



# Produce Coding in Mexico

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# Produce Identification Standards

- Retailers in Mexico have approached PMA to discuss Industry Wide Implementation of Produce Identification Standards that are commonly used in USA, Canada and other countries
- Their goal is to fully benefit from increased sales and margin opportunities through improved category management as well as maximizing operating efficiencies

# Produce Identification Standards

- Common standards are used extensively in USA, Canada, United Kingdom and Australia
  - Price Look Up (PLU) Codes labeled at packing
  - PLU Codes with DataBar labeled at packing

# Examples of PLU Coded Produce



# Produce Identification Standards

- Supermarkets can achieve benefits through:
  - Increased sales
  - Increased margins
  - Advanced inventory management
  - Increased in-stock conditions
  - Lower labor costs
  - Category management
  - Improved profits

# Price Look Up (PLU) codes

- A 4 digit PLU - Conventionally grown produce

- i.e. PLU 4011



- A 5 digit PLU - Organically grown produce

- i.e. PLU 94011



# Price Look Up (PLU) codes

- PLU codes were developed in 1988 to increase accuracy and speed at Point of Sale for loose produce
- Point Of Sale (cash register) transactions reduced from 10 seconds to 4 seconds



- 1,400 PLUs have been assigned and are used globally



# Price Look Up (PLU) codes

- PLU codes allow for limited category management opportunities.
  - sales vs. purchases by item
  - profitability by item
- Standardized PLU codes support efficient labeling at packing vs. labeling at store





# PLU Coding Benefits

## Benefits to Retailers

- Increased margins due to accurate product identification
  - Large vs. Small
  - Organic vs. conventional
  - Variety differentiation

# PLU Coding Benefits

## Dominick's case study

- Compared Large and Medium Red Delicious Apples
- Large Apples retailed for \$0.20 more than medium
- 29 cases of large Red Delicious Apples sold in 1 week

# PLU Coding Benefits

## Dominick's case study

- \$129 increase in profit with PLU's vs. no labels
- \$74 increased in profit with PLU's vs. in-store labeling
  - Including \$25 in labor reduction
- Slight reduction in cashier productivity for 1-2 weeks
- 12-15 hours to set up PLU Codes

# PLU Coding Benefits

## Benefits to Retailers

- Detailed category management information
  - Sales and margin by variety and size
  - Shrink by variety and size
  - Sales vs. purchases by variety and size
  - Ability to determine above information by supplier with DataBar

# PLU Coding Benefits

## Benefits to Retailers

- Increased sales with accurate data
- Reduced cashier labor
  - Time per item = 10 seconds with rolodex lookup
  - Time per item = 4 seconds with PLU stickers
  - Time per item = 1 second with DataBar or UPC
- Reduced produce department labor if price labeling in-store

# PLU Coding Benefits

## Benefits to Suppliers

- Discrete visibility on their products quality, sell through and shrink in each of their customers supply chains
- Brand differentiation
- Category management will facilitate collaboration with retailers and longer term planning

# PLU with DataBar

- GS1 DataBar Stacked Omnidirectional format with a 14 digit GTIN are being added to the PLU sticker to further reduce labor at point of sale
- DataBar allows Retailers to perform category management analysis by brand owner





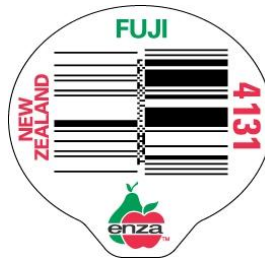
# PLU with DataBar

- Allows retailers to compare purchases to sales to determine shrink, sell through and profitability by supplier, not just by commodity/variety
- Supports true supplier profitability by item



# PLU with DataBar

- Point Of Sale transaction is reduced from 4 seconds to 1 second



- The PLU is the human readable default

# Industry Wide Implementation of Product Identification at Packing in Mexico

## Recommended implementation steps for Industry:

1. Meet with key Mexican Retailers to review benefits of full implementation and steps
2. Meet with ANTAD to obtain support for initiative
3. Meet with key Mexican Grower/Distributors to review benefits and implementation steps
4. Meet with Mexican Grower Associations to obtain support for initiative

# Industry Wide Implementation of Product Identification at Packing in Mexico

## Industry

5. PMA to present full product identification benefits at ANTAD conference in Guadalajara in March 2014
6. Establish full product identification implementation as a Mexican produce industry initiative with ANTAD and PMA support
  - i. PLU
  - ii. PLU with DataBar

# Industry Wide Implementation of Product Identification at Packing in Mexico

## Industry

7. Establish target implementation dates for PLU Codes and PLU Codes with DataBar
8. Implement based on Retailers abilities

# Industry Wide Implementation of Product Identification at Packing in Mexico

## Retailers

### 1. Review internal PLU usage

- Ranges need to be cleared for produce use:
  - » 3000-4999 - Conventional
  - » 93000-94999 - Organic
  - » 83000-84999 - GMO

### 2. Assess POS system ability to scan DataBar

Omni Directional barcodes

# Industry Wide Implementation of Product Identification at Packing in Mexico

## Retailers

3. Assess item management system ability to store and use 14 digit GTIN as product identifier
4. Create internal timelines for implementation



# Industry Wide Implementation of Product Identification at Packing in Mexico

## Retailers

5. Develop internal and external communication plan
6. Develop store training plan
7. Initiate implementation