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Fresh Analytics

Feed your bottom line
without all the rubbish

Growing market share demands quality and consistency of the fresh offering

The quality of fresh products has become one of the most influential factors for where consumers choose to shop, making Fresh a critical category for driving profitability in retail and food service. Many customers now expect to find high-quality, healthy, fresh products, regardless of purchasing channel (traditional, discount, online, omnichannel). However, many retailers and food suppliers continuously struggle to manage and improve freshness, contributing to an inconsistent customer experience, lost sales, increased costs, and ultimately food waste.

Complexities in the food value chain, such as natural product variation, weather, and growing conditions, historically have been blamed for the bulk of poor quality issues. In reality, there are many controllable factors, often with limited current visibility, required to manage freshness. These interconnected issues are often not immediately observable (cause is separated from effect) but can drastically shorten product shelf life. On-farm handling, processing, and cold chain integrity are all examples of factors that can easily lead to product thrown away in stores, even if the store managed the product effectively. Unlike a traditional manufacturing environment, where waste is usually easy to observe and quantify, retailers and food suppliers should have a different perspective for identifying and prioritizing the root causes of poor quality on highly perishable items.

While this might seem like a daunting challenge, new game-changing technologies and advanced analytics techniques have been developed to help retailers pinpoint the root causes of poor freshness by looking where the profits are currently going—the trash.

Fresh Analytics – Visibility. Insights. Results.

Advanced analytics tools and techniques help companies develop new sources of high-value data, which is connected, interpreted, and eventually automated to improve fresh performance. Data and analytics provide the foundation for establishing holistic freshness management across the fresh value chain—from farm to the customer's basket.

Here are just a few ways it can help:

Quantifying the value of freshness

A day of freshness has value. Organizations rarely consider the true cost of lost freshness and its impact on customer satisfaction, missed sales, and food waste. Food waste uses limited supply chain resources (labor, logistics, and handling) and requires additional disposal services and fees.

Fresh Analytics can help businesses focus on what's the most valuable (prioritization). Artificial intelligence and machine learning can now augment detailed supply chain cost models to create near-real-time decision capabilities.

Adding visibility to where loss of freshness occurs

Anecdotes—not verifiable data—are typically used to explain poor freshness performance: quality issues at a supplier, seasonality, high employee turnover, truck shortages in a region, competitor pricing, etc. While these explanations are often insightful, they don't explain whether it is a systemic issue or just an instance. By combining detailed merchandising, supplier, transportation, distribution, and store data and using advanced visualization techniques, it can be easier to identify waste patterns in products, suppliers, geographies, distribution centers, store clusters, and transportation vendors. This can create a powerful way to track and improve common sources of spoilage and freshness loss and to separate systemic issues from one-off incidents.

Identifying why loss of freshness is occurring (root causes)

Food waste is a symptom of underlying freshness management issues. Organizations often confuse the location of food waste as the potential source of mismanagement. Generally, this cannot be further from the truth—both figuratively and literally. Waste observed at stores could be due to several root causes such as product over-ordering, high supply chain dwell times, low quality or old products from the supplier, poor cold chain compliance, slow distribution channels, or inadequate culling and rotation of products at the stores. Advanced statistical tools can take the guesswork out of identifying the primary sources of root causes and designing solutions that solve the underlying problems.

Beyond insights: The impact of Fresh Analytics

Based on our experience, Fresh Analytics accelerates identification of value drivers while also enabling value capture in an organization. Here are some examples:

Identifying quick wins: Use sources and causes of freshness loss to develop initiatives that prevent avoidable causes with minor process or system changes.

Managing and tracking loss of freshness: Integrate advanced waste dashboards and root cause analytics into the current management reporting and tracking process to actively reduce food waste across the value chain.

Predicting and troubleshooting potential issues: Generate, connect, and automate supply chain data to predict and anticipate supply chain issues based on weather, sourcing, planning, and inventory management conditions.

Case study

A leading retailer was struggling with high levels of food waste in its produce supply chain, while also dealing with poor customer perception. Deloitte used its proprietary Fresh Analytics tool sets to implement statistical methodologies, visualization-based pattern recognition, and perishable supply chain simulations to rapidly identify and quantify root causes of freshness loss. The project led to an immediate (no capital investment required) cost savings of more than $200 million in waste and supply chain and a new digital fresh supply chain strategy to enable leading performance.

Getting started

Deloitte is a leader in fresh value chain, supply chain, operations, finance, tax, and human capital, allowing us to help our clients solve their most complex fresh issues. With a suite of analytics capabilities and accelerators, we drive business decisions in a fast, scalable way that helps food retailers and food suppliers improve the quality and consistency of their fresh offering so that profits feed the bottom line and not the trash.

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