Nourishing Shared Value

Doing good and getting better with food in Belgium

iPropeller

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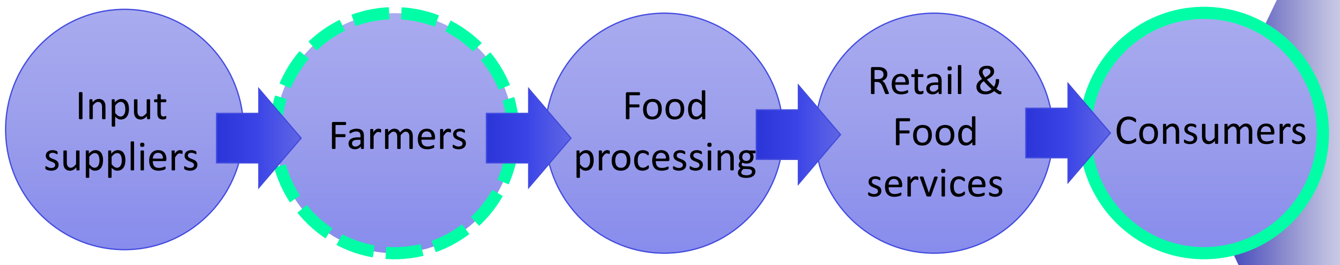
It is time to unlock shared value opportunities downstream in the food value chain, vis-à-vis consumers



- Important efforts have been made to improve sustainability in the **upstream** of the food chain, particularly re- **environmental issues**
- There remain important **social issues,** typically concentrated with the most vulnerable parts of the food chain: **consumers** and **farmers**[1]

Shared Value Opportunities

1. Curb the pandemic of **diet-related diseases**
2. Cater to the **social profit** menu
3. Drive **school performance** through nutrition
4. Encourage **sustainable consumer behaviours**
5. Revamp **consumer trust** in the food system
6. Re-shape **urban food environments**

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We have identified a number of innovative responses that can be engaged to do good and get better with food in Belgium

Shared Value Opportunities	Innovative Responses
1 Curb the pandemic of **diet-related diseases**	Build an ecosystem to create ‘holistic programmes’ targeting healthy food, active lifestyle and mental wellbeing
2 Cater to the **social profit** menu	Work with trusted partners to provide nutritionally adequate food to un(der)served segments via alternative distribution models
3 Drive **school performance** through nutrition	Leverage ‘convenience’ and ‘pleasure’ to positively affect learning and concentration via nutritious food
4 Encourage **sustainable consumer behaviours**	Enable consumers to follow through on good intentions regarding sustainable food purchases and consumption
5 Revamp **consumer trust** in the food system	Reconnect with consumers and reposition towards new value drivers such as ‘safety’, ‘transparancy’ and ‘authenticity’
6 Re-shape **urban food environments**	Develop new urban food production and supply strategies, and recalibrate urban consumer conduits

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1 Curb the pandemic of diet-related diseases

Unlock new revenue, and boost brand loyalty, by supporting consumers to live healthier and longer lives

Shared Value Opportunity

What is the challenge?

- Overweight and obesity are a **major public health challenge**: **48%** of the Belgian adult population is **overweight**, of which **14%** is **obese**[2]
- Prevalence is increasing: obesity rates are expected to **rise further** in the near future, particularly in **Western Europe** and among **low socio-economic status groups**[3]
- **58%** of **diabetes type 2** and **21%** of **cardiovascular diseases** are attributable to overweight and obesity. They are a leading cause of **disability** and **death** in Europe[4]

What's in it for business?

- **Half of all European consumers** is attempting to **lose weight**, of which **78%** by **changing diet**[5]
- *"Given the high interest in getting healthier,* ***'good-for-you' products*** *are strongly positioned for growth"*[6]
- Young generations exhibit a preference for **brand relevance** and **'better' brands**, "*[they are] almost four times more likely than baby boomers to avoid buying from the 'big food companies'*"[7]
- Companies that enable consumers to **live longer and healthier lives,** will profit from stronger **brand loyalty**[8]

Innovative Respone

What are the solution components?

- **Reformulate** the nutritional profile of products (sugar and calorie reduction)
- **Expand** into **healthier categories**
- **Minimise physical** and **financial barriers to access** (proximity and affordability)
- **Create** 'holistic' programmes targeting healthy food, active lifestyle and mental wellbeing
  - Build an **ecosystem** of willing and capable partners
  - Engage in **behavioural strategies** that 'nudge' (i.e. gently push) consumers towards healthier habits

What are companies doing already?

- **Mars** developed the **Mars Food Nutrition Criteria**, setting challenging product reformulation targets based on WHO nutrition recommendations[9]
- **FrieslandCampina Netherlands** created **Iedereen Fit op School**, a multi-stakeholder platform combining nutritious food, education and active lifestyle[10]
- **Sodexo** developed **Mindful**, an approach focusing on 'mindful eating' by fostering the link between transparency in ingredients and healthier food choices, and by adapting portion sizes[11]

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2 Cater to the **social profit** menu

Open up new, aggregated niche markets for nutritionally adequate food at low(er) transaction costs

Shared Value Opportunity

What is the challenge?

- Important actors within the Belgian **social profit sector**[12] struggle to provide **nutritionally adequate meals** v-à-v **specific target groups**:
  - **30 to 60% of hospitalised patients**[13], **29%** of **adults receiving homecare**[14] and **19%** of **elderly** in **residential care**[15] are malnourished
  - **Children** attending **childcare** often do **not meet dietary intake recommendations**[16]
  - **Recreational sporters** lack access to healthy food in the **cantines** of their sport clubs[17]

What's in it for business?

- Already **35%** of Belgian consumers **regularly consume so-called enriched food**[18]; the European nutrition and supplements market is **forecasted to grow** at an annual rate of **6%** in the next 7 years[19]
- **Access to significant Belgian growth markets** via **specific target groups** – e.g. the 1,82 million hospitalisations/year will increase with **12%**[20], and the 125.500 elderly in residential care with **32%**, **by 2025**[21]
- **Uplift potential** v-à-v capacity of Belgian food companies to adopt **product innovations**[22]

Innovative Respone

What are the solution components?

- Start **serving** the social profit segment (more and better)
- Extend **product portfolios** with **healthy**, **nutritionally improved** or **functional food** (food delivering additional or enhanced benefits such as improving health and preventing disease)
- Offer **hybrid product-service solutions** (e.g. bundling products with monitoring and support services)
- Cater to social profit beneficiaries in a **cost-effective manner** via partners who hold the beneficiaries' trust

What are companies doing already?

- The **Nutrition Platform for Chronic Care**, including Belgian food producers among its partners, aims to offer an integrated solution vis-à-vis individuals with chronic care needs and at risk of malnourishment[23]
- In the Netherlands, there exists a significant transition towards the '**healthy sports canteen**', as advocated by **Jongeren op Gezond Gewicht**[24]
- **Nutricia** and **Siel Bleu** have drawn up a EU-wide pro-gramme that combines dietary and physical therapy for elderly, working with more than 2000 care institutions[25]

3 Drive **school performance** through nutrition

Bolster brand longevity by making it possible to positively affect what matters most at a young age

Shared Value Opportunity

What is the challenge?

- **Insufficient nutritious food intake** impairs **school performance** (cognitive development and concentration) and causes **health issues, affecting school attendance.**[26] Reported sub-issues are:
- **Breakfast skipping**, especially among adolescents 14-17yo (almost half does not eat breakfast every morning)[27]
- **Time scarcity** and **lack of knowledge** of parents (score between 34 and 39% on food and nutrition knowledge)[28]
- Only **5%** of **university canteen meals** comply with the three basic dietary recommendations for a hot lunch[29]

What's in it for business?

- Better **license to operate** towards **parents**, since '**school & study performance**' is main concern v-à-v children among Belgian parents[30]
- Increase **brand longevity**, e.g. *"Children who embed drinking milk in their eating and drinking pattern at an early age, will continue to do so later in life"*[31]
- **Top-3 drivers** of **food innovation** in Europe are **pleasure** (54%), **health** (25%) and **convenience** (14%); ready-made meals is one of the most innovative food segments[32]
- *"Convenience is a keeper, but will become **healthier**"*[33]

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What are the solution components?

- Explore **new distribution channels** (e.g. schools, sport & leisure clubs, university canteens)
- Tap the **potential** of **healthy convenience food (outlets)**
- Spur consumers to reward nutritious food via **products** that combine better nutritional value with being **appetising** and **pleasurable**
- **Frame** your product/service offering saliently, i.e. find the 'narratives' that elicit product/service uptake among different segments

What are companies doing already?

- Over a period of 20 ys **Kellogg's** has supported **over 2500 School Breakfast Clubs** in the UK, with a focus on deprived areas, "*holding greater potential benefits both nutritionally and academically*".[34] Findings from a 2014 survey attest of them as a "*lifeline for working parents*"[35]
- Several stakeholders, **Rikolto, The Shift, Fevia, VIGEZ**, **Boerenbond** and the **Flemish Government**, established a **Green Deal (2018-2021)** to convene different actors around furthering healthy and sustainable food policies in Flemish schools[36]

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4 Encourage sustainable consumer behaviours

Accelerate topline growth from sustainable products and drive relevance by helping consumers to act on good intentions

Shared Value Opportunity

What is the challenge?

- Belgian consumers **travel 2.500 km annually** for **food purchases**[37]; **1/4** of all car travel is related to shopping[38]
- **Food** is still purchased based on **price** and **habits**[39], resulting in a significant **ecological footprint**: the **average** CO^2 **emissions** for the **production** and **transportion** of **food** per **Belgian family** is **8 tonnes**[40]
- **Belgium** ranks **second** in the EU on **food waste: 345kg food/capita** is wasted in the food chain (an estimated 5 to 10% due to the imperfect 'looks' of fruit and vegetables). Of this amount **15kg** is wasted **at home**[41]

What's in it for business?

- **Topline growth** by making consumers **act** on **sustainable purchase *intentions***: e.g. **80%** of Flemish households *intent* to **'buy more local produce'**[42]
- Belgians are **willing to pay more** for **sustainable food products**[43]
- **Cost-savings** in the supply chain by **supporting consumers** to **prevent food waste** (**94%** *intent* to do so)[44]
- Research finds that *"a focus on addressing the food loss and waste problem will improve a **company's standing** with a variety of **stakeholders**"*[45]

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What are the solution components?

- Extend **product portfolio's** with **sustainably and/or locally sourced** products
- Rethink **retail food distribution**. E.g. diminish the **distance between food** and **consumers** ('food miles') not only upstream, but **also downstream**
- **'Nudge'** consumers towards sustainable purchase and consumption, i.e. design interventions that work not so much on 'knowledge-building' but rather on the **pscychological and behavioural triggers** to make consumers follow through on good intentions

What are companies doing already?

- **Lidl Netherlands** exclusively sells the eggs and rooster meat of **Kipster**, one of the world's most **animal-** and **environment-friendly poultry farms**[46]
- **Alpro, Arvesta, ILVO** and the **Department of Agriculture and Fisheries** are **cultivating local soya**[47]
- **Kromkommer**, a Dutch social enterprise, brings imperfectly looking fruit & veg back to the consumer with its own product line. The 'Krommunity' is growing[48]
- The **For Good app** calculates the ecological footprint and coaches you to reduce it step-by-step[49]

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5 Revamp **consumer trust** in the food system

Gain trust and increased profits by reconnecting with consumers and tapping into new purchase value drivers

Shared Value Opportunity

What is the challenge?

- **Belgian consumer trust** in the **safety**, **transparency** and **authenticity** of the food industry/system is still relatively low.[50] Underpinning this reality:
- Consumers are increasingly **anxious about additives, preservatives** and **'chemicals in food'**[51]
- Belgian consumers have become **geographically** and consequently **socially disconnected** from food production and manufacturing.[52] This number stands in contrast to **70%** of Belgian consumers who deem a **direct connection** important[53]

What's in it for business?

- **6 out of 10 consumers** refuse to buy products and services from companies **they do not trust**[54]
- *"Consumers view food with a skeptical eye, and the industry must be more transparent about the content and source of foods, to build consumer trust"*[55]
- Conversely, sales of **products** with '**natural**' and **'organic' claims** have **grown** 24% and 28%, respectively, over a two-year period (2013-2015)[56]
- **New purchase value drivers** such as **health**, **safety** and **transparency** do **not longer reflect niche markets**[57]

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What are the solution components?

- **Broaden** the **definition** of **'safety'** (including aspects such as freshness, nutritional value) to satisfy an expanded set of consumer expectations
- Leverage **digital strategies** to track the provenance of products through supply chains (e.g. develop 'sustainable digital passports')
- Take **consumer-led disruptions** (e.g. 'pro-sumerism') and **new preferences** (e.g. 'direct-to-consumer' models) geared towards **authenticity**, as an opportunity to reposition towards them

What are companies doing already?

- **Ben and Jerry's** commits to **'values led sourcing'** by providing their farmers with **Caring Dairy**, a continuous evaluation programme to improve the sustainability and quality of their agricultural practices[58]
- The **IBM Food Trust** is a US consortium with big food companies such as **Unilever**, **Nestlé** and **Walmart**, building a blockchain to remake how the industry tracks food worldwide[59]
- Digital platforms such as **Boeren en Buren** allow customers to buy directly from small, local producers[60]

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6 Re-shape urban food environments

Open up urban growth markets by recalibrating city-specific production, supply and distribution channels

Shared Value Opportunity

What is the challenge?

- Unprecedented **urban growth** requires an increase in **fresh food supplies** and **access**, but current methods cannot support (future) production and supply demands, resulting in **overloaded food systems**[61]
- Belgian cities felt a **decrease** of respectively 13% and 6% in **agricultural area** over a period of 10 ys[62], concurrently **increasing 'food miles'**
- Cities present **unhealthier food environments**, a.o. due to easy access to unhealthy food and the often lower dietary quality in dining facilities[63]

What's in it for business?

- **Topline revenue** through **unprecedented urban growth**: cities will account for a **significant proportion** of **total consumption**.[64] It is projected that in **Brussels CR** the population will grow **+28%** between 2016-60, in **Ghent** and **Antwerp +9%** between 2016-35[65]
- Learning to navigate the **urban segments 'that matter'**[66]
- **Consumer aggregation** through **communal dining** facilities – e.g. in Brussels, 40% of meals are taken in canteens, cafés or restaurants[67]
- **Growing** the **nascent market** of **healthy fast food chains**[68]

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What are the solution components?

- Set up **innovative urban food production** and **supply initiatives**, and reap not only their economic but also environmental and social benefits
- **Recalibrate** existing **distribution channels** (e.g. communal dining facilities, fast food outlets) for the effective reach of **diverse urban consumer segments**
- Leverage cities' diverse **communication channels** for **purposeful marketing**
- **Partner in distribution** with relevant urban stakeholders (e.g. city governments' newly-minted 'food strategies')

What are companies doing already?

- **Urban Crop Solutions** envisions to become the global independent reference for the **urban farming industry**[69]
- Recently, **holistic food strategies** have been developed by **cities in Belgium** such as Leuven, Ghent and Brussels, to introduce a **new food culture**, increase the **local product supply**, and make sure all inhabitants have **access to healthy, fresh food**[70]
- **IKEA**, the sixth largest food chain in the world, often positioned at cities' outskirts, aims to offer healthy, sustainable food at affordable price points[71]

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THANK YOU VERY MUCH

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