

INVESTING IN FOOD FORTIFICATION – A SMART BUSINESS MOVE WITH MASSIVE MARKET OPPORTUNITIES

A WIN-WIN SOLUTION: SEIZING A GREAT BUSINESS OPPORTUNITY & CHAMPIONING NUTRITION

Micronutrients are vitamins and minerals that all humans need to maintain strong bodies and mental sharpness, fight off disease and bear healthy children. Yet about two billion people worldwide (1 in 3 people) suffer from micronutrient deficiencies, that negatively impacts the economic and social development of communities, businesses and nations, by reducing the productivity of employees/citizens and the education potential of children.



Food fortification is a simple, economical, and one of the most cost-effective strategies to control micronutrient deficiencies, improve nutrition, and promote economic developmentⁱ. The International Finance Corporation (IFC) estimate that the 4.5 billion people at the “base of the economic pyramid” spend \$2.3 trillion a year on food and beveragesⁱⁱ. The private sector is where most people access products and services to meet their daily requirements, most importantly their basic needs such as food. Food fortification therefore represents a massive opportunity for businesses in the food industry, not only to do the right thing but to tap into a huge and expanding market.

So why should the private sector engage and invest in food fortification?

- Provides big market opportunities, notably in low-income countries with fast-growing populations
- Enables access to a greater market share as citizens increasingly demand more nutritious foods
- Supports stronger brand recognition among a growing number of socially-conscious customers
- Contributes to a healthier and more productive workforce that leads to increased economic output
- Helps increase sales as better nourished citizens are better customers

CALL TO ACTION: KEY RECOMMENDATIONS FOR MAXIMUM BUSINESS SUCCESS



INCREASE INVESTMENTS in quality assurance/control measures, marketing campaigns and research & development, to maintain a competitive edge and achieve higher returns



ENGAGE IN INFORMATION SHARING to demonstrate greater transparency that will boost customer confidence and government trust for a more conducive business environment



APPLY MARKETING SKILLS that motivate consumers to purchase and use fortified foods appropriately to help broaden your customer base and increase your products' sales



ADVOCATE FOR A LEVEL PLAYING FIELD to get governments to enforce standards, reduce import duties on fortificants and taxes on healthier products to get a fairer and more enabling business environment



MAKE QUALITY AFFORDABLE PRODUCTS widely available that are tasty and appealing to consumers at affordable prices to tap into all markets across urban and rural areas



COMPLY WITH LEGISLATION AND REGULATIONS on food fortification to help deliver high quality fortified products that attract and retain customers, qualify for certifications that boost sales, and enable access to tax cuts/exemption benefits

THE PRIVATE SECTOR: A PIVOTAL PLAYER IN MAXIMISING THE REACH AND BENEFITS OF FOOD FORTIFICATION

The scale of malnutrition is too great for governments and international development partners to tackle on their own. Furthermore, alone, they don't possess all the tools, expertise and resources to implement food fortification programmes. Effective and sustainable fortification is only possible if the public sector (which has the mandate and responsibility to improve the health of the population), the private sector (which has experience and expertise in food production and marketing), the social sector (which has grass-roots contact with the consumer) and other entities



Photo Credit: GAIN

collaborate to develop, produce, and promote micronutrient-fortified foodsⁱⁱⁱ. This represents a unique opportunity for businesses to form strong alliances, have a seat at the table to influence and shape a conducive enabling environment for the private sector to operate in and to negotiate access to large customer markets across rural and urban areas.

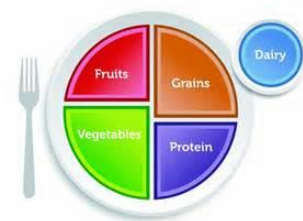
AN OPPORTUNE TIME FOR THE FOOD INDUSTRY TO ENGAGE



GLOBAL LEADERSHIP: With worldwide attention from governments, development partners and citizens focused on working towards the 2015 Sustainable Development Goals (SDG) including the ambitious target of ending all forms of malnutrition by 2030, the stage is set for businesses to engage and be recognised as global responsible leaders by having business strategies that are goal-congruent with government ambitions and citizen expectations, which enables them to benefit from a huge platform for introducing private sector innovations and access new market opportunities.



SEIZING OPPORTUNITIES: With a world population of 7.5 billion, projected to reach 8.5 billion by 2030^{iv}, driven by growth in developing countries where most micronutrient deficient people live, the need and potential market for fortified foods is significant and fast expanding. Furthermore, with increasing urbanisation and consequent changing food patterns, leading to a growing number of people accessing food through commercial channels, the prospects for selling fortified foods and innovating in this evolving environment are massive.



DEMAND FOR NUTRITIOUS FOODS: Citizens throughout the world are increasingly aware of health issues and better understand the value and benefits of consuming more nutritious foods due to the availability and easier access to information. This trend and increased awareness has created more demand for nutritious products thereby presenting the food industry with new market opportunities and renewed incentives for engaging and investing in food fortification in this current climate.

FOOD FORTIFICATION: A WINNING FORMULA FOR BUSINESSES

Food fortification is a major approach in tackling malnutrition that requires the full and sustained involvement of the private sector to succeed on the biggest scale. Yet the reasons for businesses to engage in food fortification go way beyond the social and moral purpose of helping to eradicate malnutrition. Engaging in food fortification is also a smart business move for the food industry.

ENGAGING IN FOOD FORTIFICATION IS A SMART BUSINESS MOVE WITH A CRITICAL SOCIAL PURPOSE

- ★ **BRINGS SIGNIFICANT MARKET OPPORTUNITIES:** The Business and Sustainable Development Commission's report estimates that globally about \$1 trillion of business opportunity is embedded within 4 areas that includes the development of food markets that help low income households get access to nutritious foods.
- ★ **COST-EFFECTIVE INTERVENTION:** Once an initial capital investment is made, the cost of fortification per person is only a few cents per year making it one of the least expensive and yet most effective actions^v, providing significant potential for high returns on investment
- ★ **BETTER NOURISHED CITIZENS ARE BETTER CUSTOMERS:** Evidence shows that healthier and more productive consumers will tend to purchase more goods and services, making it a smart choice for businesses to invest in nutrition^{vi}.
- ★ **BRANDS WITH A SOCIAL PURPOSE ARE IN DEMAND:** Global marketers believe that brands having a social purpose opens up business opportunities^{vii}, and there is evidence from Unilever and others that it helps to command higher margins. Being socially responsible helps strengthen corporate reputation and enhances a company's "licence to operate"ⁱⁱ.
- ★ **TO STAY AHEAD OF THE GAME:** In a world where pressure from consumers, health professionals and governments is leading to more regulation and taxes - all in the name of better nutrition, companies who are adapting and focusing on nutritious foods right now will have a competitive advantage^{vi}
- ★ **BUILDS STRONG BRAND RECOGNITION:** As consumers are more socially-conscious and demanding of the goods they buy, providing safe, high-quality products with health benefits can help businesses build their brand and recognition within communities.
- ★ **IMPROVES WORKFORCE PRODUCTIVITY:** Employees benefiting from more nutritious foods is good for business as it contributes to improved labour productivity by 10% and is proven to reduce absenteeism and staff turnover^{vi}, all important factors in a highly competitive environment
- ★ **IT'S THE MORAL THING TO DO:** Almost 1 in 3 people in the world suffer from micronutrient deficiency. The scale of the problem is too much for governments and international development partners to address on their own—responsible businesses have an obligation to add their know-how, resources and skills to the fight^{vi}.

CALL TO ACTION: MAKING THE SMART CHOICE

The case for the food industry to increase their commitment and efforts in enhancing the impact and reach of fortified foods is strong. Below are the practical recommendations the private sector should prioritise to maximise their engagement in food fortification and their economic returns by reaching more consumers and markets with a more productive workforce.

- ◆ **INCREASE INVESTMENTS FOR HIGHER RETURNS:** Increase and sustain investments targeted towards improved quality assurance and quality control (QA/QC) measures, effective and wide-reaching marketing campaigns and research & development to continuously innovate, attract new customers and tap into new markets that will help you maintain a competitive edge and achieve higher returns
- ◆ **ENGAGE IN INFORMATION SHARING TO BOOST CUSTOMER CONFIDENCE:** Ensure greater transparency in reporting on fortification and sharing of relevant information with the public to boost customer confidence in fortified products and strengthen trust with governments that will support you in building strong relationships that lead to a more conducive business environment to operate in
- ◆ **APPLY MARKETING SKILLS TO INCREASE DEMAND AND SALES:** Invest in crafting and delivering targeted behaviour-change communications and marketing strategies that inform and motivate consumers to purchase and use fortified foods appropriately, that will help you broaden your customer base and increase your products' sales and reach
- ◆ **ADVOCATE FOR A LEVEL PLAYING FIELD:** Work with others in the private sector to get governments to create a level playing field at the sector level by consistently enforcing standards, reducing import duties on fortificants, reducing taxes on healthier products, and encouraging preferential credit facilities for more nutritious foods^v, all of which contribute to a fairer and more enabling business environment
- ◆ **MAKE QUALITY AFFORDABLE PRODUCTS TO TAP INTO ALL MARKETS:** Strive to produce fortified foods that are attractive, tasty and appealing to consumers at affordable prices and in sufficient quantities that are widely distributed across urban and rural areas to attract a maximum number of customers across all available markets
- ◆ **COMPLY WITH LEGISLATION AND REGULATIONS TO MAINTAIN YOUR ADVANTAGE:** Commit to and fully comply with all relevant guidelines and regulations relating to food fortification to help you deliver high quality fortified products that ensures your retention of satisfied customers and the attraction of new ones, your access to awards and certifications that can boost your sales, and enable you to benefit from existing or future tax cuts or exemptions

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ⁱ Copenhagen Consensus Panel (2008) - <http://www.copenhagenconsensus.com/research-topic/hunger-and-malnutrition>

ⁱⁱ Guide to Business Engagement in SUN Countries (2015) - <http://sunbusinessnetwork.org/SUN-GUIDE-2015-DIGITAL.pdf>

ⁱⁱⁱ Role of public-private partnership in micronutrient food fortification (2003) - <http://archive.unu.edu/unupress/food/fnb24-4s-4.pdf>

^{iv} World Population Prospects (2015) - <http://www.un.org/apps/news/story.asp?NewsID=51526#.WPdKUYVOLsY>

^v Large Scale Food Fortification (GAIN) - <http://www.gainhealth.org/programs/initiatives/>

^{vi} Why should businesses invest in better nutrition? (Feb 2017) - <http://www.developmenthorizons.com/>

^{vii} Brands need 'social purpose' to succeed (Mar 2013) - <https://www.marketingweek.com/2013/03/07/>