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By FPJ Staff

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## Why Walmart's announcement could change supply chains



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LINKFresh Inc's vice-president of product development Carl Iversen examines the US's Produce Traceability Initiative

**A**s an avid BBC Radio 4 listener I would very often sit and listen to Alistair Cooke's Letter from America and find his quiet and insightful observations of the US, its politics, people and geography, fascinating. I do not in any way claim to be in the same league as Alistair, but recently I find myself in the position of being able to observe the US produce sector at close hand and I think it is worthy of some comment on new developments within the sector.

For the past two years I have been travelling to the US regularly working directly with some of the major produce suppliers, and it would be fair to say that the major topic on everyone's mind has been produce traceability.

In this age of global news coverage it's common to hear news from foreign lands, but post-9/11 few stories made such a big impact as the September 2006 story of a

young boy, Kyle Allgood, who died of kidney failure after drinking a fresh spinach smoothie prepared by his mother. Kyle, and two elderly women, fell victim to an outbreak of E Coli which affected 205 people across a wide area of the US. The impact this outbreak had on the US consumer was profound and where consumer confidence had been very high, it almost collapsed overnight. For spinach, as a product, it was almost a death blow, and at this point in 2013 it has only just reached its pre-September 2006 market level. The reality is that many millions of dollars were lost throughout the industry and consumer confidence has never totally recovered.

However, being inside the industry, what I found most interesting was the story of the investigation into the outbreak. News broadcasts of federal agents in flak jackets scouring the ground at a packhouse in the Salinas Valley was more

akin to an episode of a television drama such as the X-Files or NCIS. The reality was that the authorities neither knew what to look for nor how to look for it. Quality and trace records existed but each component within the supply chain kept records in a different format, some on paper some electronically. Item codes, PLUs and lot references lacked any coherence and while each individual company could identify its own codes and references, these same codes and references were meaningless to an outsider. As a result, a timely and effective product trace and recall was effectively impossible.

In the follow up to the crisis the Food & Drug Administration determined that action needed to be taken and looked at developing legislation to regulate the industry, but immediately realised they really did not understand the industry and its complexities, nor, where to begin.

<http://www.fruitnet.com/fpj/article/159587/letter-from-america>

With great insight and humility the industry itself stepped in and determined to develop the solution internally, and so was born the Produce Traceability Initiative.

The industry and its major associations, the Produce Marketing Association and the United Fresh Produce Association, came together with GS1 to develop a coherent and universally identifiable product identifier which could immediately identify the source of any product. The Global Trade Identification Number or GTIN is a barcode readable, unique product Identifier, registered through GS1, that immediately identifies the commodity and source of any product, and may additionally include unique case identities, pack dates, and voice pick codes. Each produce supplier is required to register with GS1 for a unique GS1 company prefix which is combined with a unique product identifier to provide a single combined unique identifier for both source and commodity.

The GTIN standard was initially introduced as a standalone compliance initiative and proactive businesses

started to use the GTIN codes, but there was little demand from the major retailers and adoption of the new standards was slow. However, the industry did not sit back on this single initiative and continued to explore how to drive efficiency, uniformity and standardisation within the sector. Recently the industry issued guidelines on standardised PTI compliant GTIN pallet, box and carton labels to be applied to all produce.

This drive for standardisation has now born fruit and earlier this year Walmart made the announcement that; from November 2013 all product to be received at Walmart depots and RDCs will be required to carry the PTI compliant GTIN pallet and cases labels or will be subject to immediate rejection. Through the efforts of the PMA and United Fresh Associations all of the major retailers, including Walmart, Costco, Kroger and Safeway have agreed to accept and work with the PTI and GS1 standards and standard labels.

While I hope this is all interesting in itself, you might ask how this will affect the UK, Europe or the rest of the world.

We are a global market and we import, export and supply produce seasonally on a global scale. If you are packing product for export to the US and it is destined for any of the major retailers, then you might have to provide PTI-compliant labelling sooner than you think, if you are not doing so already.

The Walmart announcement has really shaken the branches and there is now feverish activity among the supply chain to make sure they have the systems and procedures in place to meet their PTI-compliance requirements. It is certain that the drive has begun and there will be no turning back.

Forward-thinking businesses, seeing where this initiative is going, have already started to change the language and terminology being used. Increasingly frequently I hear my industry colleagues talking about whole-chain solutions rather than supply-chain solutions. This is a subtle change but very firmly hints at a movement toward an integrated and coherent exchange of information throughout the full product lifecycle, although maybe that's a subject for another time.