

Less than Mighty Fresh: Confronting Supermarket Food Waste

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Abstract

This case study takes place in the context of a small urban supermarket chain. It examines the extent to which such firms should work to lower food waste on sustainability and human rights grounds. The scenario examines structural inefficiencies along the supply chain from food production to consumption and considers what power supermarkets have to correct them and what ethical responsibility this may create for them to do so. Government regulations written to encourage or require food purveyors to gift their excess supply to the needy are discussed.

Learning Outcomes

By reviewing this case, students have the opportunity to

- evaluate the extent to which businesses or consumers bear responsibility for addressing social issues such as hunger and waste.
- assess the extent of a firm's moral obligation to social responsibility given its position in the supply chain.
- construct arguments defining the social impact missions of firms, particularly in food sales sectors.
- observe how relatively small managerial decisions can have ripple effects across society and the environment.

Case

Mighty Fresh was a small urban supermarket chain in New York City catering to quality, value, and convenience-conscious shoppers. The profile of the typical customer was a hip and upwardly-mobile white collar professional with discriminating tastes yet limited budget. This made for a shopping atmosphere in which social responsibility was always in the air. Mighty Fresh for instance had championed packaging-reduction and local-products initiatives across its supply chain. These improvements allowed the company to boost sales while increasing shelf space and lowering costs. More recently, given that many communities in which the company operated faced ongoing challenges in reducing homelessness, Mighty Fresh had begun placing food-donation bins just beyond the cash registers, into which customers could drop off purchased items for charities reaching out to vulnerable people. Management reasoned that this would be another win-win to increase both sales and social impact.

Fiona Falconi, manager of the Williamsburg store in Brooklyn, was therefore surprised when she received the following email criticizing the food donation program, written by a professor of business ethics at a neighboring university:

Dear Mighty Fresh,

I have been a faithful customer of yours since you opened your store in Brooklyn. It's a real pleasure discovering all the new locally-sourced delights I always end up finding there. I am a particular fan of your regional dairy and gourmet cheese sections. I really can't say enough about how much I love your store, which has actually made me enjoy cooking again. I also appreciate how seriously you take your social impact mission to offer healthy and delicious food at low cost to your customers and our planet.

However, I must say that I was somewhat put off by your new food gifting program. I understand that you feel some responsibility to address the embarrassing extent of poverty and homelessness especially in such a trendy neighborhood as the Williamsburg store. Many of your customers may well appreciate you giving them an opportunity to purchase dry goods for the needy and drop them into the bin on their way out. I'm sure it's more efficient overall to do it that way than for each to make a special trip to the charity him- or herself. But I'm afraid this well-meaning initiative nevertheless strikes me as absurd for two reasons:

- When you give customers the option to donate in this manner, you aren't really going out of your own way to provide help. In fact, you're actually profiting from the extra sales. I'm sure there is much more you could do if you really wanted to make a difference on this pressing issue.
- I don't know how much food your store throws out on average, but given that so much of your stock is perishable, I expect it's a significant amount, presumably at least 10 percent, which is around the national average for supermarkets. I expect many of these items are still perfectly good to eat even if they are at their expiration date or don't look so "mighty fresh" anymore. Frankly, such waste is an affront to those in our community who struggle to afford healthy and nutritious food and would gladly take it for themselves and their families. Besides, if vegetables are going to be cooked, it doesn't really matter how good they look going into the pot.

As a prominent socially-responsible corporate citizen, Mighty Fresh could take a leadership position on this issue by creating a free section for those items that are reaching the point of expiration. As I'm sure you're aware, even packaged food with stamped expiration dates is still good for up to two weeks after the date. A free section for such items including produce would allow the needy to access this food directly before it perishes. This way, struggling families would be able to afford to eat more healthy food, thereby lowering their expenses and helping to keep them from potentially falling on even harder times.

When good food is discarded instead of being fed to the hungry, it's a tragic waste of resources. Furthermore, the eminent American political philosopher John Rawls gives us good reason to reconsider our social policies so that they will tend to maximize the benefit to the least advantaged. A free section would do just that. What's more, the U.S. government under Bill Clinton passed a law protecting grocers from liability when giving expiring food away. Unfortunately, few stores have taken advantage of it presumably because they fear reduced sales from customers opting for the free products in lieu of paying for them. While some customers would no doubt do this

from time to time, at least we wouldn't be wasting so much good food and your company could demonstrate that it is truly committing itself to social responsibility. After all, doing what's right means doing it for its own sake, even if—and especially because—it may not always benefit the one doing it.

Thank you for your time and thoughtful consideration of this important issue.

Sincerely,

Atticus Lynch, Ph.D.

Associate Professor of Business Ethics

Brooklyn University

Fiona knew she had to think carefully about the important points Professor Lynch had raised. The issue of discarding good food had become more important now than ever and she wanted to write a well-considered letter of reply.

As Fiona set down the letter, she was called out to the delivery platform, where a supplier was dropping off a new shipment of fresh local strawberries. Fiona's assistant wasn't sure it was a delivery he could actually accept. The problem was that although this was a premium product they'd purchased before, it was nearing the end of the season and customers weren't buying them up as fast as they were earlier in the summer. The store still had about a quarter of the last shipment still on the shelves, which were still good for a few more days. Fiona was called in to make a decision. As she examined the product, she noticed an anxious look on the supplier's face—a local farmer. He told her that these were the last of the season's strawberries and he was having a hard time unloading them. They were smaller and not quite as pretty as usual, but still tasted great. He feared that if Mighty Fresh didn't take them, he might have to toss them out—something he hated to do but that happened more often than he liked to admit. Most American consumers have grown accustomed to big, bright, and blemish-free produce, thereby creating a market in which roughly a quarter of all produce grown in the country never makes it to the store.

In a case like this, Fiona and her assistant would usually sort through and take only a few of the best-looking boxes. But with Professor Lynch's letter still bouncing around in her mind, Fiona realized that it was likely she had become inured to the levels of food waste occurring

across the supply chain. There wasn't much she could do about it, which allowed her to rationalize looking the other way when her own store threw at least 10 percent of its still good food out. She pondered the situation then turned to the farmer and asked if he could sell her the entire lot at half price. "Done" he said, and handed her the invoice with a 50 percent price cut. Fiona's assistant gave her a puzzled look, saying he doubted that even half the shipment would actually sell. Fiona replied that these were delicious local strawberries and that she simply couldn't bear to see them thrown out. One way or another, they'd find a way to move them.

She had the newer and older strawberries stacked altogether in the center of the produce section with a big sign saying "Last of the year's local strawberries!" and put them on a two-for-one promotion. If they didn't all sell, she'd decide what to do with the extras later. Until then, it felt good to at least try and do the right thing. After the rest of the day's work was done, she sat down determined to find some solution to the food waste issue Professor Lynch had raised. What could she do about her part in this wider structural problem? If she went ahead with his suggestion of a free blemished and expiring food section, she feared lost revenue from customers taking those items instead of buying others. Not only that, but she didn't really want to encourage homeless persons to start wandering into the stores for free food, which might turn off paying customers. Another option was to make it a heavily discounted section, where the items weren't free, but very nearly free, with a sign stipulating that the store was not responsible for anything that turned out to be spoiled. What's more, internal policies limiting her choices may have already been in place.

She went online to find the law that Professor Lynch had referred to and discovered that this was the Bill Emerson Good Samaritan Food Donation act of 1996. The law protects grocers from liability when donating food to charities for the needy, so long as there is no gross negligence involved. The Federal Food Donation Act of 2008 further requires any federal contractor to donate excess wholesome food valued at \$25,000 or more to charitable organizations. Fiona doubted the efficiency of sending her store's excess food to charity when she might not find an organization to accept her offering, especially if she also had to deliver it. That seemed like a waste of time since she could just give it away at the store as Professor Lynch suggested. The law was clearly written to protect anyone from liability who was giving food away to any consumer—not just a nonprofit organization. Presumably, it never occurred to the authors of the bill that grocers might opt to cut out the intermediary and

give directly themselves. As she combed through the text of the relatively brief three-paragraph law, she realized the liability protection didn't necessarily apply to merely discounted food. It seemed that it had to be freely given, which is probably why Professor Lynch hadn't raised the option of simply discounting it, and why discount sections at other supermarkets she'd seen tended to only include dry goods with much longer shelf lives.

The more she thought about it, the more excited she got at the idea of having a free food section. While homeless people might start coming in to get it, if Mighty Fresh wanted to be a truly good corporate citizen after all, it arguably had to be ready to welcome the disadvantaged into its stores. The free section would also lend a hand to struggling families, thus possibly preventing them from becoming homeless themselves. The store could put up a sign above the donation bins out front saying something like, "Mighty Fresh also has a free section for good food that will expire soon. We are committed to making sure no one in our community goes hungry." It seemed like a great idea and something that would set the store apart and maybe create a buzz across the "woke" Williamsburg neighborhood. But first, she would probably have to run the idea by upper management.

Discussion Questions

1. What do you think of the idea of a free food section at Mighty Fresh? Do you think it could significantly lower revenue? Justify your answer.
2. Do you agree or disagree with Professor Lynch's argument that a corporate social responsibility program should be ready to sacrifice some portion of profit? If you agree, what percentage do you think should be the norm? Can you think of other companies that make a clear commitment to devote a certain percentage of profit to social responsibility? Would any ethical or justice theories you know of take a position on this?
3. Do you agree or disagree that Mighty Fresh has a moral responsibility to confront these issues? Is there anything about the nature of the company and its clientele that gives it this responsibility, or is this just something that it would be good of the company to do but not immoral not to do?

4. Is there anything more that could be done to address the problem of food waste from production to consumer? Could consumers do anything about it themselves? What about the government?
5. Assuming Fiona Falconi would have to run her idea by upper management for approval, how would you suggest she frame the question so that she would be most likely to get permission?