

Title: "Salient results of a 2005 survey on food safety in retailing"

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Abstract:

#### I. Results of the consumer survey

Improving food safety in large supermarket chains is an "investment" that can prove to be quite profitable and therefore should not be included in the cost price. (1) Food safety is very important for Chinese consumers; (2) food security influences the consumer's choice of supermarkets or other distribution channels, especially where fresh food is concerned; (3) most consumers are willing to pay higher prices for safer food; (4) improvements in food safety help boost sales and profit margins of supermarket chains and encourages the consumers to return.

#### II. There are three main areas where retail verification of food safety is the weakest:

1. Public policy on the implementation of food safety measures in large supermarket chains is still insufficient. Laws and policies meant to ensure food safety are incoherent or their application is unsatisfactory. It is therefore necessary to improve legislation, normalisation, training, verification and certification. China needs food safety standards that are applicable nation-wide.

2. There is substantial room for improvement in the distributors' supply chain concerning food safety verification controls. The individual links in the supply chain all have a tendency to neglect food safety checks and proper refrigeration. (1) at purchasing level, non-compliance with food processing standards for raw materials and insufficient checks on the origin of the products result in regular food quality problems; (2) at transportation level, distributors are unable to meet storage and sanitary requirements; (3) at distribution level, the available equipment and solutions do not ensure that food safety checks will be carried out; (4) refrigeration procedures are not, on the whole, respected throughout the supply chain.

3. Food safety management is not sufficiently promoted by an auxiliary distribution management system. The organisational structure and human resources in place are not efficient enough for food safety checks. For instance, from an organisational standpoint, the lack of an independent department within a company that is charged with food safety checks as well as an external quality control and verification makes it difficult for the company to implement food safety measures.

#### III. Points for Chinese retailers to consider:

1. Improving food safety is a profitable "investment", not an extra cost. Examples of the advantages that companies obtain from food safety include: higher turnover, increased profit margins, greater customer loyalty, food products that stay fresher longer and a decrease in direct losses.

2. Chinese retailers should invest more in food security so that they can: (1) offer their customers safer products; (2) cultivate customer loyalty; (3) increase turnover and profit margins; (4) build up a competitive advantage; (5) produce quality food products that meet

export quality requirements; ( 6 ) increase sales of both fresh foods and own-brand products, especially since these two categories are currently experiencing rapid growth.

3. Improving food security in general requires improvements to all the links in the supply chain, from the raw materials to the finished products, or even the restructuring of a poorly-organised supply chain. Important measures to accomplish this are: ( 1 ) upstream production checks; ( 2 ) better refrigeration throughout the supply chain; ( 3 ) verification of the transport and storage processes; ( 4 ) improved organisation of the retail process in general.

4. In order to improve food safety successfully, supportive managers and an independent department that deals only with food safety are essential.

5. Foreign food safety strategies provide some good examples. For the most part, Chinese distributors are in the early stages of food safety awareness. Learning from foreign experience in the field may be quite valuable.

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