

FRiDGE

Results Survey - *challenges in the Food industry*

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 - ▶ Strengths
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- ▶ **DETAILED FINDINGS**
 - ▶ Sample
 - ▶ Productivity
 - ▶ Market innovation
 - ▶ Regional Support

Survey

▶ Scope

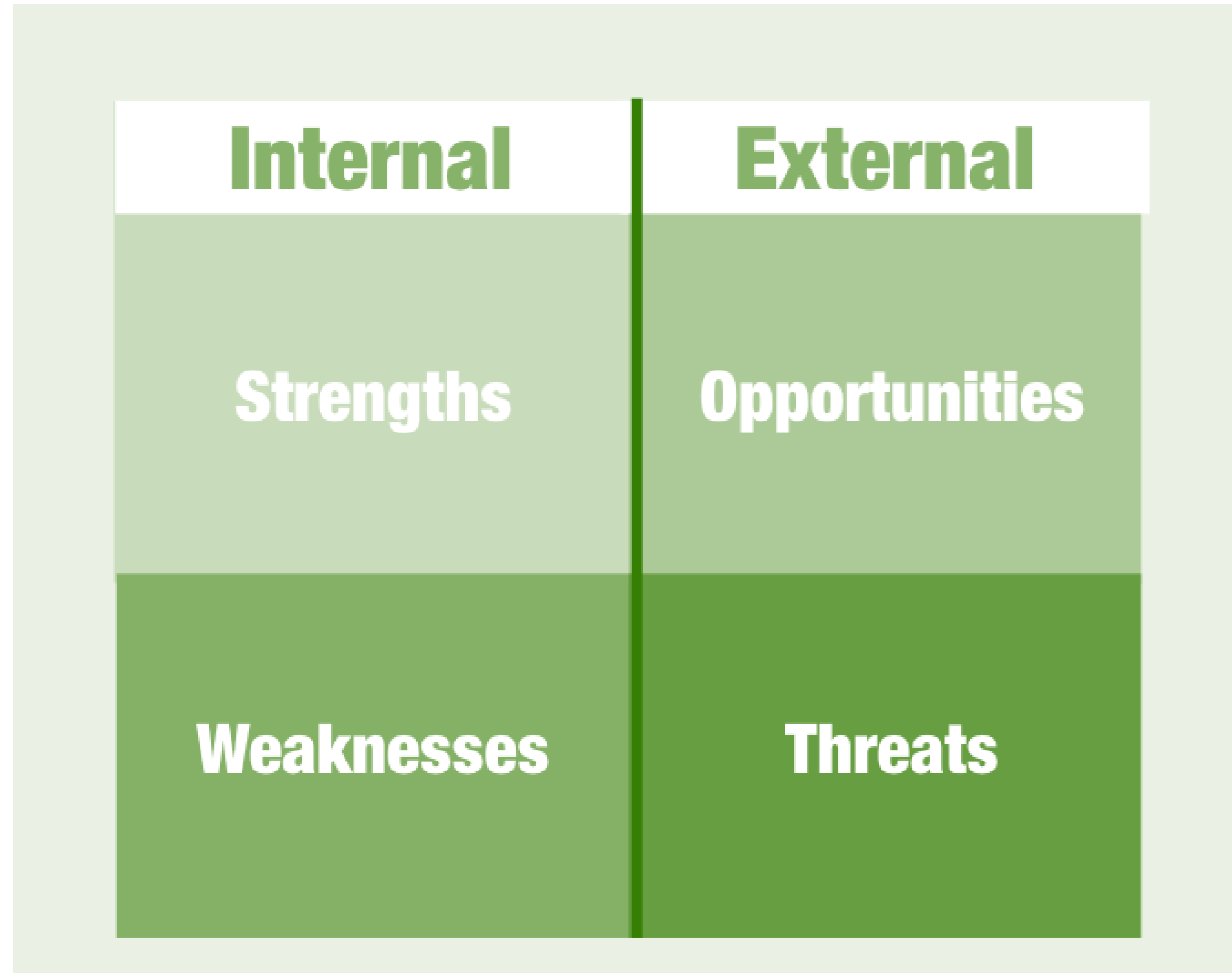
- ▶ EU interregional survey
- ▶ 6 regions

▶ Aim

- ▶ Drivers of **PRODUCTIVITY**
- ▶ Role of **REGIONAL GOVERNMENTAL SUPPORT** for innovation
- ▶ Barriers to **MARKET INNOVATION**

Region	Freq.
East-Flanders, Belgium	20
Ostrobothia, Finland	20
Bavaria, Germany	20
Western Macedonia, Greece	20
Tolna, Hungary	20
Harghita, Romania	20
Total	120

SUMMARY CHALLENGES (SWOT)



STRENGTHS

- **Company strategy:**
 - Diversity of strategies (mostly: differentiation)
- **Employment:** Positive trend (often = or ↑)
- **Profitability & business growth:** optimistic

- **Export:**
 - Diversity in strategies (diversification, market development, both)
 - Expected increase (existing/new products)
 - Adoption ↑
 - Expected contribution ↑

STRENGTHS

- Productivity drivers (less important bottleneck)
 - Managerial skills & management practices
 - Strategic planning
 - Business networks
 - ICT and digitalization
 - (Most important drivers often not considered a key bottleneck)
- Market innovation barriers: less important & lower impact
 - Technical
 - Lack of excess production capacity
 - Difficulty to meet export product quality standards
 - Psychological
 - Lack of motivation
 - Manager resistance to change
 - Marketing
 - Lack of a clear export strategy

WEAKNESSES

- **Turnover**: Negative trend (often = or ↓)
- **Export**:
 - Nearly 2/3 of sample is not exporting
 - Exporters' share of exports is still low (av. 16% intra-EU, 7% extra-EU)
- **Productivity bottlenecks**:
 - Scale of production
 - Pricing & payment conditions
 - Workforce skills (important driver!)

WEAKNESSES

- Market innovation barriers: important/impact
 - Financial
 - High costs
 - Excessive transportation costs
 - Lack of own financial resources
 - Pay-off period is too long
 - Technical
 - Lack of qualified personnel for market innovation
 - Psychological
 - Excessive risk
 - Industry
 - Transportation problems

OPPORTUNITIES

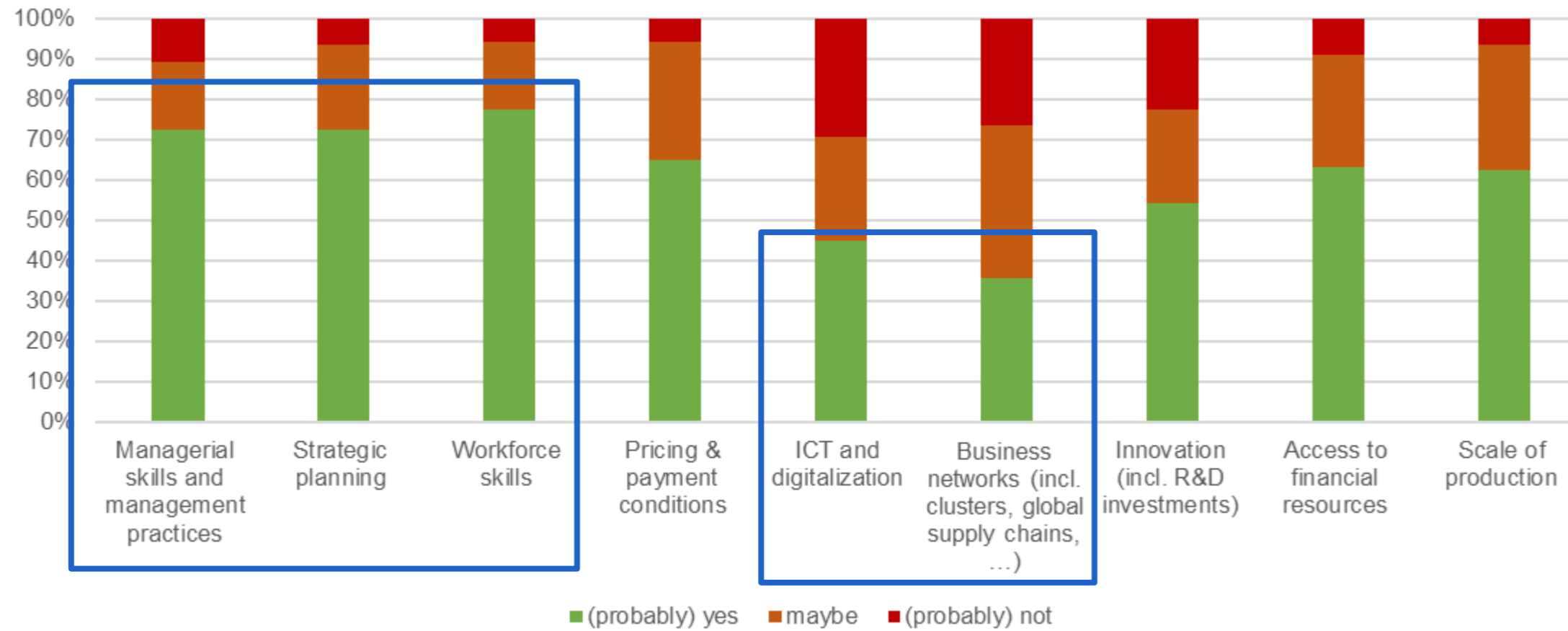
- **Market innovation barriers**: less important & lower impact
 - Marketing
 - Limited access to research institutions
 - Institutional
 - Currency risks in new markets
- **Important regional government support efforts for innovation:**
 - Providing subsidies
 - Providing marketing support (retail/customer)

THREATS

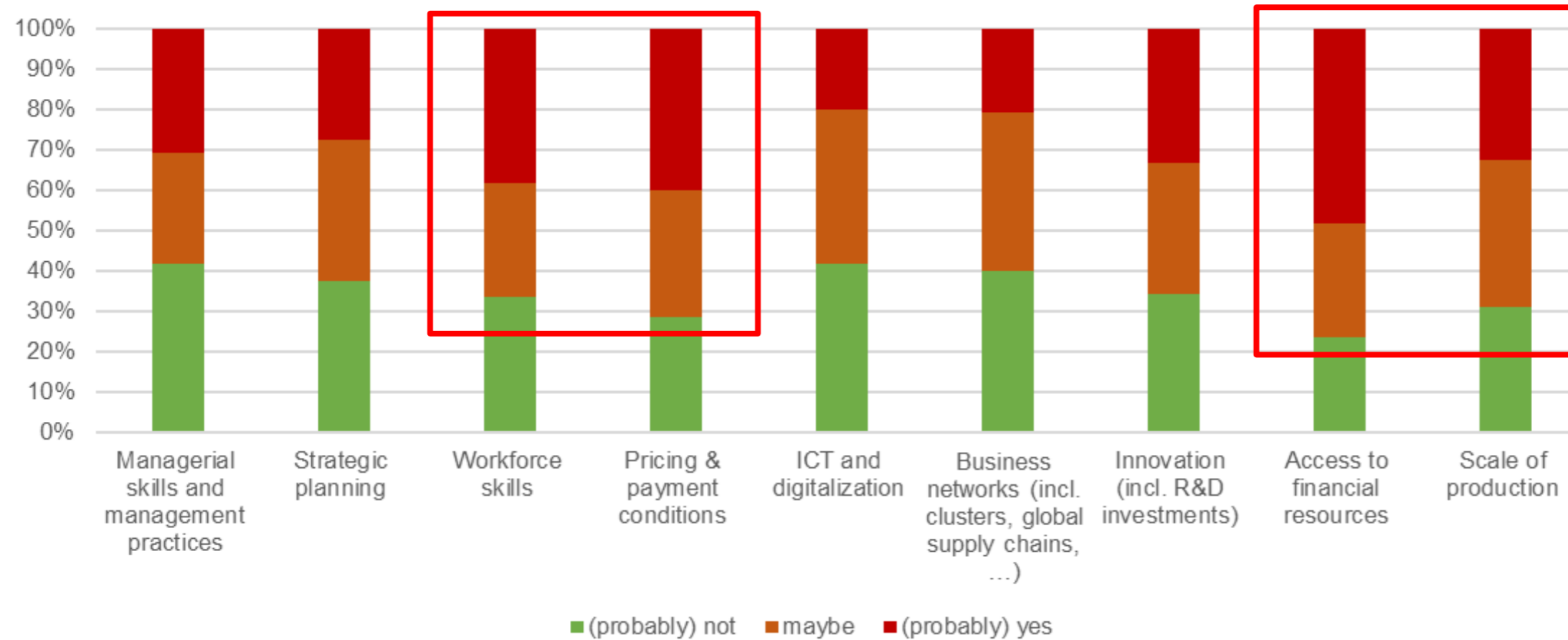
- Market innovation barriers: important/impact
 - Financial
 - Difficult access to external financial resources
 - Institutional
 - Insufficient government support
 - Governmental bureaucracy
 - Unfavorable policies & regulations in new markets
 - Marketing
 - Access to foreign distribution channels
 - Industry
 - Competition
 - Innovation too easy to copy

KEY FIGURES

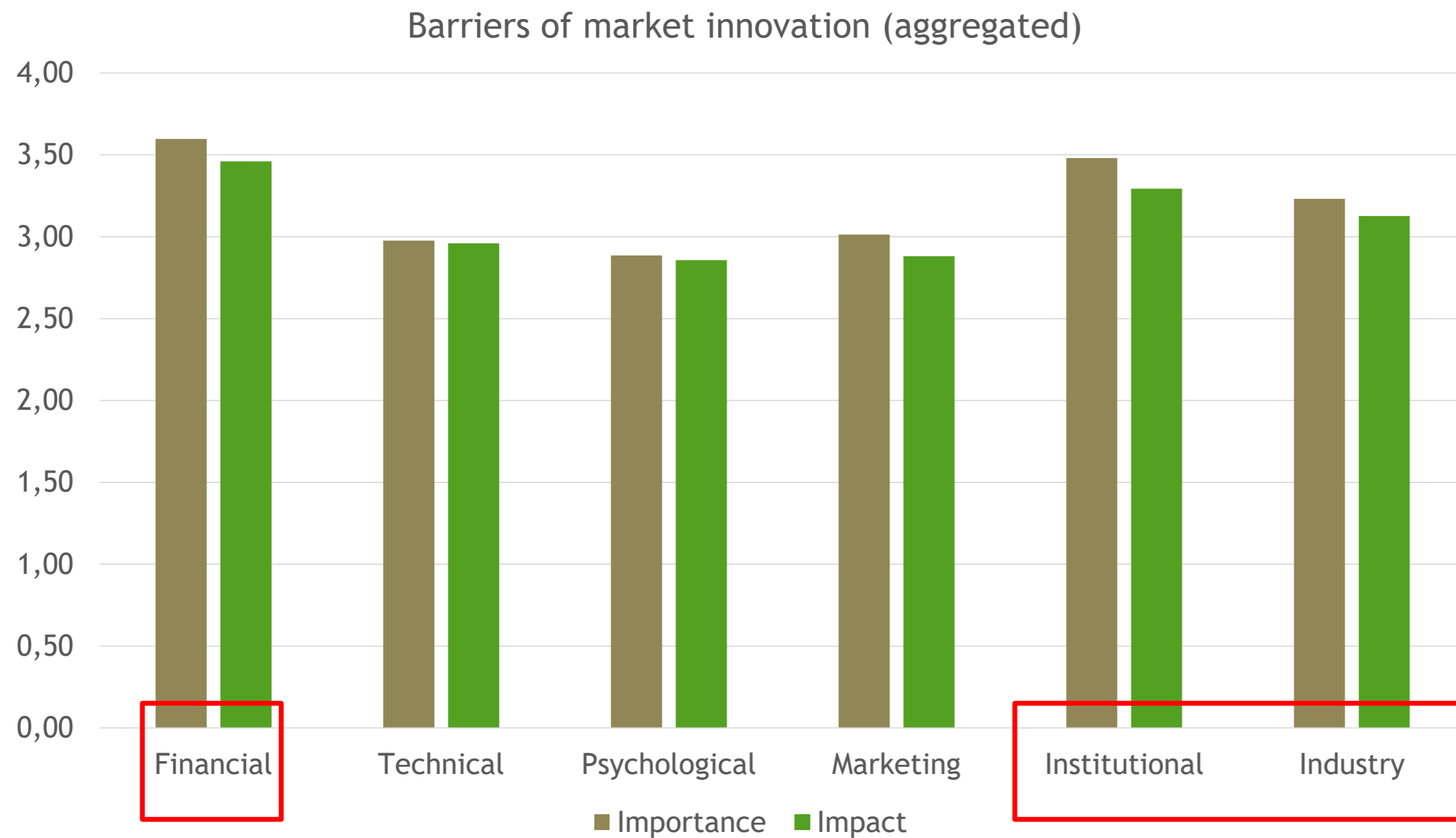
Drivers of Productivity, share of respondents (agreement scale)



Bottlenecks of Productivity, share of respondents (agreement scale)



Importance and (expected) impact of barriers of market innovation, mean scores per type of barrier



Importance of regional government support for innovation, rank and mean scores

Note: Importance, based on a 5-point importance scale

Importance of regional support	Importance	
	Rank	Mean
Providing subsidies (for R&D, investments, training, ...)	1	3,92
Providing marketing support (e.g. promotion activities for the local food sector)		
... towards the retail/distribution sector	2	3,80
... towards consumers/customers	3	3,79
Stimulating networking ... between food companies	4	3,56
Organizing training activities	5	3,52
Stimulating networking ... between knowledge institutions & food companies	6	3,45
Stimulating export, through ... facilitating participation in fairs	7	3,10
Stimulating export, through ... organizing market studies	8	2,82

DETAILED FINDINGS

Sample

Company characteristics	#	%
Company type		
Family	88	73,33
Non-Family	23	19,17
Cooperative	9	7,50
Education level (managing director)		
Primary School	1	0,97
Secondary School	27	26,21
Professional Training	29	28,16
University Degree	46	44,66
Main customer		
Local agent/distributor	26	21,67
Foreign agent/distributor	5	4,17
Wholesaler	29	24,17
Retailer	13	10,83
End user	40	33,33
Main business activity (NACE code)		
Meat	12	10,00
Fruit and vegetables	20	16,67
Oils and fats	3	2,50
Dairy	13	10,83
Flour and grain mill products	6	5,00
Bakery and farinaceous products	15	12,50
Cocoa, chocolate and sugar confectionery	6	5,00
Tea and coffee	8	6,70
Condiments and seasonings	2	1,70
Prepared meals and dishes	1	0,80
Other food products	6	5,00
Spirits, wine, cider & other non-distilled fermented beverages	15	12,50
Beer	3	2,50
Soft drinks and bottled waters	1	0,80
Other	18	15,00
	Mean	Std.Dev
Years of operation	25,69	16,22

Employment	Mean	Std. Dev.
Excl seasonal	12.30	22.45
Total (incl seasonal)	16.92	25.72

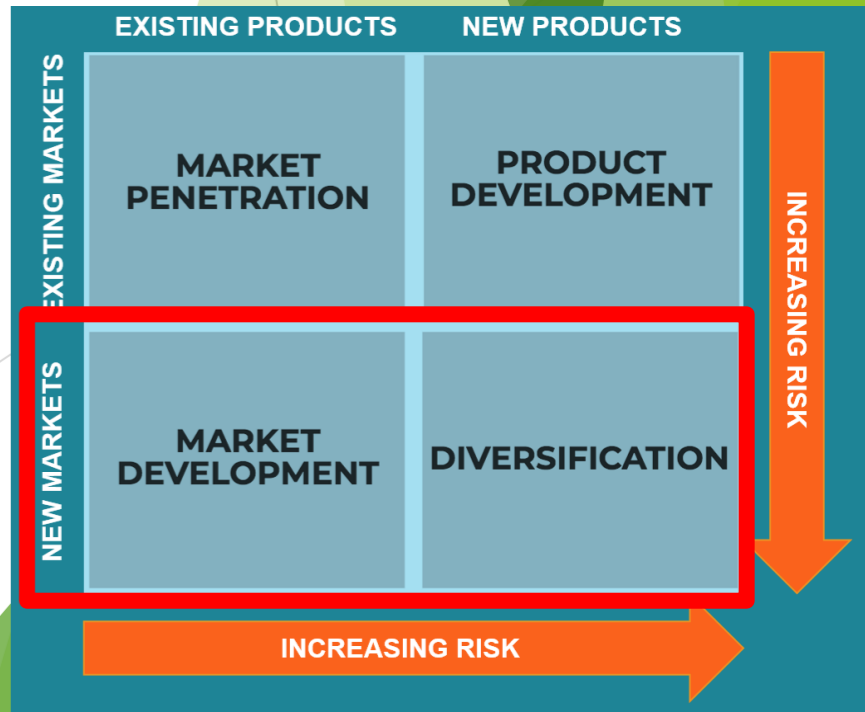
Turnover	#	%
< € 500,000	70	58,33
€ 500,000 - 1 million	13	10,83
€ 1 million - 2,5 million	19	15,83
€ 2,5 million - 5 million	11	9,17
€ 5 million -10 million	5	4,17
€ 10 million - 25 million	2	1,67

Employment/ turnover	Employment (cf. 3 years ago)		Turnover (cf. 3 years ago)	
	#	%	#	%
Decreased	13	11,02	44	36,67
Remained the same	57	48,31	41	34,17
Increased	48	40,68	19	15,83

Success	Profitable (past 3 years)		Business growth (past 3 years)	
	#	%	#	%
Strongly agree	46	38,33	44	36,67
Somewhat agree	40	33,33	41	34,17
Neither agree nor disagree	21	17,50	19	15,83
Somewhat disagree	8	6,67	12	10,00
Strongly disagree	5	4,17	4	3,33

Which strategy fits best to your company

Strategy	Broad scope	Narrow scope	Total
Cost-leadership	17	26	43
	14,17%	21,67%	35,83%
Differentiation	33	44	77
	27,50%	36,67%	64,17%
Total	50	70	120
	41,67%	58,33%	100,00%



Adoption of market innovation strategies in the past 3 years, % of SMEs

		New geographical markets with <u>new</u> products (past 3 years) (diversification)		
		No	Yes	Total
New geographical markets with <u>existing</u> products (past 3 years) (market development)	No	48,33% (none)	7,50% Diversification	55,83%
	Yes	19,17% Market development	25,00% Both	44,17%
	Total	67,50%	32,50%	100,00%

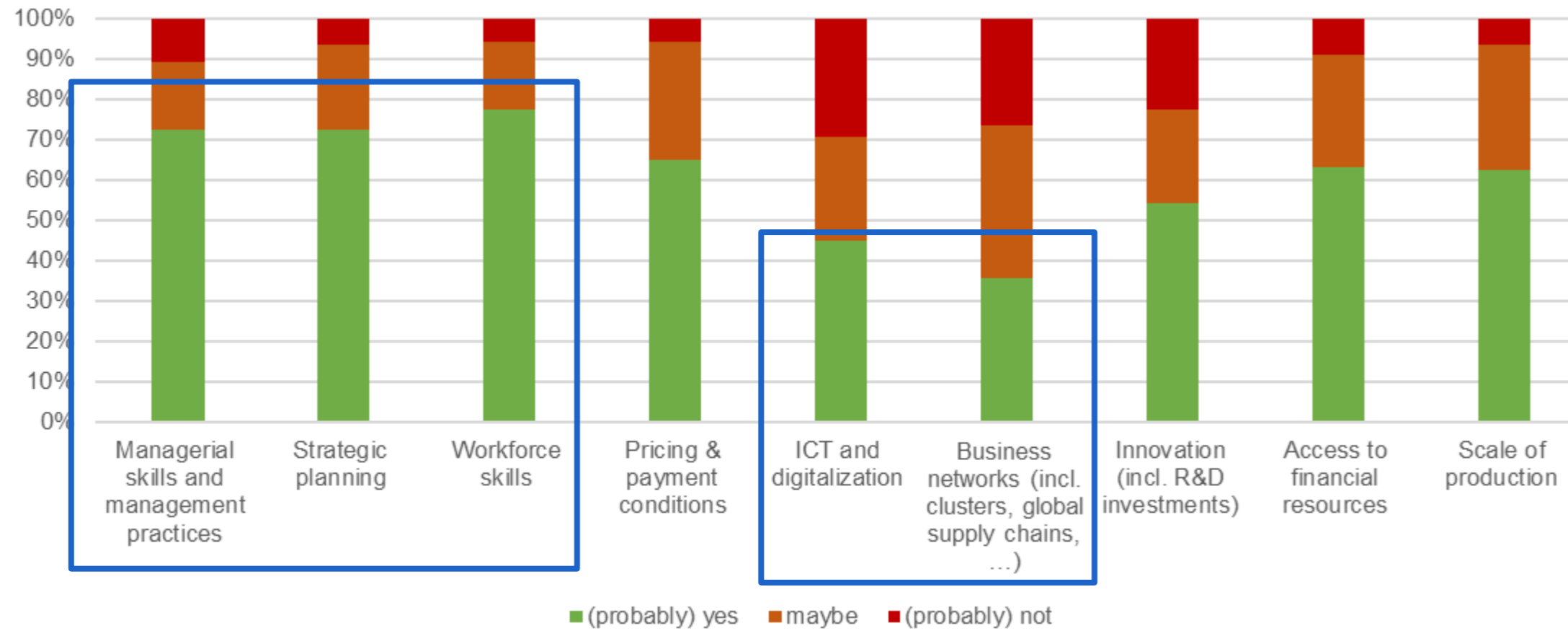
Market innovation strategies, (intended) adoption and (expected) contribution to the success of the company, % of SMEs

PAST	Adoption (past 3 years)			Contribution (past 3 years)	
	Existing products	New products		Existing products	New products
no	55,83	67,50	(strongly) disagree	6,56	7,89
yes	44,17	32,50	neutral	18,03	13,16
			(strongly) agree	75,41	78,95

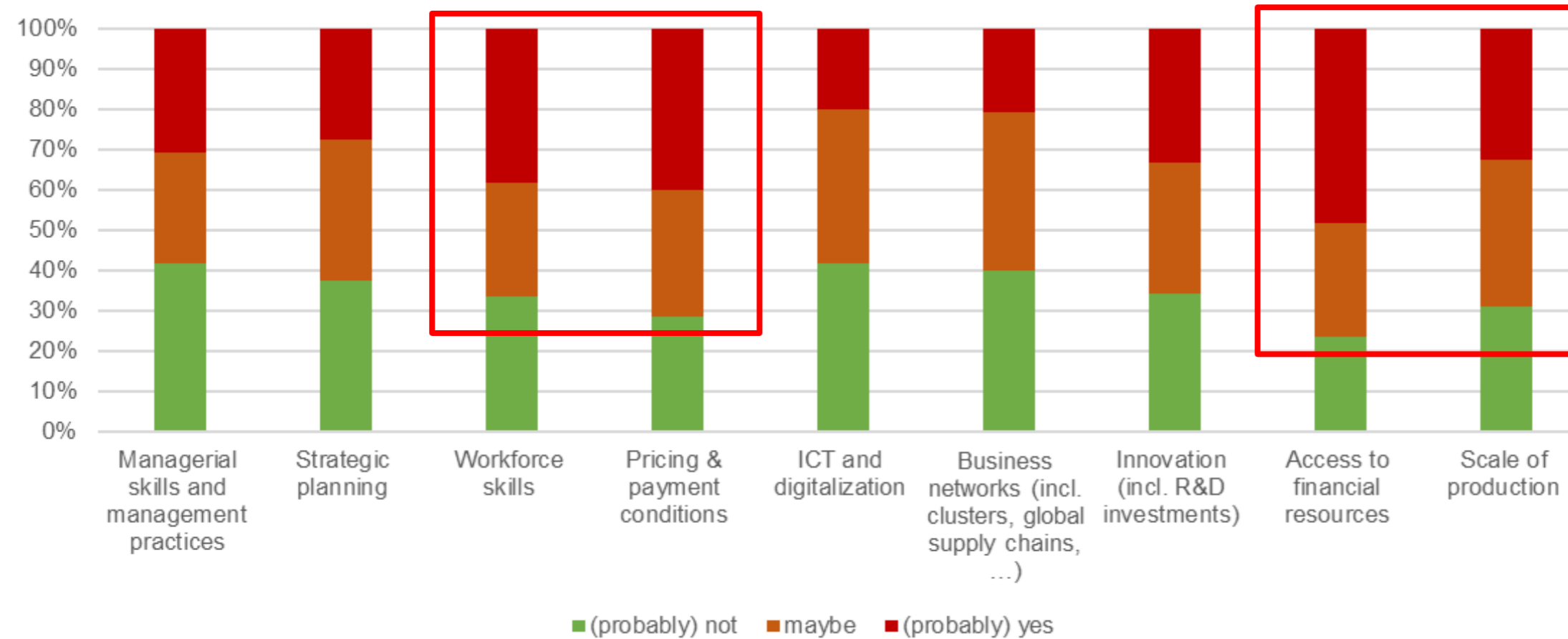
FUTURE	Adoption (coming 3 years)			Contribution (coming 3 years)	
	Existing products	New products		Existing products	New products
(extremely) unlikely	24,16	30,83	(strongly) disagree	18,75	20,54
neutral	17,50	23,33	neutral	13,39	19,64
(extremely) likely	58,34	45,83	(strongly) agree	67,86	59,82

Productivity

Drivers of Productivity, share of respondents (agreement scale)



Bottlenecks of Productivity, share of respondents (agreement scale)



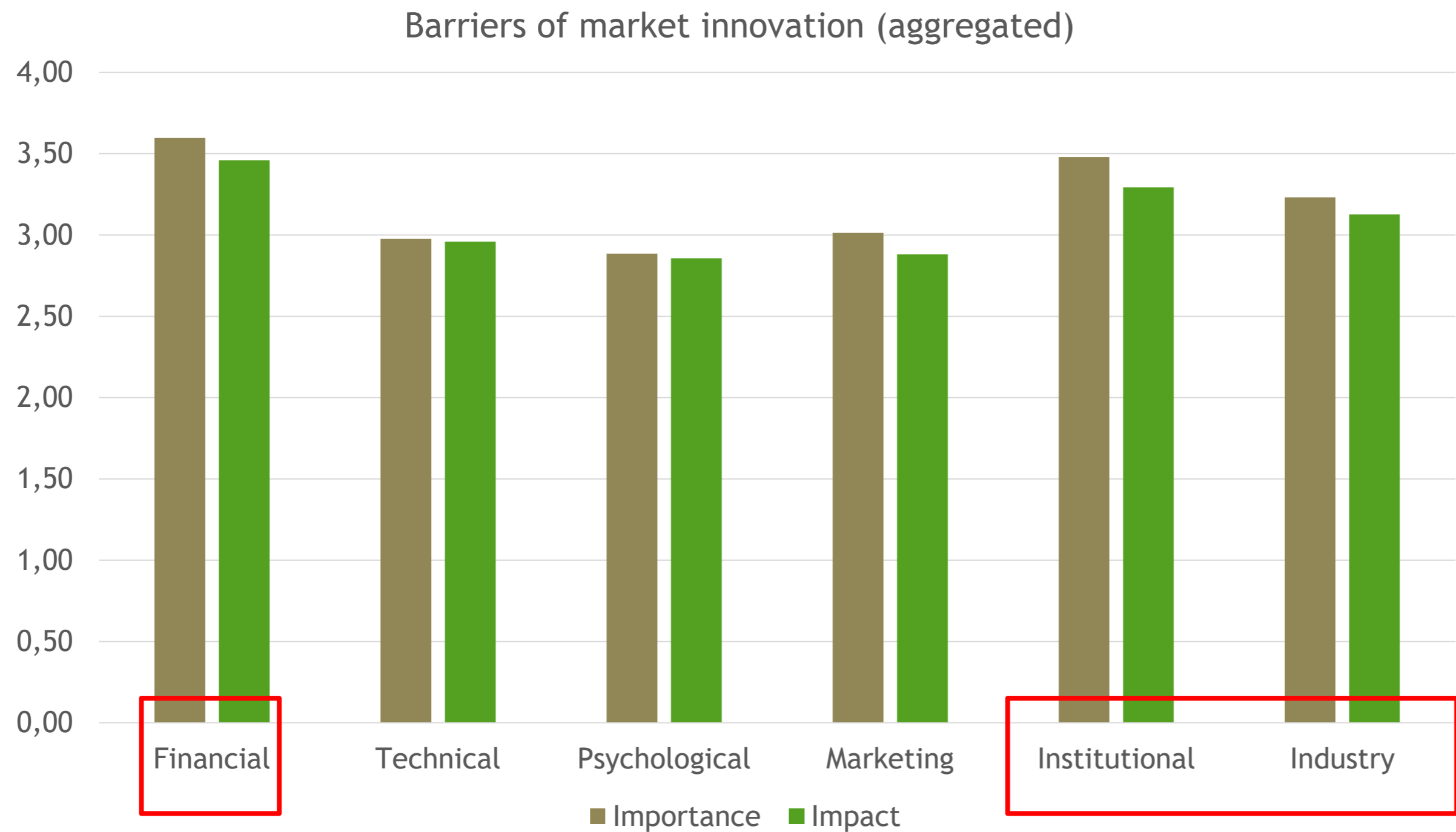
Drivers and bottlenecks of productivity, ranking, and descriptives (mean and standard deviation)

Productivity	Drivers			Bottleneck		
	Rank	Mean	Std. Dev.	Rank	Mean	Std. Dev.
Managerial skills and management practices	3	3,85	0,96	6	2,86	1,10
Strategic planning	2	3,88	0,86	7	2,82	1,05
Workforce skills	1	4,13	0,93	4	3,05	1,17
Pricing & payment conditions	4	3,82	0,91	2	3,20	1,07
ICT and digitalization	8	3,20	1,13	8	2,74	1,02
Business networks (incl. clusters, global supply chains, ...)	9	3,08	1,07	9	2,74	1,02
Innovation (incl. R&D investments)	7	3,42	1,19	5	2,96	1,09
Access to financial resources	6	3,72	1,03	1	3,36	1,19
Scale of production	5	3,75	0,90	3	3,11	1,14

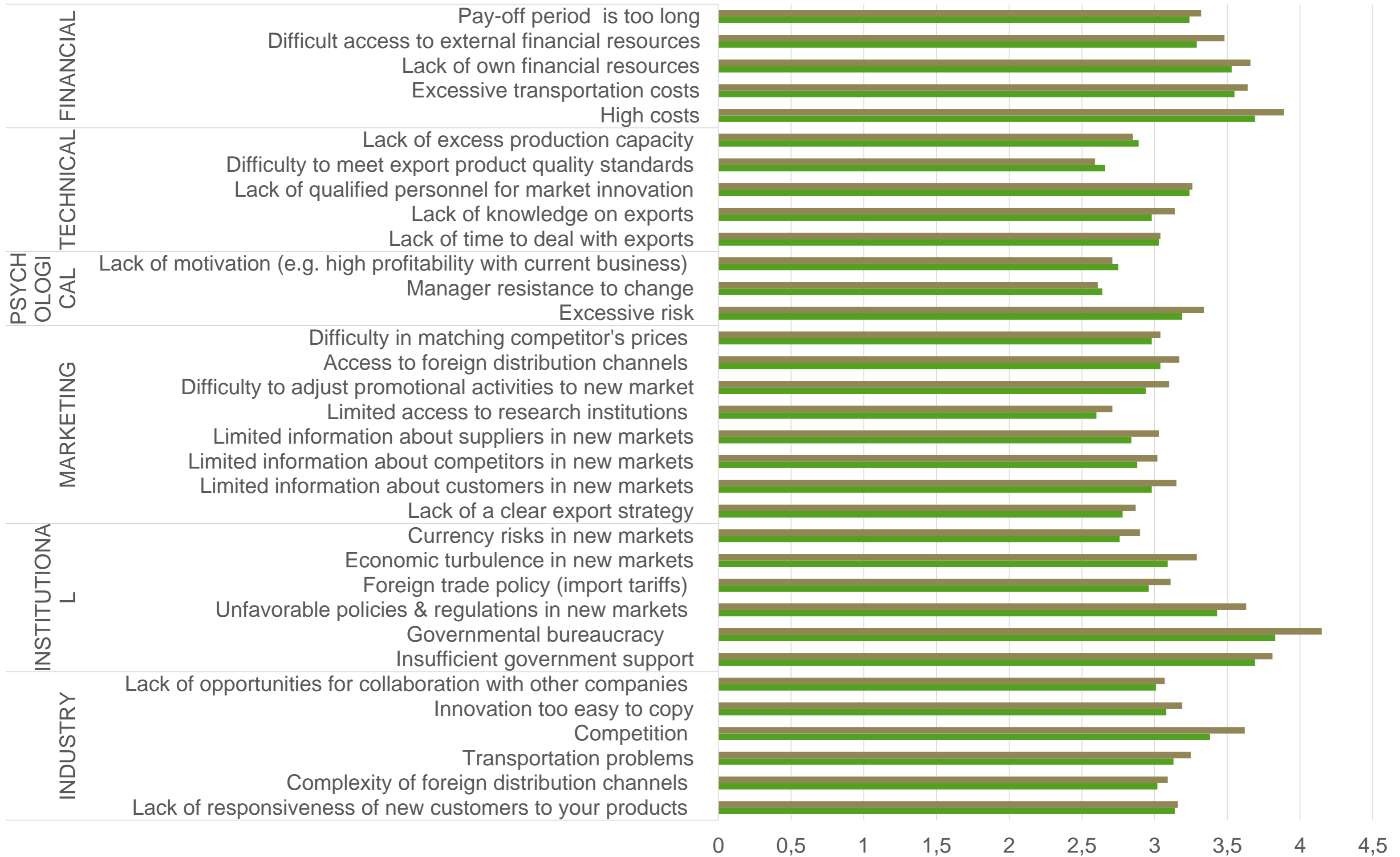
Market innovation

Export experience	#	%
No	75	62.50
Yes	45	37.50
Share of turnover, in % (all)	Mean	St dev.
Domestic market	91.05	19.91
Intra-EU	6.23	14.16
Extra-EU	2.72	9.48
Share of turnover, in % (if exporting, n=45)	Mean	St dev.
Domestic market	76,13	26,62
Intra-EU	16,60	19,14
Extra-EU	7,27	14,47

Importance and (expected) impact of barriers of market innovation, mean scores per type of barrier



■ Importance ■ Potential impact



Importance and (potential) impact of market innovation barriers, mean, per barrier

Regional governmental support

30

Importance of regional government support for innovation, rank and mean scores

Note: Importance, based on a 5-point importance scale

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