

Trend in Logistics

How do we build a supply chain that suits the logistics of large retailers and the consumers' desire for taste and freshness?

The consumers' desire for taste and freshness plays an important part when making their decision to purchase produce. It is important to meet the customers' desire for taste and freshness as this is the only point where money enters the supply chain. For retailers this means meeting these customers' desires through a supply chain that delivers products from farm to plate in the shortest possible time. Woolworth's Director of Supermarkets, Liquor, and Petrol', Greg Foran, said that "fresh produce is about the shortest possible time from the farm to the shelf". This means that delivering fresh produce to the consumers is not just about the retailers, but about every member of the supply chain working together to meet the customers' needs. An example of these pressures increasing across the supply chain is Woolworth's goal of reducing the time it takes produce to reach the shelf by 24 hours (Foran, 2011). So how can the supply chain be improved to meet the demands for taste and freshness of the consumer? There are a number of areas that could possibly be improved such as collaboration between supply chain members, consolidation of businesses, reduction or elimination of the intermediaries, and direct shipping.

One method that would allow for shorter lead times is the adoption of industry quality and size standards. These would need to be easily measureable, auditable and with a possible rating system for growers or agents to make the standards more credible. They also would need to be backed by a third party to enable retailers to be comfortable purchasing produce and having it delivered prior to inspection. This would enable growers to sell directly to supermarkets through their agents without them physically having to pass through a produce market. To enable this to work in the most effective manner it would require growers and agents to form cooperatives or contract based supply. This would allow agents to sell growers' products while they are being picked for example. In doing this it is important that every part of the supply chain works together to insure the quality is maintained from the farm to the shelf. Two important aspects of delivering fresh produce

to the consumer is logistics and warehousing. These two parts of the supply chain effect product quality through how the produce is handled and stored. It is very important that produce is handled and stored in the correct manner throughout the supply chain otherwise the quality can be compromised. For agents to ensure the quality of produce for the retailers they would need to ensure that the quality of the produce will not change from the time it leaves the farms until it arrives at the supermarkets. This could be achieved through partnering with transport agents who will ship the products in a way that maintains the best quality and setting up rechecks on quality if the produce remains in the supply chain for more than a few days for example.

Agents and growers would need to work very close together as they will not have products they are selling on hand which mean more information would need to be exchanged between the parties. This could require forecasting by growers of expected harvest times, potential yields, and quality of the crop. It would require retailers to improve the sharing of their demand forecasting with agents. By sharing more information produce would still be able to be delivered in the same time frame or even shorter than they traditionally received products from markets. A main benefit of procuring produce this way is that it will have a longer shelf life and be fresher at the point of sale. Another benefit of more collaboration in the supply chain is that peaks in supply can be detected much earlier than usual. Working together in a cooperative or supply contracts' form would enable product flow onto the market to become more level and match demand more consistently. It could potentially eliminate opportunism amongst growers who will see a high price and then go flood the market by over picking or picking earlier than they would have otherwise under a normal or lower price. Supply chains are as much about the products flowing through them as the relationships that they are built on. To meet consumers' desire for taste and freshness it requires a strong trusting relationship. Having a trusting relationship means that producers (or agents) and retailers can collaborate more closely on meeting consumers demands. Collaboration would require the formation of strategic alliances that enable improved flows of information from the point of sale to the producer. Improved information would enable improved forecasting of when producer should pick. This would mean that products would have the shortest possible time from farm to shelf. As some product are more perishable

that others this must be taken into consideration. It may be more cost and logistically efficient to send these products through the traditional supply chain that currently exists.

There are many opportunities out there for improvements in meeting customers' desire for taste and freshness right across the produce supply chain. Improvements will require further cooperation and collaboration between growers, agents, and retailers through information sharing and planning. This may require looking outside the produce industry for ideas and methods such as lean manufacturing concepts and techniques to improve the entire supply chain.