

THE IMPACT OF GLOBAL FOOD & BEVERAGE REGULATIONS ON LABELING





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An in-depth look at how global regulations like FSMA, EU 1169, and Natasha's Law are pushing food and beverage manufacturers to rethink how they manage their Enterprise Labeling and product packaging.

Operating in one of the more heavily regulated industries, food and beverage manufacturers and distributors have a lot to think about right now in terms of existing, new, and emerging regulatory requirements. Whether small, mid-sized or large manufacturer, these companies are faced with the same challenges. From the U.S. Food & Drug Administration's Food Safety Modernization Act (FSMA) to the U.K.'s Natasha's Law, all of these requirements can significantly impact an organization's labeling solutions and strategies.

Companies using cloud-based labeling software that integrates directly with leading enterprise resource planning (ERP) applications can make the quick pivots and changes needed to be able to keep up with this ever-evolving regulatory environment. Those that are still relying on disparate systems and throttled by their siloed, on-premises solutions have significantly less agility and windup losing time, money, and productivity in the process.

In this white paper, we explore the latest regulatory requirements that global, regional and local food and beverage companies are all grappling with and tell how a cloud Enterprise Labeling system and Artwork Management solution can streamline design, optimize workflow processes, and ensure a high level of compliance without the need for excessive manual intervention.



Don't Fall Behind the Regulatory Curve

Food and beverage is a dynamic industry where the rules are always changing and where companies need robust technology solutions to help them keep up with and stay in front of ever-changing compliance requirements.

Recent regulatory changes in the U.S., European Union (EU), and the U.K. all strengthened standards regarding allergens and food safety. Ensuring compliance with these new rules requires good label and artwork management processes across all markets where goods are manufactured, distributed, and sold. Here are some of the more prominent regulatory requirements impacting food and beverage companies right now:

Natasha's Law

Named for a 15-year-old who died tragically due to a severe allergic reaction, Natasha's Law requires U.K. food companies to provide full ingredient lists and allergen labeling on all foods that are packaged for sale. The law goes into effect in October of 2021. With the goal of better emphasizing allergy safety, it focuses on the fact that food prepared onsite may not be subject to the same labeling requirements as manufactured food products. Since 2014, U.K. food-business operators have been required to list any of the 14 specific allergenic ingredients on all pre-packaged food, but goods prepared on-premises did not have to list all the ingredients or allergens in their products. Companies with an Enterprise Labeling solution in place can significantly reduce the cost and complexity of compliance with this law, which includes hefty penalties and fines for non-compliance.

EU Regulation 1169/2011

In place since 2011, this law gives the 28 EU member states common legislation regulating food-labeling information and sets a standard format for food and nutrition labeling to provide information to the public. It applies to all food manufacturers producing or selling within territories of EU member states and, also includes food products supplied to or delivered by mass caterers. To be compliant, labels must be legible, use a minimum font size, and include both allergen and mandatory nutrition information.

Nutrition Facts

Serving Size oz.
Serving Per Container

Amount Per Serving:

Calories	Calories From Fat	
		% Daily value*
Total Fat		%
Saturated Fat		%
Trans Fat		
Cholesterol		%
Sodium		%
Total Carbohydrate		%
Dietary Fiber		%
Sugars		
Protein		



Allergy advice

Contains: Milk, Pine Nut

*Percent Daily values are based on a 2000 calorie diet. Your daily values may be higher or lower depending on your calorie needs.

FDA Nutrition Fact Labels & FSMA Requirements

The FSMA brought sweeping changes to the entire food supply chain, with traceability being one of its key requirements. For example, companies must provide full transparency of how their products are made and where they are as they move through the supply chain—a lengthy process that must be mapped out on their labels. And the product’s nutrition label must adhere to a host of regulations designed to give consumers the information they need to make safer, more informed consumption decisions. As part of this process, food suppliers must be able to trace products and ingredients up and down the supply chain, and food labels play a key role in supporting these processes and traceability. More recently, the FDA issued new nutrition fact label regulations in 2020 and 2021 (the final date for compliance is Jan. 1, 2024). This is the first major update to the label in over 20 years, with key changes including label font sizes and contents to better communicate nutrition information to consumers.

Mexico’s NOM-051-SCFI/SSA1-2010

In March 2020, Mexico amended NOM-051-SCFI/SSA1-2010 to include front-of-pack warning labels for foods and beverages high in energy, sugar, saturated fat, trans fat, and sodium. Now in force, the law applies to all prepackaged foods. The law also addresses specific labeling requirements for food supplements, which must now include information like nutrition declarations, mandatory warnings, and expiry dates. The updated NOM-051-SCFI/SSA1-2010 also includes new labeling requirements for prepackaged food and non-alcoholic beverages.

These are just some of the global food regulations that food and beverage companies operating in or selling into these areas of the world must comply with or risk penalties, fines, and other enforcement actions. With a unified, cloud-based solution in place to manage both enterprise labeling and packaging artwork, companies will be well prepared to address these and future changes taking place within their industry. Those that use a patchwork of disparate, on-premises, and manual systems may find themselves falling behind the regulatory curve and facing fines.



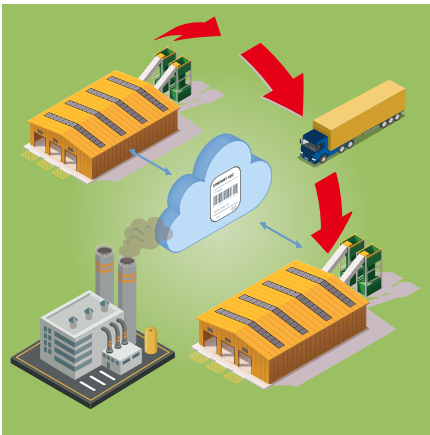
The Label is the Glue that Holds it All Together

Managing change in business is never easy. When variations impact multiple different operations, customers, or geographies, the complexities become even more difficult to manage. This is exactly what many food and beverage companies are experiencing as new regulatory requirements are handed down around the world. With labels playing a key role in nearly all these changes, the need for modern Enterprise Labeling and Artwork Management solutions is growing exponentially.

“To efficiently address different markets both on the distribution and marketing side, companies need Enterprise Labeling systems that allow them to readily add verbiage like ‘locally grown’ to a label or ensure accurate lot traceability for potential product recalls,” said John Kelser, Director, Solution Architects at Loftware. Applicable to a wide range of companies, these labeling requirements can be particularly onerous for small companies that are trying to scale up and expand into new geographies.

Take the small craft brewer that’s struggling to manage its labeling requirements as it grows, and mainly because it started out with a one-off artwork approach. As the company expanded into other U.S. states, the number of regulations it had to comply with also grew. This, in turn, put more pressure on the company to produce compliant labels and artwork.

The same requirements transcend to the brewer’s shipping and distribution operations, where an Enterprise Labeling system helps to ensure regulatory compliance as products move through the supply chain to their final destinations. “This is just one example of how the label is the glue that holds entire programs or marketing campaigns together,” said Kelser, “and drives the necessary data from the point of manufacture all the way out to the end consumer, and all points in between.”



The Answer

Loftware's Enterprise Labeling & Artwork Management Solutions

A Certified GS1 US Solution Partner, Loftware delivers Enterprise Labeling solutions for manufacturers and suppliers in 25 industries that are dedicated to supply chain efficiency by incorporating GS1 Standards and other labeling requirements for best practices in labeling.

Loftware Enterprise Labeling solutions integrate labeling processes with enterprise applications to standardize and centralize mission-critical labeling across the supply chain. By integrating with ERP systems like SAP and Oracle, as well as manufacturing execution systems (MES), product lifecycle management (PLM), and other data sources, Loftware enables dynamic, data-driven labeling that helps food and beverage companies react quickly to evolving GS1 Standards and regulatory requirements.

Loftware helps by providing labeling and artwork management solutions built to help companies of all sizes:

Comply with ever-changing regulations.

Minimizing risk of errors leading to costly recalls and fines is critical. Whether adhering to FDA nutrition labeling requirements, EU regulation 1169 or the impending Natasha's Law, you need a solution that helps meet requirements with agility.

Extend access to their supply chains.

Provide easy access of labeling and packaging artwork to ensure that suppliers and co-packers include the information needed in the format required to eliminate re-labeling and help speed production.

Integrate with sources of truth.

In an industry where data and traceability are becoming increasingly important, leveraging data from your business applications ensures your label data is consistent and reliable, streamlining processes and helping you to avoid costly recalls.

Manage multiple variations.

With so many products in production, you need to optimize labeling and artwork processes to easily make changes and manage potential chaos, while reducing time to market and ensuring your business can cope with an increasing number of SKUs.

Automate reviews and approvals.

As product ranges continue to grow, artwork review and approvals increase. Eliminate manual processes to create transparency and accountability, while improving accuracy and reducing time to market.

Effectively manage recalls.

In the event that you need to recall a product, it's critical that labeling and packaging processes support traceability and allow you to react quickly to identify associated product lines.



A Recipe for Compliant Labeling

How McCormick Standardized Labeling to Achieve Compliance

With \$4.4 billion in annual sales, McCormick & Co., manufactures, markets, and distributes spices, seasoning mixes, condiments, and other products to the food industry, including retail outlets, food manufacturers, and foodservice businesses. The manufacturer relies on two supply chain models: a downstream supply chain delivers packaged spices and seasonings to grocers and store outlets, and an upstream supply chain fulfills the orders of large restaurant chains and food manufacturers.

The company deals with a wide range of customer-specific label requirements, including the addition of GS1-128 standardized barcodes and 2D barcodes as well as pallet-level labels to help with traceability. This extensive variability of label data slowed production and required creating and managing literally thousands of custom label templates with no centralized oversight.

Country-specific regulations magnify the challenge. For example, product shipped to Asia required new labeling and companies only have 30 days to comply. During instances like this, McCormick had product—both imports and exports—held at the border until the right labeling could be applied. This resulted in additional costs and decreased customer service.

Using Loftware's enterprise-wide approach, McCormick has integrated labeling with its existing SAP platform to trigger and execute production, receiving, and shipping labels directly from upstream transactions. This eliminates the need to manually replicate data from one system to the next and, more importantly, ensures end-to-end label accuracy. McCormick benefits from standardized, automated labeling that draws from vital data sources, while eliminating the need to train users on a new system.

"Access to Loftware's business logic outside of SAP allows us to be more agile," said Tim Cukr, Senior Business Analyst at McCormick. "Now, when label changes come in from regulatory, quality, or customer support, we can make edits to the template without IT and special ABAP (Advanced Business Application Programming)."

With new global labeling requirements being introduced, McCormick now has the labeling solution to quickly comply with current and future requirements. Working closely with Loftware, McCormick has tailored the solution to dynamically select printers and templates, populate label data, and apply conditional formatting—all based on the incoming SAP data stream.



Locking Down Your Labels

Managing regulatory compliance has always been a challenge for companies in the food and beverage industry, but the stakes have gotten even higher as those organizations work to balance compliance with profitability—all while trying to keep up with the fast pace of digital transformation.

For many of these companies, labeling is still largely left up to chance as they patch together disparate software solutions in hopes that they will meet their organizations' growing labeling needs. Over time, these patchworked systems only serve to cause confusion and delays while giving shippers very little visibility into their enterprise labeling approaches. This leads to a high number of data errors, high maintenance costs, non-compliance, and lost business.

With Loftware's portfolio of labeling and artwork solutions in place, food and beverage companies gain the power and flexibility to meet changing customer and regulatory requirements, improve response times, and reduce overall costs. They also drive greater efficiencies across their extended supply chains, reduce time-to-market, and more effectively manage critical recalls.

"When a company has fewer labels to maintain, it suddenly has additional time to allocate to more important, core business tasks," said Mark Willer, Senior Solution Architect at Loftware. The same company also gains better corporate governance and control through functions like label versioning, which include configurable workflows. That way, when label changes are made, they're put through an automated approval process that ensures compliance with state, federal, and international labeling laws.

“This very controlled, accountable process helps eliminate various risks, including the risk of non-compliance,” Willer added. “Companies can effectively ‘lock down’ their labels and ensure that only authorized employees can make changes or otherwise alter the information on those labels. When it comes time to finalize a label, eSignatures, which are also an important part of configurable versioning workflows, provide a formal and verifiable approval or rejection of the label and add accountability to the audit trail.”

In a world where thousands of food and beverage products are recalled and removed from store shelves annually due to food labeling errors, companies of all sizes can adopt cloud Enterprise Labeling and Artwork Management platforms to manage current regulatory requirements, prepare for changes that are coming down the pipeline, and future-proof their operations.

Loftware and NiceLabel combined under the Loftware umbrella to offer customers and partners an expanded choice of Enterprise Labeling & Artwork Management solutions, providing enhanced labeling capabilities and the benefits of greater investment in cloud-based solutions for companies of all sizes. Loftware maintains a global presence with offices in US, UK, Germany, Slovenia, China, Japan and Singapore. The union combines 60 years of expertise in solving labeling challenges, helping companies improve the quality, speed and efficiency of their labeling, while reducing cost. Together, as the leading global provider of Enterprise Labeling and Artwork Management solutions, Loftware enables supply chain agility, supports evolving regulations and optimizes business operations for a wide range of industries including life sciences, manufacturing, food & beverage, retail, automotive, consumer products and apparel.

For more information, please visit www.loftware.com and www.nicelabel.com.



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