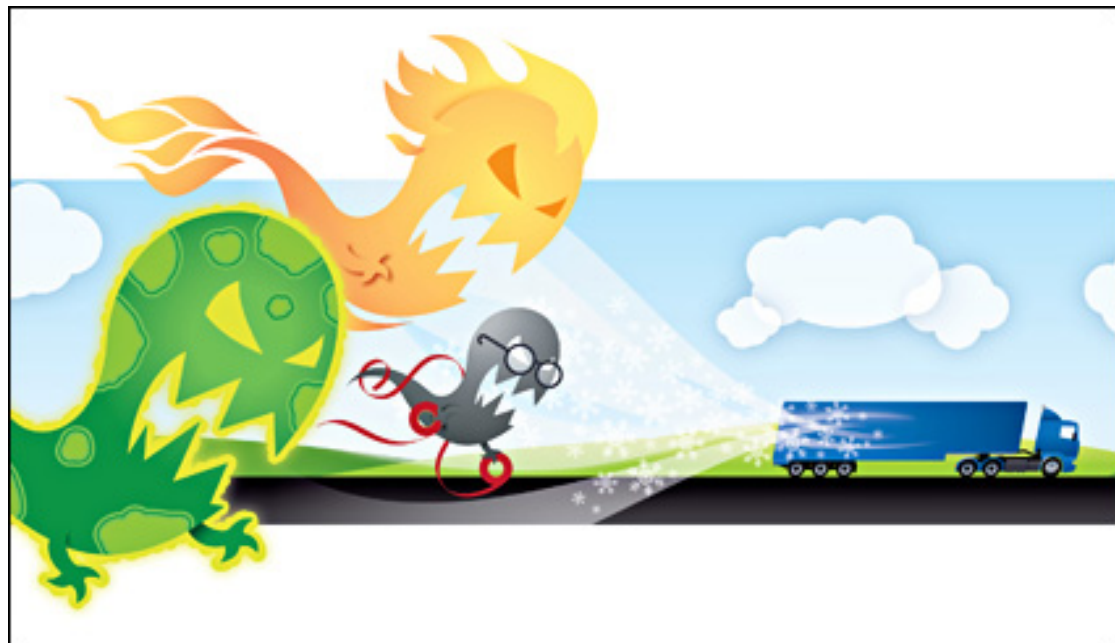


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Outpacing the Perils of Perishables



By **Amy Roach Partridge**

Haunted by the challenges of environmental unpredictability, safety scares, and regulatory red tape, food shippers rely on supply chain efficiency to keep their cool.

Perishable foods companies, along with their suppliers and providers, have an advantage in these tough economic times: Consumers' appetites are not dictated by the recession. "The good thing about being in the food business during an economic downturn is that everyone still needs to eat," notes Bud Floyd, director of produce marketing for C.H. Robinson,

a global cold chain logistics provider based in Eden Prairie, Minn.

Though demand has softened with the economic downturn, food is still a necessary commodity. "Thanks to increasing consumer interest in health and wellness, the produce business, in particular, is holding up well," Floyd adds.

But the perishables supply chain -- the producing/growing, storage, transportation, and delivery of perishable goods -- has not been untouched by the economic downturn. Pricing, for example, has been pushed into the spotlight. Food shippers have experienced a drop in demand, but cannot increase prices for fear of deterring consumers from buying their goods. At the same time, many refrigerated transportation carriers have raised rates to counteract their own shortfalls, slapping a double whammy on food growers and producers.

"Many truckers have cut back their fleets or gone out of business because of the economy," explains Gene Shvedov, vice president of business development for National Refrigerated Trucking, a Sayreville, N.J.-based carrier. "That leaves a gap in supply, forcing trucking rates for produce to rise substantially."

The loss of carriers has also impacted traffic patterns for perishables transportation. With the current drop in perishables demand, carriers are struggling to find lucrative backhauls, and shippers have seen lead times increase.

"Freight moving from east to west has slowed drastically, leading some truckers to park their vehicles rather than running back to the West Coast at a loss," says Dan Vache, vice president of supply chain management for United Fresh Produce Association, an industry organization based in Washington, D.C. "There is no longer a balance of trade moving from east to west and west to east, which presents a challenge for perishables transportation."

SAFETY ISSUES SPOIL APPETITES

Another challenge for the perishables industry comes from Washington, where the Food Safety Enhancement Act of 2009 is taking shape. Recent food scares -- including melamine in milk, tainted peppers, Salmonella in peanut products, and E. coli in spinach and beef -- have made food safety top of mind for U.S. consumers. This legislation seeks to restore

consumer confidence by granting the Food and Drug Administration more power and resources to protect the nation's food supply.

Many cold chain participants are embracing these new standards as a way to convince consumers of their commitment to food safety. But the bill has its detractors who claim that it will increase costs and squash industry innovation.

"The bill attempts to squeeze food production operations into one-size-fits-all regulations, which will stifle innovation rather than encourage companies to tailor food safety plans to fit their business," says Kraig R. Naasz, president and CEO of the American Frozen Food Institute, McLean, Va.

The food industry itself is also working on safety and traceability goals. The United Fresh Produce Association, along with the Produce Marketing Association and the Canadian Produce Marketing Association, for example, developed the Produce Traceability Initiative, which seeks to achieve electronic traceability of every case of produce by 2012.

"The food industry has taken it upon itself to achieve case-level traceability," explains Vache. "Product changes hands multiple times throughout the supply chain, so we need cold chain traceability that identifies those touches."

Despite the long-term challenges and initiatives currently pending in the perishables industry, it is the daily handling of product across the supply chain that companies focus on. Here is a look at two perishables shippers and their strategies for cold chain success.

A SWEET PACKAGING SOLUTION

Born in founder Tammy Craddock's kitchen, Jubilations Cheesecake now sells some 40,000 cheesecakes per year to local grocers, foodservice distributors, and mail-order customers around the country. But to achieve that success, the Columbus, Miss.-based company had to overcome its packaging obstacles.

Initially, Jubilations limited distribution to a regional level because the expanded polystyrene (EPS) foam package it used for shipping could only keep cheesecake cold for one day. Shipping anywhere outside the mid-

South incurred expensive next-day-air costs -- the company wouldn't risk delivering a spoiled cheesecake.

"We couldn't grow our mail-order business," says George Purnell, Jubilations' vice president. "We needed packaging with superior insulation qualities that allowed for second- and third-day delivery so we could avoid overnight shipping costs."

In addition to better insulation, Jubilations wanted packaging that was durable -- to keep cheesecakes from shifting or crumbling in transit -- attractive, cost-effective, and environmentally friendly. The company found its answer in Instapak TempGuard Cold Chain Packaging, a high-performance solution for shipping temperature-sensitive products, made by Sealed Air, an Elmwood Park, N.J.-based controlled-temperature packaging company.

Sealed Air's Instapak polyurethane foam insulates more effectively than EPS, so it keeps products colder for longer periods, allowing companies to choose more cost-effective shipping options.

Jubilations began working with Sealed Air on its packaging solution in 2007. Sealed Air custom-molded Instapak TempGuard Cold Chain coolers that include pockets for dry ice; allow customers to easily take the cheesecake out of the package; and contain a lid that fits perfectly over the dome of the cheesecake, reducing dead air space and preventing the dry ice from sublimating too quickly.

Switching to these coolers also improved the packaging process at the Jubilations plant. The Instapak TempGuard Cold Chain coolers arrive pre-assembled, so Jubilations packagers simply open the box, remove the lid and add dry ice, place the cheesecake in the box, put the lid securely in place, and seal the box.

"This is a much more efficient process than the original package, and has reduced labor time by one minute per package," says Purnell.

Sealed Air's customized solution actually costs Jubilations five dollars more per package than its old method, but because the company is able to skip next-day air delivery, it has still reduced overall shipping costs by 19 percent.

In addition, the packaging shift has allowed Jubilations to expand its

customer base to a larger geographic region -- a change that netted the company a lucrative new cheesecake lover.

"More than three percent of our total 2008 sales came from a single new customer who we would not have been able to ship to with the old packaging because the transport costs were too high," explains Purnell.

SLICING UP SOURCING

In today's busy world, any product that combines convenience with fresh taste and health benefits is guaranteed to be a hit. That's why Mott's developed its Mott's Sliced Apples product -- apples that are cored, sliced, and ready to eat, sold in resealable bags and multi-packs. To develop this line, the 104-year-old fruit company partnered with C.H. Robinson.

Mott's' main goal while creating this product was supply chain efficiency, and the decision to produce and source apples regionally was a key component. Because the new product was initially rolled out in the Northeast, where C.H. Robinson's production centers are located, Mott's Sliced Apples uses apple suppliers in New York and Pennsylvania, rather than traditional suppliers in Washington state. This helps reduce food miles and improves the product's carbon footprint.

"We wanted to improve the supply chain by moving production closer to the marketplace, which allows us to get fresher product into the stores more frequently," explains Floyd.

With growers located near C.H. Robinson production centers in Vineland, N.J., and Jessup, Md., Mott's Apple Slices can be delivered to grocery stores three to five times a week, which means consumers can buy a fresher product.

The strategy also reduces Mott's' transportation costs -- one supply chain efficiency that will be helpful as the company attempts to penetrate new sales channels such as schools and other institutions.

Its supermarket success to date -- sales are up 129 percent over other sliced apple products in some supermarkets, according to Floyd -- and smart supply chain approach bode well for expansion. C.H. Robinson is currently opening two additional production facilities to handle

distribution of Mott's Sliced Apples to southern and midwestern states, and is testing companion products for other fruits and vegetables.

"Regional sourcing has increased throughput for our supermarket customers and boosted acceptance of apple slices and sliced produce overall because of the Mott's brand," Floyd says.

Shipping food products can be a complex endeavor, thanks to the range of factors involved. Moving shipments quickly to ensure freshness can be expensive, and monitoring conditions such as temperature and humidity adds to the cost. At every step of the supply chain, from materials sourcing to packaging to delivery, shippers make a variety of choices. Knowing that they've made the right ones helps them stay cool under pressure.

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