



BOSTON
CONSULTING
GROUP



Healthier
Lives

BETTER LIVES THROUGH BETTER BUSINESS

Business Reflections
on the Collaboration for
Healthier Lives UK initiative

www.tcgfhealthierlives.com

This article is an interim report on the first year of The Consumer Goods Forum's (CGF's) Collaboration for Healthier Lives (CHL) UK initiative. Its intention is to inspire others to action and share learnings by outlining why we launched CHL UK, what we set out to achieve and the key achievements to date. A more comprehensive overview of findings will be published by the CGF in autumn 2020.



“From the kick off, we wanted to deliver an initiative that had impact and scale, where the industry leaned in together and did the heavy lifting to make it easier for our customers to understand, find and choose healthier options. We have only just started our journey together and I believe we have got more right than wrong. We have the right ambition, stakeholders and approach and have delivered initiatives with the potential for real change. There’s more work to do and by strengthening our collaboration and the scalability of our work, the foundations to deliver change are there.”

Judith Robinson, Head of Health – Product, Tesco & CHL UK Co-Chair

“At Danone, we believe that the health of people and our planet are interconnected and we aim to inspire healthier and more sustainable eating and drinking practices for all. The challenges we face as a society today cannot be tackled alone and we know collaboration is key to positive change. Our work in CHL UK has demonstrated the power of many partners working together towards a shared goal. We are proud to be part of this movement.”

James Pearson, UK/IRL General Manager, Danone & CHL UK Co-Chair

The case for change

There is a societal need for action. Obesity is an acute issue in the UK today, where nearly 30% of UK adults are obese, with an equivalent figure of 20% for primary school children (Diabetes UK, 2019). Significant progress has been made in other areas of public health; today less than 15% of adults in the UK smoke, down from c.20% in 2011 (NHS UK, 2018). However, there is still a long way to go; half of regular tobacco users are killed by their consumption. Closely tied with poor diet and smoking, oral health is another public health issue; a joint BCG-Nielsen survey found approximately 30% of people only brush their teeth once a day (BCG, Nielsen and CGF, 2020).

There is rising consumer demand for health and wellness products; a joint BCG-Nielsen survey (BCG, Nielsen and CGF, 2020) found that while 97% of people say health is important to them, only 63% feel like they are on their way to achieving a healthy lifestyle and only 12% feel like they are fully doing so. And consumers are willing to pay for health, with 73% consumers willing to pay more for healthier products.

There is a positive business benefit to advancing social causes. Research by BCG has found that investors rewarded the top performers in specific Environmental, Social, and Governance (ESG) topics with valuation multiples 3% to 19% higher than average

(BCG, 2017). As well as benefiting shareholders, in the war for talent, employees are increasingly demanding positive action on health and wellbeing, and customers are increasingly expecting brands to contribute to their social priorities, walking away from those who do not pro-actively take action.

Making progress on these three priorities necessitates collaboration. Many individual players have trialled independent health initiatives, but whilst helpful it is clear that public health issues are too large to be tackled alone. Instead a more radical approach is required, with a new type of collaboration across the industry encompassing manufacturers, retailers, public health bodies and civic society. Collaboration sits at the core of how we can bring customers onside with our efforts. 78% of consumers are more likely to trust initiatives that are collaborative, rising to 88% if a public body is involved (BCG, Nielsen and CGF, 2020).

Whilst the industry has worked together in the past on topics such as reformulation, we have never collaborated across such a breadth of players both within and outside of the industry. The CGF's Collaboration for Healthier Lives is exactly this: a truly differentiated and radical approach aiming to embed healthy consumption throughout the Consumer and Retail industry.

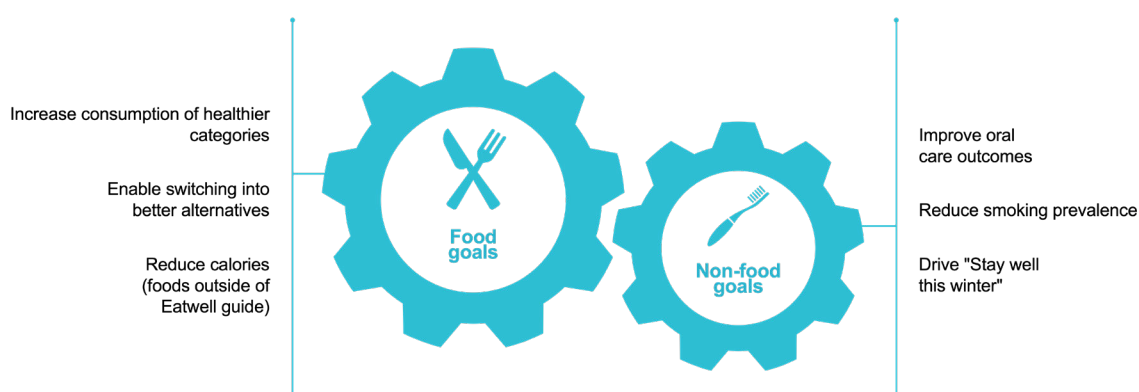
What we set out to achieve

The ambition was to create a much broader collaboration than has been done before, so stakeholders were brought together across industry, public bodies and civic society in late 2018 to help launch the Collaboration for Healthier Lives in the UK, each with clear roles.

- Retailers and manufacturers were at the core – responsible for defining and running the different initiatives
- Public authorities and academics were brought on board to help steer the initiatives in the right direction and help measure and evaluate the results of the initiatives
- Local stakeholders were essential in helping to land the initiatives in the communities, and engage the local consumers
- The Consumer Goods Forum, with the support of Boston Consulting Group helped to get the initiative off the ground, acting as a central point of co-ordination and driving the initiative thereafter



The aim of the initiative was to launch collaborative interventions to help customers understand, find and choose healthier choices, creating a test and learn environment as a space to find out what works both in terms of driving consumer health outcomes, whilst simultaneously being financially sustainable for businesses. We collectively aligned on six core goals to achieve this; three for food and three for non-food.



The London Boroughs of Southwark and Lambeth, home to over 600,000 consumers and ~240 food stores, were chosen as an ideal starting point for three main reasons:

- 1) The communities were already engaged on the topic; there were several programmes already in place targeting health and wellness such as community kitchens and Fizz Free February.
- 2) Local stakeholders were on board; Guy's and St Thomas' Charity, Lambeth and Southwark City Councils were happy to support the initiative, helping it to land in the communities.
- 3) They have the ideal demographics, being both densely populated, centrally located and ethnically diverse, and are two of the most deprived communities in the UK¹.

1. According to the latest 2019 UK Indices of Deprivation, Lambeth and Southwark are ranked as the 42nd and 43rd most deprived local authorities of the 317 local Authorities in England (UK Gov, 2019).

What have we achieved to date

The CHL UK initiative ran from March 2019 until March 2020 in Southwark and Lambeth. Since its launch, retailers and manufacturers collaboratively **launched 34 interventions**. In April 2020, the CHL UK initiative was paused given the Covid-19 crisis, and the team redirected their collective efforts to amplifying Government schemes² aimed at supporting families and Food Banks, following guidance from CHL UK stakeholders including Guy's and St Thomas' Charity and Food Foundation on where their collective efforts would provide the most support for families during the crisis.

Whilst the launch of the interventions is an achievement, the key success is that a framework and mechanism for collaboration has been established and an effective working model has been set up across industry players, public health bodies and civic society, with each group bringing their own perspectives and resources to help move consumers towards healthier outcomes.

In terms of the interventions themselves, they were launched across three channels: in-store, digital and with employees. There have been a range of different levers that have been trialled, from pricing / promotion changes, to range changes, pack size changes, shelf space reallocation, education and more. More detailed results of the 52-week trial from March 2019- March 2020 are being evaluated by Oxford University and a more in depth progress report will be published by CGF and Guy's and St Thomas' Charity in Autumn 2020, but evidence so far suggests that the majority of initiatives have been a success, both having a positive impact on consumer health and wellness, whilst being economically sustainable for retailers and manufacturers. Five example case studies conducted at Boots, M&S, Sainsbury's and Tesco are outlined below.

Education and sampling at Boots with GSK



To capitalise on National Smile Month in the UK (June 2019), Boots implemented a programme of consumer education and product sampling stores in Lambeth and Southwark in partnership with GSK, targeted at the “improve oral care outcomes” goal of CHL UK.

This included two core components; free standing display units with a new and increased product offering, as well as educational leaflets on how to improve oral care in store from 29 May to 13 June, and three event days; where brand ambassadors in store handed out educational leaflets and merchandise.

The initiative was successful, with both high customer engagement to increase awareness of oral hygiene best practices, positive financial impact. Over the three event days, over 3,200 customers engaged with representatives or sampled products, and stores where the intervention was trialled saw a 48% sales uplift vs the previous week (for products included in the intervention).

2. <https://www.theconsumergoodsfoundation.com/CHL-UK-Industry-Acting-Together-with-Stakeholders-to-Support-Families>

Product placement trials at Sainsbury's

Nectar basket analysis found that breakfast cereals were one of the most commonly purchased items among low affluence customers when accounting for both the volumes and calories purchased annually. This made it a priority category to try to influence customers to make higher fibre choices. Anecdotal evidence suggests that shelf placement may influence customer choice. So Sainsbury's ran an initiative to change the shelf position of high-fibre, low sugar cereals, moving them to eye-level, and placing higher sugar, lower fibre cereals on the top shelf. The trial took place in seven stores, over a 12-week period, and was targeted at the "Enable switching into better alternatives" goal.

Whilst the impact has yet to be fully examined, there appears to have been limited change in consumer behaviour as a result of this initiative, challenging the hypothesis that "eye level is buy level" for the cereal category. Against control stores, the cereal placement trial stores had a non significant impact on sales of higher fibre SKUs (<1%), and almost no switching appears to have occurred. This initiative is just one of many that Sainsbury's has introduced, but by uncovering what resonates with consumers and what doesn't, we are better able to prioritise retail efforts to those measures that have a demonstrable impact in improving consumer health.



Showcasing Danone Healthier alternatives at Tesco

As part of innovating to create healthy products, Tesco collaborated with Danone to feature an Alpro healthier yoghurt-alternative in a Tesco's Food Love Stories (FLS) advertising campaign, encouraging customers to switch to dairy alternatives as well as start cooking from scratch, targeting the "Enable switching into better alternatives" goal of CHL UK.

The digital campaign reached over 1M customers and saw total sales of alpro dairy alternatives rise by 19% in Lambeth and Southwark stores, with purchase frequency increasing too by 2.5%. For the yoghurt specifically, ~70% of the sales increases came from customers new to the brand (50% from new dairy category shoppers, 20% from new brand shoppers), and ~30% from customer switching.

Whilst mutually successful for Tesco and Danone, a decrease in customer penetration witnessed after the FLS campaign ended shows the importance of creating strategies to retain new customers post-campaign in healthy categories, and maintain engagement.



Helping promote healthy solutions for children's lunches at M&S



In response to the free school meals voucher scheme, M&S ran an intervention targeted at children from April-May 2020 focused on all three food goals of the CHL UK initiative; aiming to increase consumption of fruit and vegetables, switch people to better alternatives and reduce calories bought for foods outside of Public Health England's Eatwell guide.

As part of this initiative, M&S created a nutritionally balanced downloadable meal planner on the M&S website with five simple lunches for two children for under £15. This was paired with top tips for helping to encourage healthy eating with children in the home, and clear in-store signposting of meal planner items: "I'm on the shopping list" to help highlight choices from the meal planner to customers.

Whilst the results of the intervention are still to be evaluated, engagement was high and it was promising to see such an intervention in this particularly challenging environment, where children are spending more time at home than ever before.

Rebalancing what's promoted at Tesco

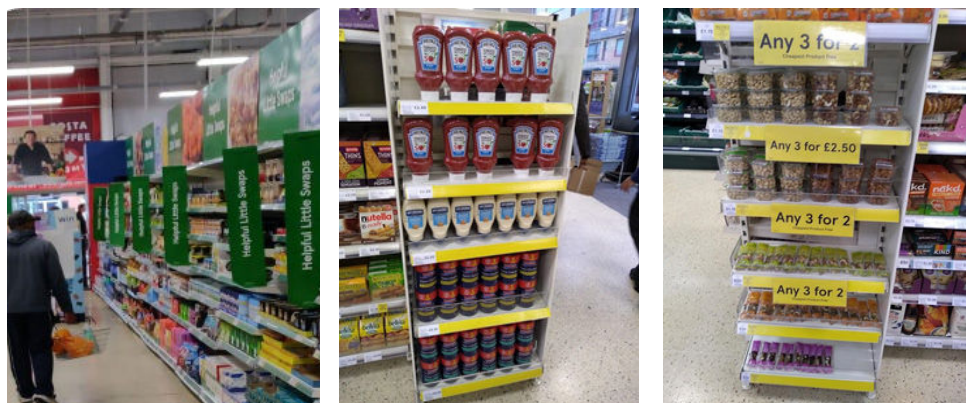
Off-fixture displays and promotions are a large driver of consumer impulse purchases. Tesco changed the way products were promoted in 35 convenience (Tesco Express) stores present in Lambeth and Southwark, targeting all three food goals, aiming to increase consumption of fruit and vegetables, switch people to better alternatives and reduce calories bought for foods outside of Public Health England's Eatwell guide.

As part of this 52-week long intervention, Tesco removed non-seasonal confectionery from off fixture displays and introduced its Fresh 3 produce promotions as a permanent off-fixture display as well as pulsing in crop flush stacks to drive the sales of fruit and vegetables. Tesco also swapped out less healthy promoted lines on aisle ends and ladder racks with better choices.

Initial results from the first 30 weeks of the trial from March to early September 2019 were promising, showing that the interventions delivered a significant improvement in the healthiness³ of customer baskets versus control stores whilst having a negligible reduction in sales at -0.6%.

Trial stores significantly outperformed control stores on sales of the Fresh 3 produce lines and crop flushes by ~8% and ~12% respectively, increasing the sales of healthier categories. The overall store sales impact of the Tesco initiative was different for stores predominantly serving the local community versus stores where there was a greater proportion of City workers. Stores serving the community saw a more modest but still very significant improvement in the healthiness of baskets with a negligible impact on sales, whereas city stores had a much larger improvement in healthier baskets but a more detrimental impact on sales.

It was promising to see that the initiative successfully both improved healthiness of customer baskets whilst being financially sustainable in the initial 30 weeks, especially in stores serving the local community. This success wasn't replicated in the run up to Christmas. A slower introduction of Christmas off fixture displays negatively impacted sales in trial stores vs controls, suggesting there is more work to do to understand drivers in seasonal periods.



3. As measured by the Tesco health score which is based on the UK's Ofcom nutrient profiling model

Challenges and learnings

Whilst we have launched a number of initiatives, we recognise that this is only the start, and there is still a long way to go to embed healthy practices at the heart of the industry and significantly move the needle on consumer health and wellness. It has been a journey of learning, with many takeaways to consider as we look to build on our success in Lambeth and Southwark:

- **Aligning goals and actions** - One of the key challenges that comes with such a diverse and broad set of stakeholders is an equally diverse and broad set of objectives that each stakeholder wants to achieve from the initiative. For example, what's achievable on health is very different for a produce player vs a confectionery player, so one of the key learnings was around aligning everyone (including public bodies) on the goals that CHL UK should look to achieve at the outset and then to be pragmatic in the implementation of initiatives - it may be better to get something launched (however small) rather than wait for everyone to get behind a huge initiative.
- **Getting organisational buy in and mobilisation** – Initiatives often need to be jointly planned by teams across organisations that are used to having commercial discussions, and it was often challenging to change the mindset of teams to incorporate this collaborative alignment on new 'healthy goals'. To help with this, it's imperative that internal stakeholders are brought on board and briefed as early as possible and that there's an exec-level driver behind the initiative – encouraging the teams to make bolder moves that they wouldn't normally consider. Having CHL on the CEO top-to-top agenda was a useful strategy in getting this CEO buy in.
- **Easing the burden on retailers** – As the gatekeeper to the consumers, a lot of the burden of initiative execution falls on retailers. To help with this, it's important that manufacturers lean in as heavily as possible to ease this burden in the initiative design and planning phase – coming up with fully fledged category wide initiatives likely to have the most impact.
- **Building the right set of stakeholders to drive impact** – public bodies and academic institutions are essential for helping to steer the initiative in the right direction and appropriately measure and evaluate the impact. Having two or more major retailers on board makes this a lot easier, as the results can be published without revealing commercially sensitive information.
- **Having a central project management office to help launch the initiative** – aligning such a broad set of stakeholders and getting them to action is challenging and requires resource. Getting pro-bono support from partners such as Boston Consulting Group was essential in getting the programme off the ground.

Next steps

We are thrilled to be collaborating with such a diverse range of stakeholders to identify which interventions will help consumers make healthier choices. We have made a good start in our communities and have already managed to test and learn from a variety of different initiatives.

Our next steps are centred around sustaining what has been achieved so far and scaling the initiative more broadly, with three concrete actions going forward.

- **Sustain:** Ensure the progress made in Lambeth and Southwark is sustained going forward
- **Replicate:** Replicate our successes elsewhere, by scaling to another city in the UK aligning with existing health initiatives in the city
- **Scale:** Scale successful initiatives nationwide through joint business plans and bring in more stakeholders into the UK Collaboration for Healthier Lives initiative

The scope of the Food side of the initiative will also be expanded to cover Healthier and more sustainable diets, by collaborating with thought leaders on the topic such as the Food Foundation, IGD and the British Nutrition Foundation.

A more detailed report on the progress so far will be released in autumn, later this year and more insights on consumer and business perspectives on Health and Wellness globally can be found in the joint BCG, CGF and Nielsen publication to be released end of June.

All learnings on health and wellness will be continuously updated and shared on the Global Learning Mechanism platform (www.globallearningmechanism.com).



About Collaboration for Healthier Lives (CHL)

The Consumer Goods Forum (CGF) Coalition, Collaboration for Healthier Lives (CHL), is about making it easier for people around the world to adopt healthier lives for themselves and their families. It's about making healthier decisions easier and habitual for people in every community around the world. It is a global movement led by manufacturers, retailers, public health authorities and local communities, delivering local movements in communities worldwide. There are currently nine CHL initiatives running across 14 countries. As a collective, members of the CGF, and their partners, are exploring, experimenting, innovating and evolving business models to support positive change, while sharing data and knowledge at scale, cross industry. Health is not a competitive advantage; it's a basic necessity. And, it's clear no company can solve this issue alone. Collaboration is needed at scale and across sectors if the consumer goods industry is to play the necessary role in the health and wellbeing of people.

About The Consumer Goods Forum

The Consumer Goods Forum ("CGF") is a global, parity-based industry network that is driven by its members to encourage the global adoption of practices and standards that serves the consumer goods industry worldwide. It brings together the CEOs and senior management of some 400 retailers, manufacturers, service providers, and other stakeholders across 70 countries, and it reflects the diversity of the industry in geography, size, product category and format. Its member companies have combined sales of EUR 3.5 trillion and directly employ nearly 10 million people, with a further 90 million related jobs estimated along the value chain. It is governed by its Board of Directors, which comprises more than 50 manufacturer and retailer CEOs. For more information, please visit: www.theconsumergoodsforum.com.

About Boston Consulting Group

Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we help clients with total transformation—inspiring complex change, enabling organizations to grow, building competitive advantage, and driving bottom-line impact.

To succeed, organizations must blend digital and human capabilities. Our diverse, global teams bring deep industry and functional expertise and a range of perspectives to spark change. BCG delivers solutions through leading-edge management consulting along with technology and design, corporate and digital ventures—and business purpose. We work in a uniquely collaborative model across the firm and throughout all levels of the client organization, generating results that allow our clients to thrive.

References

BCG. (2017). Total Societal Impact: A New Lens for Strategy. <https://www.bcg.com/publications/2017/total-societal-impact-new-lens-strategy.aspx>

BCG, Nielsen, and CGF (June 2020). Consumer perspectives on Health and Wellness

Diabetes UK. (2019). Number of people with obesity almost doubles in 20 years. https://www.diabetes.org.uk/about_us/news/number-obesity-doubles-twenty-years

NHS UK. (2018). Statistics on Smoking - England, 2018 [PAS]. <https://digital.nhs.uk/data-and-information/publications/statistical/statistics-on-smoking/statistics-on-smoking-england-2018>

For more information, please contact Sharon Bligh:
hw@theconsumergoodsforum.com,
or Tanmay Jain: jain.tanmay@bcg.com

