leatherhead food research

Do you *really* want to behave like a start-up?

How global brands can "be more start-up" without compromising on risk

"More than ever, the consumer needs to be at the centre of what we do. Today's consumers eat differently, shop differently and seek different experiences. Since consumers are changing fast, we have to be more nimble, innovative and forward-looking than ever before."

Mondelez CEO, Dirk Van de Put

Market disruption

A reliance on old-school, standardised consumer testing on isolated products can place a stranglehold on food and beverage innovation. It's too slow and fails to properly understand the consumer. Consequently, in some organisations product development has evolved into incremental reformulation of heritage products, governed by procedure and bureaucracy.

Parallel to this, we've seen explosive growth and seemingly overnight success from a myriad of nimble, exciting start-ups that fulfil the needs of niche consumer groups. Some of these make it into the mainstream, developing a cult following of consumer-advocates in the process.

At the same time, deep questioning of shareholder value is triggering organisational re-thinks and aggressive cost management within many leading brands. It would be easy to assume that emulating start-up behaviour could be the antidote to corporate stagnation. But this approach is potentially flawed.

Measures aligned with entrepreneurship and start-up behaviour can too easily be implemented in a manner more akin to cost-cutting. This in turn can manifest itself in the silent adoption of higher risk profiles that may not be suitable for organisations of the scale and funding make-up of multinational brands. So, brand leaders adopting these 'light' or 'agile' methods, without awareness of the caveats, risk making poor decisions with significant consequences.

Consider these points if you're managing a large corporate brand but want to 'act like a start-up'.

1 – You can't take risks like a start-up

Overnight success is rarer than you think. Between 50% and 90% of start-ups fail, but no-one sees the ones that don't make it. Sure, a handful of challenger brands make good decisions, but a whole load more make bad ones. You don't have to take the risks they do.

All the stage-gates that slow you down and meetings that seem to lead to nothing but more meetings are there for a reason. Yes, they've lost their way a bit, but ultimately you need a mechanism to demonstrate risk management. If a product launch flops, it's expensive. Be clear about what you and your key stakeholders do and don't know about your target market. Gather robust insight that closes any gaps to reduce your risk. Be highly targeted, and open to some hard truths, but don't compromise on quality.

2 – Understand where you have permission to innovate

Ask any start-up if they'd like the research budget of a major brand plus a master-brand to leverage, and they'd probably bite your hand off. It's a no brainer. In reality, they only rely on instinct because they have to, they have less to lose, or are backed by a venture capital fund that doesn't provide for luxuries such as consumer research.

Your brand, with its research firepower, is a huge strength and one that you should leverage. It's important to acknowledge that consumers have a preconception about what your brand stands for, and this will limit how far you can stretch the boundaries of innovation and NPD. But if you can find a proposition that aligns brand, product, pack and purpose, you have the resources to deliver faster and more successfully than any start-up.

3 – Know your consumer

Effective product development is continually evolving, it respects and harnesses the fast-changing consumer landscape. To give your product the greatest chance of success, you must continually monitor the mood of your consumer. This enables you to anticipate where needs are unmet and recognise early signs of product success: products, packs and experiences that resonate, engage and drive purchase. When there are uncertainties, look for flexibility and an ability to absorb and build learnings into the project scope.

4 – Seek multiskilled teams

Great ideas can come from anywhere. Numerous studies demonstrate that having conflicting opinion within a group improves decision making. Multiskilled, multi-departmental teams can form a 'hot house' of innovation. You also have the opportunity of consumer cocreation sessions to provide some early shaping of concepts. Leatherhead's consumer and sensory insight is grounded in expertise from marketing, R&D and regulatory, with all the disciplines working closely together.

5 – Timeliness is everything

Have you ever swum the Channel? We haven't either. But effective swimming is all about maintaining the right technique for a sustained period. It's not about how fast the first few lengths are, so don't place a disproportionate focus on turnaround speed. If your consumer insight lacks clout or has high degrees of uncertainty, it will only hinder the process further down the line.

Make sure you engage key stakeholders from all departments early in the process. Informal involvement is fine, but you need to understand any potential concerns and how they might be resolved. If you need external support, seek a partner embedded in innovation, enabling seamless transition between the R&D, Regulatory and Marketing functions.

Final thoughts

There is no silver-bullet for confident decision making, speed-to-market and cost efficiency. However, advances in technology over the past decade enable us to unravel and better understand the complexities of buying behaviour. Old school research might be ineffective, but that doesn't mean you should rely on intuition alone. Combining newer research techniques with an established corporate framework enables brand leaders to gather fantastic insight and close knowledge gaps. This is an exciting time to be developing new products. With the right approach, you can deliver start-up-like innovation and entrepreneurship whilst satisfying the risk profile of a major brand owner.

Leatherhead Food Research ¬
T. +44 1372 376761

help@leatherheadfood.com
www.leatherheadfood.com