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An exploratory study of managerial approaches to food waste mitigation in coffee shops

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ABSTRACT

The hospitality industry generates substantial amounts of food waste. Although the issue has been politically recognised, it remains under-researched. Studies are limited in number and restricted in sectoral and geographical coverage. They have attempted to quantify and characterise food waste in hospitality ventures while the managerial approaches to its reduction have not been scrutinised. The coffee shop sub-sector of the hospitality industry has been entirely excluded from analysis. This study examined food waste in UK coffee shops through the managerial lens. While food waste represents a significant challenge, the managerial approaches to its minimisation are conservative and focus on disposal, rather than prevention. Lack of governmental support, imperfect legislation, irresponsible consumer behaviour and restricted internal resources inhibit application of more advanced managerial approaches. To enhance the effectiveness of food waste management within the sub-sector, targeted policy interventions designed to strengthen corporate commitments and facilitate pro-environmental changes in consumer behaviour are necessary.

1. Introduction

Food waste is a major issue which is related to a set of further global environmental and socio-economic challenges (Segrè et al., 2014). Although there are substantial geographical and sectoral variations in its distribution, food waste is equally pronounced in developed and emerging economies, which underlines the political importance and highlights the urgency of its mitigation (Hodges et al., 2010). Despite the efforts undertaken to-date to combat food waste, the issue persists and calls for better scientific understanding, enhanced public recognition and reinforced political attention (WRAP, 2017).

Hospitality food waste represents an issue of particular concern (Pirani and Arafat, 2014). With its share of 12%, the hospitality industry is the third largest food waste generator in Europe, after households and food manufacturing and processing enterprises (FUSIONS, 2016). In the UK, hospitality businesses generate circa 0.9 million tonnes of food waste annually, which translates into 10% of the national food waste stream (WRAP, 2017). The issue is likely to intensify as the frequency of dining out is rising in both developed and emerging economies, implying growing demand for food (Mintel, 2016a). Importantly, up to 80% of UK hospitality food waste is avoidable (WRAP, 2017), but the issue occurs due to the deficiencies in business operations, poor managerial practices and reckless consumer behaviour (Engström and Carlsson-Kanyama, 2004). In the absence of effective prevention and mitigation measures, the future hospitality industry is likely to generate substantial amounts of food waste, thus hampering its quest towards sustainability (Betz et al., 2015).

Despite its global importance, the issue of hospitality food waste remains under-researched (Papargyropoulou et al., 2016; Pirani and Arafat, 2016; Radwan et al., 2010). Although the number of studies that have set to address this issue has recently been growing (see, for instance, Charlebois et al., 2015; Heikkilä et al., 2016), both the scope and the scale of their analysis remain limited (Kim et al., 2017; Myung et al., 2012). Existing research has predominantly attempted to quantify and characterise the food waste streams in hospitality enterprises (Christ and Burritt, 2017), aiming to indicate the magnitude of food waste and establish the grounds for mitigation (see, for example, Eriksson et al., 2017; Juvan et al., 2018; Tatâno et al., 2017). Existing research has primarily been concerned with hotels, hospitals alongside public (work canteens) and private (restaurants and public houses) catering enterprises, while other integral hospitality sectors, such as street food, coffee shops and cruises, have been overlooked (see, for example, FUSIONS 2014 for a sectoral review). Most importantly, however, is that existing studies on hospitality food waste, with a handful of notable exceptions (see, for instance, Derqui et al., 2016; Kasim, 2009; Radwan et al., 2012), have failed to investigate the managerial attitudes and approaches to food waste minimisation. This is a major shortcoming given that managerial commitment determines

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success of sustainability initiatives in hospitality enterprises (Chan, 2011).

This study contributes to knowledge by exploring the food waste management approaches adopted in UK coffee shops. It is the first known attempt to evaluate the magnitude of the food waste issue in coffee shops and examine how the issue is addressed by coffee shop managers, first-hand and on the ground. Given the topic of food waste management has never been investigated in the context of coffee shops, the study adopts a qualitative research paradigm to shed light on the issue. Ultimately, the study hopes to trigger future research on the topic of food waste management in coffee shops which would consider the issue from both qualitative and quantitative perspectives and in various political and socio-economic contexts. Importantly, while the study focuses on the UK, where the hospitality sub-sector of coffee shops is steadily growing, which accelerates the associated environmental footprint, the study's outcome can be used as a benchmark for a comparative analysis with other geographies, where the issue of hospitality food waste in general and the issue of food waste generated specifically in the hospitality sub-sector of coffee shops has been recognised, but remained academically unexplored.

2. Literature review

2.1. Coffee shops

Coffee shops (also known as coffeehouses in some countries) represent a global hospitality sub-sector which plays an increasingly important role in national economies and societal well-being. In the UK alone, coffee shops contributed with £3.4 billion in sales (or 8%) to the gross £41 billion value of the national hospitality industry in 2014 (British Hospitality Association, 2015; Mintel, 2016b). Further growth of the sub-sector is forecast with £4.4 billion sales predicted for 2021 (Mintel, 2016b). It is important to note that this figure is a rather conservative estimate as it applies to the branded coffee shops only. The sector is made up by three major categories of coffeehouses: branded or chain-affiliated (for example, Starbucks or Costa Coffee), independent (any coffee shop which is not chain-affiliated) and non-specialist (any business selling hot beverages, but not specialising in them, such as fast food restaurants, public houses, petrol stations and supermarket cafeterias) (Mintel, 2016b). Sales of hot beverages and related foodstuffs in all these coffee shop categories account for a total of £7.9 billion (Davidson, 2015), which suggests that the annual contribution of the sub-sector to the value of the UK hospitality industry can be as high as 19%. This makes coffee shops a key integral element of the hospitality industry, globally and in the UK. This is not surprising given that coffee is considered the world's second most exported commodity, which is a logical consequence of a steady growth in public demand (Reinecke et al., 2012).

The number of coffee shops is rapidly growing, globally and nationally (Allegra World Coffee Portal, 2015). In the UK, coffeehouses have become an essential part of the social life (Cowan, 2005) with estimated 65% of Britons regularly consuming hot beverages out-of-home (Mintel, 2016b). One in five people in the UK visits coffee shops on a daily basis (Allegra World Coffee Portal, 2015) with resultant 8 million drinks being sold every day (Cocozza, 2016). In Europe, the number of branded coffeehouses had increased by 10% in 2014 with the UK, Turkey and Germany holding over 60% of the market (Allegra World Coffee Portal, 2015). Substantial growth in coffee shops is attributed to the Asia Pacific region where all major brands strive to establish and solidify their presence (Chen and Hu, 2009; Lee and Yeu, 2010; Lin and Wang, 2010).

In terms of the sectoral market share, growth is recorded in all coffee shop categories (Mintel 2016b). However, in the UK context, due to the aggressive marketing and pricing strategies, non-specialist coffeehouses are slightly outperforming branded and independent outlets. In 2014, the share of non-specialist coffee shops increased to 39% of the national market with 31% and 30% attributed to the branded and independent businesses, respectively (Davidson, 2015). Within branded and non-specialist coffeehouses, Starbucks is a major global player followed by McDonald's café (known as McCafé) and Costa Coffee (Statista, 2015). In the UK, Costa Coffee holds the largest market share followed by Starbucks and Caffè Nero (Mintel, 2016b). In total, these three brands account for circa 90% of the UK branded coffeehouse market (Allegra World Coffee Portal, 2015).

The on-going global success of coffee shops is attributed to a number of factors. First, consuming hot beverages out-of-home has become part of public's daily routine (Kanjanakom and Lee, 2017). Second, coffeehouses offer an opportunity to try hot beverages that are unique, of higher quality, and cannot be prepared at home, such as seasonal and flavoured drinks (Glazer, 2015). Third, coffee shops provide good quality customer service and experience (Aries and Eirene, 2015), which turns people into repeat customers and enhances consumer loyalty (Yu and Fang, 2009). Fourth, coffeehouses offer comfortable space for socialisation and business meetings (Maguire and Hu, 2013), which is facilitated by active uptake of technology, such as free Wi-Fi (Wu, 2017). Lastly, brand recognition and social status play an important role in the success of branded coffee shops, especially in the Asia Pacific, where consumers perceive visits to coffeehouses as a means of societal self-expression and brand loyalty (Kang et al., 2011).

Given the coffee shop sub-sector creates significant economic value, it is surprising that it has been under-researched, particularly in terms of its environmental performance. Aside from generic historical outlooks on the sector's origin and evolution (Cowan, 2005), existing studies on coffeehouses have focussed on consumer preferences, customer loyalty, brand perception and recognition (Tumanan and Lansangan, 2012). Research has also looked into how coffee shops address contemporary market trends in terms of market segmentation, changing patterns of coffeehouse use and technology adoption (Tan and Lo, 2008). As public demand for coffee shops intensifies, so are the environmental impacts of their operations. Although this indicates the importance of studying the sustainability initiatives applied within the sub-sector, limited research has attempted to investigate the environmental repercussions of coffee shop operations. This signifies a critical knowledge gap.

2.2. Sustainability management in coffee shops

Sustainability represents an issue of critical importance for the hospitality industry, which is due to the manifold negative impacts attributed to hospitality operations that require urgent mitigation (Legrand et al., 2016). In environmental terms, these impacts take the form of energy use with subsequent greenhouse gas (GHG) emissions (Filimonau et al., 2011), water consumption (Deng and Burnett, 2002) and solid waste generation (Radwan et al., 2010), to mention a few. The importance of integrating sustainability into corporate business strategies has been recognised by hospitality professionals (Jones et al., 2016) given its proven potential to reduce operational costs (Erdogan and Baris, 2007), gain competitive advantage (Graci and Dodds, 2008), aid in regulatory compliance (Kasim, 2009), address shareholders' expectations (Holcomb et al., 2007), improve employee productivity (Sourvinou and Filimonau, 2018) and build consumer loyalty (Mihalic et al., 2012). To support the industry commitment to sustainability, the research agenda on sustainability management in hospitality operations has been rapidly evolving (Myung et al., 2012).

Sustainability-related research agenda in the sector of coffee shops is however under-developed. It has been limited to the issues of ethical sourcing of coffee beans and responsible farming, where the bulk of studies has been concerned with consumer preferences, public perceptions and customer willingness-to-pay for the Fair Trade labelled coffee products (De Pelsmacker et al., 2006). Jang et al. (2015) have looked into the issue of emotional attachment and customer loyalty to the environmental management initiatives adopted in coffeehouses.