

FOCUS OF THE WEEK

PLASTIC BAGS IN "RECESSION"

The "green" move of several UK retailers, with the decision to charge consumers for plastic bags has been successful. It reduced dramatically the amount of bags in circulation: they dropped from 13.4 billion in 2006 to 9.9 billion in 2008.

Tesco, who offers a "green point" in its [clubcard program](#) for every bag re-used, has seen a decline of plastic bag use of 50% since its program was launched in 2006. This has resulted in the saving of 3 billion bags. Just in 2008 Tesco saved 1.8 billion bags.

In the same way, the use of plastic bags at Marks & Spencer has dropped by 80% from 460 million to 80 million.

To save bags Sainsbury's sends a text message to remind their customers to re-use them.

NEWS IN FIGURES

- ✓ **17% increase** in new customers in February for Walmart in addition to its existing customer-base. New customers also spent an average of 40% more than existing consumers.
- ✓ **70% of US growers and ranchers** are working sustainable agricultural practices into their operations, according to a survey released by Rabobank.
- ✓ **54% of US shoppers** "actively consider" environmental sustainability issues when shopping, but they only purchase green products on 22% of their shopping trips, according to a Grocery Manufacturers Association (GMA) and Deloitte analysis.
- ✓ **51% decline** from Q1 2008 to Q1 2009 in new food and drink products, according to the Mintel Global New Products Database (GNPD). Just 2,660 food & beverage products were introduced between January and March 2009.
- ✓ **1,600 miles** the average journey for an Italian food product from farm to fork. It means that 7 calories are needed for any single food calory.
- ✓ **+15.8% sales of organic foods** in 2008 vs. 2007 in the US, according to a survey released by Lieberman Research Group for the Organic Trade Association. Sales of organic foods and beverages totaled US\$22.9 billion in 2008 (3.5% of the domestic sales of all food products).
- ✓ **1 out of 10 Italians** decided to stop its consumption of pork meat due to the scare of swine flu, while 19 nations Worldwide banned import of pork meat.

FOOD SAFETY & ENVIRONMENT

ZESPRI MEASURES ITS "CARBON FOOTPRINT"

Zespri takes the lead in measuring and minimising the carbon footprint of the New Zealand kiwifruit industry.

A recent research study has tracked the lifecycle of Zespri kiwifruit from the orchard in New Zealand right through the supply chain to the consumer in Europe and measured the carbon equivalent emissions of each kilogram of kiwifruit produced.

The carbon footprint study has given Zespri a comprehensive understanding of the emissions at each stage of the lifecycle of its kiwifruit:

- Orchard operations make up 17% of total emissions for EU exports;
- Packhouse and coolstore processes account for 11% of total emissions;
- Shipping accounts for 41% of total emissions;
- Repacking and retailer emissions amount to 9% of total emissions;
- Consumer consumption and disposal comprises 22% of total emissions.

"For us the focus on sustainability, including developing a best practice approach to carbon efficiency, is a key part of our environmental responsibility and builds naturally on the initiatives introduced over the past 20 years that have seen the New Zealand kiwifruit industry and Zespri take a leadership role in product quality, and food safety," said Lain Jager, CEO of Zespri. "We are working with the kiwifruit industry on a series of initiatives to reduce our carbon footprint focused on the three key stages of the kiwifruit lifecycle that we have control over; Orchard, Packhouse & Coolstore and Transport. Climate change adaptation, waste utilisation, pack optimisation, and the use of slow-steaming ships are the main area in which Zespri is working to increase its sustainability."



IS THE WORLD GLOBAL? OF COURSE!

If we need some more examples of the fact that the World is global, we have to take a look to the statistics of the Australian imports of fresh produce: doubled in value in less than 8 years.

Horticultural imports are expected to reach A\$1.7 billion (US\$ 1.25 billion) in 2008-09, twice the level of A\$867 million in 2002 (US\$ 640).

This increase means that today imports reached more than 20% of the nation's total fruit and vegetable intake. In 2007-2008 import exceed export: A\$ 1.50 billion vs. 1.33 billion (US\$ 1.11 billion vs. US\$ 0.98 billion). So, the Aussie grower association is asking for a Government action (protectionism): "We have all the compliance regulations for food safety at a cost to our growers that overseas competitors don't face. If consumers thought about it they would not be happy about buying imported produce from countries where food security is not such an issue."

MAERSK REDUCES ITS CARBON EMISSION

Danish group A.P Møller-Maersk has announced a drop in carbon emissions of 9% during 2008, a total reduction of 5 million tons of CO₂.

The reduction was achieved through lower fuel consumption on ships, and reduced flaring from platforms.

Nevertheless an increase of business activity A.P Møller-Maersk achieved a drop in fuel consumption of 8%.

RETAIL, DISTRIBUTION & FOODSERVICE

ISRAEL MEETS EUROPEAN ENVIRONMENT POLICY: AGRO-TRAIN TO EUROPE IS THE ANSWER

For the first time, Israel and Europe have a "direct" train of fresh produce coming straight from the field in Israel to the final customers in Europe. The goal is to minimize truck traffic on the highways in Israel and Europe, cause less harm to the environment, lower transport costs and increase the proceeds for the farmers in Israel. This is expected to take hundreds of trucks off the roads each month and to significantly boost agricultural exports.

Agrexco, the leading exporter of fresh produce in Israel, and Zim Integrated Shipping Services have joined forces in a unique, innovative "green" joint venture with EU countries.

The agricultural train will leave Nahal Tzin in the Arava Region in the South of Israel and travel direct to Haifa or Ashdod seaports, where the containers will be loaded onto vessels and make the marine voyage to the port of Trieste in Italy. From the Italian port, the containers will be loaded onto a 22-car train and depart for their final destination in the Netherlands. Each container will then be transported to the final customer: the central warehouse of the marketing chains.

The produce will be transported in modern state-of-the-art containers, which have just recently arrived in Israel. The containers are larger than standard and are 45 ft. long as opposed to the regular 40 ft. containers. A container of this size has the same carrying capacity as a truck. What makes these containers unique is their ability to adjust the energy supplier, i.e. either electric motor or diesel motor. The electric motor will be used during the marine voyage and then shift to the diesel motor during train transport.

More info @ [Agrexco](#)

CONVENIENCE STORES, THE RISING STAR OF UK RETAILING

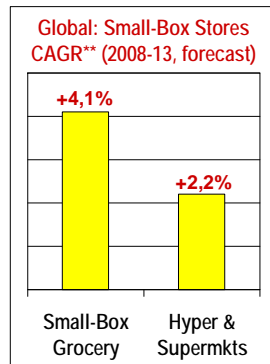
Figures released by international food and grocery expert IGD have revealed that the UK convenience store market has grown 6.1% in value over the past 12 months, and is now worth an overall £29.1 billion (US\$43 billion). C-store market growth was attributed to new format innovations by retailers, new product developments and wider food-to-go propositions.

Fresh food remains a growing category in the convenience market, the study said, now representing 30% of total sales, while 49% of customers interviewed by IGD said that they shopped in convenience outlets to make food or drink-to-go purchases.

The data showed that the convenience sector has outpaced the UK grocery market in the past year and could be worth up to £39.7 billion (US\$58 billion) by 2014.

SMALL-BOX STORES*: A NEW STAR IN THE GROCERY RETAILING?

- Proximity retailing on the whole should bode well in today's turbulent retail climate.
- Retailers are likely to focus their efforts on small-box stores given that they require less capital to build.
- Not new for Europe but growing in importance due to saturation and legislative constraints opening large stores.
- Point of Strength of Small-Box Stores:
 - ✓ Private labels;
 - ✓ Convenience food;
 - ✓ Strong brand;
 - ✓ Focus on fresh.



* Small-Box grocery = channels trading from 2,500 sq. mt (27,000 sq. ft.) or less, excluding drugstores and pharmacies

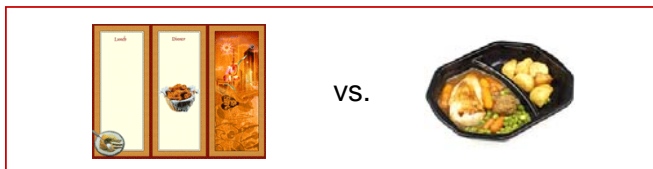
Source: Planet Retail - **Compound Annual Growth Rate

FOODSERVICE vs. RETAILERS “MEAL DEALS”

The economic crisis has reduced the eating out expenditures in the main countries of the Western World, and some retailers have introduced a new and more alluring supply of gourmet-style meal-deals.

So consumers are in the middle of a “competitive relationship” between foodservice and retailers, with on one side restaurants trying to be much more creative and price conscious to retain customers, and on the other side, retailers more aggressive in rolling out meal-deals and even “foodservice style” menus.

In UK, for example, research released by Horizon and conducted in April highlights that 13% of those surveyed said that they are choosing to dine in regularly, with men being keener than women to do this. The age groups in which this trend was most prevalent were 16-24 and 35-44.



INDUSTRY & GOVERNMENT

SPAIN IS TAKING ADVANTAGE FROM FOOD SAFETY PROBLEMS IN THE US

A delegation of Spain Agricultural Department met recently in Washington D.C. a delegation of the US Administration (Agriculture and Trade Departments) to analyze the food trade between the two countries, and promote the “safety” of the food products Made in Spain.

The food safety problems of US products is “pushing” several countries to look at Unites States as a possible new target of their food products export. Along with Spain other European countries are organizing trade missions in Washington. The Italian Ministry of Health, for example, this week highlighted that food products Made in Italy are the safest of the World. So Italy is “heading” to the US to increase its food export.

WISE WORDS: “Flavour is about twice as important as price when determining consumers’ willingness to purchase fruit. But, sometimes price is a proxy for quality.”

Gavin Ross,

The New Zealand Institute for Plant & Food Research Ltd

GLOBALISATION: CAUSES & CONSEQUENCES

Causes:

- ✓ Media has allowed consumers to be informed real-time about all events in the World 24/7;
- ✓ Technology has allowed both companies and individuals to inform, interact, decide and trade, while sitting at their desk;
- ✓ Solution providers in logistics, customs, compliance standards, copacking or innovation work category wide and global.

Consequences:

- ✓ Consumers have become Prosumers, i.e., professionals;
- ✓ Transparency and full insight in the supply chain has become a strategic must;
- ✓ Environment, politics, (food) safety, business and innovation become intertwined.



Sources: Lubbers, Friedman, Toffler

CONSUMER

CARBON LABELLING WELCOMED BY CONSUMER

Customer feedback on the carbon labeling pilot program, kicked off in April last year by the UK based retailer Tesco, shows that customers welcome the new labels. They like the design and clear information as well as receiving hints and tips on the simple steps they can take to tackle climate change:

- Over two-thirds have a clear understanding of the term “carbon footprint”;
- Over 60% will actively seek out a product with a low carbon footprint if it’s convenient and just as cheap to buy;
- 95% of customers have taken specific actions to reduce their carbon footprint;
- 85% of shoppers now think about the environmental impact of the products they buy.

Tesco's research shows that consumers want business to help them make greener choices, given that low carbon products are often cheaper products that saves them cash as well as carbon.

CRANBERRIES BASED PRODUCTS INCREASE THEIR SALES

..... and Worldwide producing leader - the Massachusetts based Ocean Spray - is looking for more cranberries, either produced by its existing 600 growers who own the cooperative company or by other growers - even in Canada - who would like to join the co-op and the growing market for its products.

Ocean Spray provides about 70% of all the cranberry products sold in the World, and it is growing. In the next five years, Ocean Spray would need about 1 million more 100-pound barrels of cranberries per year.

The power of "marketing" and the status of superfoods may make for miracles: while the "normal" foods are struggling to keep their space in the shelves, superfoods are increasing their sales and need more raw materials.

PRODUCTS & TRADE

WHERE'S THE PROBLEM IN THE SUPPLY CHAIN?

UK-based Waste Reduction & Resources Action Programme (WRAP) and government-funded sustainable resource specialist Envirowise will cooperate on a research program analysing the total amount of fresh produce waste in the country's supply chain.

The program will identify the amounts of fresh produce and packaging waste generated for 11 products at key points in the supply chain, and calculate the equivalent carbon and economic impacts.

Best practice guidance will be produced covering storage, handling and packaging, and reports will be made available for companies to benchmark themselves against the aggregated data.

Opportunities for achieving environmental benefits and cost savings will also be identified.

Charlotte Henderson of WRAP commented: "Understanding where and how much fresh produce food and packaging waste is generated at all points in the chain on a product by product basis will help to identify and develop the best solutions to reduce it. Implementing these solutions will

enable considerable benefits to companies operating across the supply chain - economic and environmental - to be delivered and we would actively encourage companies to be part of this research."

The research will reflect differences in temperature management, susceptibility to ethylene and physical damage, as well as seasonality and country of origin and availability.

WRAP

Material change for a better environment



FROM THE CONSUMERS' PERSPECTIVE

THE WHOLE SUPPLY CHAIN WINS WITH THE RIGHT STRATEGIES

According to an article published by [The Big Money](#), Disney's practice of licensing its characters for placement on children's food products is not new, but its strategy is. Now, Disney aligns its name to sugar free and non-fatty foods: fresh produce, dairy and eggs.

Last month Disney-branded eggs arrived in store shelves in Florida and New York. The outside packaging of the egg carton brandishes Mickey Mouse and the message "Good source of Protein", while each individual eggshell has been stamped with the face of a different Disney character. Another product in this way of promotion is [High School Musical avocado](#).

These co-branding policies are what every parent is looking to avoid the problems coming from an unhealthy diet for their kids. But, these strategies are also welcomed by the industry - growers, grocers, and retailers - because products with these characters are winners. And last but not the least also our kids are happier and healthier!

Even a 2008 report released by the Federal Trade Commission asked to "limit the licensing of their characters to healthier foods and beverages that are marketed to children." Who will be next to take advantage of the popularity of our kids' idols? [More information on the Federal Trade Commission report here](#)

