

# Food labelling

# innovative solutions for Short Food Supply Chains

December 2019



**Project code:**

**Project acronym: Smart Food Supply Chains**

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**Internal template:**

**Pilot description on NTIs**

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**Work package number: T2**

**WP leader: CBHU**

**Work package title: Technological and non-technological innovations**

**Document issued by: Kislépték Egyesület (Cooperation)**

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<b>Dissemination Level</b>		
<b>PU</b>	<b>Public</b>	
<b>PP</b>	<b>Restricted to other program participants</b>	
<b>RE</b>	<b>Restricted to a group specified by the consortium</b>	
<b>CO</b>	<b>Confidential, only for members of the consortium</b>	

**1. Title of the case description**

Developing a food labelling program

**2. Indicate your role in the Smart Food Supply Chain:**

- individual member of the chain:
- chain operator:
- network operator:
- association:
- technical, scientific, or management expert:
- advisor:
- policy maker:
- other: .....

**3. Indicate the region (if applicable):** world-wide

#### 4. WP2 Cross-reference table

Please indicate with an X in the relevant box of the matrix for which needs and the steps / functions of the supply chain the described innovative solution is applicable

		Individual steps of the SFSC							Short food supply chain as whole						
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
Needs of the consumers (citizens)	food safety														
	food quality														
	trust														
	ethical aspects														
	accessibility														
Needs of the chain actors	fair price														
	increased negotiating power														
	shared use of available resources														
	product development support														
	access to markets and consumers														
	access to infrastructure														

- 1: Farming**
- 2: Primary production**
- 3: Transport**
- 4: Processing and packaging**
- 5: Storage**
- 6: Logistics**
- 7: Sale**
- 8: Product integrity, authenticity, transparency**
- 9: Marketing concepts**
- 10: Food chain management and networking for enhancing cooperation among chain actors**
- 11: Business modelling**
- 12: Policy environment**
- 13: Legal requirements**
- 14: Labelling**

## 5. Short description of the innovative solution

- **Describe the specific need or problem being addressed by the case and please explain what is the novelty of this innovative solution**
  - For small manufactures, producers difficult to create food labels, which one fulfils legislation, consumer and trade requirements.
  - To find a good external consultant / advisor is difficult and not cost effective for a small producer.
  - Commercial (traders) and consumers have high expectations regarding food labels. Beside distinctive function it has to be informative as well.
  - The consumers' protective authority applies high penalties.

Based on EU and national standards to develop a free and practical IT application (software) which one is able to create a right food label in minutes. Possible template of the program you can find on the website [www.nutraid.com](http://www.nutraid.com). The program has to be multilingual, and can be use social. The software helps small scale (local) producers to promote their products and fulfil regulations on food controls as well.

- **Describe the enabling function(s) and the practical benefit(s) - (e.g. for which types of problems and opportunities is used and can it be used, and how)**
  - Enables producers to create a food labels based on EU and national standard.
  - Intuitive and easy designing of labels for non-tech users in minutes..
  - Enables transparency in the food system and provides information for consumers towards nutritional values and allergens.
- **Describe the method/procedure/technology/solution implemented. (Please explain, whether the innovative method is a product / service / process / marketing or organizational / management innovation) After completing the description, please indicate, whether this innovation is a technological or non-technological one.**

A food label, the information presented on food product, is one of the most important and direct means of communicating information to the consumer. The internationally accepted definition of a food label is any tag, brand, mark, pictorial or other descriptive matter, written, printed, stencilled, marked, embossed or impressed on, or attached to, a container of food or food product.

This information, which includes items such as ingredients, quality and nutritional value, can accompany the food or be displayed near the food to promote its sale.

Food Labelling as an effective tool to protect consumer health in terms of food safety and nutrition. Food labels convey information about the product's identity and contents, and on how to handle, prepare and consume it safely. The way food is produced can have positive or negative effects on human, animal, and environmental health, and increasingly consumers are interested in learning the story behind the foods they buy.

The concept of food label creating application / software includes that risk is distributed between the farmer and the consumers. Consumers prefer foods with clear information and traders can accept agricultural products only with labels based on food standards. For small scale producers, manufactures it is difficult to develop food labels which contain all information about nutrition values allergens based on legislations, and at the same time it is distinctive from other products.

This service is a great opportunity to help producers promote their products cost effectively. Financing of program can be solve by community or by network organizations. This type of financing enables to develop typical label for a social network too. They can make steps on market not only with product benefits but also with clear and accurate information. Legal issues are also part of the program which ones has to be follow continually. Use of this software helps to avoid penalties from legislations.

That is why we think this is a technical innovation.

- **Describe the business, which implemented the innovated solution (size, country, region, location, type of food)**

The most important target group is small-scale producers /manufactures who has not the opportunity to pay for external consultant to avoid penalties from legislations. This legal problem is general worldwide among farmers with direct food selling and could not be appraisal for region or country, not type of foods.

Shops and gastronomy can be sure that products fulfill legal requirements using that kind of labels.

Researchers and people involved in product development will be able to work together.

- **Describe the distribution channels of the product(s)**

- Online
- Offline

- **Describe what makes the innovation work.**

- The core group of members (~5) must develop very fast
  - The farmer should focus on the actual farm work
  - Outsourcing of expertise.
- **Describe the specific prerequisites for the business related to the implementation of the method and/or related to the location, method, procedure, solution**
- a: List the relevant necessary resources (including the estimated cost) for the specific innovation.  
Please list the relevant ones only (list is annexed)**

**MATERIALS:**

- Information about legal requirements

**HUMAN:**

- Knowledge & skills (technical, marketing, managerial, ICT)

**TECHNOLOGY:**

- know-how, trademarks, copyrights, legal information

**INFRASTRUCTURE, EQUIPMENT, FACILITIES:**

- IT infrastructure

**INFORMATION:**

- Codex Alimentarius Commission standards, EU and national legal information

**FINANCIAL**

- Estimated cost:
  - Software / application development less than 10000€
  - On the average each member is paying around 100 – 200€ per year

- b: List the relevant necessary capabilities for the specific innovation.  
Please list the relevant ones only (list is annexed)**

● **Food quality:**

- ability to define the product characteristics which are (tacit) basic requirements for the target segment(s) of consumers;

- meeting (local) legal requirements, application of the labelling rules;
- **trust:**
  - ability to ensure product integrity, authenticity and transparent information for the consumers (including systems, tools);
  - ability to access external trust enhancers (third party certification, internal certification system, participatory guarantee systems);
  - application of the labelling rules and branding (mandatory and voluntary);
  - ability to meet third party certification requirements
- **increased negotiation power:**
  - collecting marketing information;
  - ability to enhance and maintain cooperation among chain actors including the combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management, cooperation culture;
  - ability to define, develop or maintain unique quality of products and augmented services;

#### **The method/technology was established by**

- **NAME:** Kislépték Egyesület (Kislépték Cooperation)
- **ADDRESS:** 2162 Órbottyán, Kossuth Lajos u. 23.
- **PROVIDES SOLUTION FOR:** Farmers, manufactures, consumers, traders

#### **6. Describe the results, achievements and typical failures**

- Many producers can capitalize on a shared costs and important information
- Support of the local producers

#### **7. Summarize what makes the case to a good practice for the members of the SFSCs (e.g. lessons learned)**

Food label creating software is a useful service for producers however benefits appear for consumers and traders at same time.

#### **8. Aspects, methods for transfer of methods for other SFSC members**

The community based software is working not only among producers but it helps customers and traders too.

#### **9. Recommendations for members of other SFSCs for further applications**



The software could be of interest to all producers who are facing increasing competitive pressure and would like to sell product through commerce.

**10. More information is available at (web), if it is relevant**

## Annex

### 1. Checklist for necessary resources (tangible and non-tangible):

- materials (access to: raw materials/ ingredients - including volume, land – including size, packaging materials)
- human: labour force: size, knowledge & skills (production, technical, marketing, managerial, ICT, financial, etc.)
- technology: patents, know-how, trademarks, copyrights, trade secrets
- infrastructure, equipment, facilities, - size, minimum volume of production/sales, IT infrastructure
- information, reputation, brand, trust
- financial\*

\*: estimated cost:

- 0 - 10 000 Eur
- 10 001 - 50 000 Eur
- 50 001 - 100 000 Eur
- 100 001 - 300 000 Eur
- 300 001 – 1 000 000 Eur
- 1 000 000 Eur above –

- other specific necessary resources for the application of the specific innovation

## 2. Checklist for the necessary capabilities

- **food safety:**
  - basic skills to comply with the EU food safety regulations
  - ability to understand what makes the product safe (the key controls, which ensure the safety of the product – biological, chemical and physical hazards, providing the safety shelf life of perishable products)
  - food safety culture (motivation, responsibility for food safety) and basic skills for the implementation of HACCP
  
- **food quality:**
  - ability to define the target segments of consumers for SFSCs
  - ability to define the product characteristics which are (tacit) basic requirements for the target segment(s) of consumers;
  - ability to define which product attributes/levels and augmented services represent an added value for the target segments of consumers;
  - food quality culture (motivation, responsibility for food quality);
  - production experiences which help to provide the expected quality reliably, uniformly;
  - ability to provide distinguishable quality which meets the needs of the targeted consumer segment;
  - meeting (local) legal requirements, application of the labelling rules;
  - ability to access the consumer willingness to pay for specific products of SFSCs.
  
- **trust:**
  - ability to ensure product integrity, authenticity and transparent information for the consumers (including systems, tools);
  - ability to access external trust enhancers (third party certification, internal certification system, participatory guarantee systems);
  - application of the labelling rules and branding (mandatory and voluntary);
  - ability to meet third party certification requirements
  
- **ethical aspects**
  - ability to understand consumer needs for ethical behaviour related to the specific product(s) of the SFSCs;
  - culture for ethical food production and supply;
  - ability to implement necessary measures to ensure ethical food production and supply;
  - ability to access the consumer willingness to pay for products meeting ethical aspects
  
- **accessibility to consumers:**
  - ability to organize logistics efficiently and to exploit innovative solutions and distribution channels;
  - efficient, innovative sales methods;

- ability to develop and implement new business models for ensuring access of consumers to products and augmented services;
- **fair price:**
  - collecting marketing information;
  - ability to enhance and maintain cooperation among chain actors including the combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management;
  - ability to define, develop or maintain unique quality of products and augmented services;
  - ability to develop and implement new business models;
  - ability to access the consumer willingness to pay for fair price
- **increased negotiation power:**
  - collecting marketing information;
  - ability to enhance and maintain cooperation among chain actors including the combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management, cooperation culture;
  - ability to define. develop or maintain unique quality of products and augmented services;
  - ability to develop and implement new business models;
- **shared use of available resources:**
  - ability to enhance and maintain cooperation among chain actors including the shared and combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management, cooperation culture;
  - the level of value chain management culture;
  - ability to access the consumer willingness to pay for food with reduced environmental impacts

- **input for R+D:**
  - ability to monitor, research, evaluate, and understand the needs and wants of customers and consumers;
  - ability to develop new products, processes, packaging, preservation techniques, systems and access to new markets, including in other categories;
  - access to innovative technologies; distribution and marketing solutions and methods. management systems;
  - access to local input for R+D covered by other aspects
  
- **access to markets: and market success**
  - effective promotion, customer service, efficient and innovative sales methods;
  - ability to understand consumer's needs;
  - ability to organise logistics efficiently and to exploit innovative solutions and distribution channels,
  - unique value propositions;
  - ability to develop and implement new business models for ensuring access of consumers to products and augmented services, develop the market accessibility for the suppliers.
  - stock control;
  - ability to access to required raw materials within a restricted geographical area
  
- **access to infrastructure:**
  - ability to use existing own infrastructure in a focused way to serve consumer needs or to combine it with complementary infrastructures of other SFSC actors, cooperation culture;
  
- **management:**
  - to implement management systems for vision, planning, implementing), coordinating, controlling, monitoring, continuously;
  - improving; ability to motivate, authorize staff;
  
- **production, processing:**
  - management system, production experience, specific controlling, monitoring, continuously;
  - willingness to consider and ability to evaluate the adoption of TECI and NTI in the current production processes;
  - any additional specific resources necessary for the application of the specific innovation.