



FUTURE-PROOFING INNOVATION x CONSUMER PRODUCTS, RETAIL AND DISTRIBUTION

How can the consumer products and retail industry achieve sustainability through the entire value chain?



INTRODUCTION

Future-Proofing Innovation is a series of roundtable conversations hosted by Capgemini sustainability and business experts inviting clients, partners, academics, and influencers to discuss the general topic of sustainability in innovation. Each discussion focuses on a specific industry. The third roundtable took place in the Netherlands on November 23, 2022, with a focus on the Consumer Products, Retail, and Distribution (CPRD) sector.



This session was hosted by Kees Jacobs, VP Global Consumer Products & Retail, Capgemini. Guests included Chris Webster, SVP IT Strategy & Architecture at Ahold Delhaize; Jesse 't Lam, Co-founder & Partner, Brave New Food; Jackie Pynadath, Director Sustainability & Innovation, Google Cloud EMEA; Laurens Slood, Founder and director EFMD Business School, and professor by special appointment, Groningen University; Ron Tolido, Executive VP, Chief Technology Officer & Master Architect, Capgemini; Lisa Verbeek, Senior sustainable business consultant, Capgemini; and Fanny Weinbreck, Global R&D Director at Royal Agrifirm Group.

In his introductory remarks, Dr. James Robey, Capgemini's Global Head of Sustainability, welcomed our guests and pointed out that the consumer products and retail (CPRD) industry has been at the forefront of many of the sustainability battles, and that several victories had been achieved, notably in reducing food waste in the value chain. He said, "The crucial importance of creating healthier and more sustainable products is now a priority for leading players in the industry," and added that it wouldn't be easy. For instance, he said, even measuring the precise carbon footprint of a product could be a challenge.

Kees Jacobs, VP Global Consumer Products & Retail, Capgemini, was the facilitator for this discussion. He too acknowledged the challenges – but he said he wanted the conversation to focus on the opportunity for new approaches. A case in point, he said, was the Food for A Better World Initiative, which aims to bring together participants from across the end-to-end value chain to achieve the kind of things that individual companies cannot do – to accelerate the transition to a healthy and more sustainable food system.



SETTING UP SUSTAINABLE SOURCING USING DATA

The first of three topics on the agenda for discussion was sustainable sourcing and end-to-end value chain transparency. What's key, said Jackie Pynadath, Director Sustainability & Innovation at Google Cloud EMEA, is the ability to access and aggregate data at scale, because it's the foundation of traceability in the supply chain. She explained this was why Google was making its Google Earth engine capabilities available for commercial consumption, which has, for example, enabled organizations like Unilever to trace the sources of the palm oil they use in order to mitigate the threat of deforestation.

Chris Webster, SVP IT Strategy & Architecture at Ahold Delhaize, advocated the use of blockchain in traceability. However, he added, in some cases the challenges are considerable. For instance, soybeans are used as cattle feed in parts of South America – but soybean farmers are often in collectives, which makes it difficult to trace the beans back to individual locations, or to identify which fertilizers, pesticides, or natural manure were used in growing them. Addressing these challenges is an industry-wide responsibility, he said.

In agreement was Fanny Weinbreck, Global R&D Director at Royal Agrifirm Group. "Gathering all this data and finding ways to measure it – that's really the way forward. But we're not there yet."

Necessity is the mother of invention, said Laurens Slood, founder and director, EFMI Business School, and professor by special appointment, Groningen University. When change is both inevitable and essential, organizations will be more likely to innovate and also to improve their business models. It's also incumbent on the industry, he said, to make track-and-trace systems affordable all the way to suppliers at the furthest reaches of the supply chain.



"Gathering all this data and finding ways to measure it – that's really the way forward. But we're not there yet."

Fanny Weinbreck

Global R&D Director, Royal Agrifirm Group





If transformation is necessary, Kees Jacobs asked, how should consumer, retail, and distribution companies go about it?

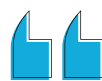
Lisa Verbeek, Senior Consultant Sustainable Business & Technology, Supply Chain and Retail at Capgemini, pointed out that for many consumers, sustainability isn't just an environmental issue. While the food system is responsible for one-third of global greenhouse gases, she said, there are also social concerns: people want to know that farmers are being paid a decent price, and that labor conditions are fair, too. It's about everything, said Chris Webster – the upstream supply chain, ethical sourcing, ethical labor, and more, including (as Jackie Pynadath added), demographic information relating to at-risk communities. "It's about all these upstream attributes," Chris Webster said. "It's a really complex data problem."



THE ROLE OF TECHNOLOGY IN CONSUMER BEHAVIOR AND ENGAGEMENT

To navigate these issues, he continued, it would be useful to simplify the many, many sets of standards that are currently in circulation. “I think it should be made generic,” he said. “It’s defining a set of standards to which the whole industry could sign up.”

Technology can help address these challenges, said Ron Tolido, Executive VP, Chief Technology Officer & Master Architect at Capgemini. For example, artificial intelligence (AI), intelligent automation, and the use of sensors at the edge can gather data, reduce complexity, and bring people together, so that processes, supply chains, and communities can be transformed.



“We need to define a set of standards to which the whole industry could sign up.”

Chris Webster

SVP IT Strategy & Architecture, Ahold Delhaize



FOOD WASTE AND DATA WASTE

The second key topic of the discussion was the issue of food waste. Introducing it, Kees Jacobs said the subject elicited three big emotions in consumers. “One,” he said, “relates to themselves, which is guilt. They feel guilty if they waste food. But there are two other emotions. One is anger and the second is disappointment, and those two relate specifically to the roles that companies could be playing for them in their view.”

Jesse ‘t Lam, Co-founder & Partner at Brave New Food, said he’d seen hundreds of pitches in recent years that aimed to address food waste, which is a good indicator of how top-of-mind the topic is. Lisa Verbeek agreed: start-ups were taking societal problems and building businesses around potential solutions.

However, it isn’t just an area of focus for small-scale entrepreneurs. Fanny Weinbreck mentioned what she termed circularity, and at scale. For example, waste from the food industry can be repurposed as animal feed or as fertilizer. “We can be much, much sharper in how we make use of the resources we have,” she said. “It requires a holistic approach.” Also, she highlighted that they already started concrete initiatives on circularity in the feed industry but it should be accelerated further. Chris Webster said this was an approach Ahold Delhaize was taking – and he also told the group about combining electronic shelf-edge labels with AI so that perishable food items could be dynamically marked down in price as they neared their sell-by dates.

Needless to say, thinking ahead helps too. Jackie Pynadath said Google Cloud had worked with a grocery business on demand forecasting to reduce bakery waste – and she also mentioned Karma, a Swedish initiative working with Google Cloud to enable restaurateurs and café-owners to sell surplus food to consumers. This not only reduces waste but, as Kees Jacobs pointed out, enables businesses to improve their forecasting.

Waste isn’t just a food problem. Ron Tolido pointed out that parallels could be drawn with data waste. “Where does it come from?” he asked. “Where do we store it? Should we store it in several places, or could we maybe share it instead of replicating it? Who is responsible for it? And how long do we keep it before it perishes? It’s an interesting analogy that I find instructive. It’s something IT people can learn a lot from as well,” he said.

THE ROLE OF RETAILERS: ENABLE CONSUMERS TO LIVE HEALTHIER, SUSTAINABLE LIVES

The third and final topic concerned how the industry could engage with consumers in living healthier and more sustainable lives.

Laurens Sloom opened this part of the discussion by highlighting the growth of the global population. He said that new production methods and changes in protein sources would be needed, and that the need to reduce food waste would become more urgent. Consumers would need to be encouraged to reduce red meat in their diets, and to move towards white meat, fish, and plant-based food sources. These are not only healthier, but more sustainable in terms of their environmental impact.

The panel agreed that the public would need to get used to another change, too – true pricing. Right now, said Fanny Weinbreck, farmers are willing to adopt innovative solutions, but they can't be expected to carry the costs. Consumers, she said, need to be brought closer to the other end of the value chain. They need to see that sustainability of supply is something in which everyone has a stake: farmers, farm workers, wholesalers, retailers, customers – everyone.

Chris Webster said that in Europe and the US, points systems in loyalty schemes are already being used to incentivize people to shop for healthier, more sustainable food options. "We can nudge people along the way," he said – but there were still challenges.





MAKING PRODUCTS MORE TRANSPARENT

For instance, he said, businesses have to be careful with eco-labelling. The challenges implicit in traceability that were discussed earlier can make robust labelling very hard to achieve, and if consumers decided they couldn't depend on what they were being told, the goodwill that organizations lost would be extremely hard to regain.



The more we can give sufficient information to help people make better-informed choices – that is honestly the best thing we can do.

Jackie Pynadath

Director Sustainability & Innovation,
Google Cloud EMEA



Also, sustainability is rarely black and white. For instance, tomatoes grown on another continent may have a high airmiles score – but home-grown alternatives may have been subject to the intensive use of pesticides. “If somebody in the industry came up with a way of giving a relative score,” Chris Webster said, “we might be willing to adopt it, but I don’t think it’s for us to define that.”

Our panel agreed that technology had a role to play in engaging with consumer behavior. People can’t be browbeaten into doing the right thing, but as Jackie Pynadath said, “The more we can give sufficient information to help people make better-informed choices – that is honestly the best thing we can do.”

What about future technologies? Ron Tolido said it was hard to predict the effect they may have on consumer mindsets. How, for instance, would people react to being guided towards healthier lifestyles in the metaverse? Would they accept it as being in their own interests, or would they regard it as rather “Big Brother”? And how would they feel about gene-edited food? Would they be convinced, or would they have misgivings?

A JOURNEY WITH BENEFITS

Kees Jacobs wrapped up the event by describing moves towards sustainability in the sector as a “journey with benefits.” “It’s not either-or,” he said. “It’s not purpose versus performance. No: it’s joining the two up, and I think that’s the positive message that we can take away as an opportunity.”

He concluded by pointing to the power of collaboration – a point that had, of course, been illustrated in the course of the discussion. “As individual companies, we can only do so much,” he said, “but when we combine forces, and we accelerate and innovate together, the impact will be much bigger.”



FUTURE-PROOFING INNOVATION:

The Consumer Products, Retail and Distribution panel

Kees Jacobs

Consumer Products & Retail Global insights & data Lead, Capgemini



Kees is Capgemini's overall Global Customer Products and Retail sector thought leader. He has more than 25 years experience in this industry, with a track record in a range of strategic digital and data-related B2C and B2B initiatives at leading retailers and manufacturers. Kees is also responsible for Capgemini's strategic relationship with The Consumer Goods Forum and a co-author of many thought leadership reports, including Reducing Customer Food Waste in the Digital Era. Kees passionately works on shaping Food for a Better World, the strategic initiative from Capgemini CPR to accelerate the transition towards a healthy and sustainable food system.

Chris Webster

SVP IT Strategy & Architecture at Ahold Delhaize



Retail expert in combining business acumen and technology understanding to shape large transformation programmes within retail. These programmes focus on omni-channel retail, but Chris Webster has experience in all aspects of retail from digital through eCommerce, customer loyalty, commercial, supply chain and store operations.

Jesse 't Lam

Co-founder & Partner, Brave New Food



An entrepreneur with 20+ years of experience in the food industry. He has a proven track record in building and scaling food companies. Most recently with the scale-up Yellow Chips, which was active in the NW European retail market and was successfully sold to Campbell Soups in 2018.

Jackie Pynadath

Director Sustainability & Innovation, Google Cloud EMEA



A California-native but a global citizen based in Amsterdam, she has 25+ years of experience in software & cloud business and inspired to lead great teams to great results. Also, helping to lead her customers on a successful journey of digital transformation, with the right business outcomes and solutions to support the path toward a sustainable future.



Laurens Sloot

Founder and director EFMI Business School, and professor by special appointment, Groningen University

An entrepreneur and a professor with in-depth knowledge in management education and academic research on marketing, business models, retailing and entrepreneurship. Also, specialization in food industry.



Ron Tolido

Executive VP and CTO, Capgemini

Ron is the Executive Vice President, CTO, and Chief Innovation Office at Capgemini Insights & Data global business line. He is a Certified Master Architect and a member of the Capgemini group Chief Technology, Innovation & Ventures council – AI Futures domain lead.



Lisa Verbeek

Senior sustainable business consultant, Capgemini

With 5+ years of experience as senior sustainability professional and a university degree in sustainable innovation, Lisa lead many organizations towards a more sustainable business. Her areas of expertise are sustainable supply chains, green innovation & strategy and circular economy, mostly focused on (food) retail. She is currently leading Capgemini's Food for a Better World strategic initiative which aims to accelerate the transition of the food value chain towards a more healthy and sustainable food system.



Fanny Weinbreck

Global R&D Director at Royal Agrifirm Group

Rich of 20+ years of experience in the food and agriculture industry, Fanny enjoys translating her technical expertise into innovative strategies and initiatives, helping the food and feed industry transitioning through sustainable and future-proof innovation. Her approach combines a pragmatic business mindset with a passion for leading teams to their best potential.

About Capgemini

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