How to Win and delight consumers with Aussie dairy products in domestic and export markets

Examples from the Food Innovation Centre
The local **Food Manufacturing Sector**
is facing a number of headwinds

**Challenging Retail Environment**

“Understanding Asian taste preferences and adapting products to suit their requirements”

**Import Threat**

“Understanding the best channel to market e.g., supermarket, traditional retail, foodservice or ingredient distributor”

**High Global Commodity Prices**

“Understanding the whole process of doing business in Asia, taking into account the different business practices, legal systems and cultures”

“Finding reliable, trustworthy partners in Asia”

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**Without substantial changes to the Australian Food and Grocery Industry,**
a recent study by the AFGC estimates that 100,000 jobs could be at risk to 2020

There are more people living *inside* this circle than outside of it.
Mining Boom to Dining Boom...

OR The Delicatessen to Asia!
China Middle Class Features

Middle Class Features

- Spending priorities associated with what brings higher living quality
- Value is determined by price, quality, function and endurance
- Facts speak louder than brand when judging the "quality"
China Middle Class Features

- Striving for a balance between finance and personal life
- Healthy lifestyle remains as the top priority
- Increase the spending in health and experience
Tips and Watch Out’s for Exporting to China

- Consumers’ habits are changing
- Localization is key
- Product safety mistakes can be devastating
- Chinese consumers generally favor foreign brands
- “Face” matters
- A good local partner
Tips and Watch Out’s for Exporting to China

Product safety mistakes can be devastating

- Food and product safety problems exposed in the media can strongly influence Chinese consumers.
ADAPTING YOUR PRODUCT FOR THE CHINA MARKET – COFCO PARTNERSHIP
The Benefits of Our Exclusive COFCO Partnership

Introducing an exclusive partnership between COFCO NHRI and the FIC @ MONASH for Australian Food & Agricultural companies looking at accessing the Chinese market!

China Oil and Food Corporation (COFCO) is an agri-food commodity business. COFCO Group appears on the Forbes Fortune 500 list of companies and is the largest food manufacturer, processor and trader in China.

• COFCO’s Nutrition & Health Research Institute (NHRI) will perform consumer, sensory and safety research in collaboration with the FIC to ensure your product offer has the best chance of success in China.
• Our network encompasses regulatory and food safety compliance to import food into China.
• If your product tests well, COFCO’s NHRI may endorse the results to their e-commerce platform womai.com, giving you the unique opportunity to trial your product’s potential in the Chinese market.
• This unique partnership will offer a less hazardous path to market for Australian companies wanting to test the Chinese market with adapted product offers.
Introducing the ACJRC for Dairy Manufacturing

The Australian dairy industry is set to reap significant benefits from a new research partnership with China, thanks to a million-dollar grant from the Australia-China Science and Research Fund (ACSRF).

China has become an important market for many Australian agricultural products, and this is especially so for dairy — with 2016 daily imports accounting for 20% of the Chinese dairy market.

To further opportunities for Australian dairy manufacturers, funding was secured from the Australian Government’s Department of Industry, Innovation and Science (DIIIS) to establish the Australia-China Joint Research Centre (ACJRC) in Future Dairy Manufacturing.

Monash University leads the Australian research pool, with Centre Director Professor Cordelia Selomulya leading the strongest dairy research team in the Asia Pacific region. Professor Selomulya’s international research reputation in the manufacture of high value particles for functional foods and the pharmaceutical industry will ensure the Centre will provide the dairy industry with manufacturing process efficiencies and new high-value products, developing a strong link between Australia and the large distribution network in China.

“The joint research centre provides an opportunity to create a strategic partnership between the Australian and Chinese dairy industry for a sustainable and long term commercial relationship.”

Professor Selomulya

Australian partners include Bega Cheese Limited, Fonterra Australia Pty Ltd, Devondale Murray Goulburn Cooperative Dairies Limited, Goulburn Gardiner Dairy Foundation Limited, Monash Food Innovation Centre and The University of Queensland. This Australian collective will form a

Professor Selomulya stated that the centre’s research will enable the Australian dairy industry to go beyond the traditional production of cheese, butter and skim milk powder to the large-scale manufacture of products such as infant formula, which are in high demand in China.

Bega Cheese’s Product Development Manager spoke about the potential of the partnership to facilitate on-farm research and development, with a strong focus on the preferences of Chinese consumers. “Bega Cheese Limited foresees that this collaboration will assist with increasing export volumes, thereby supporting Australian employment opportunities in regional dairy communities”.

Demand is increasing in China for consumer-ready dairy products, and with the recent signing of the free trade agreement, the Australian dairy industry is well-positioned to grow its current share of the market.

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1. ABC News online “Australian dairy exports encouraged to look at new markets as Chinese growth slows”. Clint Jasper 27/08/2017. Part of this material was produced by Monash University.
Design-Led Innovation

- Consumer/Shopper Insight
- Business Model Innovation
- Co-creation Co-design

Design led innovation
Innovation is more than product / package...

The Ten Types of Innovation

- **Network**: How you join with others to create value
- **Process**: How you develop and create your offerings
- **Product System**: How you create complementary products and services
- **Channel**: How you connect your offerings with customers and users
- **Customer Engagement**: How you foster distinctive experiences

**Configuration**

- **Profit Model**: How you make money
- **Structure**: How you align your talent and assets
- **Product Performance**: How you differentiate your product or service offerings
- **Service**: How you ensure and enhance the value of your offerings
- **Brand**: How you represent your offerings and business

Source: The Doblin Group
Approach to increase the odds of success

Traditional approach

1. **INSIGHTS + SIZING $ = OPPORTUNITY**
2. **IDEATION = OFFER**
3. **OFFER DEVELOPMENT**
4. **COMMERCIALISATION & LAUNCH**

Success Rate: 10%

With FIC additions

1. **CONSUMER INSPIRED DESIGN**
2. **FAILURE POINTS ELIMINATION (PROTOTYPING & VISUALISATION)**

Success Rate: 30-50%
Front End Innovation Process

**Consumer Inspired Design**
For when you are starting an innovation project

- **Knowledge Mapping**
  - Identify what you don’t know (and need to find out!)
  - Holistic review
  - Stakeholders to same knowledge level

- **Product Mapping**
  - Identify White Space
  - Understand product paradigms – what attributes drive perceptions?

- **Product Labs**
  - See the world through consumers eyes & design correctly
  - Consumer-centric design guidance
  - Using stimulus to elicit responses

- **Design Guidelines**
  - Understand what your product MUST BE, CAN BE and CAN’T BE, and the different ways this can be expressed in a product

- **Output**
  - Cool Glass of Water
  - Toothpaste
  - E.g. Refreshing Spectrum

- **Internal / Scoping Exercise (Facilitated by FIC)**
- **Consumer Research**

**Design guidelines ...**

- MUST BE
- CAN BE
- CAN’T BE

This can be expressed via...
De-risking ideas by failing fast & pivoting

FAILURE POINTS ELIMINATION

Ideate
Prototype
Refine
Validate

Machinability
Value perception
Fast track mould development
Concept screening

Marketing Mock ups
... in all aspects of your innovation journey!!
How can the FIC help you with R&D End to End Project Management?

Bring to life your innovation concept or product ideas through recipe development and research across the process from idea through to commercialisation

- Recipe development
  - Theoretical formulations
  - Bench top sample making
  - Indicative nutritional information
  - Indicative formulation costs (ingredient costs to be provided)

- Connect you to best in class industry and research projects & partners

- Customised R&D workshops & coaching / mentoring
  - I.e. risks & issues, product development process, asset mapping

Services are customisable to your needs and quotes provided based on your requirements
Support your needs from **opportunity** to **market launch** with a range of partners.

**A** FRONT END INSIGHTS & DEDICATED INNOVATION INFRASTRUCTURE  
**B** MARKET CAPABILITY ASSESSMENT & ENABLING TECHNOLOGY  
**C** PRODUCT TESTING & COMMERCIAL TRIALS CAPABILITY  
**D** SUPPLY CHAIN TESTING & NEW TO MARKET TECHNOLOGY

**A & B delivered by front end capability**  
**C & D delivered by a network of facilities**

FIN – Food Innovation Network is a Victorian state initiative linking the above providers  
FIAL – Food Innovation Australia Ltd is the Federal Growth Centre
Learn with us - Bespoke Intrapreneurship Training Program

- **Intrapreneur Program** - 5 days training with practical tools and interactive exercises
- **Innovation Best Practice** - 1 day workshop providing overview of best practice tools & proven methodology

Designed to upskill owners / employees (commercial and technical teams) in the art of successful innovation.

Supporting the growth of the Australian Food Industry with more than 1500 businesses leveraging our capabilities to date.

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<th>Module 1</th>
<th>Module 2</th>
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<td><strong>Best Practice Innovation</strong></td>
<td><strong>Knowledge Mapping</strong></td>
<td><strong>Product Mapping</strong></td>
<td><strong>Ideation</strong></td>
<td><strong>Prototyping</strong></td>
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<tr>
<td>• Best practice techniques devised by international innovation masters.</td>
<td>• A holistic review of all knowledge</td>
<td>• Mapping products fulfilling similar needs on relevant dimensions to understand market space &amp; product attributes defining it</td>
<td>• Identify the best options for execution through a creation workshop to brainstorm your optimum offer</td>
<td>• Utilizing sketches and ideas from ideation to prototype and design packaging formats.</td>
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<td>• 10 types of innovation</td>
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<td>• Visualize and bring your ideas to life</td>
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<td><strong>Innovation Culture</strong></td>
<td><strong>Optional Consumer Step</strong></td>
<td><strong>Optional add-on before ideation!</strong></td>
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<td>• Developing &amp; supporting an environment to greenhouse innovation, including innovation &amp; intrapreneurial behaviours</td>
<td>• Consumer/end user immersions</td>
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<td>• Qualitative Product Labs with your target market to develop consumer-led opportunity areas and understand your product design space through your target’s eyes.</td>
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We are making a dent in the Australian Food Industry with more than 2500 business’s leveraging our capabilities

- Building Innovation Capability – domestic & export
  - >850 Victorian SMEs
  - >80 Farmer/Producers
  - >25 Indonesian Seafood SMEs
  - >15 New Zealand SMEs

- Helped business to accelerate & de-risk Innovation - Domestic & export
  - >850 Victorian SMEs
  - >80 Farmer/Producers
  - >25 Indonesian Seafood SMEs
  - >15 New Zealand SMEs
By developing a successful model of commercial and social innovations connecting and leveraging industry opportunities and research discoveries.

- **Primary research**: Insights, findings, technologies, complementary skills, specialized infrastructure.
- **Applied research solutions**: Translational research: Food & Ag cluster initiatives; Applications, multidisciplinary expertise, translation, talent.
- **Innovation design shared tools**: Shared innovation capabilities, FIC + Food Incubator; Human-centred design skills, fast prototyping & visualisation tools; Incubator facilities with embedded market services.
- **Strategy & commercialisation**: Industry; Market opportunities, innovation needs, path to markets.

- **Points of difference**
- **Long term**: Applications, multidisciplinary expertise, translation, talent.
- **Medium term**: Innovation design shared tools; Incubator facilities with embedded market services.
- **Short term**: Market opportunities, innovation needs, path to markets.
... via focused multidisciplinary applied research clusters, supported by an industry led base, inspired by solving the **2050 food challenges** to create commercial and social value.
Monash Food Incubator
There are many ways & entry points to use this network depending on your degree of readiness, commitment, budget and idea and specialized partners to suit them all.

**Inspiration Ideation Discovery**
(entrepreneurship discovery series, ideation/hackathons, idea builders)
Open to all, No commitments

**Accelerator** (3 to 4 months)
2 cohorts a year March / Sep
(from idea to business plan & team)
Launchpad method with mentor network, intensive, free but after screening

**Early stage Incubator** (6 to 12 months)
(from business plan to market launch, business start – the first steps)
Mentor network, intensive, fee for service

**Incubator** (not time bound, specialist licensed kitchen facilities to experiment & do initial productions access to support skills including coaching, fee for service)

**NEIS (National Employment Incentive Scheme)**
(integrated certificate IV to prepare business plan then mentoring/coaching during business start and initial growth – up to 24 months support)

**Scale up** (when ready !)
(from early business to SME)
Growth plan & support, access to manufacturing, distribution networks (in exchange for equity)

**Dev**

**For Monash**
For all - food

**For all - food**

**My other kitchen**

**SME**

**Food Innovation Centre**

**badalya**

**SproutX**
Our new look Incubator space …
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We look forward to co-creating with you