

Value Added Opportunities

Whole chain traceability



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In a whole chain traceability system, value-added opportunities provide economic incentive to stakeholders in the form of reduced costs or increased product value. For example, consumers might be more willing to pay extra for food products when they know the producer, whether superficially or personally (Figure 1). These value-added opportunities have the potential to increase the profitability of whole chain traceability participants, and improve producer-consumer relationships as a whole.



Figure 1. Many consumers are willing to pay extra if they know the producer, if they know the ethics or culture of the farm, or if they can be assured of certain production standards, such as organic or grass fed in the beef industry. This willingness represents a strong value-added opportunity for participants in a whole chain traceability system.

As the number of value-added opportunities increases, the chances of profitability increase. For example, the ability for packers to request certain cattle or lines of cattle allows a producer to charge more for these specific animals. In turn, the packer has the potential to pay a premium for these cattle, increasing the animal's monetary value. However, even if the packer does not provide a premium for the specific cattle line, the request gives the producer some level of confidence that there is a demand for their product. Value-added opportunities do not necessarily result in the increase or exchange of monetary wealth; the opportunities could be in the form of reduced time and effort or greater marketability.

There are several ways that cow/calf, stocker, and feeder producers, and processors could leverage a whole chain traceability system to add value to their products. One example is cattle genetics. Because a traceability system enables information to be shared forward and backward through the supply chain, premiums for high quality beef can be passed down to each stage in the supply chain. A cow/calf operator can utilize the traceability system to keep records of their cattle genetics. They can then use these records to show that their cattle produce higher quality beef products, which may enable them to charge a premium for those cattle.

A traceability system could also increase the visibility of its participants' products. Name recognition is an important part of business marketing and the electronic nature of this system makes it easier to showcase a business. Consumers are becoming more interested in knowing where their food comes from, how their food was produced, and the products' sustainability. Quick Response (QR) codes can be used to provide this information to consumers by digitally linking the physical product to the products' digital production and

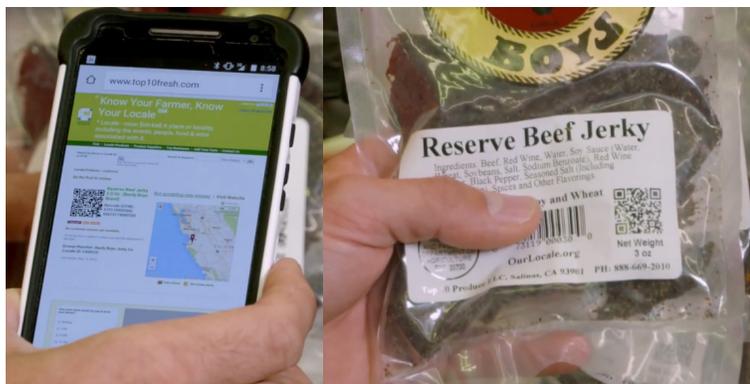


Figure 2. Scanning a products QR code can provide the consumer with information about the product and how it was produced on any smart device.

processing information (Figure 2). Each entity that was involved in the products' production could have its information displayed after scanning the QR code. This helps with product and business branding, and provides a marketing/advertising opportunity to gain a consumer's trust. The increased consumer trust and confidence will make the consumer more likely to continue purchasing this product.

For producers and processors the primary goal is to get consumers to purchase their products. The secondary goal is to turn these consumers into repeat customers. The third goal is to turn these

customers into loyal customers, as loyal customers tend to encourage others to purchase their products. These key consumer-producer relationships are value-added benefits that can be generated by using a whole chain traceability system.

For more information about the NWCTI system, contact Dr. Michael Buser using the information below. YouTube videos related to the NWCTI system can be viewed at <https://goo.gl/MwPhoS>.



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