

The Innovative Food Chain: A Food Industry Perspective

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The European Food and Drink Industry

Turnover
€965 billion
 (+3.2% compared to 2007)

Largest manufacturing sector in the EU (12.9%)



External trade

Exports

€58.2 billion

(+6.4% compared to 2007)

Imports €57.1 billion

(+8.4% compared to 2007)

Trade balance €1.1 billion

Net exporter of food and
 drink products



Employment
4.4 million people
 (+0.8% compared to 2007)

Leading employer in the EU (13.5%)

Number of companies
310,000¹
 Fragmented industry

of which over
99% are SMEs²
 the latter accounting for
48.7%
 of food and drink turnover and
63.0%
 of employment in the sector



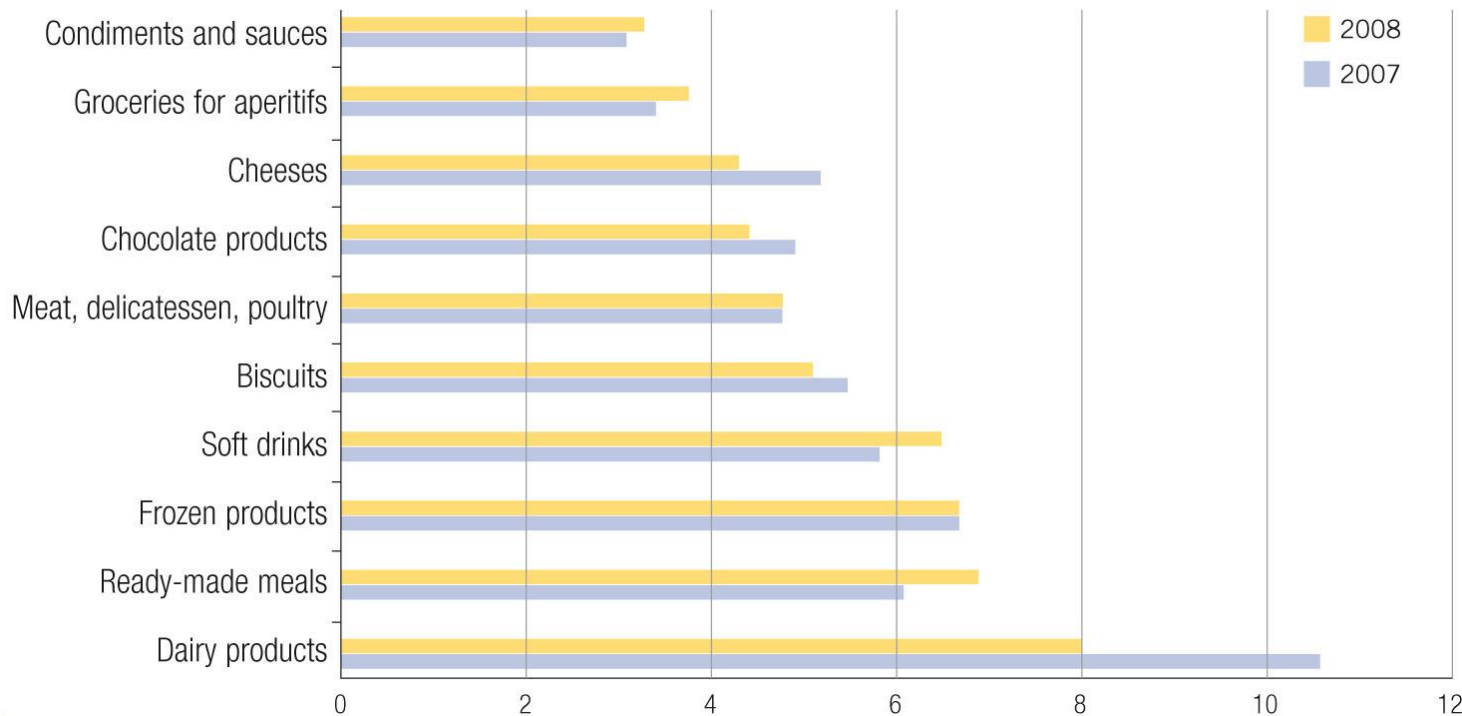
R&D
 (% of food and drink output)



0.37%³
 Insufficient R&D expenditure

R&D and innovation (1)

The 10 most innovative food sectors in Europe: 2007 - 2008 (%)



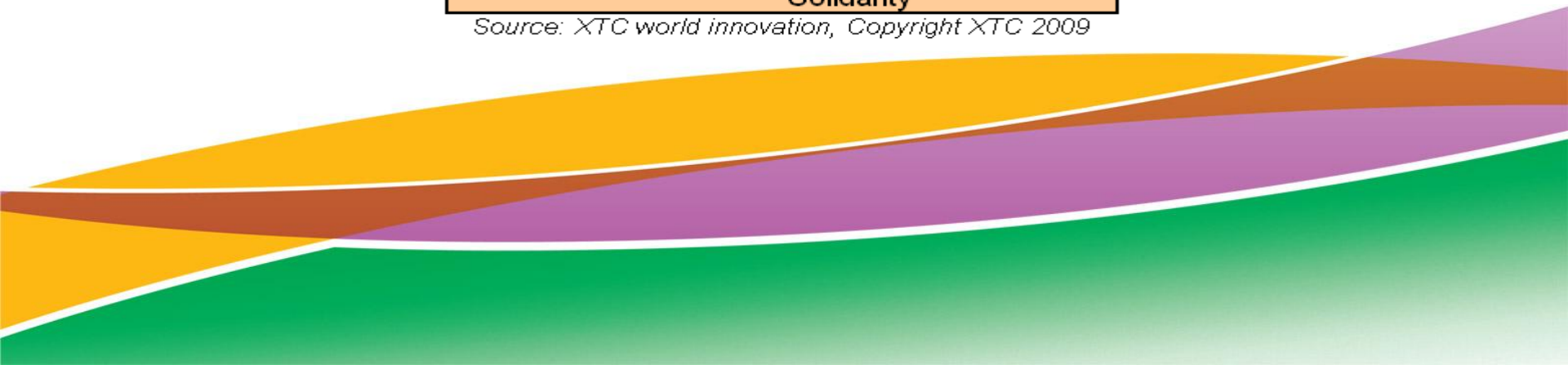
Source: XTC world innovation. Copyright XTC 2009 (www.xtcworldinnovation.com)

R&D and innovation (2)

Trends of food innovation in Europe

<i>Axis</i>	<i>Trend</i>
Health	Medical Natural Vegetal
Pleasure	Sophistication Exoticism Variety of senses Fun
Physical	Slimness Cosmetics Energy, well being
Convenience	Time saving Easy to handle
Ethics	Nomadism Ecology Solidarity

Source: XTC world innovation, Copyright XTC 2009



Innovation is THE key challenge for the Food and Drink Industry

Notably to deal with:

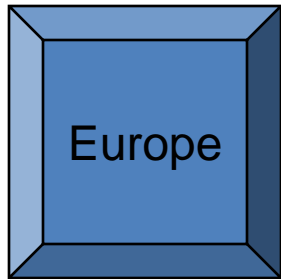
- major economic,
- societal,
- demographic issues,
- and to ensure that its many SMEs remain competitive.



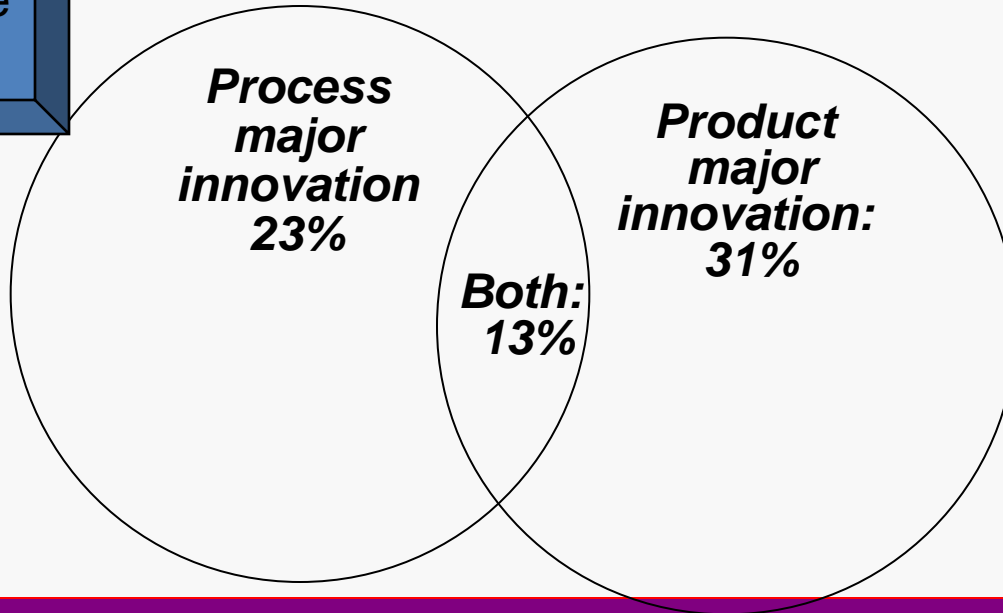
How to move the R&D and Innovation agenda forward

- Bring together all relevant stakeholders in the agro-food chain to ensure there is a fork to farm policy for the food for health and food for quality sector
- Engage the SME sector in initiatives that will offer new opportunities in generation of novel products, produced and processed in a sustainable manner
- Encourage a more coordinated European investment in food research and technology transfer through the identification of topics
 - Investigate whether they require national, trans-European, public or public-private partnership investment.

INNOVATORS GROUPS



Major innovators: 41%



**Only
15%
of all
F&D firms
did not
introduce
innovations
in the
last three
years**

**Improvers who did not
introduced major innovations:
44%**

- 1. Emotional, cultural barriers**
- 2. Trust, social capital**
- 3. Lack of information**
- 4. Lack of knowledge / skills**
- 5. High cost compared to available resources**
- 6. Limited resources**
- 7. Time constraints**
- 8. Legal barriers**
- 9. Lack of customer responsiveness**

SOURCE::



SMEs TASK FORCE 2008

SOME POLICY IMPLICATIONS


1. **Flexibility** for SMEs (local cultures and languages, differentiated approaches and informal relationships with SMEs);
2. **Innovation** in SMEs affects pervasively their **organization, processes, products and skills**;
3. **Incremental innovation in SMEs** must be given priority, as opposed to radical innovation which is more appropriate for other sectors such as: * Robotics, * Transport, * Energy, * ICT and * Pharmaceuticals;
4. **The level of dynamism within a company is not dependent on its size.** Product and process innovations are concentrated into SMEs which are **real complete innovators**;
4. **European policymakers** should not be afraid to allocate **human and capital resources** to **“bottom-up” innovation processes** which meet the needs of consumers: European policy has to facilitate the expansion of technology frontiers;
5. **Benchmarking on technology transfer and tools promoting also company law and financial innovation** are fundamental to understand success stories and efficient and innovative strategies for SMEs;
6. **Networking and clustering** are necessary to become a critical mass and transfer knowledge but could be insufficient as SMEs lack in capitalization and marketing tools;
7. **It could be crucial**, in the long term, to keep cultivating **business culture and risk-oriented culture**.

SOURCE::



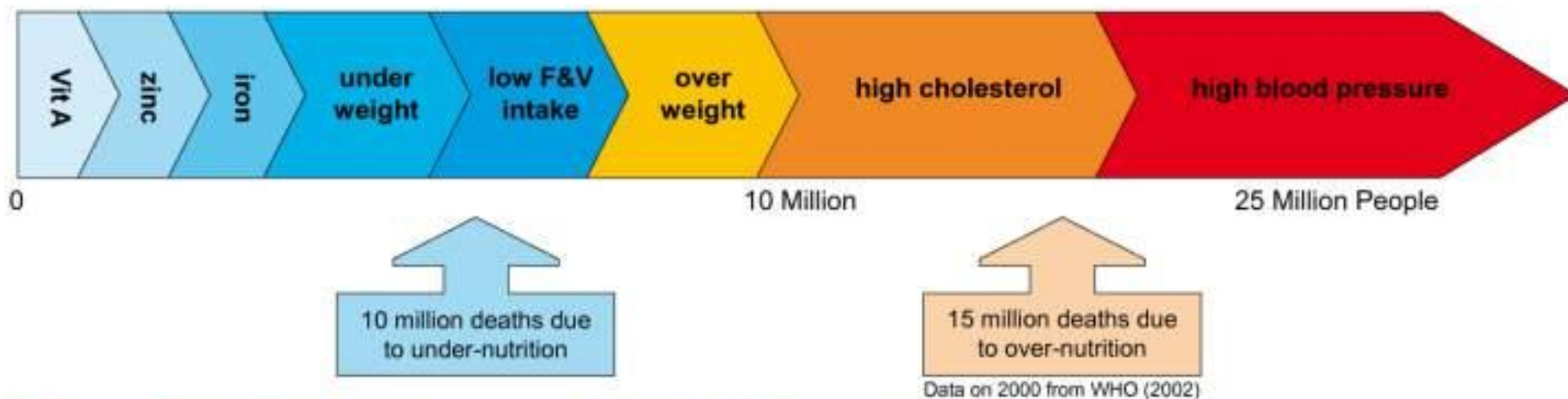
SMEs TASK FORCE 2009

What is the Role of Industry?

- Meeting increasing demand for food meeting specific requirements.
 - Ensuring resource efficiency and cutting energy consumption and costs, moving towards low-carbon and renewable energy sources.
 - Reducing of food losses by introducing modern collection, processing, storage and transportation methods.
- 

What does better mean?

Global Issues in Nutrition



4 billion people affected by malnutrition deserve the chance to develop physically & mentally to get more out of life.



50% of the global population have blood cholesterol levels which are too high.

30% of the global population have blood pressure levels which are too high.



WHO projected that by 2015, approximately 2.3 billion adults will be overweight and more than 700 million will be obese.

What is the Role of Industry?

- Reformulation
- Production of food with new properties to better adapt to individual needs



FOOD FOR LIFE 3 Key Thrusts



**Improve health,
well-being and
longevity**



**New
products,
processes and
tools which.....**



**Build consumer trust
in the food chain**



**Sustainable and
ethical production**



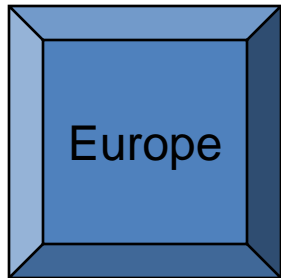
ETP Food for Life – Contribution to the KBBE

- Contribute to a healthier society
 - Better contribute to sustainable food production
 - Design ‘food–you-can-trust’ and engage consumers in dialogue
 - Attract the right personnel and sustain careers
 - Optimise knowledge capture and dissemination of knowledge between member states and towards SME’s
 - Increase the speed and quality of innovation
 - Increase / Coordinate R&D spending
 - Focus, align and collaborate internationally
- 
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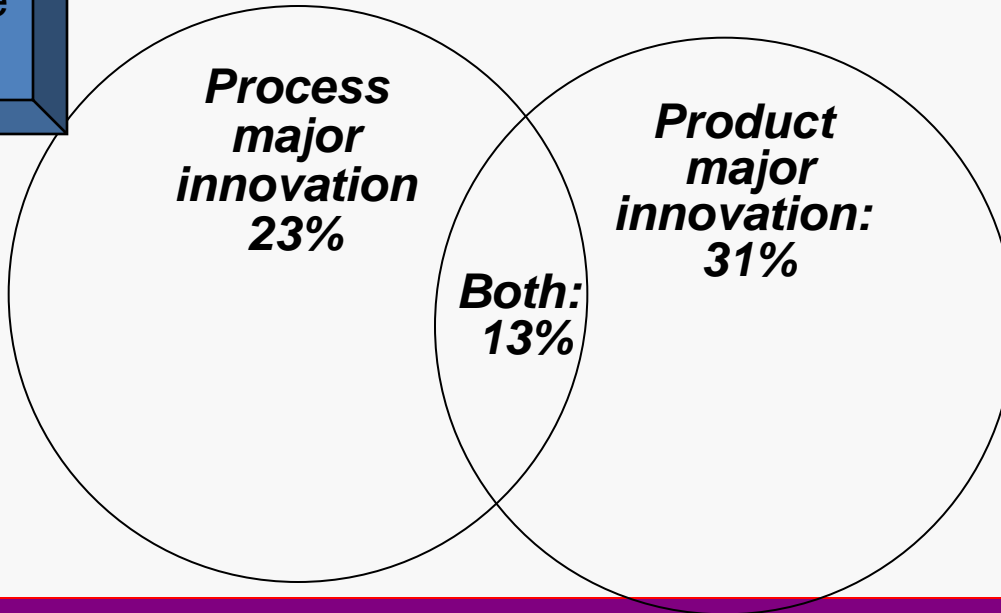
Conclusion

- Have a **holistic view** on policy development;
- **Increase** R&D strategy and funding;
- **Coordinate** research in Europe and prevent duplication;
- **Promote** SME participation, specific programmes and networks;
- **Optimise** the acquisition and dissemination of knowledge between Member States and towards SMEs;
- **Focus, align** and **collaborate** transnationally and internationally;
- **Increase** multidisciplinary approaches,
- Develop a **regulatory framework** which encourages innovation.

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Barriers and constraints of innovation of food industry SMEs

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2. Trust, social capital
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