



Assured UK Malt
NEWS



Traceability is Everyone's Concern

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Few people in the food and drink industry can have failed to notice the growing importance of traceability in recent years. Food scares such as those surrounding Sudan 1 and Para Red have alerted manufacturers, retailers and the consumer to the importance of ensuring the quality of ingredients. At the same time, public concerns about GM foods have increased their desire to know the origins of all food and drink. This desire has undoubtedly been one of the factors behind the resurgence of regional foods throughout Europe. If consumers can identify the area of origin of a product, they feel more at ease purchasing it.

In the past, concerns with raw materials or the production process may have been seen as an issue for those involved operationally, such as the production or quality control manager. However, recent examples have shown the effect that such issues can have on the whole business. For marketeers, sales people, finance and managing directors, a batch of substandard raw materials can have devastating consequences – undermining brand equity, reducing stock market valuation, adding costs for product recall, and jeopardizing future sales.

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In 1990 the word 'Perrier' was synonymous with mineral water, it was the leading brand in a growing sector with a 15% share of the important U.S. market. By 2003 this share had fallen to 3% and it struggled to break even. This collapse followed the discovery of benzene contamination, originally detected by regulators in North Carolina, and subsequently confirmed by Dutch and Danish officials.

Many will remember the huge media coverage of the story. The total recall cost was \$253 million, later the share price fell by 37%, and Perrier was taken over by Nestlé in 1992.

Even the world's biggest brands are not immune from the consequences of product concerns. A problem with Coca-Cola in Belgium in 1999 led to the banning of all products by the government, following the hospitalization of 100 school children. This subsequently led to a ban in France, and restrictions on sales in Luxembourg and the Netherlands. Some 30 million cases of drink were recalled - the biggest product recall in the company's history – at a cost of \$103 million. Later Coca Cola stock value fell by 10% and the Chairman/CEO eventually resigned.

The problem for many food and drink manufacturers is their total dependence on outside suppliers to ensure the integrity of their products. Despite evidence that the risks from Sudan 1 are relatively small, its detection in an imported batch of chilli powder in the UK led to a major global food scare. Retailers and manufacturers were forced to take numerous lines off the shelves, and the cost of product recalls was estimated to be at least £100million. This does not include the effect on brand equity or future sales.

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Ivor Murrell, a spokesman for Assured UK Malt (AUKM), says: “It would be no exaggeration to say that brands are more important in brewing and distilling than virtually any other food or drink sector. Very large amounts of money have been invested in establishing and maintaining beer and spirit brands, and in many premium markets, brand is everything. The Assured UK Malt scheme is designed to give brewers and distillers the assurance of traceability and high quality at every stage of the production process. Companies that use malt bearing the AUKM mark of certification can do so with total confidence.

“While many buyers and quality assurance managers have become aware of the benefits of the scheme since its launch two years ago, other key personnel remain unaware of its benefits. We believe that product traceability and integrity are issues of importance for production, senior management, the finance department, sales & marketing. We are, therefore, targeting information at all parts of brewing and distilling companies.”

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Notes for Editor

The Assured UK Malt scheme was launched in 2003 and the fact that it is now accredited to the internationally recognised product certification standard (EN 45011) is being announced at Drinktec.

More information on the scheme can be obtained from the website at www.assureduk malt.com.

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