



**TRADE
INTERCHANGE**
Smarter Supplier Management

ARCUS[®]
A Trade Interchange System



**PROTECTING YOUR
FOOD AND DRINK
BRAND IN THE
DIGITAL AGE**

Why prevention is
better than a cure

Crisis point

Reputation fears in the food and drink industry

The food and drink industry holds a pivotal role in the success of the European economy. With a turnover of €1,078 billion, it is the largest manufacturing sector in the European Union, in terms of jobs and value added. However, a recent risk report¹ revealed the beverages, food processing and distribution industry is deeply concerned about brand threat – “damage to brand and reputation” came out as the top-ranked risk. “In an age when a crisis could spread globally within hours or minutes thanks to instant social media, the risk of reputational damage has exploded exponentially,” it concluded.

Being trustworthy and delivering the goods you say you will is one of the very foundations of trade, whatever the industry. As the world’s largest exporter of processed agricultural products, it is something Europe’s food and drink industry has, in the past, excelled at. In today’s fast-moving world, however, maintaining trust is harder than ever.

The 21st century supply chain is complex and fast moving. Ingredients are sourced from around the world, often passing through multiple destinations before being sold to the end consumer. Keeping track of everyone involved is a challenge – if the process is manual it could be impossible.

The digital age we live in is enabling food and drink businesses to keep better track of their supply chains. Online questionnaires, for example, make swift work of checking complex supplier requirements, and automated reminders ensure no vital deadlines are missed.

Digital advancements are allowing businesses to ensure that when they make a promise, they can keep it. This sector report explores how data and reputation management go hand-in-hand.

“At its best this means caring about, measuring and understanding how others see you, and adapting what you do to take account of it, without abandoning what you stand for.”

Rita Clifton,
editor of The Economist’s book,
Brands and Branding



Branding uncovered

What's in a brand?

The food and drink industry is built on making the most out of a finite and defined set of ingredients, but when it comes to brands and branding, the recipe is more complicated.

Expectation, persona, perception – these are just a few concepts that can be used to define what goes into good branding. Perhaps the most important element of a strong brand, however, is reputation.

Rita Clifton, editor of The Economist's book, *Brands and Branding*, describes the brand concept: "At its best this means caring about, measuring and understanding how others see you, and adapting what you do to take account of it, without abandoning what you stand for."

Small independent or large chain, high-end or good value, a positive reputation quickly equates to repeat business and more profits.

Reputation is everything

Five of the top risks to your brand

The digital revolution has brought more efficient ways of working and new avenues for growth, but it has also made managing risk more complicated.



When it all goes wrong

International sandwich chain Pret a Manger has been the subject of a negative media storm recently following missing or incorrect allergen labelling. Natasha Ednan-Laperouse, 15, died after eating a Pret baguette that contained sesame seeds.

A judge's statement at the inquest into Natasha's death found Pret's labelling of the sandwich had been "inadequate." Following the judge's ruling, a series of further stories have hit the headlines of allergic reactions to poorly labelled products bought from Pret. A second customer, Celia Marsh, 42, died soon after eating a Pret "super-veg rainbow flatbread" which was advertised as a vegan-friendly product but in fact contained dairy in the 'dairy-free' yoghurt from one of its suppliers.

Comms experts have said Pret a Manger's response to the tragedies was "frankly inadequate." Pret's response was described by Natasha's parents as "too little, too late." The teenager died two years ago but Pret has only just agreed to full ingredient labelling on all of its freshly-made products. Pret also attempted to pass the buck, by blaming suppliers rather than accepting more could have been done.

MWWPR UK managing director Rebecca Blinston-Jones told PR Week that Pret should have responded faster to the crisis. "That food labelling decision should have been made much quicker, even if there are supply chain issues. And the changes they've announced need to be immediate, not 'imminent,'" she said.

1. Customer complaints go viral

Complaints around poor customer service or low-quality food and drink have long been taken seriously, with many staff trained in conflict resolution as well as diligent quality control procedures. Complaints have always happened, but with the onset of social media they have a nasty habit of spreading. A Morrisons' customer taking a photo of its yoghurt range to ask a friend what they would like shouldn't have caused a stir. However, an overzealous staff member told the customer it was against store policy. When the customer complained via Twitter, no less than three separate members of staff replied to the Tweet and one of them included wincingly bad grammar, which was immediately pounced on by the Twittersphere. It was a PR blunder that could so easily have been avoided with a unified social media strategy and better staff training.

2. Company culture goes toxic

It's not only the opinions of customers that businesses need to worry about. Disgruntled employees can also cause serious harm to an organisation's reputation. Word of mouth counts for a huge amount in the food and drink industry, and online conversations of poor treatment on the job or bad working practices can travel further and faster than ever. KFC was exposed in 2013 with a viral video of an employee repackaging old green beans and mouldy chicken for resale. The video went viral again in 2017, further damaging the brand's reputation.

3. Food scares

Allergens, antibiotics or bacteria – when it comes to the food and drink supply chain these are a major source of concern. The industry also comes with complex processes, often involving multiple locations, which leads to the worry that poor controls can cause serious contamination issues with deadly consequences, as well as major trauma to a brand. Two years after a high profile and fatal E. coli outbreak in the US at well-known food chain, Chipotle, a survey revealed a quarter of people still refused to eat at its restaurants.

4. Security can be breached

Since the new General Data Protection Regulation (GDPR) came into force in early 2018, strict guidelines exist around how and where personal details can be stored. Businesses risk falling foul of the law if personal data is not handled correctly, which when added to the growing risk of cybercrime means data diligence can quickly turn into a headache. A recent survey from the British Retail Consortium revealed that retailers are losing £100 million to online fraud a year, with cyber criminals resorting to elaborate scams such as phishing and consumer data theft.

5. It's a fake!

False stories shared via social media can quickly cause damage to a food and drink brand. Fake news can lead to loss of earnings, as businesses scramble to disprove the lies. For this reason, close monitoring of social channels and websites is crucial, but it can also be extremely expensive and time intensive. After a string of food contamination and counterfeit products made from dangerous ingredients in China, fake stories such as seaweed made from plastic have spread exceptionally fast, causing unnecessary fear and damaging sales.

Route to success

The latest thinking on branding shows there are some important changes businesses in the food and drink industry must make to mitigate potential threats and strengthen their reputation.

Maintain strong brand principles

Knowing your brand and behaving accordingly is crucial for any business. This means understanding your target market inside out and tailoring your offer to suit. Are you the best? Are you the cheapest? Are you the easiest to work with? Answer these questions, then figure out your brand personality – luxury, fun or reliable, for example. Establish a memorable brand and maintain it.

Communicate good practices

As a new study from McKinseyⁱⁱ shows, sustainable business practices are no longer just about boosting reputation. According to the study, 57% of companies have integrated sustainability into strategic planning. This is backed by recent research from Trade Interchange which reported that 84% of businesses asked are actively working to reduce their carbon footprint. Consumers are demanding increased transparency from the brands they buy from, so the importance of sustainable action that is then communicated is only going to grow.

Instil trust

Once a customer's trust is broken, they are unlikely to come back however strong your branding is. How to build trust, then? It's simple: say what you will do, then do it. If you can't for any reason, say sorry and offer to do something else. Also, thank all your customers for their loyalty to your brand – there are many creative ways to do this, such as gifts, loyalty incentives or even a card at Christmas.

Collect data

It's not enough to say your food and drink ingredients are allergen-free, sourced responsibly and that your business operates on sustainable principles, you need to be able to prove it. With today's complex supply chains, this has never been truer. Fortunately, using data makes it easier than ever to store all correspondence with suppliers and track all your processes routinely.



“All you have in business is your reputation so it’s very important that you keep your word.”

Richard Branson

Joining the dots

Using data to protect brand equity

The digital revolution has brought with it a huge number of new opportunities for building brands. Whether it's Pinterest or YouTube, Facebook or Instagram, the ways in which businesses can reach their audiences are many and varied, which means that with smart thinking and a creative approach it is easier than ever for organisations to spread awareness about the great things they can offer.

The exponential rise of new media also means new risks, however, particularly when it comes to weak links in the supply chain. Responsible supplier management is therefore vital, but also a challenge.

Supply chains of every size must be well managed, not only to prevent crises but to build better business relationships. Software solutions now exist that can make managing the most crucial information in food and drink supply chains easier – including allergens, antibiotics, modern slavery and sustainability credentials.

With this information all in one place, it becomes far easier to access the crucial data required in the short time frame that is necessary when a crisis hits. Ensuring the information is up-to-date and suppliers are maintaining standards also helps prevent a crisis from happening in the first place.

“Unexpected events can have disastrous consequences for a business’s reputation and brand. It is crucial that food and drink businesses are prepared.”

Cat Jennings, Food & Hospitality
Director of communications agency Speed





How to handle a crisis

When a crisis hits a business, it is inevitable that people feel insecure, vulnerable and out of their depth. When put in this situation, they may act hastily and can often make the problem worse. To avoid this, it is crucial that a pre-agreed crisis management plan is put in place. Whatever the crisis is, the focus of the plan should be to lessen the impact.

So, what are the three main elements of a plan? Firstly, provide a detailed overview of every employee's roles and responsibilities. Secondly, gather as much information about the crisis as possible – never rely on guesswork. Thirdly, communicate openly.

Cat Jennings, Food & Hospitality Director of communications agency Speed, warns that businesses who fail to plan for a crisis will come unstuck. "Unexpected events can have disastrous consequences for a business's reputation and brand. It is crucial that food and drink businesses are prepared."



A cool head in a crisis

Mike Edmunds, Trade Interchange's Co-founder and Managing Director, reveals why using technology is allowing businesses to take control and protect their brands against exposure to supply chain risks

“Since co-founding Trade Interchange, I've seen that communication is the key to a successful business. In today's world, being able to prove that your business has taken every possible step to ensure it is run responsibly and effectively is crucial.

“Many in the food and drink industry know that businesses are only as strong as the weakest link in their supply chain – which means supplier management has never been more important.

“We work to help businesses protect their brand reputation every day. Trade Interchange's ARCUS® SIM (Supplier Information Management) offers the latest technology in supply chain management.

“Businesses can use our cloud-based software as a fool-proof way to record and track all the necessary processes, documentation and risks when it comes to supplier relationships, providing a full audit trail.

“The user-friendly, mobile ready dashboard offers complete visibility, and ensures compliance. So, if the worst happens and a crisis strikes, businesses are ready to protect their brand reputation.”

Strengthen your supply chain with ARCUS® Supplier Information Management.

To find out more, visit www.tradeinterchange.co.uk

Innovative plug-ins

Trade Interchange has developed plug-in functionality within ARCUS® SIM. These pioneering plug-ins offer processes for managing, storing and supplying vital data about supplier products. All plug-ins listed below work to increase confidence in suppliers through a greater transparency of information, remove potential knowledge gap pitfalls and manage large volumes of data with ease. The result is a supply chain bolstered against vulnerability and a safeguarded brand that, with up-to-date knowledge to hand, can confidently respond to any perceived threat.

Product Information Management (PIM)

The PIM plugin automates the process for collecting vital data such as nutrition, allergen and packaging information about supplier products, while providing a shared view and process for all departments. Data is entered directly by the supplier and is backed by supporting documentation and policies to ensure compliance. PIM can also be seamlessly integrated with third-party systems including recipe management and ERP software.

Manufacturing Site Level (MSL)

The MSL plug-in allows ARCUS® SIM users to collate detailed information about each of their supplier's sites, allowing approval on a company and individual manufacturing site level, regardless of location. All information within the system is auditable and the information on each supplier clearly visible so that users are fully informed which manufacturing sites have been approved to provide products. In turn, this reduces risk and provides reassurance.

Supplier Audit (SA)

When it comes to the recording, managing and scheduling of audits against a supplier, the SA plug-in ensures the task is straightforward, efficient and easy. Supplier audit information is stored in the cloud so that visibility is increased; processes are automated reducing human error, and due diligence is easily proved by an easy retrieval of data. Suppliers are scored depending on their responses to questionnaires, which enables users to easily identify high-risk suppliers and reduces any potential threat to your own brand.

i Aon, Global Risk Management Survey, 2017

ii <https://www.mckinsey.com/business-functions/sustainability-and-resource-productivity/our-insights/the-business-of-sustainability-mckinsey-global-survey-results>



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