

Falling Fowl: Plastic, Provenance and Waste Prevention in the Grocery Sector

In the final release of this three-part series, IBISWorld discusses how ethical consumerism initiatives have filtered through the food sector.

Retailers and suppliers alike are increasingly aiming to reduce their environmental impact

With ethical consumerism having rapidly become a new normal for many consumers, operators in the food supply chain have come under rising pressure to ensure that the produce on supermarket shelves originates from sustainable sources; plastic packaging is recyclable; and food wastage is minimised.

Ethical sourcing

Provenance has been a powerful word across the UK retail sector in recent years, and the story is no different when it comes to comestibles. Since the horsemeat scandal in 2013, many supermarkets have focused on shortening their supply chains in order to gain greater control and oversight, as consumers have become more concerned with the origins of their food. Sainsbury's, for example, has committed to doubling the amount of locally made food it offers by 2020. This naturally ties into ethical consumption trends, and has been a key aspect of marketing campaigns, with marketing expenditure reaching 2% of revenue in the Supermarkets industry (IBISWorld report G47.110).

Price is no longer the dominant determinant of consumer demand for ethically sourced products, as Britons increasingly value sustainable practices over cost considerations. A recent study by GlobeScan is illustrative of this shift in UK consumer sentiment; 63% of respondents agreed that UK farmers were underpaid, with 58% of people prepared to pay more for food produced fairly. Importantly, whilst support for higher prices is naturally more prevalent amongst high-income households, 51% of people in lower-income households are also prepared to pay more.

Ethical practices can be highly effective in winning customers over. For example, Riverford Farms' latest campaign encourages consumers not to choose Riverford if they want 'limitless choice' or 'buy one get one free', before listing the environmental dilemmas, such as debeaking, that consumption practices along these lines bring. The company also practices circular strategies, with its graded out vegetables going into feed for its own livestock. With Riverford being by far the largest player in the highly fragmented Fruit & Vegetable Retailers industry

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(IBISWorld report G47.210), with a market share of 4.8%, it is clear that the market for ethical consumption can be more than simply environmentally beneficial.

Food packaging

Moving through the supply chain, food packaging has been linked with high levels of waste and terrestrial and marine litter, as well as low rates of re-use or recycling. Research carried out by technology consultant ThoughtWorks found that 62% of survey respondents are concerned with the need to reduce plastic packaging and increase the use of recyclable materials. In response to changing consumer attitudes, companies have engaged in various plastic-cutting measures, either independently or by joining forces.

The UK Plastics Pact, led by the Waste and Resources Action Programme (WRAP), was launched in April 2018 and aims to create a circular economy for plastics and keep them out of the environment. Nearly 100 businesses have signed up to new targets to reduce their plastic use both in store and across their supply chains. In July 2018, pork processor Tulip was the latest to join the ranks of meat processors committing to cut down on plastic usage and food waste. The pact vows to completely eliminate unnecessary single-use plastics in the signatories' supply chains by 2025. In addition to this, the pact aims for 100% of plastic packaging to be reusable, recyclable or compostable; for 70% of plastic packaging to be effectively recycled or composted; and for 30% of all plastic products to be recycled. In September, meat processor Cranswick released figures revealing that it has made a reduction of 450 tonnes of plastic from its supply chain since joining the pact in April. In addition to this, leading bottled water and soft drink manufacturers have joined forces in the Future of Plastic Packaging group, undertaking a three-year initiative called the New Plastics Economy aimed at transitioning towards a circular economy. The United Kingdom recycles 57% of the 13 billion plastic bottles used each year but this share has plateaued over



the past five years. Amongst other objectives, producers committed to all bottled water and soft drinks packaging to be made from 100% recyclable or reusable material and aim for at least 70% recycled material by 2025.

Commitment to reduce plastic packaging extends across the food supply chain and independent action is being taken by some other brands and supermarkets which have implemented various plastic-reduction programmes. For example, in January 2018, retailer Iceland pledged to scrap all plastic from its own-label products within five years. Similarly, in April, Starbucks removed all plastic straws and cutlery from its over 900 UK branches and vouched to do this at a global level by 2025. Most recently,

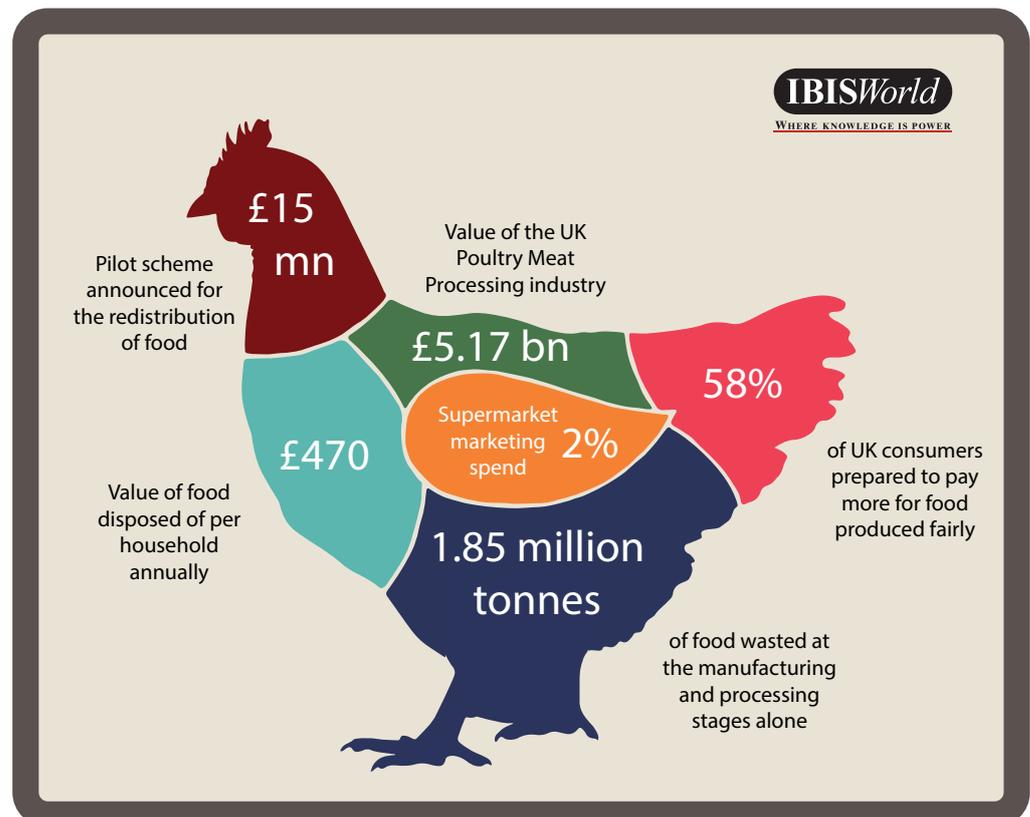
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in September 2018, Lidl pledged to phase out black packaging, which cannot be recycled in the United Kingdom, for fruit and vegetables by the end of the month. The company also announced its intention to eliminate the non-recyclable plastic for fresh meat, fish and poultry products by August 2019.

Food wastage

Wastage is one of the largest concerns facing the food sector. According to WRAP, the average UK household disposed of 7.3 million tonnes of food in 2015, a 4.3% increase from three years prior in 2012. This equates to £470 worth of food per household annually, and £13 billion across the country. Approximately one in 10 chickens sold in the United Kingdom, or the equivalent of 235,000 every day and 86 million a year, end up in the bin. Even before food reaches supermarket shelves, 1.85 million tonnes have been wasted at the manufacturing and processing stages alone.

Supermarkets and manufacturers are some of the largest players to have joined the fight against the frittering away of food, pledging to halve waste from ‘farm to fork’ by 2030 under the government’s new voluntary initiative against tackling wastage. Tesco, the largest operator in the Supermarkets industry, has been one of the first to lead the way. In May 2018, the company announced plans to remove best-before labels on 70 pre-packaged produce lines such as apples, potatoes and onions, to prevent perfectly edible foods from being thrown away. In October 2018, best before labels were removed on a further 116 product labels. Similarly, Co-op stores in East Anglia have started to sell food past the best-before date. Competitors are quickly catching up; in July 2018, Morrisons introduced a pick-your-own egg scheme across 200 stores, allowing shoppers to purchase between one and 30 free-range eggs to prevent stockpiling and unnecessary spoilage.



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Preventing food wastage is not a new phenomenon. The Pret Foundation Trust has been partnering with local charities and distributing unsold food to hostels and the homeless since its establishment in 1995. With nearly 500 stores worldwide and hundreds of volunteers, Pret's food redistribution efforts may not be achieved, nor feasible, for everyone. However, even smaller businesses can now become involved with the evolution of food-sharing mobile apps such as Too Good to Go and Olio. By connecting local restaurants, coffee shops and cafes with individuals, food distribution apps can help businesses sell or donate surplus produce, reducing the amount ending up in landfills and helping to feed those in need.

Unsurprisingly, given the scale of public attention, the government has ramped up efforts to combat food wastage. In October 2018, Michael Gove, the

Secretary of State for Environment, Food and Rural Affairs, announced plans for a £15 million pilot scheme to subsidise redistribution of edible food surplus through thousands of UK charities, lunch clubs and homeless shelters.

Conclusion

Companies in the grocery retailing sector are continuously increasing efforts to improve their green credentials, as evidenced by the raft of recently announced initiatives and programmes. Ongoing debate surrounding plastic waste will continue to remain a focal point of retailers whilst efforts to prevent food wastage are set to grow. As the ethical consumerism trend shows no signs of abating, supermarkets, grocery retailers and food outlets can only stand to benefit from adapting their operations to appeal to environmentally conscious consumers.

IBISWorld Industry reports used in this special report:

[C10.120 Poultry Meat Processing in the UK](#)

[G47.110 Supermarkets in the UK](#)

[G47.210 Fruit & Vegetable Retailers in the UK](#)

[UK0.019 Cafes & Coffee Shops in the UK](#)

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