



CASE STUDY

Streamlining food waste diversion

Woolworths introduces new app features to reduce food waste to landfill

JUNE 2024

Summary

One of Australasia's largest food retailers has automated and streamlined food diversion across its store network to support their aim to have all food waste from operations diverted from landfill by 2025.

The new app feature enables stores to accurately record food diversion and alert diversion partners, allowing more accurate tracking of food diversion and improved communication to diversion partners and most importantly, less food going to landfill.

Since being implemented, stores using the app have seen food going to landfill decrease, with some top performing stores now achieving more than 90% diversion from landfill.

Food waste problem

With nearly 200 stores, Woolworths is one of Aotearoa New Zealand's largest food retailers serving more than 4 million customers a week. Part of the challenge of managing the enormous volumes of food moving through food retailers like Woolworths is working across their supply chain to ensure that as much as possible of the food is sold to customers as intended, or successfully diverted to destinations – food rescue organisations, animal feed, reprocessing entities, composting facilities – that avoid landfill.

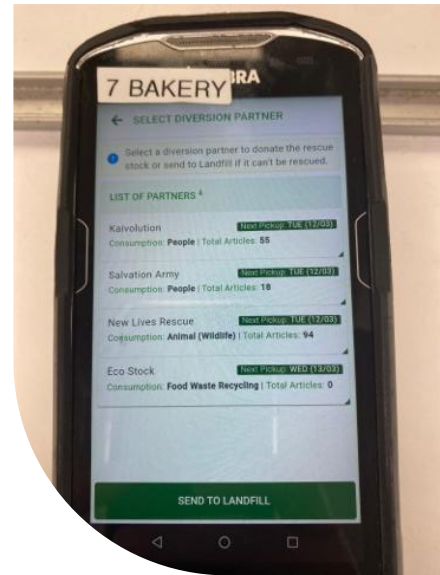
While many of their stores have had diversion partners in place across their store network for a number of years, capturing accurate information about how much food is diverted and to which destination has not always been easy, making it difficult to identify what is working well and any opportunities for improvement or innovation.

Technology-enabled solution

In 2022 Woolworths introduced a new feature to their inventory management system, StoreCentral, to increase automation of the food diversion process. The app-based system provides accurate measurement, tracking and management of food being diverted, an upgrade to the previously time consuming, and less accurate manual recording and reporting. The initiative is part of Woolworths' commitment to have all food waste from operations diverted from landfill by 2025, including donating all edible food to rescue partners and farmers.

When items are identified as unable to be sold to customers, team members scan them into the diversion system using the app. The system then automatically sends an alert to the store's local diversion partners, notifying them when a pickup is available and what goods are to be collected. As well as creating efficiencies, the system also helps ensure safety and regulatory standards are met by automatically detecting which items are eligible for diversion and which are not.

The app incorporates the principles of the food recovery hierarchy, prompting users to select the highest available option in the hierarchy, that being people first (via food rescue partners), animals, then compost and – as a final resort – landfill.



Results

Catherine Langabeer, Head of Sustainability at Woolworths, says that since the new app feature has been introduced, Woolworths' stores have seen a marked drop in the percentage of diverted goods sent to landfill.

"Woolworths NZ will share its annual results later in 2024, but the results from stores are looking very promising."

"Following the introduction of the StoreCentral app enhancement, the business was able to introduce tiered food diversion targets challenging stores to aim for Gold, Silver and Bronze targets – it was our own food waste Olympics! We've seen significant improvements in food waste diversion with many stores exceeding their targets. Some stores are now achieving more than 90 percent diversion – showing that our ambition is challenging but ultimately achievable."

“The information we're able to extract from the app is also helping us identify waste hotspots within our operations which we can then focus on improving. It's giving us invaluable insights that we can use as part of programme planning.”



Incentivising success

The tiered food waste diversion targets are included in store performance scorecards – alongside other core targets such as health and safety and commercial performance, embedding the focus as 'BAU'. Stores are also recognised and rewarded for meeting or exceeding food waste to landfill reduction targets.

"Including diversion targets as part of store scorecards is a way of signalling the value we place on cutting food waste to landfill. Being able to accurately track and report on diversion also means we have some healthy competition between stores vying to have the best results," said Josh McGough-Morunga, Long Life Manager at Countdown Mount Eden.

"The StoreCentral data feeds into a purpose-built internal dashboard that enables store teams to track progress on sustainability initiatives across the business."

Alongside the new app feature, and as part of their actions from taking part in the Kai Commitment programme, Woolworths has also implemented three Specialists and a Resource Recovery Champion in each store, who work with store teams to upskill, share knowledge and tools for reducing food waste.

"We are committed to ensuring that preventing food waste is ingrained in the culture at Woolworths across all levels of the business. What we really want to instil in our teams is that every person has a role to play."

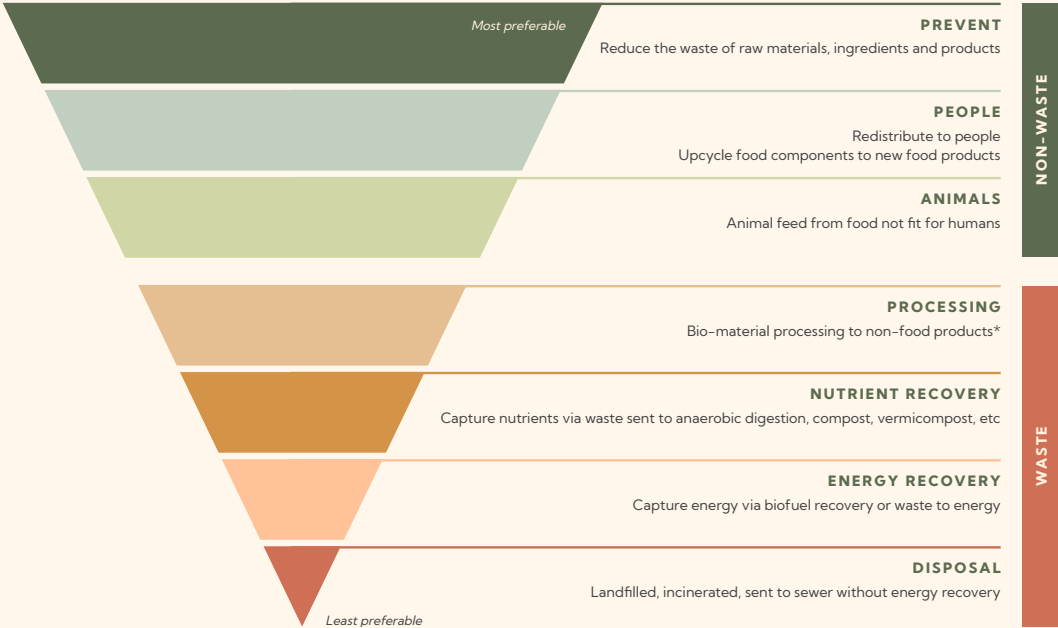
Langabeer adds, "...part of the success of the app update is that Woolworths has created a culture where reducing food waste is business as usual. It's not just in our stores either, it carries through to distribution centres and lunch rooms as well. We take part in initiatives like Food Waste Action Week, use Rescued Kitchen (upcycled food caterers) and host speakers and offer opportunities to upskill in reducing food waste at home. It's becoming part of who we are as an organisation."

Understanding the Food Recovery Hierarchy

From a social and environmental point of view, not all diversion destinations are created equal. The Food Recovery Hierarchy (Figure 2) is a framework which promotes actions that divert food waste from disposal. It serves as a guide for diverting surplus food in ways that are most beneficial for the environment, society and the economy.

According to the hierarchy, after preventing the food waste from occurring, food that is not able to be sold as intended should be redistributed or upcycled for people to eat before diverting to animals. If this is not possible then recovering nutrients and other value via compost, anaerobic digestion, vermicompost and other methods are prioritised. Landfill is the least desirable food waste destination, not only because it means no further social or economic value is realised from the food, but also because food in landfill produces methane, a greenhouse gas 25 times more potent than carbon dioxide and a significant contributor to global warming.

Figure 2: Food Recovery Hierarchy

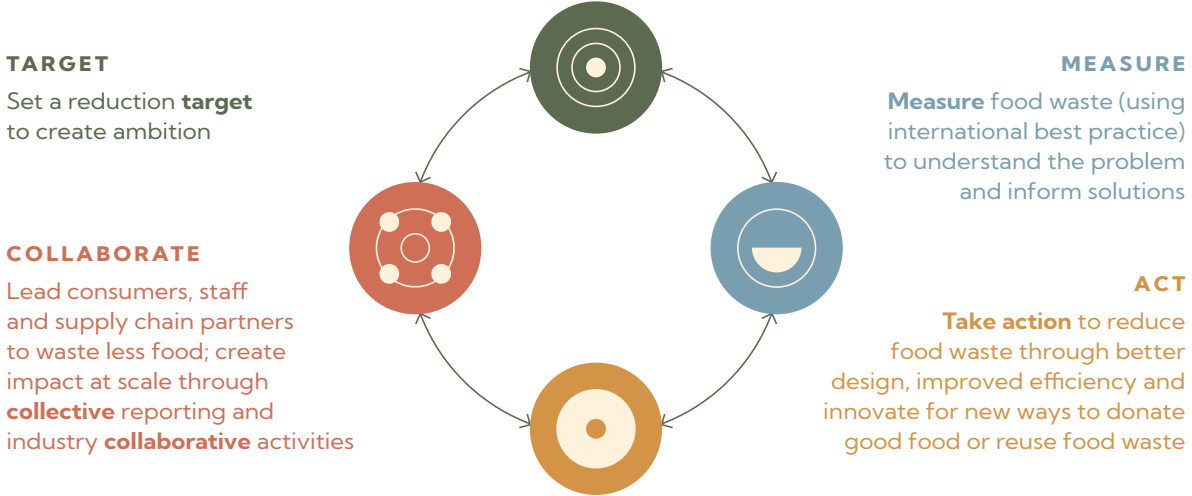




How this initiative aligns with the Target Measure Act Framework

The Kai Commitment programme is centred around the Target Measure Act Framework (Figure 3), which is recognised as one of the most effective ways for governments and industry to reduce food waste and is widely used by large food sector businesses in the US, Europe UK and Australia. The Woolworths StoreCentral innovation project is well aligned with this framework.

Figure 3: Target Measure Act Framework



**TARGET**

By having clear food waste reduction targets included in company sustainability goals which are then translated into individual store targets, Woolworths is able to develop innovations, such as the new StoreCentral app feature, that help them reach these targets.

**MEASURE**

The introduction of software to automate food diversion tracking within their stores allows Woolworths to collect accurate and timely data on their diversion practices, enabling continuous improvement and refinement across the programme.

**ACT**

The development of a technology solution to improve the diversion process within Woolworths stores is a great example of a tangible innovative action being taken to meet food waste reduction targets. Further, Woolworths embedding food waste reduction in the culture of the organisation from senior management through to store staff and the introduction of Store Champions demonstrates food waste strategy in action.

**COLLABORATE**

The design and implementation of this project has required significant internal and external collaboration, which is reflected in the success of the initiative.