



2021 Trends Survey

R&D Eager to Get Back to Work



Perhaps it's the result of pent-up energy among R&D teams that spent 2020 tweaking macaroni & cheese dinners and canned soups – and doing so via Zoom meetings. “Really new” product development will be the top priority for this year, at least according to respondents to the *Food Processing R&D Survey*.

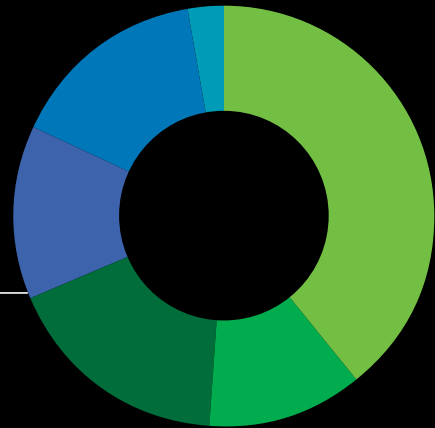
“It’s good to be returning to the normal way of doing things,” wrote one product developer.

Nearly two-thirds of respondents said the pandemic forced some delays in new product launches (see Figure 2), although 23% said the pandemic motivated them to create new products. Among new products spawned by or at least launched during the pandemic:

- Immunity-boosting cookies/candy.
- Health-oriented fermented products for the immunity connection.
- Microwavable bread [apparently to make that home-baking trend easier].
- CBD and immune health products.
- “2,3,5 and 7-day home delivery boxes and pantry boxes for students who were remote learning.”
- “Meals for children, meals for seniors, both stuck at home.”
- And several said variations of “more grocery products, less foodservice.”

With the pandemic winding down, 28% said they have or are changing sourcing or manufacturing “to sites over which we have better control.” 34% are “thinking hard about such changes,” and 39% said it didn’t cause any change in their sourcing plans. “We saw many of our suppliers reduce their reliance on suppliers from China,” said one Chicago-area respondent.

FIGURE 1: Which of the following will be most important for your R&D efforts this year?



■ "Really new" product development	36% (LY 37%; 2019 37%)
■ Existing product improvement	11% (LY 21%; 2019 20%)
■ "Cleaning up" current products	16% (LY 14%; 2019 16%)
■ Product line extensions	12% (LY 13%; 2018 7.9%)
■ Cost control	14% (LY 10%; 2018 14%)
■ Other	5.9% (5%)

FIGURE 2: Did the pandemic make you delay product launches?



■ No delay	36%
■ Yes, we had to focus on existing/popular products	26%
■ Yes, because of plant slowdowns and R&D staff working from home	21%
■ Yes, funding or uncertainties made it look like a bad time	18%

Those are some of the headline results from our 50th Annual R&D Survey, a web-based poll fielded in April and May. While that's been our traditional timing for this survey, it may have been just a little too early for respondents to have put the pandemic behind them. We sensed a little uncertainty about how this year would play out in answers to some of our questions. We had 154 usable responses.

Glad to be back

In the open comments to several questions, a handful of respondents expressed excitement at getting back to traditional product development work.

"In the next three months the team will start open discussion for new items – non GMO, vegan – for rollout in 2022," promised a developer of Mexican foods, who noted development work had come to a standstill last year.

One was eager to launch long-planned "microwavable single-serve, Mediterranean-oriented dinner packs, also suitable for breakfast and lunch, with recyclable packaging."

Several said they had conducted regular team meetings and tasting sessions via internet video meet-ups.

One thing the pandemic didn't change was the need to remove bad ingredients and insert good ones. Added

sugars was the top item tabbed for removal, noted by 28% of respondents (Figure 3). In a separate question about *how* you were removing added sugars (Figure 4), 18% said "we just took out the added sugar," 8.7% substituted non-nutritive sweeteners and 5.4% used nutritive sweeteners that don't have to be labeled as "added sugar" on the Nutrition Facts panel. Added sugars needed to be called out on labels starting in 2020.

Other top ingredients for removal were bioengineered ingredients (24%), sodium and synthetic colors (both at 20%). Top additions were fruits & vegetables (15%) and replacing refined grains with whole grains (13%).

FIGURE 3: What ingredients will you be working on most this year?

Removing GMO ingredients	24% (LY 25%)
Removing added sugars	28% (LY 37%)
Removing sodium	20% (LY 16%)
Removing saturated fat	14% (LY 14%)
Replacing synthetic colors	20% (LY 16%)
Replacing refined grains with whole grains	13% (LY 16%)
Adding vitamins	11% (LY 10%)
Adding fiber	11% (LY 15%)
Adding fruits & vegetables	15% (LY 19%)

FIGURE 4: Did you reduce added sugars? How?

Yes; we substituted non-nutritive sweeteners	8.7% (LY 16%)
Yes; we substituted nutritive sweeteners that don't have to be declared	5.4% (LY 8.5%)
Yes; we just took out the added sugar somehow	18% (LY 16%)
No we did not	68% (LY 60%)

FIGURE 5: How is your company responding to mandatory GMO/BE labeling?

Seeking non-GMO certification	38% (LY 43%)
Will use CBA's SmartLabel	19% (LY 15%)
Will use USDA's symbol	32% (LY 29%)
Using our own GMO declaration	23% (19%)

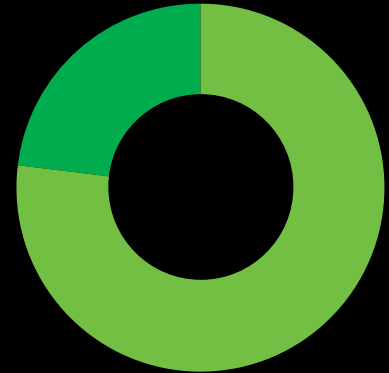
FIGURE 6: Who is on your product development team?

Research & development	81% (LY 78%)
Marketing	55% (LY 59%)
Manufacturing	52% (LY 51%)
Corporate management	55% (LY 42%)
Purchasing	37% (LY 33%)
Outside consultants	18% (LY 18%)
Multiple suppliers	28% (LY 20%)
Finance	31% (LY 29%)
A single supplier	5.2% (LY 5.6%)
Others or "Don't have a team"	16% (LY 11%)

FIGURE 7: How long does it take you to get new products from concept to shelf?

3 months	14% (LY 16%)
6 months	28% (LY 31%)
Nearly a year	33% (LY 35%)
13 to 23 months	17% (LY 12%)
24 months or more	7.5% (LY 6.1%)

“ The chaos from the virus caused us to retrench from new product launches and certain ingredients that we wanted to add or drop in our products ... **hopefully the rest of this year and the future is kinder to all of us.** ”

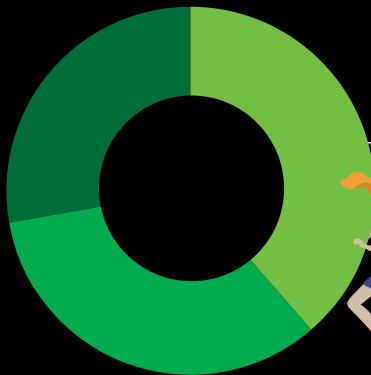


How involved are the following titles/departments in setting your product development goals?

	Very Involved	Somewhat Involved	Not Involved
CEO/President/CFO	57%	28%	15%
General management	55%	38%	6.7%
R&D	78%	17%	4.5%
Marketing & sales	66%	29%	4.5%
Manufacturing/Plant ops	42%	45%	13%

Did the pandemic cause you to develop new products?

- No 77%
- Yes 23%

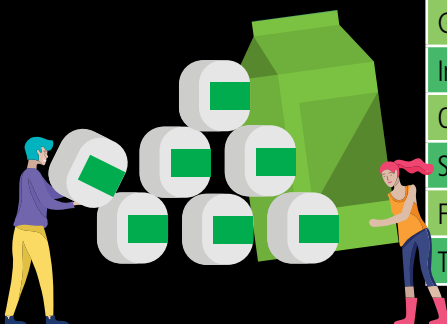


Did the pandemic make you rethink any sourcing decisions? Perhaps about maintaining plants in or sourcing ingredients from China or any other foreign country?

- No change in our thinking 39% (LY 41%)
- We're thinking hard about this 34% (LY 45%)
- We are changing sourcing or manufacturing to sites over which we have better control 28% (LY 14%)

Which elements does your company use to identify new product ideas?

General market research	65% (LY 67%, 2019 78%)
Internal research	53% (LY 49%, 2019 53%)
Open innovation	41% (LY 45%, 2019 40%)
Suppliers	32% (LY 29%, 2019 35%)
Focus groups	31% (LY 30%, 2019 36%)
Third-party product developers	10% (LY 15%, 2019 10%)



Speaking of bioengineered ingredients (GMOs), that label declaration will be required by Jan. 1, 2022. Many processors already are complying. 38% said they are seeking non-GMO certification (Figure 5), 32% said they will use one of the two symbols created by USDA, 23% are simply stating “contains genetically modified organisms” and 19% will use the QR code-like SmartLabel created by the Consumer Brands Assn.

Other pandemic changes

The pandemic caused 64% of respondents to delay products launches for a handful of reasons, including the need to focus on existing, popular products (26%), plant shutdowns or R&D staff working remotely (21%) and financial or other business uncertainties.

“We are basically trying to stay consistent and reinforce existing products,” said one respondent. “New development is being discussed but no main actions [are being taken] due to the situation.”

“The pandemic had a tremendous impact regarding consumer behavior,” said another. “Food suppliers now are facing new, modified or restructured food packaging in all aspects.”

“Staffing was our biggest issue due to COVID. We mainly stuck to our guns to keep the company afloat,” said a Missouri product developer. But he also promised “a total rebranding effort that will launch in 2022.”

“Challenges arose for procurement of raw material, as well as retention of trained, skilled employees,” wrote another.

Who’s calling the shots?

Product development remains a team sport, with 57% confirming they do have a formal team. Fronting that team are R&D professionals (Figure 6), presumably food scientists, but increasingly it also includes (in order) representatives from marketing,

FIGURE 8: What happened to your R&D budget this year?

■ About the same	42% (LY 61%; 2019 50%)
■ Increased	19% (LY 12%; 2019 20%)
■ Decreased	22% (LY 15%; 2019 11%)
■ Don’t know	18% (LY 12%; 2019 19%)

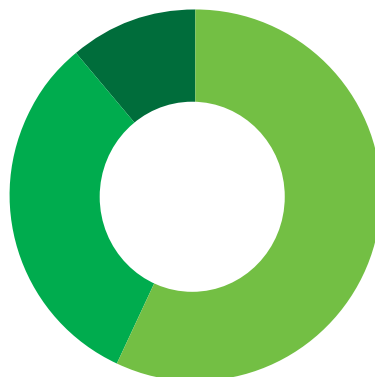
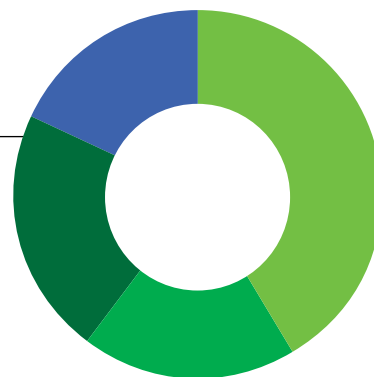


FIGURE 9: Do you have a formal product development team?

■ Yes	57% (LY 58%; 2019 63%)
■ No	32% (LY 34%; 2019 28%)
■ Sort of	11% (LY 8.9%; 2019 8.0%)

FIGURE 10: Do you have formal product development team meetings? If so, how often?

No	22%
Yes, weekly or more often	35%
A couple times a month	15%
Monthly	19%
Less than monthly	7.7%
BTW: Most of ours are virtual meetings with lots of offsite folks	12%

management and manufacturing. Corporate management has been adding at least 10 percentage points every year for the past two years. “Multiple suppliers” made a big gain this year, too, up 8 percentage points.

While formal product development team meetings dipped in last year’s poll, they’re up again. “Meetings weekly or more often,” the top answer, was up 11 points. But also increasing are virtual meetings, at 12%; that’s up 8 points over last year (the survey was taken very early in 2020).

How long it takes to get a product from concept to shelf may have lengthened just a little (Figure 7). Both the 3

months and 6 months answers gave up a little ground to the longer durations.

But apparently that’s not for lack of funding. Most respondents (42%) said their R&D budget is about the same this year, with those seeing a budget cut outnumbering those seeing an increase by only a few votes (Figure 8).

A good summation was given by this product developer: “The chaos from the virus caused us to retrench from new product launches and certain ingredients that we wanted to add or drop in our products. But hopefully the rest of this year and the future is kinder to all of us.” Another added, “I was shifted to other areas but at least I kept my job. We all hope things get better soon.”