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How the web helps grocers stock fresher produce and cut inventory shrink

In the perishables business, freshness equals sales for the grocers who stock produce on their store shelves. With multiple points of transfer and players along the supply chain, it's been challenging to maximize that freshness, but now the Internet plays a key role in reducing grocers' loss from spoilage.

Temperature conditions have a major effect on freshness, and technology now travels with shipments from grower to grocer that continuously monitors container temperatures. Feeding the data into a web-based database for sharing and analysis can pinpoint exactly where in transport containers went above or below agreed-on standards by even as little as a degree. Steve Dirubio, vice president and general manager for food at cold chain system monitoring provider Sensitech, says that's useful in determining responsibility when grocers receive a shipment that's not up to standard.

But more than protecting grocers from paying for produce deemed below standard, Dirubio says web analytics that grocers can run on the temperature data with systems such as Sensitech's can help them do better planning, which reduces inventory shrink from spoilage.

Perishables product inventory shrink has been estimated at about 5% to 10%. "For a very large U.S. grocer, that could be \$100 million to \$150 million in perishables product shrink," he says. About 50% of that can be attributed to poor cold chain management, resulting in spoilage or products in condition too poor to stock, he adds.

The web-based database and analytics can reveal, for example, if temperatures for produce delivered to a particular region show greater variance in transport than is the case in other regions. That would allow the grocer to review the trucking vendor used in that region, leading to the discovery, for example, that the vendor's refrigerator fleet is a few years older than average, or that the fleet's condition or maintenance is poor. The grocer could then either stop using that vendor, or put the vendor on notice that improvements would need to occur, Dirubio says.

The analytics gives a picture of the relative performance of participants in cold chain management, region to region, supplier to supplier, and compares different times of year, says Dirubio. "It allows grocers to prioritize improvements," he says. "Especially if you are a large grocer in many states, attacking something as complicated as your perishables logistics system is an expensive proposition. So it's important to know that solving which problem first will give you the biggest bang for your buck."

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