



## Module 2 - Product Innovation

### How To Stand Out From The Crowd & Sell More

#### PREP-WORK: READING

### 1. Overview

#### What are the most important considerations in product innovation?

As is the case with any aspect of building a successful startup, product innovation should not be done in a vacuum. Though the initial inspiration for a product or product line may be spontaneous and unrelated to the broader landscape, it is vital to take an idea in its early stages and consider how it will live & resonate broadly in the market.

When you are considering your ideas for plant-based products, you should first run your ideas against three key validators: your own brand, your customer, and your industry.

In this module, we'll go over the two key validators mentioned above: brand, customer, & industry. We'll deep dive into consumer surveys - which are an invaluable tool - and will conclude by discussing some specifics around Research and Development, R&D, in practice.

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### 2. Understanding Your Brand, Target Consumer, & Industry

#### Understanding your brand

All product innovation, from idea to end product, should be on-brand. This is an important starting point in thinking through both your first product line(s) and all future product lines. Your brand should be clear in every possible way, through every medium, and reach both internally and externally. The brand is reflected in the "WHY" of your brand and the products you choose to develop. If your brand becomes clouded through product development that strays from your brand's fundamental values, major problems can arise.

**Example 2.1** Suppose that your brand is built around low/no allergen whole food-based dishes that make people feel good about what they're eating. Perhaps you have the idea to create low/no allergen whole food



ingredient-based pet food that make people feel good about what they're feeding their pets. By assessing & understanding your brand, it becomes clear why that route misses the core WHY of your brand.

## Understanding your target consumer

By ensuring that the products you develop are on-brand, you ensure that customers will remain clear on what your company is and what they can expect from you. Beyond that, it is vital to ensure that you're developing a product that is not only on-brand, but also something that customers actually *want*.

**Example 2.2** (Following Ex. 2.1) - Maybe you're interested in creating low/no allergen whole food-based boxed meals that require 30 to 35 minutes to cook and several additional fresh ingredients (purchased separately) added in. These products might be "on-brand" (since convenience isn't necessarily a fundamental aspect of your brand), but your target customers are working Millennial parents who are pressed for time. They love your current products, because they can stay healthy without sacrificing convenience, but this new product line will not fit in to their busy lifestyle.

## What sorts of cues does an industry offer?

An industry offers several valuable cues, both macro and micro, that can be used to evaluate a product innovation idea. Consider two: price trends and temperature state trends. You may discover that a product idea hinges on an ingredient that is currently skyrocketing in price due to short supply. Or you may be considering a frozen product line, but discover that costs of shipping frozen are steadily rising, while shelf-stable foods continue to gain market share. Industry cues may be significant or serious enough to make you reconsider a product line, or at least to help you evaluate the logistics of it.

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One way to sum these ideas is to think of them essentially as due diligence. If you have an idea for a new product, the best way to minimize risk of failure is to do your homework. Pose these questions:

- Is this product idea on-brand?
- Is this product idea something that my target customer needs and will LOVE?
- Is this product idea reasonable and promising based on industry trends?

If the answer is "YES" to these questions, there's a good chance that your product idea holds promise.



### 3. Cues from the Consumer

#### What sorts of cues do consumers offer?

Consumer trends may take a number of different forms. The following are some broad consumer trend categories to consider, with examples and related questions:

**Demographic trends** - ex. an aging population, an increasing Latino population

- Is your target market part of a growing or shrinking consumer base?
- What needs does this group have that are not being met?

**Diet & health trends** - ex. demand for protein, gut health, prevalence of diabetes

- What does your target consumer want in their food? Is it protein, probiotics, or ayurvedic medicine?
- Are they actively trying to incorporate more vegetables into meals; or less fat?
- Are there prevalent food allergies they are caring for?

**Responsible consumerism** - ex. interest in sustainability & transparency

- Do your target consumers want sustainably-sourced ingredients, and eco-friendly packaging?
- Will something like compostable packaging or Fair Trade Certified ingredients be a key selling point for them?

**Convenience** - ex. portability, home delivery

- Is your target market comprised of working professionals that are pressed for time?
- Do they travel a lot?
- Do they aspire to a lifestyle for which grab-and-go really appeals?

**The adventurous consumer** - ex. demand for bold flavors & unique ingredients

- Does your target consumer seek global flavors? Does he/she want to try new, unusual ingredients?

**Check-In:** Remember back to your Target-Market-Profiles in exercise 1.3? How do these cues inform your targeting?



## 4. Deep Dive: Consumer Surveys

### The importance of consumer surveys in validating ideas

Even more powerful than broadstroke consumer trends is conducting surveys on your specific products. Consumers are nuanced creatures, and having the opportunity to present a full product idea to them and receive specific feedback on the whole picture is invaluable. Looking at broad trends is helpful *initial* input to guide your product develop in its initial stages. The next, much deeper level is consumer testing.

### Gauging interest in and purchase intent your new product

The power of surveys is that they give you robust, data-based information on how consumers feel about your *exact* product. You can gain insights on anything from the general concept of the product, pricing, ingredients, flavors, messaging, etc.

### Selecting a surveying company

Our company of choice for consumer testing is NEXT Concept Lab, a division of New Hope Network. Their database, proprietary process, and expertise make them a standout among the crowd. (We can work with you if you choose NEXT as your partner for surveys!)

Whatever company you may choose to work with on surveys, the following criteria are important for your search:

- The company is reputable and has a long-standing track record with consumer surveys - or, at the very least, has talent on their team with such deep experience
- The company analyzes results with mathematical rigor
- The company uses benchmarks and indexes
- The consumer base they use is sufficiently large and diverse
  - Not only should a sample size be [large enough to have statistically significant results](#), but it's vital that the group chosen represents the population in a meaningful way. For instance, unless your goal is to appeal only to vegans (which, for many reasons, we typically advise against) then having a survey conducted among only vegans is not sufficiently meaningful with regard to the general population
- The questions or concepts are formulated thoughtfully. Make sure to understand the survey company's method as far as how they pose their questions. Questions or concepts should not be leading, confusing, etc.



For those working with limited funds, there are affordable options out there. Creating your own survey through a service like [Survey Monkey](#) is one great option. [Qualtrics](#), [Cleria](#), [AYTM](#), [Gut Check](#) are also worth exploring.

## 5. Best Practices for Product Innovation

### **How do I determine if I should do product development myself, or outsource it?**

The answer to this question hinges on three main factors: your level of experience, the complexity of your product/recipes, and available funds for R&D. We'll break those down.

#### **Experience**

Whether or not to do product innovation in-house depends heavily upon your level of experience. Are you a trained chef? Have you worked in R&D before? Do you know the ins and outs of taking a kitchen recipe and transforming it into a scalable manufacturing formula? These questions are important, and each come with their own caveats and nuances. For instance, even if you have been cooking for three decades and are knowledgeable on key ingredients, if your hope is to create a mycelium-based burger that relies on complex processes to ferment and safely process the ingredients, such work may best be left to those with the specific expertise, equipment, laboratory space, and resources to perform such product development. Take another scenario: you're creating a nut cheese and have been making it for years in your kitchen, but don't have experience with manufacturing formulas. It may make sense to collaborate on the R&D with an expert in manufacturing formulas to save you money, time, and potential headaches.

#### **Complexity of products/recipes**

As noted above, your product and recipe complexity is also related to your experience. It is important to be realistic with your company's in-house vs. outsourced needs. For items that are deeply scientific and complex, unless you are equipped with all the necessary tools, expertise, and resources, may necessitate services to be outsourced with companies that are experienced with complex products.

#### **Available funds for R&D**

The answer to the product development question may in large part be answered by the costs you can afford. If you have the resources, bringing in a world-class R&D team with the person-power and resources to take a product to the stars is obviously ideal. However, such work can cost hundreds of thousands of dollars.



## If I do product development myself, what are the important things to keep in mind?

Make sure to keep records during your product development process! Be meticulous as you go through the stages of development, and keep careful track of:

- Timing of stages
- Ingredient quantities and results
- Temperature states
- Photographic records

## POST-MODULE EXERCISES

### Additional Materials

#### Readings:

- [Writing Good Survey Questions](#) | Survey Monkey
- [Consumer Trends in The Food and Beverage Industry 2018](#) | Morning Consult
- [Culinary Trendscape 2018](#) | Campbell's
- [Formulating with Animal Free Ingredients \(Food Technology\)](#) | Good Food Institute

#### Video:

- [Plant Based Meats 101](#) | Good Food Institute