



THE FOOD PRODUCERS OF TOMORROW ARE HEALTH PROVIDERS



The Food Producers of Tomorrow are Health Providers

The health agenda is gaining grounds with food producers. It is a matter of producing food, which is **healthy for both consumers and the environment**. It requires a readjustment and rethinking of the entire business concept. It is not an easy task, but front-runners are leading the way.

Anne is 49 years old. She is severely overweight, and four years ago, she was diagnosed with type 2 diabetes. Although she realises she needs to lose weight, she finds it difficult.

She is well aware of her doctor's advice. She should eat less fatty foods, cut down on her sugar intake, and exercise daily. But it is hard. When she goes to the supermarket, she chooses sweets over vegetables. And in the evenings, she ends up on the couch instead of putting on the running shoes.

Anne is a fictitious person. But she is a symptom of a societal development. The health challenge is one of our time's greatest societal problems. With an increasing number of chronically ill patients, more and more obese people, and an overburdened environment and climate, the threat scenario for our world is becoming all too clear. It is a world which needs more healthy food – healthy for both the consumer and the environment, that is.

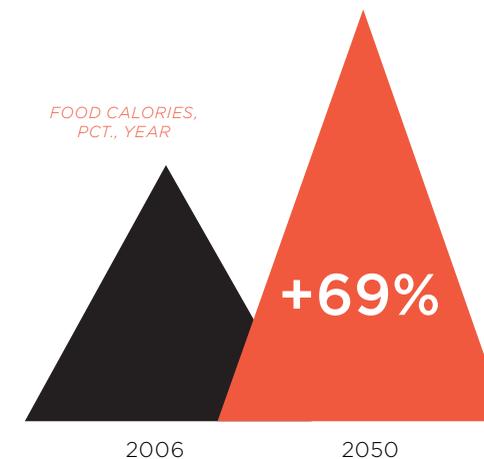
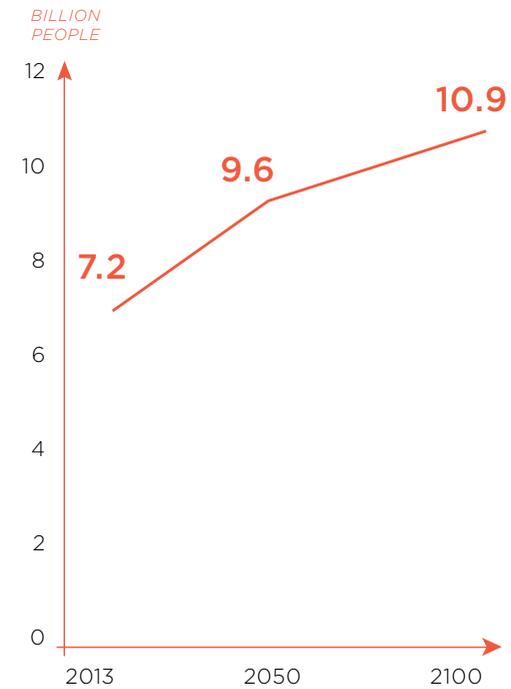
This creates a new market and new conditions for food producers. They can no longer make do with just supplying food, but they have to take an active part in supplying health-promoting products.

”BECOMING A HEALTHY FOOD COMPANY **REQUIRES AN OVERVIEW OF THE ENTIRE PRODUCTION CHAIN AND OF THE ENTIRE ORGANISATION**”



PIETER VAN'T VEER
Dutch food expert and Professor at the Public Health and Sustainability Division of Human Nutrition at Wageningen University in the Netherlands.

FIGURE 1
By 2050, the population will have reached almost 10 billion people. This will create a heavy increase in the demand for food. And thus a massive strain on food production.



Source: UN, 2012 and World Resources Institute, 2013.

”We see a trend moving toward an increased focus on health in the food industry. It requires a certain amount of readjustment, and in years to come, we will see the industry rejecting and selecting a number of options,” says Senior Adviser, Henning Otte Hansen, from the Section for Production, Markets and Policy at Copenhagen University.

If the food industry is to play a more active part as a supplier of health, it will take more than just producing an organic apple or lowering prices on vegetables. It requires readjustment and rethinking of the food industry's production and role in society.

Health must be integrated on all levels – from the farmer's production to processing and product development as well as transportation to and from the supermarkets.

”Becoming a healthy food company requires an overview of the entire production chain and of the entire organisation,” says Pieter van't Veer, Dutch food expert and Professor at the Public Health and Sustainability Division of Human Nutrition at Wageningen University in the Netherlands. He emphasises that it will not be an easy task.

”It is a big challenge. There must be a focus on what it means to be healthy, and new ways of producing food must be found along with new business concepts, new partnerships, and new products. But it is the future of the food sector,” he says.

NEED FOR READJUSTMENT

Resistance to antibiotics, chronic illnesses, and an epidemic of obesity are making daily headlines and point to food production systems and food consumption patterns in which health is a low priority. In recent years, the development has gone but one way: downwards. According to WHO, today more than three quarters of all deaths are related to dietary and nutritional factors. Added to this, we see runaway healthcare expenditures, which will only increase in years to come – not least due to an increased life expectancy.

According to the World Bank, global healthcare expenditures will increase by 40 percent from 2010 to 2020. At the same time, the global food production must feed up to 9.6 billion people in 2050 compared to 7.2 billion people today. See figure 1.

The threats cannot be overlooked. Together, they create a critical need for new solutions, which can open the door to an improved state of health – both for the individual consumer and for the environment.

In other words, we need a turnaround of our food production, suggests food and sustainability expert Johan Rockström.

He is a professor in Environmental Science at Stockholm University and Executive Director of Stockholm Resilience Centre as well as Chairman of The Advisory Board of EAT, an interdisciplinary food and sustainability initiative.

“In every respect, food production is not sustainable – for the health, the environment, or the climate. More and more research indicates that food is the main cause of a massive number of health problems.

Additionally, food is the principal source of the extreme strain on our environment, resources, and climate. We need a radical readjustment and change process in food production,” the professor says.

HEALTH TRENDS GROW

Today, there is an increasing focus on health in food production. We see this politically, among other places, in Denmark, which introduced taxes on sugar and fat, and has had several debates on giving privileges to producers of healthy food. The country has also incorporated a number of environmental-enhancing initiative aimed at food production.

Globally, health is also a focal point. For instance, WHO works to reduce population intake of salt by 30 percent by 2025 and to put a stop to the increase of obesity and diabetes.

Most recently and for the first time, WHO agreed on a global action plan to fight population resistance to antibiotics due to infected pig meat. This means that all United Nations member states must prepare national action plans for the above before the end of 2017.

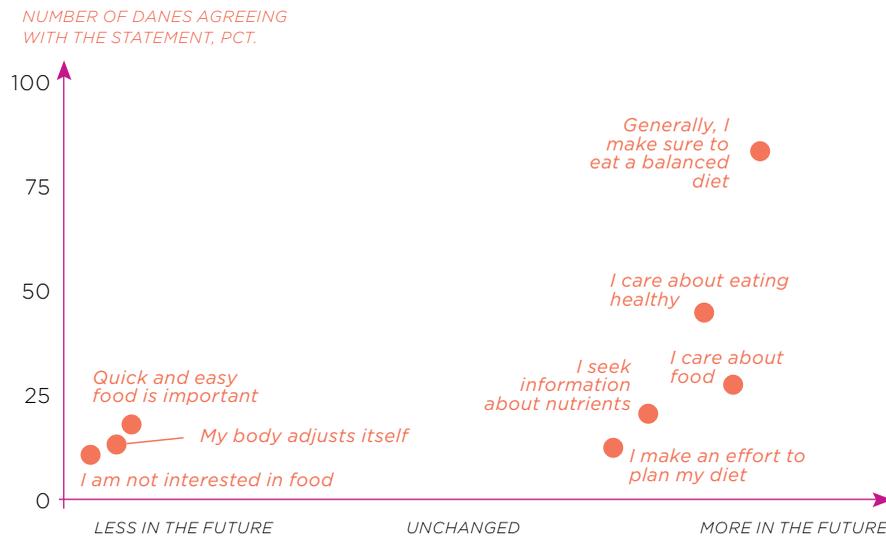
New trends such as paleo food, raw food, and urban gardening also indicate that consumers, and the public in general, are becoming more and more aware of health.

A trend analysis made by the Danish Agriculture and Food Council last year shows that trendsetters’ are increasingly focused on health – a leading indicator that the general interest for food and health is growing. See figure 2.

FIGURE 2
CONSUMER HEALTH TRENDS GROW

Among the Danish population there is an increasing awareness and focus on health. For trendsetters, statements such as “I am interested in food”, “I care about eating healthy”, “I seek information about nutrients” are very important. And when trendsetters go down a road, the rest of the population will typically follow.

Source: Danish Agriculture and Food Council, 2014.



The food sector has also become aware of the health agenda – both in terms of meeting political and consumer demands, but also as a proactive corporate strategy, food expert Henning Otte Hansen says.

“We see a clear tendency in the food industry, and more and more producers are making healthy choices.

The health trend is driven by political demands and consumers’ increased focus on health. But for many food producers it is also a matter of community spirit and a desire to help in solving some of the major health problems,” he says.

Henning Otte Hansen’s Swedish colleague, Johan Rockström, says that in the years to come, the food industry will have to respond to the health agenda – mainly out of necessity.

“The future of the food sector is healthy – and we need for the entire industry to follow along. Current food production is not sustainable, and thus we see an increasing strain on the industry,” the Swedish professor says.

A GAME CHANGER

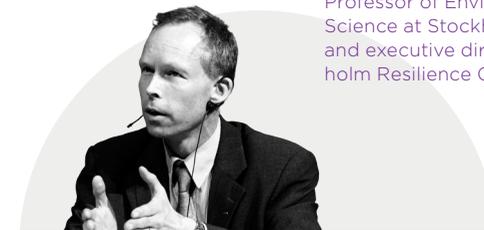
But how does a health loving food producer look? The increased focus on health raises questions such as: Should Arla sell sugary yoghurt? Should supermarkets still sell volumes of sweets and cigarettes, and run discounts promotions for meat? Should the farmer still provide antibiotics to his young pigs?

In other words, the increased focus on health will redefine the position of the food sector. A strong health profile for food producers such as Arla, Danish Crown and Coop will mean that they have to opt-out on some items and readjust and rethink their business concepts.

“The health agenda will demand change. This means that food producers will have to take some of their cash cow products off the shelves,” Johan Rockström says.

If we take a look at the sustainability agenda’s entry into the food sector – and the influence which sustainability has had for some food companies’ production and business development – we can see, how the “adjustment to health” can and will change the food sector in years to come.

THOSE, WHO DON'T,
WILL NOT BE A PART OF
THE FOOD INDUSTRY OF
TOMORROW”



JOHAN ROCKSTRÖM
Professor of Environmental Science at Stockholm University and executive director of Stockholm Resilience Centre



The last ten years of sustainability efforts clearly show that to gain a credible sustainability profile, it is not sufficient just to use fewer pesticides, introduce a climate-friendly CSR strategy, or choose new packaging.

Genuine sustainability entails a thorough adjustment process of the entire business concept. To create a solid health profile entails integrating health into the individual food producer's production, identity and work.

"Largely, it is a matter of credibility. If you choose to make health a part of your marketing strategy, you are required to incorporate health as a vital part of your overall corporate strategy and development," says Pieter van't Veer.

LINKING HEALTH AND SUSTAINABILITY

There is much more than just experience to gather from recent years' work with integrating the sustainability agenda into the food industry.

There are also several obvious synergies and possibilities for interaction between health and sustaina-

bility concepts, which may strengthen the food sector and the individual food companies.

"To integrate health and sustainability creates a win-win situation. They should be viewed as a coherent agenda, seeing that elements which benefit health typically also benefit the environment. We could, for instance, reduce the consumption of beef. If health and sustainability are incorporated as an integral part of each other, the food industry will stand stronger when readjusting," Johan Rockström says.

This is supported by professor Pieter van't Veer, who also claims that health and sustainability can support and strengthen each other.

"The future of the food sector is healthy and sustainable. And a healthy food company is a company which implements sustainability into its production and business development, not because the individual product necessarily will be healthier when produced in sustainable way, but because health goes beyond the product itself and into the very production of it – a production which must be healthier in the future," the Dutch food expert says.



Front-runners are in motion

Nationally and internationally, visionary food companies are focusing on health as a principal part of their business and production. Change is taking place at different levels and with different focus points – but the common factor is that all frontrunners have realized that health and sustainability are vital for their success.



ARLA WANTS TO GROW RESPONSIBLY

The statement: "We want to grow, but responsibly," is a cornerstone for the Arla dairy group – it forms part of the company's identity, vision and strategy. The company says that it "wants a cooperative, natural, responsible, and healthy growth – and that they care about how they do it".

As part of this, Arla has launched a number of strategic ventures and created several concrete company objectives. A tangible initiative, which supports the ambitions of healthy growth, is the quality assurance programme "Arlagården" (The Arla Farm).

The programme was introduced to make sure that all of Arla's suppliers comply with a set of clear requirements in relation to quality, animal welfare, safety, health, and sustainability in their production chain.

Another example is the mapping of energy consumption at the dairy group's factories, which leads the way for Arla's climate ambitions to reduce greenhouse gas emissions by 25 percent by the year 2020.

On a consumer level, the vision is to make it easy to be healthy whether you're in the sports hall, at the supermarket, at work or in a nursing home.

Recently, Arla introduced a global health strategy, a framework for how products can match people's nutritional needs and inspire better food habits through partnerships and research collaborations.

Amongst other partnerships, Arla is collaborating with Team Danmark on ensuring the availability of healthy products in 3,000 sport halls and fitness centres.

FRONT-RUNNERS LEAD THE WAY

Several food producers have already read the writing on the wall and have enhanced overall health in the shape of healthy products and linked health and sustainability as an important priority in their production and business strategy.

The Dutch company Unilever is an example of a global food producer which has a clear and integrated health and sustainability strategy towards 2020. Also leading the way, the discount supermarket chain Kiwi is the first supermarket to receive the Nordic swan ecolabel, and the chain has introduced its own value added tax system on organic food. See insert below in this article.

The dairy group Arla is determined to position itself as a supplier of healthy food and has just presented a concrete health strategy.

The health strategy forms part of Arla's overall strategic effort, which focuses on health and sustainability.

According to the Sustainability Director at Arla, Jan Dalsgaard Johannesen, the incentive is that "black" growth is not sustainable for the food companies of tomorrow.

"We need to grow responsibly. And the keywords for that are a sustainable and healthy readjustment of our organisation. To us, it is vital to link the two concepts if we are to move forward," the Sustainability Director says, and he emphasizes that the dairy group focuses on a broad readjustment, and integration of the entire value chain.

"The starting point for our strategy is our entire production chain. We work together. And we are able to do so, because we are "farmer owned". This means that we begin the process at the farm, where we strive to set standards throughout the entire chain. Added to this, we work with researchers, interest groups, and other companies to become better at developing products which are healthy, tasty, and sustainable. If we are to move in that direction, we need everybody's involvement as well as a cross-disciplinary mind-set", Jan Dalsgaard Johannesen says.



MCDONALD'S WANTS TO SERVE HEALTHY FAST FOOD

We want to become healthier. This has become a new mantra for the fast food giant, which in recent years has embarked on a confrontation with their unhealthy image and introduced new and healthier products such as salads, carrots, milk, and whole grains. In addition, they have developed a health and sustainability strategy, which resonates throughout their value chain.

Among other initiatives, McDonald's has been a front-runner in providing information about calories in all meals. And the fast food chain uses non-endangered fish in their fish products as well as cooperates with the international NGO Conservation International to ensure sustainable fishing. McDonald's in Denmark

takes deliveries of coffee from the coffee producer Segafredo, which is certified by Rainforest Alliance, who guarantees that the coffee is cultivated in a sustainable way.

Furthermore, in June 2015 McDonald's introduced a set of requirements targeting better animal welfare at their meat production facilities, requiring better housing for chickens, more RTRS certified soy feed, and elimination of antibiotics in line with WHO recommendations.



Even though several companies are well on their way, it takes a comprehensive realignment to make health a decisive foundation for a food company.

The food companies themselves are thus recognizing that the road to becoming a producer of healthy food is long.

"There is no quick fix, but just a long process in which we constantly need to find new ways and new roads to ensure a more healthy and sustainable growth.

We are on our way, but we are still far from the finishing line," Jan Dalsgaard Johannesen says.

According to the experts, it is crucial that the food industry involves consumers when they are ready to make the adjustment. Without the consumers' support, it will be impossible to go down the health path.

"It is difficult to link health, sustainability, and the consumers' needs," Professor Pieter van't Veer says, and he continues:

"If the process is to be successful, it is vital to focus on the consumers, so you consistently make sure that the consumers support and buy the products."

The Swedish expert, Johan Rockström, also suggests that a reliable health profile is not built overnight. And he urges the industry to actively integrate sustainability and health, before they are forced to do so.

"Even though it will require a comprehensive and difficult readjustment of the production and business concept, it is the future for the food sector.

And the sooner they jump aboard the train, the faster they will get started. Those who don't will not be a part of the food industry of tomorrow," he predicts.



KIWI SUPERMARKETS MAKE THE HEALTHY CHOICE CHEAPER

Based on the slogan "Everybody should afford to be healthy", the discount supermarket chain Kiwi has removed value added tax on fruit and vegetables. As part of the business strategy, Kiwi has a declared intent to contribute positively to both sustainability, animal welfare, and health.

For several years, Kiwi has had a ten percent discount on all organic food – or "half value added tax" as the chain calls it, which is a reference to the fact that the discount equals almost half of the 25 percent value added tax on the items. By doing this, Kiwi attempts to introduce differentiated value added tax based on the healthy choice for the consumer and the environment.



UNILEVER: SUSTAINABLE LIVING SHOULD BE COMMONPLACE

Each day, more than two billion people consume one of the Dutch-British food group Unilever's 400 products. As one of the largest food producers in the world, Unilever has strived to become more healthy and sustainable in recent years.

Via the initiative "The Unilever Sustainable Living Plan", the company proactively uses health and sustainability as a central target in their strategy and business development. The aim is to make sustainable living commonplace for everybody. Specifically, Unilever wants to double the size of their business, whilst reducing its environmental footprint and

increasing its positive social impact by 2020. Thus, Unilever is currently readjusting their production, processing and consumption. Unilever's overall targets towards 2020 are to:

- help more than a billion people take action to improve their health and well-being.
- halve its environmental footprint.
- produce 100 percent of its raw materials in a sustainable way and to enhance the livelihoods of millions of people across the value chain.