

greening

THE VALUE CHAIN

As we move towards a greener food chain, it's important for producers, retailers and consumers to be clear about how their actions impact on communities and the environment elsewhere along the chain. An emerging understanding is leading to some interesting trends in the food business. Change is a certainty.

WORDS: LYNTON BURGER

RETAIL FOOD VALUE CHAIN



Producers (farmers and harvesters)

- ▶ **Environmental impacts:** Some of the biggest impacts occur here, driven ultimately by us, the consumers. These include impacts on water supply, loss of ecological habitat and biodiversity, loss of soil fertility through mono-culture and indiscriminate use of inorganic agri-chemicals.
- ▶ **Players to watch:** The farmers, agricultural co-ops and larger SA agri-firms like Afgri, Astral, Premier Foods, Illovo, Tongaat-Hulett and Rainbow. Hidden from view are a multitude of food producers in other countries, their products imported by the manufacturers and retailers, as well as influential multinational GMO seed and feed companies like Unilever, Monsanto, Syngenta, Advanta and Bayer.
- ▶ **Current trends:**
 - Stepped-up government policies and legislation around water, land-use and land redistribution.
 - Establishment, locally-driven, of bio-regional, water resource and biodiversity protection initiatives.
 - Huge growth in organic production driven by consumer demand.
- ▶ **Expect to see:**
 - 'Beyond organic': Organic is good but our soils need to be healed. An Australian-based company Australian Soil Additives & Products are seeing strong interest in their range of bio-active products that restore natural balance to soils. Expect to see large scale application of this kind of sustainable biotechnology, particularly in arid regions like southern Africa, central Australia and the Middle East.
 - Growing concern and action where possible to manage collapsing fisheries and crops failing because of climate change.



Food and beverage manufacturers

- ▶ **Environmental impacts:** The major impacts here are in the areas of water, energy and waste, with pollution of air, soil and water.
- ▶ **Players to watch:** Companies like AVI, Tiger Brands, Oceana, KWW, Distell, SAB Miller, ABI (Coke), Unilever, Proctor & Gamble, to name a few.
- ▶ **Current trends:**
 - Tougher safety, health and environmental legislation at manufacturing facilities.
 - Eco-efficiency being driven by rising energy, water and raw material costs and insecurity of supply.
 - Pressure from retailers and foreign buyers for better environmental standards.
- ▶ **Expect to see:**
 - Corporate consolidation in this sector with a trend towards efficiencies of scale as production costs rise and raw material supply pressures mount.
 - Improved monitoring and measurement of sustainability performance indicators.
 - Improved recycling of packaging. Expect a revolution in packaging, with new materials and technologies coming through.



Transport

- ▶ **Environmental impacts:** Energy expended through transport has a major impact on the environment.
- ▶ **Players to watch:** The food transport sector can be split into independent transport and logistics companies and fleets owned and operated by the retailers.
- ▶ **Current trends:**
 - Fuel efficiency programmes and logistics improvements driven by rising fuel prices.
- ▶ **Expect to see:**
 - Greater use of biofuels (biodiesel), particularly in corporate-owned fleets needing to show commitment to, and progress with, reducing their carbon footprints.
 - Government intervention to promote the biofuels industry.
 - Greater pressure from retailers to buy locally so as to reduce their transport.



Food retailers

- ▶ **Environmental impacts:** Water, energy and waste are factors, but the bigger impacts lie outside the stores. Sellers of food influence us to buy things and they drive production needed to meet these needs.
- ▶ **Players to watch:** Pick 'n Pay, Shoprite Checkers, Spar, Massmart and Woolworths. Equally important are the fast food chains such as McDonalds, KFC, and Wimpy. Hotels, restaurants and other food outlets play a role.
- ▶ **Current trends:** Massmart, Pick 'n Pay and Woolworths are stepping up efforts to understand, measure, improve and report on environmental impacts generally. Other retailers are lagging, as are fast food chains, hotels and restaurants.
 - Growth and spread of organic food. Pick 'n Pay has made their intentions known and have big plans to take on Woolworths in this area.
 - Retailers are starting to extend their influence, posing sustainability-related questions to their suppliers, auditing them and pressuring them to clean up their act.
 - Packaging waste, health and safety labeling and traceability are beginning to be addressed more seriously.
- ▶ **Expect to see:** Accelerated growth in organic produce and differentiation within the organic market.
 - Better labeling and traceability.
 - Retailers taking greater responsibility for packaging waste.
 - National partnerships between government, civil society, the packaging industry, recyclers and retailers to tackle packaging waste.



We the consumers

- ▶ **Environmental impacts:** Consumers drive activity and create impacts through our buying behaviour and through our throw-away mentality.
- ▶ **Players to watch:** You and me.
- ▶ **Current trends:**
 - Growing awareness around environmental issues and challenges.
 - Increased concern around food security, health, safety and traceability.
 - Growth in uptake of organic products.
- ▶ **Expect to see:**
 - Continued rise in health and 'eco-ethical' consumerism, and in particular, I believe, from within the swelling black middle class.
 - Growth in consumption of organic, health foods and traceable protein where the source information of food is clearly indicated.
 - Greater support for, and deeper brand identification with eco-aware retailers and food purveyors.



Consumer waste

- ▶ **Environmental impacts:** The central question here is: What to do with the growing mountains of packaging, food and other household waste?
- ▶ **Players to watch:** Us again, local municipalities and entrepreneurs, NGOs involved in waste and recycling.
- ▶ **Current trends:**
 - Tougher waste and environmental legislation, with government starting to flex its muscles. Municipal landfills are reaching capacity country-wide and local governments are starting to contemplate the huge set-up and running costs associated with future sites and questions who is going to pay for this.
- ▶ **Expect to see:**
 - Entrepreneurs seeing 'markets in the gaps'. These will range from highly specialized landfill waste solution providers, packaging recyclers to commercial earthworm compost services.
 - Stricter implementation of waste legislation.