

# EU Food Safety And The Increasing Role of Private Based Standards

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# Presentation Content

- key factors driving the development of private standards
- the development of retailer food safety management systems



**Granny Smiths.**  
**What's the difference between**  
**ours and our competitors'?**  
**Not much really.**  
**They're the same quality**  
**as Waitrose.**  
**And the same price as Asda.**

Comparison based on loose Granny Smith Apples.  
Asda price checked at Leyton Store 26.09.05.  
Price comparison excludes Express, Metro and IOM.

**TESCO** | *Every little helps*

# Key Factors Driving Private Standards

- to provide brand protection
- to meet legislative requirements – encouraged and voluntary
- to promote business improvement and efficiency
- to assist in the response to consumer concerns

# The UK Retail Revolution

- the UK retailers are the main drivers of the development of food safety management systems in Europe
- UK retailers have been proactively involved with the development of Assured Farm Schemes, Euregap and the BRC Global Standard –Food
- these Standards have become widespread in use and have been used as the framework for other Standards
- four supermarkets have over 65% of all food sales and the top 10 supermarkets account for 85% of all food sales
- valued at \$206.93 billion in 2004 grown by 3.8% compound annual growth rate in period 2000-2004
- own label products account for 38.5% of sales
- UK accounts for 20.4% of European market

# Europe- Food Retail Market Segmentation

%Share by Value (2004)

Rest of Europe	34.10%
France	21.80%
UK	20.40%
Germany	14.80%
Italy	9.00%

Source: Datamonitor March 2005

# The Drive for Brand

- retailer own label products are now market sector leaders e.g. chilled ready meals
- all retailers have retailer branded products including 'discounters'
- product diversification and innovation is demanded by the UK consumer
- UK retail model mirrored in Europe
- brand recognition and loyalty is business critical

# UK Top Ten Market Share

Tesco	24.7%
J Sainsbury	14.2%
Asda	13.3%
Wm Morrison Group	13.1%
Somerfield	4.5%
Marks and Spencer (Food)	33.3%
Co-op	3.2%
Waitrose	2.5%
Spar UK	1.9%
Iceland	1.5%

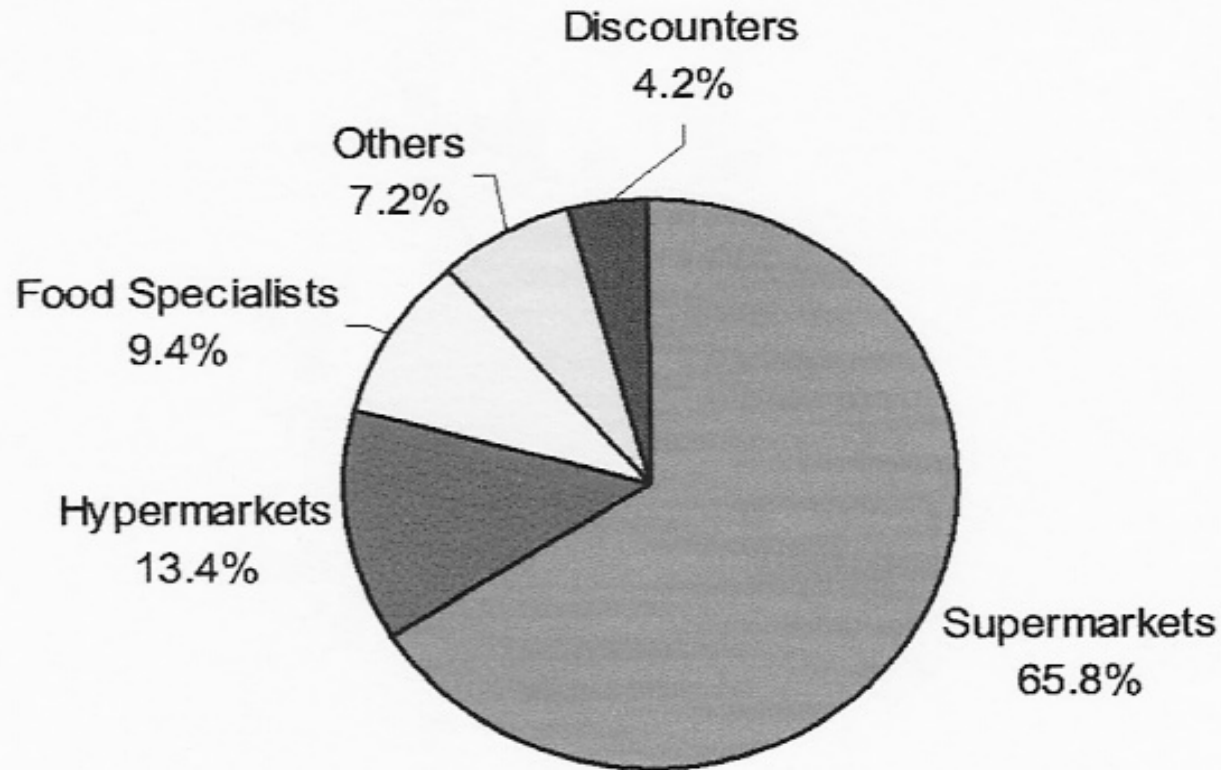
Source: Mintel November 2004



# UK Food Market Segmentation

% Share by Value

Source : Datamonitor March 2005



# The Growth of Retailer Own Brand

Source: Taylor Nelson Sofres & Citigroup Investment Research

	1975	1997	Estimated 2005	Change 1975 - 1995
Own Label	16.4%	30.0%	40.0%	+ 23.6%
Brand Leader	34.2%	31.8%	30.0%	- 4.2%
No 2 Brand	19.4%	15.65	14.8%	- 4.6%
No 3 Brand	15.3%	13.7%	10.0%	- 5.3%
No 4 Brand	14.7%	8.9%	5.25	- 9.5%

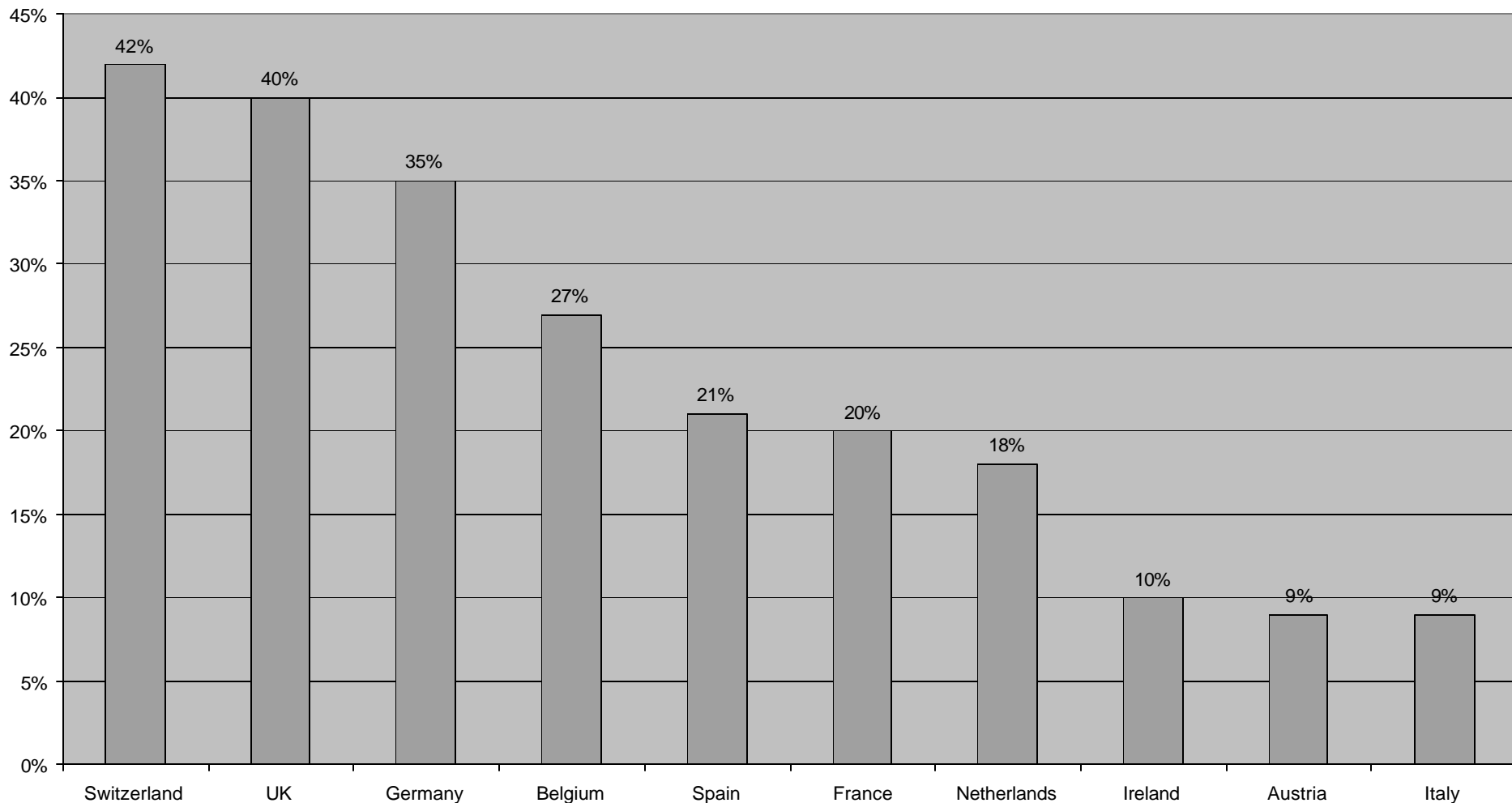
# Own Brand Share

(% share of total spend 2001)

- Sainsbury's 45%
- Asda 44%
- Tesco 42%
- Waitrose 40%
- Safeway 34%
- Co-op 34%
- Somerfield 34%
- Kwik Save 11%
- M & S 100%

# European Retailer Own Brand Market Share

Source: AC Nielsen and Citigroup Investment Research



# Pressures on Brand Owners

- legal compliance - enforcement
- consumer perception – corporate policy and Industry approach
- product quality maintenance, improvement and innovation - brand competition
- Government Surveillance Surveys - “Name and Shame Policy”
- media
- the move toward a litigious society
- cost
- shareholder value
- retention of consumer trust
- retention of consumer choice

# Enforcement Activity

- highly enforced by over 400 local authorities
- local authorities audited by the Food Standards Agency and results made public
- surveillance undertaken by Food Standards Agency and local authorities
  - Name and Shame policy

# Enforcement Statistics

Year 2001

Source: FSA

- 577893 food premises, 702023 inspections undertaken
- decreasing number of inspections year on year
- increased number of inspections on high risk premises
- 95% infringements dealt with by written warnings
- Improvement Notices increased by 50% to 6371
- Prosecutions fell from 753 (2000) to 654 (2001)
- different approach adopted

# Enforcement Opinion

Statement by the Chief Executive of  
the UK Food Standards Agency

Dr J Bell

10<sup>th</sup> March 2005

## Sudan Statement

'The legal position is very clear.  
Food companies have a legal  
responsibility for ensuring that  
the food they sell is safe and fit  
for human consumption.'



# Enforcement Approach

- for retailers responsibility Own Label product safety includes non prepacked product and catering
- deregulatory
- self regulatory

For example:

Regulation EC No 852/2004 on the hygiene of foodstuffs provides for the development of national guides to good hygiene practice and the application of HACCP principles. Food business operators may use these Guides on a voluntary basis as an aid to compliance with the Regulation.

# Trial By Media



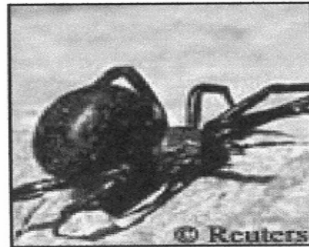
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## news



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## Deadly spiders used to protect Tesco's grapes

by VICTORIA FLETCHER, Evening Standard  
26th November 2002

**T**esco is using black widow spiders to kill insects on grapes as an alternative to pesticides.

The revelation comes after three British women found live black widows among fruit they bought at different Tesco stores.

The arachnids, which can be lethal, have been introduced to the Tesco vineyards in California because they keep down insect populations.

The company says its use of the lethal predators is in response to consumer pressure to increase its green production techniques. Before they are exported, the grapes are supposedly checked.

Look here too...

Are Tesco doing the right thing in using spiders instead of pesticides? **Share your views here**



- Week in Pictures
- Queen in France

# Consumer Trust

- 'The UK has succeeded in reducing a lack of consumer trust in the safety of food. The Food Standards Agency and the development of integrated supply chains controlled by supermarket chains, underpinned by strong European and national regulation, saw the UK emerge from crisis with some of the highest levels of trust in food in Europe.'
- 'In general, countries where supermarkets predominate show higher levels of trust in food safety whereas countries with more diverse forms of food distribution show considerably lower levels of trust. Supermarket based distribution systems provide specific conditions for purchasing, with impersonal relations and emphasis on standardisation and pre-packaged, processed foods. Trust may be associated with the higher predictability that these systems provide, but it may also be due to lower expectations and less product knowledge among supermarket shoppers.'

Source: Researcher notes from the Consumer Trust in Food Conference Nov 22 2004

# Consumer Trust

- 'The British food market, while big and complex, is characterised by the dominance of a few big supermarket chains with considerable integration backwards in the food chain. The British supermarkets have taken on a leading role in terms of safety and quality. The establishment of the Food Standards Agency in the aftermath of the BSE crisis has contributed to clarity and consensus about the responsibilities for food safety. British consumers have responded positively and show very high levels of trust in food and optimism about the development.'

Source: Researcher notes from the Consumer Trust in Food Conference Nov 22 2004

# Consumer Trust in Government

- trust in Government is low
- Consumer's trust in scientists depends on who they work for (only 37% trust Government scientists on GM issue)
- no more than 20% agree that 'the Government is doing a good job'

Source: Mori Research and the University of East Anglia Jan 2003

'As a society we can no longer , if we ever could , expect people to trust blindly in Government and scientists to get it right'

Source: Science People Can Trust, British Association Science Forum, Rt Hon. Stephen Byers Former Secretary of State for Trade and Industry March 2001

# Why Carry Out Third Party Evaluation ?

To ensure that suppliers of own branded and other products are able to :

- supply to product specification
- satisfy legislative requirements i.e. The EU General Product Safety Directive, General Food Law and UK Food Safety Act
- ensure compliance with customer requirements
- promote best practice self regulation
- there is a requirement to accurately assess the 'quality' of organisation and safety of the product

# UK Food Safety Act 1990

Under section 21 of the FSA the definition of the 'due diligence' defence is as follows :

"...it shall...be a defence for the person charged to prove that he took all reasonable precautions and exercised all due diligence to avoid the commission of the offence by himself or by a person under his control"

# Requirements for the Retailer Own Brand

- b) satisfy themselves that the intended supplier is competent to produce and/or process the product specified, that he complies with all relevant legal requirements and that he operates systems of production control in accordance with good manufacturing or agricultural practise;
- c) from time to time make visits to suppliers, where practical, to verify point b) or to receive the result of any other audit of the suppliers systems for that purpose;

Ref: The Food Safety Act 1990, The Guidelines for a Due Diligence Defence 1991



# The 1992-1998 “Free for All”

- retailer technical resources were reducing and under pressure
- Third Party Inspection was seen as a means of meeting legal compliance but freeing resource
- no “standard” approach
- no true accreditation or control mechanism
- confusion and conflict

# Status of Retailers - Nov 1996

## **SAFEWAY**

- third party and own inspection with some 20 approved Auditors

## **SAINSBURY**

- did not accept any third party but introduced their own self auditing scheme

## **TESCO**

- did not accept any third party and inspected using their own technologists

## **ASDA**

- accepted a limited number of third party inspection bodies and undertake some inspections by their own technologists

## **SOMERFIELD**

- accepted a limited number of third party inspection bodies

# The Development of the BRC Technical Food Standard

- work began in 1996 after a “shaky” start
- BRC regarded as ‘neutral ground’
- working groups included 13 Retailers, 6 Inspection Bodies, 2 Trade Bodies and UK Accreditation Service
- first edition of Standard and Protocol issued in October 1998 after significant effort
- received as a success to the surprise of the UK Retailers
- use of an internationally recognised inspection standard to resolve question of inspection consistency in line with retailers own systems

# The BRC Food Technical Standard

- developed to meet the business needs of the UK Retailer for companies manufacturing own brand products
- it is a supplier/ customer Standard
- forms an integral part of the UK Retailer's legal and quality system
- under continuous review by stakeholder groups
- still developing with respect to scheme support

# The Objective of the BRC Global Standard Food

The objective of the Standard is to specify food safety and quality criteria required to be in place within a manufacturers organisation to supply product to UK Retailers and other Standard users.

# Principles of BRC Global Standards

- minimise duplication of evaluation
- control and maintenance reliant on the accreditation process
- encourage 'local' evaluation
- open, transparent and compliant with fair trading legislation
- direct stakeholder participation during development and as part of Technical Advisory Committees
- continuous review and improvement of Standard and process with stakeholder participation
- promote 'best practice'

# Importance of BRC Standards to UK Retailers and Standard Users

- high number of own label products ( 40% of grocery sales)
- product quality and consistency essential within a highly competitive sector
- highly diverse product ranges
- product and ingredients sourced globally
- active product development programmes and significant level of product re-engineering
- retailers are 'high profile' with respect to enforcement and media
- high levels of rigorous enforcement
- intrinsic to retailer and supplier due diligence systems and procedures
- intrinsic to brand protection

# BRC Registered Food Certification Bodies

- Argentina
- Australia
- Austria
- Belgium
- Brazil
- Finland
- France
- Germany
- Holland
- Iceland
- Ireland
- Italy
- Latvia
- New Zealand
- Norway
- Poland
- Singapore
- South Africa
- Spain
- Sweden
- Switzerland
- Thailand
- United Kingdom
- Uruguay



# The Current Status of the BRC Global Standard- Food

- revised three times since its launch in October 1998
- Issue 2 published in June 2000
- Issue 3 published in April 2002
- Issue 4 published in Jan 2005
- published in 7 languages with further proposals
- used by all sectors of the Food Industry internationally
- widely used as the framework for other Standards and Assurance Schemes
- on average over 6000 inspections are carried out every year

# Other European Food Safety Management Standards

## Production

- IFS- French and German Retailer Standard (used internationally)
- Dutch HACCP- (used internally)
- ISO 22200- ISO Standard issued in September 2005

## Farm Assurance

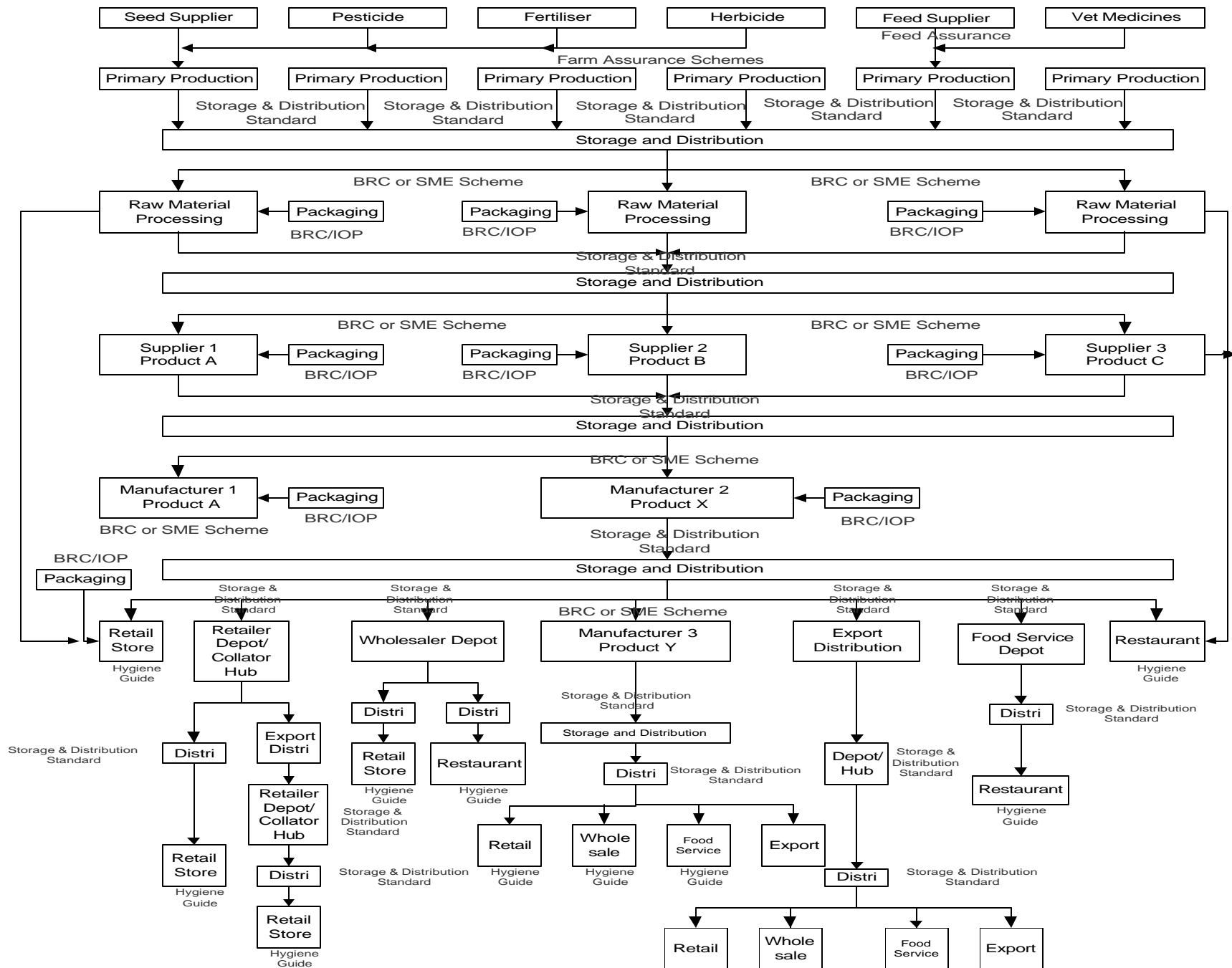
- AFS- Assured Farm Standards
- Euregap- European Retail Produce Good Agricultural Practices

## Feed Assurance

- UFAS- Universal Feed Assurance Scheme
- FEMAS- Feed Manufacturers Assurance Scheme
- TASCC- Trade Association Scheme for Combinable Crops

# European Food Safety Management Standards

- all follow the same principles of the BRC Standard model  
e.g. accreditation, competency of auditor, detailed protocols
- close dialogue between Standards owners
- integration within the supply chain  
e.g. FEMAS, AFS and BRC



# Benefits for the Manufacturer

- resource benefit as 'due diligence visits' are significantly reduced
- allowed to focus on factory issues
- allowed to focus on development of business
- knowledge on specific Retailer requirements
- cost effective, independent and professional audit supplement own systems
- audit is owned by the supplier

# Benefits for the Retailer

- removes the burden of “routine due diligence” visits
- allows focus on new product development and development of suppliers e.g. local sourcing
- frees valuable resource to focus on ‘hot topics’ e.g. allergen control, traceability, identity preservation

# European Food Technical Standards

- driven by retailer initiatives
- allows a benchmark requirement for all suppliers globally
- integrity is reliant the recognised principles of accreditation
- promote and enhance food safety using the principles of self regulation
- there are no direct consumer issues as safety is 'invisible' to the ultimate customer
- well established and recognised
- used on a voluntary basis by users and suppliers
- recognition that different auditor competencies are required within a sector and for environmental and social accountability audits
- used by Enforcement Authorities in conjunction with formal surveillance and therefore actively encouraged by Governments
- proliferation of food management safety standards has diminished
- looking at partnerships to re-establish the principles on which they were founded

# Additional Information

[www.brcglobalstandards.com](http://www.brcglobalstandards.com)

**BRITISH RETAIL CONSORTIUM**

