

A SUSTAINABLE BARGAIN



The team behind the Too Good To Go app have pioneered a new approach to help the foodservice sector combat food waste. CEO Mette Lykke tells Andrea Tolu why it works and how the Covid-19 pandemic has affected the way it operates

During the lockdowns imposed by the Covid-19 pandemic, food waste stopped being a problem for the foodservice sector, for the worst possible reason: closed kitchens have no food and therefore no surplus either.

Now that restrictions have lifted across Europe, and many commercial kitchens are reopening, the issue is likely to return, albeit with an important difference: the pressure to avoid useless costs (and no cost is more useless than wasted food) will be even stronger.

Too Good To Go is an app that helps foodservice businesses eliminate the problem of wasting unsold food by selling it on to others. On its platform, restaurants, hotels, bakeries, grocery stores and supermarkets can make food packs available at a discounted price, which is usually half or one third of the original value. Customers buy them through the app and go to the store to collect them.

For food businesses, it's a way to generate revenue from food that would otherwise be thrown away. It can also work as an additional channel to find potential new customers, by showing them

an active effort towards sustainability as well as developing relationships.

Too Good To Go was founded in Denmark in 2015 and has grown exponentially in the last five years. Not only are people downloading the app at a more rapid pace, they also buy more meals. In February 2018, about 261,000 new users downloaded the app and saved 1.2 meals on average. In February 2020, just before the pandemic hit, 1.3 million new users joined and each one bought almost two meals on average. Partnering stores are following a very similar progression.

As of today, the app has 22.4 million users in 15 countries (14 in Europe, plus the United States), partners with more than 47,000 establishments, and has saved almost 40 million meals.



Food packs are sold at discounted prices via the Too Good To Go app

A different kind of ROI

Such impressive growth, however, is only part of the reason why Too Good To Go exists. Its goal is to “inspire people and create a whole movement against food waste.” Consistent with its ambition, the company is part of several initiatives to raise awareness about this global issue.

One of these initiatives aims to end the confusion between ‘best before’, ‘use by’, and ‘sell by’ dates, which is estimated to cause about nine million tonnes of food waste every year in the EU. >



The contents of each pack is unknown, so a desire to save edible food from being wasted is key

“Our initiatives help change mindsets and inspire people to think differently. Everything we do is part of the same movement against food waste”

“We have been working with some of the biggest food producers to improve date labelling and make it clearer that ‘best before’ often really means ‘good after’,” says CEO Mette Lykke.

Another example is a campaign launched in Spain, called Chefs contra el desperdicio (Chefs against waste), where 10 famous chefs share their anti-food-waste recipes and explain why it is important to use as much food as possible in professional kitchens.

For Lykke, business growth and higher social goals are really two sides of the same coin. “There are great synergies between the two. Every meal we save is a win from both a commercial and a mission perspective,” she says.

“We’ve also found that what we do outside of the marketplace helps drive the marketplace as well. Some of our initiatives don’t have the traditional return on investment, so we cannot measure exactly what we get out of them. But they do help change mindsets and inspire people to think differently. Everything we do is part of the same movement against food waste.”

When it comes to expanding into a new country, however, finding a minimum level of awareness about environmental issues in its population is an important factor.

“We have a framework with 35 different criteria. Some of the bigger themes are around the eating culture and mindset towards sustainability and

climate change,” says Lykke. “Surprisingly, there are very few differences. No two countries are the same, but we don’t have to tweak our model a lot between them. Everywhere we operate we have seen a rise of the food waste agenda, which we have probably also helped speed up.”

An anti-food-waste mindset is important because Too Good To Go is much more than a place to find meals at cheap prices. When users buy a food pack through the app, it is not possible to know in advance what it will contain. This is, of course, inevitable, as the stores themselves will not know what food is left until the last minute. But this is an element of surprise we are not necessarily used to when it comes to buying food – rather, freedom of choice is the norm. So, the discount alone would probably not be enough of a reason to give up that choice. There also has to be the desire to save perfectly edible food from being wasted.

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A shock to the system

Lockdown restrictions had little direct impact on Too Good To Go’s operations, thanks to its logistics based on proximity. Delivery is not part of its business model: food bags have to be collected directly at the store.

The indirect impact, however, was significant. With numerous establishments closed and people confined to their homes, user growth and platform activity slowed down considerably.

“We saw a big decline, especially in the restaurant and hotel segments. Bakeries have been holding up a lot better, because they have been allowed to stay open,” explains Lykke. “To some extent, the supply >



Too Good To Go is much more than a place to find meals at cheap prices

FOOD WASTE

and demand sides go hand in hand, so when there's less activity on the platform we also have fewer new users per day. But as the countries have opened up again, they're both growing very rapidly."

While it put the battle against food waste temporarily on hold, Too Good To Go made the platform available for takeaway orders. The initiative, called Takeaway to Give Back, was non-profit (the app only charged enough fees to cover the costs) and helped restaurants in 10 European countries sell 25,000 meals.

In fact, for Too Good To Go, the pandemic was an opportunity to expand its marketplace to food producers. "We had a cheese factory, a meat factory and other companies reaching out to us because all the regular customers in the food service business were no longer buying what they had already produced. We helped save tonnes of cheese and meat and chocolate and other foods for some of these companies. With a big enough user base, we can move pretty big quantities in a short period of time," says Lykke.

This type of request from manufacturers is very much in line with the serious impact of the pandemic on the food system. "If you want to keep food waste down you need high predictability. But what we saw was that all of the predictability across the supply chain was basically destroyed. When all these shocks started hitting the system, a lot of additional food was wasted," Lykke explains.

"A lot of the companies working with food suddenly weren't able to sell it. Farmers could no longer get workers in across the border for harvesting and had to let produce rot on the fields;



Top right: Too Good To Go's CEO Mette Lykke
Bottom left: awareness of environmental issues has increased consumer appetite for sustainable practices



supermarkets went from extreme to very low demand after the hoarding phase passed; and the hospitality industry was left with all the food it already had in stock."

"That was an eye opener. We could see how our supply chains are maybe not as resilient as we thought they were. I think that the pictures of completely empty shelves in supermarkets are going to stick with us for a long time."

The next normal

For Lykke, the effects of the crisis on the foodservice sector will still be felt for some time to come. "We expect to see a lot of deals in this space, with one chain buying another and new investors coming in," she explains. "Restaurants and food stores that were already struggling before Covid-19 – at least some of them – are probably not going to make it. The fine dining segment will probably take the biggest hit, less so the coffee shops and the bakeries that we primarily work with."

On the consumer side, once health and safety concerns take a step back, sustainability will be a priority again. "Even more than before, consumers are demanding sustainability from the whole sector, so the issue of food waste will be even higher on their agenda. Also, with a lot of stores under pressure financially, it also makes good sense not to throw away your resources, but to make the most of them," says Lykke. ■

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