



EXECUTIVE BRIEF

Create transparent food supply chains and feed the planet better

Today's consumers want deeper insight as to what they eat. Not only are they conscious of ingredients and nutrition facts, they'd like to know origin points, animal living conditions, and overall environmental impact the food created. Consumers are interested in learning more about a company's environmental sustainability policies and efforts. This is in addition to defining details, such as if a product is certified organic, gluten free, and locally grown. The list of what customers want to know is long and only continues to grow.

Along with the transparency required to build and maintain consumer trust, food safety, quality, and compliance are critical issues for global food and beverage producers. In the meantime, increasing globalization of food sourcing and distribution enables manufacturers to have more supply chain options and reach a greater number of customers, globalization also means that risks (like the spread of contamination or disease) can often be more prevalent and complex.

Feeding the world while simultaneously catering to the needs of modern-day consumer's demand for transparency, maintaining food safety, and meeting ever-changing regulations are major challenges for virtually all food and beverage manufacturers regardless of size. What's at stake? The health of consumers, damage to the brand, and exorbitantly costly recalls are top concerns. Having a transparent supply chain and the ability to track and trace ingredients can provide confidence, while detailed documentation of all ingredients and processes can provide the foundation of public trust.

Meeting consumer demand for transparent food supply chains

As they shop for their family, conscientious consumers care about health, wellness, and social issues. They consider clean nutrition labels, functional benefits, visibility into suppliers, humane treatment of animals, and environmental sustainability. They also desire fresh, locally grown, and quality produce. While these expectations create added pressure for food and beverage companies, meeting the demands of socially conscious consumers can be a valuable differentiator.

Consumers today want to learn more about the origins of their food and its journey from farm to table. Innova Market Insights states in a report, "Today's consumer is increasingly invested in the source of food as it ties in with major global concerns of health, sustainability and waste. Brands need to demonstrate how novel production techniques are benefiting farmers, people and the planet."¹ And a recent research study carried out by NielsenIQ and FMI says, "Most shoppers consider transparency to be extremely important or important (72%)—with transparency defined as providing detailed information such as what is in their food and how it was made."²

Fiercely competitive grocery chains consider food transparency as an opportunity to differentiate themselves in the marketplace. Initially it was implemented on a few food categories, but lately it's being expanded to more and more food and beverage products. However, a lot of the burden falls onto the food processors that must provide the data.

What do F&B manufacturers gain from full supply chain transparency?

An efficient, transparent food supply chain is only possible through strong collaboration and coordination between all parties involved. Preferably in real time. However, this is often challenging as many food and beverage companies rely on factories and supply chain processes owned by suppliers or trading partners (who also source from several suppliers themselves) creating multiple layers of complexity in the quest for transparency. To make this successful information must be passed on from the farmers and suppliers upstream in the supply chain, via processing to the distributors and retailers downstream in the supply chain.

It might be challenging, but the benefits to the food and beverage manufacturer are apparent. Most importantly, food safety issues can be caused upstream or downstream in the supply chain. Having the data at hand from your suppliers and logistics partners, means that the root cause can be determined faster and more accurately so that recalls can be more targeted. Another benefit is that the whole supply chain becomes more responsive to disruptions, like varying qualities and volumes of the crops, so that supply plans can be adjusted easily and fast. Other important, but often overlooked advantages include building brand awareness at the consumer level and learning more about what interests the consumer.

One initiative that connects consumers to easy and instantaneous access to detailed information about thousands of products is the **SmartLabel**[®] initiative in North America and the European equivalent GS1 Digital Link. By scanning a QR code, consumers reach a landing page full of information such as nutrition, ingredients, allergens, third-party certifications, social compliance programs, usage instructions, advisories, and safe handling instructions. In the future, it's reasonable to assume that the depth of information could include where each ingredient came from, how old each ingredient was before used, and a whole host of additional information that could never fit on an actual label.

A great example of this type of information in action is the world's largest producer of Atlantic salmon that shows the origin of the fish and farming details to the consumer. The consumer only has to scan a QR code to get a full view from the aquaculture farm to the packaging at hand. This is a fantastic way to support sustainability claims and build brand loyalty.

There is even more to gain when the data from farm to fork is used not only to provide information to the consumers, but to reduce food waste as well. When you have transparency on the quality or grade of the ingredients then, for example, apples with a damaged skin or different, less-commercial shape can be routed for food processing rather than wasted.

Building end-to-end supply chain transparency to better feed the planet

Establishing end-to-end supply chain transparency is a major task. Trying to get there in one giant step might be biting off more than you can chew. Instead, you should start by focusing on integrating traceability into internal operations, and then over time look to expand transparency upstream and downstream the supply chain.

Supply chain transparency and traceability should be part of the overall food safety initiative—as opposed to pursuing a traceability endeavor all on its own. This level of commitment increases the odds that a company will not only make progress on traceability capabilities, it also demonstrates that the company regards lot traceability as an integral part of food safety. Everyone from the executive level to the factory floor needs to be trained and involved.

Supply chain traceability is a significant first step towards improving our ability to feed the planet. Here's how to get started:

1. **A smart and modern ERP platform**—To start with, determine what, if any, traceability functionality is already present in your enterprise resource planning (ERP). A modern, preconfigured ERP system should come with this functionality built in by people who thoroughly know the food and beverage industry and speak its language fluently. Ease of use is also critical because the very people who would need it the most (internal quality assurance managers) rarely use the ERP system otherwise, and they must be able to search the database quickly. An easy-to-use interface with a graphic representation of trace lines makes it simple for them to quickly find root causes.

2. **Determine data to track**—Traceability is a full system that combines data collection with unique identifiers for tracking, all of this data can be shared and analyzed. Determine how granular the data needs to be. The data can be tracked at a very broad level, such as capturing an individual truck load as a single lot, or at a deeper level, such as recording the day and time that pallets of fresh ingredient shipments arrive. If a manufacturer produces products that are marketed as organic, non-GMO, or free-range, the company might even choose to track ingredients at the farm level.
3. **Connect the dots in the supply chain from farm to fork**—Integrating these capabilities into the supply chain ecosystem requires digitally transforming the supply chain to be able to trace ingredients and products upstream and downstream across a number of suppliers, logistics providers, and partners. Integral to tracking and locating suspect ingredients and isolating problems is a reliance on the internet of things (IoT) technologies to automate the capturing of data from the supply chain and blockchain to pass on information on lot and transaction level from farming, via processing and distribution to retail.

Many food and beverage manufacturers realize that their business processes may be currently unable to support the level of supply chain transparency and food traceability required in today's highly competitive, global market. The key to enabling and leveraging these capabilities, however, is to take advantage of the technologies that automate and simplify processes so you can focus on what matters most, providing the world with sustainable, safe food.

When done right, supply chain transparency and traceability help build consumer trust and strengthen brands, secure food safety, reduce waste, and support sustainability claims overall.

¹ Innova Market Insights, [Top Ten Trends for 2023](#), October 12, 2022.

² Steve Markenson, FMI, and David Orgel, David Orgel Consulting, "[Transparency in an evolving omnichannel world](#)," NielsenIQ and The Food Industry Association (FMI), January 25, 2022.

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