

# THE NEW GREEN GROCER

By Len Lewis



Difficult economic times can result in cutbacks to many corporate programs. But the opposite seems to be true of “green initiatives” where retailers are stiffening their resolve to become environmental agents of change for the benefit of the business and consumers.

In an effort to promote long-term, eco-friendly growth, retailers throughout California are involved in everything from green building, energy efficiency programs, waste reduction at headquarters, stores and distribution centers and focusing on more environmentally friendly products from suppliers.

“I would call it more smart business. It’s marketing to the wants and wishes of our consumers in addition to controlling costs,” said Steve Gaines, senior director of retail efficiency for Save Mart Supermarkets. “We are taking a two-pronged approach to finding the environmentally conscious path and improving our effectiveness.”

Meanwhile, CGA is aggressively supporting measures that would advance and protect green initiatives in the grocery industry by battling forces that would impose an unreasonable burden on retailers.

Among the issues now on the table: Green chemistry and the recent Safer Alternative Regulation that would impact the production and sale of a wide range of consumer products; Extended Producer Responsibility (EPR) that includes a plan to address the environmental impact of product disposal; and AB 32 an energy and climate law in place since 2006 that was designed to reduce greenhouse gas emissions by 2020 – legislation that some interests in the state are now trying to dismantle.

“AB 32 is a historical document for California. It constitutes a framework for many different businesses,” said Roberto Munoz, director of neighborhood affairs and communications for Fresh & Easy Neighborhood Markets, El Segundo, Ca. “But we started from a different place and all this is part of our DNA. Green is not just the color on the walls at Fresh & Easy. We are making good decisions about how we want to operate the business and nothing is an afterthought. In fact, it’s written into the job descriptions of many of my colleagues.”

The same feeling about it being in the DNA of the business is also apparent at Safeway Inc., a long-time proponent of green initiatives, which recently became a member of the Sustainability Consortium –

a group of retailers, CPG companies and other firms whose mission is to develop a more sustainable supply chain.

“We believe the Consortium’s mission is a good fit with Safeway’s efforts to provide customers with a larger selection of sustainable products and services,” said Laree Renda, executive vice president, chief strategist and administrative officer.

The Consortium, co-administered by Arizona State University and the University of Arkansas, plans to publish findings on the life cycle impact of various food, nonfood and agricultural categories. This will identify environmental opportunities throughout the supply chain and the development of Life Cycle criteria will focus on the impact food and agriculture has on customers who shop Safeway. A Life Cycle Assessment will be used by the consortium to analyze emissions, waste and the natural resources used “from soil to kitchen” in different food and nonfood items.

“Creating actionable data on the Life Cycle impact of food and agriculture will assist Safeway in creating its Environmentally Preferable Purchasing policy,” noted Linda Nordgren, group vice president of supply chain and strategic sourcing.

Jay Golden, co-director of The Sustainability Consortium and an assistant professor at Arizona State University noted: “I am excited by the commitment and forward thinking of Safeway. I look towards their leadership within The Sustainability Consortium as we jointly strive towards our goal of developing the global standard for measuring and reporting the sustainability of consumer products around the globe.”

“Raley’s, West Sacramento, Ca., has long received both national and community recognition for its commitment to environmental responsibility and the use of innovative new technology,” said chain spokesperson Amy Davis.

In 2009, the chain became a member of the Environmental Protection Agency’s GreenChill

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## California's Growing Green Job Market

Greening up has become a key factor in the growth of the California economy with green jobs soaring 36 percent between 1995 and 2008 – compared with total job growth of 13 percent – and a 5 percent gain in 2008, a year when total employment dipped 1 percent.

These were the findings of Many Shades of Green, an extensive report from Next10.org, a Sacramento-based independent group that focuses on the intersection of the environment and the economy.

“Data shows that green sector businesses are taking root across every region of California, generating jobs across a wide spectrum of skill levels and earnings potential,” said F. Noel Perry, founder of Next 10. “While green jobs clearly cannot solve the state’s current unemployment challenges, over time these jobs could become a growing portion of total jobs in California.”

In a breakdown by region, the report found that the Sacramento area is the statewide leader in green job

growth – 87 percent – with the highest level of employment growth in air and environmental jobs at 157 percent.

San Francisco was the state leader in total green jobs, including the largest number of energy generation jobs – 7,000 – and a high concentration of employment in the area of solar.

In the San Joaquin Valley, green job growth was 48 percent with the highest concentration in wind, three times the state average in alternative fuels and over 200 percent growth in green transportation.

In Southern California, energy generation jobs rose 35 percent in the Los Angeles area with energy efficiency-related jobs rising 77 percent. In Orange County, green transportation jobs grew nearly 2,000 percent, including alternative fuels, motor vehicles and equipment.

Energy generation jobs jumped 85 percent in the Inland Empire – with the highest concentration in solar and wind – while energy efficiency jobs grew 91 percent.

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Partnership, which recognizes grocers using advanced refrigeration technology. GreenChill partners pledge to go above and beyond regulatory requirements by measuring and tracking refrigerant emissions impacting climate change and the ozone layer and then set reduction targets. Partners also agree to use only ozone-friendly alternatives in new and remodeled stores, thereby reducing emissions 50 percent under the industry average.

“A Raley’s store in Petaluma, which opened on Earth Day 2009, was the first in California and the second in the nation to earn the agency’s gold certification. At present, the chain has three stores at the Gold level in California, which remain the only Gold certified stores in the state,” according to Davis.

Significant savings for Raley’s and its customers are also coming from innovative lighting technology. The chain has partnered with the Sacramento Municipal Utility District (SMUD), the California Lighting Technology Center, Hussmann Corp. and ADM Associates, an applied engineering and economics consultancy, to develop and test a motion-sensing LED lighting system for freezer cases. LED provides a more even light than fluorescents and, along with the motion sensing devices, resulted in an average energy savings of 68%.

“Furthermore, LED lighting contains no mercury, works better in colder conditions and should last three to four times longer,” Davis noted. For its efforts in controlling

and reducing energy usage, Raley’s, in June, received the Community Energy Award from SMUD.

On another conversation front, in January all 128 Raley’s, Bel Air Markets and Nob Hill Foods stores installed double-sided register receipt printing technology that saves both time and paper at the checkstand. The two-sided printers and paper are patented technologies from NCR Corp., “We estimate this will save 200,000 rolls of register receipt paper or the equivalent of about 700 trees a year,” according to Davis.

One of the primary elements of the Save Mart’s green initiative goes back to 1997, when the chain embarked on a waste expense reduction program that turned into an organic diversion program.

“We’re now pulling 12,000 tons of organic waste out of our stores and putting it into a composting stream by packaging that product and selling it in our stores,” Gaines said, noting that this has reduced waste expense at Save Mart by 35 percent.

“We now have about half our 244 stores on a full diversion program. In the others, we are partnering with municipalities on local diversion programs for composting and landfill reduction,” he said. “The program has helped us manage our total waste stream by being aware of what’s in it and also reducing the amount of product we order into the store. By doing this we are more efficient in how we merchandise.”

Waste reduction has also meant diversion of cardboard and plastic.

“Last year we moved 60,000 tons of cardboard into the recycle market from our waste stream, including 650 tons of pallet wrap and plastic bags alone, all of which has had a ‘sizeable impact’ on the chain’s bottom line,” he said.

Meanwhile, Gaines noted that his department is also spending considerable time focusing on supply items – particularly resin-based items like meat film and produce bags.

“We’ve been able to reduce tonnage on meat film by about 15 percent by using a thinner film,” Gaines said. “We’ve gotten to the point that sustainability is front and center in our decision-making process as we also look for the best cost and best value.”

Ray Agah, vice president of engineering and construction, Save Mart, noted that the company just opened a store in Modesto that is being called “the greenest store in Northern California.”

The green experience at Save Mart begins with LED lighting on all exterior signage, which is not only safer but also uses a fraction of the energy of conventional lighting. “If a regular sign at Save Mart uses electricity that costs \$2,400 per year, this sign package only costs \$300 per year to run,” he said.

At all entrances and exits, including the receiving area, the company has installed air curtains to eliminate the infiltration of hot and cold air inside the store. Moreover, every refrigerated case is tagged as eco-friendly CFC-free.

“We cool cases with a mixture of water and glycol which produces a sub-zero temperature water that floods the coils and reduces the need for defrosting,” said Agah. “In case of a leak the only thing that comes out is cold water. So we are protecting the ozone layer, the integrity of the product and saving energy. The system also enables us to control shrink by not having to throw product away.”

The store also has more than 50 skylights with photocells strategically located throughout the store that will not allow lights to be turned on as long as sufficient sunlight is available. Meanwhile heating is practically free.

“We use the heat generated by the refrigeration compressors and funnel that throughout the store. This is also used to heat our water, 24-hours a day, free of charge and in an environmentally friendly way,” he said.

The company has also helped to eliminate CO2 emissions by using concrete flooring instead of tile in the store. “We put a color and sealant on the concrete and that’s all,” he said.

Agah making these changes has saved Save Mart 35, 593,358 kilowatt hours in the last couple of years, translating into savings of \$2,392,199.35. The reduction in CO2 is the equivalent of removing 1,618 cars from the road, enough energy to run 755 houses or a savings of more than 19,000 barrels of oil. Adding that Modesto is a model for future stores.

“For Fresh & Easy, it all comes down to being a good neighbor,” according to Munoz. “Being green is something our customers look for and we are intent on making sure we are doing the right thing. And there are a lot of pieces to it – everything from running clean stores, giving to local food banks and being on the side of the environment,” he said.

“Fresh & Easy had the opportunity to start with a blank sheet of paper since we were able to design the company from scratch. From the start we designed it to be as energy efficient as possible. I think we’ve accomplished that by using about 30 percent less energy than a typical supermarket,” Munoz added.

“The interesting way to communicate this to customers is that saving energy means savings for them and it’s good for the environment,” he said.

This is information used in Fresh & Easy’s marketing materials.

“If you look at all the things we do in stores like LED lighting, skylights and even motion sensors on the faucets in the bathroom, they equate to saving resources and money for customers,” said Munoz. “Basically, if you put everything in context, we are making it easier for customers to make good environmental decisions.”

However, saving 30 percent on energy in stores that have 30 percent more refrigeration than a typical supermarket also makes solid business sense. This all goes back to Tesco’s philosophy that customers are very powerful and good agents of change.

“For example, this year we’re trying to get more reusable bags into the hands of our customers by doing a free bag giveaway with a \$20 spend in our stores on Earth Day” Munoz said.

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"We as retailers can unlock the power of our customer base. We've all got thousands of customers walking through our doors. If we can communicate that saving energy is good business and good for them – and reusable bags are one small thing we can do – then there is an educational component to being a retailer."

"Tesco and Fresh & Easy have taken the position of creating incentives for customers to make green choices as opposed to putting taxes and regulations on it – things that can be very polarizing. We just want to bring people along with us," he said.

Energy reduction has been a big part of Fresh & Easy's green initiatives.

"We've got LED lighting in the refrigerated and freezer cases as well as on outdoor signage" Munoz said. "All our refrigeration units have night shades which can be pulled down to eliminate sending cool air out to the store and about one-third of our coffin cases have sliding doors on top and use at least 45 percent less energy."

"We also put in skylights that move by motion so as much natural light as possible is coming into the

stores and we have automatic dimmers on lights inside the store," he added.

The company also has a 500,000-square-foot roof-mounted solar installation at its distribution center in Riverside, Ca., that is now producing about 20 percent of the facility's energy needs.

"It was a \$13 million investment for the company, but the energy savings is significant for a facility that size," he noted. On another front, the company has been very successful in getting suppliers to deliver directly to the DC thereby cutting down on the number of trucks traveling to the stores. Additionally, hybrid diesel/electric refrigeration units were installed in all trailers so they can plug into the DC's electricity and not sit there idling on fuel.

"A lot of information is shared within Tesco," Munoz said. "For example, supply chain and property teams from 13 countries will soon meet in the UK to talk about reduction targets and how we're going to get there as a group."

"And Tesco has been very open to share this information with competitors and others. If we're really going to make this commitment toward a green world, it needs to be a transparent, collaborative effort with lots of stakeholders," said Munoz. ■

## Sterilox Combines Green with Food Safety

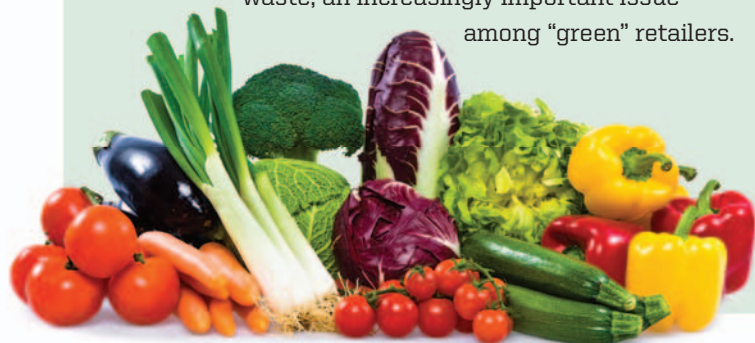
In a world plagued by a plethora of food safety issues, clean and green technology has become an indispensable part of the retailer's arsenal and none has been more widespread than the Sterilox Food Safety system.

Sterilox, now used by most chains in the state and a growing number of independents, utilizes a natural, food-safe sanitizer that kills harmful pathogens and protects against cross contamination in produce crisping and misting programs, as well as for cut fruit and seafood. And because the system enables products to remain fresher longer, retailers have significantly reduced food waste, an increasingly important issue among "green" retailers.

The system utilizes a combination of salt, water and electricity and is completely safe for customers and employees. The system includes a combination of proprietary electrolysis cells, software, and control systems within a custom-designed unit. Control systems insure that the concentration of the solution is always consistent. Furthermore, the user-friendly solution for misting systems has no disposal issues for retailers.

"We've tested it in five stores and we plan to implement Sterilox in all stores," said, Alfonso Cano, produce director for Northgate Gonzalez Market. "We're getting feedback from our people that they can't live without it anymore."

"The company started using the system in November and it will probably be rolled out to all stores sometime this summer," Cano said. "I've been in the business for 18 years and I can see tremendous value. It also enables us to use less water for produce and floral and we're starting to look at it for the ice in seafood," he said.



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