

Product Creativity v's Practicality

Key consumer trends in food in 2020

Julian Mellentin, New Nutrition Business

1. Digestive wellness
2. Good carbs – Bad carbs
3. Plant-based foods
4. Sugar
5. Protein
6. Fat reborn
7. Meat reimagined
8. Provenance & Authenticity
9. Energy 2.0
10. Mood

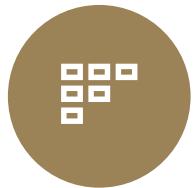
New product opportunities



MARKET
OPPORTUNITY



IDEA GENERATION



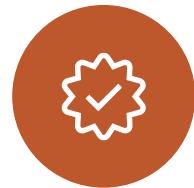
CONCEPT
DEVELOPMENT



CONCEPT TESTING



POSITIONING



BRAND EQUITY



MARKET SIZING



PRODUCT CATEGORY
ATTITUDE & USAGE

Does a chef understand manufacturing principles without inhibiting their creativity?

- Chefs are fundamentally creative. They can create new exciting products that are unique, and consumers enjoy.
- Chefs may not understand manufacturing requirements and constraints to scale-up.
- Food technologists understand science and technology of food ingredients and manufacturing processes but may lack skills to create new flavours and textures.
- Food technologists understand the rheology of food.
- Case study: *Grounded Foods*



Case Study: Grounded Foods

Case Study: Grounded Foods

- Plant-based cheeses that look, taste and feel like the real thing, that most people can't tell the difference.
- No nuts, soy, gluten, palm oil, artificial additives and GMO free.
- Made with cauliflower, and a few simple ingredients that come from the ground.
- Creating an environmentally resilient alternative to dairy for consumers to enjoy their favourite cheeses.
- Grounded Foods founded by an award winning Chef and an Economist.

Case Study: Grounded Foods

- Grounded's cheeses are created in small batches in a commercial kitchen.
- Commercialisation requires manufacturing at scale to produce volumes, quality & consistency
- Grounded don't have any food technology skills.
- Challenges
 - Plant proteins that have functionality of casein.
 - Deliver flavour, mouth-feel, stability and functionality consumers expect from dairy products.
 - Products must be free from dairy, allergens, GMOs and artificial ingredients.
- Solution: Cauliflower base

How to take what the chef makes and complete initial trials?

- Detailed list of ingredients and steps to make product at kitchen scale
- Product development skills to determine pilot scale equipment required.
- Knowledge of food rheology to understand flow through manufacturing process.
- Create pilot scale batches to assess quality attributes, performance and functionality.
- Awareness of food safety and quality requirements and risks.
- Costing models to determine COGs and financial viability.
- Prepare product manufacturing specification
- Determine equipment required to manufacture at commercial scale.

How to up-scale trials within the manufacturing environment?

- Conduct pilot manufacturing trials (small batches).
- Manufacture trials to finish in-pack.
- Conduct shelf life and quality assessment.
- Undertake preliminary sensory assessment.
- Assess ease of manufacturing and product performance.
- Review manufacturing steps and equipment.
- Review cost to manufacture.

Key questions to be asked:

- Is the market attractive?
- Is it feasible to take the idea to market?
- What is the business model?
- What is the competitive advantage?
- Is it sustainable?
- Will the business model be profitable?
- Are you aware of the project risks and have you identified mitigation strategies?

New product opportunities

Development steps;

- Define your product or service and your competitive advantage.
- Conduct preliminary market research (product & market assessment).
- Define market positioning (healthy, convenient, ready to use, great tasting).
- Concept generation and evaluation.
- Define the business model.
- Develop a “Brand”. The Brand is where the value is. Eg Rafferty’s baby food

New product opportunities

Development steps;

- Review market research and conduct consumer testing (Pre-launch market testing).
- Develop HACCP procedures.
- Determine shelf life requirement.
- Develop distribution and retailing strategies.
- Conduct Consumer acceptance trials (flavour, texture and visual appeal).
- Determine financial viability of the product, COGs (Cost of Goods).
- Meets all food regulations.
- Develop marketing and promotion strategies.

New product opportunities

Are there any known allergen issues?

- Labelling requirements and compliance.
- Allergen Bureau. Share information and experience within the food industry on the management of food allergens. Industry initiative. www.allergenbureau.net
- Industry guide to allergen management and labelling available from AFGC. www.afgc.org.au/industry-codes/allergen-labelling.html

Traceability process defined

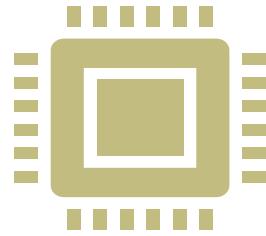
- Consumers expect full traceability from retail back to suppliers.

Sustainability

- Consumers concerns with ethically produced food.
- Environmental impact of food production.
- Sustainability policies and practices.

Specifications and legislation

Choosing a manufacturing strategy



Is new equipment/technology or processing capability required?



Control versus risk?

Develop your own commercial product and manufacture in-house.

Out-source product development to specialist, but manufacture in-house.

Develop your own commercial product, but manufacture with co-packer. Eg. Rafferty's Garden Baby food.

Choosing a manufacturing strategy

Issues to consider with using co-packer

Advantages

- No investment in facilities or equipment until market penetration achieved.
- Reduced start-up time.
- Technical support from co-packer.
- Less staff required.

Disadvantages

- Control of quality, costs, delivery and risk.
- Contractual obligations.
- Confidentiality.

The business model

The “business model” is the context in which a company can convert an idea or knowledge into economic value.

Create and capture value from new technology, product or process: three basic ways

- Incorporating in current business
- Licensing to other firms
- Launch new businesses in new areas

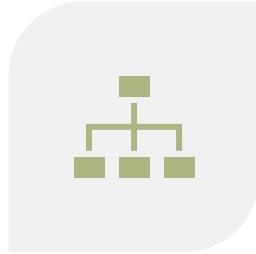
Attributes of your business model



ARTICULATE THE VALUE PROPOSITION, VALUE CREATED FOR USERS BY THE OFFERING.



IDENTIFY A MARKET SEGMENT.



DEFINE THE STRUCTURE OF THE FIRM'S VALUE CHAIN. WHAT IS REQUIRED TO CREATE AND DISTRIBUTE OFFERING?



SPECIFY REVENUE GENERATION MECHANISM. COST STRUCTURE AND TARGET MARGINS.



DESCRIBE POSITION OF FIRM WITHIN THE VALUE NETWORK.



FORMULATE THE COMPETITIVE STRATEGY BY WHICH THE FIRM WILL GAIN AND HOLD ADVANTAGE OVER RIVALS.

Commercialisation strategy

Strategy needs to cover:

- Business capabilities to commercialise the opportunity.
- Financial forecasts of both costs and revenues on a year-by-year basis relating to commercialisation.
- How the commercialisation will be financed and managed;
- Marketing, to capture and service an identified market.
- Analysis should include: competitor analysis; demand analysis; projected and current market share.