



# Produce Traceability Initiative 2009 Industry Benchmarking Survey

February 2010

## Executive Summary

Produce Marketing Association (PMA) and United Fresh Produce Association (United Fresh) conducted an online survey of the fresh fruit and vegetable industry selling into the U.S. market to benchmark its adoption of the Produce Traceability Initiative (PTI). The information gathered will aid the PTI Steering Committee and the PTI's administering associations (PMA, United Fresh and Canadian Produce Marketing Association) in not only evaluating the industry's adoption of PTI, but identifying additional support needs.

### Respondent Demographics

A total of 263 survey responses were received with a margin of error of +/- 6 percent. Eighty-eight percent of respondents report they are either decision makers or have responsibility for implementing PTI from various segments across the produce supply chain. The largest segments represented in the survey were packer/shippers and growers.

### Industry Awareness and General Benchmarking

Awareness of PTI and its seven-milestone action plan in the industry is high, with slightly over 80 percent of respondents reporting they are aware of PTI; 75 percent of respondents report they have accessed the PTI Web site.

Approximately 70 percent of the industry is working toward implementing PTI, with 58 percent on target to meet the milestones. Nearly two-thirds of respondents – 62 percent – report that they are having communications with their trading partners. Retailers report they are lagging behind the industry in adopting PTI; by comparison, 51 percent of retailers report they are having communications with their trading partners.

At this date, it appears that 58 percent of the industry is on target to meet the milestones as recommended by the PTI action plan by 2012.

When asked the reasons or barriers preventing their implementation, the belief that PTI is cost prohibitive is the primary reason cited. Other reasons include:

- A lack of awareness or information on PTI
- Waiting on governmental regulations

- Respondents believe they already have traceability plans in place
- Implementation problems/barriers
- Waiting to hear from their trading partners
- Issues with trading partners
- Insufficient resources

Retailers cited the same reasons, although they listed lack of information and insufficient resources as the primary reasons for not working toward implementation.

### **Benchmarking Milestone Progress**

**Milestones 1 (Obtain Company Prefix) and 2 (Assign GTIN Numbers).** Sixty-seven percent of respondents report they are brand owners. Of those 70 percent report they have a GS1 prefix as directed in Milestone 1, 73 percent of which had their prefix prior to October 2008. This validates the survey’s assessment that 70 percent of respondents are working toward implementing PTI. Sixty-four percent of brand owners report they have assigned Global Trade Item Numbers (GTINs) for every case configuration for their company, in accordance with Milestone 2.

**Milestone 3 (Provide GTIN Information to Buyers).** Survey responses indicate that the industry needs improved buyer/seller communications when it comes to conveying GTIN information as directed in Milestone 3. Forty-two percent of brand owners have established a process to communicate GTIN information to their buyers with 16 percent using the PTI-developed Data Synchronization Template spreadsheet for communicating GTIN information to their trading partners. Only 30 percent of receivers reported being contacted by their suppliers to convey GTIN information.

**Milestone 4 and Beyond.** It appears that some in the industry has adopted a “wait and see” attitude regarding further PTI implementation, with 54 percent of brand owners reporting they are working toward implementing Milestones 4 (Show Human-Readable Information on Cases) and 5 (Encode Information in a Barcode). These milestones are targeted for completion third quarter 2010. At the same time, only 33 percent of receivers and 30 percent of retailers are working on Milestone 6 (Read and Store Information on Inbound Cases), targeted to be completed in 2011. This is also reflected in the fact that only 40 percent of the industry currently has a plan to meet Milestone 7 (Read and Store Information on Outbound Cases), targeted to be completed in 2012.

Overall, based on respondents’ replies industry’s commitment to the PTI is a mean of 6.51 on scale of 1 (not committed) to 10 (extremely committed). This shows a moderate industry commitment to PTI implementation at this time.

### **Industry Concerns and Comments**

The top concern regarding implementation of the PTI is cost. Costs cited by respondents include hardware and software expenses, logistics and obtaining a company prefix – both implementation and maintenance costs. Going hand-in-hand with costs, is return on the investment. Other areas of concern are:

- Accuracy of information
- Lack of clear commitment/acceptance across the supply chain
- Insufficient communications
- Duplication by PTI of respondents' existing traceback systems
- Lack of ease of implementation
- Pending governmental legislation
- Insufficient resources or time
- Questioning the necessity of the PTI and its recommendations
- Special demands/requests above what PTI is recommending

The major recommendations for the associations to help with implementation are:

- Better communication/publicity
- Better address needs of small/local farmers
- Better/more education
- Help gain full supply chain commitment/compliance
- Help with costs
- International outreach

Other popular additional comments included:

- Need a forum where real world issues can be discussed
- Need help from service providers
- Need information in Spanish
- Need more instruction for brokers
- Need to determine if buyers are really prepared and committed
- Need to keep momentum moving
- Need to research existing practices before deciding on new processes

### **Methodology**

The survey was designed to aid the PTI Steering Committee and the administering associations (PMA, United Fresh and CPMA) in benchmarking the fresh fruit and vegetable industry's adoption of the PTI and indentifying industry support needs. An online survey was publicized to industry, including PMA's and United Fresh's memberships on Nov. 30, 2009. The survey was closed on Jan. 4, 2010. To ensure confidentiality all responses were submitted anonymously; survey programming prevented respondents from replying more than once.