

CASE STUDY

How Raley's Is Optimizing Its Operations To Reduce Food Waste

Progress on the Path to Cut Food Waste in Half by 2030



Raley's BELAIR NOB HILL
FOODS

Executive Summary

Raley's is a family-owned grocery store company that operates 121 stores in Northern California and Nevada ranging in size from about 30,000 to 70,000 square feet under the banners of Raley's, Raley's O-N-E, Bel Air, and Nob Hill Foods. In 2021, it saw \$3 billion in sales across all stores.

In 2020, Raley's signed on to the Pacific Coast Food Waste Commitment. Raley's has a number of programs in place to reduce wasted food, while also pursuing additional initiatives to build on its commitment. Both food rescue and food waste prevention efforts are integrated into Raley's team members' daily tasks.

Key Food Waste Reduction Strategies

1 Raley's utilizes inventory management software throughout its stores.

Following pilot testing, Raley's introduced Date Check Pro software to all stores in 2020. It has helped store team leaders improve product rotation, reduce shrink, and identify soon-to-be expired products for markdowns. The result was a 15% reduction in known expired shrink.

2 Raley's has established food rescue partnerships with Feeding America and local agencies.

Every single store in the Raley's banner donates food to Feeding America members through regularly scheduled donation pickups (2-7 days per week). The food rescue relationships are managed both at the corporate level, with Feeding America, and at the store level, with local food relief agencies working with store team leadership. The local food banks track donations and report the amounts to Feeding America, which provides Raley's with an annual report.

3 Raley's trains all new employees to ensure they understand what food is eligible for donation rather than disposal.

Raley's new hires receive an orientation about the importance and mechanisms of their food rescue and waste programs, including a review of food rescue guidelines with visual references to instruct employees on which types of food are appropriate for donation. This training helps stores capture more food for human consumption, reducing the amount that would have been wasted.

4 Raley's regularly pilots new donation protocols to ensure they are optimizing results.

Pilots include placing food rescue containers next to food waste bins to make it easier for team members to stage potentially donatable food for consideration; indicating where to place surplus food with improved back-of-store signage; and testing employees on food rescue guidelines.

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Raley's utilizes inventory management software throughout its stores

In 2019, Raley's ran an 18-store pilot to test the efficacy of Date Check Pro, an expiration date management software. The result was a **15% reduction in known expired shrink**. In addition, they achieved better classification of shrink as "expired loss" rather than an "unknown loss" and standardized a methodology for weekly management of category/SKU-specific inventory with greater accountability in store-level execution.

In 2020, Raley's introduced the software to all its stores to help store team leaders improve product rotation, reduce shrink, and identify soon-to-be expired products for markdowns. The software has effectively reduced the amount of labor-heavy practices required for manually reviewing and rotating stock.

Date Check Pro provides daily reports to the stocking teams in each department, identifying which products currently on the shelf are approaching the end of their shelf-life, which aids in the rotation and culling process. Culled products are segregated for markdowns or food rescue. Staff time is also saved on spot-checking and culling, from an estimated eight hours per week prior to introduction of Date Check Pro to a current 7.5 hours per week – a seemingly small amount that has resulted in considerable annual savings.

When calculating savings in shrink and labor and taking into account the cost of Date Check Pro, **Raley's realized a 313% return-on-investment in 2020 and a 330% in 2021** after expanding it to more products.

	Food Waste Prevented by Sales (kg)	Food Waste Prevented by Donation (kg)	GHG Prevented (kg)	Return-on-Investment
2020	90,719	75,312	507,848	313%
2021	103,738	90,685	549,094	330%

"Date Check Pro is not only a great partner in operations but also a trusted consultant on our existing markdown and expired-item loss prevention strategies. They are genuine advocates for our business."

Matt Hilbrink, Senior Director of Enterprise Risk & AP, Raley's

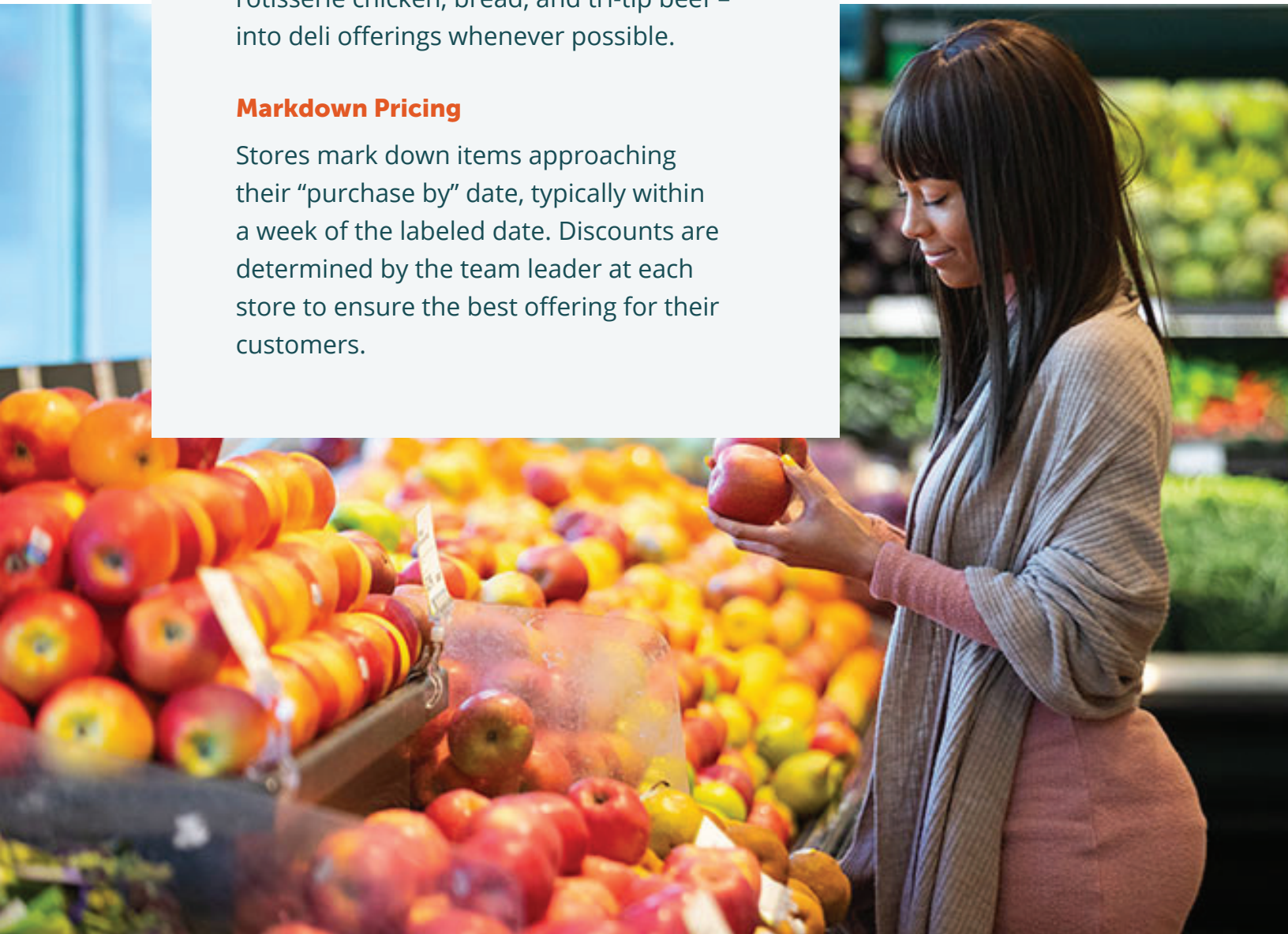
Additional Food Waste Reduction Best Practices

Upcycling Perishable Food

Raley's stores with in-house kitchens "upcycle" perishable items – such as rotisserie chicken, bread, and tri-tip beef – into deli offerings whenever possible.

Markdown Pricing

Stores mark down items approaching their "purchase by" date, typically within a week of the labeled date. Discounts are determined by the team leader at each store to ensure the best offering for their customers.



Raley's has established food rescue partnerships with Feeding America and local agencies

Raley's, in partnership with Feeding America, works with local food banks in each of the communities they serve. The local food banks track donations and report the amounts to Feeding America, which provides Raley's with an annual report.

Every single store in the Raley's banner participates in the program through regularly scheduled donation pickups (2-7 days per week). The food rescue relationships are managed both at the corporate level, with Feeding America, and at the store level, with local food relief agencies coordinating with store team leadership to ensure that the food is safely picked up. These food rescue efforts do not represent a substantial time commitment for Raley's, with about an average of **one hour per day for one person** per store required to ensure that food donations are ready and available for pick-up.

Material Stream	2020	2021
Food Rescue Donation (pounds)	4,800,000	5,029,600
Food Rescue Donation (value)	\$8,000,000	\$8,751,594.00

In recognition of Raley's responsibility and ability to help alleviate hunger in their communities, Joyce Raley Teel, former owner of Raley's, and Raley's former president Chuck Collings founded Food for Families, a 501(c)(3) non-profit funded in large part through Raley's customer and employee donations, as well as fundraising events. Food For Families donates pallets of over-purchased or mislabeled products to local food banks, and Food for Families food bank partners order food from Raley's suppliers and use their donation dollars to purchase food from farmers (directly locally or via the California Association of Food Banks "Farm to Family Program"). Raley's customers are offered the opportunity to donate to Food For Families during checkout, and Raley's team members can contribute through a payroll deduction.

Since Raley's covers all of Food for Families administrative costs, 100% of customer donations and employee and vendor contributions go to the local food banks. Since its founding in 1986, Food For Families has raised more than \$59 million and donated 40 million pounds of fresh, wholesome food.

Raley's trains all new employees to ensure they understand what food is eligible for donation rather than disposal

Raley's new hires receive an orientation about the importance and mechanisms of their food rescue and waste programs, including a review of food rescue guidelines with visual references to instruct employees on which types of food are appropriate for donation and which should go to disposal. This training helps stores capture more food for human consumption, reducing the amount that would have been wasted. Currently, Raley's is exploring testing employees on the content just as they are tested on other training guides during onboarding.

Dairy

HANDLING AND STORAGE

Refrigerated product should be stored at 41° F or less while awaiting pickup
 If frozen, product should be stored at 0° F or less while awaiting pickup

<p>ACCEPTABLE</p>	<ul style="list-style-type: none"> • Discard broken eggs and donate any unbroken eggs • Refrigerated juices, dips, sauces, etc • Milk, cheese, yogurt, butter, etc • Cosmetic damage 		
			
<p>UNACCEPTABLE</p> <ul style="list-style-type: none"> • Open, leaking, broken seal • Puffy, bulging • Missing/no ingredient label • Items left out of temperature 			
			

Food Waste Diversion

Food that cannot be donated is sent to the UC Davis Renewable Energy Anaerobic Digester which generates renewable energy for the campus. The digester converts food and yard waste into clean energy that is used to power the campus electrical grid. The system is designed to convert 50 tons of organic waste into 12,000 kWh of renewable electricity each day using state-of-the-art generators. Approximately 20,000 tons of food waste are diverted from local landfills each year, with 45% of incoming waste (approximately 9,000 tons) from Raley's food waste diversion program – making Raley's a key partner in this renewable energy project.



Material Stream	2020	2021
Food Diverted to AD (pounds)	17,558,040	17,830,080
Food Diverted to AD (tons)	8,779	8,915

Material is collected at each store, backhauled to the distribution center, and once a week delivered to the AD facility. Although Raley's pays for the transportation and is not paid for the material, it is still a cost-saving practice, as it is less expensive than paying to send the material to landfill or a compost facility.

Raley's regularly pilots new donation protocols to ensure they are optimizing results

Raley's continues to identify new opportunities and, when warranted, conducts pilots to test strategies to maximize food rescue and food waste diversion:

Making Food Donation More Convenient

Placing food rescue containers next to food waste bins can make it easier for team members to stage potentially donatable food for consideration. This seemingly simple solution has already saved staff time and increased food donations.



Back-of-House Signage

This has the potential to motivate employees to prioritize food donation over placing food in bins for digestion or disposal. A version of this Raley's specific food waste hierarchy would be placed in employee break rooms and processing areas.

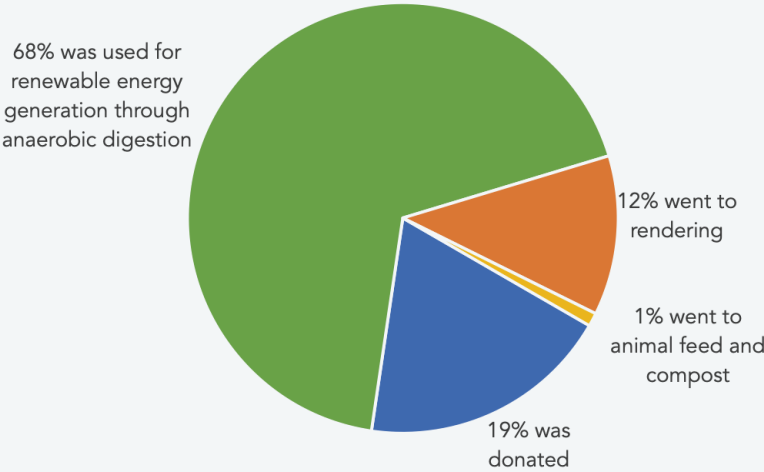


Raley's Food Waste Reduction by the Numbers

Raley's diverted about 26 million pounds of food from the landfill in 2021 (an increase from 25 million pounds in 2020).

Material Stream	2020	2021	2020	2021
Food Rescue Donation (pounds)	4,800,000	5,029,600	19%	19%
Food Diverted to Anaerobic Digestion (pounds)	17,558,040	17,830,080	70%	68%
Food and Cooking Oil Diverted for Rendering (pounds)	2,624,780	3,026,410	10%	12%
Food Diverted to Farms for Animal Feed or Composting (pounds)	253,680	355,020	1%	1%
Total Food & Food Waste Rescued & Diverted from Landfill (pounds)	25,236,500	26,241,110	100%	100%
Food Waste Recovery Rate	19%	20%		

Of the surplus food and food waste in 2021:



Acknowledgments

This case study was written by Abbe & Associates, which has been working with Raley's as a benefit to their participation in the Pacific Coast Food Waste Commitment.

About the Pacific Coast Food Waste Commitment

The Pacific Coast Food Waste Commitment (PCFWC) began in June 2016, when the PCC entered into the Pacific North American Climate Leadership Agreement and committed to advance organic waste prevention and recovery initiatives to reduce carbon emissions from the region's food waste stream. U.S. leaders in the food industry were invited to collaborate with area jurisdictions in a public-private commitment to cut the amount of wasted food in half by 2030 – a success metric aligned with United Nations Sustainable Development Goal 12.3 and other global, national, and regional commitments. To assist in moving the initiative forward, the PCC established collaborations with ReFED, WRAP, and World Wildlife Fund (WWF) as resource partners to provide expertise, additional philanthropic funding, and capacity for implementation. Cascadia Policy Solutions serves as facilitator for the effort and has provided foundational and ongoing critical support to the PCFWC since its inception.



Signatory Members

As of Summer 2022



About the Pacific Coast Collaborative

The Pacific Coast of North America represents the world's fifth-largest economy, a thriving region of 55 million people with a combined GDP of \$3 trillion. Through the Pacific Coast Collaborative (PCC), British Columbia, Washington, Oregon, California, and the cities of Seattle, Portland, San Francisco, Oakland, Los Angeles, and Vancouver, British Columbia are working together to build the sustainable low-carbon economy of the future. Formed in 2008, the PCC has established ambitious goals for reducing greenhouse gas emissions by at least 80 percent by the year 2050 through the transformation of energy systems, buildings, and transportation, and through food waste management – all of which would serve as a model for national and global action.