

# How Technology Helps Food and Beverage Companies Optimize Operations

## ERP Systems & the Food and Beverage Industry

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The food and beverage (F&B) industry is witnessing a massive shift in consumer preferences. Consumers today demonstrate an increased focus on ethical sourcing, as each year organic food sales increase by an average of 10%. According to a 2019 study by *Supermarket Perimeter* two-thirds of consumers buy organic food. Consumers are extremely concerned with the traceability of the food they put in their bodies. This has also given rise to increased demand for clean label products. People want to be able to read the ingredients listed on the back of their food, and because of this, the demand for transparency and accountability within the F&B industry has seeped into legislation. Effective January 1st, 2020, all F&B manufacturers were required to implement the FDA's new Nutrition Fact Labeling rules.

However, many manufacturers were overwhelmed by these new changes, causing the FDA to issue a six-month grace period.

This year, consumer preferences are giving way to an entirely new set of trends. Food and Beverage Media argues that consumers are on the hunt for healthier snacks they can take on the go, specifically those with less sugar and more protein. They are also focused on reducing the amount of both packaging and food waste.



As you can see, the F&B industry is difficult to operate in, especially when factoring in seasonality and freshness. Consumer demands will shift again, leaving many companies within the industry struggling to keep up. Food manufacturers need an ERP system that can effectively manage supply and demand in a fast-paced environment.

Keeping stock is expensive, especially in an industry that is highly dependent on seasonal conditions. With this, it is important inventory doesn't go to waste as food due to limited availability. It is critical that plan decay be eliminated. Plan decay is the period between capturing data and analyzing said data to make a business decision. F&B manufacturers need to be able to make critical decisions in minutes to ensure the quality and usefulness of their ingredients.

F&B Manufacturers also need solutions to manage production and distribution. When material flows are planned properly, companies will have a better understanding of the overall production process, the amount and type of inventory needed, and possible order exceptions.

Managers and employees that completely understand the supply chain process will be able to provide customers with transparent answers about the source of their products. This is extremely valuable as consumers today are greatly concerned with the traceability of their food.

As mentioned earlier, consumer demands are constantly shifting when it comes to food. This is due to globalization, an increase in competitors, shortened product lifespans, and stricter consumer requirements. According to Bruce Friedrich, executive director of The Good Food Institute, "consumers are seeking foods that align with their values and they aren't willing to compromise on taste, price, or convenience." To ensure companies are creating products that meet these standards, manufacturers need an ERP system that helps predict demand. Seasonality is make-or-break in the F&B industry, and demand planning allows companies to organize according to their busiest times of the year. By properly forecasting sales, an ERP solution will also support the supply chain by improving inventory accuracy and control.

To find an ERP solution that works for your food and beverage company, contact the experts at Logan Consulting by clicking the logo below.

