

A New Product Recall Service from GS1

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Keywords

Product Recalls, GS1

Overview

The main benefit of the new standards-based methodology for recalls is to speed up and improve a very messy recall notification processes between manufacturers (or distributors) and retailers.

GS1 US has recently announced a new subscription-based, Rapid Recall Exchange service. This provides a standards-based communication tool enabling manufacturers to share real-time product recall notifications with retail partners in a direct, secure, and trusted manner. GS1 Canada will soon unveil a similar service. This Insight will explain, in turn: who the players are, the benefits, how it works, and what it costs.

Recalls Are Fraught with Negative Consequences

Recalls are time consuming, expensive, and fraught with a host of serious consequences, including exposure to law suits, federal penalties, and negative impacts on brand equity and stock prices.

While it's natural to assume that these potentially highly negative consequences would have forced companies to streamline their recall processes, this is far from the case. For a food & beverage company, even the process of notifying retail customers - figuring who to contact, when, and where - is a very messy process. The main goal of the new GS1 service is to fix this notification process.

Who Are the Players?

The lead player, GS1, is the not-for-profit, global supply chain standards organization responsible for creating standards for RFID, EDI, UPC bar codes and global data synchronization. GS1 has a long history of building communities and gaining consensus on standards. GS1 Canada and GS1 US collaborated to create the product recall program at the behest of the



Food Marketing Institute (FMI) and the Grocery Manufacturers Association (GMA). Some of the largest consumer goods manufacturers and retail chains in the US participated in the effort. Participating GS1 US member companies already use the service.

This prototype formed the foundation for GS1 Canada Product Recall, which will be launched this fall. GS1 Canada has selected HP and Microsoft as global IT partners to provide the technology for this initiative, including a standardized messaging platform with structured workflows. 20 other GS1 national organizations have indicated an interest in developing similar recall services, but each national entity will need to adapt the program to fit their nation's regulations, language, and business environment.

What Are the Benefits?

The main goal is to speed up and improve messy recall notification processes between manufacturers (or distributors) and retailers. Retailers benefit by getting accurate, complete notifications sent to the right contact from one source, as opposed to current systems, which can result in numerous, fragmented notifications sent to multiple parties.

The manufacturer benefits as well. If a large consumer goods manufacturer determines that products from a particular lot need to be recalled, three different retail customers might need to be notified. One retailer may have asked that a particular person be contacted via phone, another retailer is asking that person with a different job title be contacted by email and fax, and the third may not have specified who they want contacted at all. The process is apt to have unacceptable time delays, particularly in getting feedback from the retailer on whether they have received the recall notification and are proceeding appropriately to confirm they have removed the products from the shelves. Further, if a manufacturer can get timely and specific feedback from its retail customers, it can communicate more effectively with the broader public. For example, if only one retailer reports that the product in question actually hit its shelves – and the product only hit stores in California – then the manufacturer's media team will not have to distress consumers outside that region.

How Does It Work?

The process starts when an authenticated recall initiator (access is restricted to authorized subscribers with valid user IDs and passwords) at the manufacturing company completes a standardized recall notification form. The "initiator" submits the form to another approved person in his or her organization. This "approver" needs to sign off on the recall, sign off on the completeness of the recall message, and then determine when the recall message will go live.

When the recall notification is sent, the receivers will have a clear "headline" in the notification indicating: ALERT/Company name/Product/Reason. An audit trail also shows when the message was sent, when it was opened, and who opened it. Each recall has an identification number based on a globally unique GS1 key, called a GDTI or Global Document Type Identifier. The GDTI is permanently assigned and all issued recalls, and subsequent updates to the recall, will be linked and stored electronically.

The screenshot displays the GS1 Canada Product Recall web application. The header includes the GS1 logo and the text 'Product Recall™'. The left sidebar contains navigation links: Product Recall Management, Alerts, Services, FAQ, User Guides, How to Register, About Us, and Sign Out. Below these is a 'User Info' section for 'Tim White', a 'Test Retailer' with a role of 'Receiver' and company type of 'Both'. The main content area shows a 'Product Recall' view with the following details:

Status	
Recall ID:	0001805800
Status:	Live
GDTI:	754123000001700000177
Date Created:	08/19/2009
Date Updated:	08/19/2009
Attachment Count:	3

Recall Information	
Product Name:	Carol Cookies
Date Issued:	08/19/2009
Recall Classification (as per CFIA) or Withdrawal:	Class III
Title:	ALERT Manufacturer A Carol Cookies
Is this an Update?:	No
Update History:	

Sample GS1 Canada Product Recall Notification

After a predetermined time, let's say an hour, if the intended recipient has not opened the message, the message gets sent to an alternative recipient (perhaps someone even higher in the retailer's hierarchy).

The appropriate and predefined receiver at the retailer receives the recall notification via email or cell phone. The notification can include detailed product information and product images, and other attachments with disposal instructions. These instructions also are based on a standard format.

What Does It Cost?

Costs were not available from GS1 US. But for GS1 Canada members, the service is cost recovery-based and follows the standard model for members, which is based on a company's annual revenues. Volume will determine the final price of the service, but GS1 Canada currently foresees that the largest manufacturers would pay approximately CN\$ 1000-1500 per year for up to 25 users.

Last Word

It is important to also stress what this service is not. From a system's perspective, recalls rely heavily on databases that contain genealogical and traceability product data. This is not a database platform. It is a messaging and authentication platform.

Further, this service was never intended to be an end-to-end supply chain traceability solution. It is aimed at improving one part of the total recall process - the recall communication process. It complements, not replaces, existing manufacturer and retailer recall processes.

That said, it does improve the end-to-end, collaborative recall process; and it is surprisingly inexpensive for current members (at least for GS1 Canada members).

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