



# **Kroger**: How One Retailer is Working Towards a World Where there is Zero Hunger and Zero Waste

AN INTERVIEW WITH

Kari Armbruster, Zero Hunger | Zero Waste Project Manager, Kroger

Kroger is one of the world's largest retailers, operating nearly 2,800 grocery stores under 24 brands in 35 states and generating more than \$115.3 billion in annual sales. In 2017, they launched Zero Hunger | Zero Waste, a social impact plan and commitment to end hunger in communities where Kroger operates and eliminate waste across the company by 2025. Amy Ahearn from Acumen sat down with Kari Armbruster, project manager for Zero Hunger | Zero Waste, to learn about their efforts and what they're learning.



This interview was produced as part of <u>The ReFED Nonprofit Food Recovery Accelerator</u>.

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AMY AHEARN: For those who might not be familiar with Kroger and all of your initiatives, can you give us a sense of the Zero Hunger | Zero Waste program you work on?

KARI ARMBRUSTER: Zero Hunger | Zero Waste is the social impact plan that Kroger launched in 2017. It marries our goals of being a zero-waste company by 2025 with our goal of eliminating hunger in communities where we operate. When we looked at those two goals, we realized there was a connection between them. For us, it's about making sure everyone has access to balanced meals that they need to live. We want to ensure that food waste never happens throughout our system and that we put food towards its

highest purpose, which is to feed people. If we can't do that, we want to make sure that we find other opportunities to get value out of the food. We also want to find public policy solutions and key partners in communities to help us advance those goals.

AMY: What personally brought you to this work? Why did you join Kroger and what do you now spend your time doing?

KARI: I've been with Kroger in corporate affairs for six years. We have always done a lot of work in sustainability and community engagement but in 2015, we were challenged to re-imagine our corporate social responsibility program. As I started to list out our zero waste goals and our work to end hunger we realized there was a strong



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connection between the two. From my first whiteboarding session, a lot of different internal and external partners helped define Zero Hunger | Zero Waste. It became a natural evolution for me to be involved in that work. I was lucky enough to be hired to lead this initiative a year and a half ago. A lot of what I do today is bring the right people and the right tools together to achieve our goals because we really can't do it all on our own.

AMY: You mentioned Kroger has ambitious goals to end hunger in communities and eliminate waste across the company by 2025. What are the specific activities you're involved in to help the company achieve these objectives?

KARI: Every day in our stores and facilities, our associates are living out Zero Hunger | Zero Waste. We donated 100 million pounds of perishable food from our stores and producers and diverted 2 million tons of waste from landfills last year. That's a big lift. I spend a lot of my time getting associates aware of these programs. Communicating the potential impact is very important to what we do as a company because we can't solve the problem if no one's

aware it exists and the tools they have to help change it. Much of my work is helping engage our associates in the program and enabling them to execute on food rescue and recycling in ways that make sense in the context of their day to day work.

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AMY: Kroger recently formed a Zero Hunger | Zero Waste Foundation and launched a \$10M Innovation Fund. How does that Innovation Fund fit into this mission?

KARI: From the outset, we've acknowledged we don't have all the answers. There's a lot of opportunity for innovation in the fight against food waste. The Innovation Fund allows us to encourage that innovation. We can support ideas that may end up providing solutions for our business in the future, but really, the goal is to make sure that innovation is happening outside of us. That's where it can really thrive and grow in ways that we could never afford internally. We believe there's a solution out there for food waste, but we know it's a community effort, it's a group effort. A huge role for the foundation is to be able to expand our impact outside of our four walls.

AMY: If you look more broadly at the food recovery sector, what do you think are the most promising ways that nonprofits and retailers can work together to tackle food waste?

KARI: Big companies don't always have the flexibility to test new and exciting innovations. When we partner with nonprofits, we can provide them with some resources. In return, we get encouragement to push beyond our normal limits. We're pretty conservative and have our own way of operating, but when we partner with nonprofits they help us drive momentum so that we can make the case for certain areas where we really need to push through. We couldn't do it on our own.

AMY: What do you think is the role of corporate philanthropy in tackling the issue of food waste? Where do you think it might be possible for nonprofits to develop more sustainable business models based on earned revenue?

KARI: This is a really pressing question. We're in a tough position. For some nonprofits, the expectations around how they get funding from companies is changing. In the past, some corporate foundations would just write a nonprofit a check for their general operating budget and, in exchange, the organization would give us their annual report, and we'd see what they'd done. But that type of arrangement is changing and it's a hard switch for everyone involved. Now we think that if an organization comes to us and they're ready to push towards a new, exciting future, and they have a really intriguing plan to help end hunger or eliminate waste, that's something that we're looking to fund. Specific projects are way more intriguing for us to fund. So

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think about the future and really think about how you can push forward. If you've had this dream for a really long time, and think that no one's ever going to fund this, I think now is the time to start asking for those things. You might have to scale back, but you should start with the big vision.

AMY: Do you think there are possible partnerships that could be forged where corporations share some of their tax donation credits with nonprofits who could use that as a source of revenue?

KARI: That's really interesting, and I haven't explored it too deeply. In some cases, I can see that totally working, and then in others,

I think it's really tough. If you look at Kroger very specifically, we have very thin margins. I don't want to say flat out 'no' because I don't think that's a good way to approach anything, but I think at Kroger specifically, it's a harder conversation because a lot of what we do to sell social impact initiatives to the business is to say we're going to see increases in things like tax donation credits. But I do think there are other companies out there where this might make a lot of sense. I think it's a valuable conversation to drive toward. I can see it working in some settings. And like I said, I am not saying that would never work at Kroger, but I think it's a tougher conversation.



KARI: One of the big things
Kroger is focusing on as a
business is helping people
shop for anything, anytime,
anywhere. You can always come
into Kroger and get whatever
you need in whatever modality
you need it and it anytime you
need it. How do we take that
model and apply it to the food



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insecure world? How do we take the stress out of accessing food for everyone, not just the people that can afford to shop in our store every single day? I think that is really intriguing. And there are people out there working on that. I think it's good to think about how you can provide food access outside of the food pantry or food bank setting. What does it look like to be able to access the food you need at whatever price point you need it in a way that makes sense for your life?

I also think that focusing on the circularity of food when you talk about recovery and recycling is really important and really exciting. So, in the coming years, I think we'll be giving more grants to projects that focus on taking food waste and creating more value out of it.

AMY: Are there any big problems you are still seeing when it comes to food recovery or areas where more innovation is needed?

KARI: If you look at farm level or supply chain level, there's a lot of excess food that we know is never going to even get into a retail setting. How do we connect that with people whether that's through a charitable food system or getting a secondary manufacturing and processing system up? Then it would enter into the retail setting because it's been processed into something that's saleable. I think that's a really interesting area where there hasn't been enough innovation. There's so much opportunity to connect excess food to people and make it edible even earlier in the supply chain.

AMY: Those are fascinating insights about the opportunities you see at the farm level. How do you think about food waste once it hits the shelves of your store. How do you get that excess food to people?

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KARI: Feeding America is our big partner in that. We have a food rescue program in all of our stores where they pull perishable product when it is no longer fitting retail standards, but is still perfectly good to eat. There's a Feeding America-affiliated food bank that comes and picks up from those stores and then distributes it to their clients. That's really important, and it'll never go away. It's a huge part of our Zero Hunger priority. I think where there could be some changes and innovation is in the way it gets picked up and distributed. We're always going to be pulling it ourselves and setting it aside for this charitable food system, but how it gets to different places and who gets it is an excellent place for innovation. That's interesting and we're working on that a little bit.

# AMY: How are you working on that distribution piece right now?

KARI: There are a lot of different apps, one run by Feeding America and others not run by Feeding America. They're all basically apps that alert someone and then they come and get the food and distribute it. We'll start testing some of those in the coming months.

I also think there's an opportunity to not just distribute raw food, but also transform it so it's meal-ready. If you think about people that are in food insecure households, picking up a pack of raw peppers or chicken that needs to be cooked isn't really convenient. They need something they can eat on the bus or on their way somewhere. I think there's an opportunity for us to rethink that. We're working on the technology side of things: connecting what food is available in our system that has been scanned out and designated for donation to the organizations that can get it to people. We still need to build out that technology. It's like, okay, we have this database of food that is available—how do we use it?

AMY: That's really interesting. And you mentioned the proliferation of all these apps. How do we make some of these as effective as they can be? How should these technologies integrate with systems that Kroger already has? What advice would you have for people that are trying to build these?

KARI: The one thing I have said to entrepreneurs and app developers all along is that we cannot create an extra step for our stores. Our stores are built on efficiency. So if you need employees to take out their cell phone, open an app, scan something that has already been scanned, that's never going to fly in a retail setting.

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You're going to have to think about how your app will integrate with the inventory system that's already in the store, and we're not the only retailers that have an inventory system. It gets complicated, but that has been my number one priority.

We have a database essentially that houses all this data about our inventory in the cloud. Now we're trying to figure out how we can build API's that people could tap into with all their various apps to be able to make that connection so that, in our store, it will be a seamless experience for our associates: they can scan a product as they already have to do and mark it as a donation and then place it in a certain spot. And they're done. That's the number one thing I would say is that if you're building something that you want to integrate into a retail store, make it seamless for the associate. That is the only way you're going to get your app through a retail operations team.

AMY: Will every retailer, like Kroger, have their own kind of software they're using for inventory or is their one product you all use? Have you heard of other retailers that are making API integrations available?

KARI: We all have different systems and I haven't heard of any others opening up their APIs, but I also don't know everything. We've been working very specifically with Feeding America with this.

AMY: This whole concept of API integration makes so much sense and definitely feels like this where this all needs to go. Any other advice if an entrepreneur or nonprofit is going to seek out a corporate partner? What are some best practices you have observed?

KARI: Find a partner that matches your values and goals. However, if you have the same overall mission, but different ways of approaching that mission, that's probably



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not a great partnership. Find someone that matches not only your intuition, but your ways of working and make sure that you build a really strong culture of transparency and trust. Having an open dialogue can lead to major breakthroughs.

If you are opening a conversation with a corporate partner and feel like you have good alignment, but you're not in the same place on your journey, keep in mind that it might just not be the right time. But

just because the timing isn't right doesn't mean that you can't come back to them when you're a little bit further in your journey. I've had a lot of relationships that have gone that way. Start a conversation with the expectation that it may take time.

# AMY: Any other advice you would have for nonprofit organizations?

KARI: Don't be afraid to be bold to solve hunger and waste. In America, we really need to start challenging the status quo. Don't assume that an idea is too outrageous because it's never been done. I think what we really want to do is something

that's never been done. Ten years ago our stores built the playbook for how to get perishable food out of our store and into the hands of people that needed it. Back then, donated food was only in shelf stable form. We had a model that was working in Portland so we took that and scaled it across all of our stores. Then we handed that playbook to Feeding America so it could be used with other retailers. That was groundbreaking.

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Now we're trying to figure out the next groundbreaking thing we can do in the charitable food system because everyone deserves to choose their food and what they're feeding their families. They shouldn't have to be limited by what's at a pantry at five o'clock on Friday; they should have the same ability to shop. Convenience is important for every family, but it looks different for every family. To achieve this, we're going to have to change a lot and push ourselves further than we ever thought we would. So my best advice to you is to be bold. It's so much easier to scale back an idea than it is to scale up an idea. So start with the wild thing and see what you can get.

AMY: Amazing. Thank you for all of your perspectives here. And for all this important work. You're doing really interesting things.

KARI: It's really exciting. I'm happy to be part of it.



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