## The Retail Impact of The Messy Middle

A REAL-LIFE CASE STUDY ON RECEIVING POOR QUALITY FRESH PRODUCE AT THE RETAIL STAGE





### The Challenges of Managing the "Messy Middle" for Retailers

In the AgriFood industry, it is difficult to track fresh produce along the supply chain due to disconnected visibility. Because of the multiple players involved, critical data regarding product quality is often not shared efficiently between stages in the supply chain.

Often times, buyers and retailers have no visibility on fresh produce products during pre-shipment. Quality issues will only be raised upon goods arrival, making it challenging to ensure consistent good quality supply. Receiving poor quality produce results in rejection-related loss of sales and food waste that can easily amount to thousands of dollars.





### A Global Problem: Food Waste generated by Retailers

Food Waste Generated Worldwide

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of total food waste, totaling a 10.5 million tonnes that go into landfills annually in the US





of food waste problem accounted for EU supermarkets



### 15-20 pallets

of fresh produce rejected daily. Each pallet contains between 500kg to 1 tonne of produce



**DID YOU KNOW?** 

**Companies lacking** effective quality management often have a 20% of loss of sales

Source: Sourcing Journal

### **How Receiving Poor Quality Produce Costs Retailers**

A container of fresh produce can value between US\$50,000 to US\$150,000. When Retailers receive fresh produce that does not meet their product quality specifications, it negatively impacts their inventory and sales.

- to loss of total sales
- goods rejection even more costly

• Loss in sales - where the rejection of fresh produce leads to a decrease in their stock count and inability to fill the floor, which leads

• Incurred costs not recovered - especially during the Covid-19 pandemic, the rises in freight costs are at an all-time high making





A Real-life Case Study

US\$520,000.

### A retailer rejected an order for 8 containers of produce worth about US\$50,000 each, amounting to a whopping total loss of sales of



### **High Cost of Managing Poor Quality Produce**

A Retailer bought fresh grapes from a Supplier and ended up suffering a huge loss of sales.

- Programme for 15 containers of fresh grapes by a supermarket buyer
- Lack of visibility on pre-shipment quality from the supplier to retailer
- 8 out of 15 containers rejected due to quality issues
- Inefficient communication between QC team and Commercial team regarding quality
- Loss of sales from 8 containers amounted to estimated at over USD\$520,000
- Entire programme had to be cancelled and discontinued



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## **No Data, No Visibility**

Often, retail stores receive goods that do not fulfill order specifications or products that have some form of quality issues. Moreover, the defects are only known when the fruit or produce has arrived due to a lack of product visibility along the supply chain. This makes trade managing fresh produce challenging for retailers:

Unable to see pre-shipment product quality and container loading



Unable to quickly respond to inventory changes due to rejections from quality defects

Unable to easily and effectively communicate defects between internal teams







### Created by Trade, for Trade



## See the full picture with Insightful Trade Data

From Produce, Trade to Market, DiMuto AgriFood Trade Solutions have 8 key Product Features that help you gain visibility of the in-betweens in your supply chain



## An all-in-one, farm to fork platform

### **Our 8 Product Features include:**

- Farm Management
- Production Management
- Trade Management
- Inspection & Standards Management
- EmVend Marketplace
- SMART Marketing
- Payment Management
- Financial Services





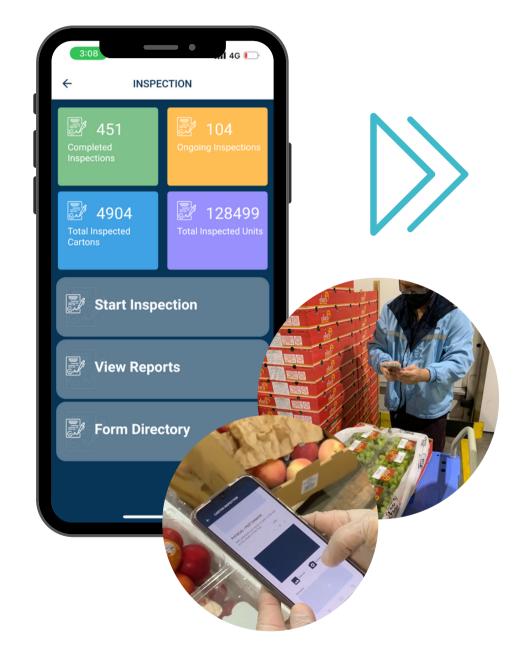
### How DiMuto Helps

### Increased Visibility of Post-shipment Quality Control Inspections within Retailer Organization

Overview										
Product Title	Green Seedless Grapes									
Date	30/4/2020									
Business Supplied To	Giant / CS									
State		Country of Origin	Egypt/ South Africa/ Aust/ US/ Mexico/India/Spain/Greece/Chin							
Supercedes		APN/PLU								
Crate Weight (Minimum)										
Pack Life	7 Davs	Customer Life	3-4 Days							

Ph	ysical Tests									
Tes	st	Accept/Pass Criteria								
Α.	Variety	Thompson/Sundance/Prime/Sugarone/ Prime/ Early Sweet/ Green Green/ Autumn King/ Stella Bella/ Sweet Globe/ Menindee/Cotton Candy/Autumn Crisp/Jumbo Crisp/ Arra 15/ Arra 30/ Sugar Crisp								
в.	Colour	Full green OR slightly creamy yellow OR pale greenish berries (COO								
C.	Appearance	dependent)     Acceptable       Practically free from vi well-formed and devel stalk and have their bit scarring on berries.     Image: Comparison of the state of the st								
D.	Eating Quality	Firm and crisp, sweet								
E.	Maturity	Table grapes must be ripeness with refractor								
F.	Brix	14° and above								
G.	Firmness	Fresh smooth skin firm								
н.	Size	Berry Diameter averag with >10% Berries <10								
I.	Shape	Ellipsoid								
J.	Major Defects	Physical or Pest Dam	125							
		Evidence of mould, de Phomopsis cane and I								
		Major Defects: ≤ 5%								
К.	Minor Defects	Physical or Pest Dan								
		Slight Yellowing (Autumn Crisp)								
			Heavy T							

Digitalize Product Specifications with Inspection Forms to Ensure Consistent Standards



Easily Conduct, Record and Share Product Quality Information via DiMuto Inspection Management

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Top 5 Suppliers with Most Rejections	Top 5 SKUs with Most Re	iections (Freg)	Top 5 SKUs with Most Re	iections (Otv		
This Year	This Year	Joonono (1104)	This Year			
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Others 2 Rejections     Fruit Fresh Green Ltd 2 Rejections	2 5017234_CAVENDISH BA 2 Rejections	NANA PHILIPPINES	2 5108765_GREEN SEEDLE 960 Units	SS GRAPE GR	EECE 10S	
Fruity Ltd 2 Rejections	3 5046881_CAVENDISH BA	NANA PHILIPPINES	3 Others 323 Units			
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spection SKU						
			d	ate range: 08 N	lov 21 - 10 Nov 21	
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Supplier Name Gross Expected Qty	Gross Received Qty	Gross Service Level	QC Rejected (Qty) $\downarrow$	QC Reject	ed (%)	
Fresh Fruits Ltd 3792	3792	Inspection Report		00		
Fresh Fruits Etu 5772	5752		ction Details	50		
		Inspection ID INSCOD003600075 Buyer Name Retailer ABC - SG	Inspector Arne Buyer SKU 5093428_BANANA CAVENDISH KG	-	Carton 533	Ounits
		Supplier Name Fresh Fruits Ltd	Supplier SKU N/A			
		Trade Contract No. TCC00003600009 Expected load size 86	Units per Carton 13 Actual load Size 86		Carton 534	4 units
		Created At 2021-11-01 03:39:53	Updated At 2021-11-01 03:47:59			
		Outcome ACCEPTED Inspection Level G-1	Sample Size 5 Total units to Inspect 65		Carton 535	3 units
		Temperature				
		Temperature Carton 532 Carton 533	N/A N/A		Carton 536	4 units
		Carton 533 Carton 534	N/A N/A N/A			4 units
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Automatically Generate Inspection Reports tagged to each order and Access Inspection Performance Dashboard

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### **Bringing Visibility to The Trade**

Making all parts of the trade easily visible and accessible to relevant teams within the Retailer

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All sales shipping, and document data uploaded in one place with Trade Timeline on DiMuto Trade Management

**Product digitalized with DiMuto Digital Identity (DID) Labels** and DACKY by Vendor to capture pre-shipment quality



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### **DiMuto Creates Trade Visibility for Unseen**

With DiMuto, Retailers can now enjoy accessible visibility of pre-shipment and post-shipment quality to better manage any potential loss of sales

Pre-shipment product quality down to every single carton easily accessible to commercial team



Trade information, documents and actions of each trade seamlessly recorded and presented in timeline view



Post-shipment product quality efficiently captured and communicated between QC, commercial and retail teams



Dashboard view of Inspection Management to ensure optimal product quality and vendor performance

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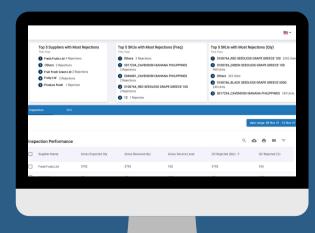


### **Product digitalized with DiMuto DIDs for pre-shipment quality**



### **Record Goods Receipt and** conduct QCs via DiMuto App

### Share product data & alert relevant teams of operational issues



**Evaluate and manage overall product quality** for the fresh produce team across vendors



# Get Our Solutions Demo



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### contact\_us@dimuto.io







