GROWTH STRATEGIES AND INNOVATION IN FOOD and BEVERAGE
INDUSTRY TRENDS KEY TAKEAWAYS

• The trend is not Big Food’s friend
  • Growth is coming from value, premium or added value segments
• Growth is coming from entrepreneurial innovators / brands
• Big Food Brands can’t be Craft – Artisan – Natural
  • DiGiorno is not a pizzeria joint
  • Kraft Cheese is not artisan
  • Healthy Choice is not better for you naturally

Source: Catalina Marketing & IRI – 52wks ending June 2015
SO WHAT SHOULD ONE DO?

• So much change, so fast, by so many
  • Demographics & psychographics (attitudes)
  • Technology
  • Increasing regulatory requirements

• So what should a business consider when developing their growth & innovation strategies?
  • Category dynamics
  • Consumer attitudes vs behavior gaps
  • Go-to-market options
TRADITIONAL GROWTH STRATEGIES

• Build Consumer Reach and Purchase Frequency
  • Reach (getting a new customer to buy your product)
  • Frequency (convincing an existing customer to use your product more frequently)
  • Reach & Frequency Strategies
    • Build Awareness
    • Build Trial
    • Expanding Distribution
    • Expanding Channels
    • Increase share of customer

• Build Capacity / Scale / M&A

• Drive Innovation

• Breakthrough results leverage as many of these strategies as possible as fast as possible
Breakthrough growth strategies are found at the nexus of:

- Entrepreneurship
- Consumer
- Innovation
ENTREPRENEURSHIP

• The process of starting a business, *typically a startup company offering an innovative product, process or service*.

• **Entrepreneurs** perceive an opportunity and have a bias for action

• **Entrepreneurial** opportunities includes actions to develop a business plan, acquire the human, financial and other required resources, and to be responsible for its success or failure

• **Entrepreneurship** typically operates within an entrepreneurship ecosystem which includes government programs and industry services that support entrepreneurs, entrepreneurship resources

• *Sounds a lot like our FaBcappers!* 

• **Difficult for Big Food & Beverage but Impossible**
  • Taking a page from Silicon Valley’s page book
  • Coca-ColaCap Innovation Accelerator Program ➔
CONSUMER

• Key Drivers of Consumer Wants
  • Macro Environment ➔ Economic, social, regulatory, food safety/security, technology
  • Changing Demographics ➔ Psychographics ➔ Attitudes & Usage of Consumers
    • Boomers / Gen X / Millennials

• Find Your Consumers North Star
  • Successful entrepreneurs focus their business / product message on their target consumer’s
    • Social & emotional ideals / wants

• The best focal point ➔ A positioning statement
  • To the target audience, the name of the product is the product description that give an emotional benefits
    • Joseph A. Banks - Bad
    • Joseph A. Banks - Good
    • Apple...need I say more?
INNOVATION

Innovation is really quite simple, it’s just not easy!

The masterpiece is in there, all you have to do is remove the excess stone.

Michelangelo

• Innovation can just happen...
• Innovation can take on a life of its own...
• Innovation can drive you to success or bankruptcy...
INNOVATION MISSES TO HITS
If You Have 5-20 Years!

Morphine Addiction, Headache & Anxiety Treatment

Surgical Antiseptic to Foot Care to Cigarette Flavor to Cure for Common Cold to Dandruff Treatment

Focus, Focus, Focus
You can become so overwhelmed that you lose focus and your statue just becomes a pile of stones & dust...
CROWDSOURCING

• Obtaining needed services, ideas, or content by soliciting contributions from a large group of people
• Combines the efforts of numerous self-identified volunteers or part-time workers, where each contributor, acting on their own initiative
• Small contributions that combine with those of others to achieve a greater result
• Distinguished from outsourcing in that the work comes from an undefined public, rather than being commissioned from a specific, named group

• Award winning
• Brand building at an emotional level

CRASH THE SUPER BOWL WORLD PREMIERE

YUMBUTTER™

• Crowdsourced developed, launched & funded

MOB CRAFT defines Crowdsourcing

• Ideas into Beer
• A direct emotional connect
INTEGRATED TECHNOLOGY

• Web / Cloud / IT Systems
• Leveraging / integrating business and consumer transactional & social data ➔ BIG DATA
• Expandable - Consumer Driven Apps

Quigistics

• Keep your business growing, compliant & safe
• Streamlined ERP & FSMA system
• Software as a Service (SaaS)
• Mobile-device supported
• Built in IT Management & expandability
• Web / App based subscription

ENTREPRENEURIAL - CONSUMER DRIVEN - INNOVATION GROWTH STRATEGIES
HORIZONTAL CHANNEL EXPANSION

Manufacturing / On-site Retail / Tours / Internet Store / Adjacent Products

- Specialty coffee / coffeehouse
- Business & Industry
- Traditional Retail
- Coffee Accessories
- Internet consumer sales

- Perfectly blended & roasted coffee / coffeehouse
- Business & Industry
- Traditional Retail
- Coffee Accessories
- Internet consumer sales

- Artisan specialty rBGH and GMO -free
- Urban cheese plant & retail
- Tours
- Wholesale retail
- Internet consumer sales

- Craft blended beer
- Destination brewery
- Tours
- Wholesale retail & entertainment
- Internet consumer sales
SUPER PREMIUM/INDULGENT/HEALTH & WELLNESS TREND DRIVEN

- White spaces between traditional retail and specialty
- Tough for Big Food to do without acquisition
  - But can be done if you still have a little entrepreneurial spirit & focus
• “Craft” artisan pizza
• True authentic pizzeria quality
• Not branded by Palermo’s
• Unique positioning/extendible

• “Gourmet” mustards, pretzels and desert sauces
• Generational family recipes
• Small batch

• “Premium” tonic concentrate
• All natural botanical ingredients
• For refreshing aperitivo style soft drinks or mixers

• “Gourmet” all natural shortbreads & cookies
• Generational family recipes
• The Natural Choice for Every Day and Every Season

• “Organic” raw smart snacks
• Certified organic, gluten-free, non-GMO, vegan, raw
• And of course, delicious

• “Artisan” specialty rBGH and GMO-free

• “Craft” blended beer

• “Craft” beer

• “Gourmet” coffee
PRIVATE BRANDS ARE BRANDS

- Consolidation of retailers makes this a BIG growth opportunity
- National retailers building brands that can / are moving beyond NBE to white space innovation
  - Targeting first or second position in the category
  - Meijer / Target / Trader Joe’s / Kroger / Wegman’s / Aldi / Publix / Ahold / Costco
MANAGING INNOVATION

• Innovation is more than having a great product
  • A great product is critical, but it’s just a start
• In the end all **successful** entrepreneurs complete:

  Category Analysis
  • Understanding the playing field
  • Setting your boundaries

  Positioning Statement
  • Your guiding light
  • Motivational tool

  Prototype Development
  • Capture the emotional benefits
  • How people respond to your thoughts

  Develop Your Business
  • Achieve three greens
    • Consumer
    • Operations
    • Financial

  Test Market
  • Objective is learning
  • Understand to make it right

• Sooner or later
MANAGING INNOVATION

• Manage innovation instead of it managing you
  • Positioning Statements Provide Great Guiding Light for Product Line Development
    • Consumer communications – at an emotional level
    • Focuses Development Team
    • Aligns business partners

• Keys to successful innovation management
  • Consumer Fit
  • Operational Readiness / Capacity
    • Production, Sales, CRM, Marketing
  • Financially Sound
    • Over product / company lifecycle

Which is a great segue to Tera’s - Funding Over a Food Company’s Lifecycle