



# Keys to Success in the Confectionery Industry:

Inventory Management, Recipe Development and Traceability

# Introduction

The confectionery landscape is rapidly changing. The industry has been experiencing exponential growth for years but we're now seeing a clear shift, accompanied by new challenges.

Over the past few years, consumers have started focusing on their health more than ever before. A logical consequence of this ongoing trend is that consumers are often seeking out sugar-free alternatives instead of the sugar-filled goods that most confectionery companies specialise in. For example, sugar-free chocolate sales increased **16.6% or \$169.7 million in a year**. With this striking change in consumer demand, other challenges are cropping up as well.

For instance, strict and ever-changing regulatory and labelling requirements are increasing the need for more transparency in the whole supply chain. On top of that, there's a growing demand for sustainably resourced ingredients. If you want your business to keep up in this changing confectionery landscape, it's vital to focus on corporate social responsibility.

## This whitepaper covers:

- The biggest challenges that the confectionery industry is facing
- How to overcome these challenges with food-specific software
- How to ensure success and profitability in your confectionery company

## Challenges Facing the Confectionery Industry

With the confectionery landscape experiencing so much change, a range of new challenges have emerged. It's essential to recognise these in order to face them properly. We've outlined the 3 most prominent challenges below:

### 1. Changing Consumer Demand

Your customers are becoming more and more critical and are simply expecting different products from the ones they used to buy. With the ongoing trend for healthier eating, consumer needs have shifted. The products that you've been producing for years may not be appropriate anymore with consumer demand focused on sugar-free, gluten-free and non-GMO options. Now is the time for confectionery companies to face the challenge and recognise the new needs of their customers. Think about expanding your product portfolio with healthier options and developing more or alternative recipes. With these new recipes, put an emphasis on fresh or whole ingredients like nuts, grains, fruits, etc. The shorter the ingredient list on the packaging, the better.

### 2. Strict Regulatory and Labelling Requirements

With a change of recipes and ingredients, your labelling requirements will change as well. The addition of nuts and grains to your confectionery products requires additional labelling, especially since many of these ingredients must be declared as allergens. In addition, the Dietary Guidelines for Americans recommends limiting calories from added sugars to less than 10% of your total calories per day, while **the FDA** also requires added sugar to be listed on the Nutrition Facts label (both in grams and the percent of Daily Value). To really go the extra mile, you want your products to have a Non-GMO label, which can only be earned if all ingredients have been verified by the Non-GMO Project as not containing genetically modified material.



### 3. Transparency and Sustainable Ingredient Sourcing

As well as the shift in preferred products, consumers are also demanding details about what's in their food and where it comes from. This emphasis on sustainability is growing globally. As a food manufacturer, in order to stay economically and financially viable, sourcing sustainable ingredients is essential. There is still a long way to go for the confectionery sector to meet its environmental responsibilities, but progress is certainly being made – and that's a great place to start. For example, industry leader Ferrero Rocher is now committed to responsibly sourced palm oil for its flagship products like Nutella, and by doing this have gained recognition from environmental groups like WWF. And it's not just Ferrero; more and more suppliers and manufacturers are putting real effort into sourcing their raw materials sustainably. The most important takeaway here is that corporate social responsibility is majorly important for a brand's image. Alongside this, transparency (and therefore traceability) is crucial.

## Keys to Success

The confectionery industry has many new challenges to face. With the help of food-specific software, you can easily meet new consumer demands, and adhere to all rules and regulations.

### 1. Recipe Management

With the advanced product development tools found in food-specific Enterprise Resource Planning (ERP) solutions, leading confectionery businesses can adapt to new food trends quicker. R&D teams can compare current recipes and processes with new ingredients to uncover new products, recipes and cost effective formulas. All your R&D team needs to create new, inclusive recipes should be right there at your disposal in your ERP.

### 2. Inventory Management

Having well-developed Inventory Management procedures is fundamental for the success of your confectionery business. If raw materials are lost or mismanaged, it can reduce potential revenue, and has the potential to further contribute to the epidemic of food wastage. Put simply: better forecasting leads to less waste. It also leads to better customer service, since a good forecast makes for fewer delays, and majorly reduces stock outs since you can better anticipate customer orders. Another important factor in inventory management is separating your ingredients containing allergens from those which don't. For example, to prevent cross-contamination, ingredients containing allergens should be stored in dedicated areas (below other ingredients to prevent contamination in the event of a spillage), be clearly labelled and remain sealed until required.



### 3. Traceability

Traceability is of utmost importance in the whole food industry, and the confectionery industry is no exception. A recent study showed that **94%** of consumers are more likely to be loyal to brands that offer complete transparency. In other words, your company's traceability is crucial. All ingredients need to be tracked through all stages of the food chain. Each party must be able to trace product movements back and forth in the supply chain. Each instance must look one step forward and one step backwards (bi-directional ingredient tracking). This should extend to being able to identify the source of all food inputs, enabling corrective actions to be implemented safely and effectively, when needed. The right ERP makes sure that you can always account for all raw materials and finished goods throughout the production process and be fully recall-ready. In addition, food-specific ERP offers serialization, providing item-level traceability. In the event of a recall, this means you would not have to recall all products, only the affected batch.

### 4. Quality

Last but not least, your confectionery items must obviously meet all quality standards. In order to meet these standards, a confectionery company should have a BRC certification or the IFS standard. Make sure to set up mandatory quality audits and checks from pre-receipt of materials all the way to output and shipment. You can customize quality audits and checks so that they meet the unique needs of your production process. For example, these quality checks can include temperature measurement, formulation checks or metal detections.

## Conclusion

In order to stay profitable in a competitive, changing market, it's critical to have the right tools in place to accurately manage recipe development and inventory, and ensure the safety and quality of the food you produce. If your confectionery company is in any way struggling with these challenges, **Aptean Food and Beverage ERP** can help. We provide software solutions that are designed with a deep knowledge of the food and beverage industry's unique business requirements, safety needs and regulatory demands. If you'd like to learn more, **reach out** to us. We'd love to talk.



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