



Toms Confectionary Group

Working Group - Consumer perceptions

Today the production and consumption of food raises a host of issues of public concern. This can among others be seen in the extensive media coverage devoted to topics such as obesity and the social and environmental impacts of food production. Increasingly companies are expected to take more responsibility for the impacts of their operations and marketplace responsibilities will continue to grow in importance.

Like other industries, food retail's espousal of social and environmental issues makes good financial sense. Studies have shown that Corporate Social Responsibility (CSR) positively contributes to companies' competitiveness as it leads to a competitive advantage, particularly by improving the company's image, increasing its customers' loyalty and fostering the employees' motivation and workplace satisfaction.

Nevertheless, it is essential that EU policy is geared to support companies in the transition towards a resource-restrained economy. New initiatives must not impose regulatory barriers that restrict the food industry's capability to innovate - not least seen against the backdrop of an increasingly challenging global competitive environment.

Challenges

Research has shown that considerable differences exist among the European Union Member States concerning the (operational) approach to CSR and its spread among public and policy debate as well as its implementation in food companies. The level of company engagement is, thereby, influenced by various favouring and hindering factors, ranging from the prevalent regulatory framework to the enterprise's available human and financial resources.

Moreover, it is extremely challenging for today's food producers to integrate and balance the interests of all stakeholders (consumers, regulators, sub-contactors etc.) taking into account the number of key factors for successful integration including economic efficiency, environmental control, process organisation, food safety etc.

Especially small and medium-sized food producers experience difficulties in implementing CSR guidelines and principles and do often not take full advantage of the economic potential inherent in CSR. Barriers for SMEs for becoming involved in corporate social responsibility include for example:

- Lack of awareness of the business benefits with no/little understanding of the business case for small and medium-sized enterprises;
- Cost of implementing CSR activities when survival is often the greatest economic imperative;
- The fact that existing CSR tools and guidelines are mainly geared towards large business;

- No systematic incentives or frameworks for SMEs to engage with this concept
- Fear of additional regulatory and bureaucratic burdens.

As to this regard, the following fields of action include:

Development of CSR tools and frameworks specifically for small businesses. One of the problems that SMEs face when seeking to address CSR issues is that many of the tools are designed for big business. Initiatives aimed at encouraging SME involvement in CSR need to be easily accessible and relevant. The advice needs to be tailored to them with easy-to-use tools and case studies (best practices) that make it real and provide encouragement to SMEs. If small businesses can see examples of specific initiatives that have increased profitability and improved the business they will be more likely themselves to adopt CSR strategies.

Self-regulation and voluntary industry action. It is essential that EU efforts are concentrated on creating positive incentives for companies and organisations to carry out self regulatory commitments. The regulatory framework should be proportionate and simple and leave room for self regulatory commitments and initiatives. National examples of front-runner initiatives include a "Code of responsible food marketing communication to children"¹ developed by the Danish Food and Drink Federation and "Principles for Good Food Practices", which include 13 principles and concrete actions to be implemented (please see below).

Research and information dissemination. In order to ensure innovation in line with consumer expectations, continued research is required to establish reliable data on consumer food preferences and to enable redesign and optimisation of food processing and packaging. In this context, the research priorities identified by ETP Food for Life can serve as inspiration.

Link between on sustainability efforts and competitiveness. Effective and efficient EU policies on sustainable development need to be developed in close cooperation with all life-cycle stages and actors - such as farmers, packaging suppliers, manufacturers, transport, retailers and consumers. Moreover, when designing and implementing SCP policies, the competitiveness effect on EU industry should be taken into full consideration in order to avoid that investment is diverted away from the EU. It is for example critical that new food labels (eco and climate) are reliable, science-based and verifiable to avoid consumer confusion and contribute to environmental improvement in a cost-efficient manner.

Recommendations

- Development of guidelines/tool box supported by best practice case studies (for different industry sectors), which provide encouragement to SMEs to engage in CSR and help implement CSR as strategic business area.
- Ensure that the regulatory framework is simple and leave room for self regulatory commitments and initiatives (to help ensure competitiveness)
- Research priorities identified by ETP Food for Life can serve as inspiration for CSR innovation

¹ <http://kodeksforfoedevarereklamer.di.dk/Til+virksomheder/About+the+code>

- GOOD FOOD PRACTICES

The principles of the Danish Food and Drink Federation

Good foods

- We are open-minded and maintain a dialogue with our customers, consumers and other stakeholders.
- We focus on consumer needs and wants in product development.
- We apply new knowledge and technology to achieve the optimal quality in our foods.
- We document and communicate our overall quality efforts.

Safe foods

- We produce, supply and sell only safe foods.
- We pro-actively improve knowledge about hygiene and food safety in relation to employees, authorities, consumers, retailers and suppliers.
- We are in dialogue with our employees and make sure they work in a healthy and safe working environment.

Healthy foods

- We work to develop a broad selection of nutritionally correct products.
- We meet consumer needs for clear and relevant information.
- We refrain from advertising products that are not nutritionally correct, to children.
- We initiate health promoting activities in the work place

Ethics

- We are environmentally responsible and work to reduce the environmental impacts of our member enterprises.
- We support and respect international conventions and standards, particularly with focus on human rights, bribery and corruption, forced labour and child labour.