

SUMMARY:
ANUGA 2003 lecture
on international product
adaptation for European
export*



IS YOUR PRODUCT EXPORT-FIT?

Selling food end-products in international markets is becoming increasingly difficult. This is clearly seen while walking the Anuga aisles: so many competing products! Which will sell?

Then the price comes under increasing pressure. How to succeed in such a situation?

This was the topic of this lecture on new support tools for export promotion used by the European food industry.

In Europe the food markets are saturated, and finding a reliable distributor requires considerable effort and investment. Once found, export success is not yet guaranteed: the local consumer may not buy the product and delisting will ensue. To ensure repeated international sales, products must be made 'export-fit' i.e., adapted to the preferences of the consumer in the target market.

International product development (IPD; also known as 'product adaptation') is in some ways easier, but in others more complex than the 'home-country' product development. Key reasons are the lesser understanding of the consumer preferences and the local competition in the foreign market.

"Leading international companies keep developing new smarter and cheaper tools to gain the essential knowledge more effectively and at lower costs" - says Dr. Kühn, a senior international product developer to the food industry for more than 20 years and now head of industrial support services at Foodlink Forum. "Actually much of the work can be done in-company; Thus companies have a lot to win by sharpening their internal IPD skills, via a clinic, seminar or workshop, for example". Dr. Kühn also explains how modern European companies carry out product adaptation for export; some highlights are given below.



Making products 'export-fit' is normally done in three steps: (1) Understanding the product opportunity in the target market; (2) Strategic decision making; and (3) Carrying out the actual product development (PD) work.

Step 1 focuses on establishing local consumer preferences, and evaluating competitive products and companies in the target market. Local product-market scans, competitor sampling and evaluation, and local consumer tests (informal or formal) are increasingly done. For these, some companies

combine do-it-self with low-cost external support. Key help for this step includes international suppliers (who provide cost-free international support depending on partnering opportunity) and independent PD experts. To coordinate the help of the different experts and organizations needed, there are industrial advisors (like Foodlink Forum), who specialize in knowing 'who does what in international product development' as part of its dedicated support to the food industry. Such outsourcing advisors help with



The American pavilion at the Anuga 2003

international R&D contracting, negotiation and project management; they know who to contract when, and use their practical experience to improve conditions and lower costs.

Step 2 is an internal step, in which the company's export team decides what to do, decides on resources and budget, and on ways to do it. Regarding international PD, it is recommended at this step to write an R&D briefing and to set a benchmark product. Failing to do so often leads to the undesirable situation known as 'moving target PD', which is very wasteful to the company.

Step 3 involves doing the product adaptation work itself. This can be done alone or together

with a local partner (such partnering is commercially lead, as is the case of own-label products).

"If you prefer to 'do it alone', you can try to do all work in-company, but normally companies contract external local parties to assist with parts of the work (i.e., 'outsourcing' or 'contracting out'). Outsourcing has many advantages and is used very widely in the food industry nowadays, but you have to be careful and aware of the special outsourcing issues (e.g., deliverables, IPR, exclusivity, etc)", according to Dr. Kühn. "Further, outsourcing in different countries in Europe varies considerably with respect to the organizations available, the quality of their results, their specific approach, contracting conditions and costs". When starting in a new country, it is better to update your outsourcing practices first. This will save your company much money, time and headaches; It will also help the company improve the overall quality of the project results and ease their company fit and implementation. It is highly recommended to have a skilled outsourcing manager in-company who will be responsible for the project management and implementation of the outsourced work.

To conclude, Europe's consumer preferences vary considerably within countries and sometimes even within regions. Product adaptation has become essential for export success to / within these saturated and demanding markets. Better IPD skills contribute to the company's international competitive edge. The better and cheaper your company can do it, the greater the chances of success.

A modern and cost-effective way to update the skills of your PD team is by organizing an in-company IPD-workshop. These types of specialized trainings are an excellent way to learn about latest European industrial practices.



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She has authored several articles on related topics, an outsourcing guide (ISBN 90-5859-0011), and lectures and trains food managers internationally.

* Lecture 'THE NEW FRONTRIER: The role and challenges of international product development', presented at the Anuga 2003 (Cologne, Germany) on October 14, 2003.