

Making Innovation Accessible to Startups: Food Innovation Expert Demystifies the Secrets to CPG



Making Innovation Accessible to Startups: Food Innovation Expert Demystifies the Secrets to CPG Growth

by Theresa Cantafio

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“Innovation is the only way to win.” –Steve Jobs

The ability to rapidly develop, deliver, and successfully scale new products is a skill that every CPG business needs to master if they want to survive. “Innovation” has been the answer for top-performing Fortune-500s, it’s also eaten up [7-30% of their revenue](#). Big co’s are spending [millions per year](#) on innovation consultants and in-house R&D.

So if the average CPG innovation project goes for well over six-figures, how can an aspiring food & beverage startup with a modest budget [read: personal savings account] dip into the black box of innovation to grow their burgeoning business?

We spoke with food innovation expert, the one and only, [Andria Long](#), to learn how food and beverage startups can apply the million-dollar principles of innovation to their growing businesses with little to no budget.

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SPOTLIGHT



Over her career, Andria has built two innovation centers and has earned 20+ years of experience driving growth through innovation for companies like Sara Lee, Kimberly Clark, Kellogg, Keebler, Alberto Culver, M&M/Mars, and Johnsonville. But now, Andria spends most of her time as a consultant working for small co's that can't afford an innovation center—the blue-collar, hard-working small food businesses with heart and ambition, helping them grow their businesses and soar.

1. Understand What “Innovation” Means For Consumer Brands

Knowledge is power. Setting the table with knowing what “innovation” actually means will set you a step ahead of most business owners, big or small. Needless to say, the word “innovation” gets tossed around a lot. And I mean, a lot.

“Companies throw the term ‘innovation’ around but that doesn’t mean they are actually changing anything monumental.”

—Leslie Kwoh, Wallstreet Journal.

Innovation Burn Out

—The Word Innovation Has Become Ubiquitous in Business—

33,528

NUMBER OF TIMES THE WORD “INNOVATION” WAS USED IN REPORTS IN THE U.S. IN 2014

100X

2020'S ESTIMATED USAGE RATE GROWTH OF THE WORD “INNOVATION” SINCE 2014



NUMBER OF BOOKS PUBLISHED WITH THE WORD “INNOVATION” IN THE TITLE IN THE PAST 90 DAYS



NUMBER OF CEOs WHO SAY THEY HAVE A “CHIEF INNOVATION OFFICER” ON STAFF

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From a CPG stand-point, innovation drives growth which drives stakeholder/owner value. And in order to drive value and growth, you need innovation. According to Andria Long, that need, in our swiftly evolving world, is precisely why innovation has become so popular.

“When I first started in innovation, someone asked me what my definition of innovation was. And I’d say: ‘It’s meeting a consumer need in a new or different way,’” Andria explained. “But as technology rapidly impacted our market, I knew that a better definition needed to be crafted. Innovation is not just meeting a consumer in a new or different way, it’s in a better way with point-of-difference that consumers see and are willing to pay for.”

INNOVATION DEFINED

Innovation is not just meeting a consumer in a new or different way, it’s also in a better way with a point-of-difference that consumers see and are willing to pay for.

But that doesn’t change the fact that the word “innovation” is ridiculously overused buzzword bingo. Innovation is not simply a word you superficially place on your homepage or squeeze into your value proposition—it’s a deep, calculated, design approach to your business model and processes. **Interested in learning the key driving principles of innovation?** [Check out this free class by one of the granddaddy’s of innovation, Clay Christensen. A crash course in the “Jobs To Be Done” approach to award-winning innovation.](#)



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2. Conduct a Litmus Test

Gone are the days when you can simply explain what you do and who your product is for, and someone will buy-in. Consumers nowadays expect and want to see and know “your why”.

“People don’t buy what you do, they buy why you do it.”

–Simen Sinek

Andria says it well and puts it bluntly: “If you can’t articulate internally how you’re different, how would a gen pop consumer see it? You need the consumer and if they don’t buy your product, you don’t have a business.”

GEN POP DEFINED

General population or the average consumer.

Defining your point-of-difference and deeply knowing how you’re different in the market, at the very beginning, is your first litmus test for innovation and general product feasibility. “The fundamental thing any business, big or small, needs to do is conduct business case due diligence. Your own self-assessment to test what you truly have,” Andria explains.

Here are the steps:

a. Identify your competitors. Ask yourself: what might the consumer use instead of your product?

EXPERT TIP

A competitive set of products is also referred to as an “evoked set”. Professional sensory and consumer analysis of evoked sets is called a [“category appraisal”](#) and, if done correctly, is one of the most valuable types of studies a CPG business can perform.

b. Assess your value. Think about how you’re different within the context of competitive environment.

EXPERT TIP

“Evoked set context is critical because this is the space the consumer and retail buyer will see your product in.” – Andria Long

c. Evaluate price points. Review the pricing and ask yourself: what price are consumers willing to pay?

d. Research free secondary market data. Appraise your competitors’ benefits, claims, ingredients, messaging, and marketing.

EXPERT TIP

What’s great about a food & beverage industry litmus test is that it’s free to understand how and where you play. The cost? Your time. All this information is on company packaging and websites.

Final Takeaway: Before you even write a paper concept you should be able to clearly express how your product is better than what’s on the market.

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3. Ask Yourself The Golden Questions

There are three fundamental questions that you should be asking yourself before you do any product innovation work:

1. Can You Sell It?



2. Can You Make It?



3. Can You Make Money?



4. Plan Ahead, Think Beyond Today

Throughout our lives, we have been taught not to waste mental energy on things that may never come to fruition. Because of this, many startups only think one-year out. *Why should I think about year-five when I may never make it to year-two?*

But according to Andria Long, that's a big mistake.

"If you can't see ways to grow your startup business beyond the first year, how will an investor?" Andria inquires.

"If you can't see ways to grow your startup business beyond the first year, how will an investor?"

You should be planning long-term at the very beginning. The level of detail can be slim, but if you're going to try to get someone to invest in your business, whether your mom and pop or a legitimate venture capital (VC) group, you've got to plan ahead for your business's second-generation products (also referred to as, "gen II").

Some inspiration could include:

- *New Packaging*

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- *Product Adjacency*
- *Retail Placement*

And although many early and mature food & beverage startups may feel like they're swimming an upstream battle to get their product into stores and performing on e-commerce, Andria has more expert advice that may change the way you think about your brand's growth:

"I hate to break it to you, getting a product into distribution is the easiest growth you're going to experience. You've got to be thinking beyond first-generation product. Find out where you see growth and go from there. You don't need to run a 10-year P&L, but rough estimates and ranges of gen II should be a part of your first pitches. If the investors can't see that you've thought out your business plan further, they're not going to give you money."

"Getting a product into distribution is the easiest growth you're going to experience. You've got to be thinking beyond first-generation product."



What It All Means

These product innovation principles will help you commence thinking like a CPG master. Expert industry insights to help you take your business by the reins and catapult gen II innovation planning. You're now more equipped to address fundamental investor questions, and empowered to answer with fierce enthusiasm and wicked aptitude. You've got this.

Source: <https://foodbevy.com/innovation/>