

Establishing a Framework to Effectively Deal With Product Recalls

Susanna Wadegård

Head Of Quality Assurance, CSR and Animal Welfare 2017-05-23

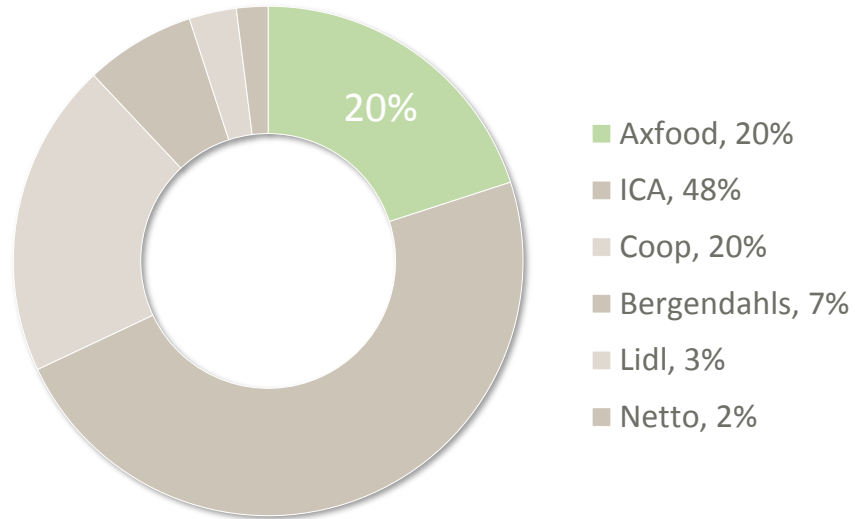


AXFOOD OVERVIEW

- More than 260 wholly owned stores in Sweden and collaborating with approx. 820 proprietor-run stores
- Market share: 20%
- Listed on Nasdaq Stockholm
 - Principal owner is Axel Johnson AB, with 50.1% of the shares
- 8,800 employees



Market shares in Sweden (2014)



Axfood återkallar tonvis med ris efter metallfynd



1/6

Axfood återkallar ris

MAT

Ett parti på runt 7 500 kilo ris återkallas från Axfoods samtliga butiker i Sverige. Anledningen är att det kan finnas metallflisor i kartongerna.

Ekonomi

Axfood återkallar ris efter larm om metallflisor

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Greatest withdraw ever



- Metal contamination which was confirmed internally and externally by consumers.
- Supplier which was not responding even though we informed them about the deviations a couple of times.
- No corrective actions taken by supplier- denying the deviations that were found.
- Terminated contact
- Two month without any rice in the stores!

Massive response from consumers

- Big news, all Swedish newspapers wrote about it
- Huge consumer reaction!
- Customer Service received more than 1100 mails (normal 100) in two days and more than 300 calls in one day (normal 50)!
- We were not prepared and had to help each other with all complains that we received from consumers.



Process for product recalls within Axfood

- All recalls are handled by the quality department, both for A-brand and for Private label.
- Duty officer 24 hours.
- Recalls are categorized in two groups:
 - *Quality deviation*
 - *Harmful for consumers*
- Products are recalled by internal business system and by specific EAN-code. The product is blocked by sending a message to each specific cash machine.
- Corrective action plans are defined for each PL recall.



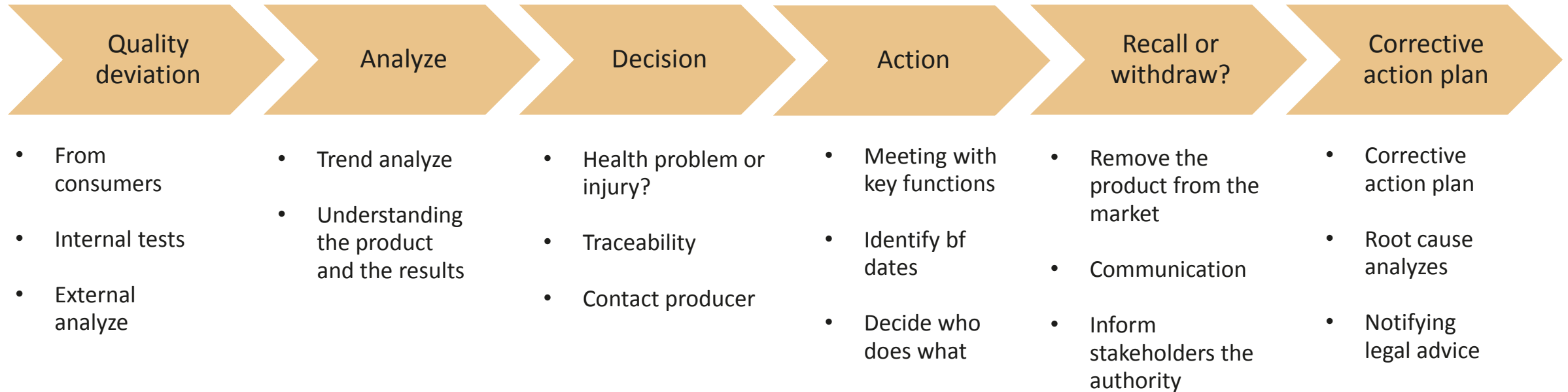
Image: Balint Radu / Fotolia

Most common reasons for recalls

1. Quality deviations (23%)
2. Incorrect labelling information (20%)
3. Undeclared allergens (8%)
4. Foreign objects
5. Mold
6. Pesticides
7. Listeria
8. Salmonella
9. Pests



How to create a time effective process to identify when to carry out a product recall



How to minimize any potential backlash

- All recalls are discussed monthly within the quality group.
- Annual discussion and analyzes of all recalls within the group. Usually leads to changes of existing routines.
- Visit supplier and perform an audit at the productions site. Unannounced?
- Traceability test- check the best before dates- very important when auditing the supplier.
- When supplier doesn't respond, stop selling the product until you get attention from them!
- Apologize to the consumers- external communication is very important. The most important is to protect the consumers!

Thank you!

susanna.wadegard@axfood.se

