

Welcome to IBC

Kolding – Denmark



Digital customer-centric Innovation in Small and Medium Enterprises

Welcome to Denmark, Welcome to Kolding, Welcome to IBC

The history of Denmark

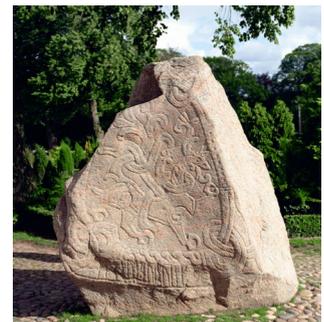
Since the end of the last Ice Age - approximately 10,000 BC - people have migrated from the Eastern and Southern parts of Europe to the Northern area we now know to be Denmark. The flat terrain, rich soil, close proximity to water and at times harsh climate, has shaped Danish history and culture ever since. The first Danes were hunters and fisherman who probably entered the country migrating from Southern and Eastern Europe by the end of the last Ice Age around 10,000 BC. By 3000 BC, farms had begun to appear on the flat, fertile land we now call Denmark. At first, the farmers used stone tools and weapons, but they later adopted bronze and iron. By the time of the Iron Age, the Danes had established trade links with the Roman Empire, trading goods such as animal furs and amber. By 200 AD, the Danish people had begun using the Rune language chiseled in stone.

The glamorous, violent Vikings

One of the most notorious periods in Danish history is the age of the Vikings. It began around 793 AD with the raids on the English tidal island of Lindisfarne. The Vikings were eventually to establish settlements in Yorkshire in Northern England and in Normandy in the Northwestern part of France. The Viking Age lasted about 250 years. At one point, the Danish Viking Sweyn Forkbeard (Svend Tveskæg) and his son Canute the Great (Knud den Store) were the kings not only of Denmark but of Norway, Southern Sweden, Greenland, the Faroe Islands, Shetland, Orkney and parts of England. The Vikings travelled widely outside their realm, sailing to what today is Russia and Turkey. Their admirable navigation skills at sea also brought them as far as Greenland and North America. They continued to plunder and steal, along with more peaceful activities such as trading precious metals, textiles, glassware, jewellery, and fur. On occasion, they also bought and sold European slaves.

The introduction of Christianity

Following the baptism of the Danish King Harald Bluetooth in 965 AD, the Christian clergy became influential in Danish society. The newly-adopted religion, however, did not immediately turn the Danes into a peaceful people. They continued to fight to maintain and expand their territory, conquering parts of Germany and Estonia. In 1397, with the Kalmar Union, Denmark (incl. Greenland and Iceland), Norway and Sweden was joined into a single monarchy ruled by the Queen Margrethe I. The Kalmar Union lasted until Sweden broke away in 1523, the first shot in a long rivalry between Denmark and Sweden for dominance in the region. The two countries fought on a regular basis and in 1658 Denmark had to cede the provinces of Skåne, Halland and Blekinge, which today make up the Southernmost provinces of Sweden. In 1814, the sovereignty of Norway was transferred to Sweden too. Iceland gained independence in 1918.



Absolutism and democracy

The humiliating defeat and loss of Skåne, Halland and Blekinge to Sweden set the stage for a power grab that introduced a hereditary and absolute monarchy in Denmark. The strong central government helped to create a well-organised bureaucratic state and introduce agricultural reforms that made farming more efficient, although many peasants were still tied to the land and forced to work at least part of their time for the landowner. Reforms in 1784 changed this scenario and paved the way for additional rights for the peasants, and in 1814 universal primary education was introduced. In a power struggle with the German Confederation about the affiliation of the duchies of Schleswig, Holstein and Lauenburg on the southern border with Germany, the Danish king declared himself a constitutional monarch, paving the way for the present democratic constitution.

This move led to the war with the Germans (1848-1851) which Denmark won. But tensions continued and Denmark was defeated by Germany in a renewed conflict in 1864. As a result, Denmark had to cede all three duchies. The northern, predominantly Danish part of Schleswig, returned under Danish rule in 1920 as a result of a plebiscite following Germany's defeat in World War I. Denmark remained neutral in World War I. A small German minority still lives in the region.

Partnerships and prosperity

After World War I, the Danish economy began evolving. With the help of the cooperative farmers' movement, there was a large-scale shift from the cultivation of grain to livestock farming. Industrialisation and dairy production also accelerated, and a social welfare state was established. On April 9, 1940, neutral Denmark was invaded by German troops. Overwhelmed by the German war machine, the country put up minimal resistance at first. During the five-year occupation, an underground resistance developed to fight the Nazi rule. On May 5th, 1945, Denmark was liberated from the German occupation thanks to the efforts of the Grand Alliance (UK, US and the Soviet Union) and the Danish resistance. Light returned to Danish cities after five years of darkness.

The post-war Danish economy became more and more international with an increase of exports, a contributing factor to prosperity. Danish design goods and furniture were popular around the world along with Danish bacon, butter, and other agricultural products. In 1972, Denmark joined the European Economic Community (EEC) - the leading economic partnership in Europe - which later became the European Union. Denmark was also one of the founding members of the United Nations (UN) and continues to be a member of the military alliance - the North Atlantic Treaty Organization (NATO). Today, Denmark is a constitutional monarchy ruled by a representative democracy and a strong defender of free trade and human rights. Denmark also helps fight poverty around the world through its long-standing development cooperation.

For further information about Denmark – www.denmark.dk

About IBC

We equip workers and entrepreneurs with the skills, knowledge and confidence to tackle future challenges. We develop multi-skilled individuals to whom innovation, flexibility and globalisation are not abstract concepts – but natural ways of thinking, now and for the future.

We aim to stay on top of the rapid changes in the modern world, to anticipate students' and companies' needs before they arise – and create opportunities to work together with the rest of the world – through the provision of flexible, up-to-date programmes that keep open the doors to the global village.

The same applies to those already pursuing their career but who need to up-date professional and personal competencies. We create supplementary training and further study opportunities for those who wish to enhance their qualifications and knowledge. IBC responds to these demands through continuous development of new programmes and application of the most up-to-date learning and teaching methodology. We achieve this through highly professional, experienced and committed staff and by listening to our other stakeholders: industry, students and institutional partners – regionally, nationally and internationally. IBC is a part of the world – and the world is a part of the IBC: we welcome students from all over the globe; our students spend time abroad and return with new ideas. International guest lecturers inspire us – and we co-operate closely with some of the best universities and business schools in the international arena. At IBC the world is never far away. The future is full of opportunity. At IBC we take up the challenge. We make IBC a better place to learn.



Jens Gamauf
President

For further information about IBC – www.IBC.dk

Project goal - ICIINSMES

The project pursues on a broad regional basis the objective of enabling and supporting SMEs to exploit their customer innovation potential and thus to strengthen the productivity and competitiveness of SMEs, to secure existing jobs and to create new ones. A focus is put on the digital customer innovation tools and methodologies and hence, the digital skills qualifications of SME workers and managers. The following main activities will be carried out to achieve the objectives.

Purpose in Kolding – Train the Trainer

The purpose of the training is to train digital skills to teachers and consultants, to qualify them and to enable them to provide sound training and advice to SME workers and managers with regard to the application of digital technologies for customer-centric innovation.

Results of Train the Trainer in Kolding:

A tested train the trainer program in form of a written curriculum with teaching materials that can be continuously implemented by other universities so that in the future, well-qualified teachers and consultants will be constantly available to implement the training course for SME-specific digital skills.

The purpose of the training is to train digital skills to SME workers or managers that can be used for customer-centric innovations. Purpose of Digitalisation Training (to be tested in Poland by PP3 IPRL, in Hungary by PP7 IPOSZ and in Denmark by PP6 IBC with 15 SME workers or managers)

Training structure:

- a) Several (at least two) blocks with face-to-face teaching in the respective educational institution (PP3 IPRL Poland, PP7 IPOSZ Hungary, PP6 IBC Denmark)
- b) Between the blocks with face-to-face teaching, longer phases of on-the-job learning in the SMEs. During this on-the-job learning coaching by trainers.
- c) Realization of at least one development project chosen by the SME itself to implement customer-centric innovation with digital tool.
- d) Presentation of project results in face-to-face closing workshop and examination and certification.

Result:

- a) Concept, curricula and teaching material for a SME-specific digitalisation training by PP6 IBC
- b) Coaching program for the trainers by PP1 HP
- c) Examination regulations by PP1 HP
- d) Implementation reports by PP3, PP6 and PP7
- e) Evaluation report by PP5 HI

10th November - Wednesday

- 8:30 Departure hotel - Bus
- 9:00 Welcome by Kirsten Jensen and Max Hogeforster
- A welcome challenge
- 10:30 - 12:00 General project organization tasks, PP1
- Dialogue about the report
- 12:00 Lunch
- 12:45 A little innovation challenge – name tag – PP6, Michael Christiansen
- 13:15 - 14:15 Theme 1 – Start of the train-the-trainer workshop
Overview of training “Digital skills for implementing customer-centric innovations in SMEs” by PP 6, Michael Christiansen, IBC
- Dialogue about Theme 1
- 14:15 Coffee / The
- 14:30 – 15:00 Digital Customers based innovation in real live. (I will try to find a Danish company who “do the talk”)
- 15:00 – 15:30 Theme 2 - Results from IO 1 – Survey, best practices and toolbox; Presentation by PP2 HWWI, PP5 HI
- Dialogue about Theme 2
- 15:30 – 16:00 Presentation of the reports and survey (Best praxis), PP 8
- 16:00 – 18:00 Theme 3 - Diving into the topic Digitalisation and Innovation. PP8
What makes a training program good?
The importance of the topic „Digitalization skills for SMEs”
Features of Generation X, Y, Z
- Dialogue about Theme 3
- 18:30 Dinner and social relation at Innovation-factory (IBC)
- Evening of St. Martin
- 22:00 End and bus back to hotel

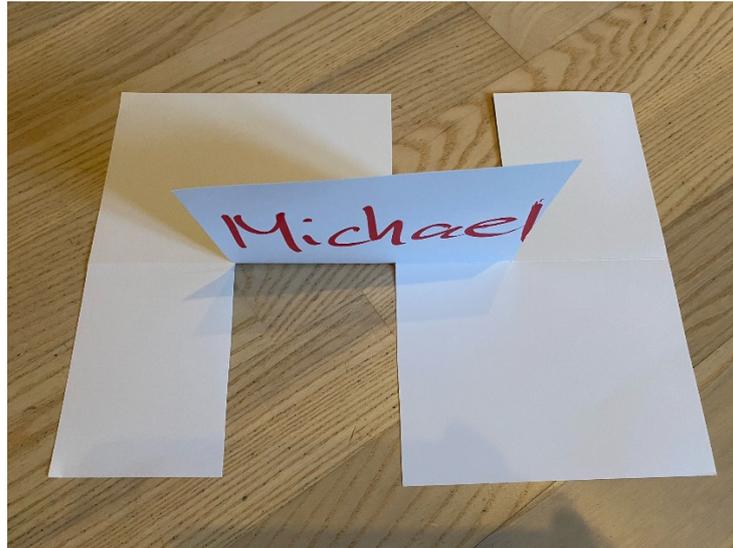
11th November - Thursday

- 8:30 Departure hotel - Bus
- 9:00 Learnings output from day 1, PP6 – Michael Christiansen
- A little innovation challenge – 9 dots
- 9:30 – 12:00 Theme 4 – Introduction to a digital tool. PP 6 – Michael / Kvantø
- Dialogue about Theme 4
- 12:00 Lunch
- 12:45 Theme 5 – Modern teaching methodologies in general. PP 8
Problem-based learning, Case study method, Gamification, Presentation skills, Project-Based Learning, Flipped Classroom, Cooperative Learning, Design Thinking, Thinking-Based Learning, Competency-Based Learning, Inquiry-Based Learning, Interactive tools, Learning games.
- Dialogue about theme 5
- 14:50 Coffee / The
- 15:10 Departure bus to Kolding Castle
- 15:30 – 17:00 Visit Kolding Castle
- 17:00 – 19:00 Time on your own
- 19:00 Dinner, social relation and entertainment (Restaurant; Adminralen)
- ??:?? End and walk back to hotel

12th November - Friday

- 8:30 Departure hotel – Bus
- 9:00 – 10:30 Theme 6 – How can we marketing this product/software and the first contact to 15 SMEs (from develop of concept – and a dialogue about – what are we going to do with the project after “the last project day / 2022”).
PP 6 – Michael Christiansen
- Dialogue about theme 6
- 10:30 – 12:00 Theme 7 – Coaching during the period (KEAN), PP1, and
Finalise the training and present the feedback survey.
- Dialogue about theme 7
- 12:00 Summing up, next step and thank you – and have a nice trip home.
- 12:15 Lunch and goodbye

An Innovative name tag: (Ice breaker)



Materials; 200 g paper, pen and scissor.

Rules; You are not allowed to touch the name tag. You can see, talk, cooperate and analyze. But NOT touch!

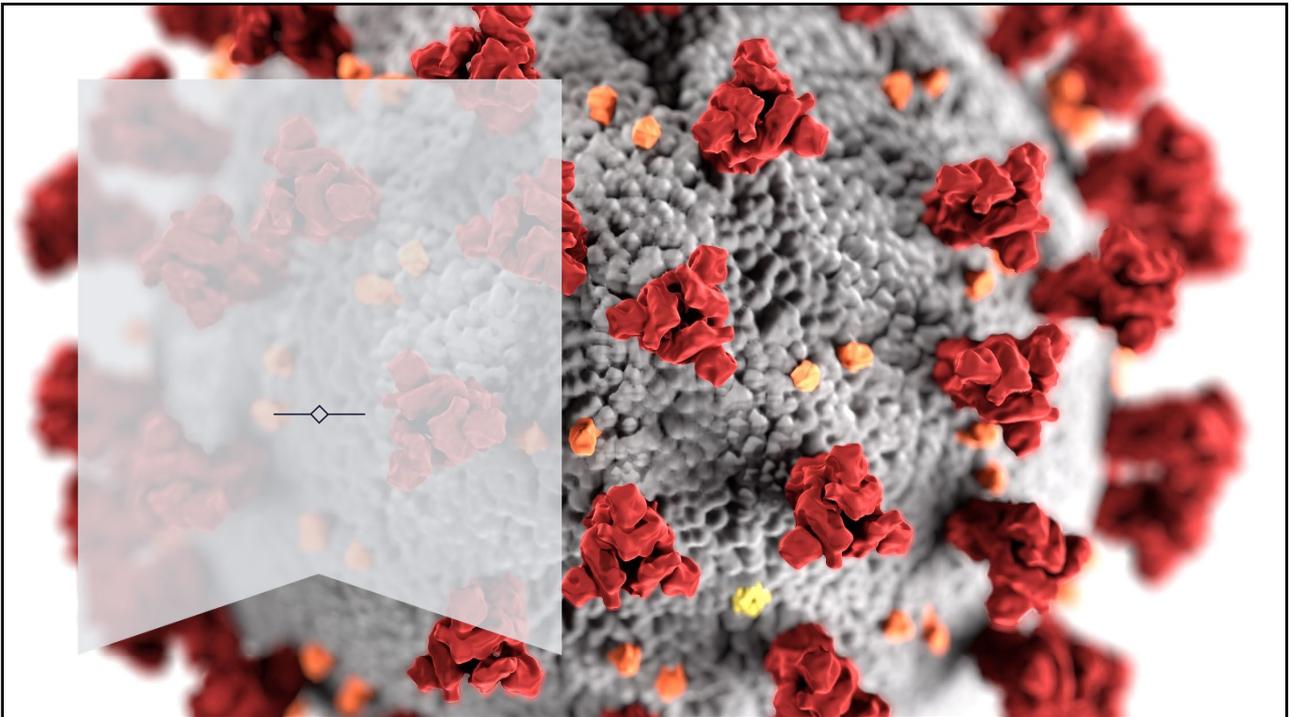
Solution;



Twist or tilt one side of the paper.



1



2



3



4




The purpose of the training is to train digital skills to teachers and consultants, to qualify them and to enable them to provide sound training and advice to SME workers and managers with regard to the application of digital technologies for customer-centric innovation.

- 2 days program (15 hours)
- Curriculum
- Power points
- Software's used for innovation
- International Payment software

To be tested in Poland by PP3 IPRL, in Hungary by PP7 IPOSZ and in Denmark by PP6 IBC with 15 SME workers or managers

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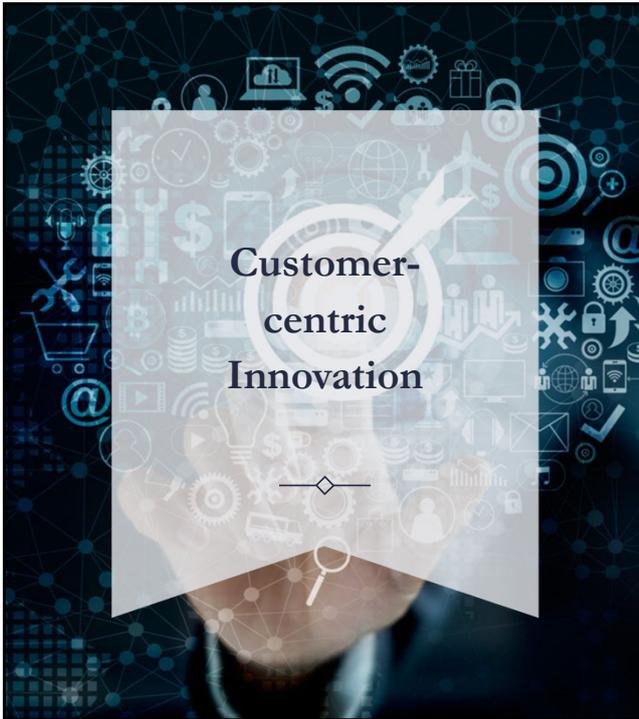


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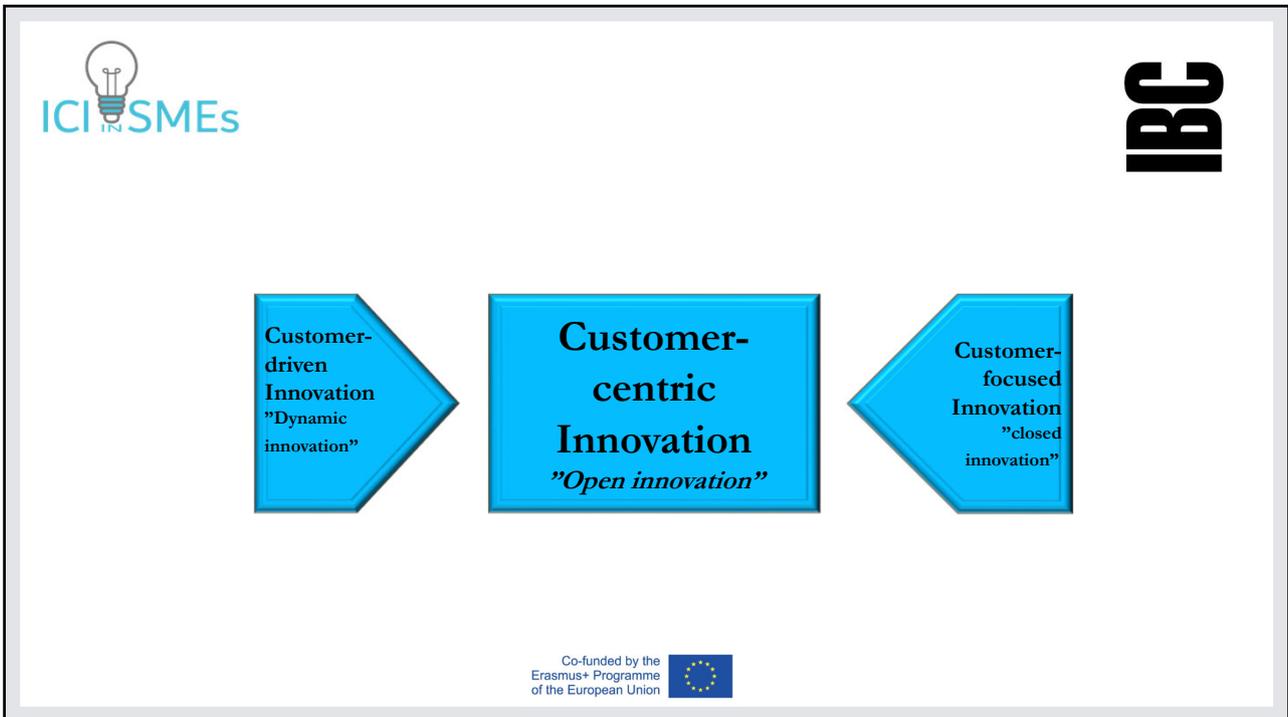


In a changing and uncertain world, the alignment of innovation with the current and potential customers' needs is necessary. To meet these challenges and to remain competitive, especially small and medium-sized enterprises (SMEs) must constantly innovate to add value.

In other words, they must design, develop and deploy new product and service offerings that meet the needs of the marketplace. In order to do this they must become customer driven.

(Griffin, 2004; Zahay and Griffin, 2004).

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Table 1. Customer-centric Innovation compared to other consumer-engaging innovations

(Page 1)

	Customer-driven Innovation	Customer-centric Innovation	Customer-focused Innovation
Central entity	Customer	Customer and organization	Organization
Degree of customer involvement	Innovation by customers	Innovation with customers	Innovation for customers
Role of organization	Coordinator	Communicator	Innovator
Type of innovation	Dynamic innovation	Open innovation	Closed innovation
Degree of control	Impossible to control	Difficult to control	Easy to control
Degree of coordination	Emergent coordination	Difficult to coordinate	Easy to coordinate
Critical innovation stage	Commercialization (Ideas are over-generated and developed, but difficult to commercialize)	Idea development (Ideas are abundant, but difficult to develop)	Idea generation (Ideas are scarce)
Types of innovation to focus on	Products and services, output interaction with products and services	Communication with customers; customer interaction with organization	Customer segmentation and customer analysis

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Table 1. Customer-centric Innovation compared to other consumer-engaging innovations

(Page 2)

	Customer-driven Innovation	Customer-centric Innovation	Customer-focused Innovation
Critical issues with innovation types	“Sticky” and tacit knowledge transfer requires high levels of human interaction Customer must be segmented for proper analysis	Investment in infrastructure High-quality communication needed Risk of copycats	Analysis must be ongoing Systems must be integrated Information overload possible

Source: K. C. Desouza, Y. Awazu, S. Iha, C. Dombrowski, S. Papagari, P. Baloh, J. Y. Kim, Customer-driven Innovation, Research Technology Management, Taylor & Francis 2008, pp. 35-44.

In customer-centric innovation organizations can control the innovation process, coordination is done by organization and is quite complex, with multiple stakeholders involved.

Idea development, screening and refinement are central.

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“Customer-centric innovation describes a change from innovating for customers to innovate with customers.

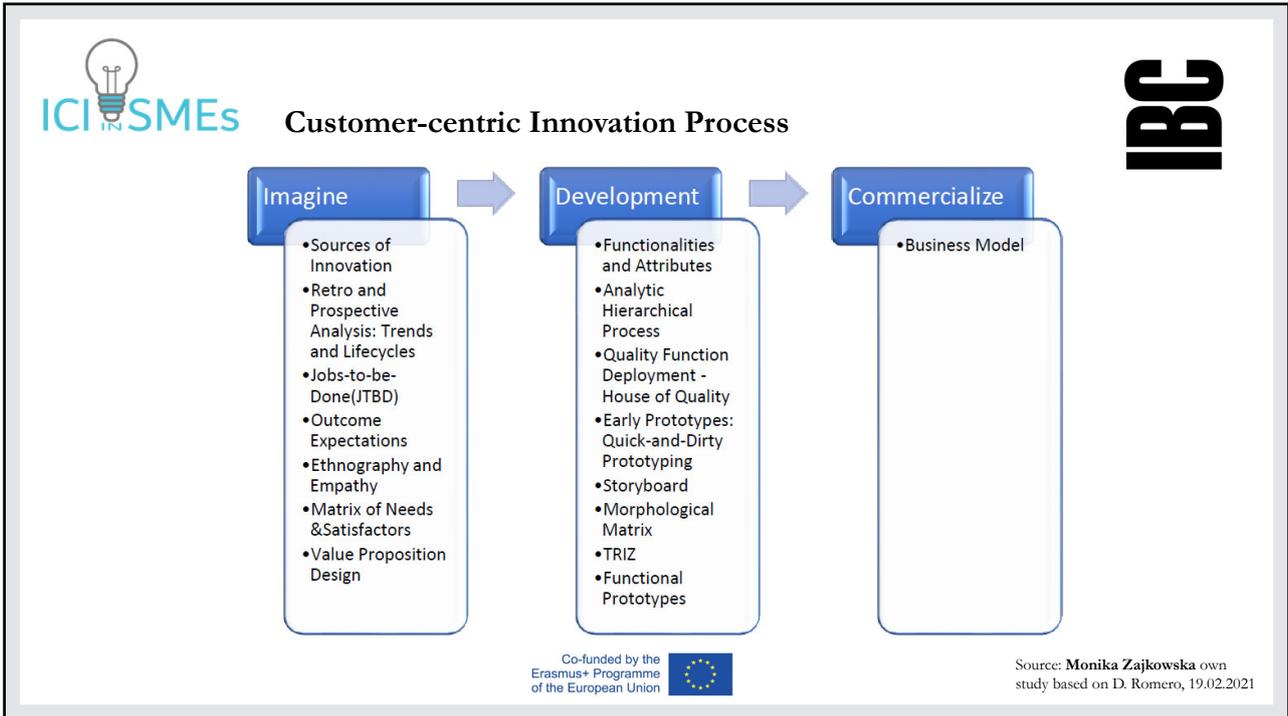
Therefore, the customer takes an active role in innovation processes and become the primary source of ideas to initiate innovation activities.

By integrating the customer-centric innovation philosophy, companies open their research and development activities, meaning that the innovation process happens with input from inside and outside of the company.

Customers are involved in all stages of the innovation process.”

(Desouza et al. 2020; Steinhoff & Brener, 2014; Zajkowska, 2017)

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Digitalization

Eric von Hippel was one of the firsts to realize that companies' profits' increase dramatically compared to their competitors when they engage in more customer-centric innovation activities

(Schaubmair, 2017).



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Benefits and barriers of using digital tools to integrate customer-centric innovation in SMEs



The key benefits of applying new technologies to customer-centric innovation are data collection.

- 1) Open data collection (that the customer is engage and involved)
- 2) Closed data collection (the customer do not know what data he/she deliver – also called “dark side data”)

Effective data analysis allows you to get to know your customers better, their needs, purchasing habits and preferences.

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BENEFITS

- Immediately react in real time
- Communicate directly with customers
- Identify the real demand
- Advantage over competitors

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Digital Barriers

Barriers in SMEs

- ◆
- Digital maturity
- Digital skills and training costs
- Employees / IT specialist
 - Investment
 - Infrastructure
- What digital tools to use
 - Laws
- Misuse of data and manipulation

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A screening process to measure the maturity of the company – IT



A screening process to measure the maturity of the company – IT

Digital Readiness/maturity level questions				
	YES	NO	Yes	NO
Do you have personal emails?				
Do you have a web-site?				
Do you have a web-shop?				
Do you have a digital order system?				
Does your website have a chat function?				
Does your website have a FAQ section?				
Do you use e-Banking?				
Do you confirm online automatically?				
Do you have a CRM-system?				
Do you send out digital invoices?				
DO you save your documents in a sky?				
Do you save your documents locally on your computer?				
Does your company have a Facebook, LinkedIn etc. presence?				
Do you do online training?				
Do you work with big/right data?				
Do you utilize online meeting systems, ie Zoom, Teams etc?				
Do you ever receive digital feedback from customers?				
Do you have an it-employee in the company ?				
Do you buy it-guidance/help externally?				
Do you have a marketing budget?				
Do you have a marketing employee?				
Do you have customers living + 50 kilometers away from you?				

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Customer-centric innovation is part of the open innovation philosophy, meaning that the innovation process happens with input from inside and outside of the company to develop new products or services.

Research has shown that it is vital to involve the customer at all stages of the innovation process (e.g. Steinhoff & Breuer, 2014; Zajkowska, 2017).

In order to do this properly, the company has to know its customers well and gather as much knowledge on their lives, work processes, value chains and value systems, in other words the culture they are involved in. (Edgeman, 2012; Schaumair, 2017).

Trust relationships are thus strengthened and relationships are built (Hofbauer, 2013).



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Challenges of innovation in SMEs



The key challenge of applying skill of Innovation to customer-centric innovation

- 1) How innovative are the company
- 2) How innovative are the customers

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ICI SMEs



A screening process to measure the maturity of innovation

A screening process to measure the maturity of innovation

Is it normal in your business area to innovate? Yes / No

Do you have an Innovation strategy in your company? Yes / No

Do you have innovation financial statements? Yes / No

Do you have KPIs to measure Innovation in your company? Yes / No

Do you involve employees in innovation projects? Yes / No

Do you have project-managers to manage innovative ideas? Yes / No

Do you guide your employees for Innovation Courses? Yes / No

Do you use innovative software in relation to customers? Yes/No

Scale

understanding. 0 = Non 5 = medium 10 = All ways

How much is innovation a part of your culture in your company? Scale 0-10

How much do you (as a company) normally involve your customers in an innovation process? Scale 0-10

How much do you (as a company) normally involve your suppliers in an innovation process? Scale 0-10

How good are you (as a company) to share knowledge/ideas with customers or suppliers? Scale 0-10

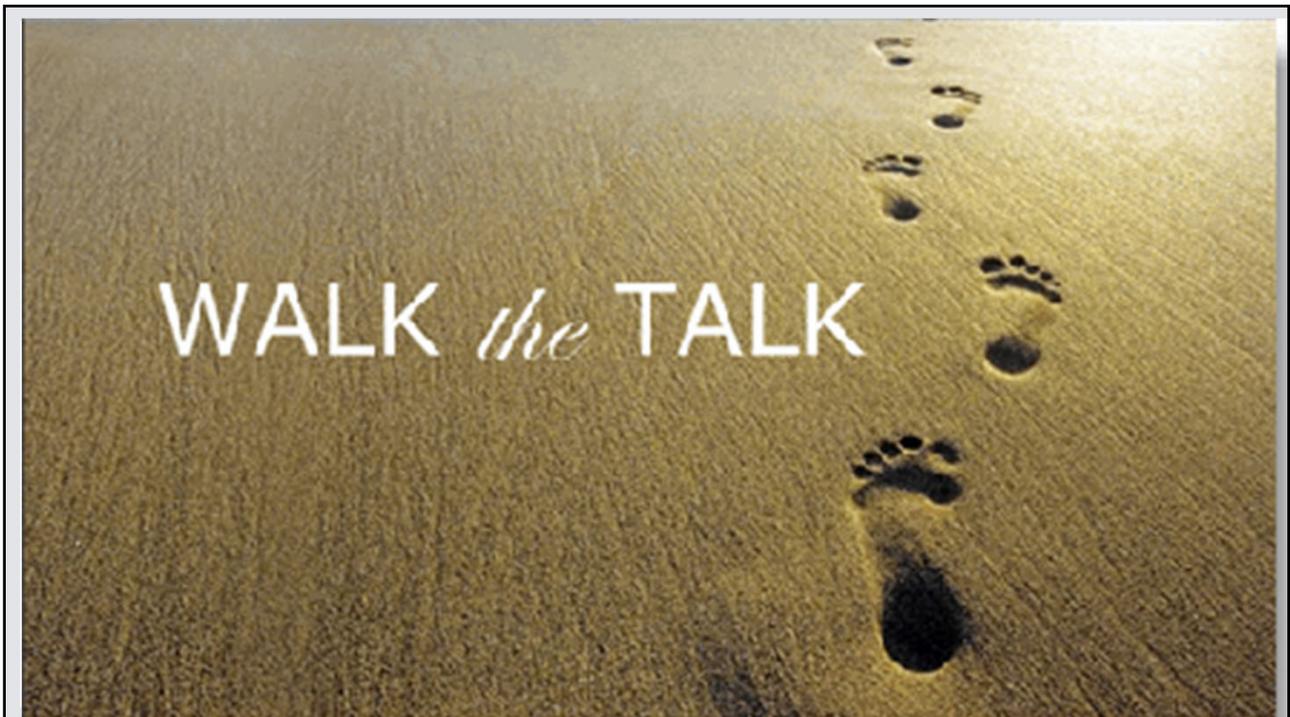
How often do you do living labs? Scale 0-10

How often do you do field tests? Scale 0-10

How fast will you say you can improve new ideas in your own company? Scale 0-10

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WALK *the* TALK

- 2 days program (15 hours)
- Curriculum
- Power points
- Software's used for innovation
- International Payment software

Google docs



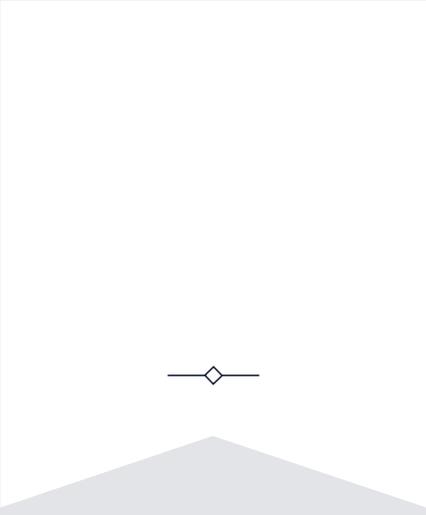




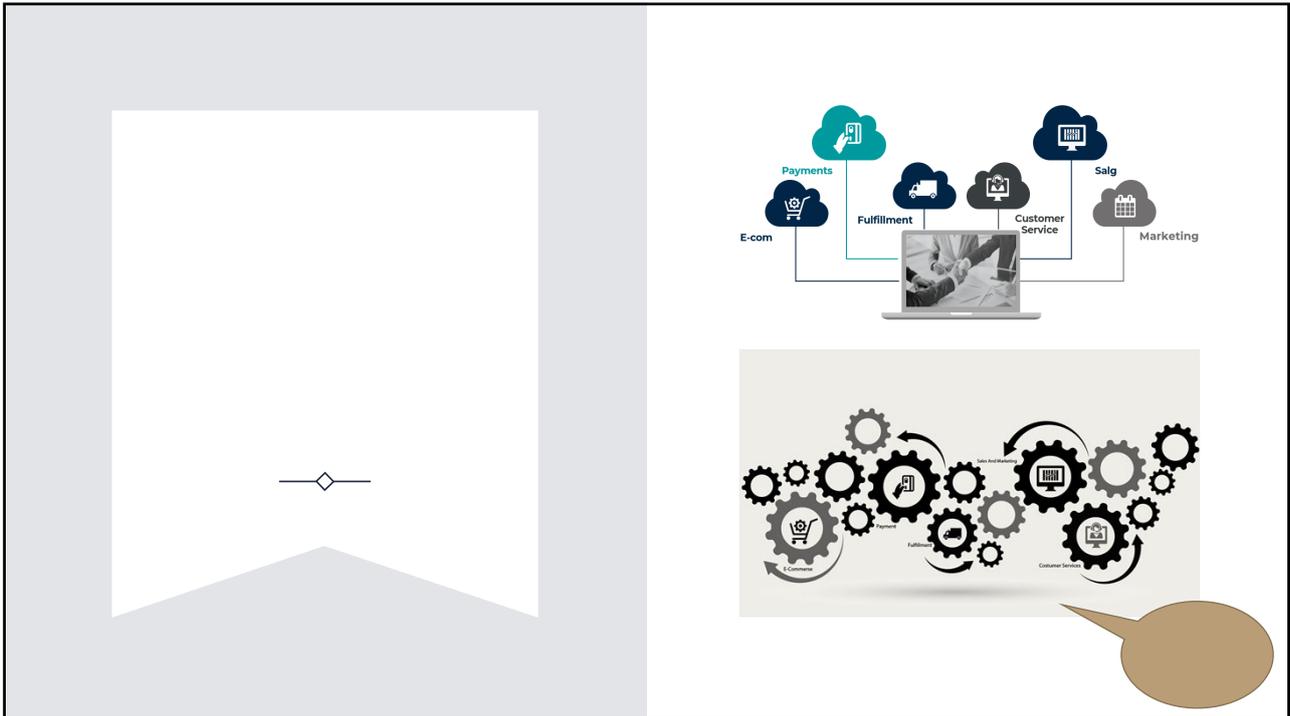
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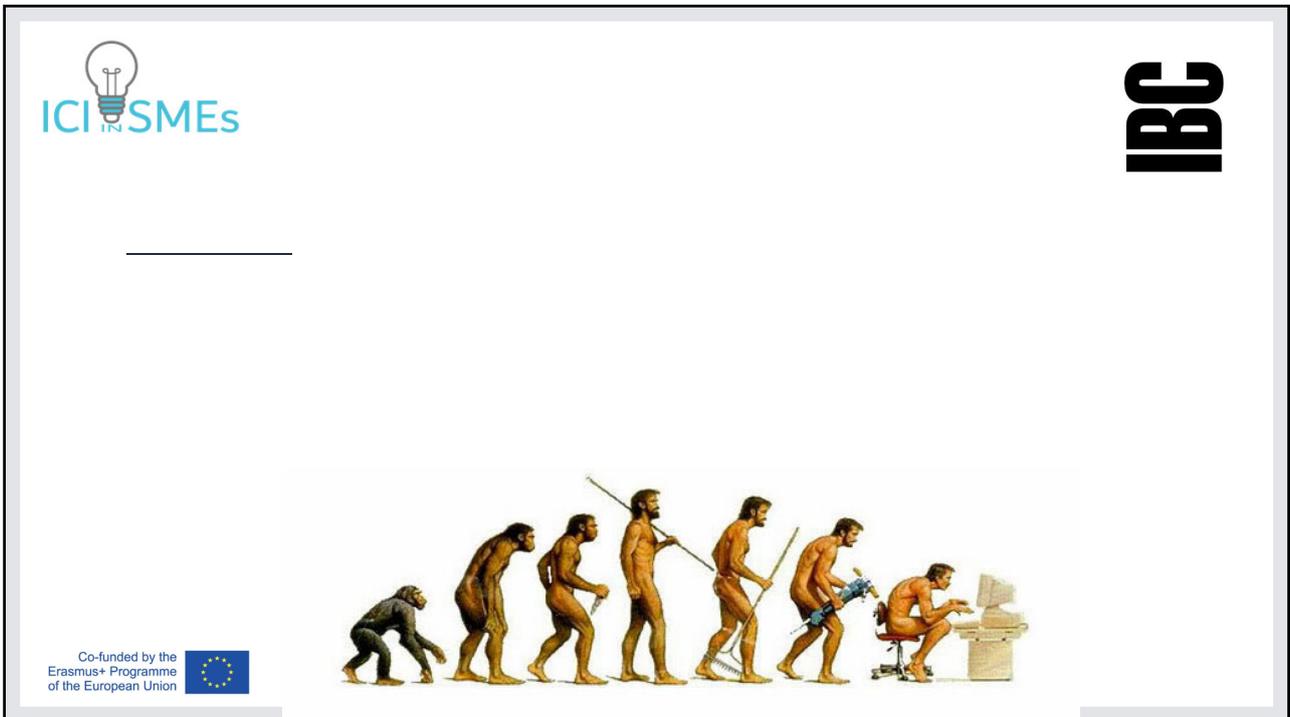
- Develop protocols to elicit knowledge
- Develop metrics to evaluate marketability of ideas
- Targeted segmentation of customer's involved in innovation process
- Think broad- is your customer private/corporate or a public actor?
- Targeted segmentation of personnel involved
- Prioritization of customer information
- Understand the 'story' of your target customers (e. g. value chains, culture)
- Customers are dynamic, specific training needed to capture desirable information
- Tools should be easy to use by personnel and customers
- Regular interaction with customers
- Align organization structure to fully match needs to customer-centric innovation in all fields
- Development of customer protection guidelines
- Active outreach for external knowledge by the company
- Development of a common language between company and customers
- Lack of general skills for customer-centric innovation might have a negative impact on customer-centric innovation process
- Matching company strategies to meet customer preferences
- Human-to-human interaction fosters the transfer of sticky knowledge
- In-person interaction helps to minimize communication issues



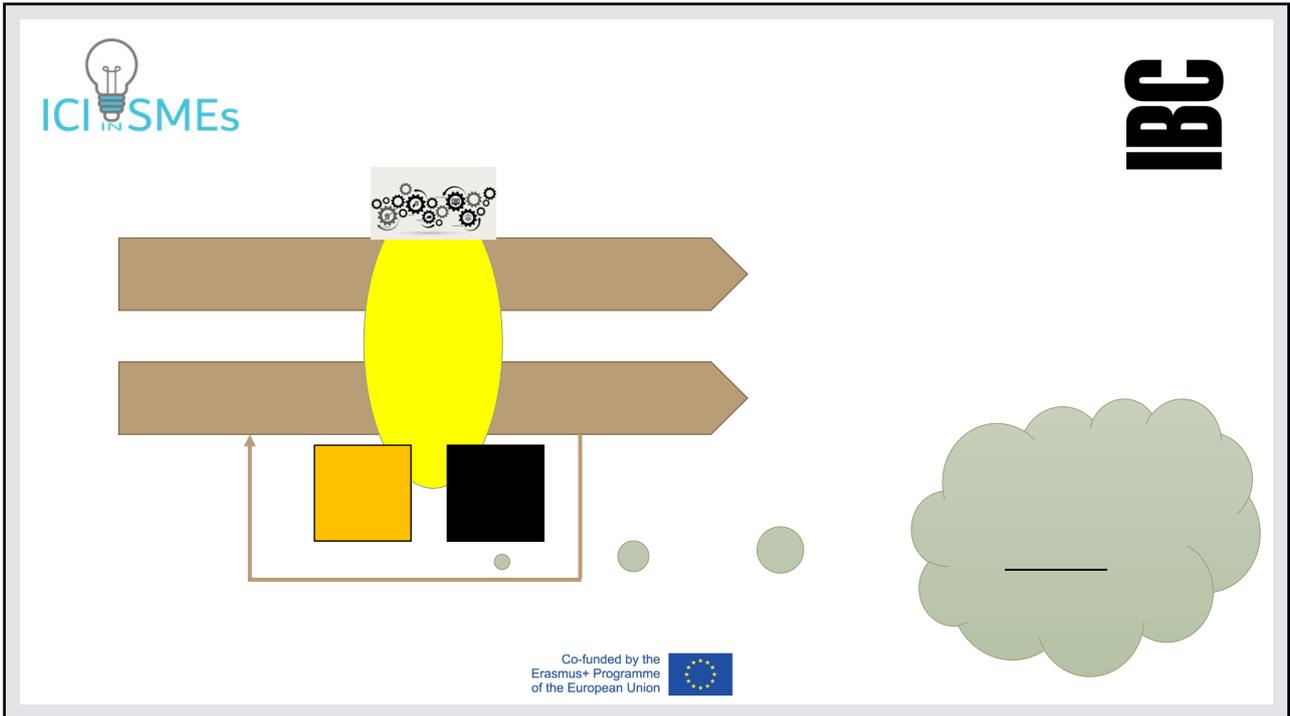
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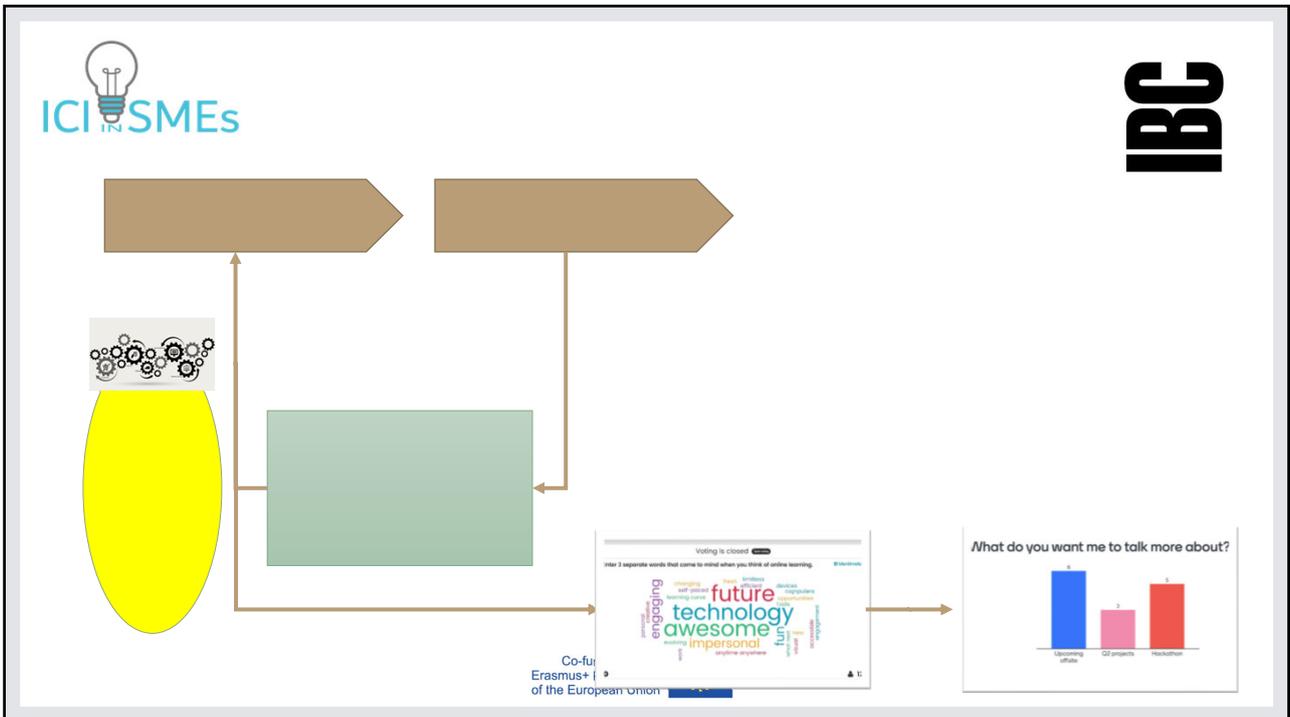
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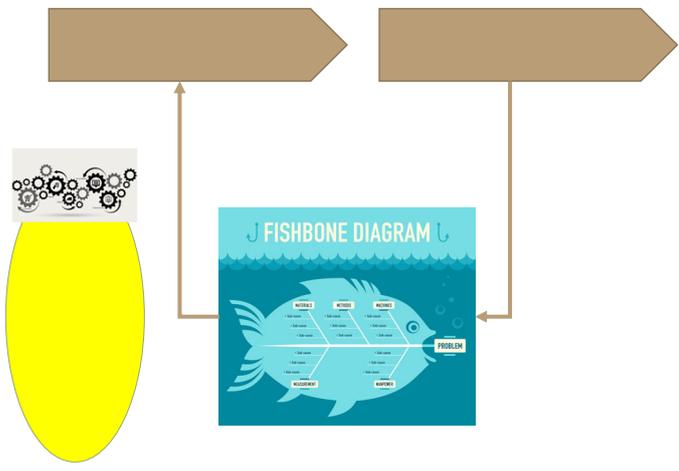
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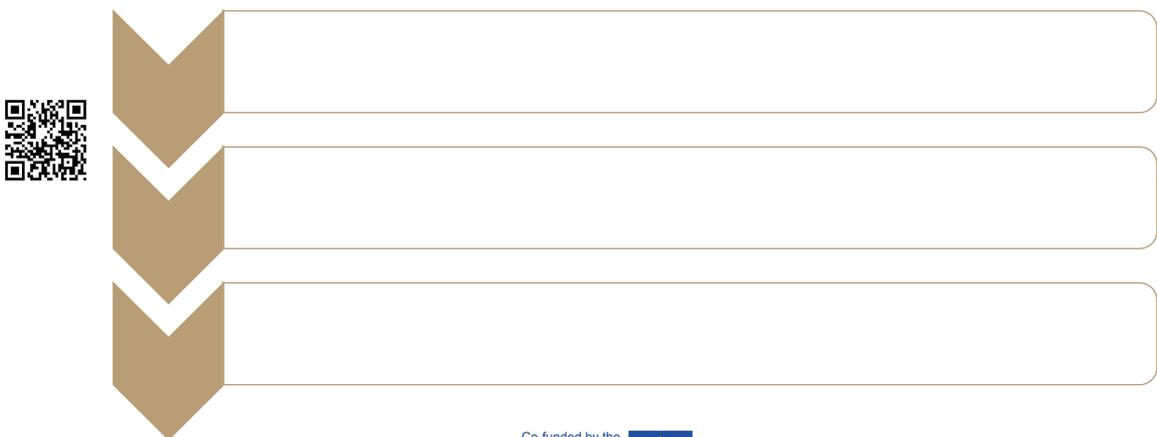
The diagram illustrates a process flow. On the left, a yellow oval contains several grey gears. An arrow points from this oval to a brown arrow pointing right. Below this arrow is a fishbone diagram with the title 'FISHBONE DIAGRAM'. The fishbone diagram has a central spine pointing right to a box labeled 'PROBLEM'. Six smaller boxes labeled 'CAUSES' are arranged around the spine. From the 'PROBLEM' box, an arrow points to another brown arrow pointing right.

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A QR code is located on the left side. To its right are three empty, rounded rectangular boxes stacked vertically. Each box is preceded by a brown arrow pointing right.

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ICI IN SMEs

Hold din næste konference på IBC Innovationsfabrikken

IBC Innovationsfabrikken, Kolding

Afspil (k)

0:02 / 1:27

Rul ned for at se info

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ICI IN SMEs

IBC

Go to www.menti.com and use the code 7031788

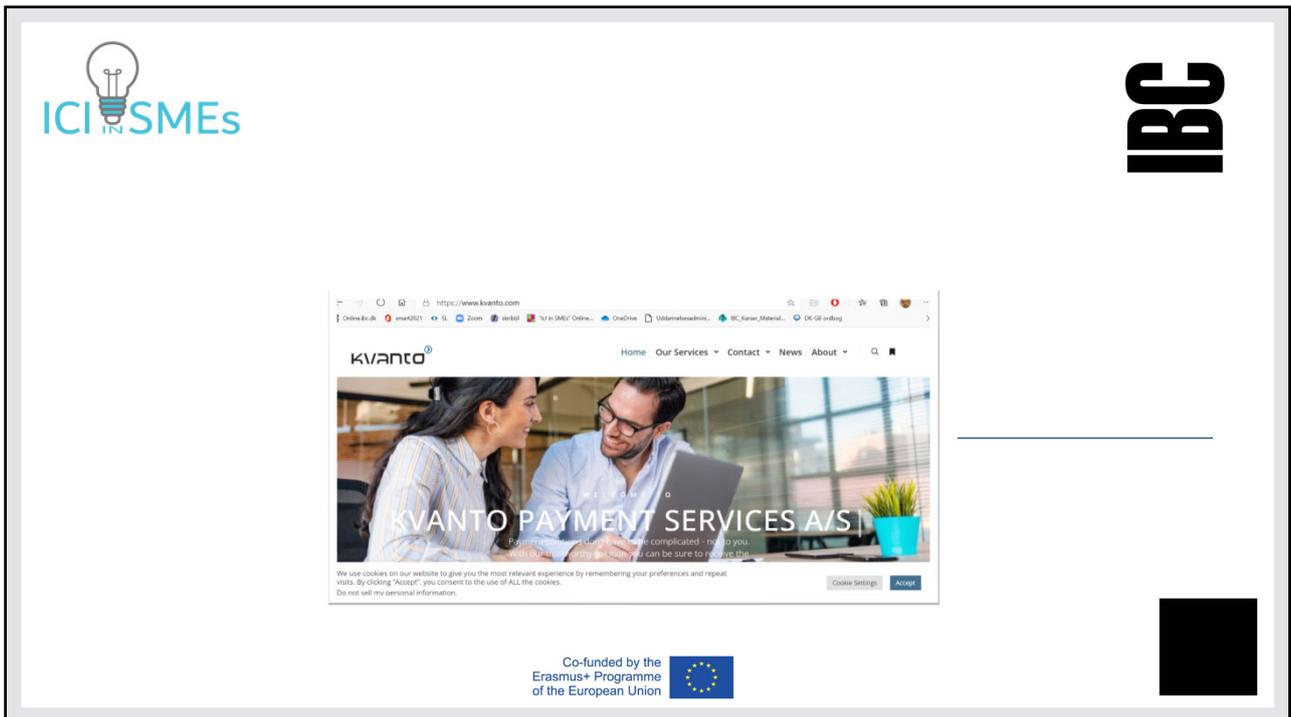
Tryk på [] for at skifte fuld skærm

What was good about the dinner last night?

Photo © iStockphoto

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New products from market research



Curriculum Topics

- Market research
- Types of research
- Quantitative and qualitative
- Product development

Introduction

The Kellogg Company is the world's leading producer of cereals. Its products are manufactured in 18 countries and sold in more than 180 countries. For more than 100 years, Kellogg's has been a leader in health and nutrition through providing consumers with a wide variety of food products. These are designed to be part of a balanced diet and meet the different tastes of consumers. Kellogg's focuses on **sustainable growth**. This involves constantly looking for ways to meet consumer needs by growing the cereal business and expanding its product portfolio.

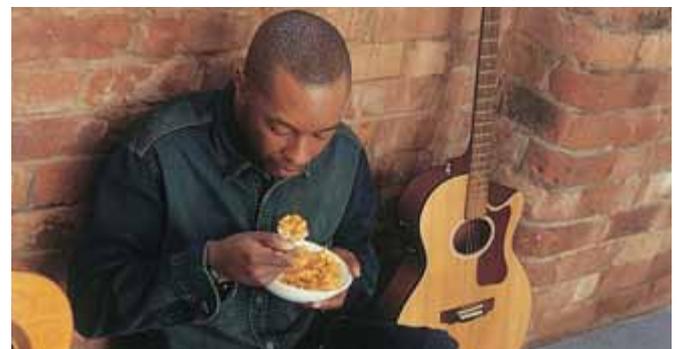
Market research is a specific area of marketing that informs businesses like Kellogg's about the things consumers need, how best to design products to answer those needs and how to advertise those products to consumers. Market research goes beyond finding out what consumers are thinking today. It can identify what consumers might want in the future. In this way market research helps a business to make more informed choices. This reduces the risks for any **new product development (NPD)**. It also increases the likelihood that products will be well received by consumers when they are launched.

Kellogg's launched Crunchy Nut Cornflakes in the UK in 1980. Since then, it has become one of the most important brands for

Kellogg's with a **sales value** of £68 million*. In 2003 the Crunchy Nut brand created a **brand extension**. This involved using the Crunchy Nut name to launch a new product called Crunchy Nut Clusters. This **variant** has two varieties, Milk Chocolate Curls and Honey and Nut. Both of them have enabled the brand to reach a wider group of consumers. This brand extension is now worth £21 million in annual value sales.*

This case study focuses on the importance of market research during the development and launch of Crunchy Nut Bites, a more recent extension to the Crunchy Nut brand. The objective of this innovation was to provide a new flavour and texture for consumers, helping Kellogg's extend its share of the breakfast cereals market.

*IFI sales data



Sustainable growth: Developing the business to meet the needs of consumers today, while respecting the needs of future generations.

New product development (NPD): Term used to describe the processes involved in creating a new product.

Sales value: The value of sales made over a fixed period of time.

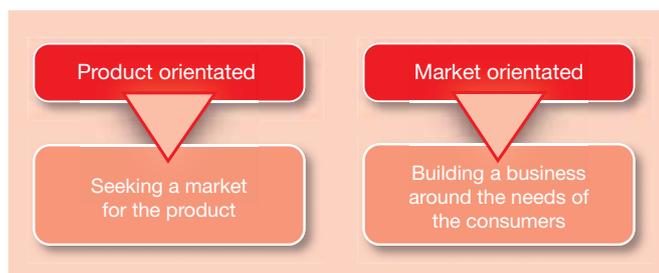
Brand extension: The use of a well known brand to launch a new and complementary product.

Variant: Alternative to the core product introduced by the maker of the brand.



Why carry out market research?

Many organisations are described as **product orientated**. This means they develop a product and then look for a market to sell to. Kellogg's is **market orientated**. This means that the whole organisation focuses on the needs of its consumers. It is therefore essential that it identifies and anticipates changing consumer needs before the development of new products.



Market research adds value to businesses like Kellogg's by identifying consumers' needs. It helps Kellogg's to plan ahead, for example, looking at what products or extensions it should develop and for whom. It focuses the business on the needs of its consumers. An organisation that does this can improve its **competitive advantage**.

In an established market, such as breakfast cereals, there is little room to increase the overall sales in the market. Kellogg's is therefore always looking for ways to strengthen its own portfolio. Designing new products is a good way of doing this. However, this can take a long time and may involve considerable costs. In addition to the resources required during development, suppliers must produce an advertising campaign to raise awareness of the product among consumers and encourage retailers to stock the product. Launching a new product can be a risky business.



Of the hundreds of products launched every year in consumer goods markets, very few reach significant market share. In order to reduce risks, market research is, therefore, essential.

A product extension is a less risky way of increasing market share by providing consumer products with new features under an existing brand. New product extensions give more choice to consumers and help them to feel more favourably about the existing brands.



Types of research

To develop a new Crunchy Nut brand extension, Kellogg's commissioned **primary research**. This is research gathered first-hand to answer questions that are specific to the project.

Although primary research is often time-consuming and expensive, it is considered as a reliable source of information because it is directly from the consumer and is specifically designed to meet the objectives of a project. There are a number of different ways of collecting primary data. Sometimes agencies are employed to collect data using, for example, street interviews or a questionnaire. This is a systematic list of questions that obtain feedback from the consumers. For the development of Crunchy Nut Bites, Kellogg's used various different methods of primary data collection.

Primary market data may involve **qualitative research** or **quantitative research**. Both types of data are valuable in understanding what consumers want or need. Qualitative data is concerned more about opinions, feelings and attitudes. Quantitative data is in numerical form and is usually gathered from a large sample of respondents.

Product orientated: A business strategy that focuses on the product rather than the customer.

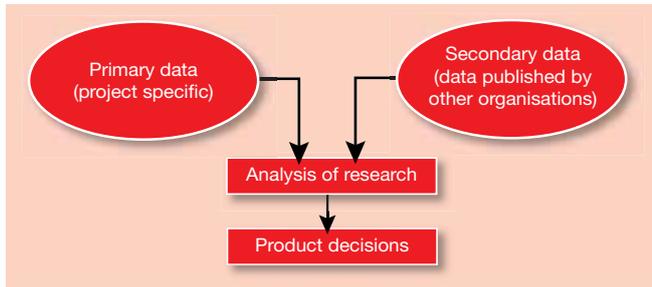
Market orientated: Focusing an organisation on the needs of its customers.

Competitive advantage: A strategic element that enables an organisation to compete more effectively than its rivals.

Primary research: Research that is carried out for the first time to meet a specific objective.

Qualitative research: Associated with consumer responses, feelings, attitudes and descriptions.

Quantitative research: Associated with figures or numbers that help to make the research more objective - usually taken from a large number of consumers.



Qualitative research establishes a conversation with consumers. It prompts consumer reaction to, for example, a new product idea and helps researchers understand what they think of it, how it makes them feel, why they find it interesting or not. Qualitative research may be obtained through **focus groups**, where a moderator captures feedback from a group of six or seven consumers to the ideas shown to them. Those ideas may take the format of drawings or having new food **prototypes** to taste.

Quantitative research may use questionnaires administered to large numbers of respondents. This allows statistical analysis, such as the calculation of a **mean** score or percentages. It aims to give a representative picture of what consumers think of a new product idea or a new (real) food. It may involve the use of scales, so numbers get associated with a particular meaning – for example, on an evaluation scale of 1 to 7, where 1 means ‘very poor’ and 7 means ‘excellent’. Crucially those numbers need to be interpreted to enable the business to understand the consumer’s overall response.

In addition, Kellogg’s used **secondary research** which is existing research that has already been collected by other organisations. Sources of secondary data include books, journals, the internet and government statistics. Market research agencies collect a range of data which they process and use to provide organisations like Kellogg’s with research. The benefits of secondary research are that it is quicker and often less expensive than primary, although it may not always be completely related to the needs of a specific project.

Information gathering – discovery to selection

For Kellogg’s, the order in which the information is gathered is as important as the type of information being gathered. In order to develop the new Crunchy Nut Bites, Kellogg’s undertook four distinct stages of research.

Stage 1: Discovery

Initial research aimed to identify a set of new food ideas that would be suitable for developing a new Crunchy Nut product. Secondary research from Mintel and Datamonitor was used to find out about innovation trends in the cereal market. It was also used to find out about new products, flavours and foods from around the world. Food developers at Kellogg’s used this information to come up with a number of new food ideas.

Focus groups were used to provide qualitative research. These were used to show consumers the new food ideas in the form of a number of different (real) food prototypes, including a mini crispy lattice product and a nutty triangle. The focus groups captured the attitudes and feelings of consumers towards the new foods. This primary research helped Kellogg’s to find out how new product suggestions could be developed and still fit in with the Crunchy Nut brand. It helped Kellogg’s to establish what consumers were looking for in terms of potential new flavours and textures.

The results allowed Kellogg’s to discard some ideas. Other ideas were appealing for consumers but needed refining and further development. At the end of this stage, Kellogg’s had a number of new food ideas that all seemed to appeal to consumers.

Stage 2: Selecting the best idea

This stage aimed to select the best idea arising from the stage 1 research. Kellogg’s put the ideas from the focus group on boards. The boards had pictures showing product ideas and a description of what the new product would be like. These boards were then shown to a large group of representative consumers in a quantitative survey. They were asked to rate those ideas against a number of scales, so Kellogg’s could identify which product ideas consumers liked best or disliked.



Focus groups: Small group, usually of 6 to 8 people, used as part of a process of research to elicit feedback.

Prototypes: A single example of a planned product that can be tested and modified before entering production.

Mean: Average of all values.

Secondary research: Uses data that has already been collected and/or published e.g. in newspapers, books or reports.

The quantitative data created specific statistical information that indicated that a new Crunchy Nut Bites idea was perceived as the most appealing amongst all the ideas tested.

- It established what proportion of people liked the new product idea enough to buy it.
- It also identified those product ideas that had the best or least sales potential.

Information gathering – development to launch

Stage 3: Crafting the idea into a complete new product

Once the best idea had been selected from stage 2, Kellogg's needed to make this idea become a real product. The Crunchy Nut Bites food prototype recipe was refined using the feedback from another qualitative and quantitative survey.

The qualitative research helped Kellogg's food technologists to explore the taste and texture of the new food idea in more detail. Kellogg's needed to understand the 'eating experience' of the consumer before a decision could be made about how to develop the recipe in more detail. Following this stage, four product recipes were developed and these prototypes were then tested with representative groups of consumers in a quantitative survey to see which product consumers preferred. This enabled Kellogg's to select the best one.

Also, at this stage, the pack design for the new Crunchy Nut Bites was developed. Several designs were developed aimed at giving the new product the same look and feel as the rest of the Crunchy Nut family. The packaging designs were tested with consumers, which enabled Kellogg's to select the final packaging design for Crunchy Nut Bites

Stage 4: Forecasting sales for the new Crunchy Nut Bites

At Kellogg's, every product has to undergo one final test prior to a new product launch. This is called the 'In Home Usage Test'. The consumers are given the product to try for several days and this enables Kellogg's to capture how consumers interact with the product for the first time. At the end of the trial, consumers complete a report on what they thought of the food in the form of a questionnaire. This final survey measures how appealing the new product is to consumers and how likely they would be to buy it in real life.

The data collected also helped to calculate a sales forecast for the new product for the first and second year in market. The forecast was used by the finance department to set **budgets**, organise the **supply chain** and to schedule food production. Once the data was analysed and the product concept tested, Kellogg's was able to make the strategic decision to go ahead with the new product. Production could then take place.

Conclusion

Kellogg's used market research throughout the whole development process for a new product for the Crunchy Nut range, from the initial idea to the planning of production and delivery. During the earlier stages of research, consumer responses helped Kellogg's to explore lots of different ideas in an open way. It then crafted some ideas in more detail and screened those ideas with consumers to select the one which seemed to have the highest appeal.

The idea became real by testing several recipes, refining the food prototype selected and developing the design for packaging. Once the food and packaging elements for the new product had been developed, the whole product was tested with consumers to ensure it met their needs. The data also provided a sales forecast to predict the first two years of sales of Crunchy Nut Bites.

Crunchy Nut Bites has extended the Crunchy Nut family of products. In doing so it has brought new consumers to the brand and increased its consumption. Kellogg's launched Crunchy Nut Bites in September 2008. Sales data shows it was one of the best performing brands to launch in the breakfast cereal category with a sales value of £6.9 million in its first full year of sales.* This illustrates that the detailed market research undertaken during the planning stages was valuable. It helped to ensure that the product extension hit the spot with consumers straight away.

*IRI sales data

1. Describe the purpose of market research.
2. Explain the difference between primary research and secondary research.
3. Analyse why an organisation like Kellogg's would use both qualitative and quantitative data.
4. Evaluate why market research can reduce the risks of a new product launch.

QUESTIONS

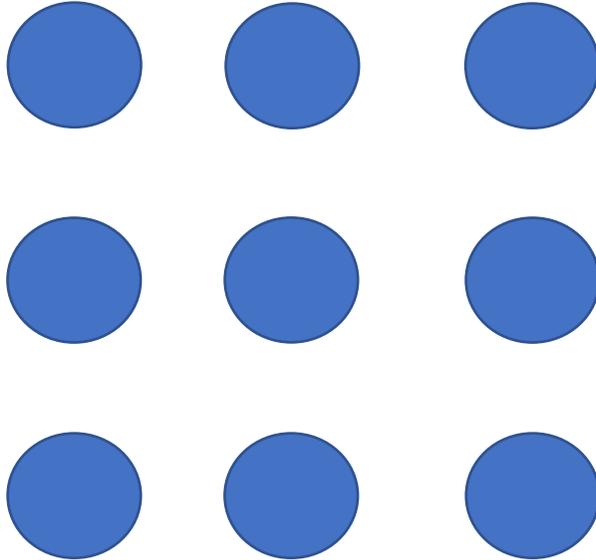
Budgets: Financial plans for the future that show where costs and revenues will come from.

Supply chain: The chain of processes linking the manufacture of products with physical distribution management so

that goods are moved quickly and efficiently through various processes to meet consumer needs.

An innovative challenge

Instruction; Draw with a pen a line with few straight lines as possible.



Solutions;

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