Business Opportunities for the Food Industry in Emerging Markets

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Abstract: World demographics change with growing populations mainly in Asia and Africa. Along this malnutrition including stunting, wasting, low brain capacity, obesity, diabetes present huge challenges and costs for these societies. The food industry has a great opportunity to focus their growth and sustainability strategies to these geographies and at the same time develop into solution providers for these health issues—this as a business case. These companies will be attractive employers. We need to think of new ways in doing business, change management becomes key, managing complexity and having the ability for a horizontal view and possible solutions. We require discussion groups that provide innovative ideas, even competitor need to meet and define social impact investments. Partnerships are essential between the public and the private sectors.

Key words: World demographics, malnutrition, business opportunity, public private partnerships, corporate social responsibility change in strategy.

1. Introduction

It is estimated that the world’s population will cap in the year 2100 at 11 bio people of which 90% will live in Asia and Africa. The pressure on air, space, water and food supply will be immense. For a company in the food and beverage industry it is evident that business growth will come from Asia and Africa. Today both regions face nutrition related health issues, not only a problem for society but also an opportunity for the F&B industry to innovate and develop healthy food solutions.

2. Background

It is aiming to contribute to Sustainable Development Goals (SDG) 2 & 3—improving nutrition and SDG 17 partnerships.

Today approximately 2/3 of humanity is affected by malnutrition—the fact that people have no access to food variety and consequently cannot reach the Minimum Dietary Diversity (MDD). Most devastating effects are during the first 1,000 days of a human’s life—from conception to the 2nd birthday. If a human being has no access to a balanced diet during this time the person will either suffer from under-nutrition, stunting and wasting, have impaired brain capacity or will be overweight. In most Asian and African countries 30% of children are stunted—too short for their age.

Obesity is lowest in Asia, between 10% and 15% of the population, however, the increase in Asia is the highest with almost 30% in the last 4 years as a by-product of economic development. Obesity often results in other health problems like diabetes II, colon cancer or heart disease. The cost of obesity to the healthcare systems in Asia is up to 20% of the total healthcare expenditure.

Another health problem in Asia is osteoporosis—it is estimated that one in three women in Asia over 50 will suffer from it—this is mainly due to low milk consumption and no exposure to sunlight.

3. Relevance for the F&B Industry

Providing 2/3 of the global population with more affordable, nutritious food is an immense opportunity for the food industry. Market risk will decline as the consumer base grows. Lower-income consumers
represent a significant purchasing power. Every large F&B company has a sustainability strategy. Part of this should be an emerging markets strategy and corporate social responsibility programs. CSR programs should be based on the core competences of the company and should be business relevant. Companies with CSR programs not only benefit the stock market but also become attractive as an employer. CSR programs should also contain Public Private Partnerships (PPPs), which give access to the academia, the public sectors like the UN but also to the private industry even to competitors (under strict observation of cartel laws). These PPPs facilitate new innovative ideas, new business models and new market access. Examples are mandated food fortification, bio-disposable plastic waste development, market access to the relief food supply through social investments.

The public debate tends to be dominated by single solution discussions, which often polarize groups, fan outrage and make constructive collaborations difficult. What is needed is a system change to facilitate healthy food choices for a population in general. Multiple, complementary interventions are necessary to show results. Studies are required on how to implement such interventions in different geo-political, social, physical, economic and cultural context. Interventions are not as a linear process but rather holistic as a more circular process involving continuous learning, adaption and mainstreaming transparency.

4. Closing Comments

We do not know the future but one thing that we know it is going to be complex. Managing complexity and the ability to have a horizontal view will be the key ability for the future. From managing complexity comes innovation, intelligence, evolution and self-regulation. Managing complexity right is the basis for well-functioning organizations. Important is system thinking, the ability to see complex situations and new connections. Demographic development is the driver for change and transformation.

A new style of leadership is also required. Leaders should not define the business landscape but the rules that create the landscape. Good governance and professional HR management will be key to put successful and motivated teams together. Change management needs to be an integral part of every strategy and process.