

New world

New skills

# Activity Pack: Consulting Case Study

Business Case Study Challenges



# Contents

<b>1.</b>	<b>Overview</b>	<b>3</b>
	Freshways Supermarket	3
	.....	
	Your Challenge	3
<b>2.</b>	<b>Research and Background Information</b>	<b>4</b>
	Background Information	4
	.....	
	News Articles	5
	.....	
	Infographic	6
<b>3.</b>	<b>Pitch Planning</b>	<b>7</b>
	Questions to consider	7
	.....	
	Presentation Structure	9
<b>4.</b>	<b>Glossary</b>	<b>10</b>

# Freshways Supermarket

## Key Stats



**Freshways Supermarket** - 4<sup>th</sup> biggest supermarket in the UK



**Sustainability** - goal to reduce carbon footprint by 20% in 5 years



**12% decline in Market Share** - competition from budget options



**Logistics** - subcontracting online delivery to regional haulage companies



**Diversification** - newly launched clothing range with ambitions to expand



**Presence** - 435 stores across the UK, with recent expansion into Dubai, Qatar and Hong Kong.

## Company and Market Overview

Freshways is the **fourth biggest supermarket** in the UK, with 12.5% of the market share and annual revenue of £17 billion in the last financial year.

There are 435 stores across the UK, and they have recently expanded into the expat market, **with trial stores opening in Dubai, Qatar and Hong Kong.**

They do offer an **online shopping facility**, however they were the last of the large supermarkets to introduce this and subcontract their delivery service to smaller, regional haulage firms.

There has been a recent **focus on enhancing their environmental credentials**, and they have set a goal to reduce their carbon footprint by 20% over the next 5 years.

Since the growth in the UK of two leading budget supermarkets, Freshways have found that they are **consistently losing market share** and recognise the **need for innovation** in order to address this.

## The challenge

Last year Freshways wasted 11,000 tonnes of food across its store network. This reduced their profit by £300 million and significantly increased their carbon footprint.

The majority of this waste is due to short life produce (like fresh fruit and veg) going off before they can sell it. Freshways want to become the leading supermarket in term of waste reduction, with the aim to eliminate it effectively by 2025.

**You will work as part of the PwC Consulting team producing the initial assessment of Freshway's problems and possible recommendations to improve their food waste footprint. You will present your findings back to the client:**

- Assess what challenges the client is currently facing in relation to their food waste
- Consider what actions the client's competitors are taking to reduce their waste
- Provide 1 key recommendation that the supermarket should prioritise to reduce their food waste.

Remember, you must also persuade them that your team would be the best out of the other consulting firms to invest in to solve their problem.

# Research and background information

## The optimisation problem

Currently Freshways does a reduction of all short life products by 35% once a day in the afternoon of products that expire that day.

### Factors to consider:

- What products to reduce (this depends on shelf life)?
- How many times they should reduce? (Some supermarkets do three reductions - morning, afternoon, evening and reduce by more in the evening).
- Timing of reduction and amount of reduction (e.g. last day of expiry, reduce product by 95% but no profitability)
- Some chains adopt flexible policy (what anticipate demand/ amount of products in store).
- What is the cost of reductions: time of employee (if you do every hour you are paying employee to do this), loss of profit.
- What other supermarkets do?

**What would be a potential solution taking into account the above factors?**

## Shelf life of products

Longer the life of products, the lower the waste will be because they have more time to sell and it is easier to manage stock (products are sitting on the shelves for longer, so customers have longer to buy them). Therefore, increasing the shelf life of products is always beneficial to reducing food waste.

### Factors to consider:

- How does packaging influence shelf life? E.g. vacuum packed meat
- Are there other environmental considerations? E.g. pre packed apples vs loose apples
- Time of delivery from producer to supermarket shop floor
- Origin of food –e.g. buying fruit produced in the UK vs abroad

**What solutions could be implemented in the supply chain to optimise the shelf life of products?**

## Supply across Freshways stores

The firm has shops of 3 general sizes - 24 hours (like Tesco Extra), middle sized supermarkets opened between 7am-10pm, and then local ones - small corner shops. At the moment, suppliers are delivering the same cases to all of them e.g. A case of ten crates of apples is delivered to all three types of stores.

### Factors to consider:

- How does food waste vary across the store types – would you expect more or less in smaller shops?
- How do you measure demand of products across individual stores

**What potential solutions could be used to consider the demand and costs of distribution across Freshways Supermarkets?**

# News articles

## **UK Food Waste Facts**

The UK currently wastes over 15m tonnes of food each year. Of the 7 million tonnes of food waste discarded from homes, nearly half is edible. We're all guilty of discarding leftover salad, fruit, vegetables and bread in our waste disposers before we do the next food shop, with the top reasons for throwing food away in the UK found to be:

- 74% of people didn't write a shopping list
- 35% didn't plan their meals
- 24% didn't know what was in the fridge before they went to the supermarket

## **Eco & Beyond: What our supermarkets can (and should) do about Food Waste**

It's clear that we're not adequately distributing the food we produce. It's also clear that the environmental costs in water, energy and space to grow food that is not eaten is more than our environment can take.

With an expected global population of 9.7 billion in 2050, we can't afford to waste valuable resources or food.

Supermarkets are partially to blame for the global food waste catastrophe. It's estimated that supermarket food waste amounts to a total of £230 million each year. But fortunately, supermarkets can also be part of the solution.

Changes to the current system of expiry dates could have enormous effect. Confusion about what the dates mean for food safety causes a great deal of edible food to be thrown away. Few of us fully understand the difference between sell by, use by and best before dates.

Sell by dates are for use by the supermarket only. It indicates to them when a food needs to be removed from sale.

Use by dates are usually added to perishable foods such as meat and fish. It means that the food needs to be eaten by this date as it could prove harmful to health past this date.

Supermarkets can, and do, donate to food banks. But food banks have a limited amount of time to turn overripe produce around before it goes bad. Food banks are prohibited from giving away food that has passed its use by or best before date. This often means that perishable products still end up in the bin.

## **Independent: British supermarkets sign Government pledge to half Food Waste by 2030**

More than 100 UK food businesses and organisations, including all major supermarkets, have signed a pledge to drive down their food waste following a call to action from the government.

Tesco, Marks & Spencer, Waitrose and Unilever are among the companies that have vowed to halve food waste by 2030 in the UK, where an estimated 10.2 million tonnes of food and drink is thrown away annually. "What matters now is action – and for that reason, we hope that this government-backed voluntary pledges is a precursor to mandatory food waste targets and transparency for big food businesses."

"Ditching multipacks, which encourage customers to buy more than they need, and sourcing seasonal produce to shorten lengthy supply chains, are two easy steps that supermarkets could take today if they are serious about stopping food waste," they tell The Independent. "We are in a climate emergency, and we can no longer jeopardise our future for food that goes straight in the bin."

## **Edie.net: Tesco slashes food waste by 17% in one year**

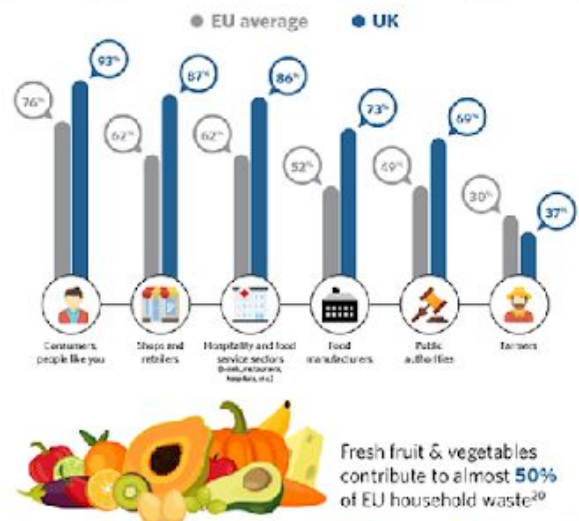
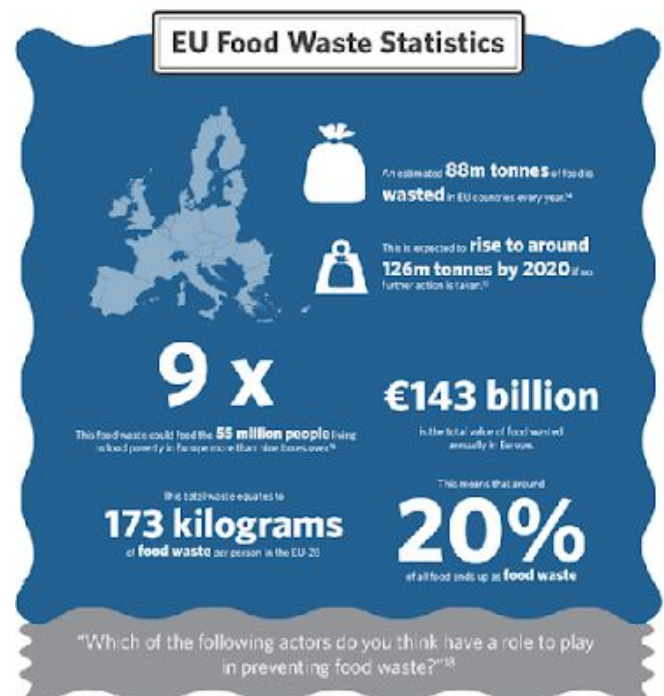
Tesco has achieved this sizeable year-on-year reduction primarily through redistributing surplus food to charities, community groups, employees and firms which process it into animal feed. During 2018-19, the retailer redistributed 63% more food through these channels than it did throughout 2017-18, the data reveals.

"Tesco found that 41 per cent of food waste in its supermarkets is due to the bakery departments. The group thus adopted a strategy aimed to reduce the amount of bread baked at a time. Moreover, Tesco decided to donate part of surplus food to charities."

Tackling food waste has formed a key part of Tesco's sustainability strategy since 2009, when it made a commitment to stop sending food products to landfill. In 2013, it became the first UK supermarket to publicly publish its food waste data, and is using the publication of this year's figures to encourage other businesses to follow suit.



# Infographic



# Pitch Planning

## Questions to consider

Based on the articles and information in this pack, there is a lot of evidence to suggest that developing an effective strategy against food waste is effective for Freshways and will be beneficial for the company. There are many ways of achieving this as mentioned several articles supplied.

It is key to think about the costs involved in any recommendations that you make and be convincing about how your offering is unique- why your team is better to help the client than any other consultancy firms.

- 1) **Assess** the problem. What are the **main challenges** that Freshways faces in the market and also with regard to food waste?

<u>Problem area</u>	<u>Why is this a problem?</u>
1) High initial cost of setting up technologies to assess or solve the problem	
2) Freshways wastes 11,000 tonnes of food across its store network	
3) Declining market share	
4)	
5)	

## Evaluate these potential solutions...

A

Improve the **recycling and reprocessing** of food that has gone out of date or is damaged. For example, using it to produce fuel.

B

**Donate food items** to charities e.g. food banks/homeless shelters/ community groups and create some positive PR around this..

C

Adjust the **reduction policy** on food that is about to go off. For example: rebrand 'imperfect' looking vegetables and sell at reduced cost, rather than throwing away.

D

**Employ and train** additional staff to monitor the quality of fruit and veg on the shelves, rather than throwing crates of fresh produce out on set dates.

- 2) Identify **one** key recommendation that Freshways could take forward. Use the table below to note down your thoughts on the above potential solutions.

<u>Recommendation</u>	<u>How will this recommendation help?</u>
1)	.
2)	
3)	
4)	
Any other thoughts?	



- 3) Consider **what other firms are doing**. Look at the examples in the articles supplied in the pack and think about which of these Freshways could apply.
- 4) Think about how the PwC consulting team could help Freshways with implementing the recommendations. For instance, could you help the client by researching the food waste problem and finding the most suitable solution that addresses the problem and is suitable for the company?

## Presentation Structure

**Introduction:** Introduce your team and what you are presenting about

**Main body:**

1. Outline the main problem faced by Freshways.
2. Identify your key recommendation that Freshways could adopt to solve their challenges.
3. How will you persuade the client to invest in PwC's services?

**Conclusion:** Summarise the biggest problem area and how you intend to help

**Additional tips to consider:**

- Think about who you are presenting to - the CEO of Freshways
- Think about a beginning, a middle and an end (like an introduction, body and conclusion of an essay)
- It is good to split out the pitch and let everyone speak
- Delivery - Think about tone of voice - you want everyone to hear you
- Confidence
- Remember we are in a safe space so feel free to voice yourself
- Being at ease and avoiding speaking too fast
- Know your topic
- Practise
- Final words - have an impactful and convincing conclusion
- **Everyone must speak**
- **Be prepared to answer questions afterwards**

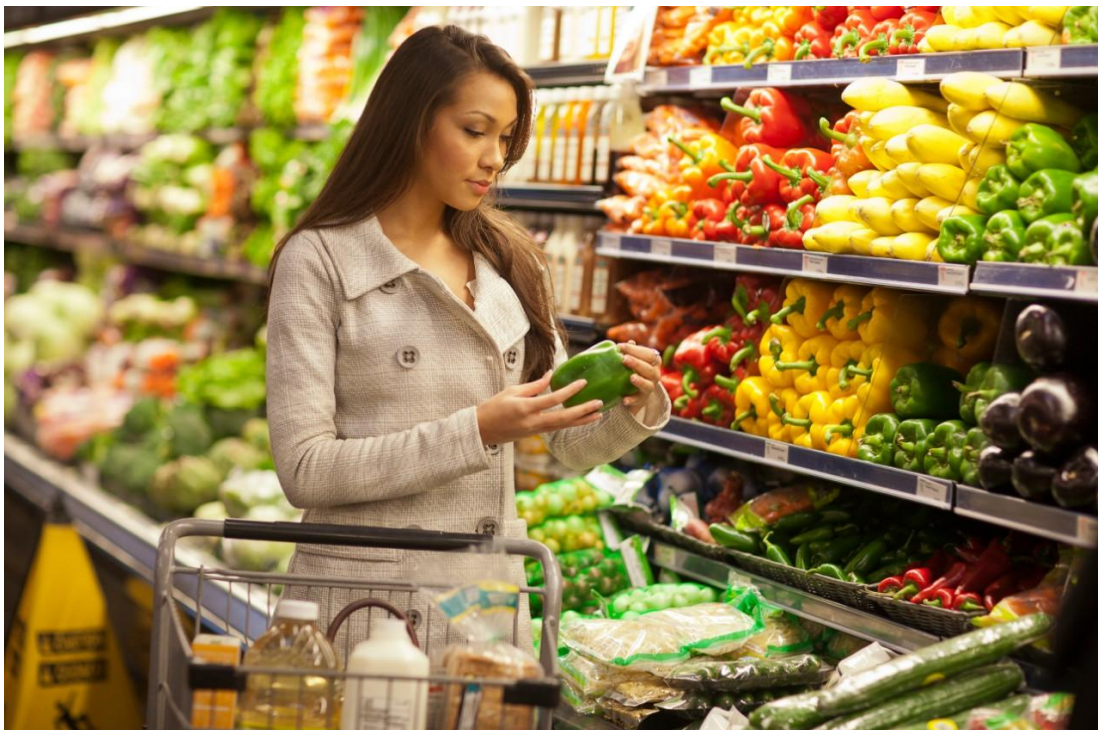
# Glossary

**Market Share:** the portion of a market controlled by a particular company or product.

**Annual revenue:** money/income created before any expenses or costs are taken away.

**Profit:** amount of money made after expenses/costs have been taken away.

**Short life produce:** refers to the length of time a product may be on sale for until becoming unsuitable for sale, examples are fruit and veg.



Disclaimer: This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors. Information available here is not to be relied upon as professional advice or for the rendering of professional services.

Certain links in this Site connect to other Web Sites maintained by third parties over whom PricewaterhouseCoopers LLP has no control. PricewaterhouseCoopers LLP makes no representations as to the accuracy or any other aspect of information contained in other Web Sites. © 2023 PricewaterhouseCoopers LLP. All rights reserved. 'PwC' refers to the UK member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.