

FOOD AND BEVERAGE ONTARIO

Innovation Program Research

Perceptions of Industry Stakeholders
November 2015
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KEY FINDINGS



KEY FINDINGS

All respondents believe they would use external innovation resources

- + While all would use them, half state they would “definitely” use them, and quite frequently.
- + In-person and online resources are the preferred channel for innovation information, with printed materials a distant third.
- + Four in five believe both types of resources are at least somewhat useful, while dedicated personnel are narrowly preferred over online resources when contrasted directly.

Two-thirds have previous experience with external resources

- + Remainder have not done so because resources were difficult to find or navigate.
- + Access correlates positively with the age of the individual and the company, and has largely involved in-person and online resources, as opposed to printed collateral.

KEY FINDINGS

Information-based resources – relatively low level of awareness

- + Business and operations resources are seen to be the most useful; however, companies are most interested in accessing resources for financial support and research.
- + Online resources are seen to be at least somewhat useful by four in five respondents.

Facilities – mixed levels of awareness

- + While awareness is relatively low overall, many are aware they exist but are not sure about specifics (e.g. who offers them, what the opportunities are).
- + Among facilities, participants are most interested in accessing research centres, while the University of Guelph was specifically mentioned for collaborative research.

The primary barrier to use for any resource is the quality and accessibility of the content.

- + Almost none of the respondents believed innovation resources would not be required for their work.

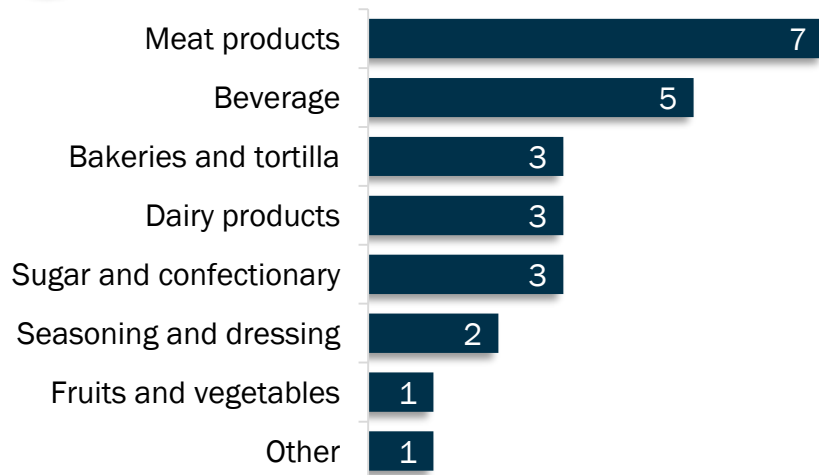
PROJECT OVERVIEW

PROJECT OVERVIEW

- + Resources to help develop innovative products and technologies are invaluable to Ontario's food and beverage processing industry. Private and public bodies both offer a wide range of opportunities for processors to learn and benefit from this information, but there is no support to guide individual stakeholders to the most relevant.
- + The objective of this engagement was to consult with key stakeholders to gain a better understanding of what information in the area of innovation is most important to food and beverage processors, and how they would like to access it.
- + Hill+Knowlton applied its Choicebook survey platform, a proprietary online engagement tool, to gather informed input from a variety of industry stakeholders. Information was framed and presented on key topic areas with background information and supporting facts to identify underlying values and provide a greater depth of understanding.
- + This Choicebook survey was conducted between August 4, 2015 and October 2, 2015.

WHO RESPONDED

Hold the position of general manager / owner

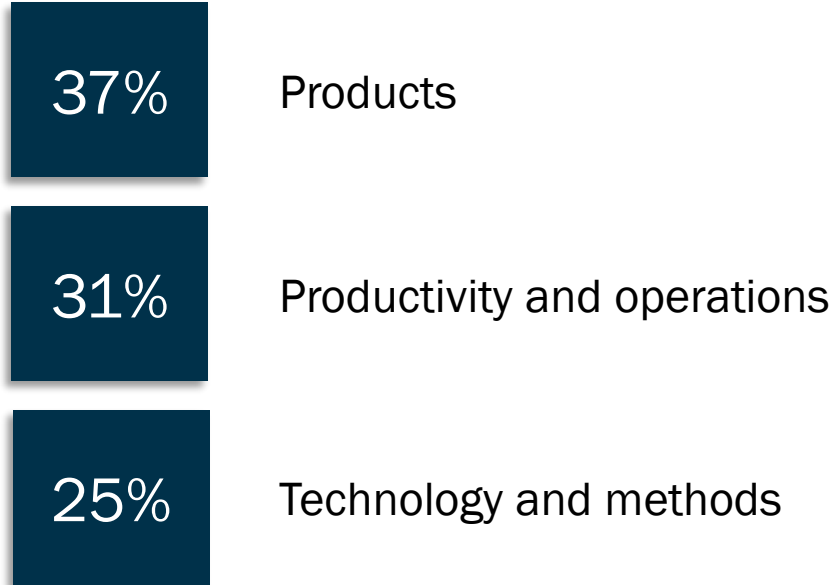


- + Retail is the primary customer for more than half of these processors, while one quarter work most often with other processors.
- + 15 have been in business for more than 25 years.
- + 12 have fewer than 100 employees in Ontario, while 11 employ between 100 and 500.
- + The vast majority are privately-owned.
- + Most of the headquarters and plants are in the province, primarily in southwestern Ontario and the Golden Horseshoe.
- + 16 export outside of Canada.

RESEARCH FINDINGS

AS FAR AS YOU KNOW, IN WHAT WAYS IS YOUR COMPANY CURRENTLY INNOVATING?

(OPTIONS ALLOCATED ACROSS 100% SLIDER)



While companies are quite close to one another overall, the number of years the company has been in business influences innovation priorities – relatively newer organizations are generally more focused on products, and those who have been around longer prioritize the development of the other two options.

“Research and development” and “product application” were noted as other areas companies are focused on.

WHY DO YOU THINK YOUR COMPANY'S INNOVATION EFFORTS ARE DISTRIBUTED THIS WAY?

Participants who work for companies focusing mostly on **product** innovation explained that this is due to the nature of their business, operational challenges (e.g. cannot afford new equipment), and a lack of public awareness around their products.

Some companies have focused on two types of innovation together, such as:

- + **Products and technology and methods** because their company utilizes the services of a manufacturing technology company.
- + **Products and productivity and operations**, with the goal of growing their value-added business, connecting with their branding and marketing support, capitalizing on their focus on continuous improvement, and ensuring their relevance.
- + **Technology and methods and productivity and operations** to help increase profits / cost savings, improve efficiencies, and find new product applications; as well as to reflect current operational constraints (e.g. lack of available plant space to add new technology) and new investments (i.e. added lines to improve productivity and diversification).

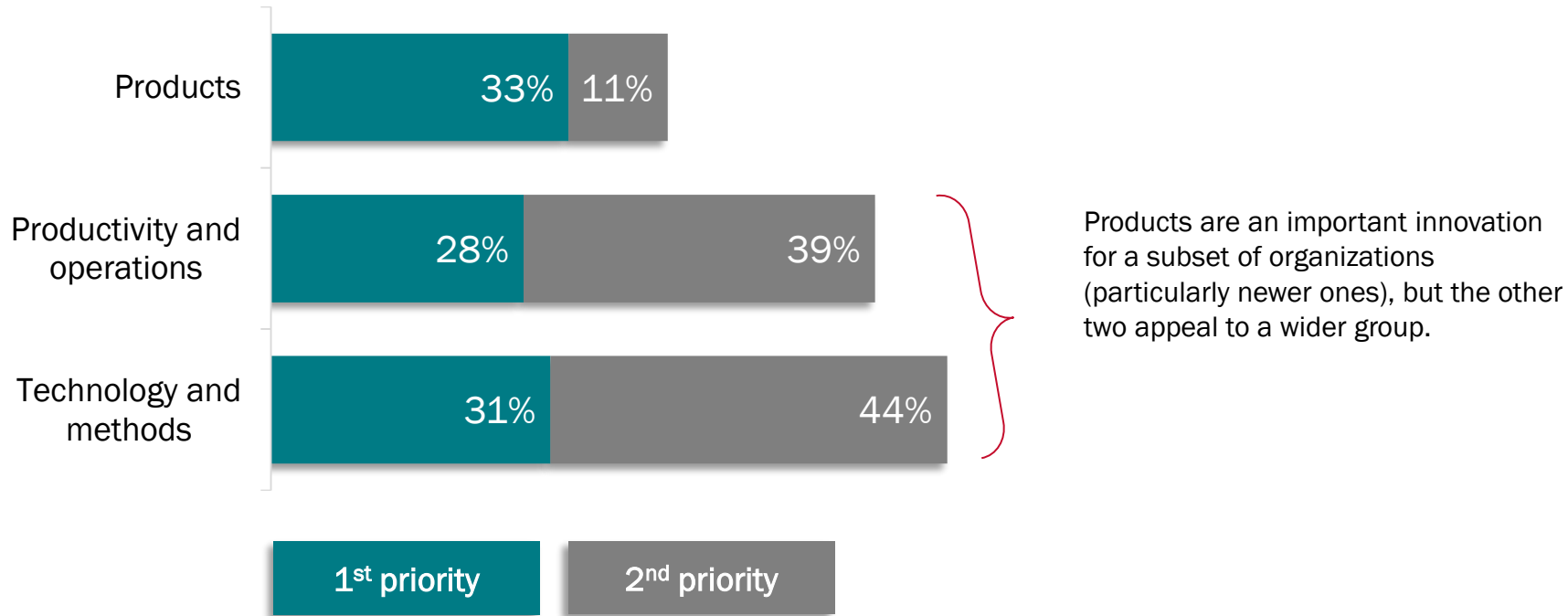
Additionally, participants working for companies who innovate equally across all three areas suggested that this is what's needed for "true innovation" and to improve scale and profitability.

"We are a product focused company"

"The need for cost savings and production efficiency"

"The overwhelming priority in the past few years has been to innovate / invest in our plant operations to improve scale and lower unit costs"

WHAT TYPE OF INNOVATION DO YOU THINK YOUR COMPANY SHOULD FOCUS ON?



WHAT TYPE OF INNOVATION DO YOU THINK YOUR COMPANY SHOULD FOCUS ON?

WHY DO YOU THINK IT SHOULD BE A FOCUS?

After reflecting on what their companies are currently doing, participants suggested that their company should focus on innovation around:

- + **Products** to remain competitive in a continuously evolving market, which involves driving revenue through product “breakthroughs”. Product innovation addresses consumer demand and is the nature of their business.
- + **Technology and methods** to help improve manufacturing efficiency and also keep their company competitive.
- + **Productivity and operations**, which can help improve innovation in the other areas. Employee training / engagement (e.g. lean manufacturing) and metrics (e.g. wastage, down time) would help support productivity.

“Always looking for the next new thing”

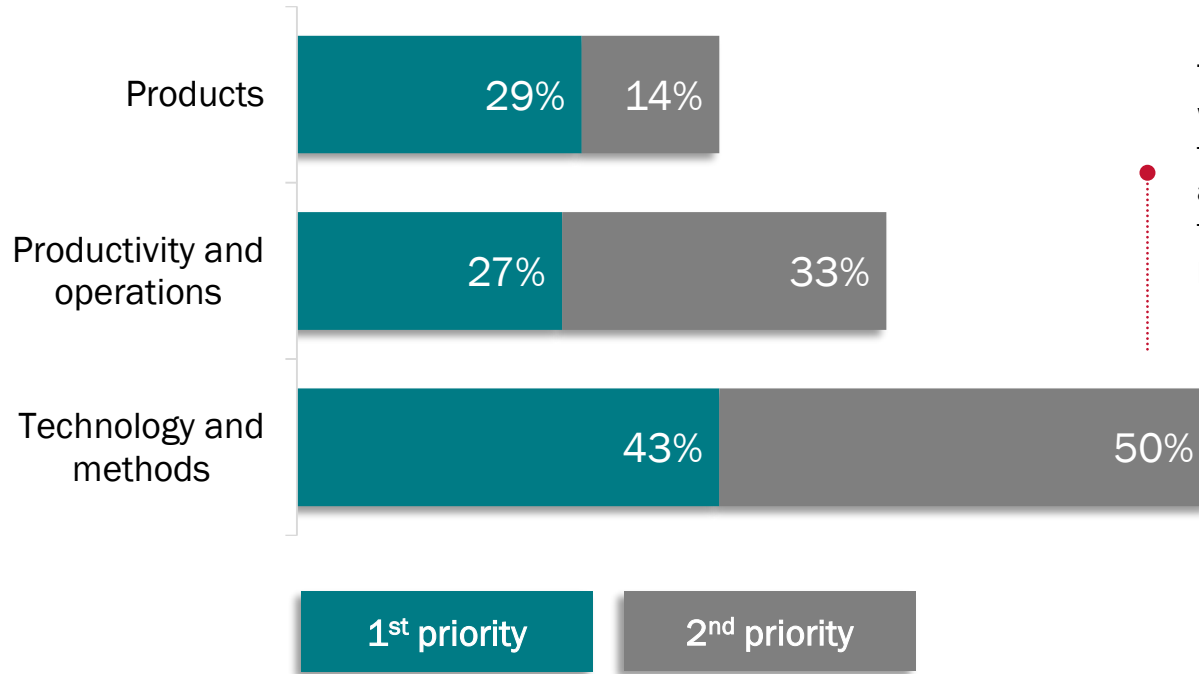
“Products are at the heart of what we sell”

“Faster equipment ... would help”

“We might be able to afford new technology, which would then allow us to create new products”

“Investing in technology will always pay off. If you do not invest in new technology ... you will fall behind your competitors”

WHAT TYPE OF INNOVATION DO YOU THINK ONTARIO'S F&B INDUSTRY SHOULD FOCUS ON?



Two-thirds of companies started within the last 25 years, as well as those with at least moderate awareness of resources, rank technology and methods as the top priority for the industry.

WHAT TYPE OF INNOVATION DO YOU THINK ONTARIO'S F&B INDUSTRY SHOULD FOCUS ON?

WHY DO YOU THINK IT SHOULD BE A FOCUS?

Looking more broadly at the industry as a whole, participants recommended focusing innovation on:

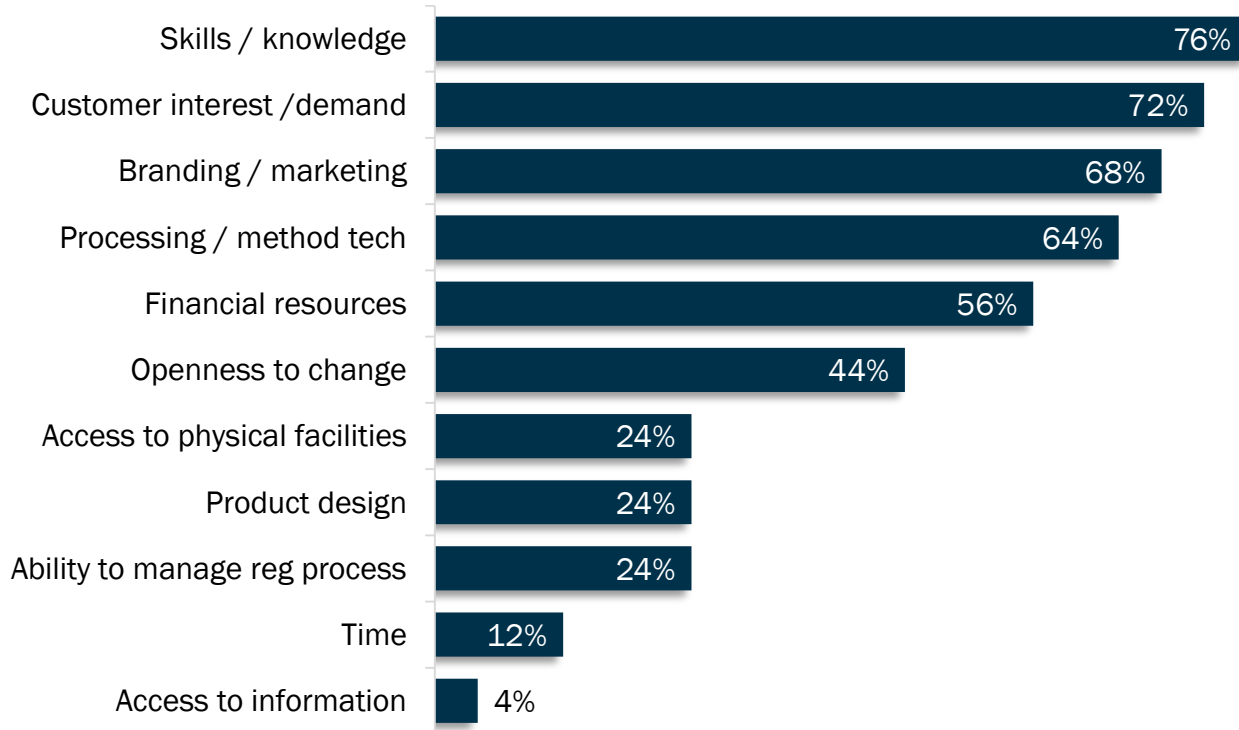
- + **Products** because the industry is “more of a commodity market.”
- + **Technology and methods** because high-tech helps decrease labour costs, attract a younger generation of workers, and support producers in getting their products to market.
- + **Productivity and operations** because innovation in this area (as opposed to products / packaging) is the key to helping processors survive, especially those without the most recent technologies. In particular, companies need better scale efficiency to be able to compete globally.

Additionally, one participant suggested that FBO could help the industry by focusing on the “cost of doing business in Ontario” and working with the provincial government to help reduce it.

“Need to become more efficient as manufacturers to compete on a global basis”

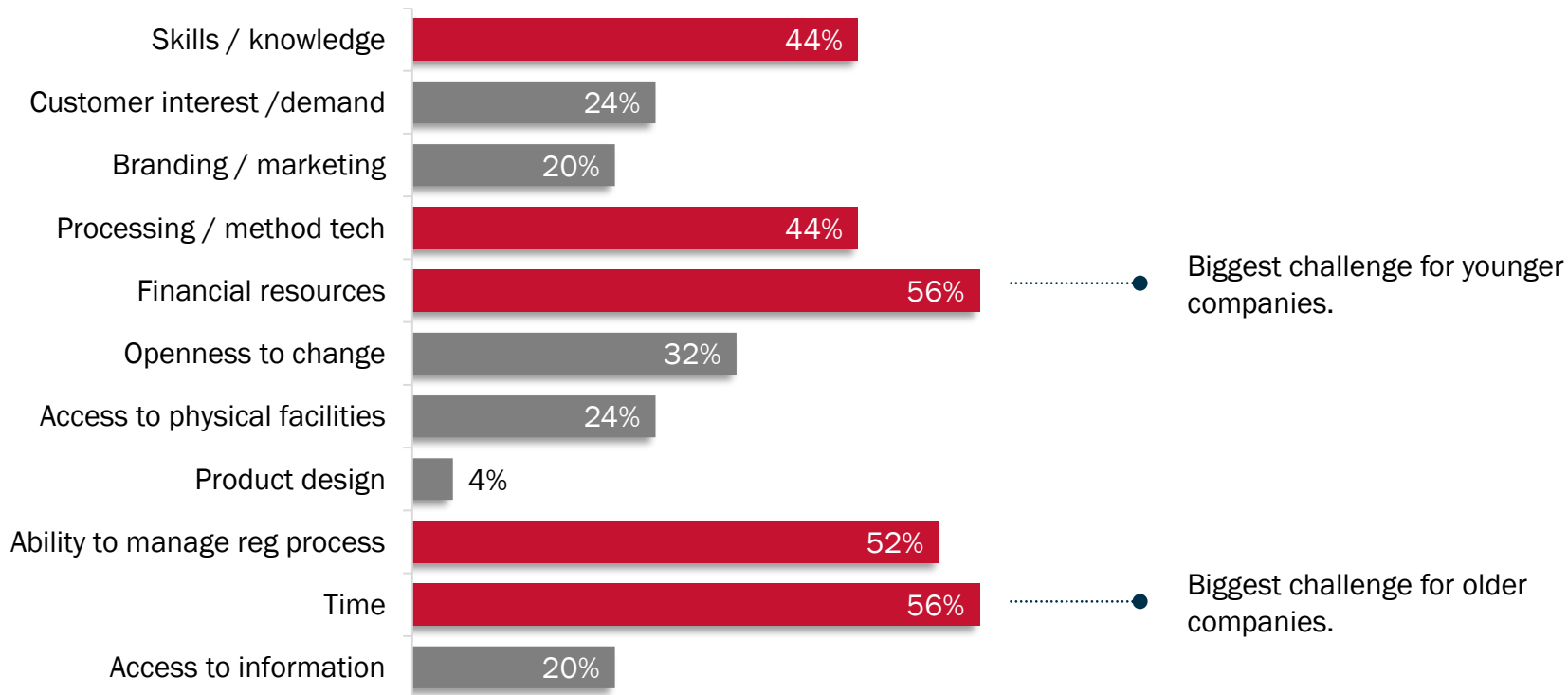
“By investing in technology, we enable companies to hire better skilled people and pay them higher wages”

WHAT ARE THE MOST IMPORTANT FACTORS CONTRIBUTING TO YOUR COMPANY'S SUCCESS? (PICK TOP 5)

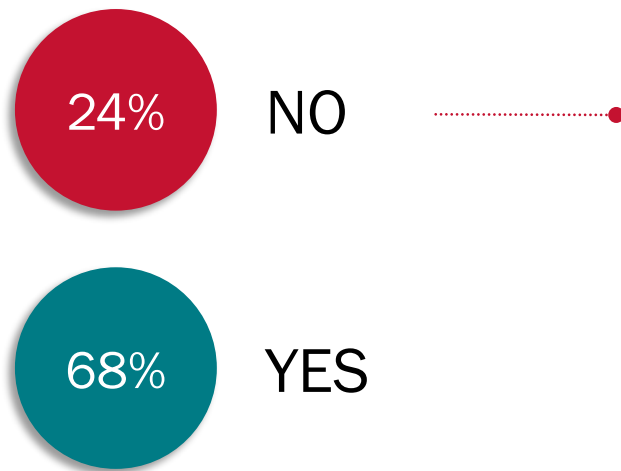


Skills / knowledge are ranked as the most important factor to companies younger than 25 years, while older companies put a much stronger emphasis on branding / marketing and processing / method technology.

WHAT ARE THE GREATEST CHALLENGES LIMITING YOUR COMPANY'S ABILITY TO INNOVATE? (PICK TOP 5)



HAVE YOU EVER ACCESSED ANY EXTERNAL RESOURCES TO SUPPORT YOU IN INNOVATION?



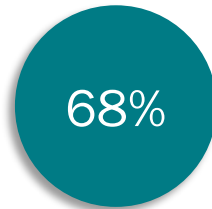
WHY NOT?

The most common reasons used for not accessing external resources are familiar, and raised by all participants who have not used them – the information is difficult to find / navigate, and it requires too much effort / time to figure it out.

HAVE YOU EVER ACCESSED ANY EXTERNAL RESOURCES TO SUPPORT YOU IN INNOVATION?



NO

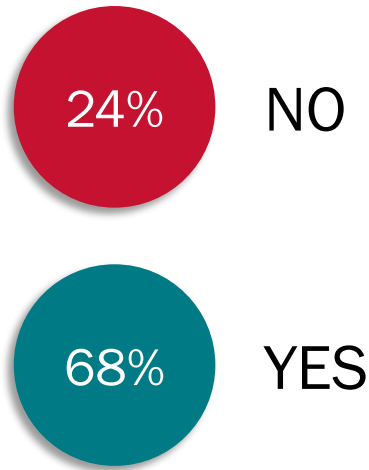


YES

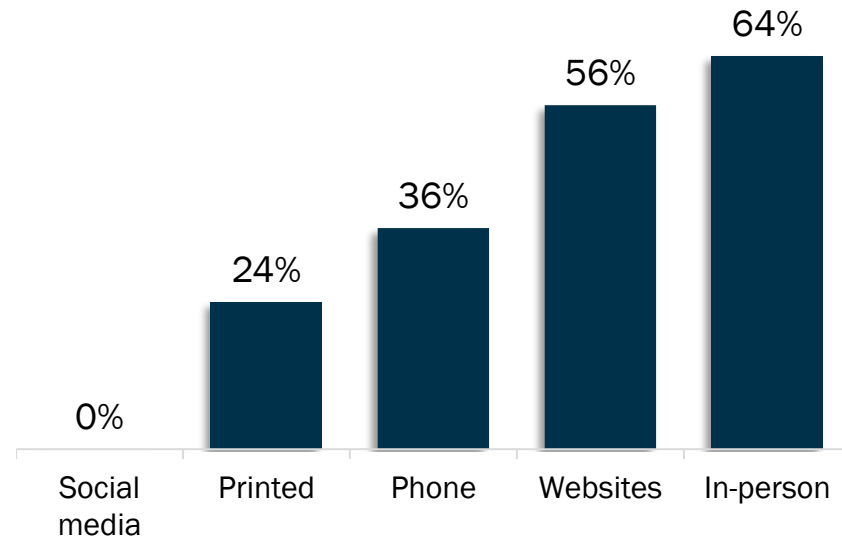


Positive correlation with age of the individual as well as the company.

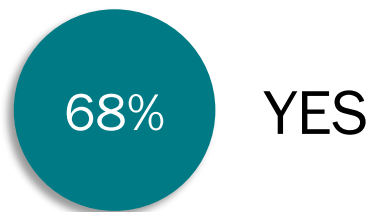
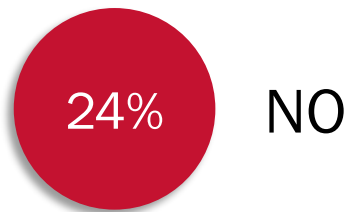
HAVE YOU EVER ACCESSED ANY EXTERNAL RESOURCES TO SUPPORT YOU IN INNOVATION?



HOW HAVE YOU ACCESSED THESE RESOURCES?



HAVE YOU EVER ACCESSED ANY EXTERNAL RESOURCES TO SUPPORT YOU IN INNOVATION?



OVERALL, DO YOU THINK THESE RESOURCES WERE:

Accessible?

Ten of the 17 who had accessed them found them accessible.

High quality?

Again, 10 of the 17 found them to be high quality, but four stated that they did not know.

Useful?

Nine of 17 who accessed resources found them useful, while 5 found them “very” useful.

INNOVATION RESOURCES

A recent study – informed by key industry stakeholders – identified over 120 resources that may be of use to processors interested in innovation.

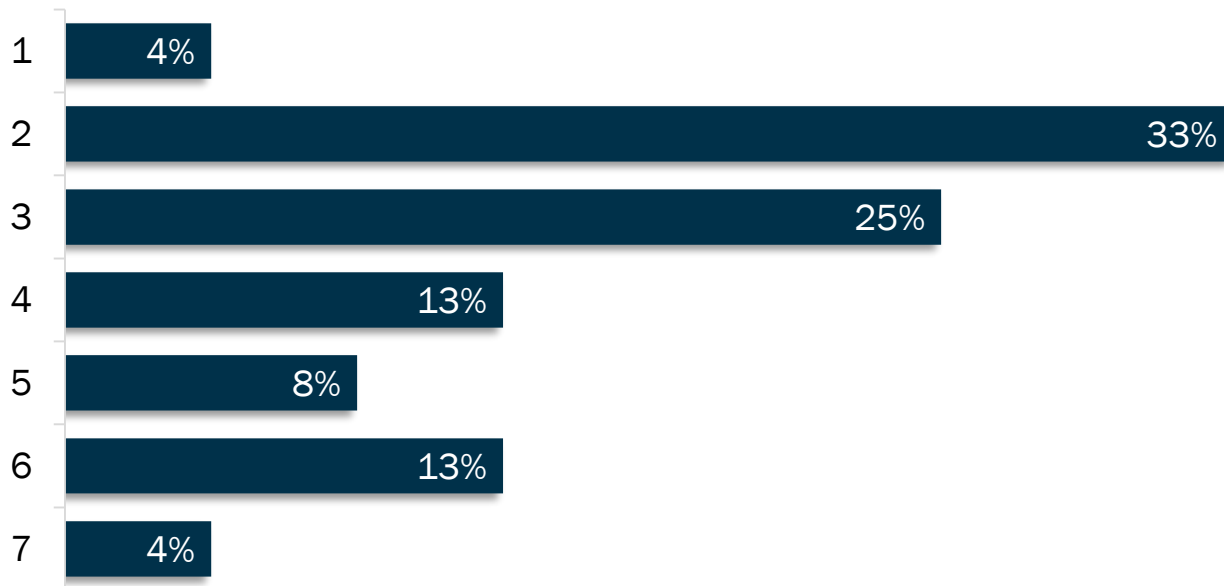
To help provide a sense of what's out there, resources were divided into two main categories:

1. **Information-based:** Includes programs and services delivered through a variety of channels, including print, online and in-person, as well as funding.
2. **Facilities:** includes resources where the service is primarily delivered at a physical location.

INNOVATION RESOURCES: INFORMATION-BASED

OVERALL, HOW AWARE ARE YOU THAT THESE RESOURCES ARE AVAILABLE?

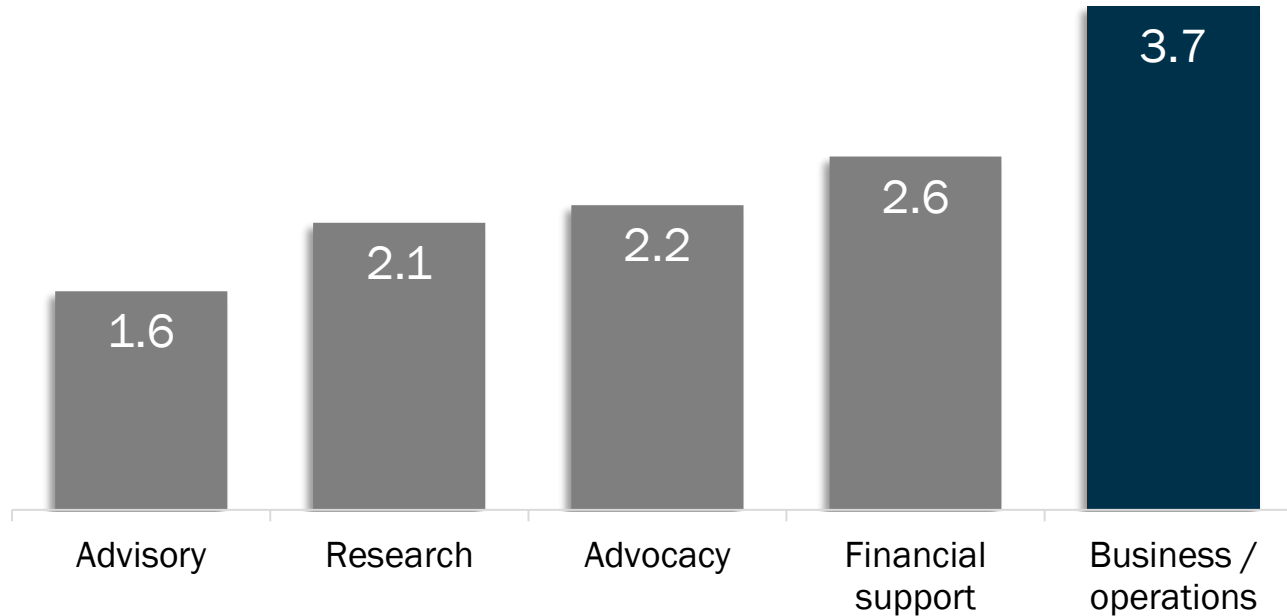
Not at all aware



Very aware

INNOVATION RESOURCES: INFORMATION-BASED

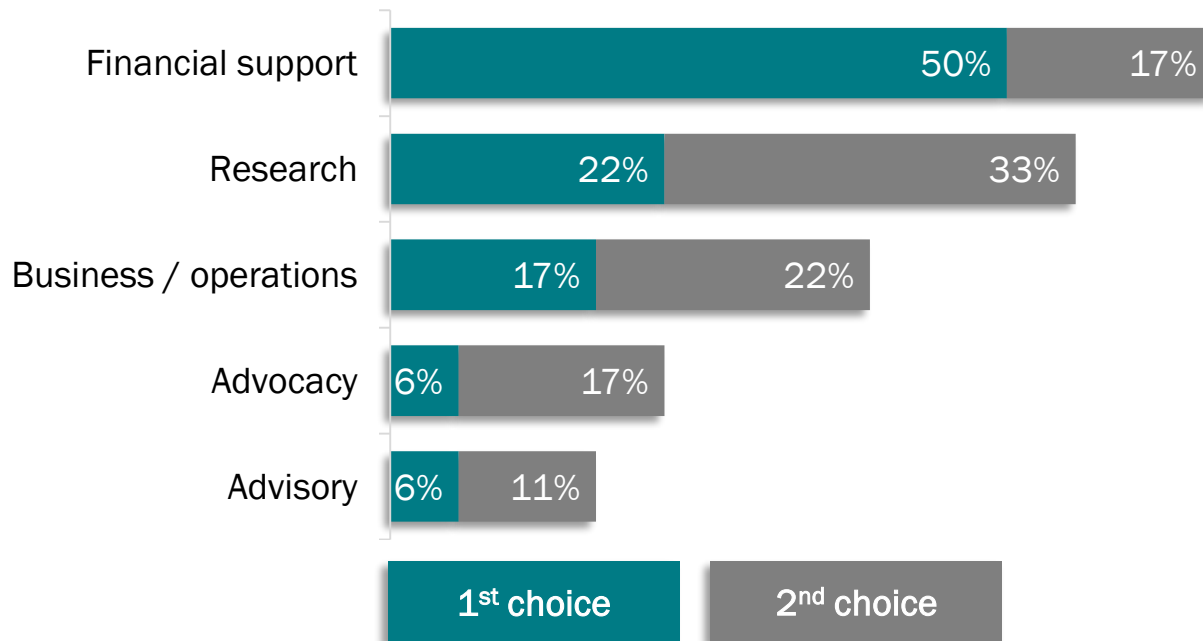
OVER THE PAST 3 YEARS, HOW USEFUL HAVE THE FOLLOWING TYPES OF RESOURCES BEEN FOR YOU?



(AVERAGE OUT OF 5, 1 BEING NOT AT ALL USEFUL AND 5 BEING VERY USEFUL)

INNOVATION RESOURCES: INFORMATION-BASED

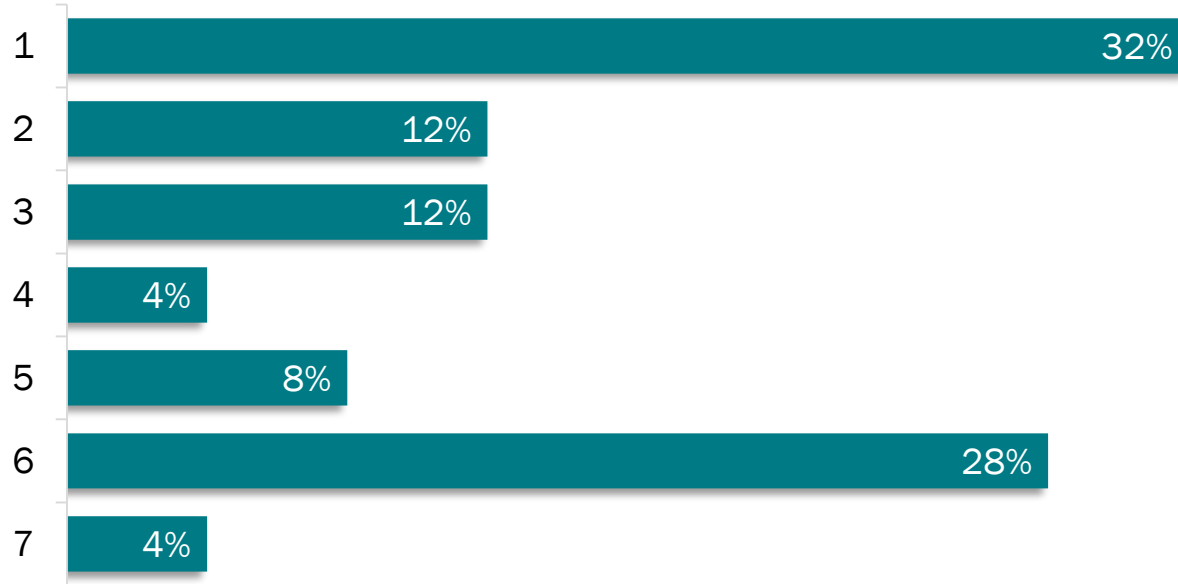
WHICH TYPES OF RESOURCES WOULD YOU LIKE TO ACCESS?



INNOVATION RESOURCES: FACILITIES

OVERALL, HOW AWARE ARE YOU THAT THESE FACILITIES ARE AVAILABLE?

Not at all aware



Very aware

INNOVATION RESOURCES: FACILITIES

OVER THE PAST 3 YEARS, HOW USEFUL HAVE THE FOLLOWING TYPES OF FACILITIES BEEN FOR YOU?

- + Participants in this study have not used innovation facilities with any real frequency over the past three years, directly influencing perceptions of usefulness.
- + While research centres and post-secondary institutions ranked higher than others, they still only received an average score, likely impacted by low participation.

PLEASE DESCRIBE SPECIFIC EXAMPLES THAT HAVE BEEN USEFUL

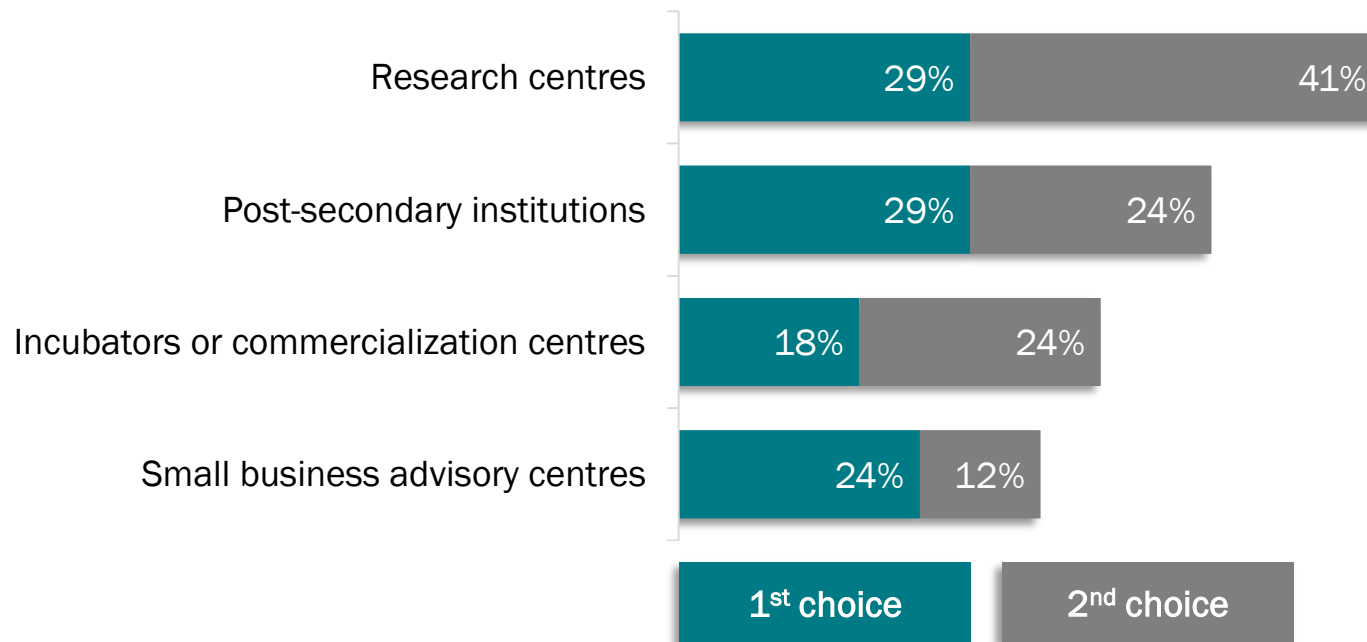
- + **Post-secondary institutions** have been particularly useful resources for some participants. Two individuals highlighted the University of Guelph (including the George Morris Centre – closed in 2014), which has supported collaborative research projects. Additionally, one respondent's company has had success with hiring co-op students from post-secondary programs.

(IF NOT ACCESSED)
PLEASE EXPLAIN WHY NOT

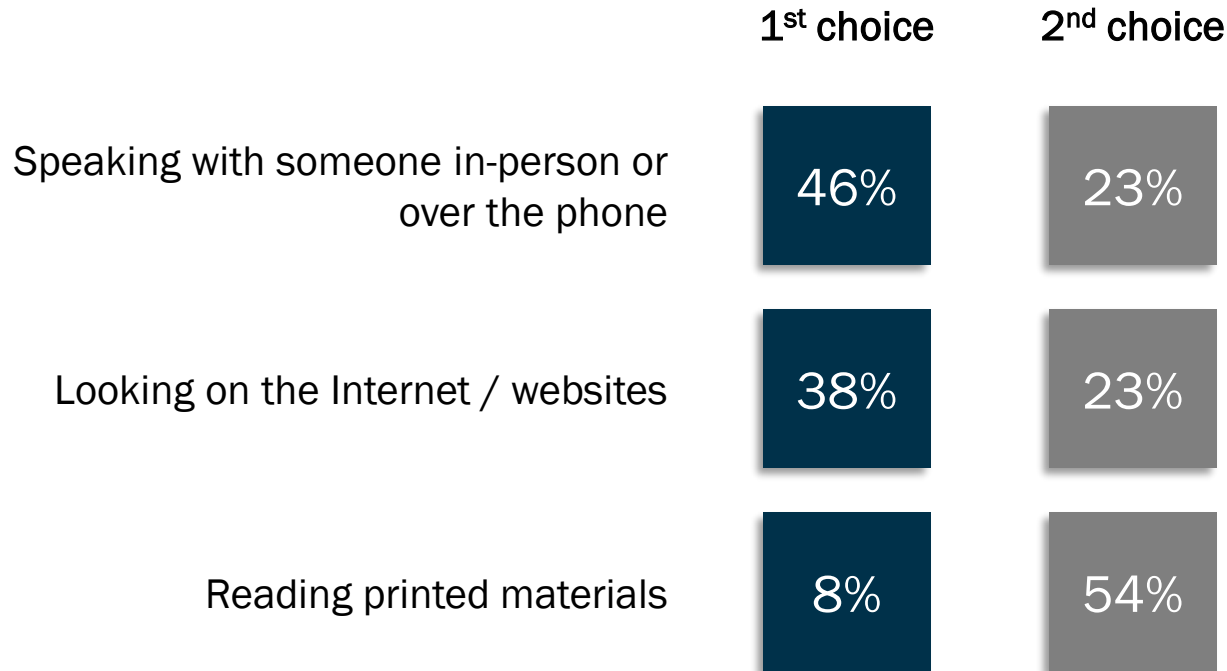
- + A general **lack of awareness** around these resources is a challenge, as some companies don't know who is offering them or what benefits or opportunities they could provide (e.g. sources of financial support, information about the availability of new equipment or technology).
- + Other factors limiting resource uptake are constraints related to **cost** ("a lot... require a fee that we are not able to pay at this time") and **time** ("focused on growing our business and not seeking outside help").

INNOVATION RESOURCES: FACILITIES

WHICH TYPES OF FACILITIES WOULD YOU LIKE TO ACCESS OR USE?



HOW WOULD YOU PREFER TO ACCESS RESOURCES SUPPORTING INNOVATION?



WHAT TYPES OF INNOVATION RESOURCES WOULD YOU USE THE MOST?

(PICK TOP 5)



INVESTING IN INNOVATION RESOURCES

- + While there are many different of types innovation resources available, our recent study suggests that processors often encounter difficulties in finding what they need given how much is out there. There is an opportunity for processors to get more support to better understand and find resources that can help them innovate.
- + Through research and conversations with industry, developing a centralized online source for innovation resources and information could be very beneficial to processors in Ontario. Another option to consider is having dedicated personnel to speak with, who could offer processors guidance on what resources are available and could be most useful for them. This person could be available in-person or over the phone.
- + Either of these options could help improve how processors access resources, but it could also help build awareness, coordinate industry efforts and reduce overlap across the board.

INVESTING IN INNOVATION RESOURCES: HOW WOULD YOU INVEST?

(OPTIONS ALLOCATED ACROSS 100% SLIDER)

37%

Central online source

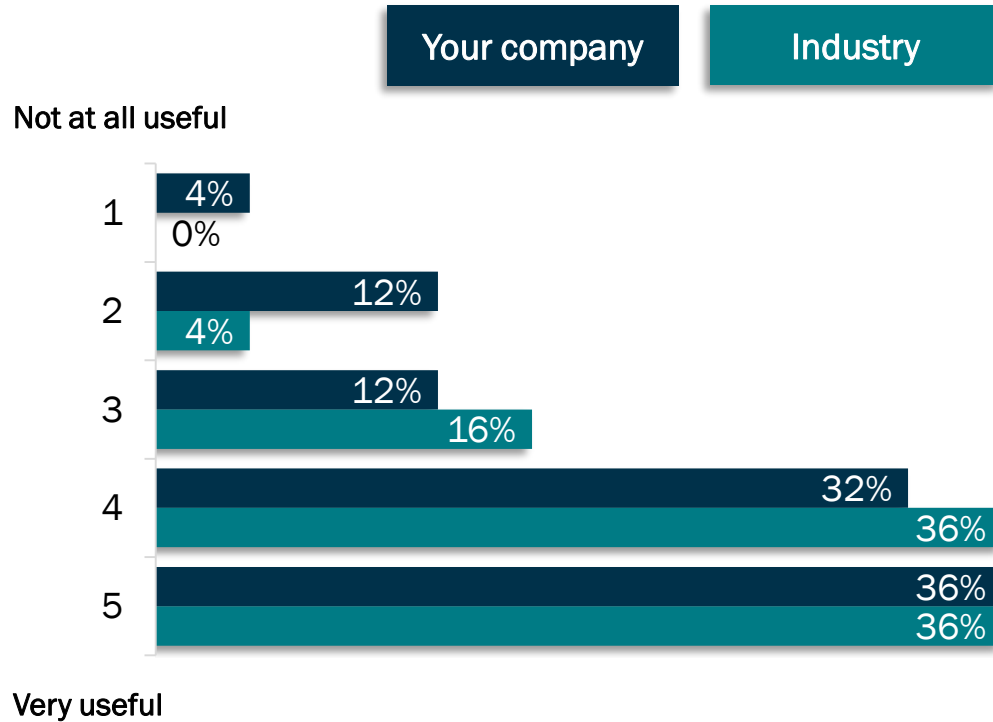
46%

Dedicated personnel

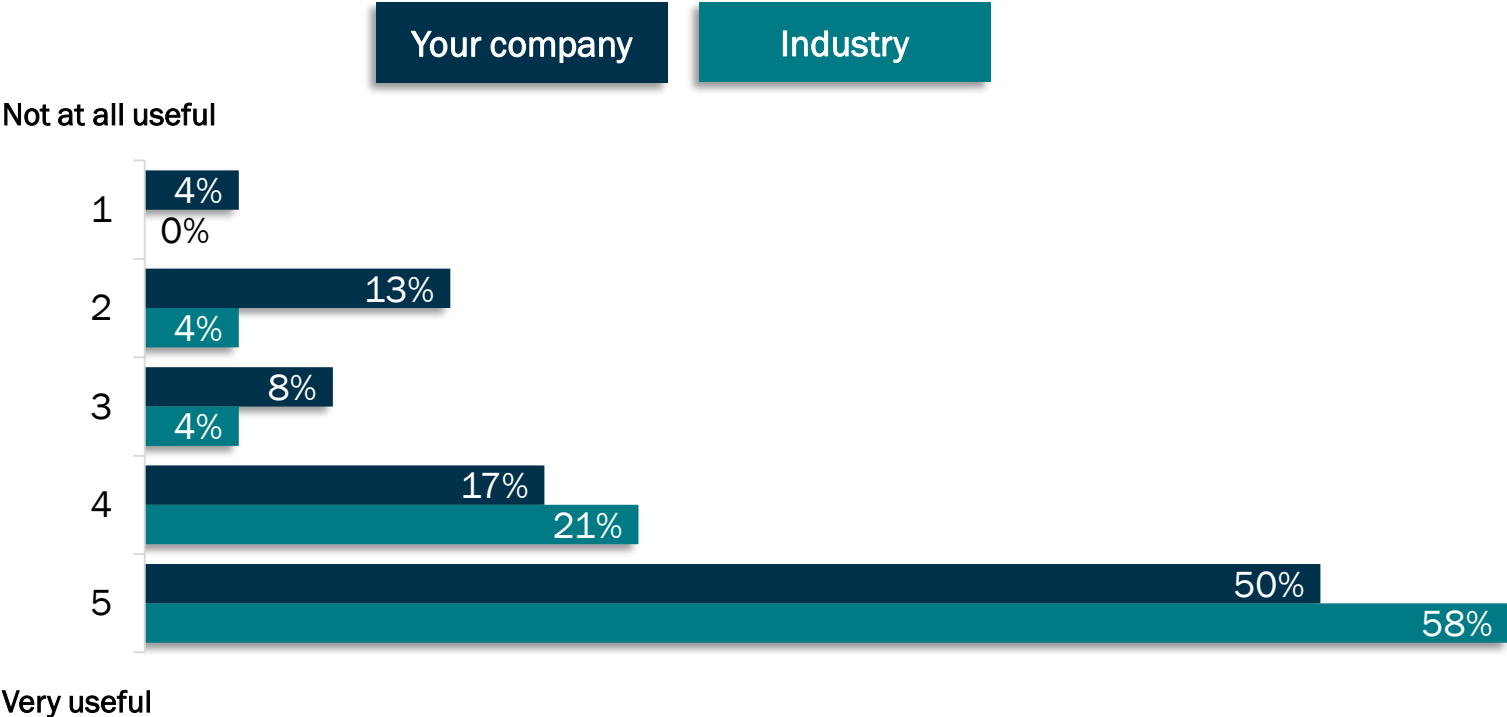
Newer organizations generally favour the central online source over dedicated personnel.

Suggestions for other types of resources include a **breakfast presentation / meeting** (“similar to what Growing Forward 2 did to present their grant program”) and **printed materials** to provide information.

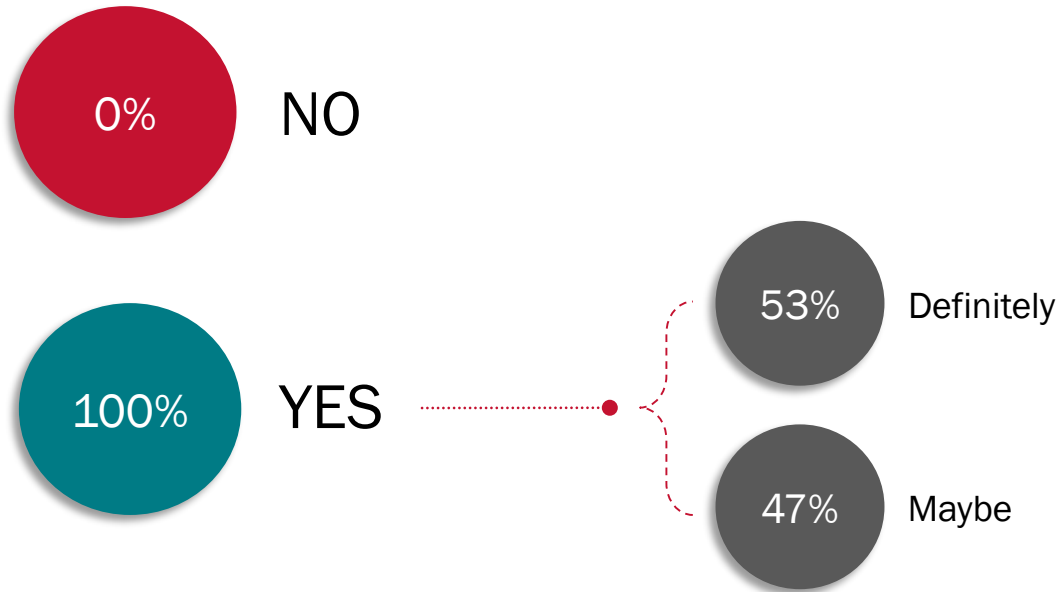
HOW USEFUL WOULD A CENTRALIZED ONLINE SOURCE FOR RESOURCES AND INFORMATION BE FOR...



HOW USEFUL WOULD DEDICATED RESOURCE PERSONNEL BE FOR...

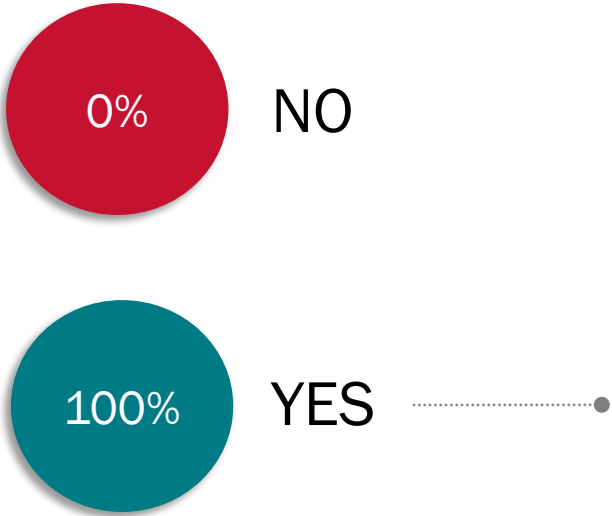


IN YOUR SPECIFIC ROLE, WOULD YOU USE A CENTRALIZED ONLINE SOURCE TO ACCESS INNOVATION RESOURCES IN THE SECTOR?

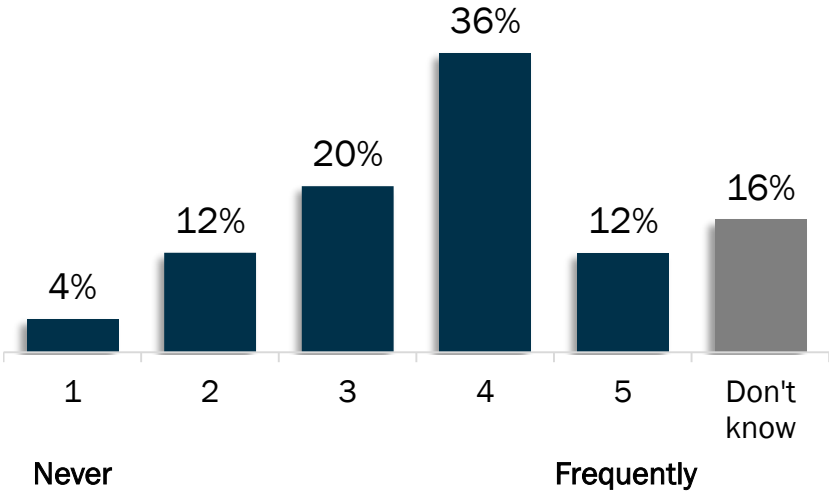


Newer organizations
much more certain
about their use of an
online source.

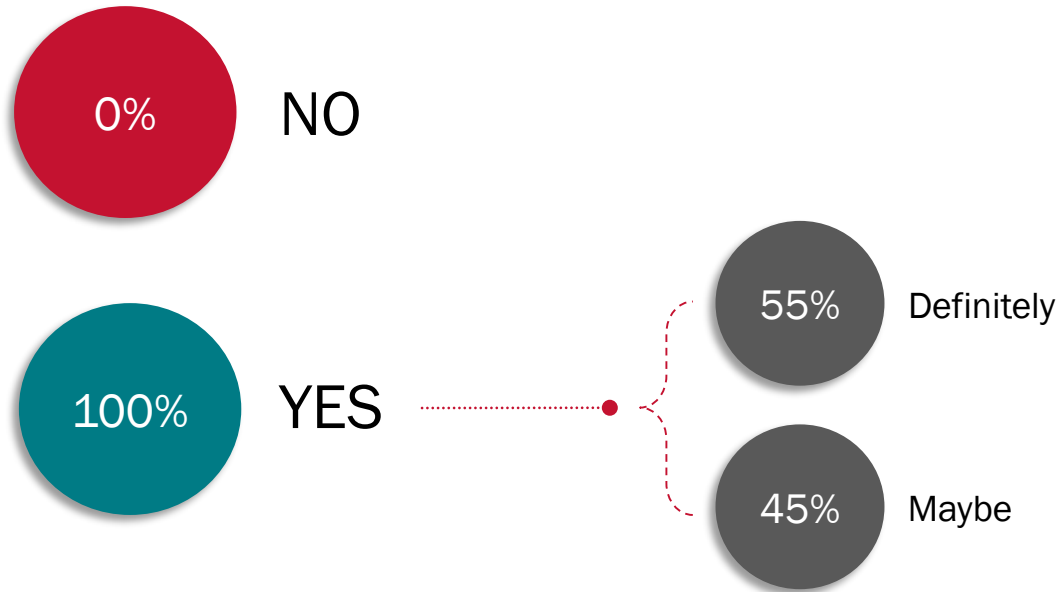
IN YOUR SPECIFIC ROLE, WOULD YOU USE A CENTRALIZED ONLINE SOURCE TO ACCESS INNOVATION RESOURCES IN THE SECTOR?



HOW FREQUENTLY DO YOU THINK YOU WOULD USE THIS?

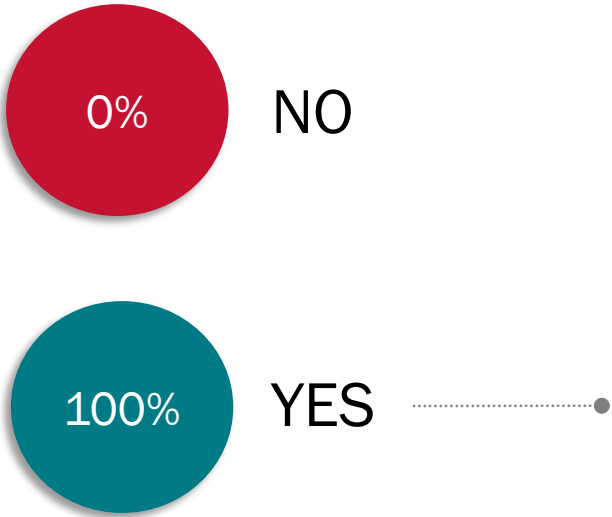


IN YOUR SPECIFIC ROLE, WOULD YOU CONTACT DEDICATED PERSONNEL TO ACCESS INNOVATION RESOURCES IN THE SECTOR?

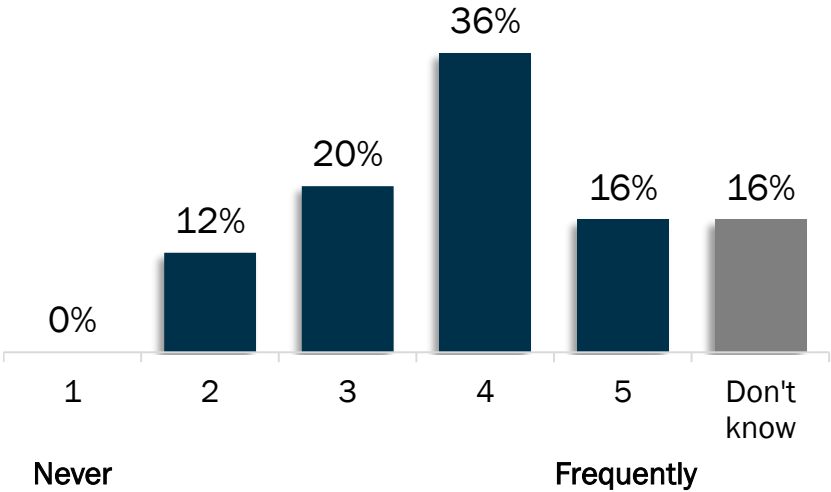


Again, organizations that are newer to the industry are much more certain about their use of dedicated personnel.

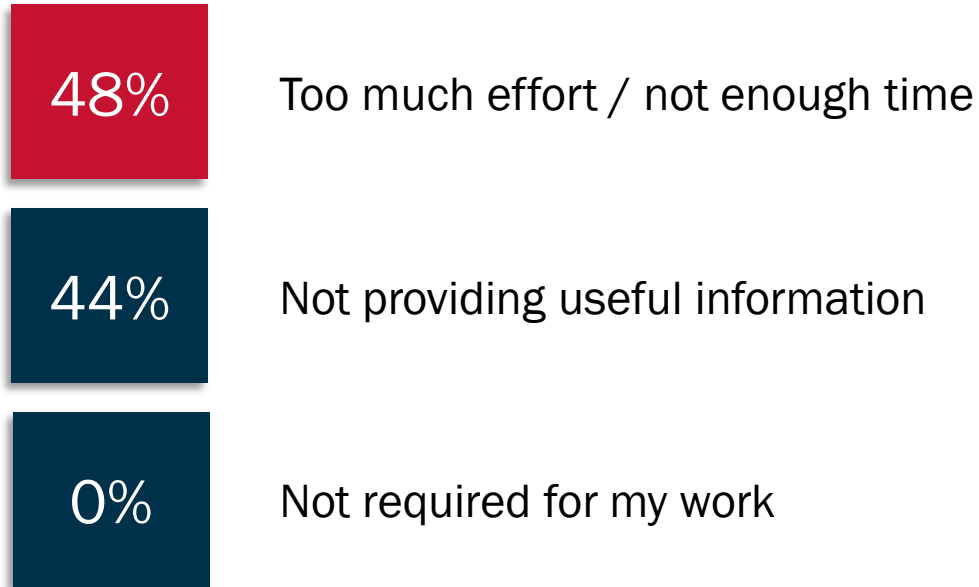
IN YOUR SPECIFIC ROLE, WOULD YOU CONTACT DEDICATED PERSONNEL TO ACCESS INNOVATION RESOURCES IN THE SECTOR?



HOW FREQUENTLY DO YOU THINK YOU WOULD USE THIS?



WHAT IS THE MOST SIGNIFICANT FACTOR THAT MAY LIMIT YOUR USAGE OF A CENTRALIZED ONLINE SOURCE?



WHAT IS THE MOST SIGNIFICANT FACTOR THAT MAY LIMIT YOUR USAGE OF DEDICATED PERSONNEL?

29%

Too much effort / not enough time

54%

Not providing useful information

4%

Not required for my work

RECOMMENDATIONS

RECOMMENDATIONS

Create an online resource for innovation resources with a clear digital strategy

- + Focus on making resource navigable and easy-to-find – companies are interested in finding and using innovation resources, but they do not have time to sift through mountains of data from many, diverse sources.
- + A long-term digital strategy places ongoing measurement and refinement at the centre of resource development to learn from interaction with users.
- + Organize resources based on the lifecycle of the business – e.g. microsites / collections of resources designed for “New to the industry: How to get started” vs. “Building on success: Improve productivity and grow your company.”

Further explore idea of a call centre / in-person support

- + Ensure the resource is well-informed about the industry, with experience in the entire lifecycle of a business looking to innovate.

For more information

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