Horsing around with the food chain: counting the cost of cheap meat

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The controversy over food fraud appears to be intensifying. New cases of horsemeat and other "rogue" ingredients are now being discovered on the shelves of the major supermarkets almost every day. The question is where does the true responsibility lie?

The EU has some of the most stringent food quality standards and testing regime in the world, and the respective authorities, the Food Standards Agency (FSA) in particular, have quickly galvanised into action.

But consumers are naturally anxious and the situation is testing the relationship of trust between retailer and consumer. Key to maintaining a strong bond between both parties is for the retailers, and the industry at large, to be transparent and honest in their response to consumers' concerns.

A retailer's most cherished relationship is with their customer. Thus far, the retailers involved and the industry body, the British Retail Consortium, have been quick to act. Clearing the shelves of potentially contaminated product, taking out full-page apologies in the national press and scouring the very supply chains the industry depends upon to offer good quality at reasonable prices.

However, the pressure on suppliers to ensure low prices in the UK grocery market has been mooted as a symptom of the problem. This follows two major inquiries by the UK Competition Commission in the last decade, the creation of a code of practice to regulate the relationship between the major supermarket groups and their suppliers, and the recent appointment of a Groceries Ombudsman.

Hence, it appears that the jury is still out in terms of where the true responsibility lies, with the retailer or upstream with the supplier. Regardless of how blame or responsibility is apportioned, recent events can in no way justify the substitution of cheaper raw materials in the food production process.

Nevertheless, this incidence does highlight a growing concern that food in the UK is simply too cheap. In this regard, our attention needs to be drawn to how both the industry and the government balance the need to maintain low-cost food with the inherent complexity of the UK food chain.

The management systems that retailers and manufacturers have in place to ensure quality and provenance in the chain may be sufficient to demonstrate 'due diligence' in the legal sense, but consumers expect greater traceability and reliability from their local trusted supermarket.

This suggests a more comprehensive system of control and monitoring will be required in the future, which most likely will add cost to the weekly shop. And yes, this may lead to greater food inflation. However, if current investigations prove that the consequence of driving down prices on the high street is indeed contamination in the food chain, then this outcome may well prove more palatable to consumers and government alike.

Dr Pamela Robinson spent 14 years at Tesco's as a retail manager, buyer and supply chain executive. She went on to be a leading retail consultant at PwC where she advised a host of major supermarket chains including Sainsbury's, Waitrose, The Cooperative Group, Walmart and Carrefour. She is now a member of the Global Value Chain Research Group that conducts research into international supply chains. Dr Robinson is a lecturer and researcher at Birmingham Business School, University of Birmingham.

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