



Retailers and Caterers: barriers or resources in innovation processes?

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Retailer and Consumer Acceptance
of Promising Novel Technologies and Collaborative Innovation Management

The Retailer/Caterer



- Integral role in innovation in the food sector
- Initiator ...
 - day to day interactions, information systems > identify emerging trends > instigate new product development and innovations
- Inhibitor ...
 - gatekeeper role > controls access > influences diffusion through production selection and removal

Aims



- To explore the influences on the assortment decisions made by retailers and caterers
- To identify their attitudes towards product and service opportunities provided by novel food technologies
- To assess the perceived barriers to adoption of novel food technologies



THE BUYING PROCESS AND SELECTION OF NEW PRODUCTS

The Overall Approach



- Organised and managed by product category
- Initiated by periodic category reviews to identify range “gaps”
 - gaps driven by customer needs, not product-led ideas
- Process retailer/caterer led – supplier “windows” still exist, but less cold calling

A Staged/Gated Process



- **Process steps**
 - clearly defined, core guidelines and criteria
- **Key decision points/gates**
 - approval required to proceed
- **Involvement of multiple stakeholders**
 - food technologists, product developers, category planners, marketing/sales teams etc.
 - buyer > supplier selection, supply chain, product launch
 - consumer input > sensory testing

The Decision



- Category level except for “big” decisions
- Reflect organisational structure
- Ultimately a commercial/trading decision
 - *“Most of all it is margins, how much money can be made with taking in new products to the assortment. It is money, money, money not so much about quality” (R)*
 - *“What they assess is mainly the sales. They look at the numbers and the figures and they look at how fast the product moves from the shelves and how much money they can make” (S)*

Brand Integrity



- Reputation sacrosanct, protected at all costs
- Internal policy lists for novel technologies
 - government approval and commercial approval
- Auditing of standards and processes
 - compliance and safety paramount
- Monitoring of whole supply chain
 - retailer > supplier > manufacturer > raw materials
 - transparency and traceability throughout whole chain

Implications



- Fewer slots/spaces for new products
 - exacerbated by private brand and discounters
- Rigid process and high hurdles
 - detailed briefs, criteria, standards, audits
- Risk adverse behaviours
 - financial and reputational risk
- Incremental “versions” of products dominate
 - *“small steps not big evolutionary steps”*



ATTITUDES TO NOVEL TECHNOLOGIES AND AREAS OF POTENTIAL GROWTH

Attitudes to NT



- Key issue is the “benefits case”
 - customer benefit/solution, not the technology itself
 - novel technology often “*solving a problem which doesn’t concern customers*”
- Identifying customer benefits
 - what they understand v what they accept
 - shoppers (purchase) v consumers (eat/drink)
- Innovation takes various forms
 - product ingredients; production processes; product packaging/presentation; shopping processes

Behaviours towards NT



- **Followers not leaders**
 - “fast followers” ; “second mover advantages”
 - size of product ranges > noise not visibility issues
 - wait and see for legal not compliance issues
- **Risk adverse**
 - stick with what they have/what is known
 - more willing to adopt packaging/presentation technologies
- **Formal and informal scanning mechanisms**
 - culture bound technology acceptance
 - often reinforced by legislation

Potential NT Opportunities



- Health, wellness and nutrition
- Natural ingredients, freshness and authenticity
- Food education
- Traceability and transparency
- Convenience
- Packaging

NT enabled Transformations



- Create a new market/product category
 - something that did not previously exist
eg ready meals; probiotic yoghurt
- Reconfigure an existing product category
 - from commodity to premium options
eg crisps/chips
- Expand variety in existing product category
 - provision of choice options
eg coffee > method, flavours, origin, trading conditions

Implications



- Claim to be innovative, but
 - business imperative is to attract customers, who buy more and return > will not threaten sales (or reputation)
 - shopping innovation rather than product innovation
- Consumer acceptance
 - focus on solutions delivered by novel technologies
 - all opportunities have acceptance challenges
- Legal approval reinforces follower mentality
 - do nothing until accepted, not the role of retailer/caterer to champion novel technologies



NOVEL TECHNOLOGIES AND BARRIERS TO ADOPTION

Awareness of NT



- Retailer and caterer awareness good
- Consumer knowledge/understanding limited
 - food production techniques; scientific literacy; compromises and contradictions
- Consumer types
 - *interested* > blogs and social media to understand: engaged with novel technologies and benefits
 - *confused* > hard time deciphering messages: pros and cons > marketing hype or objective information?
 - *not interested* > price key issue: don't consider quality or production process

Return on Investment



- **Scaling up costs**
 - pure research (science) to commercialisation (selling)
 - proof of concept (lab) to industrial scale (factory production)
- **Market costs**
 - shaping (creating) the market
 - sector wide promotion and communication costs
 - brand power > consumer trust and trial > manufacturer-led

Communication



- What to communicate
 - focus on benefits not technology features
 - *“if consumers are convinced there is nothing to be concerned about, then the buyers will also see that there is a demand and will work with it” (S)*
- How to communicate
 - simple language, positives (*“sounds nice”*)
 - avoid raising concerns (*“Frankenstein food”*)
 - test phrases and language used on packaging

Communication



- Who communicates
 - consumers do not want to be patronised, want information to make own minds up
 - “neutral” opinion formers (e.g. TV chefs) trusted
 - also need to communicate with retailers/caterers, same basic issues:
 - benefits not technology
 - appropriate language – commercial not scientific
 - retailers/caterers closest to consumers so become key message owners

Full Stakeholder Buy-in



- **Fit with company vision or ethos**
 - may have a view or “position” on a particular technology
- **Regulation can limit/delay adoption**
 - government and NGOs are champions of technologies
 - labeling requirements can be counter productive – raise fears, not fully understood
- **Channel alignment**
 - all members of a channel must be prepared to invest in technology and share risk

Implications



- Issue is the benefit not the technology

“Usually the retailers don’t care about the technology; they just want a good product. If the technology is really something that gives uniqueness to the product that also the consumer can see value in, it is different.” (S)
- Investment costs may make consumer benefits financially marginal
- Communicate with retailers/caterers as well as end consumers
- Collaborative supplier partnerships help mitigate and spread risk

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