



Final report

KGF High Value Foods Strategy & Product Innovation Manager

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Prepared by: Paul Irvine
Kilcoy Global Foods

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Abstract

Kilcoy Pastoral Company (KPC) and Meat & Livestock Australia have agreed to progress a Collaborative (Value-adding) Co-innovation Program over a three-year period commencing in November 2018. The program resulted in the development of the NPD / Innovation strategy and the launch of new products which were a mixture of strategic and tactical initiatives designed to meet the demands of the business and customers as the innovation team and strategy evolved.

A primary focus of the role has been to develop insights and access trend data to support KGF's food solutions strategy. There are several new channels to markets projects currently underway or being scoped as a result of this project.

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1 Project background & scope

1.1 Project background

Kilcoy Pastoral Company (KPC) and Meat & Livestock Australia agreed to progress a Collaborative (Value-adding) Co-innovation Program over a three-year period commencing in November 2018. The program was designed to support the development and implementation of KPC's red meat high value growth strategies in both the domestic and global markets to be achieved via a range of innovative products, packaging, processes and new business model concepts. The specific focus of the program will be on insights and design led innovation approaches to New Product Development (NPD) and in particular High Value beef exports. It is noted that in addition to the development of new high value

products to meet customer demand, the program may also extend more broadly into the KPC's business activities where opportunities to innovate red meat markets are identified.

A range of new product and business growth activities are planned during the three-year period (but not limited to):

- Market and insights intelligence and analysis in targeted high value markets
- Implementation of design-led approaches for New Product Development (NPD)
- Scanning exercises of new innovative product, packaging, technology and processes and business model designs
- Trade shows and industry events to evaluate new innovative products
- Capture, collate and analyse consumer and market trend data to provide insights to new products and packaging to meet customer demand
- Insight and innovation capability and skill development
- Product evaluations and testing
- Study tours of key international and domestic retail and food service markets of innovative products, processes, technologies and packaging
- Facilitated workshops on technologies, processes and packaging involving suppliers and technical experts

The Collaborative Value-adding Co-Innovation Program will be overseen by a joint KPC / MLA Steering Group and implementation was managed by a team comprised of KPC, MLA and external resources as required. This project provided support for a full-time (i.e. 1 FTE) KPC Product Innovation Manager for an initial period of three years with an option to extend to a second 3-year term based on overall progress of the program and projects. As the program strategy evolves, it is anticipated that specific R&D projects will be developed, and additional resources to support these projects will be considered as required. Each individual R&D project will be contracted via a separate schedule to be attached to the Collaborative Head Agreement.

Position Overview

The major activities to be undertaken by the KPC's Product Innovation Manager include:

- Participate in the development of a KPC Innovation Strategy to underpin a high value red meat growth strategy.
- Develop, evaluate and implement design-led methods for New Product Development (NPD) and new services for "value adding."
- Instigate innovation idea generation and filtering and feedback processes with a specific focus innovative product, processes, packaging and value chain concepts.
- Develop and co-ordinate an agreed suite of R&D/ innovation projects.
- Manage and monitor the KPC spreadsheet to manage expenditure and track benefits from outcomes generated from KPC RD&E/innovation projects and activities.
- Participate in the development and implementation of a KPC innovation skills and resources plan as required.
- Support and coordination of site project teams as required.
- Participate in the development and implementation of cultural change initiatives required across the business to deliver against innovation objectives as required.
- External relationship management with research partners, research providers, equipment suppliers, processing sector and value adding sector as appropriate.
- Active participation in the Insights to Innovation events and network meetings.
- Participate in other innovation skills development activities as agreed.
- Prepare regular project reports and quarterly innovation reports.

- Participate and/or facilitate in independent cost benefit analyses as required.
- Assist in developing and monitoring project performance indicators and other measures of impact as agreed.

1.2 Product Innovation Manager - Role & responsibilities

The overall objective is to develop and implement KPC's red meat high value growth strategies in both the domestic and global markets to be achieved via a range of innovative products, packaging, processes and value chain concepts.

The major activities to be undertaken by the full-time Products Innovation Manager include:

- Facilitate the development of a comprehensive KGF's Products Innovation Strategy across the key business areas.
- Assist in developing and monitoring key performance indicators and other measures of impact as agreed.
- Manage innovation idea generation and filtering and feedback processes with a specific focus on data capture, management and analytics.
- Develop and co-ordinate an agreed suite of R&D/innovation projects related to the products innovation strategy and priorities.
- Manage and monitor the KGF's innovation portfolio to manage expenditure and track benefits from outcomes generated from KGF R&D/innovation projects and activities.
- Participate in the development and implementation of KGF's innovation skills and resources plan.
- External relationship management as appropriate.
- Participate in innovation skills development activities as agreed.
- Prepare regular project reports and quarterly innovation reports.

1.3 Project objectives

The overall objective was to develop and implement KPC's red meat high value growth strategies in both the domestic and global markets to be achieved via a range of innovative products, packaging, processes and value chain concepts.

1.4 Outcomes

The aim of the three-year program was to evaluate and develop KPC's innovation capabilities in application of design-led approaches for New Product Development (NPD). A range of new product growth and new business growth opportunities are planned including (but not limited to):

- Evidence of effective experimentation and implementation of KPC's red meat high value growth strategies in both the domestic and global markets to be achieved via a range of innovative services, products, packaging, processes and value chain concepts. This is to include agreed metrics between MLA and KPC for a defined increase in a value multiplier created and captured on commodity red meat offer achieved from various innovations. Further, securing incremental growth in new markets and segments will be measured in terms of how insights informed alignment to unmet consumer/market need, input into business strategy and the value and effort to define, build and deliver solutions in these high valued opportunities.
- Actively collecting, collating and analysing various retail, food service, QSR and additional market & trends data.

- Product demonstrations to new and prospective customers of new product and packaging concepts based on market and consumer trends / insights.
- Study tour and scanning exercises of new products, processes, innovative packaging and technology.
- Supplier and technology provider facilitated workshops on consumer-led products, technologies, processes and technologies.
- Documented roadmap by suppliers and providers of immediate priorities for KPC to implement cost effective solutions to provide operational efficiencies.
- Attend local and international trade shows.
- Review of technical and trade barriers to entry for major export markets for value added products including a desktop study of technical and market barriers to major export markets. Specific focus on tariffs, import duties, quotas, labelling, ingredients, shelf-life and order quantities.
- Facilitated process for collecting and collating new product development ideas into insights.
- Documented value-added products roadmap and process of determining market insights from data.

Visits to domestic and international processing operations, packaging companies and meeting with consultants to further examine developments in new innovative products that will inform the development of a value adding strategy and allow KPC to be more responsive to market needs.

The contribution of the KPC's Product Innovation Manager to the overall success of the Innovation Strategy will be determined by:

- Evidence of effective implementation of KPC's red meat high value growth strategies in both the domestic and global markets to be achieved via a range of innovative products, packaging, processes and value chain concepts
- Evidence of improvement in company innovation culture and capability
- Quantifiable improvements in company innovation measures (as agreed)
- Efficient project delivery in accordance with budgets and timelines
- Quality of reports
- Contribution to Insights to Innovation events and network meetings

2 Methodology

Contract execution.

Finalise position description

Commence recruitment.

Form Company / MLA steering committee

Set overarching goals, metrics and outline.

3 Success in meeting the milestone

3.1 Finalise position description

Position description of the KGF Product Innovation Manager was finalised.

3.2 Commence recruitment

KGF employed a Food Solutions Manager into the role. A detailed induction plan was developed to be undertaken by the new candidate once commenced in the role.

3.3 Form Company / MLA steering committee

Project steering committee group assigned including technical input from KGF & MLA. A key deliverable of the go / No go review point was that progress be demonstrated:

- in the use of insights in innovation portfolio;
- suite of activities commenced that demonstrate future increased red meat demand via KPC's operations and high value multiplier achievable in transforming commodity red meat into innovative products/services
- at least three new target markets and usages and occasions in export market defined and tested for high valued red meat offer.

3.4 KGF Food Solutions Strategy & Priorities

3.4.1 KGF Food Solutions Strategy

Collaborative Innovation Program development and implementation. Key functions delivered:

- Develop strategic portfolio of growth opportunities in "value add/insights" theme
- Manage collaborative R&D projects in this theme.
- Review and provide input into new R&D proposals.
- Track and report on quantifiable benefits of KPC projects.
- Participate in internal and external networks to accelerate outcomes.
- Action steering committee tasks

To support the KGF strategy development, KGF has appointed new roles in the sales & marketing team, including the Marketing (Digital) Manager & Food Solution Manager. These new strategic roles are being deployed to focus on new markets, new segments and new products. KGF requested MLA support in the form of workshops & sessions to share insights, trends and market assessments to inform KGF where to play, how to win? It is proposed in the next quarter of activities that MLA's Marketing & Insights Intelligence group provide an introductory customised data & trends session. The future goal is to have structured, staged sessions with MLA & KGF insights teams to share insights, data & learnings (to further develop KGF insights group capabilities).

The draft KGF & MLA draft collaborative strategy on a page (SOAP) to include champions for the five strategic pillar areas. Digital & data analytics related to the customer is a clear priority for KGF to develop further capabilities. KGF to update their draft SOAP to include nominated champions for each of the focus areas.

3.4.2 Insights & new customers

Several insights activities were conducted, including:

- Packaging initiatives – information and/or contacts
- MLA Program Manager & external consultant contact details shared with KGF, including MLA program manager for High Value Foods
- Connect with external providers and other co-funded Product Innovation Managers
- Detailed processing specifications of various high value products including sliced meats.

- MLA requests for insights and trend data
 - MLA summary of high value VA products in the form of a 2-pager on VA meat trends.
 - Information deck on market insights on manufactured products sourced from MLA market data & stats portal (ie Pivot Table fields can be customised for specific requests).
 - Protein market information can be sourced through public reports or information on size of burger market(s) through subscriptions.
- Invitation to MLA industry events including Pet Food Industry Workshop
- MLA request for market segmentation data including Market tariff rates for value added beef products in various Asian markets.
- KGF priority is to build & design of VA room, focus is refurbishing old boning room? Develop capability over time in premium chilled products, cooking and new packaging.

3.5 Digital Marketing – Learning & Development Priorities

3.5.1 The Global Markets & Investor Readiness 2020 program

KGF was provided the opportunity to participate in collaborative “Future Food’s Global Markets and Investor Readiness, 2020 cohort” program between Meat and Livestock Australia and Brisbane Marketing.

3.6 New products and channels to market

There are several new channel to markets projects currently underway or being scoped.

- KGF completed an International market discovery exercise.
- Kilcoy engaging with MSA on a discovery exercise to meet USDA requirements.
- New channels to market / customers (i.e. customer connect) is a key focus area of Kilcoy’s collaborative strategy (SOAP)
- Request from Kilcoy to look at collaborative opportunities in new markets, new customers and new products.

3.7 Insights from data for strategic planning

Insights from data for strategic planning is now a scheduled part of monthly senior management meetings.

A number of insights requests were made to the MLA Insights teams on three key strategic areas that Kilcoy is currently reviewing:

- Grass fed
- Ultra-Premium Product
- Protein solutions

Consumer profiles these themes were drawn from the latest global consumer tracker:

- Image profiles of various beef types i.e. the perception of a range of attributes to which consumers associate strongly or weakly compared across grass fed, grain fed, non GMO, high marble score etc.

- High Marble Score beef: a proxy for Wagyu which we ask across a number of markets in the context of image profiles.

A number of other market insights were investigated:

- HGP Free markets were investigated in the US (compared to Australia)
- Organics specifically Market stats on Australian organic herd size, regional location, etc
- Antibiotic Free Program. MLA market insights team shared a deck that collates all the available research into this along with some slides.
- Organic, ABF and HGP free in USA markets.

3.8 High Value Products Innovation Strategy Progress

KGF's NPD and Innovation strategy is evolving, the company now has an NPD pipeline and a product portfolio concept tracker, these products are aligning to strategy (as it evolves). From early 2022 the business will reevaluate the NPD plan and pipeline.

Over the life of the project KGF have developed a domestic segmentation for retail, participated in the MLA Category Growth Drivers review and assessed consumer attitudes towards red meat. The company is also embarking on a 'lift and shift' of their USA capabilities into the Australian market. With the acquisition of a lamb plant the opportunities for fresh and valued added products are now under review.

An area of discussion with MLA has been around their ground concepts, and if this concept should be broadened to include health as well as premium. This concept is still under development and MLA has shared with KGF a number of reports that demonstrate how mince meat can be fortified or have fibre added to re-energise the mince category.

4 Conclusions/recommendations

4.1 Conclusion & key achievements

The key outcomes of the project that have been successfully completed, include:

- The development of a high value foods strategy and supporting NPD tracker and pipeline.
- Identification of the need to further develop/ lease / buy both technical and plant capability to match the needs of the market against the strategy and current business capability.
- A number of key collaborative initiatives were agreed and undertaken to identify potential new markets, segments and customers for new food solutions including beef product(s).
- The KGF sales & marketing team looking to grow their capability(s) to take in insights, consumer trends and market data to determine new markets, segments and products.
- Packaging initiatives – information and/or contacts reviewed.
- Detailed processing specifications of various high value products in including sliced meats.
- The business identified the opportunity to look at multi-purposing individual primals to potential upsize the value and returns and create value.
- KGF priority is to expand VA capability including:
 - i) Puks & pattie processing,
 - ii) marinades, rubs & sprinkles (tumbling & application of rubs), and

- iii) slicing portion-controlled steaks and thin-sliced product in thermoform packaging. In addition, value adding capability is being expanded in the boning room to include vacuum and thermoform pack off directly off the boning line.
- KGF looking to grow capability in NPD. Opportunity exists for enhanced capability in food technology / quality control / food safety in biosecurity, integrity systems, food safety as VA diversity ramps up.
- KGF also reviewing the potential to developing a strategic dynamic framework to assist with identify where to play how to win?
- A capability development concept / innovation Kitchen is now compete and functional.

4.2 Recommendations

It was agreed by the project steering group that the primary focus will be on further developing and refining the KGF's food solution strategy. There is extensive work happening in the background by the commercial team to build our route to market first, then target the right customers, followed by developing the right product portfolio. This means we have re-prioritised the NPD projects, with a strong focus on foodservice route to market while building our equipment capability and organisational structure to service retail channel.