



Final Report

Design and Delivery of an Innovation Hub

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Abstract

Kilcoy Global Foods (KGF) developed enhanced innovation capabilities and resources to align any new product development (NPD) to its market intelligence capabilities, specifically through the provision of advanced innovation evaluation facilities and supplier networks. This project was a three-year pilot for KGF to design and deliver a test kitchen Innovation Hub as part of our service offering that facilitates new innovation capabilities. Specifically, KGF experimented with increasing customer engagement and consumer experiences by focusing on simulating foodservice and retail testing and presenting their processing credentials using more virtual experience tools than the traditional “site visits”, which many fast moving consumer goods (FMCG) enterprises now undertake to “fail fast”. The aim of this MDC project in partnership with MLA was to pilot different approaches over three years using the facility and compiling a case study on lessons learnt and comparison to current mode of operation. This project has provided invaluable case studies for the remainder of industry by capturing lessons learnt from the pilot, which has encompassed a broad range of new evaluation techniques for new products and events with vendors and customers.

Executive summary

Background

The purpose of the project was to design, build and pilot using innovation kitchen facilities to test and evaluate new red meat concepts dynamically and interactively with customers and vendors to develop innovation capabilities in NPD aligned to market intelligence. The location is ideally situated in close proximity to a density of SE Queensland red meat processors and other FGMC companies. This project will provide invaluable case studies for the remainder of industry.

Objectives

The original objectives of the project was to:

- Design and deliver a test kitchen Innovation Hub as part of their service offering that facilitates new innovation capabilities.

The design and delivery of the Innovation Hub has been achieved. It was commissioned in 2021.

- Experiment with increasing customer engagement and consumer experiences by focusing on simulating foodservice and retail testing and presenting their processing credentials using more virtual experience tools than the traditional “site visits.

The objective of increasing customer engagement and consumer experience has been achieved by simulating foodservice in the design of the facility to include areas of casual and board room dining and bar/canape area.

- Pilot different approaches using the facility and compiling a case study on lessons learnt and comparison to current mode of operation for conducting NPD with red meat.

Refer to Item 4.2, 4.3, 4.4 & 4.5 for how we achieved this objective.

- Undertake a series of demonstration, networking and test events to link across industry stakeholders.

This objective was achieved though hosting industry stakeholders for their NPD Academy Events, Red Meat Co-Innovation Conferences, Compliance Filming, Product Photography, Butcher demonstrations/carcass breakdowns.

- Develop strategic external relationships with research partners, research providers, equipment suppliers, processing sector and value adding sector as appropriate.

This objective was achieved through the development of strategic external relationships with the processing sector that utilised The Innovation Hub for NPD, Training and Events which has benefited the wider red meat industry. The Innovation Hub was commissioned during the COVID lockdown, which limited our ability to maximise usage in the first year but usage increased significantly once COVID restrictions were eased.

Methodology

A staged approach was applied:

- Design
- Build / Commissioned
- Pilot

Results/key findings

Since commissioning The Innovation Hub, there has been increased customer engagement and consumer experience through the unique design of the facility that includes areas of casual and board room dining and bar/canape area, along with our VR experience tool/s which allowed our visitors to experience our other locations without having to travel between the different locations. Our visitors get a fully immersive paddock to plate experience in one location. Our VR tools allow our visitors to see our processing and warehouse facility while enjoying dishes prepared by our Head Chef, highlighting our products.

The Innovation Hub was used to work on new products and formulations with a number of different customers in a more central / easily accessible location in SE Queensland, rather than having to travel to a plant, which is often located in regional areas. Having the customers involved in the process has helped in getting the best results to the customer before going to market.

Benefits to industry

The Innovation Hub has been made available to the processing sector to utilise the facility for NPD, Training and Events which has benefited the wider red meat industry.

Future research and recommendations

One area for potential future investment would be the installation of domestic ovens to be able to replicate product preparation in a domestic setting, which would be particularly important in the development of retail products.

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1. Background

Traditionally, companies undertake development of new products derived from bi-annual or annual seasonal new products briefs provided by retailers and foodservice clients, at arms-length from their customers and vendors. The likelihood of meeting their customers' needs when developing products from product briefs with minimal customer involvement is very low, often reported by FMCG companies in less than 2% success in launch of new products to the market using traditional NPD methods.

For many years the US Meat Animal Research Centre and National Cattlemen's Beef Association have funded a "test kitchen" that both industry association and private enterprises have used. Also, some suppliers, for example in ingredients and packaging, provided limited opportunity for companies to develop new products with their customers in confidence. In Australia, most meat companies have laboriously combined site visits to farms/feedlots, abattoirs, premix/packaging pilot plants, and restaurants to both showcase and test new products often resulting in simply "launching" products that have not adequately considered consumer experience. The purpose of the innovation hub is to allow for faster insights to be gleaned from centralising the value chain and focusing on the farm to food experience.

KGF identified the need to develop an innovation hub / test kitchen at our corporate office on the Sunshine Coast in close proximity to marketing and insights capabilities (i.e. KGF HQ offices) within 30 minutes of our processing facilities, including various value adding rooms. The aim was to combine training and demonstration of KGF's value chain using virtual supply chain and processing stimuli within a test kitchen to present red meat as part of a food experience. This allowed a number of events with our customers, vendors and supply chain partners to use the facility as part of both vendor relations and trialling new products and services. The aim of this MDC project in partnership with MLA (and AMPC) was to pilot different approaches over three years using the facility and compiling a case study on lessons learnt and comparison to current mode of operation.

The purpose of the project was to design, build and pilot using innovation kitchen facilities to test and evaluate new red meat concepts dynamically and interactively with customers and vendors to develop innovation capabilities in NPD aligned to market intelligence. This three-year project built the required capabilities in market insights to implement a new product development strategy and a portfolio of new markets, sectors and customers identified through emerging food trends and market insights.

Industry is able to feed into the project tools and extension materials for testing and verification of new products with their customers and vendors in confidence. There's been opportunity for MLA to facilitate workshops and produce demonstrations at the innovation kitchen lab to wider industry audiences. The location is ideally situated in close proximity to a density of SE Queensland red meat processors and other FGMC companies. This project has provided invaluable case studies for the remainder of industry.

The major activities undertaken by KGF to develop innovation capabilities via the Innovation Hub included:

- Training and demonstration hub
- Collaboration with TAFE / Colleges / Universities (intern/project work)
- Sensory testing/trials (MSA and/or others)
- Broad range of R&D
- Food and safe handling protocols including shelf life testing
- Digital – filming and shoots as well as hosting industry partners' shoots
- Virtual feedlot and processing plant integration
- Whole of life demonstrations
- Customer NPD workshops
- Delegations / Industry events

2. Objectives

The overall objective of the project was to design, build and pilot using innovation kitchen facilities to test and evaluate new red meat concepts dynamically and interactively with customers and vendors to develop innovation capabilities in NPD aligned to market intelligence.

Specific objectives of the project in providing a dedicated innovation kitchen lab included (but not exclusive):

- Design and deliver a test kitchen Innovation Hub as part of their service offering that facilitates new innovation capabilities.
- Experiment with increasing customer engagement and consumer experiences by focusing on simulating foodservice and retail testing and presenting their processing credentials using more virtual experience tools than the traditional “site visits.
- Pilot different approaches using the facility and compiling a case study on lessons learnt and comparison to current mode of operation for conducting NPD with red meat.
- Undertake a series of demonstration, networking and test events to link across industry stakeholders.
- Develop strategic external relationships with research partners, research providers, equipment suppliers, processing sector and value adding sector as appropriate.

3. Methodology

A staged approach was applied:

- Design
- Build / Commissioned
- Pilot

4. Results

4.1 Events

In the past 3 years, The Innovation Hub has hosted 100+ events. Many of these spanning over several days. The events were based on four pillars, Educational, Community, Commercial and Industry. These events included NPD Academy Events, Red Meat Co-Innovation Conferences, Compliance Filming, Product Photography, Butcher demonstrations/carcass breakdowns and national and international customer visits. The Innovation Hub was commissioned during the COVID lockdown, which limited our ability to maximise usage in the first year. Since COVID restrictions eased, we have seen an increase in events and been able to host international customers / guests.

4.2 New Product Development

The Innovation Hub has been a key tool for KGF's new product development. It has been used for sensory testing/trials as well as research and new product development workshops. 40+ NPD workshops have been conducted in The Innovation Hub to date, most of which relate to the foodservice and retail channels, both for domestic and export markets.

Several of KGF's NPD have been developed in cooperation with customers, which includes product benchmarking of existing products, an agreed formulation brief, and thorough product development and testing. Having the customers involved in the process of trying different formulations and products developed has helped in getting the best results to the customer before going to market. With a range of new products currently in development, the Innovation Hub will continue to be a critical NPD resource in the future.

Both raw and cooked products have been developed using the Innovation Hub with consideration of different applications depending on the customer/consumer usage.

4.3 Approaches to use the facility

The Innovation Hub has provided the opportunity to approach NPD differently. A few examples of the different approaches The Innovation Hub has been used for NPD:

- In person Customer Involvement – Without this facility it would be significantly harder to have customer involvement and would require the use of different spaces to conduct NPD. For example, the customer would have to travel to our regional facility to work on the product development, would then have to travel to another facility (hire kitchen) to conduct the Sensory Testing / Trail portion. The Innovation Hub has enabled NPD from end to end in one location which has created efficiencies.
- NPD Academies – The Innovation Hub has hosted NPD Academies which has brought in trainees from several red meat processing companies and they have collaborated and tested different products from meatballs, burgers, sausages, and raw and cooked marinades.

4.4 Lessons Learnt – Sensory Testing / Trials

In the initial stages of The Innovation Hub being open, NPD sensory tastings were conducted with less formalities, while the team were learning on how to get the best results for a new product. Presently, NPD sensory tastings are much more formalised with all participants completing a sensory tasting form with limited discussion among other participants. This has enabled an objective assessment of product performance and preference.

4.5 Lessons Learnt – General Operation of The Innovation Hub

Following the commissioning of The Innovation Hub, we have learnt and made changes to how we operate. It was important to employ an Executive Chef and Events Assistant to manage the facility and events that take place within The Innovation Hub. We obtained additional licencing which has given us the ability to expand our service offering. We have streamlined our booking process by having our Events Assistant manage all bookings and be the main point of contact.

4.6 Strategic External Relationships

The Innovation Hub has enabled the ability to develop Strategic External Relationships with individuals and companies within the red meat processing sector and value add channels of retail and foodservice. Being able to facilitate an end-to-end innovation process provides the opportunity to create solutions and add true value to customers hence building long term strategic partnerships.

5. Conclusion

5.1 Key findings

The design, build and pilot of The Innovation Hub has been successful in testing and evaluating new red meat concepts and developing innovation capabilities in NPD aligned to market intelligence within the red meat industry. New customers were identified through emerging food trends and market insights and increased engagement by customers through the NPD process.

5.2 Benefits to industry

In developing strategic relationships within the processing sector, The Innovation Hub has been used for R&D, NPD Academy Events, Red Meat Co-Innovation Conferences, Butcher demonstrations /carcass breakdowns which has benefited the wider red meat industry. This project is a first for the industry enabling not only our business but other businesses to greatly benefit but it hasn't been without some challenges along the way. To operate a facility like this, the start-up costs of design and construction need to be considered along with the ongoing operating cost of the facility. To capture value, an investment in staff was required, additional equipment was needed to be purchased and appropriate licenses were required in order to maximise the space.

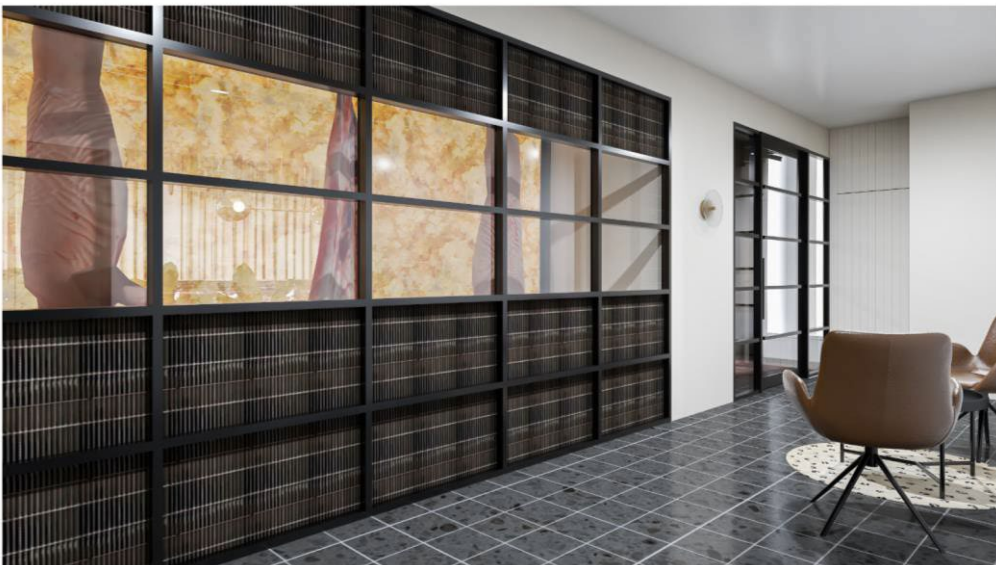
6. Future research and recommendations

One area for potential future investment would be the installation of domestic ovens to be able to replicate product preparation in a domestic setting, which would be particularly important in the development of retail products.

7. Appendices

7.1 Renders of The Hub from the Design Stage







7.2 Photos of The Hub at time of Commission in 2021



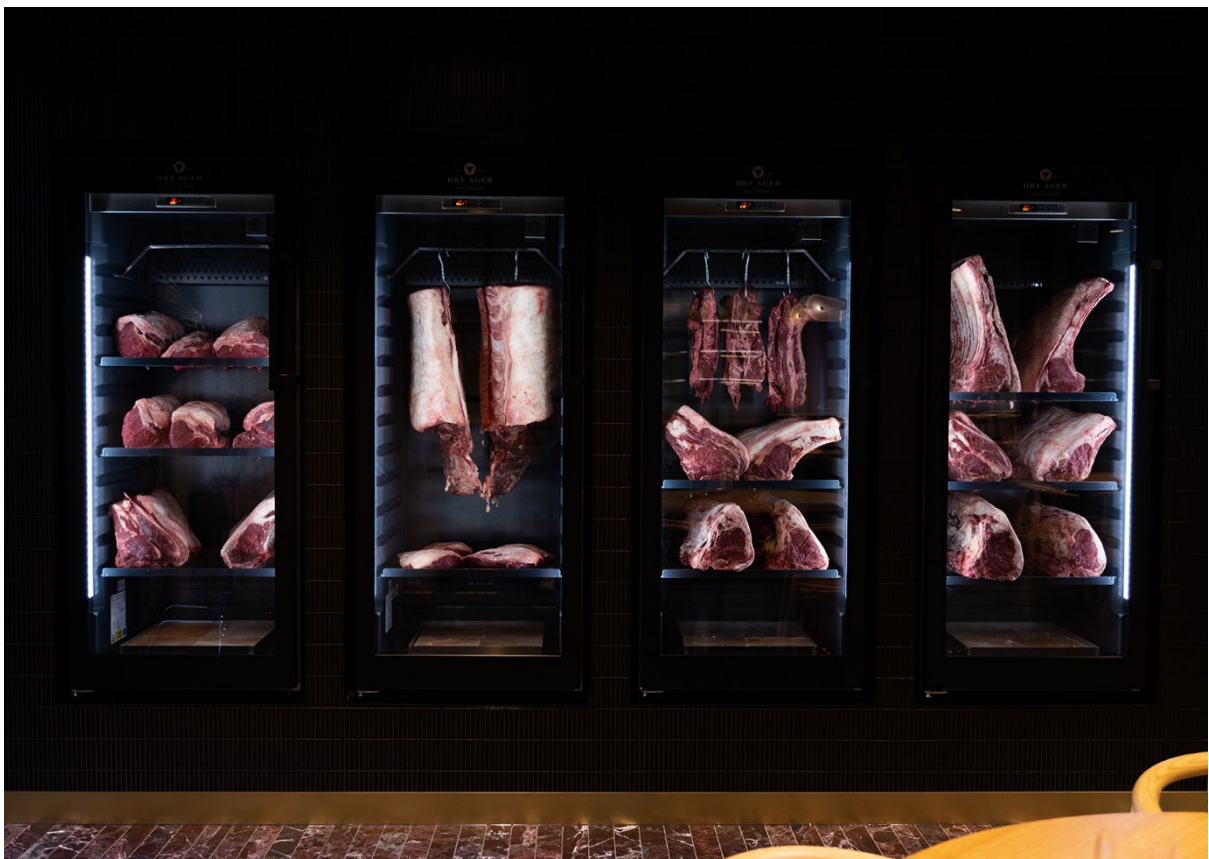




Image caption: A virtual reality experience takes participants on an immersive food journey from paddock to plate.