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Tackling the Unhealthy Paradox – Big Food's Role in the Global Obesity Crisis

The current Business Model in the Food System solves famine but creates obesity. In search for other models.

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Tackling the Unhealthy Paradox - Big Food's Role in the Global Obesity Crisis

-By Daniel M. Böhi and Raanan Shenhav

In a groundbreaking 2023 study published in *Global Health*, researchers delved into a pressing question: How "healthy" are the sales of the world's largest food corporations? Their findings were stark: a staggering 89% of sales from the top 20 global food companies were of products classified as unhealthy. This means for every \$10 spent on these brands, only \$1.10 was on healthier options. The majority of their sales stemmed from foods considered detrimental to health.

This revelation stands in sharp contrast to a well-documented modern dilemma: the global obesity crisis, afflicting 40% of the world's population in 2023. The link between our contemporary diets and soaring obesity rates seems more than coincidental. Despite variations in Gross Domestic Product (GDP) and prevalence of obesity across different nations, societies, and demographics, obesity creates an economic burden, costing up to 3% of global GDP annually.

The question then arises: Why does Big Food struggle to transition towards healthier product offerings? What impedes these giants from aligning with their Environmental, Social, and Governance (ESG) goals and contributing positively to societal health and sustainability?

One systemic explanation is the "free-rider" effect. The economic impact of obesity, like air or water pollution, is borne by society rather than the food industry. This lack of direct financial consequence leads to an unsettling reality: if it doesn't cost the industry, why should it care?

Another theory points to modern conveniences and lifestyles resulting in decreased physical activity. However, new studies suggest there's little difference in energy expenditure between our hunter-gatherer ancestors and us. Instead, obesity primarily stems from increased energy intake. In other words, we're simply eating too much.

The dramatic shift in our diet over the past century has also played a role. The consumption of processed foods, high in fats and sugars, has skyrocketed, actually increase by tenfold within just 100 years. In stark contrast, hunter-gatherers had a diverse diet, dictated by local environments and seasonal availability. Our ancestors lacked access to processed, calorie-dense foods, leading to a varied nutrient intake. Today, while our lifestyles differ significantly, our daily energy expenditures are surprisingly similar to those of nomadic populations. The issue lies in the quality, not quantity, of our food.

Recent research also debunks the myth that hunter-gatherer societies faced more famine than agricultural or industrial societies. Despite agriculturalists extracting more calories per unit of land, hunter-gatherers were less prone to famine due to their mobility and adaptability. The Neolithic Revolution, while efficient in land use, led to more famine, less dietary diversity, and imbalanced nutrition.

The success of the modern post-industrial food system hinges on fossil-fuel-based mechanization and agriculture, using for instance pesticides and fertilizers, drastically increasing land productivity by four times. This shift enabled the feeding of a growing global population while reducing pre-industrial famine levels. However, it also paved the way for the current obesity epidemic.

The business model of the global food industry, characterized by its relentless pursuit of efficiency, productivity, and standardization, has been a double-edged sword. It has successfully fed an expanding population and reduced the proportion of monthly household expenditure on food. Yet, this intense competitiveness has led to a consolidation of the industry, with a few dominant players.

This model, while making food widely available, has contributed to the rise of obesity. The easy availability and low cost of food have led to increased

consumption, but it is the nature of the food – highly processed and designed for mass appeal – that is the primary concern. Despite the variety of products in supermarkets, consumers' diets are often limited and unbalanced.

The root cause of the system's failure to address challenges like obesity lies in its inherent design. Big Food's success in scaling massively by simplifying, standardizing, and optimizing food production has trapped it in a model ill-equipped to produce a varied and healthy diet without compromising on production costs. The modern, post-industrial food system was able to produce affordable food for a growing mass by:

1. **Streamlining for Simplicity:** Corporations focus on simplifying product lines, standardizing recipes, flavors, and processes to achieve a one-size-fits-all approach. Despite public statements to the contrary, differentiation in products is often seen as counterproductive to efficiency.
2. **Imitation over natural:** A growing trend is the use of ingredients and flavors that mimic natural products, rather than using the real thing. This approach questions the authenticity of flavors in our food supply.
3. **Prolonging Shelf-Life:** To enhance logistical efficiency, companies are extending the shelf life of products. This not only allows for larger production batches and more expansive distribution networks but also optimizes shelf space utilization.
4. **Packaging differentiation:** A focus on diversifying packaging caters to various consumer needs, including home storage, on-the-go consumption, and professional culinary uses, highlighting a shift towards convenience in the food industry.
5. **Highly efficient Production Footprint:** the industry trend leans towards fewer but larger factories, emphasizing streamlined, 'asset-light' production with limited flexibility but high standardization and continuous manufacturing output.
6. **Ensuring ubiquitous Availability:** The strategy to guarantee product availability and accessibility at all times hinges on highly efficient distribution and logistics. This includes substantial forward stocking and leveraging third-party services for last-mile delivery.
7. **Agricultural Subsidies and Efficiency:** Significant subsidies to farmers aim to incentivize the continued, more efficient production of plant and animal-based foods, raising questions about the long-term sustainability and impact of these practices.

The effect of the dilemma to return to pre-industrial practices was starkly evident in Sri Lanka's attempt to transition to organic farming in 2021, which led to a significant drop in food production.

So, what's the alternative? If Big Food's current model is unsustainable, and a return to pre-industrial agriculture is not feasible, how can we produce enough healthy food sustainably and within planetary boundaries? What new technologies could replicate the yield and productivity advancements of the post-industrial food system without its adverse effects?

Biotechnology and Biomanufacturing may hold some answers. These emerging fields offer potential solutions for producing sufficient, healthy, sustainable food. The next Loophole letter will delve deeper into these innovative technologies, exploring their role in reshaping our Food System.

To sign up for the "Loophole Letters" or if you would like to discuss a specific topic in greater depth, please get in touch: info@alphornventures.com

<https://www.linkedin.com/in/yeor-asor-38979769/> Looking forward to a journey full of inspiration and learning.

Daniel and Raanan



Meet the team

Please meet Yeor Asor. A serial entrepreneur with extensive experience in how to grow a great idea into a beautiful business.

His passion for leading startups and especially venture capital initiatives spreads across diverse sectors like Food Tech and Biotechnology, known for driving innovation and business growth.

Get in touch!

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