HOW OPEN INNOVATION CAN HELP TARGET NEW EXPORT MARKETS

Building a Better Business Model –

Role of Innovation in Food Companies

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Managing Director – Farrelly & Mitchell

Beyond Brexit – Making Food Innovation Go Further, Teagasc

12 June, 2018

FOOD INNOVATION GATEWAYS

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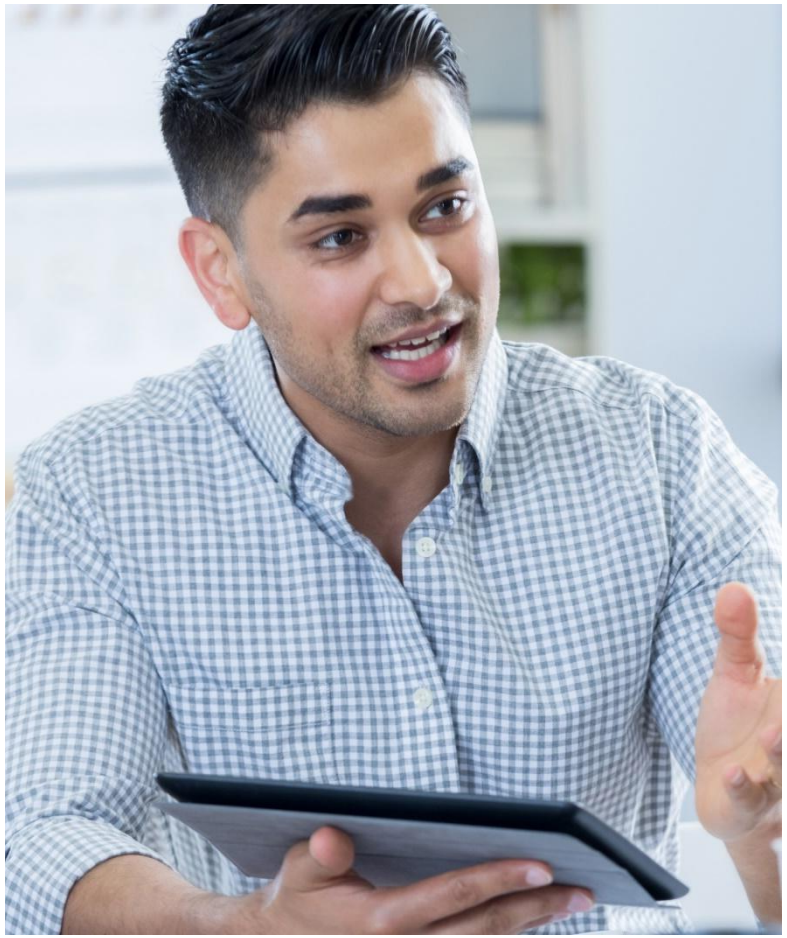
Global Specialist in Food & Agribusiness



200 PLUS
Sector Specialists

GLOBAL
Reach and Experience

ESTABLISHED
Over 15 Years

STRENGTH
Operational & Strategic

CLIENTS
Corporate & Government

VALUE CHAIN
Farm to Fork

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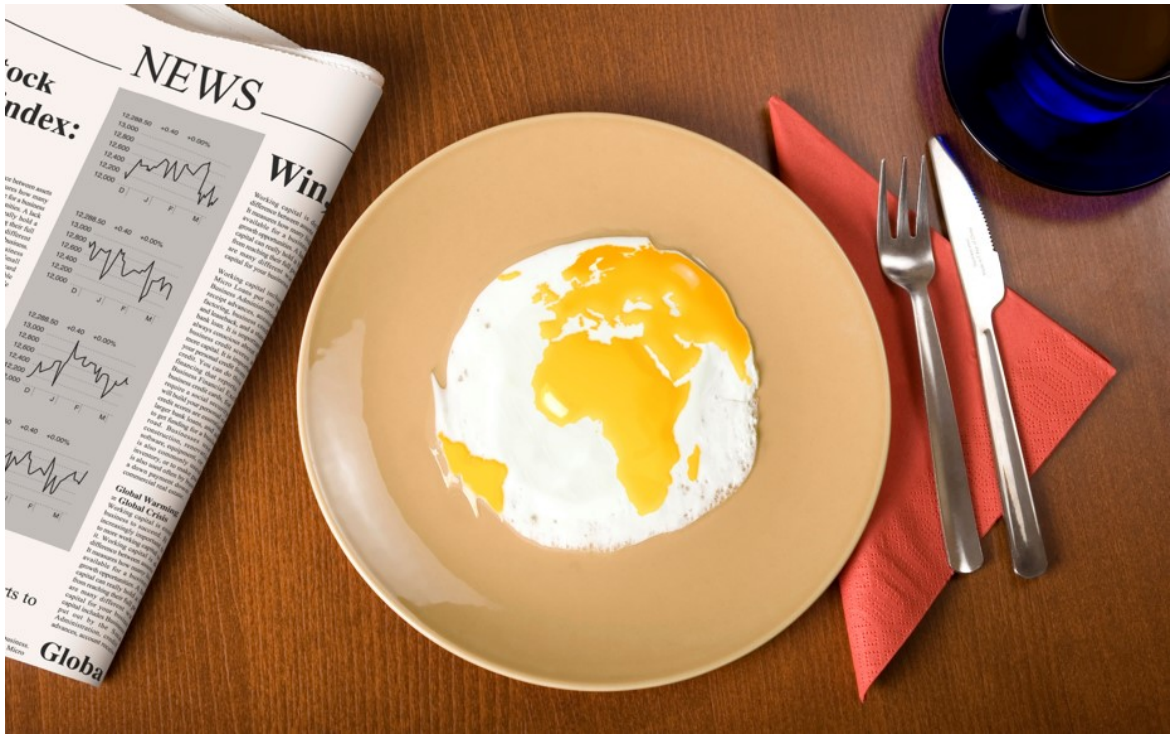
Themes

01 Mega Trends

02 Business Model Innovation

03 Capitalise on New Markets - GCC



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Catastrophe or Catalyst?

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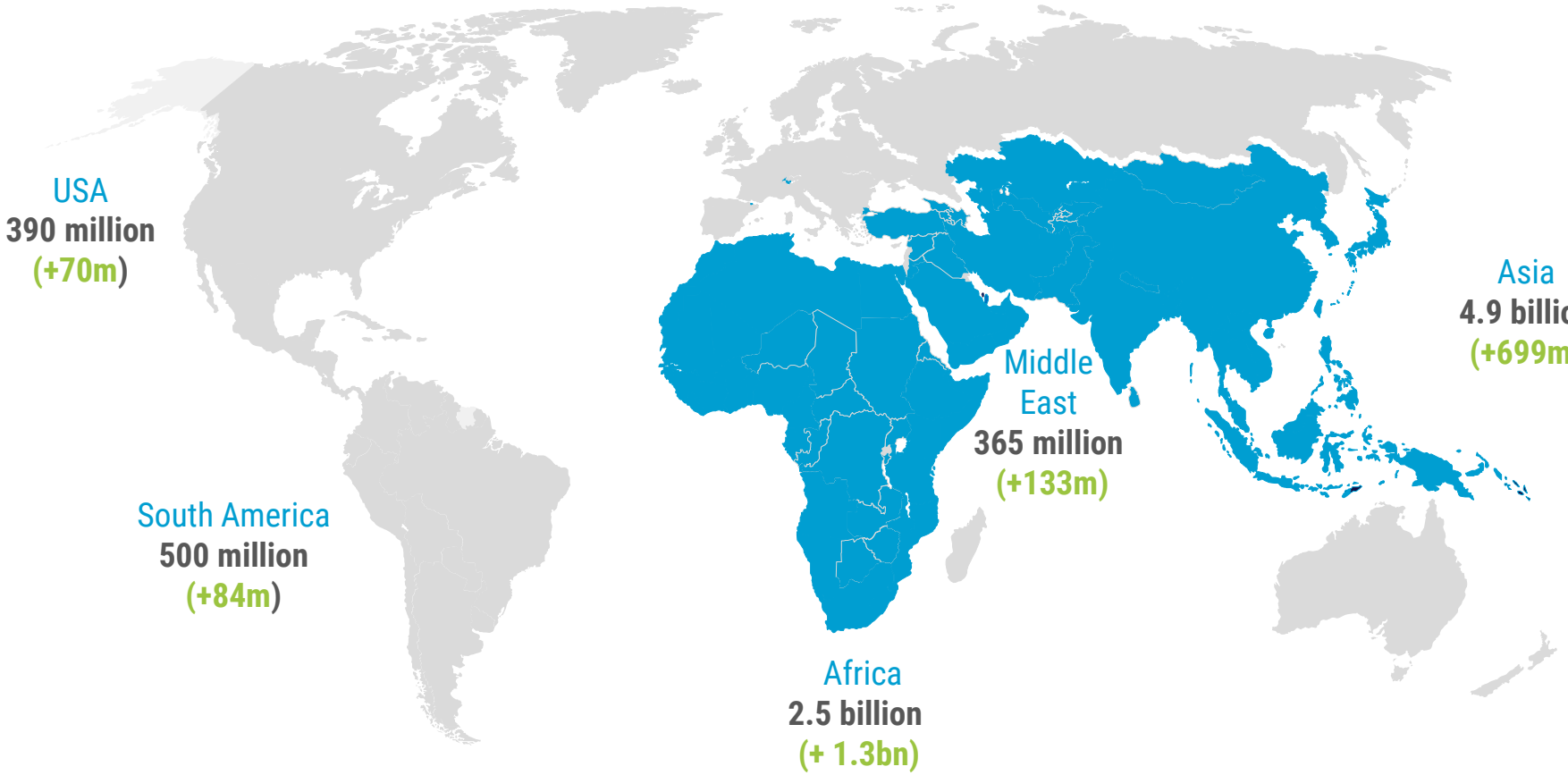
The future is East

Global population growth is heavily skewed to emerging markets in Africa & Asia ….

FORECASTED POPULATION GROWTH BY 2050



A market of **5.6 billion consumers** and growing

Source: UN Forecast

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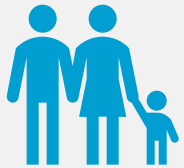
Different macro & societal drivers are impacting on the global food chain



Increasing Population

Increasing Middle Class

Increasing Connectivity

Increasing Urbanisation

Increasing Average Age

Increasing Education/Awareness

Increasing Over 50 Market

Increasing Lifestyle Diseases

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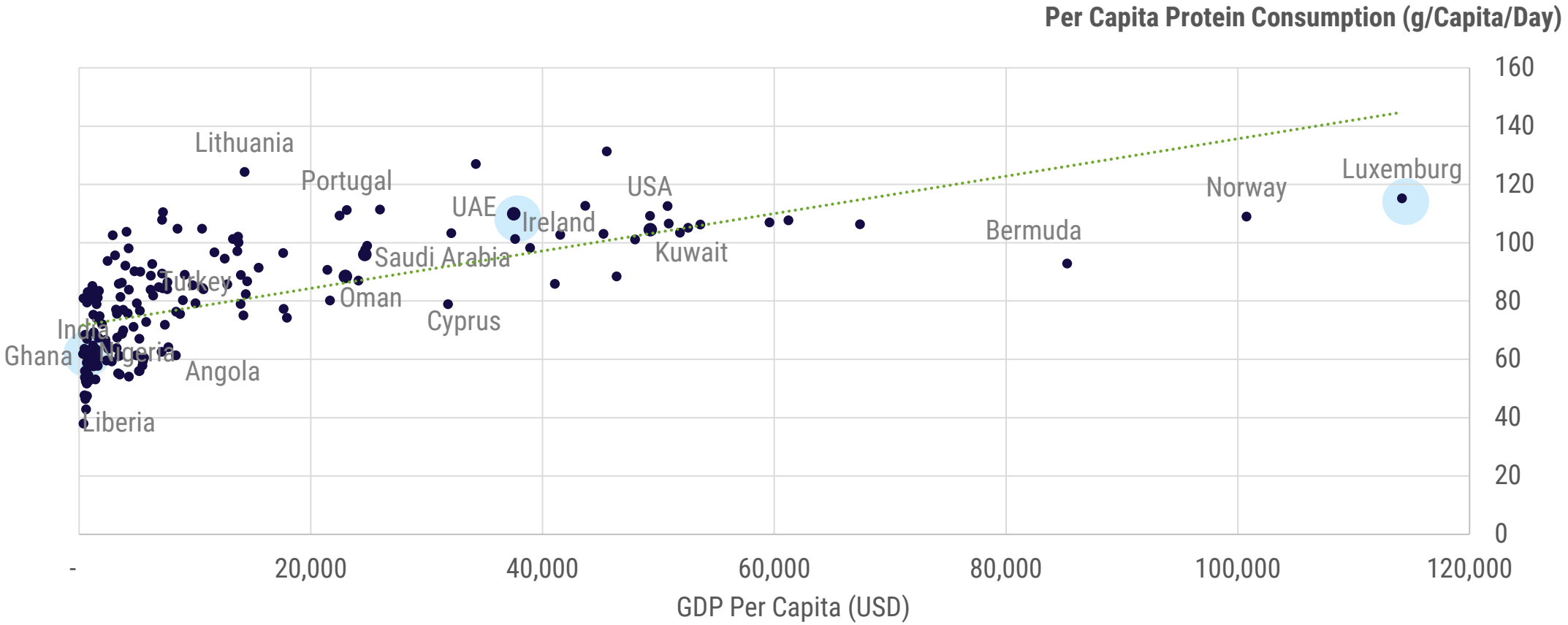
Also driving an increasing shift towards protein

STRONG RELATIONSHIP BETWEEN RISING INCOME AND DEMAND FOR PROTEIN



Source: IMF, FAO, Farrelly & Mitchell (2013 data)

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Addressing the opportunities - 'Seizing the white space'

Blue Apron

There is always room for disruption

BUT disruption is not the only way for successful innovation ....

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Innovation does not have to be disruptive – goes beyond product & process innovation

Product Innovation

Process Innovation

Position Innovation

Paradigm Innovation

- Unique Customer Experience
- Novel Partnerships
- New Market Approaches
- Utilising Unique Assets

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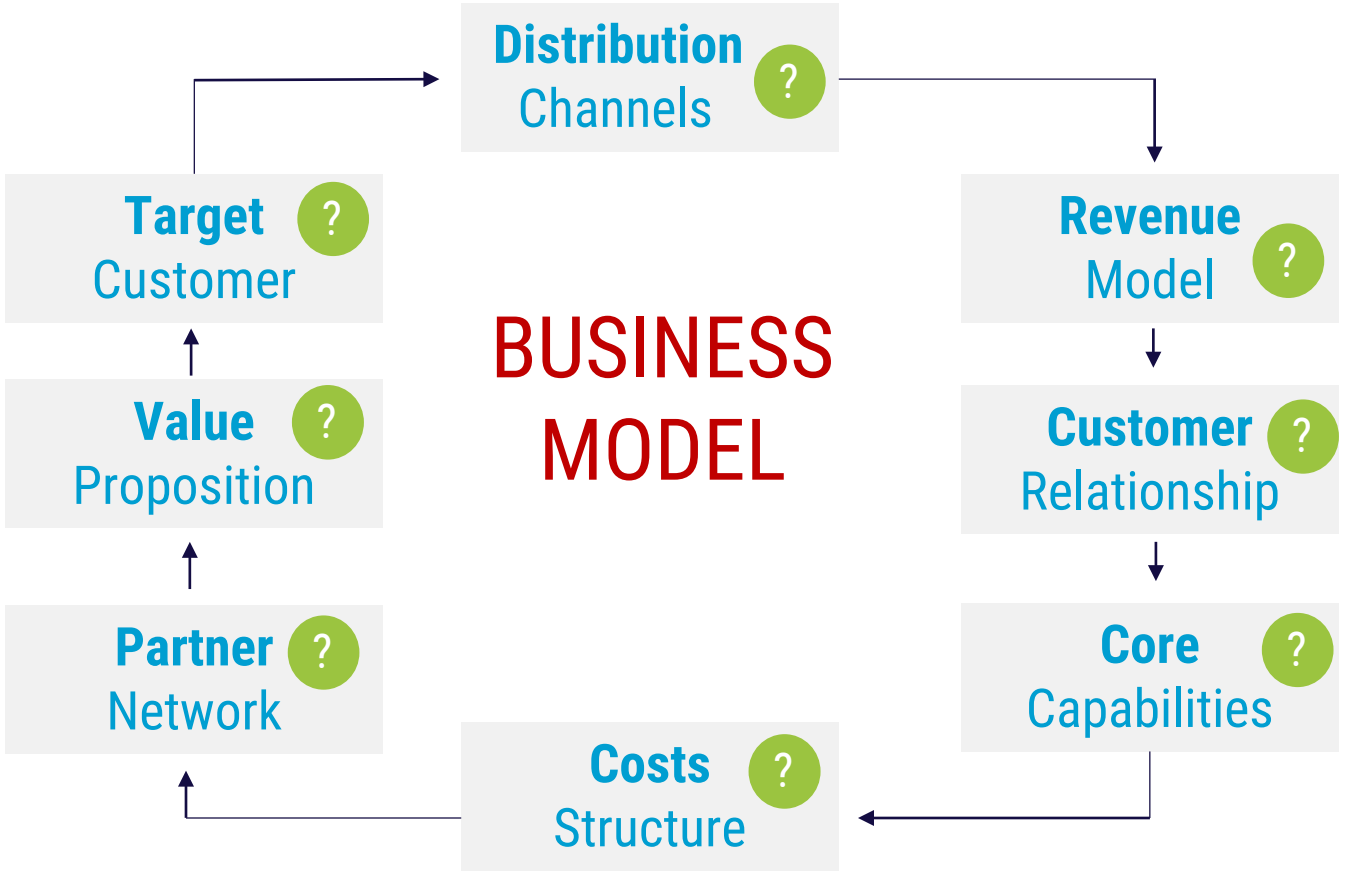
The steps in building a sustainable business model

Adapt your business model to take better advantage of new opportunities in the market .....



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Capitalising on new growth opportunities – Insights into the GCC

One of the fastest growing regions and youngest demographics in the world….

POPULATION 55 million
FOOD MARKET $130 billion
ANNUAL AGRI-FOOD IMPORTS $48 billion

	GCC	EU
Population growth (CAGR 2010-2015)	3.3%	0.2%
Average Age 2015	29 Years	42.6 Years
GDP / Capita 2015 (USD)	26,666	35,100
Consumer Spending / Capita 2015 (USD)	11,307	17,585

Source: UN Population Division, World Bank, IMF, National Statistics Authorities, Farrelly & Mitchell

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GCC market entry checklist

AN EXTENSIVE MARKET NEEDS ANALYSIS SHOULD BE UNDERTAKEN TO FULLY UNDERSTAND MARKET DYNAMICS AND OPPRTUNITIES …..

01 Clear strategy

02 Market contacts & cultural understanding

03 Formal contacts established

04 Halal registration & certification

05 Distributor in place

06 Localised product range

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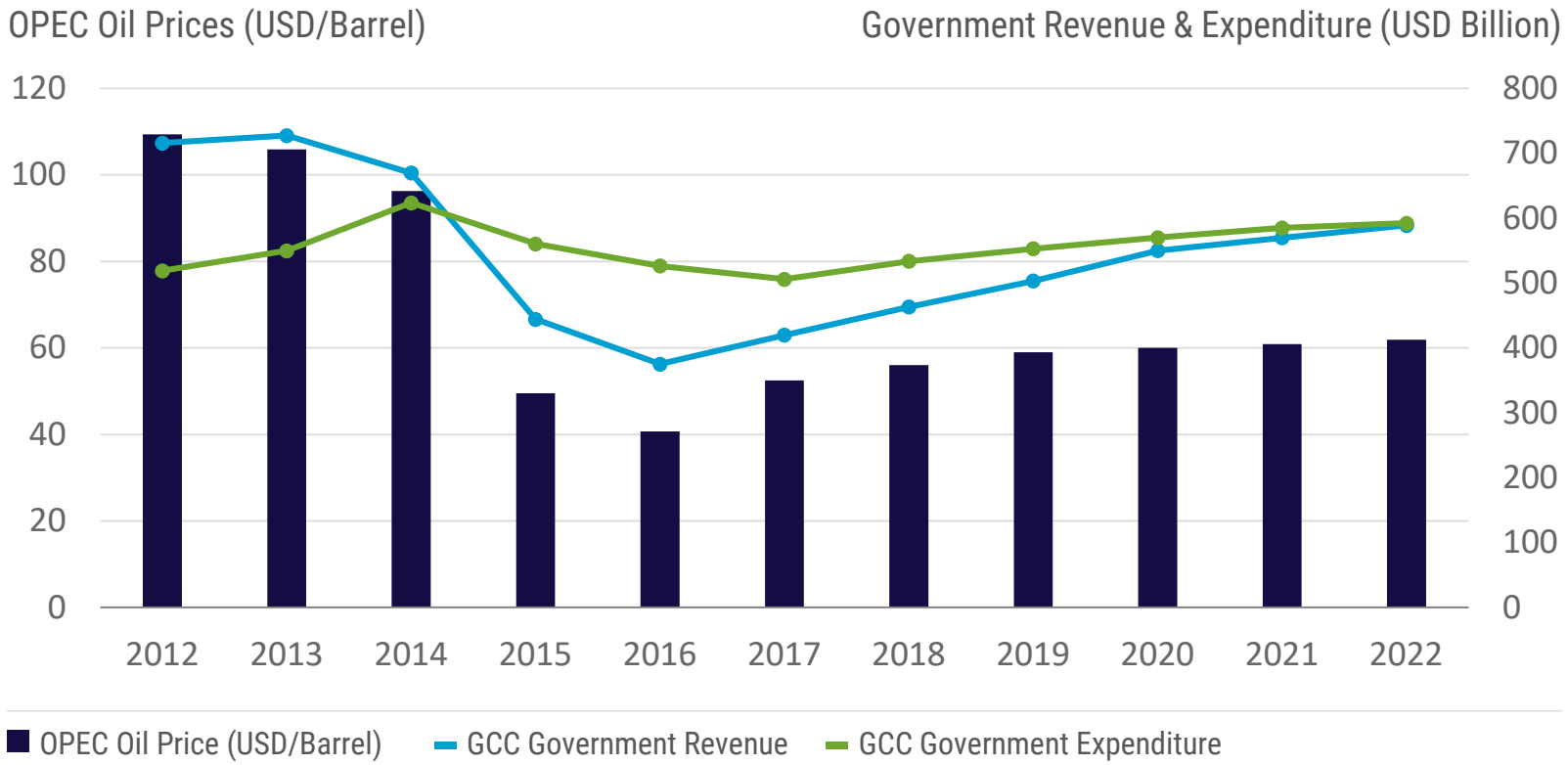
Fiscal balances driving necessity for economic reforms

Making it a good time to invest in the GCC

GCC FISCAL BALANCES, REVENUES AND EXPENDITURES 2012-2022



Source: World Bank, IMF, OPEC (Reference) Basket

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This is opening doors for in-country partnerships and joint ventures

- GCC members plan to invest USD 968 billion over the next 10 years
- This investment includes 1,638 projects
- The oil-rich countries plan to direct from 2011 to 2020, USD 79 billion for rail, including trains, subways and trams
- The most ambitious project, valued at USD 30 billion, is the railroad that will connect all the countries of the GCC
- For roads construction, investments are put at $ 18 billion

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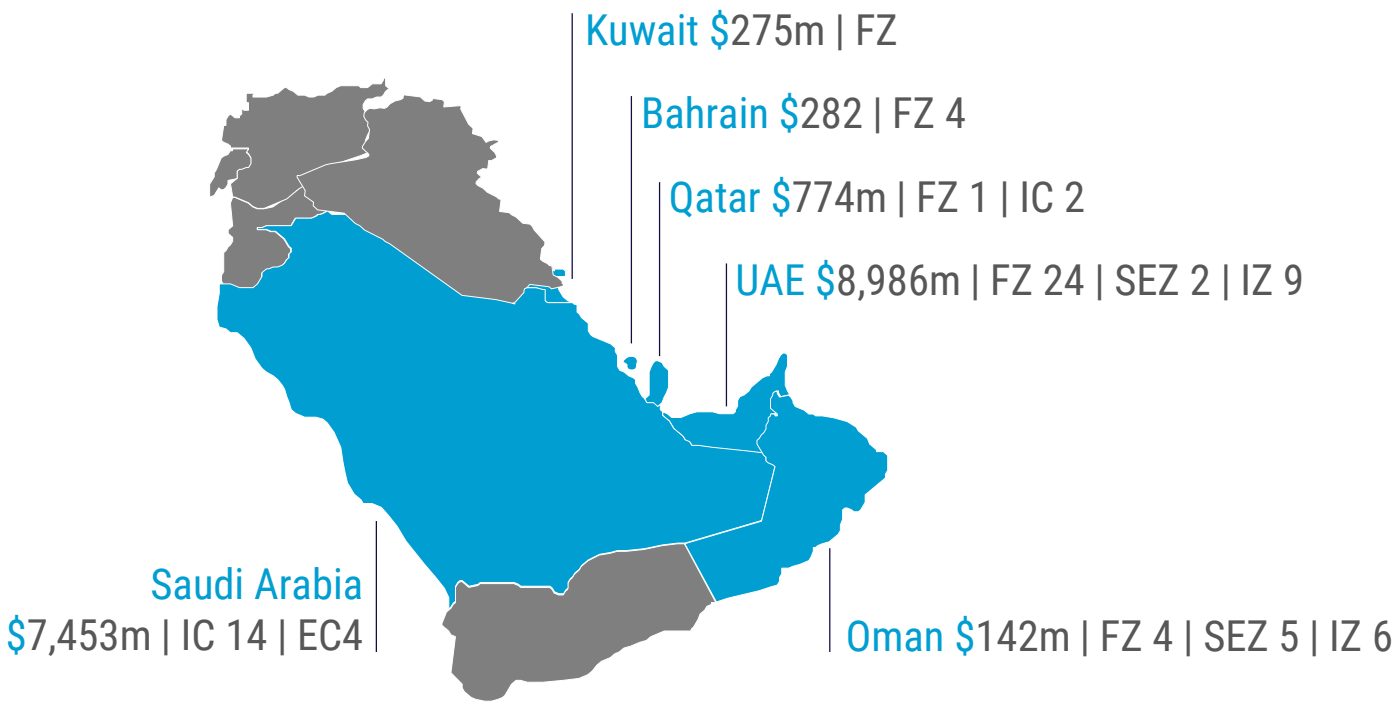
Very significant inflow of investment into the region by major global food companies



Source: UN (2016 FDI Inflow)

Innovation in action - client case

Innovation driven investment from Ireland in the GCC ....

IRISH DAIRY CORPORATE

- Raw Ingredients
- Innovation
- Systemisation
- Corporate Structure
- Management Expertise

Novel Irish Technology

A particular dairy product was developed meeting the specific market needs in terms of texture, taste and quality

+

DISTRIBUTOR (GCC BASED)

- Market Knowledge
- Key Relationships
- Local Infrastructure and Distribution Network

Local Presence

A local relationship network is time consuming and expensive to develop from zero.

=

RESULT

- Experienced partner with key account relationships
- Shared vision of market and growth objective
- Strong local value add & import displacement

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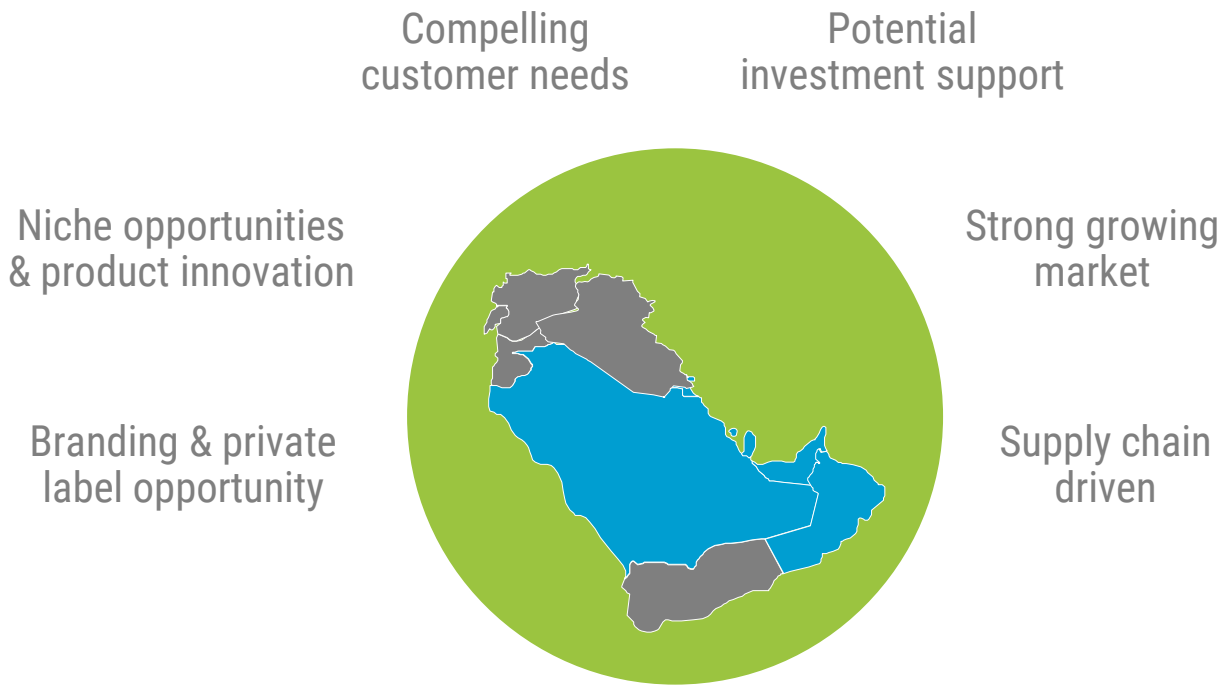
Significant market opportunities for trade or local investment

GCC markets

Establishing partnerships and joint venture arrangements

Undertaking a concerted marketing effort – long term investment



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THANK YOU
Q&A

About Farrelly & Mitchell

Farrelly & Mitchell is a leading international agribusiness and food management consulting firm with offices in Europe and the Middle East.

We help our clients to build and implement sustainable restructuring, transformation or growth strategies across each link of the agribusiness and food value chain - from large scale farmland crop and livestock investments and agribusinesses to consumer food or beverage manufacturing, distribution, retail and hospitality.

Headquartered in Ireland with an office in the Middle East, the firm works with corporate, investment bank, private equity, family office and government clients throughout Europe, Middle East, Africa and globally.

At Farrelly & Mitchell we help our clients to grow, invest and improve efficiencies.

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