Enhancing the national competitiveness of the Western Australian food and beverage industry through facilitating the adoption of quality assurance (QA) programs

Georg Küpper and Peter J. Batt

Curtin University of Technology
Perth, Western Australia

Consumer Sensitivity and Concerns


359 FOODS IN CANCER ALERT

● DON'T EAT THEM: PAGES 4 & 5 ● FULL LIST OF PRODUCTS: PAGE 31


Thousands of items taken off shelves

READY MEALS CANCER ALERT

THOUSANDS of food items were emptied off

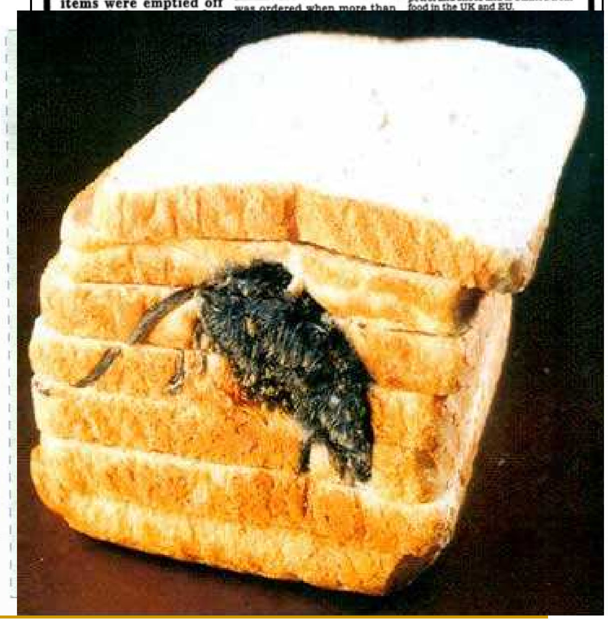
By Andy Dolan

…"Queensland police are investigating after objects up to six centimetres long were found in uncooked, pre packaged meat and frozen products in four stores in Queensland, New South Wales and Western Australia…"(ABC News 2008)…"


food scandal

Risk to health posed by Sudan 1

…"An estimated 100,000 pigs will have to be destroyed because of the pig meat crisis which has led to the recall of all Irish pork products in Ireland's largest food scare since BSE…"(IrishTimes 2008)



Presentation Outline

1. Introduction
2. Background
3. Sector data – some figures
4. Objectives
5. Research framework
6. Data analysis
7. Main survey findings
8. Recommendations

Introduction

Major drivers for change in food supply include

- **Aging population**
- **Health concerns**
- **Time pressure and convenience foods**
- **More food consumption away from home**
- **More intensive food production systems**
- **Increasing globalisation and international trade**

Consumers need to have some guarantees.

Introduction (cont'd)

- **Food safety is non-negotiable**
- **Maximising food safety must be the primary objective of all food supply chains**
- **Food safety has legislative requirements and statutory regulations**
- **In the food industry quality must be built into the product…it cannot be inspected out**
- **Quality assurance (QA) programs and standards are a tool to build trust in the food chain and to boost consumer confidence**

Background to the study

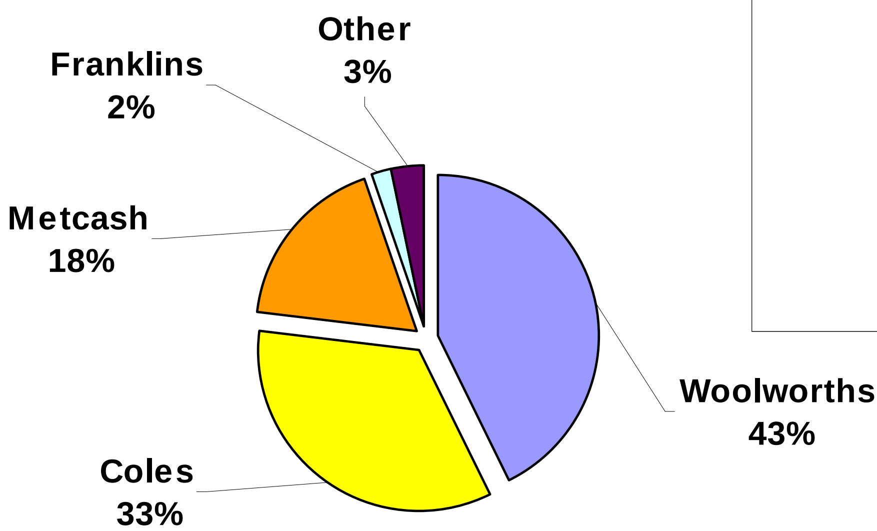
Western Australian food and beverage industry

- **sales worth Euro 2.8 billion (2006-2007)**
- **14% of the Western Australian manufacturing industry**
- **7.55% of the Australian food industry**
- **800 businesses employing 14,000 people (2007-2008)**
- **export focused (Euro 11.7 billion in 2006-2007)**

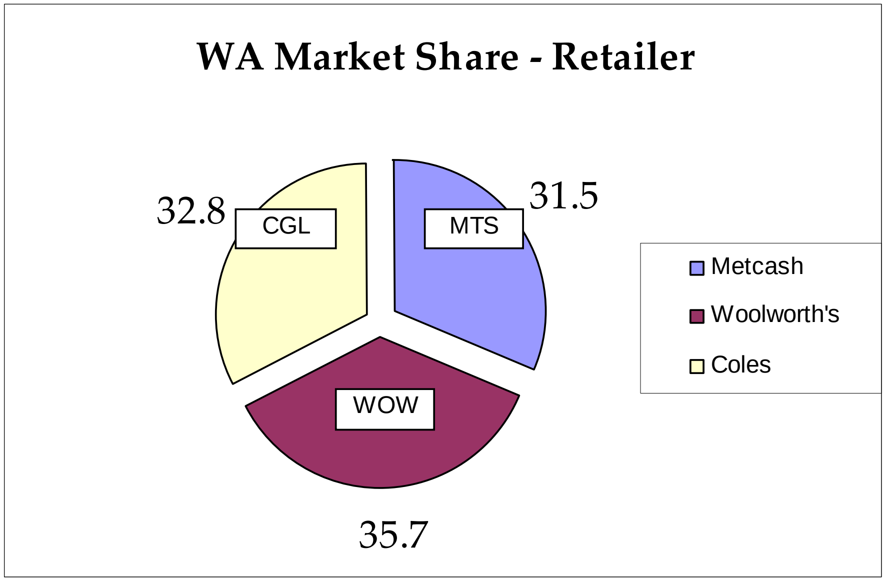
Australian Bureau of Statistics (2008)

Background to the study (cont'd)

Retailer Snapshot - Australia



Estimated National Grocery Market Share - March 07



→ Western Australia: One of most consolidated markets in world, with 3 major players

Background to the study (cont'd)

- SMEs represent 96% of all business enterprises
- responsible for over 40% of the GDP in Australia
- SMEs are an important provider of jobs and a source of dynamic development and innovation
- In Australia SME classified by size: < 200 employees
- Australia-wide
  - 82% micro businesses
  - 14% small business
  - 4% medium businesses

Australian Bureau of Statistics (2008)

Objectives

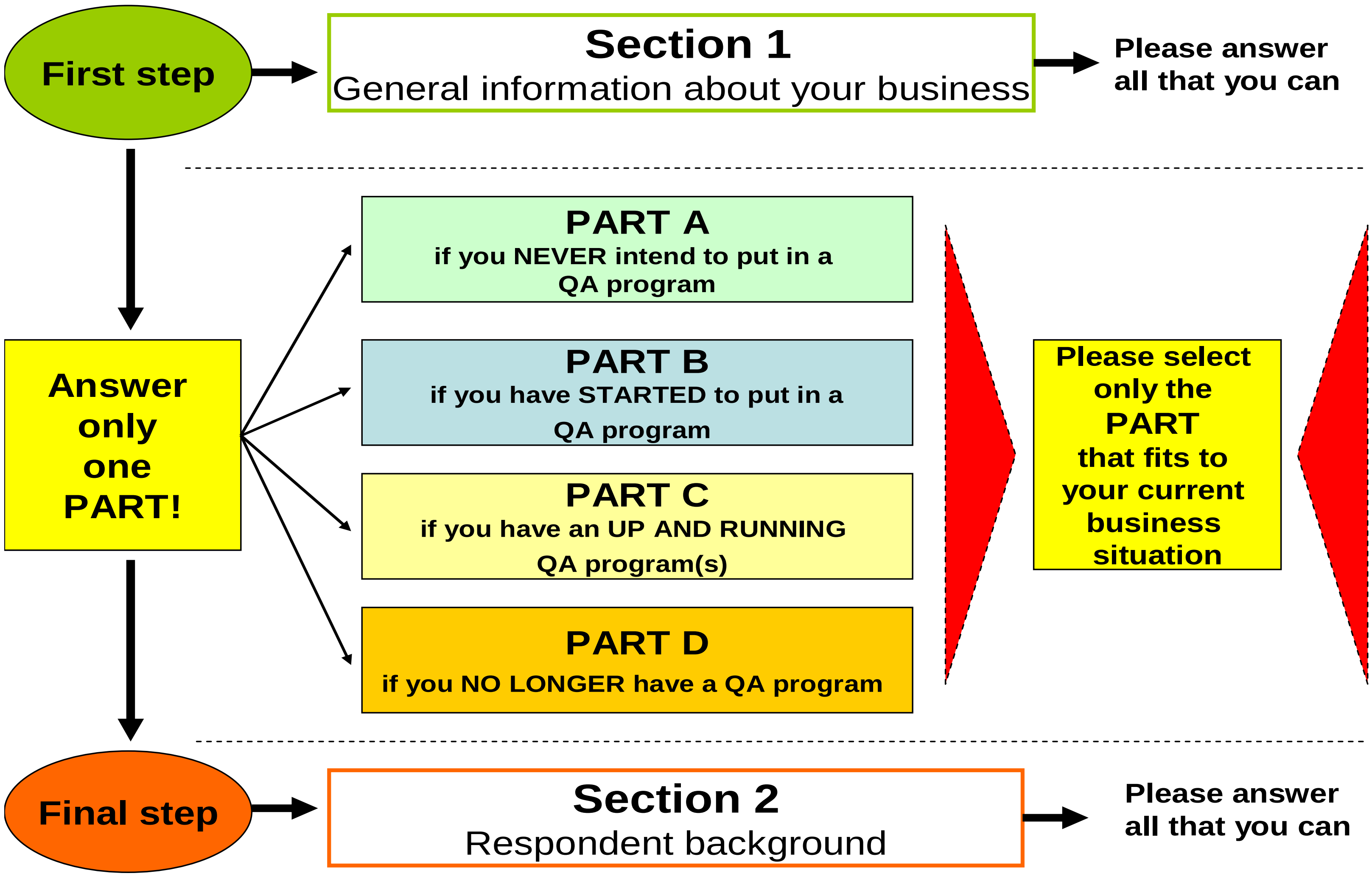
- identify the QA status of the WA food industry
- determine the barriers to implementing QA systems in the WA food industry
- develop effective methods for introducing QA systems into the WA food industry
- identify the role of the public sector in facilitating the widespread adoption of QA systems

Research framework

Participants were selected from:

- bakery products
- beverages
- confectionery products
- dairy products
- fresh and semi-processed fruit and vegetables
- meat and poultry
- oils and fats
- seafood products
- other products including sugar, salt, rice, noodles, snack food, prepared animal and bird feed, ingredients and frozen food

Curtin
UNIVERSITY OF TECHNOLOGY



Research framework (contd)

- develop and build an appropriate sampling frame

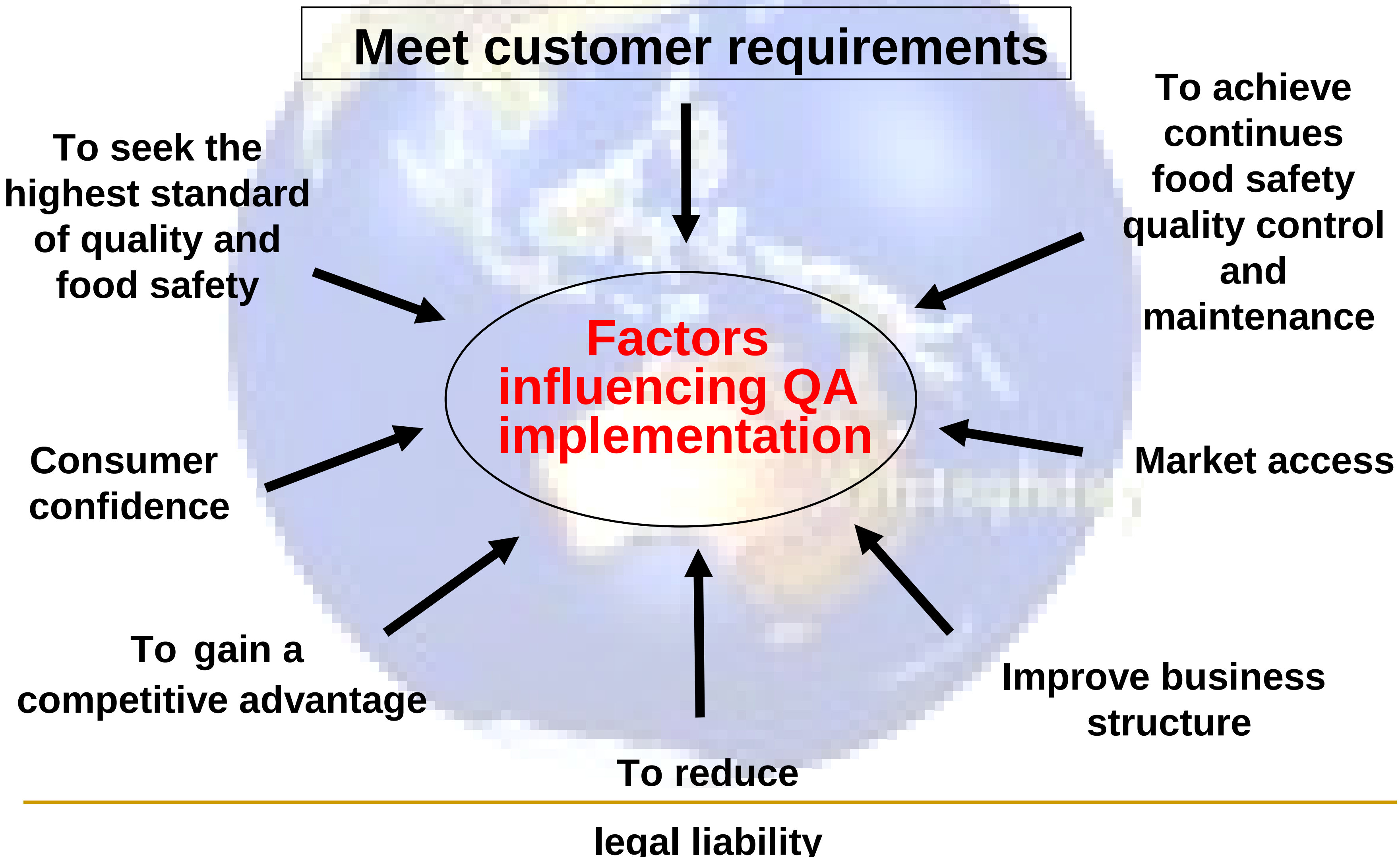
  (no database)
- mail questionnaire to 798 food and beverage businesses in Western Australia from March 2008 to September 2008
- excluded
  - growers
  - retailers
  - wholesalers
  - food catering and restaurants

Results

- 218 questionnaires were completed
- response rate of 28%
- most businesses were privately owned (83%)
- main decision makers for the adoption/non adoption of one or more QA programs were:
  - top management (55%)
  - owner of the business (50%)

ANZCIS Classification	No.	%
211 Meat and meat products (poultry, bacon, ham)	34	15.6
212 Dairy manufacturing (ice cream, milk, cheese, milk powder, dairy)	21	9.6
213 Fruit and vegetable processing	43	19.7
214 Oil and fat manufacturing	12	5.5
215 Flour mill and cereal (snack food)	26	11.9
216 Bakery manufacturing (cake, confectionery, bread, biscuit, pastry)	35	16.1
217 Other food manufacturing (seafood, honey, animal, sugar)	50	22.9
218 Beverage manufacturing (wines, beer, malt, juice, spirit, soft drink, water)	51	23.4
Total	**218**	**100**

Stage of adoption / non adoption	Participants No.	Percentage
Group A: … if you do not intend to put in one or more QA program(s)	51	23.4
Group B: …if you have started to put in one/more QA program(s)	42	19.3
Group C: …if you have one/more up and running QA program(s)	119	54.6
Group D: …if you no longer have a QA program	6	2.8
Total	218	100


Meet customer requirements
To seek the highest standard of quality and food safety
To achieve continues food safety quality control and maintenance
Factors influencing QA implementation
Consumer confidence
Market access
To gain a competitive advantage
Improve business structure
To reduce
legal liability

Curtin UNIVERSITY OF TECHNOLOGY

Results (contd)

Motivation NOT to adopt one or more QA programs	Part A %	Part D %
No commercial benefit to the business		67
The high costs of implementation/maintenance of QA	51	
No need/no legal requirement from Government of WA	35	33
Business is too small	35	
The lack of time	33	
The lack of information	20	
The lack of resources (e.g. labour)	12	
No requirement from customer (e.g. retailer, franchise)		17

Results (contd)

Benefits arising from the adoption of one or more QA programs	Part B %	Part C %
Ensure and increase product safety	18	
To gain new customers	15	
Improvement in the business culture	15	29
Improved company image	12	18
Reduced cost and waste		19
Greater customer confidence		18
Traceability system	9	12

Curtin UNIVERSITY OF TECHNOLOGY

Results (contd)

Barriers to the adoption of one or more QA programs	Part B %	Part C %
Lack of time	40	16
High cost of QA implementation	35	24
Increased amount of paperwork/duplication	18	25
High cost of QA maintenance/verification	16	24
Resistance of staff		18
Lack of information	11	

Implications for government

There is a need for continuing Government intervention to:

- **reinforce the case for more support/training for SMEs**
  - **by building QA awareness programs**
  - **by understanding the drivers, the benefits and the barriers towards the adoption of one or more QA programs in the food and beverage industry**
- **helping providers/consultants to deliver SME-friendly QA training programmes**
- **stimulate QA approaches on both the supply and demand side**

Curtin UNIVERSITY OF TECHNOLOGY

Please contact:

g.kuepper@curtin.edu.au
or
p.batt@curtin.edu.au