

CASE NATIONAL STARCH FOOD INNOVATION – STRATEGIC ANALYSIS FOR THE JAPANESE FOOD MARKET DYNAMICS AND OPPORTUNITIES

National Starch Food Innovation is a multinational manufacturer of industrial starches, adhesives, polymers, electronic and engineering materials and specialty food products.

Interviewed for this case article was Kate Wallis, Marketing Director Asia Pacific for National Starch Food Innovation, based at their Regional Headquarters in Singapore. Responsible for leading the marketing function for the food business across Asia Pacific, she is instrumental in building marketing and business development capability in National Starch in Asia Pacific and ensuring the market and customer needs are at the heart of strategy development.

Background

National Starch Food Innovation has been leading the development of starch-based textural solutions for decades.

One of its product lines, NOVATION starches, has proven to be popular amongst food manufacturers. Made with a proprietary process using standard food processing techniques, NOVATION starches represent a combination of functionality and nature-based innovation. They are available in both cook-up and cold water swelling grades and are also characterized by their excellent flavor release.

Japan is a market with great potential for National Starch. Legislative changes requiring food manufacturers to list “modified starch” in the additives lists of food labels had been discussed for several years and were expected to be finalized by late 2008. This change offered a unique opportunity for National Starch to promote its Novation range of “clean label” and natural starch.

“We knew that in order to get a sound and thorough understanding of the market dynamics and opportunities, it was important to work with a partner who could add independent and strategic thinking. Moreover, in a market such as Japan, where it has traditionally been hard to gather intelligence, it was important to have people with local expertise and the ability to deal with multinationals that operate in Asia but with Western headquarters. GIA Asia Pacific met all these criteria and more. I especially like the way they tailored their solutions to our needs and advised on the best approach,” said Kate Wallis.

Case example

Market segmentation and strategy for NOVATION Starches in Japan

To uncover areas of greatest opportunity for Novation in Japan, National Starch sought to gain an in-depth understanding of how clean natural foods were perceived in the Japanese market by consumers, manufacturers and retailers.

The objectives for the Strategic Analysis project were to:

- Identify consumer interest in natural products and the relative importance of additives on food labels in purchase decisions, and the importance of such factors in particular product segments
- Determine the views of manufacturers in specific product segments about the pending legislative changes and their interest in repositioning existing natural products or launching new ones
- Assess the retail opportunity for clean label and natural products and understand the nature of retailers' relationships with and influence over their suppliers
- Recommend areas of best opportunity in terms of both product and consumer segments

Approach & Methodology

GIA Asia Pacific started by holding a review with stakeholders to mine internal knowledge, establish key targets and issues and develop an in-depth understanding of client needs and objectives, to order to establish analysis frameworks.

A discussion guide was then developed that was initially tested in the Japanese market to ensure questionnaire validity in a culturally unique market. Following the success of this trial, primary research then took place with target results, aimed at clearly identifying the:

- importance of food labeling to both manufacturers and retailers;
- interest for labeling and importance of food additives;
- relevance of foods with natural positioning or no additives labeling;
- products, segments and brands most suitable for non-additive starch and
- drivers for change from modified to clean label starch.

By targeting respondents within 40 leading manufacturers and 40 food retailers in Japan, interviews were conducted by GIA's expert consultant on the ground in Japan over a period of 6 weeks, with multiple touch points across a variety of business functions, in order to ensure a full view. The Client was kept updated throughout the process via weekly project updates and to ensure the project was aligned with the project objectives.

The final results were validated and analyzed by GIA's central project team with the strategic analysis report delivered to National Starch approximately 8 weeks after the primary research commenced.

Results and Conclusions

As a result of the Strategic Analysis work, National Starch were able to:

- clearly identify the target groups between manufacturers and retailers, in terms of where they should **focus their sales and marketing efforts**
- identify target food segments within manufacturers, where food labeling is important and should constitute their **primary sales and marketing focus**
- **clearly identify the type of retail category they should focus their sales and marketing efforts upon**, and which **secondary categories to reduce sales and marketing spend on**
- understand the drivers for clean label in Japan and its importance in this market in the future, in order to **plan their future market strategy**
- identify key customers within manufacturers and retailers who were not aware about NOVATION but who constituted important targets, whom the client should **build more marketing awareness with**

Unexpected and pleasant surprises

The research also uncovered:

1. insights into new product categories that could be considered for NOVATION
2. poor agreement on important categories by consumers and by the manufacturers
3. interesting insights into how different segments of retailers such as department stores, supermarkets and convenience stores introduced new products into the market

“We entered into the research with some ideas about what food categories the NOVATION concept would be most successful in. The comprehensive and expertise-led research conducted by GIA Asia Pacific showed that our pre-conceptions were actually quite far off the mark in some cases. In fact, we found that categories we thought to have less potential were actually more important for product success,” said Kate.

“These findings and the disparity between manufacturer and consumer perceptions helped us deepen our relationships with our core customers, as we were able to demonstrate our understanding of their markets and to help suggest ways to improve their chances of success. This was quite a radical opportunity.”

Benefits to the Client

National Starch was able to build a new business in Japan, and approach their customers with a clear understanding of how they viewed the business opportunities and threats. The findings proved to be particularly useful for the local sales and development people in Japan.

The project results also helped to back up a business strategy that may not have been as positively received if not for the research.

As a fledging business, the NOVATION product line has had strong double-digit growth in Japan since its launch, in contrast to the flat growth experienced by the industry overall.

Advice to others

“We have found that working with a partner that truly understands your business is critical. Previously, we had the opportunity to work with other research companies but found that them to be lacking in some key areas. In Asia in particular, it is very challenging to find a strategic market intelligence and advisory partner that has the right mix of local consultants, global views, the ability to conduct high quality interviews with key stakeholders in the industry and communicate with your internal teams, plus have the clear strategic thinking to challenge established views.”

Other tips from Kate include:

1. Ensure that your briefing is water-tight. Capture clearly what the expectations and key deliverables are, and conduct frank and open discussions about mutual expectations.
2. Find a partner that will know how to work with your local teams and deal with sensitive internal issues. The reality is that not all external consultants are viewed positively nor trusted easily by local teams on the ground.
3. Get involved and ensure close communications throughout the entire project. At times, you may need to finetune the project as you go along. In this case, we went back to conduct more research to get more complete answers, on the suggestion of GIA Asia Pacific.

About Global Intelligence Alliance

Global Intelligence Alliance (GIA) is a strategic market intelligence and advisory group. GIA was formed in 1995 when a team of market intelligence specialists, management consultants, industry analysts and technology experts came together to build a powerful suite of customized solutions ranging from outsourced market monitoring services and software, to strategic analysis and advisory.

Today, we are the preferred partner for organizations seeking to understand, compete and grow in international markets. Our industry expertise and coverage of over 100 countries enables our customers to make better informed decisions worldwide.

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