

Optimising product life will save £5 million

The Co-operative Food has undertaken a series of initiatives to increase product life and combat food waste.

Calculations by The Co-operative Food have focused on the relationship between food waste and its root causes, including product life and case size. These calculations have shown that, for a wide range of products, there is a significant reduction in waste from a marginal increase in product life, which can be achieved without compromising product safety or integrity.

A wide-ranging programme of change has been initiated that is already reducing waste, increasing sales and improving availability. All of these changes have been achieved by working more collaboratively with suppliers and without altering product recipes or packaging.

'We have challenged all our suppliers to work with us and provide our stores with the maximum product life on all occasions. This has now been formalised into a standard working practice. For our part, we are ensuring that all products are cleared from depots such that our convenience stores benefit from a longer selling time which, in turn, will benefit our shoppers.'

Alan Jackson
Consultant on waste
The Co-operative Food

Date codes

The Co-operative Food wanted to ensure that it was giving its stores and customers the best available product life. There are two key drivers for this.

Firstly, The Co-operative Food's retail estate is largely convenience stores, which require more time to sell products compared with that for supermarkets. Products in these stores with a short-life code are more likely to end up in The Co-operative Food's waste stream.

Secondly, the main reason why households waste food is because it has not been used in time.

The Co-operative Food has worked with suppliers to provide longer product life in the following ways:

- setting benchmarks with all suppliers on the expected maximum product life that will be delivered to depots;
- setting a 75% minimum life on receipt for all products supplied into depots; and
- running these new arrangements in 'training mode' for six weeks after which products failing to meet the new benchmarks will be rejected.

This initiative is expected to halve the amount of waste arising from short-coded products, improve on-shelf availability, increase sales and lead to better forecasting. It has also led to a review of the handling of rejected stock.

Own label

The Co-operative Food protocols for testing the product lives of its own-label protein products (such as meat and fish) are long established. However, a review of labelling on mince, necessitated by changes in EU labelling regulations, led the company to review case sizes and product-life protocols. This approach is now being extended to cover all protein products.

The Co-operative Food is finding that 1 to 3 days (depending on the type of packaging) can be added without compromising product safety or quality. This is expected to save over £1 million in lost revenue by reducing waste and the proportion of food that is 'reduced to clear'.

Store procedures have also been improved – more proactive stock rotation is now practised and reduced-to-clear policies are better followed.

Meat and fish products that are beyond their 'sell-by' date and cannot be sold not only result in lost profit, but they also require separate collection arrangements. Therefore, by extending product life, there will be additional benefits in terms of efficiency savings and simpler processes.

Crisps

The commercial benefits of The Co-operative Food's approach to product-life optimisation have been demonstrated by its work on crisps. Because crisps were found to be a high waste product, they were at the forefront of the project on product life. This work involved:

- working with crisp suppliers to ensure that products coming into the depot had the maximum possible life;
- suppliers working collaboratively with the company's supply chain team to reduce the amount of short-dated stock in depots – in effect, depot-to-store protocols were established to mirror the supplier-to-depot arrangements; and
- improving stock management throughout promotions by better forecasting and use of the company's stock exit management system.

Over 12 weeks in 2014, The Co-operative Food had 63,000 fewer wastage units amounting to a reduction in 39 tonnes of waste over the year.

The next phase of this work will examine the optimum case sizes and better product selection for The Co-operative Food's stores to more closely reflect the sales volumes across its estate.

'Crisps are an example of how we are working with suppliers to give more product life to our stores to prevent waste in line with our targets under the Courtauld Commitment. Crisps demonstrate the benefits that can be achieved in waste prevention with a few simple changes to the ways we work with our suppliers, which now has a more collaborative focus.'

Iain Ferguson
Environment Manager
The Co-operative Food

[back](#) : [forward](#)

[Introduction](#)

[Data codes](#)

[Own label](#)

[Crisps](#)

The Co-operative Food
page 3

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It works in partnership with governments, businesses, trade bodies, local authorities, communities and individuals looking for practical advice to improve resource efficiency that delivers both economic and environmental benefits.

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[back](#) : [home](#)