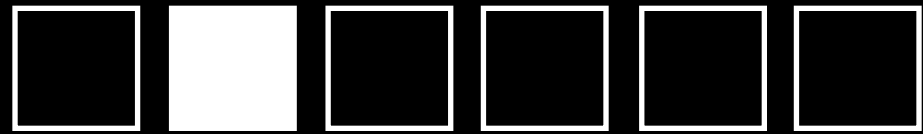
Logo & Tagline
Marketing
Transaction
Monologue
What
Product

Brand 2.0

Experience
Movement
Transformation
Co-created Dialogue
How
Platform

What does this mean for food retail?

It's an incredible moment for food retailers and manufacturers. Nearly 40 percent of all food grown and processed is never eaten. One in six Americans live in food insecure households. Technological advances are disrupting the retail landscape like no other time, while consumers--particularly Aspirational consumers (see TheAspirational.com for more)--are looking for brands to lead the way. How might we evolve existing practices and/or engage consumers in new ways?



Disrupt

Innovation Brainstorm



We asked participants to work in teams on one of **three provocations** to help brainstorm ways to drive revenue, cut waste and engage our communities.

Provocation #1: Totally Saleable

How might we sell 25% of what today is considered unsaleable?

FMI Global Sustainability Summit

Disrupt + Delight: Rethinking Food Waste

Goal: Using the provocation below, let's brainstorm ways to reduce food waste, advance our business and drive positive impact in our communities.



Provocation #1 – Totally Saleable: How might we sell 25% of what today is considered unsaleable?

Opportunities:

Fresh Foods: How might we incentivize customers to purchase day-old baked goods, prepared foods, produce with blemishes and the like?

Perishables: How might we incentivize customers to purchase items nearing their sell-by date?

Other?

Considerations:

- Storage / refrigeration
- Store design / layout / presentations
- Staffing / training
- IT / information systems
- Branding / marketing
- Pricing / promotion
- Other?

Inspiration:



Inglorious Fruits and Vegetables

Intermarché exalts these imperfect fruits and vegetables and promotes them in the front of the store as 30% cheaper, great for juicing.

Our big idea: How does it work?

Our idea is called: _____

We're going to sell 25% of unsaleable food by doing: _____

Why it works:

Our business case...

Success measures:

We'll know it's working when...

Provocation #2: Food Secure

How might we provide better access to the 1 in 6 Americans who struggle with hunger?

FMI Global Sustainability Summit

Disrupt + Delight: Rethinking Food Waste

Goal: Using the provocation below, let's brainstorm ways to reduce food waste, advance our business and drive positive impact in our communities.



Provocation #2 – Food Secure: How might we provide better access to the 1 in 6 Americans who struggle with hunger?

Opportunities:

Data: How might we identify and better serve existing customers who are food insecure?

Design: From front-of-store to end-caps and POS, how might we leverage the store experience to serve the food insecure?

Engagement: How might we involve our employees?

Activate: How might we enlist our partners (i.e. food manufacturers, food banks) to support activating this effort?

Considerations:

- CRM / database management / loyalty program
- Cross-company participation
- Staffing / training
- Health and nutrition education
- Impact evaluation
- Other?

Inspiration:

Panera Cares
Five cafes across the country offer customers a "suggested" pricing structure, allowing pay-as-you-go.

Our big idea: How does it work?

Our idea is called: _____

We're going to provide better access to healthy, affordable food to the food insecure by:

Why it works:

Our business case...

Success measures:

We'll know it's working when...


Provocation #3: “Just Perfect”

How might we help our customer right-size portions to reduce waste at home, live healthy and save money?

FMI Global Sustainability Summit

Disrupt + Delight: Rethinking Food Waste

Goal: Using the provocation below, let's brainstorm ways to reduce food waste, advance our business and drive positive impact in our communities.



Provocation #3 – “Just Perfect”: How might we help our customer right-size portions to reduce waste at home, live healthy and save money?

Opportunities:

Storage: How might we reimagine how consumers pack, transport and store food so it lasts longer?

Labeling / Messaging: How might we improve labels on shelf, on pack, at checkout?


Leftovers: How might we help consumers better use, exchange or give away excess food?

Incentives: How might we recognize and reward right-sizing behavior, whether consumers are buying less or sharing recipes for leftovers?

Considerations:

- Packaging / labeling
- IT / information systems
- Health and safety
- Branding / marketing
- Partnerships
- Other?

Inspiration:



Sainsbury's Food Rescue
In partnership with Google, this app uses mobile voice recognition technology with recipe inspiration to give you ideas for using up ingredients that would go to waste.

Our big idea: How does it work?

Our idea is called: _____

We're going to help customers buy right-sized portions, reduce waste at home, live healthy and save money by:

Why it works:
Our business case...

Success measures:
We'll know it's working when...



Delight

Team Presentations of Preliminary Concepts

Provocation #1 - Totally Saleable

"Second Life"

Second Life is a store brand that aims to disrupt the ways food labels are displayed. Using realistic, consumer-facing shelf dates, packaging focuses on extending the life of the product and an optimized supply chain, product stays fresh longer and reduces waste. Sold at a discount, Second Life product is also taken to food deserts.

Why it works:

By extending the timeframe of expiration dates, allowing the use of blemished food in prepared foods, Second Life's brand drives loyalty and sales.

Our big idea: How does it work?

Our idea is called: Second Life

We're going to sell 25% of unsaleable food by doing: Rebrand food near its expiration date as "Second Life" and sell at a discount. Also, look for opportunities to extend timeframe of expiration date and cut days out of supply chain.

Provocation #1 - Totally Saleable

"Fabulously Flawed"

<p>Our big idea: How does it work?</p> <p>Our idea is called: <u>Fabulously Flawed</u></p> <p>We're going to sell 25% of unsaleable food by doing: <u>Use "unsaleable" in in-store prepared foods (smoothies, salsas, dips), dedicated branding & merchandising, educate consumers through recipes for "unsaleable" produce, customer rewards, social media</u></p>	<p>Why it works:</p> <p>Our business case... <u>reduce shrink, increase sales, connect with customers, reduce costs</u></p> <p>Success measures:</p> <p>We'll know it's working when... <u>Sales increase, shrink decreases, customer loyalty</u></p>
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The Fabulously Flawed campaign uses unsaleable products in prepared foods like smoothies, salsas and dips in-store. The dedicated branding and merchandising integrates education for consumers through recipes for traditionally unsaleable produce, provides customers with rewards and uses social media platforms.

Why it works:

The campaign reduces shrink, creates deeper engagement with customers and reduces landfill costs. Success metrics include a sales increase, a shrink decrease and customer loyalty.

Provocation #2 - Food Secure

"The Golden Ticket"

The Golden Ticket creates value-add and finished products in hours by repurposing food waste so that you are not merchandizing waste but rather nutritionally balanced meals. The limited product availability allows for select customers to "win" the opportunity to pick from products.

Why it works:

The Golden Ticket is an opportunity for employee engagement, allowing employees to showcase their recipe ideas. The program drives awareness about food insecurity, supports the local community and reduces shrink. Success measures include increased consumer awareness, waste reduction and popularity of Golden Ticket products.

Our big idea: How does it work?

Our idea is called:

The Golden Ticket

We're going to provide better access to healthy, affordable food to the food insecure by:

Value Add &
creating finished products in house repurposing food waste so that you are not merchandizing waste but rather nutritionally balanced meals. The limited product availability would allow for a select segment of customers to "win" the opportunity to pick from products.

Why it works:

Our business case... employee engagement - show them the food waste and get their ideas on meals that can be created - soup, juices, smoothies. This will drive awareness and reduce shrink while supporting the local community.

Success measures:

We'll know it's working when... people talk about it. Quantity waste reduction and popularity of the products produced.

Provocation #2 - Food Secure

"Wegman's on Wheels"

Via branded mobile trucks, Wegman's on Wheels brings donate-able food to food deserts and areas where they most need it. Pre-packaged foods as well as foods prepared on site. Sold on pay-what-you-can scheme.

Why it works:

Easily deployed. A natural extension of its donation program. Wegman's saves on waste disposal, creates brand trust, good will, community relations and positive PR. Success is measured by "how empty the truck is when it comes back to the store."

Our big idea: How does it work?

Our idea is called:

Edible Truck "Wegman's on Wheels"

We're going to provide better access to healthy, affordable food to the food insecure by:

Bringing donateable food (either pre packaged, or prepare on site) to where it's
needed in our communities, every day.
Package could be sold on honor system → Hot meals prepared as well

Why it works:

Our business case... extension of donation
Program, waste disposal savings, Brand
trust, Good will, Community relations,
??

Success measures:

We'll know it's working when... The truck comes
back empty.

Provocation #2 - Food Secure

"Food to the People"

Making food donation programs mobile, Food to the People provides food to the insecure by donating to farmers, volunteers, farmers markets, online grocery services to deliver to high poverty community centers. Tied to loyalty discounts, Food to the People engages employees and the community.

Why it works:

Food to the People recovers food for the highest possible use--to feed people. In addition to brand loyalty, the retailer avoids possible disposal costs and engages employees.

Our big idea: How does it work?

Our idea is called: Food to the People

We're going to provide better access to healthy, affordable food to the food insecure by:

- > making it mobile (to where the hungry live): online grocery service
- > tie loyalty discounts to EBT
- > employee-social engagement w/ community
- > gleaning
- >

through farmers
volunteers

exchanged to accept

food stamps &

delivered to
high poverty
community
centers/schools

Why it works:

Our business case...

~~Recovers food~~ keeps food out of
possible use (to feed people)

- Brand loyalty by helping people "when they're down"

Success measures:

We'll know it's working when...

- avoid possible disposal costs
- Employee engagement

Provocation #2 - Food Secure

"Food Oasis"

Food Oasis brings the end-of-day blemished food via a food truck to farmers markets where employees educate consumers on nutrition for good value and how to cook a quick meal.

Why it works:

Getting rid of food that would otherwise go to the trash, Food Oasis reaches the 1 in 6 Americans who are food insecure but don't go to the food bank. Success metrics are when food insecurity climbs from 1 in 6 to 1 in 10 in America.

Opportunities:

Data: How might we identify and better serve existing customers who are food insecure? *Why insecure? \$ or access?*

Design: From front-of-store to end-caps and POS, how might we leverage the store experience to serve the food insecure?


Engagement: How might we involve our employees?

Activate: How might we enlist our partners (i.e. food manufacturers, food banks) to support activating this effort?

Considerations:

- CRM / database management / loyalty program
- Cross-company participation
- Staffing / training
- Health and nutrition education
- Impact evaluation
- Other?

How identify food insecure? Data on buying patterns [more coupons, lower basket \$, etc]
No stereotypes

Inspiration:

Panera Cares
Five cafes across the country offer customers a "suggested" pricing structure, allowing pay-as-you-go.

Our big idea: How does it work?

Our idea is called: Food Oasis *(Bring food (end of day, blemished) to areas)*

We're going to provide better access to healthy, affordable food to the food insecure by:

→ educate on "calorie density" / \$ *- talk nutrition & value for a good*
- quick meals

(Ahold on Axles) (Loblaws on Lorrles)

Food truck and/or farmer's market feel

Why it works:

Our business case...
- food that won't be sold anyway
- people w/o access &/or don't want to go to food banks

Success measures:
We'll know it's working when...
- when 1 of 10, not 1 in 6

Provocation #3 - Just Perfect

"REAP: Recipe Education Action Portion"

REAP is the fitbit for food! It integrates tools that help customers track portions, recipes and what's in their storage at home. It also assists in store-buying behaviors and in-home support with reminders to use food before it goes to waste. Finally, REAP quantifies the savings and integrates with existing social media platforms.

Why it works:

By collecting consumer data, REAP can drive sales by suggesting other ingredients and recipes as well as increasing the number of trips customers make to the store. In addition, data can be sold to suppliers and manufacturers.

<p>Our big idea: How does it work?</p> <p>Our idea is called: <u>REAP: Recipe Education Action Portion</u></p> <p>We're going to help customers buy right-sized portions, reduce waste at home, live healthy and save money by: <u>REAP is the fitbit for food which integrates consumer awareness (portion / recipe / storage), assist in store re-buying behaviors and in home support / reminders to utilize food + min. waste, and quantify the savings. Integrates existing platforms.</u></p>	<p>Why it works:</p> <p>Our business case...</p> <ul style="list-style-type: none">• Sell Big Data back to suppliers / manufacturers <p>Success measures:</p> <p>We'll know it's working when...</p>
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Provocation #3 - Just Perfect

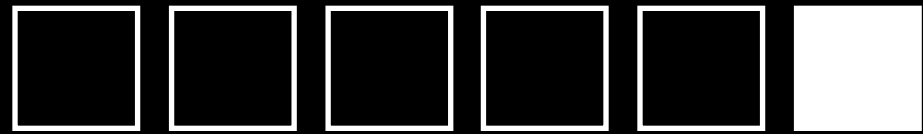
"Smaht Fridge"

Smaht Fridge is a Boston-made app that tells customers the right portions to buy, informs the customer when the product will expire using a red, yellow and green color system. The app allows customers to share leftover recipes with neighbors and self reports rewards points for using products efficiently.

Why it works:

Smaht Fridge is an example of good responsible retailing. It provides ease for the customer, encourages the customer to return to the store when they run out of food, reduces waste and saves both the customer and retailer money. Success metrics include customer feedback, surveys, customer loyalty, increased store visits, sales and reward points.

<p>Our big idea: How does it work?</p> <p>Our idea is called: <u>Food Smart - Waste Less</u> ^{"Fresh"}</p> <p>We're going to help customers buy right-sized portions, reduce waste at home, live healthy and save money by:</p> <p><u>An app that tells customer what to buy, just the right portions, will tell you when product will expire, offer recipes for what you have, interact w/ fridge</u></p> <p><u>Rewards POINTS for efficient use of products</u></p>	<p>Why it works:</p> <p>Our business case... <u>GOOD Responsible Retailing</u></p> <p><u>Easy for customer / Encourages customer to return</u></p> <p><u>Reduces Waste</u></p> <p><u>Saves customer money</u></p> <p>Success measures:</p> <p>We'll know it's working when...</p> <p><u>Customer feedback / surveys</u></p> <p><u>Repeat customers / Increased customer counts</u></p> <p><u>Increased Sales</u></p> <p><u>→ Reward Points</u></p>
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What's Next

Closing Thoughts

Key Takeaways

In the context of a rapidly changing retail landscape, food retailers have tremendous assets to drive innovation, growth and positive impact.

Immediate opportunity areas include reframing traditionally unsaleable food, servicing the food insecure and right-sizing portions to minimize food waste.

To drive long-term participation, sales and loyalty, retailers must create **delightful experiences** that are meaningful, shareable and impactful in the lives of consumers, partners and communities.

About BBMG

BBMG is a brand innovation firm dedicated to creating disruptive business solutions and delightful brand experiences that drive innovation, growth and positive impact. Recent clients include adidas, Disney Consumer Products, Eileen Fisher, Johnson & Johnson, L'Oréal Paris, Samsung and Target. More at bbmg.com



Thank You!

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