

The just-food interview - David Rennie, Nestle

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As Fairtrade confectionery sales gain momentum in the UK, the category has attracted the attention of food industry heavyweights, including the likes of Cadbury and Nestle, who are converting their big-box brands to Fairtrade certification. Michelle Russell caught up with David Rennie, managing director of Nestle's confectionery business in the UK, to find out more about the company's plans to capitalise on this growing trend.



[view image](#)

The likes of Divine Chocolate may get the Fairtrade ball rolling in the UK but now there are two industry heavyweights behind the ethical label.

Despite the recession, Fairtrade has retained its prominence in the food industry, with sales holding up and household names like Cadbury joining the sector.

And, earlier this month, the world's largest food company, Nestle, announced it would be following in Cadbury's footsteps by switching a major chocolate brand to Fairtrade.

The Swiss group announced plans to move Kit Kat in the UK and Ireland to Fairtrade as part of plans to invest some GBP65m (US\$104m) in its cocoa supply chain over the next ten years.

According to the Fairtrade Foundation, these moves, combined with sales from Fairtrade companies and own-label supermarket brands, will take sales of Fairtrade chocolate to approaching 10% of the UK chocolate market in 2010. In 2008, Fairtrade chocolate accounted for under 1% of sales, reaching GBP35m in value.

David Rennie, managing director of Nestle's confectionery business in the UK, said the increasing interest among local consumers in the origins and sustainability of products prompted the firm to make the move to Fairtrade.

However, he is quick to point out the difference the moves by the likes of Nestle will make to the farming communities in Africa.

"We are proud to be working with Fairtrade, an organisation that is well known and respected by UK consumers, and that shares our long-term commitment to improving conditions for Ivory Coast farmers but, importantly, also understands the realities and challenges we face," Rennie told just-food.

"We believe Nestlé's plant expertise and support for farmer training, combined with the increased income for farmers that Fairtrade brings, will make a tangible difference to the farming communities that we work with and will help to empower Ivorian cocoa producers to improve their lives."

There is, of course, a business rationale behind choosing the Kit Kat brand for the Fairtrade switch. Kit Kats make up around 23% of Nestle's UK confectionery sales, with a quarter of that coming from sales of the four-finger bars, which achieved UK sales of GBP43m in 2008.

However, the first Kit Kats to carry the Fairtrade mark will only be the four-finger version, which Rennie said is down to the "big issue" of sourcing enough Fairtrade chocolate for its business.

"It is our most iconic brand and our leading confectionery brand," Rennie insisted. "The UK sells more Kit Kats than any other market in the world. We are buying the entire production from one of the biggest co-ops in the Ivory Coast and that will be enough for Kit Kat 4.

"One of the challenges of certifying a brand as large as Kit Kat is that there is currently insufficient supply of quality Fairtrade certified Ivorian cocoa to certify the whole brand. Only 2% of global world supply of cocoa is currently certified."

The firm sells the bar in around 70 countries with global sales of nearly CHF2bn, but Rennie said the confectioner has no immediate plans to move to Fairtrade in any other markets.

"UK and Irish consumers are particularly interested in the origins and sustainability of products, and Fairtrade certification is widely recognised and respected in these countries, so a partnership was the right decision there," Rennie explained.

Although the switch to Fairtrade was welcomed by many, some would say the firm is burnishing its credentials as a socially responsible corporation following the late 1970s scandal around its practice of selling baby formula to mothers in the developing world. An issue that still resonates with UK consumers today.

Naturally, the switch prompted a reaction from Cadbury. CEO Todd Stitzer told just-food earlier this month that, while he "welcomed" Nestle's moves, the Dairy Milk maker was "going faster and further" in pushing its Fairtrade chocolate portfolio, indicating it was ahead of its Swiss rival.

While refusing to be drawn on Stitzer's comments, Rennie said there are "many challenges" in cocoa and that many manufacturers are "working to address key issues".

Alongside Nestle and Cadbury, other major confectioners have been keen to also promote their ethical credentials. Mars has teamed up with the Rainforest Alliance to use only "sustainable" cocoa in its products by 2020. Kraft Foods also recently converted its Cote d'Or chocolate brand to the use of sustainable cocoa beans under the scheme.

However, Fairtrade seems to be the ethical stamp that has most resonated with consumers. Independent analyst James Amoroso believes this is down to the help Fairtrade can bring to farmers.

"Fairtrade is most linked to looking after people," Amoroso told just-food. "Organic food is looking after oneself; 'green' food - for example, low-carbon footprint - is about the environment. People most like to help other people."

Rennie, however, believes "everyone has a role to play". "No one organisation can solve all the issues and it's important that each party's contribution is focused on an area of expertise where a real difference can be made," he said.

Back in October, Nestlé launched a programme related to its global cocoa sourcing called 'The Cocoa Plan', which at the time raised questions as to the real value of the plan's sustainability credentials.

Nonetheless, Nestle has insisted that the plan aims to help address the key issues facing the cocoa farming communities that Nestlé works with, from an "economic, social and environmental perspective".

"Nestlé works with nearly all of the certification bodies around the world and we believe they all have a role to play and bring different areas of expertise. Certification is part of the Cocoa Plan but it is much broader and focuses on improving supply chain, better social conditions and consumer communication," Rennie told just-food.

As the price of cocoa reaches a 30-year high due to poor weather conditions and under-investment, concern mounts over the ability of supply to keep up with demand in the mid- to long-term.

Nonetheless, Rennie believes the chocolate market in the UK is holding up, despite tough times.

"We expect consumers demand to remain relatively strong but record high cocoa prices will make it an even tougher year for all manufacturers."

With such optimism, it seems Nestle is determined to continue to tread the path on what it has described as an ethical "long journey".

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