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BAKING

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As fluctuating raw material costs dogged the baking industry and global leaders geared up for the World Business Summit in Copenhagen, Novozymes joined key players from the baking industry and key opinion leaders in Greenland to discuss sustainability and the biggest challenges facing the baking industry today.

A SUSTAINABLE FUTURE



This May saw leading baking magazine *European Baker*, in conjunction with Novozymes, launch an unprecedented survey targeting 800 key decision-makers in the baking industry. Focusing on the needs and concerns of European industrial bakers, the survey results were released at the Future Trends and Sustainability 2009 summit in Greenland – a “satellite” event to the World Business Summit on Climate Change held simultaneously in Copenhagen. And the analysis of the interesting results revealed four clear concerns: cost containment, innovation, product improvement, and the drive toward sustainability.

Ilulissat, Greenland, the venue of choice for the summit, may not appear to be an obvious destination for a baking industry event. Situated 200 kilometers inside the Arctic Circle, midst an ever-changing vista of icebergs broken from a glacier that has retreated more than 15 kilometers in just four years, Ilulissat offers a stark reminder of the need for a concerted effort toward greater sustainability.

Surveying future challenges

In times of financial concern, it was of little surprise that managing costs was one of the primary challenges disclosed in the survey results. The main focus was on optimiz-

ing distribution, baking processes, and the reformulation of recipes – with an awareness of the need to reduce energy usage.

High-quality premium products as well as improvements in production processes and baking equipment were all seen as key areas for future innovation.

When it came to brand perception, the freshness/softness of bread was

rated as being of primary importance, with freshness also rated as the most important attribute for product differentiation. 90% of the respondents confirmed they believed sustainability was significant to the baking industry and could possibly be used to competitive advantage through branding.

“The survey results offer us unique insight into the challenges and opportunities facing European industrial bakers,” says Pål M. Ladsten, Regional Marketing Manager at Novozymes. The survey also showed that under 50% of the respondents were fully aware of the benefits enzymes can offer the baking industry. “In close cooperation with our bread improver customers we’ll use these insights to promote the virtues of enzymes and transform them into new product solutions.”

Energizing through the agenda

“The summit was engaging from the first presentation to the last,” says Henriette Glæsel, Global Communications Manager at Novozymes. “From gaining an understanding of the retail opinion of sustainability to exploring consumer trends, the speakers truly complemented the survey results and brought them to life.”

The Ilulissat icefjord – a true illustration of the effects of climate change.

TOP

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CHALLENGES IN THE BAKING INDUSTRY 2009

Raw material price fluctuation
Ability to innovate
Consistent product quality
Food safety requirements
Production capacity utilization

BECKONS FOR BAKING

- Mintel's Lynn Dornblaser opened the summit with a presentation on shifting consumer trends, highlighting that although the economic crisis is creating a paradigm shift in consumer behavior, the best innovations still happen in times of recession. This insight was given further weight by the industry survey, where the biggest perceived opportunity was in the healthier baked foods category. With freshness/softness and quality reliability rated highest for brand building, bakeries will clearly look for innovative and consistent solutions to improve their bread, but without raising the cost for the consumer.
- Terry Sharp, head of baking at Campden BRI, confirmed that the management of costs is the key challenge to innovation. Further illuminating the survey results, Terry Sharp said that the success parameters for meeting these challenges are process consistency, high quality, and extended shelf life. He also pointed out that sustainability is as much a consumer behavioral issue as a recent UK study has estimated that British consumers throw away approximately 1 million loaves every day.
- Flemming Birch from Retail Institute Scandinavia offered the retail perspective on sustainability. Sustainability initiatives such as carbon footprint programs are becoming increasingly embedded although the first-mover advantage has now disappeared. Flemming Birch described two schools of thought for CO₂ labeling, stressing that the key to credibility is proof.
- Pål Ladsten described how sustainability is fully integrated into Novozymes' business processes and how enzymes enable food manufacturers to decouple economic growth and rising output from the further exploitation of our

natural base. "While the population is expected to double in the next 50 years, the spending on consumer goods will increase 5 times, and pollution will rise 10-fold. The industry needs to fully integrate the issue of sustainability, and produce more with less."

Enlightening panel discussion on sustainability

The summit concluded with a roundtable discussion chaired by Andre Erasmus, *European Baker's* managing editor, focusing on how the sustainability debate will drive specific changes in the baking industry.

"It was particularly encouraging to see people from different disciplines, countries, and companies openly discussing their concerns," he says.

Whether it was the breathtaking setting in Greenland or the inspirational presentations, the panel discussion was very lively and touched upon key overarching themes. Is sustainability a political "fad" or will it be a natural way of doing business in a resource-scarce future? If it is deemed real, how can we turn it into our advantage?

José María Vallado, Secretary General of the International Union of Bakers and Bakers-Confectioners, warned people within the industry that they should avoid becoming part of the growing global warming "paranoia." However, consumer perception and pressure caused by retailers make it a very real issue for the bakeries.

While some delegates were concerned that industry focus on CO₂ reduction risked being costly and ineffective, the benefit of being an early mover on sustainability was made clear by Tommaso De Marco, Managing Director at East Balt Italy, who confirmed that sustainability initiatives have led to tangible cost savings. This led to a consensus that whatever one's views on "green issues," future success is inextricably linked to greater efficiency in our use of energy and natural resources.

Bread as a climate-smart food

Though the economic forecast might be stormy, the summit ended on a high note.

Ingemar Gröön, New Research and Development Manager at Pågen, drew attention to the fact that, with a short raw material processing chain and its primarily vegetable base, bread is naturally "climate smart." With such a head start in energy efficiency, industrial bakers may be in a good position to ride out the current financial crisis. However, staying ahead of the game will depend on being able to build on this natural advantage. It will be those willing to take the first step and engage with their industry peers, suppliers, and customers in finding new solutions to these challenges that stand to benefit the most. ■



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